



City of Broken Arrow

Request for Action

File #: 19-745, Version: 1

**Broken Arrow City Council
Meeting of: 06-17-2019**

Title:

Approval of and authorization to execute a proposal with United States Fire Insurance Company to provide specific and aggregate re-insurance coverage for the employee health plan for fiscal year 2019-20

Background:

The City has provided employee health benefits through self-insurance since 1989. To protect the financial integrity of the plan, stop loss insurance is obtained to prevent significant loss for catastrophic claims on both an individual and aggregate basis. EmployerAdvocates, the City's benefit consultant, annually seeks proposals from re-insurance companies to determine the most competitive and comprehensive coverage available. Proposals for fiscal year 2019-20 were received from United States Fire Insurance Company (US Fire), American National and Companion Life.

Currently, stop loss coverage is provided by US Fire. US Fire's proposal provides the lowest overall cost for specific and aggregate re-insurance coverage. US Fire estimates the expected plan costs will increase 4.1% over the 2018-19 expected plan costs.

US Fire is rated Excellent (A) by AM Best Company. Based upon the proposals submitted, it is recommended that re-insurance protection be renewed with US Fire Insurance.

US Fire is predicting the plan's medical expected paid claims at \$7,472,473. The proposed premium for specific and aggregate re-insurance is \$907,759. The funds for this item are budgeted in the Fiscal Year 2019-20 Group Health and Life Fund.

Cost: \$907,759.00

Funding Source: Group Health and Life Fund

Requested By: Jannette McCormick, Human Resources Director

Approved By: City Manager Office

Attachments: Individual Stop Loss (ISL) Deductible Comparison

Recommendation:

Approve and authorize execution of the proposal with United States Fire Insurance Company to provide specific and aggregate re-insurance coverage for the employee health plan.