



City Council Regular Meeting AGENDA ITEM

NUMBER: 11

SUBJECT:

Individual Stop Loss coverage Based on the Proposal from Swiss Re in the Amount of \$811,078 for the Period of January 1, 2024 through December 31, 2024 to Cover Claims through the UMR Medical Health Insurance Plans that Exceed \$275,000 Annually for City Employees. (Citywide) (For Possible Action; Recommendation – Approve)

REQUESTED BY:

Wilson Edgell, Director of Human Resources

WARD:

(Citywide)

RECOMMENDATION OR RECOMMEND MOTION:

It is recommended that City Council approve the proposal for Individual Stop Loss Coverage with Swiss Re, and eliminate Aggregate Stop Loss Coverage and Allow the City Manager or His Designee to Bind Coverage. Further, Allow the City Manager or His Designee to Lapse Aggregate Stop Loss Coverage at the End of December 31, 2023.

FISCAL IMPACT:

Amount: \$811,078 estimated annual individual stop loss premium.
Explanation: Annual Cost – January 1, 2024 through December 31, 2024

ACCOUNT NUMBER:

721-170111-430670

STAFF COMMENTS AND BACKGROUND INFORMATION:

If approved, the Individual Stop Loss Policy insurance would go into effect January 1, 2024 at the annual cost of \$811,078. The cost of this policy is decreasing \$259,311 compared to the current policy in place with VOYA (a 24.2% decrease year over year). This was achieved through a competitive bidding process conducted by Gallagher Benefit Services in which the City received five bids. Swiss Re not only was the lowest cost carrier, but also provided a “no new laser” contract which prevents them from not covering a member in the future, and a rate cap for the renewal of 40%. Swiss Re is a preferred vendor of UMR and Gallagher. Additionally AM Best has recently affirmed their financial strength rating of A+.

Please note, the City has historically purchased Aggregate Stop Loss insurance at a cost of approximately \$32,750 per year, which provides reimbursement (insurance) for claims that exceed 120% of projections (excluding any claims that exceed \$275,000). Given the size and credibility of the City’s population, it is exceedingly unlikely that this coverage would ever be utilized because the large claims are removed from the reimbursement threshold. Because of the statistical improbability of needing this coverage, the recommendation is to not renew.

Lastly, stop loss is a very volatile coverage and can have dramatic price fluctuations based primarily on large claim activity. While large claims occur at unexpected times and often with unexpected duration and frequency, the City and its consultants routinely monitor these to ensure they are adequately insured.

CIP No.	Related Item:	
LIST CITY COUNCIL GOAL(S): Responsible Fiscal Management		
PREPARED BY:	Respectfully Submitted	MEETING DATE:
Wilson Edgell, Director of Human Resources	Ryann Juden, City Manager	January 17, 2024