

INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll *SB*
Human Resources Director

DATE: September 6, 2017

SUBJECT: Approval of Agreement with Florida Blue for the County's Excess Loss/Reinsurance Policy

BACKGROUND:

The County is self-insured in its Group Medical Insurance Program and we carry a policy that reimburses the County for claims that exceed a specific limit. This type of policy is called a stop loss policy, excess loss policy, or reinsurance policy. The County's current excess loss/reinsurance policy is with Florida Blue and has a specific deductible of \$300,000 for individual claims and an aggregate stop loss deductible of \$148,750. The current annual premium for this policy is \$497,193.

ANALYSIS:

Florida Blue provided renewal options on August 2, 2017. Each of the renewal options included a 10% broker commission.

Option	Specific Deductible	Aggregate Specific Deductible	Annual Fixed Premium	Increase/ (Decrease) from Current	% Increase / Decrease
Current	\$300,000	\$148,750	\$497,193	N/A	N/A
Renewal	\$300,000	\$148,750	\$553,509	\$56,316	11.3%
Option 1	\$350,000	\$148,750	\$468,015	(\$29,178)	-5.9%
Option 2	\$400,000	\$148,750	\$405,574	(\$91,619)	-18.4%

The renewal options were reviewed by our new broker/consultant Lockton Companies. Based on Lockton's analysis of projected claims experience, they are recommending we renew with the current specific deductible of \$300,000. The premium savings of increasing our specific deductible would not outweigh the increase in the deductible based on projected claims experience.

Lockton also solicited proposals for reinsurance from other carriers and no other proposers were able to match Florida Blue's renewal proposal. The Florida Blue proposal is very competitive.

Additionally, because our new broker/consultant, Lockton Companies, does not receive commissions from excess loss/reinsurance premiums, we requested Florida Blue provide a renewal removing the 10% broker commissions.

As a result, the renewal is less than our current excess loss/reinsurance premiums and maintains the same level of plan protection as indicated below.

Option	Specific Deductible	Aggregate Specific Deductible	Annual Fixed Premium	Increase/ (Decrease) from Current	% Increase/ (Decrease)
Current	\$300,000	\$148,750	\$497,193	N/A	N/A
Renewal	\$300,000	\$148,750	\$492,914	(\$4,279)	(.86%)

RECOMMENDATION:

Staff recommends that the Board approve the agreement for the renewal option with Florida Blue for the County's excess loss/reinsurance policy for plan year 2017/2018 and authorize the Chairman to execute the renewal agreement.

ATTACHMENTS:

Indian River County Self-Funded Reinsurance Renewal 2017/18