

**RESOLUTION  
ROCK COUNTY BOARD OF SUPERVISORS**

Finance Committee  
INITIATED BY

Jeffrey A. Smith, Finance Director  
DRAFTED BY

Finance Committee  
SUBMITTED BY

November 15, 2010  
DATE DRAFTED



TITLE

**APPROVING REINSURANCE CONTRACT FOR STOP-LOSS COVERAGE**

WHEREAS, Chubb administers the County's Stop-Loss coverage; and

WHEREAS, Willis of Wisconsin, Inc., Rock County's Insurance Consultant, solicited proposals from Stop-Loss carriers; and,

WHEREAS, two carriers responded to the request for proposal, and

WHEREAS, Standard Life is the most competitive option for Stop-Loss coverage for Rock County; and,

WHEREAS, the Finance Committee has reviewed the options and selected a Stop-Loss retention level of \$175,000 for monthly premiums of \$31.00 per single plan and \$77.50 for a family plan, which represents a 14.6% decrease over the 2010 premium rates.

NOW, THEREFORE, BE IT RESOLVED, that the Rock County Board of Supervisors duly assembled this 16<sup>th</sup> day of December, 2010 hereby authorizes the execution of a contract with Standard Life for administration of the County's Stop-Loss coverage, effective January 1, 2011, and that the initial deposit premium be remitted to Standard Life upon execution of the contract.

Respectfully Submitted,

**FINANCE COMMITTEE**

Mary Mawhinney  
Mary Mawhinney, Chair

Sandra Kraft  
Sandra Kraft, Vice Chair

Mary Beaver  
Mary Beaver

Absent  
David Diestler

J. Russell Podzilni  
J. Russell Podzilni

**ADMINISTRATIVE NOTE:**

Recommended.

Craig Knutson  
Craig Knutson  
County Administrator

**FISCAL NOTE:**

Sufficient funds are available in the 2011 Budget for administering the County's self-insurance health plan and specific stop-loss coverage. Based upon the current census of 204 Single Plans and 1,004 Family Plans, the annual stop-loss premium would be \$1,009,608.

Jeffrey A. Smith  
Jeffrey A. Smith  
Finance Director

**LEGAL NOTE:**

The County Board is authorized to take this action Pursuant to secs. 59.01, 59.51(1), and 59.52(11) (c), Wis. Stats.

Jeffrey S. Kuglitsch  
Jeffrey S. Kuglitsch  
Corporation Counsel

10-12A-226

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**COUNTY OF ROCK**  
**January 1, 2011**  
**Summary of Stop Loss Renewal**  
**12-13-10**

- ❖ Chubb has paid out over \$146,000 through 11/30/10 on 4 claimants. Chubb will continue to cover claims incurred through 12/31/10 and paid through 6/30/11.
- ❖ Claim experience includes 15 claimants over 50% of the annual specific deductible, 11 of which is that are ongoing with fair to good prognosis. Four of the 15 claimants went over the specific deductible, three of these are ongoing. The lasers presented by the finalist carrier were a total of 6 with an expected liability of \$515,000.
- ❖ Chubb has decided to exit the stop loss market and therefore, would not be renewing the Rock County stop loss contract for 2011.
- ❖ Willis marketed the Rock County stop loss coverage to 9 carriers and received 6 declines due to either uncompetitive rates by three carriers or poor claims history and ongoing claims from three carriers. Standard Life and Lloyd's provided competitive quotes, R.E. Moulton provided a quote that was uncompetitive.
- ❖ Lloyd's and Standard, both through GlenCairn, came in with quotes at an estimated 20% increase. Lloyd's initial quote requested several lasers so Willis continued negotiations with Standard. Standard also came back with potential lasers as well as alternative funding options.
- ❖ Standard is offering two alternative options at a \$150,000 specific deductible and a \$175,000 specific deductible. Instead of accepting the individual lasers, Standard is offering a named aggregating specific deductible above the initial specific deductible of \$275,000 vs. 3 individual lasers and \$200,000 vs. 2 individual lasers for the options, respectively.
- ❖ Standard is offering a comparable contract for an increase of 21.9% over current rates for the current contract, 6.8% increase over current rates for the \$150,000 specific deductible option, and a 14.6% decrease over the \$175,000 specific deductible. However, all of these proposals included named aggregating specific deductibles. Including the maximum exposure for these additional risks, the increases are 53.6%, 30.0%, and 2.3% for the options respectively.
- ❖ Based on the savings to increase the specific deductible and based on Willis' calculation for similar sized groups, we recommend the County move to Glencairn – Standard and move to the \$175,000 specific deductible with the named specific deductible of \$200,000.