

Proposal Prepared For
McKinney City of, McKinney, TX



Arbor Benefit Group

Presented By

Smith & Associates Consulting, Southlake, TX

Underwritten By

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Arbor Benefit Group, L.P.

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Issuing Carrier **Fidelity Security Life Insurance Company**
Underwriter **Robert langar**
Group **McKinney City of**

Proposal No **52397**
Valid Thru **01/11/2017**
Effective **01/01/2017** Expiration **12/31/2017**

INDIVIDUAL EXCESS LOSS COVERAGE

| Coverages | | <u>Option 1</u> |
|---|-------------------|-------------------------|
| | | <u>Medical, Rx Card</u> |
| Contract Type | | 15/12 |
| Annual Specific Deductible per Individual | \$ | 150,000 |
| Annual Maximum | | Unlimited |
| Quoted Rate Per Month | <u>Enrollment</u> | |
| Composite | 875 \$ | 85.00 |
| Estimated Annual Premium | \$ | 892,519 |
| Quoted Rate(s) includes Commissions of | | 0.00% |

AGGREGATE EXCESS LOSS COVERAGE

| Coverages | | <u>Option 1</u> |
|---------------------------------|-------------------|-------------------------|
| | | <u>Medical, Rx Card</u> |
| Contract Type | | 15/12 |
| Loss Limit per Individual | \$ | 150,000 |
| Maximum Annual Reimbursement | \$ | 1,000,000 |
| Rate Per Month | <u>Enrollment</u> | |
| Composite | 875 \$ | 3.32 |
| Estimated Annual Premium | \$ | 34,860 |
| Rate(s) includes Commissions of | | 0.00% |
| Annual Aggregate Deductible | \$ | 14,693,175 |
| Minimum Aggregate Deductible | \$ | 14,693,175 |
| Run-in Limited To | \$ | 0 |
| Monthly Aggregate Claim Factors | <u>Enrollment</u> | |
| <u>Medical, Rx Card</u> | | |
| Composite | 875 \$ | 1,399.35 |

OVERALL COST SUMMARY

| | | <u>Option 1</u> |
|--------------------------|----|-----------------|
| Total Annual Fixed Costs | \$ | 927,379 |
| Variable Costs | \$ | 14,693,175 |
| Maximum Annual Liability | \$ | 15,620,554 |

Note: The Overall Cost Summary does not include any monthly accounting fee.

Terms and Conditions

This proposal is based on standard policy provisions, limitations and exclusions contained in the issuing carrier's stop-loss policy as well as the qualification and contingencies specified in supplemental correspondence by Arbor Benefit Group, L.P.

The proposed rates and factors are based upon the data supplied in the request for proposal and does not constitute an offer to bind coverage. Any inaccuracy or misrepresentation in the data or any material change in the plan design or census data supplied can necessitate a recalculation of the rates and factors, or cause a claim to be reevaluated, denied or void coverage retroactive to the effective date of the policy.

Applicant, its agent and/or administrator does not have the authority to bind or modify the terms of this stop-loss proposal.

In the event there is a greater than 10% change in enrollment between the submitted initial enrollment data and the final enrollment data, rates and factors may be recalculated. The participation levels between optional plans not varying by +/- 5% of proposal participation. A minimum participation level of 75% of eligible employees is required.

We reserve the right to recalculate the aggregate attachment point if the average of the last 2 months of claims in the current policy period varies by more than 10% from the average monthly claim for the first 10 months of the current policy period.

This proposal is subject to information on claims under assessment by an Independent Review Organization (IRO).

Further underwriting may be required in the event of any Federal or State regulation mandating a change to the quoted plan/benefit reimbursement structure.

This proposal assumes a large claim review analysis will be completed and provided as an addendum to the proposal by Arbor prior to coverage being bound. The large claim review analysis will be based on large claim information through the date of disclosure lock in. If lock in is not offered on disclosure the large claim review analysis will be based on large claim information through the later of the proposed effective date or the date the disclosure statement is received. This updated information is required on all plan participants with incurred claims in excess of or the potential to exceed \$20,000 including but not limited to those plan participants included in the RFP. Information will include diagnosis, pending claims, paid claims and paid but unfunded claims, denied claims, and pre-certs for the 12 months prior to the effective date. The employer is required to check with the UR, LCM, and PPO repricing firm as well as the HR department for knowledge of any existing, pending, or potential large claims in excess of \$20,000 including patient on a transplant list or awaiting a transplant regardless of the dollar amount, any covered individual who is not actively at work, or covered dependent who is not actively at life. Review of this updated information may result in further underwriting.

- **This proposal assumes that the employer will use the current plan design through the Cigna network.**