



HUMAN RESOURCES

To: Mayor and Town Council
From: Tony Luton, Director of Human Resources
Through: Mario Canizares, Town Manager
Bob Scott, Deputy Town Manager
Re: Stop Loss Insurance

Town Council Meeting – November 26, 2024

Strategic Visioning Priority: 4. Provide Excellent Municipal Services

Agenda Item:

Consider and act upon awarding RFP No. 2024-28-B for Stop Loss Insurance to QBE for the Town's self-insurance fund, effective January 1, 2025, and authorizing the Town Manager to execute all documents for the same.

Description of Agenda Item:

The Town's self-insurance fund has stop-loss insurance in place to safeguard against substantial claim losses. Annually, stop-loss insurance must be marketed for renewal. Holmes Murphy, Inc. has undertaken the marketing of this year's coverage on behalf of the town, setting a stop-loss level option of Option 1 \$100,000 and Option 2 \$125,000. This year the Town received 4 bids.

The incumbent stop-loss insurance provider, QBE, proposed an 2.9% renewal increase at the \$100,000 level which is significantly lower than the proposed increase from the previous year. QBE provided the second lowest bid in fixed cost behind HM Insurance; however, we feel that the slight difference in cost is warranted based on the relationship between QBE and our current health benefits provider UMR. QBE is a preferred vendor with UMR and HM is not. Partnering with HM Insurance would cause delays in information exchange as well as receiving reimbursement payments. In addition, the contract with QBE is on a paid basis vs 36/12 with HM, and the QBE Maximum Liability is -2.4% vs. HM+3.7% compared to current. Bids at the \$125,000 level offered sufficient savings to justify the increase in liability for the self-insurance fund.

Staff have met with the finance committee who agreed with the proposal to renewal stop loss insurance with QBE at the \$125,000 level assuming additional risk and lowering the premium that is paid by the Town. The Committee directed staff to apply the savings in premium towards increasing the health fund that will assist as the Town assumes more risk in a volatile market.

Budget Impact:

Budgeted out of #600-51600.

Legal Obligations and Review:

Terrence Welch of Brown & Hofmeister, L.L.P., has approved the attached documents as to form and legality.

Attached Documents:

1. Stop Loss Analysis
2. QBE Agreement

Town Staff Recommendation:

Town Staff recommends awarding RFP No. 2024-28-B for Stop Loss insurance to QBE, Option 2 \$125,000 level, and authorizing the Town Manager to execute all documents for the same.

Proposed Motion:

I move to award RFP No. 2024-03-B for Stop Loss Insurance to QBE, Option 2 \$125,000 level, and authorize the Town Manager to execute all documents for the same.