



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

11D. Preview

Date: Nov. 27 2006

SUBJECT: INDIVIDUAL AND AGGREGATE EXCESS LOSS COVERAGE FOR EMPLOYEE HEALTH INSURANCE PLAN

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient, and accountable in support of the district's mission.

FISCAL NOTE: Paid Through Employee Insurance Fund

**ANTICIPATED
DATE FOR ACTION: December 11, 2006**

Background Information:

- The district annually purchases individual and aggregate excess loss insurance to protect against catastrophic losses in its Employee Health Insurance Plan
- This coverage is purchased on an individual and aggregate basis
 - Currently, individual excess loss coverage has an annual deductible of \$145,000 per individual
 - Aggregate coverage kicks in whenever the total of all medical and prescription claims for the group reaches a specified limit
 - Annual premiums for these coverages are based on enrollment in the district's medical plans and vary from month to month
 - Current premiums are as follows:
 - Individual Excess Loss \$ 18.62 per employee per month
 - Aggregate Excess Loss \$ 2.32 per employee per month
- The current excess carrier is Fidelity Security Life Insurance Company

Administrative Considerations:

- The incumbent carrier has offered the district a favorable renewal of the existing coverage with the terms as follows:
 - Individual Excess Loss \$ 19.92 per employee per month
 - Aggregate Excess Loss \$ 2.42 per employee per month

- These rates reflect increases of \$1.30 (6.9%) for Individual Excess Loss coverage and \$.10 (4.3%) for Aggregate Excess Loss coverage
- Estimated annual premiums, based on current enrollment, would be \$390,113 for Individual Excess Coverage and \$47,393 for Aggregate Excess Loss coverage
- The district's Employee Benefits Consultant, Smith & Associates Consulting, assisted the district in obtaining a favorable renewal from the incumbent stop loss carrier
- The administration plans to recommend approval of this renewal at the December Board meeting
- This is included in the Board approved 2006 budget

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Respectfully submitted,

Bill Stone, Asst. Supt.
Business Operations