



# UNITED INDEPENDENT SCHOOL DISTRICT INFORMATIONAL ITEM

TOPIC \_\_\_\_\_ Group Dental Plan Renewal

SUBMITTED BY Robert Chapa OF: Risk Management

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: May 21, 2008

DATE ASSIGNED FOR BOARD CONSIDERATION: May 21, 2008 -

On April 19, 2006 the Board of Trustees awarded the Group Dental Insurance bid to the Life RE Insurance company.

The award was for 3 - One(1) year contracts at a not to exceed annual amount of 6%.

2008-09 represents the 3<sup>rd</sup> of the 3 year contract.

# LifeRe

INSURANCE COMPANY

April 29, 2008

Mr. Roberto Chapa  
 Director of Employee Benefits  
 United Independent School District  
 201 Lindenwood Road  
 Laredo, Texas 78045

Re: Dental Renewal for the 2008-09 Plan Year

Dear Mr. Chapa:

Per our current Agreement, rate increases during the Agreement period are limited to a maximum of 6%, based on the calculated loss ratios. Premiums and claims information for the most recent 12 month period are as follows:

	Earned Premiums	Paid Claims	Incurred Ratio	Incurred Claims
March, 2007	\$76,199	\$65,267	99.78%	\$65,411
April	\$76,304	\$42,842	99.78%	\$42,936
May	\$76,128	\$48,814	99.61%	\$49,005
June	\$76,030	\$75,059	99.44%	\$75,481
July	\$74,162	\$113,227	99.26%	\$114,071
August	\$74,162	\$76,938	98.80%	\$77,872
September	\$88,478	\$50,961	98.45%	\$51,763
October	\$88,571	\$57,196	97.75%	\$58,513
November	\$88,633	\$58,053	96.85%	\$59,941
December	\$88,753	\$45,925	95.07%	\$48,306
January, 2008	\$88,792	\$76,905	92.11%	\$83,493
February	\$88,682	\$60,233	85.42%	\$70,514
	<u>\$984,891</u>	<u>\$771,418</u>		<u>\$797,306</u>

Incurred to date ratio 81%

Based on the above information and utilizing the formula included in our letter to you dated April 24, 2003, the percentage rate increase for United ISD effective on September 1, 2008 is calculated as follows:

Calculated incurred loss ratio	81%
Maximum trend per our agreement	<u>5%</u>
Loss ratio plus trend	86%
Less: Maximum loss ratio	<u>75%</u>
Required rate increase	<u>11%</u>
 Maximum rate increase per Agreement	 <u>6%</u>


Page Two  
Mr. Roberto Chapa  
April 29, 2008

Thus, per the above, the maximum rate increase per this amended agreement is 6%, and the renewal rates effective September 1, 2008, are as follows:

	<u>Current Rates</u>	<u>Renewal Rates</u>	<u>Increase</u>
<u>High Plan</u>			
Employee Only	\$21.10	\$22.36	\$1.26
Employee + Family	\$56.90	\$60.32	\$3.42
<u>Low Plan</u>			
Employee Only	\$16.20	\$17.16	\$0.96
Employee + Family	\$43.80	\$46.44	\$2.64

In addition, based on the acquisition of LifeRe Insurance Company by Ameritas Life Insurance Corp. during 2007, we plan to offer you the above rates together with enhanced benefits on a policy underwritten by Ameritas. Don Josephson will meet with you and your broker to discuss the benefit enhancements we have made to your dental plan. If you have any questions or if I can be of any assistance, please do not hesitate to contact me at (210) 357-1023. We sincerely appreciate the District selecting us as its dental insurance carrier and look forward to continuing our business relationship.

Sincerely,

  
Michael L. Janssen  
Senior Vice President

cc: Robert Laurel