



November 27, 2006

Steve Miller
Employee Benefits Administrator
City of Las Vegas
400 Stewart Avenue
Las Vegas, NV 89101

Subject: Stop Loss Insurance- January 1, 2007 Renewal

Dear Steve:

The annual renewal analysis for the medical stop loss policy has been completed. We have reviewed the final renewal proposal submitted from AIG, the incumbent carrier, and the responses received from ten qualified A- rated carriers.

The initial renewal received from AIG represented a 29% rate increase. Following a review of updated large claims information, the increase was revised to 20%. With the assistance of your medical management team, complete updated clinical information was presented to AIG and the other carriers for their review.

Based on this final review, AIG has revised their renewal to an 18.6% increase. None of the other carriers presented rates at or below this level.

In consideration of the 2006 year to date claims experience and the number of ongoing potential large claimants, we feel that 18.6% represents a fair and reasonable renewal.

We recommend that the AIG renewal is accepted for the 2007 policy period.

Please contact me with any questions you may have regarding the stop loss renewal.

Sincerely,

Tanna Prince
Vice President

