

August 27, 2007

VIA ELECTRONIC COPY

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

Dear Steve:

I am pleased to provide you with a new Sierra Health and Life Insurance Company PPO plan offering for the **City of Las Vegas** for the January 1, 2008 contract year. We feel our past relationship with the **City of Las Vegas** speaks for itself. SHL is proud of our solid commitment to provide high quality, affordable health care coverage to each and every insured.

With this new PPO plan offering, we are also offering a rate cap for the 2009 contract year, tied to the medical paid loss ratio of the plan, as follows:

- Medical Paid Loss Ratio is less than 60%: Rate cap of 8.5%
- Medical Paid Loss Ratio is between 60% and 70%: Rate cap of 10%
- Medical Paid Loss Ratio is over 70%: No rate cap offered

Enclosed you will find the proposed new PPO plan offer that is similar to your current self-funded plan design. We are also offering a regional SHL PPO Medicare supplement plan for your Medicare eligible retirees.

I would like to take this opportunity to thank you and your staff for continued support of Sierra Health and Life Insurance Company, Inc.

If you have any questions, please do not hesitate to contact me at (702) 304-6963. Upon acceptance of the renewal, SHLIC would like to receive a signed and completed Group Application by **November 30, 2007**. An electronic copy of the SHL Group Application will be forwarded to you for completion.

Sincerely,

Jamie Martin
Account Executive
Sierra Health & Life Insurance Company

Enclosures

cc: Lockton Benefits Group