



December 5, 2008

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

**Subject: Stop Loss Insurance- January 1, 2009 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 all other qualified carriers.

The renewal offered by AIG represents a 16.6% rate increase. Following a review of the most recent clinical information for large claimants, AIG's offer was amended. AIG has increased the specific deductibles to \$350k and \$600k for two current claimants, instead of the standard \$250k deductible. This represents additional risk which could cost the City an additional \$450k.

An alternative offer from Sun Life represents a 28.6% rate increase with no additional deductibles for the two large claimants. Although Sun Life's annual cost is \$46k higher than AIG's renewal, AIG's proposed renewal represents \$450k in additional liability due to the specific deductibles placed on the two claimants.


Due to the large, ongoing claims, we recommend increasing the stop loss lifetime maximum from \$2,000,000 to \$5,000,000. Sun Life's proposed rate increases 3.5% for the \$5,000,000 maximum. We feel this is a very reasonable cost for the additional \$3,000,000 in coverage.

In consideration of the additional risk of \$450k included in the AIG renewal, we feel that the Sun Life proposal represents the best option for the City's medical stop loss coverage.

We recommend that Sun Life's offer is accepted for the 2009 policy period.

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

Sincerely,

  
Tanna Prince  
Vice President