



Huntsville, Alabama

305 Fountain Circle
Huntsville, AL 35801

Cover Memo

Meeting Type: City Council Regular Meeting **Meeting Date:** 9/12/2024

File ID: TMP-4582

Department: Human Resources

Subject:

Type of Action: Approval/Action

Resolution authorizing the Mayor to accept application for issuance of medical stop loss insurance with Crum & Forster General Underwriters for Unites States Fire Insurance on the City's group health plan.

Resolution No.

Finance Information:

Account Number: 1005-00-00000-517040-000000000- and 7000-16-00000-517040-000000000-

City Cost Amount: \$ 2,370,141 Annually

Total Cost: \$ 2,370,141 Annually

Special Circumstances:

Grant Funded: N/A

Grant Title - CFDA or granting Agency: N/A

Resolution #: N/A

Location: (list below)

Address: N/A

District: District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

Additional Comments:

N/A

RESOLUTION NO. 24-_____

WHEREAS the City of Huntsville, wishes to accept application for issuance of medical stop loss insurance for the City's group health plan with Crum & Forster (formerly known as Partners Managing) General Underwriters for United States Fire Insurance; and

WHEREAS the City desires to commence the coverage with United States Fire Insurance on October 1, 2024.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and he is hereby authorized to accept an application for stop loss insurance coverage, and other related documents with Partners Managing General Underwriters for United States Fire Insurance Company on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, regarding the issuance of a stop loss insurance policy for the City of Huntsville's group health insurance plan, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as United States Fire Insurance Company, Application for Stop Loss Insurance, four (4) pages, Medical Stop Loss Proposal, four(4) pages, plus five (5) pages consisting of related documents, and the date of September 12, 2024, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, an executed copy of said document being permanently kept on file in the Office of the City Clerk of the City of Huntsville, Alabama.

ADOPTED this the 12th day of September, 2024.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 12th day of September, 2024.

Mayor of the City of
Huntsville, Alabama

UNITED STATES FIRE INSURANCE COMPANY
Administrative Office: 5 Christopher Way, Eatontown, NJ 07724

APPLICATION FOR STOP LOSS INSURANCE

Application Instructions:

- A. Whenever used in this Application, United States Fire Insurance Company shall mean (The Company).
 - B. Whenever used in this Application, the term "Applicant" shall mean the insured and all subsidiaries.
 - C. Include all requested underwriting information and attachments. Provide a complete response to all questions and attach additional pages if necessary.
-

1. Full Legal Name of Applicant (Plan Sponsor): City of Huntsville

Street Address: 308 Fountain Circle

City: Huntsville State: AL Zip: 35801 Telephone: 256-427-5240

Name and Telephone of Primary Contact: _____

Telephone: _____

Federal Employer's Tax I.D. #: 63-6001296

Type of Entity:

☐ Corporation ☐ Partnership ☐ Proprietorship ☒ Other

2. Business Type and Description: General Government, NEC

3. Name and Addresses of Subsidiaries to be covered:

Name:	Type of Business:	Relationship:	Address (City, State, Zip)	Number of Employees:
N/A				

4. Employees and dependents to be covered under the stop loss policy:

 X Actives X COBRA X Retirees X Not actively at work

Total Employees covered under the Medical Plan: 2404

5. Name of Administrator: Blue Cross Blue Shield of Alabama

6. Name of Preferred Provider Organization: Blue Cross Blue Shield of Alabama

7. Proposed Effective Date of Policy: October 01, 2024

Policy Period Requested:

From October 01, 2024 to October 01, 2025 both days at 12:01 a.m. at the principal address of the insured.

8. Full Name of Employee Benefit Plan: City of Huntsville Group Health Plan

AGGREGATE STOP LOSS INSURANCE

9. Aggregate Stop Loss Insurance requested under the Policy: ☐ Yes ☒ No

BENEFITS TO BE INCLUDED:

- | | |
|---------------------------------------------------------|----------------------------------------|
| <input type="checkbox"/> Medical | <input type="checkbox"/> Vision |
| <input type="checkbox"/> Prescription Drug Card | <input type="checkbox"/> Weekly Income |
| <input type="checkbox"/> Prescription Drugs (Major Med) | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Dental | |

10. Policy Basis/Benefit Period for Aggregate Stop Loss Insurance (check one):

- ☐ 12/12 ☐ 15/12 ☐ Paid ☐ 12/15 ☐ Other: _____

11. Aggregate Stop Loss Premium Rates Per Covered Unit per month: N/A

Minimum annual aggregate premium:	\$ 0
Monthly Aggregate Accommodation Endorsement:	Not Included
Aggregate Terminal Liability Endorsement:	Not Included

12. Aggregate Monthly Factors:

Not Included

13. Maximum Aggregate Benefit: \$ 0

Minimum Annual Aggregate Attachment Point: \$ 0

Claim Limit Per Covered Person: \$ 0

Benefit percentage payable: 0%

SPECIFIC STOP LOSS INSURANCE

14. Specific Stop Loss Insurance requested under the Policy: ☒ Yes ☐ No

BENEFITS TO BE INCLUDED:

- | | |
|------------------------------------------------------------|----------------------------------------|
| <input checked="" type="checkbox"/> Medical | <input type="checkbox"/> Vision |
| <input checked="" type="checkbox"/> Prescription Drug Card | <input type="checkbox"/> Weekly Income |
| <input type="checkbox"/> Prescription Drugs (Major Med) | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Dental | |

15. Policy Basis/Benefit Period for Specific Stop Loss Insurance (check one):

- ☐ 12/12 ☐ 15/12 ☒ Paid ☐ 12/15 ☐ Other: _____

Eligible Expenses Incurred From October 01, 2019 through September 30, 2025; and Eligible Expenses Paid from October 01, 2024 through September 30, 2025.

16. Specific monthly premium rates:

\$ 44.98 Single/Employee only \$ 103.17 Family (Employee/Spouse/Children)

Minimum annual specific premium: Not Applicable

17. Specific Deductible per covered ☒ Person ☐ Family: \$ 250,000

Group Aggregating Specific Deductible: \$ 300,000

Maximum Specific Benefit minus the deductible per Covered Person per Policy Year: Unlimited

Benefit percentage payable: 100%

18. Separate Individual Specific Deductible and/or individuals named under an Aggregating-Specific Deductible:

- **Claimant 1 \$335,000**

Named Aggregating Specific Deductible: Not applicable

19. Additional options requested and included in premiums stated above:

Specific Advance Funding

No New Laser and Limited 40% Rate Cap at Renewal

Special Limitations

20. Special Limitations:

- **United States Fire will be responsible for the first \$75,000 of claims in excess of the specific deductible and once we have reimbursed \$75,000 the \$300,000 aggregating specific will need to be satisfied before we will make additional reimbursements.**
- **Rates shown include No New Laser on Renewal coverage. There will be a renewal rate increase cap of 40%. This coverage does not guarantee no lasers on inception of first year contract and any lasers imposed in the first year may be continued at renewal. Acceptance of these terms does not guarantee that the option will be offered at subsequent renewals.**

It is understood and agreed that as a condition precedent to the approval of the Application that:

- A. THE APPLICANT AGREES AND ACKNOWLEDGES THAT, DEPENDING UPON THE COVERAGE SELECTED AND THE TERMS OF ANY EXPIRING COVERAGE OR COVERAGE THE APPLICANT MAY ELECT IN THE FUTURE, THE APPLICANT MAY EXPERIENCE LOSSES THAT ARE NOT COVERED UNDER THE POLICY, WHEN ISSUED, OR UNDER ANY SUCH PRIOR OR SUBSEQUENT COVERAGE.
- B. Any Stop Loss Insurance resulting from this Application shall be described in and shall be subject to the terms and provisions of the Policy, when issued. Such Policy shall become effective on the date specified in this Application; provided that, including, without limitation: (1) a true and correct Disclosure Statement has been received, (2) the underwriting requirements have been satisfied, (3) the required premiums have been paid, (4) a copy of the executed Plan Document is received and acceptable to the Company pursuant to paragraph C. below, and (5) the Policy has been issued.
- C. Within ninety (90) days from the date of this Application, the Applicant shall furnish to United States Fire Insurance Company (the Company), for its approval, a copy of the executed employee benefit plan (the Plan Document) describing the benefits provided by the Plan. No Policy will be released nor claim reimbursed until such time as an acceptable Plan Document is received and accepted by the Company. If in the sole judgment of the Company there is a material variance between the provisions of the Plan Document received by the Company, and the Plan provision upon which the terms and rates of the aggregate and specific excess coverage were based, the Company may, at its option, notify the Applicant of such variances and decline to release the Policy until such time as an amended Plan Document is received and accepted and, in the event such amended Plan Document is not received and accepted by the Company within thirty (30) days of such notice, all premium will be refunded and coverage will automatically be null and void retroactive to the proposed effective date.
- D. The Applicant will provide or employ supervision and claim administration facilities acceptable to the Company to administer the Plan Document and to process and pay claims according to the Plan Document.
- E. Initial premium deposit equal to first month's premium is enclosed to apply to the first payment under the Policy, if issued, subject to the requirements below. If the application is not accepted, the deposit will be returned. The receipt by the Company of the initial premium deposit and the deposit of any check drawn in connection with this Application shall not constitute an acceptance of liability. In the event that the Company does not approve this Application, its sole obligation shall be to refund the deposit to the Applicant.

- F. The Applicant represents that the statements and declarations made in this Application, the Disclosure Statement, and in the Plan Document referred to in this Application are true and complete and the Policy, when issued, will be issued in reliance upon the truth and completeness of such statements and declarations. The Disclosure Statement, this Application and the Plan shall form a part of the Policy, and the Policy shall constitute all agreements existing between the Applicant and the Company, or any of their respective agents, relating to this Stop Loss Insurance for which this application is being made.
- G. This policy includes a binding arbitration agreement. The arbitration agreement requires that any disagreement related to this policy must be resolved by arbitration and not in a court of law. The results of the arbitration are final and binding on the insured and the insurance company. In an arbitration, an arbitrator, who is an independent, neutral party, gives a decision after hearing the positions of the parties. When the insured accepts the insurance policy the insured agrees to resolve any disagreement related to the policy by binding arbitration instead of a trial in court including a trial by jury. Arbitration takes the place of resolving disputes by a judge and jury and the decision of the arbitrator cannot be reviewed in court by a judge and jury.
- H. Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution fines or confinement in prison, or any combination thereof.

Date: _____

Applicant's Executive Officer (print): _____

Title: _____

Signature: _____

Date: Aug 29, 2024

Insurance Agency: CAC Agency fka Cobbs Allen & Hall Inc.

Insurance Agency Taxpayer ID or SSN: 63-1066366

Licensed Agent's Name (print): William H. Hartsfield

Title: Executive Vice President

Agent License No. 245471

Signature: William H. Hartsfield Jr



CRUM & FORSTER®
A FAIRFAX COMPANY

**Medical Stop Loss Proposal For
City of Huntsville (AL)
Huntsville, AL**

Presented by
CAC Agency fka Cobbs Allen & Hall Inc.

Underwritten by
Seid, Caroline



CRUM & FORSTER®

A FAIRFAX COMPANY

5 Christopher Way, 2nd Floor, Eatontown, NJ 07724 Telephone: 7326769800 Facsimile: 7325424082

Issuing Carrier **United States Fire Insurance Company**
Underwriter **Caroline Seid, caroline.seid@cfins.com**
Group **City of Huntsville (AL)**

Proposal	08/28/2024	Proposal No	10832
Effective	10/01/2024	Valid Thru	10/11/2024
		Expiration	09/30/2025

SPECIFIC STOP LOSS BENEFIT

		Option 1	
		Medical, Rx Card	
Covered Benefits			PAID
Contract Type			
Annual Specific Deductible per Individual		\$	250,000
except for			
1, Claimant		\$	335,000
Subject to: see contingencies			
Maximum Annual Reimbursement			Unlimited
Maximum Lifetime Reimbursement			Unlimited
No Laser Option			Included
Aggregating Specific Deductible		\$	300,000
Quoted Rate Per Month	<u>Enrollment</u>		
Single	868	\$	44.98
Family	1,536	\$	103.17
Estimated Annual Premium		\$	2,370,141
Quoted Rate(s) includes Commissions of			0.00%
* see Qualifications and Contingencies for full conditional laser disclosure.			

OVERALL COST SUMMARY

		Option 1	
Total Annual Fixed Costs		\$	2,370,141
Variable Costs		\$	
Maximum Annual Liability		\$	2,670,141

Contingencies and Assumptions:

This proposal assumes the following claims administrator(s): BCBS of AL

This proposal assumes the following PPO network(s): Blue Cross

This proposal is based upon the current benefit plan(s).

Specific Advanced Funding is included.

This proposal assumes the current benefit plan(s) include pre-certification, utilization review, and large case management programs.

Should enrollment fluctuate by 10% in one month or 30% over three months during the Plan Year, then C&F Stop Loss (Us/We) reserves the right to review and adjust the contract rates and factors.

This proposal assumes the plan covers only full-time and regular part-time hourly and salaried employees working at least 25 hours a week. Minimum participation is 60% of eligible employees.

Retirees are covered to the extent they are eligible according to the terms of the Plan Document, were included on the census and on the claim experience provided with the RFP.

This proposal assumes that the producer is adequately licensed in all required states.

We will not be bound by any typographical errors or omissions contained within the proposal.

Certain producers may receive compensation related to the sale of the products and services offered in this proposal. Crum and Forster encourages producers and their clients to discuss what commissions/compensations may be paid in connections with the purchase or products and services from Crum and Forster.

Rates shown include No New Laser on Renewal coverage. There will be a renewal rate increase cap of 40%. This coverage does not guarantee no lasers on inception of first year contract and any lasers imposed in the first year may be continued at renewal. Acceptance of these terms does not guarantee that the option will be offered at subsequent renewals.

Proposal includes the C&F Gene Therapy product. Please see the attached brochure for details.

Claimant 1 will have a \$335K individual specific deductible.

United States Fire will be responsible for the first \$75K of claims in excess of the specific deductible and once we have reimbursed \$75K the \$300K aggregating specific will need to be satisfied before we will make additional reimbursements.

Final Underwriting Requirements:

This quote is firm based upon data through June 30, 2024.

Commitment to elect coverage, a signed proposal and a signed, completed disclosure statement must be provided by August 23, 2024 or we reserve the right to request updated large claims information.

- An ACTIVELY-AT-WORK provision applies and will only be waived upon receipt and approval of the Disclosure Statement.

We reserve the right to revise the terms of this proposal after review of any updated information. All terms, rates, and factors are subject to final underwriting. Final underwriting will not take place until a signed disclosure statement and any and all other requested claims information is received and accepted by Us.

Policy Issuance Requirements:

Upon review and acceptance by Us of the Final Underwriting Requirements, the following information must be provided and approved by Us in order to issue the policy:

- Properly executed signed APPLICATION (within 30 days after being sent to the Policyholder).
- PLAN DOCUMENT received within 90 days of the effective date. Rates and factors are subject to change if the plan document varies from the proposal assumptions.
- EFFECTIVE DATE CENSUS to include year of birth or age, gender, Single/Family status, and disclose COBRA-ELIGIBLE, RETIRED, and DISABLED INDIVIDUALS (for renewals, a recent census submitted with all other required information is sufficient unless otherwise specifically stated by the Underwriter).
- BINDER PREMIUM (first month's premium if a renewal).

To notify Crum and Forster of a SALE OR RENEWAL, the group must submit a signed and dated proposal with the chosen option circled.

Sign: _____

Date: _____

**APPENDIX A
CITY OF HUNTSVILLE, ALABAMA
PROPOSAL PRICING FORM**

**Managing General Underwriters: Crum & Forster
Issuing Carrier: United States Fire Insurance**

The City of Huntsville will remit premiums for the specific medical stop loss insurance on a monthly basis. Your quoted rates provided herein are to be stated as monthly premiums.

Specific Deductible:	\$250,000 per person with tiered aggregating Specific Deductible. Crum & Forster will reimburse Eligible Expenses per this Tiered Split Funding option up to \$75,000 in total. The Estimated Annual liability of the tiered agg-spec is \$300,000
Coverage Type:	Medical, Rx, and MNSA
Lifetime Maximum:	Unlimited
Contract Type:	Paid
Monthly Rates:	
Single:	\$44.98
Family:	\$103.17
Effective Date:	10-1-24

CAC Agency will charge a fee of \$22,000 annually for stop loss consulting / placement services. This fee will be paid monthly (\$1,833.33) by the City of Huntsville.

The parties agree that any form of electronic signature, including but not limited to signatures via facsimile, scanning, or electronic mail, may substitute for the original signature and shall have the same legal effect as the original signature.