

CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number: _____

Meeting Type: Regular

Meeting Date: Aug 14, 2014

Action Requested By: Human Resources

Agenda Type: Resolution

Subject Matter:

Agreement between the City of Huntsville and HCC Life Insurance Company

Exact Wording for the Agenda:

Resolution authorizing the Mayor to execute an application for stop loss insurance coverage with HCC Life Insurance Company for the purpose of renewing stop loss insurance coverage for the City's group health plans.

Note: If amendment, Please state title and number of the original

Item to be considered for: Action

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what council action will provide, allow and accomplish and; any other information that might be helpful.

this application is required to renew the City's stop loss coverage for the City's group health plan.\$449

Associated Cost: \$449,957

Budgeted Item: Yes

MAYOR RECOMMENDS OR CONCURS: _____

Department Head: *[Signature]*

Date: 8/7/14

ROUTING SLIP CONTRACTS AND AGREEMENTS

Originating Department: Human Resources

Council Meeting Date: 8/14/2014

Department Contact: **Byron Thomas**

Phone # 427-5240

Contract or Agreement: **Agreement**

Document Name: **HCC Life Insurance Company**

City Obligation Amount: **\$449,957 ✓**

Total Project Budget:

Uncommitted Account Balance:

Account Number:

Procurement Agreements

<u>Select...</u>	<u>Select...</u>
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Grant-Funded Agreements

<u>Select...</u>	Grant Name:
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Department	Signature	Date
1) Originating	<i>Byron Thomas</i>	8/7/14
2) Legal	<i>Mary C. Cates</i>	8/7/14
3) Finance <i>PC</i>	<i>[Signature]</i>	8/8
4) Originating		
5) Copy Distribution		
a. Mayor's office (1 copies)		
b. Clerk-Treasurer (Original & 2 copies)		

RESOLUTION NO. 14-_____

WHEREAS the City of Huntsville, wishes to renew an agreement for stop loss insurance for the City's group health plan with HCC Life Insurance Company; and

WHEREAS the City desires to commence the agreement with HCC Life Insurance Company on October 1, 2014.

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 execute an application for stop loss insurance coverage, and other related documents with HCC Life 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 Stop Loss Insurance, HCC Life Insurance Company, Application, four (4) pages plus three (3) pages consisting of related documents and the date of August 14, 2014, 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-Treasurer of the City of Huntsville, Alabama.

ADOPTED this the 14th day of August, 2014.

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

APPROVED this the 14th day of August, 2014.

Mayor of the City of
Huntsville, Alabama

15. AGGREGATE STOP LOSS INSURANCE:

Yes No

A. Covered Expenses Paid under the Employee Benefit Plan for the following Plan Benefits are covered for Aggregate Stop Loss Insurance (not included unless checked):
 Medical Dental Weekly Income Vision Prescription Drug Card Prescription Drugs under Medical Other:

B. Minimum Annual Aggregate Deductible: \$
 (Subject to the Definition of Minimum Annual Aggregate Deductible in the Policy)

C. Contract Basis:

D. Aggregate Contract Period Reimbursement Maximum: \$

E. Monthly Aggregate Factors:

Monthly Factors	Combined	Medical	Dental	Weekly Income	Vision	Prescription Drugs
Single						
Employee + Child						

F. Aggregate Percentage Reimbursable %

G. Loss Limit: \$
 For the purposes of Aggregate Stop Loss Insurance, the Loss Limit is the maximum amount of Covered Expenses Incurred by each Covered Person, which can be used to satisfy the Annual Aggregate Deductible.

H. Monthly Deductible Advance Reimbursement Option: Yes No

I. Aggregate Terminal Liability Option: Yes No

J. Aggregate Premium:

1. Annual Premium payable in advance for Contract Period:
2. Monthly Premium rate per Covered Unit:
3. Monthly Deductible Advance Reimbursement premium per Covered Unit per month:
4. Aggregate Terminal Liability Option premium per Covered Unit per month:

SPECIAL RISK LIMITATIONS are stated on the Addendum to Application (if applicable).

It is understood and agreed by the Applicant that:

1. The Applicant is financially sound, with sufficient capital and cash flow to accept the risks inherent in a "self-funded" health care plan, and
2. The Plan Supervisor retained by the Applicant will be considered the Applicant's Agent, and not the Company's Agent, and
3. All documentation requested by the Company must be received within 90 days of the Policy effective date, and is subject to approval by the Company and may require adjustment of rates, factors, and / or Special Limitations to accommodate for abnormal risks, and
4. The Stop Loss Insurance applied for herein will not become effective until accepted by the Company, and
5. Premiums are not considered paid until the premium check is received by the Company, is paid according to the rates set forth in the Application, and all items required to issue the Policy have been returned to the Company. Premiums are subject to refund should any outstanding policy requirement not be met within 90 days of the Policy's effective date, and
6. This Application will be attached to and made a part of the Policy issued by the Company, and
7. The Employee Benefit Plan(s) attached shall be the basis of any Stop Loss Insurance provided by the Company and such Employee Benefit Plan(s) conforms with all applicable State and Federal statutes, and
8. Any reimbursement under the Stop Loss Insurance provided by the Company shall be based on Covered Expenses Paid by the Applicant in accordance with the Employee Benefit Plan(s) attached hereto, and
9. After diligent and complete review, the representations made in this Application, the disclosures made, and all of the information provided for underwriters to evaluate the risk, are true and complete.

Any person who knowingly and with the intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Full Legal Name of Applicant:

Applicant's Federal Tax I.D. Number:

City of Huntsville

636001296

Dated at _____ this _____ day of _____, 20_____.

Officer / Partner Signature Tommy Battle
(print name)

J. Terry Holloway
Licensed Agent Signature J. Terry Holloway
(print name)

For HCC Life Insurance Company Office Use Only: ACCEPTANCE

Accepted on behalf of the Company, this _____ day of _____, 20_____.

By: _____

Title: _____

Policy No.: _____

STOP LOSS INSURANCE
HCC LIFE INSURANCE COMPANY
ADDENDUM TO APPLICATION

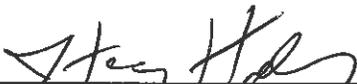
Full Legal Name of Applicant: City of Huntsville

Effective Date: 10/01/2014

SPECIAL RISK LIMITATIONS:

This coverage is based on the current plan of benefits.

Officer/Partner Signature



Licensed Agent Signature

HCC LIFE INSURANCE COMPANY
STOP LOSS POLICY
SPLIT FUNDED ENDORSEMENT

Policy Number: HCL16626
Endorsement Number: 1
Policyholder: City of Huntsville
Effective Date of Endorsement: 10/01/2014

SPLIT FUNDED ARRANGEMENT - FIXED

Notwithstanding any other provisions of the Stop Loss Policy, the provisions of this Endorsement shall be used to determine the amount of Individual Stop Loss Insurance benefits payable by Us.

You and We agree that this Policy is amended as follows:

1. You shall pay for all Covered Expenses:
 - A. Which are used to satisfy the Specific Deductible shown on Your Application for each Covered Person, and
 - B. Which exceed the Specific Deductible up to an amount (hereinafter called Split Funded Liability) as set forth in this Endorsement.
2. Your Split Funded Liability, for the purposes of this Endorsement is \$50,000.
3. We will not be responsible for paying any Specific Stop Loss Insurance Benefits under this Policy until You have paid the Split Funded Liability as set forth in this Endorsement.
4. If the Specific Stop Loss Insurance is terminated before the end of the Policy Year, the added Split Funded Liability will not be eliminated or reduced in any way. Such terminations will take effect pursuant to Article VII. of the Policy.
5. To the extent that there is any conflict between the terms of this Endorsement and the Policy, the terms of this Endorsement will control.
6. This Endorsement will terminate on the first to occur of:
 - A. The end of the Policy Year, or
 - B. Your failure to comply with any provision of this Endorsement, or
 - C. Termination of the Policy pursuant to Article VII of the Policy.

You understand that it is Your responsibility to pay the Split Funded Liability amount of \$50,000 over and above the amounts used to satisfy the Specific Deductible shown on Your Application. Our responsibility for reimbursement begins with those Covered Expenses that are in excess of the Specific Deductible plus the Split Funded Liability.

