



MEMORANDUM

To: Mayor and City Council

From: Matia Messemer, Director of Employee Experience

Date: September 9, 2025

Reference: Consider approval of renewing with Liberty Mutual Insurance Company through SA Benefit Services for medical stop loss insurance, in the amount of \$495,338, as budgeted in the Self-funded Health Fund; and authorizing the City Manager to sign.

2040: Sustainable Government

Introduction:

This item is presented to consider approval of renewing the contract for Medical Stop Loss Insurance to Liberty Mutual Insurance Company through SA Benefit Services (Liberty Mutual). The City's medical and prescription drug plans are partially self-funded. To mitigate the cost of large insurance claims costs and the potential for catastrophically large claims to the plan, the City purchases Specific and Aggregate Stop Loss Insurance. The City is currently insured by Liberty Mutual through SA Benefits.

Background:

Following a formal Request for Proposals process, the City's benefits consultant and broker selected two finalists.

Liberty Mutual

- Combined specific and aggregate premiums increase of 3% due to increased claims utilization
- Enhancement to a 36/12 contract. This means claims incurred within the 36-month window are eligible for reimbursement and paid in the 12-month policy (enhanced from a 24/12 contract).
- No new laser contract
- 50% rate cap for the 2026-2027 plan year

Partner Re

- Combined specific and aggregate premiums decrease of 7%
- Aggregate factors, which is the maximum liability to the City, increased by 22%

- 24/12 contract. This means claims incurred within a 24-month window are eligible for reimbursement and paid in the 12-month policy.
- No new laser contract
- 50% rate cap for the 2026-2027 plan year

The City's benefits consultant recommended renewal with Liberty Mutual. The total best solution is to renew with the current vendor keeping the maximum liability as it is, taking a slight increase, and adding two additional renewal options for future plan years.

Benefit to the Community:

Approval of this item minimizes the risk of catastrophic claim costs to the Medical Self-Insured Fund, which stewards the Self-Funded Health Fund resources well.

Legal Review:

This renewal is tied to the main agreement.

Fiscal Impact:

The premium cost for renewing with Liberty Mutual for stop loss insurance for the 2025-2026 benefit plan year will be \$495,338, as budgeted in the Self-funded Health Fund.

Recommendation:

Staff recommends approval of this item.