

ING 
EMPLOYEE BENEFITS

Tiffany T. Perhala
Regional Manager

August 14, 2012

Samual L. Neal, Jr
County Judge
Nueces County

Re: Nueces County, Excess Risk Insurance, Group No. 634741-9

We are pleased to provide our completed renewal offer for Nueces County for an effective date of October 1, 2012.

This renewal is based upon the current leveraged trend factors, market conditions, plan designs and current demographic factors. Any plan changes may affect this renewal and need to be disclosed prior to the renewal acceptance. Please have this renewal form signed and returned to me.

ING Employee Benefits is dedicated to providing innovative products, competitive pricing and exceptional customer service. Our broad portfolio is designed to meet employer needs through our employer paid products and employee needs through our voluntary worksite products. If we can assist with any additional products, please contact me.

I welcome the opportunity to renew this group with you and look forward to our future endeavors. Thank you for your continued business with ING Employee Benefits.

Sincerely,



Tiffany T. Perhala
Regional Manager

Page 1 of 5

Excess Risk Renewal Proposal
Nueces County, Group Policy Number: 63471-9
Effective: 10/01/2012

Individual Excess Risk Insurance:

	Current Plan	Renewal Option 1	Renewal Option 2
Covered Benefits Claim Basis	Medical Paid in 12 months and incurred 7/1/05 or after	Medical Paid in 12 months and incurred 7/1/05 or after	Medical Paid in 12 months and incurred 7/1/05 or after
Specific Deductible	\$325,000	\$325,000	\$350,000
Annual Maximum	Unlimited	Unlimited	Unlimited
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Employee Rate:	\$ 20.20	\$ 22.22	\$ 19.78
Family Rate:	\$ 46.59	\$ 51.25	\$ 46.22
Est. Annual Premium:	\$ 310,596	\$ 341,654	\$ 305,829
Employee Only	737	737	737
Family	236	236	236
ACCEPTANCE:		<input type="checkbox"/>	<input type="checkbox"/>

Aggregate Excess Risk Insurance:

	Current Plan	Renewal Option 1	Renewal Option 2
Covered Benefits	N/A	Medical and RX	Medical and RX
Annual Maximum	N/A	\$1,000,000	\$1,000,000
Expected Claim Rate	N/A	\$501.19	505.70
Aggregate Factor	N/A	\$626.49	632.13
Aggregate Premium	N/A	\$3.00 PEPM	\$3.00 PEPM
ACCEPTANCE:		<input type="checkbox"/>	<input type="checkbox"/>

Individual Excess Risk Insurance:

	Current Plan	Renewal Option 3	Renewal Option 4
Covered Benefits Claim Basis	Medical Paid in 12 months and incurred 7/1/05 or after	Medical Paid in 12 months and incurred 7/1/05 or after	Medical Paid in 12 months and incurred 7/1/05 or after
Specific Deductible	\$325,000	\$325,000	\$750,000
Aggregating Deductible	\$0	\$50,000	\$0
Annual Maximum	Unlimited	Unlimited	Unlimited
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Employee Rate:	\$ 20.20	\$ 19.25	\$ 8.67
Family Rate:	\$ 46.59	\$ 44.90	\$ 20.25
Est. Annual Premium:	\$ 310,596	\$ 297,403	\$ 134,025
Employee Only	737	737	737
Family	236	236	236
ACCEPTANCE:		<input checked="" type="checkbox"/>	<input type="checkbox"/>

Aggregate Excess Risk Insurance:

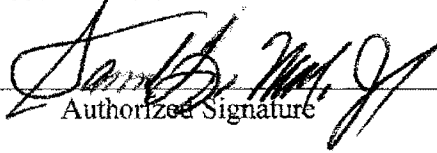
	Current Plan	Renewal Option 3	Renewal Option 4
Covered Benefits	N/A	N/A	N/A
Annual Maximum	N/A	N/A	N/A
Expected Claim Rate	N/A	N/A	N/A
Aggregate Factor	N/A	N/A	N/A
Aggregate Premium	N/A	N/A	N/A
ACCEPTANCE:		<input checked="" type="checkbox"/>	<input type="checkbox"/>

Additional Renewal Assumptions

Commissions	15%
TPA	Health Smart
Managed Care Network	Spohn Health Network
Rate Guarantee	1 year
Lasers	None
Retirees	Included. Retirees age 65 and over are Medicare Primary.
Offer Valid Date	August 31, 2012

In order for ING Employee Benefits to process this renewal in a timely manner, please check the appropriate acceptance box on the preceding page, sign below and return the completed form to me prior to the "Offer Valid Date". A broker's or consultant's signature is satisfactory if there are no changes to the current plan.

This form only acknowledges acceptance of the renewal rates and factors. Amendments may need to be signed by the policyholder for any changes to the current contract and will be sent after acceptance of the renewal.


Authorized Signature

August 22, 2012

Date

Samuel L. Neal, Jr.

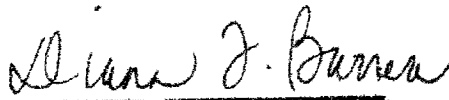
Print Name

Nueces County Judge

Title

Attest:





Diana T. Barrera
Diana T. Barrera
Nueces County Clerk

Manage the Effects of Leveraged Trend

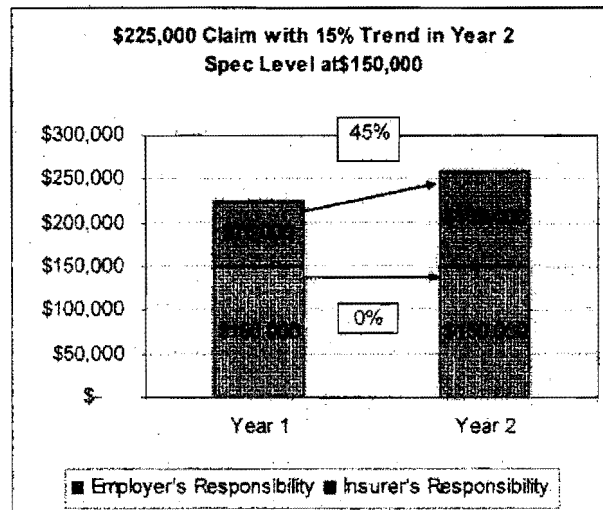
Medical trend is the anticipated annual increase in medical claims from year to year. Trend will take into account a number of components that affect the average cost of medical coverage and therefore, will also influence stop loss rates.

Components of medical trend include:

Plan Design	Utilization Patterns	Demographics
Technology	Network	Cost Shifting

These components are the reasons why medical trend is greater than inflation as reported and measured by the CPI (Consumer Price Index). Medical trend gets **leveraged** when parties responsible for medical claims do not maintain the same proportional share of the risk from year to year.

The following is an example of the effects of leveraged trend.



In Year 1, self funded plan elects a \$150,000 specific stop loss deductible. There is an individual claim in the amount of \$225,000. The first \$150,000 is the employer's responsibility and the remaining \$75,000 is reimbursed by the stop loss carrier.

In Year 2, that same claim of \$225,000 with 15% trend will now be at \$259,000. If the deductible level stays constant at \$150,000, the first \$150,000 is the employer's responsibility and the remaining \$109,000 is reimbursed by the stop loss carrier. The outcome is that 15% trend produces a 45% increase to the stop loss carrier's claim and 0% increase to the employer. If the stop loss deductible is left at the same dollar level year after year, the employer's risk actually decreases as the overall claim level rises. Conversely, the insurer's risk is increasing and, in response, rates are increased beyond medical trend.

In order to eliminate the leveraging affect, the plan sponsor should increase their specific deductible by trend each year, essentially retaining the same proportion of the risk. It is also important to note that the leveraging affect will increase as the stop loss deductible level increases.