



June 5, 2017

**Re: City of Killeen
Renewal - October 1, 2017**

Ann Farris
Deputy City Manager
City of Killeen
101 N. College Street
Killeen, Texas 76541

Dear Ann,

I am pleased to present MetLife's annual renewal package for **City of Killeen**.

The package contains important information about the financial status of the plan. Included is a Technical Overview, containing the renewal rate adjustments, renewal analysis, underwriting assumptions, renewal alternatives and supporting exhibits.

After you have reviewed this information, I would be happy to provide more specifics on any of the material covered in this package.

All of us at MetLife appreciate your business. We place a high value on the mutual success of our relationship.

Thank you for your trust in MetLife. I look forward to working with you in the coming year.

Sincerely,

Katie Burke
Account Executive

Request to Notify Alaska Residents of Impending Coverage and/or Premium Changes

Under Alaska Statute 21.36.225, covered individuals residing in Alaska must be notified of impending coverage and/or premium changes, as applicable. If you have employees residing in Alaska who are covered under MetLife's Disability, Dental, Vision or Accidental Death and Dismemberment policies, we ask that you provide them with written notice at least 45 days in advance of the effective date of the renewal, notifying them that coverage and/or premiums may change. Once renewal details are finalized, a second notice must be provided setting forth the details of the coverage or premium change. If you would like wording for these notices, please contact your MetLife service team.

INTERMEDIARY AND PRODUCER COMPENSATION NOTICE

MetLife enters into arrangements concerning the sale, servicing and/or renewal of MetLife group insurance and certain other group-related products ("Products") with brokers, agents, consultants, thirdparty administrators, general agents, associations, and other parties that may participate in the sale, servicing and/or renewal of such Products (each an "Intermediary"). MetLife may pay your Intermediary compensation, which may include, among other things, base compensation, supplemental compensation and/or a service fee. MetLife may pay compensation for the sale, servicing and/or renewal of Products, or remit compensation to an Intermediary on your behalf. Your Intermediary may also be owned by, controlled by or affiliated with another person or party, which may also be an Intermediary and who may also perform marketing and/or administration services in connection with your Products and be paid compensation by MetLife.

Base compensation, which may vary from case to case and may change if you renew your Products with MetLife, may be payable to your Intermediary as a percentage of premium or a fixed dollar amount. MetLife may also pay your Intermediary compensation that is based upon your Intermediary placing and/or retaining a certain volume of business (number of Products sold or dollar value of premium) with MetLife. In addition, supplemental compensation may be payable to your Intermediary. Under MetLife's current supplemental compensation plan, the amount payable as supplemental compensation may range from 0% to 8% of premium. The supplemental compensation percentage may be based on: (1) the number of Products sold through your Intermediary during a prior one-year period; (2) the amount of premium or fees with respect to Products sold through your Intermediary during a prior one-year period; (3) the persistency percentage of Products inforce through your Intermediary during a prior one-year period; (4) premium growth during a prior one-year period; (5) a fixed percentage of the premium for Products as set by MetLife. The supplemental compensation percentage will be set by MetLife prior to the beginning of each calendar year and it may not be changed until the following calendar year. As such, the supplemental compensation percentage may vary from year to year, but will not exceed 8% under the current supplemental compensation plan.

The cost of supplemental compensation is not directly charged to the price of our Products except as an allocation of overhead expense, which is applied to all eligible group insurance products, whether or not supplemental compensation is paid in relation to a particular sale or renewal. As a result, your rates will not differ by whether or not your Intermediary receives supplemental compensation. If your Intermediary collects the premium from you in relation to your Products, your Intermediary may earn a return on such amounts. Additionally, MetLife may have a variety of other relationships with your Intermediary or its affiliates, or with other parties, that involve the payment of compensation and benefits that may or may not be related to your relationship with MetLife (e.g., insurance and employee benefits exchanges, enrollment firms and platforms, sales contests, consulting agreements, or reinsurance arrangements).

More information about the eligibility criteria, limitations, payment calculations and other terms and conditions under MetLife's base compensation and supplemental compensation plans can be found on MetLife's Web site at www.metlife.com/brokercompensation. Questions regarding Intermediary compensation can be directed to ask4met@metlifeservice.com, or if you would like to speak to someone about Intermediary compensation, please call (800) ASK 4MET. In addition to the compensation paid to an Intermediary, MetLife may also pay compensation to your representative. Compensation paid to your representative is for participating in the sale, servicing, and/or renewal of Products, and the compensation paid may vary based on a number of factors including the type of Product(s) and volume of business sold. If you are the person or entity to be charged under an insurance policy or annuity contract, you may request additional information about the compensation your representative expects to receive as a result of the sale or concerning compensation for any alternative quotes presented, by contacting your representative or calling (866) 796-1800.

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October 1, 2017
Renewal Package

for

City of Killeen

provided by



MetLife Representative

**Katie Burke
3700 W Sam Houston Pkwy S
Houston TX 77042**

Phone Number - 713-960-7003

This renewal is for plan year, October 1, 2017 to September 30, 2018.

The information included in this renewal is proprietary to Metropolitan Life Insurance Company. It is intended for use only by City of Killeen and may not be shared with any other party without the written permission of Metropolitan Life Insurance Company.

TECHNICAL OVERVIEW

RENEWAL RATE ADJUSTMENTS

Coverage	Current Rate/Fee	Renewal Rate/Fee	Change in Rate/Fee +/- %
Dental – Active, COBRA, and Retiree			
• Employee only	\$24.24/Ee	\$24.24/Ee	0.0%
• Employee + Spouse	\$48.40/Ee	\$48.40/Ee	0.0%
• Employee + Child(ren)	\$53.02/Ee	\$53.02/Ee	0.0%
• Employee + Family	\$82.44/Ee	\$82.44/Ee	0.0%
Dental - Survivor			
• Spouse Only	\$24.24/Ee	\$24.24/Ee	0.0%
• Child(ren) Only	\$28.80/Ee	\$28.80/Ee	0.0%
• Spouse + Children	\$53.02/Ee	\$53.02/Ee	0.0%

The Patient Protection and Affordable Care Act ("PPACA") includes a health insurance industry fee imposed on all health insurers, including dental and vision insurers. As with the prior year, this fee is included in the dental and/or vision rates above.

DENTAL BENEFITS (Insured)

RENEWAL ANALYSIS

MetLife reviews past claims experience to predict future claims activity, which is the basis for setting rates.

Dental premium rates are established to account for claim charges (which include paid claims), margin and retention charges.* In calculating your renewal rates for the upcoming policy year, we use the following process:

- Claims data is separated into experience blocks.
- The blocks of claims are then adjusted to account for changes in PDP payment schedules, inflation and increased utilization into the upcoming plan year.
- Premium for each block is then adjusted for billing rate changes to bring all premium to the current rate level.
- Claim loss ratios are derived by dividing the claims data by the adjusted premium using setback methodology (because of claim lag, claims are compared to premium from a time period one month earlier).
- The expected claim loss ratios for each of the blocks are averaged into a single claim loss ratio.
- If the group is partially credible, the claim cost will be based partially on a manual rate looking at the demographics of the group.
- The expected claim loss ratio is then compared to the tolerable loss ratio to determine the appropriate renewal rate action.

* Paid claims may include charges and other amounts as determined by MetLife in connection with certain network arrangements.

UNDERWRITING ASSUMPTIONS

- The most recent year of experience is weighted 2-1 to prior years.
- Dental renewal rates are guaranteed from **October 1, 2017** to **September 30, 2018**.
- The Preferred Dentist Program access fee is included in the renewal rates.
- The rates may be changed any time the current plan or contribution structure is modified.
- MetLife reserves the right to retroactively adjust rates from the effective date of a plan change.

SUPPORTING EXHIBITS

Please refer to the Exhibit Section of this renewal for all supporting Exhibits.

DENTAL Exhibit 1	Underwriting Fact Sheet
DENTAL Exhibit 2	Monthly Claims, EOBs, Lives, Premium and Lives
DENTAL Exhibit 3	Dental Setback Analysis
DENTAL Exhibit 4	PDP Savings Report

DENTAL EXHIBIT 1 – All Dental

UNDERWRITING FACT SHEET

City of Killeen

Group Number # 126844

Renewal Date October 1, 2017

	Lives by Tier	
Employee Only	614	
Employee + Spouse	177	
Employee + Child	183	
Employee + Family	213	

In-Network Plan Design:	Deductible (B&C Services)	\$50
	Coinsurance:	
	- Type A	100%
	- Type B	80%
	- Type C	50%
	- Type D	50%
	Annual Max	\$1,000
	Ortho Max	\$1,000

Out-of-Network Plan Design:	Deductible (B&C Services)	\$50
	Coinsurance:	
	- Type A	100%
	- Type B	80%
	- Type C	50%
	- Type D	50%
	Annual Max	\$1,000
	Ortho Max	\$1,000

Funding Arrangement:	Non-retrospectively Experience Rated
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DENTAL EXHIBIT 2 – All Dental

DENTAL MONTHLY CLAIMS, EOB'S, PREMIUM, AND LIVES

City of Killeen
Group Number # 126844
Renewal Date October 1, 2017

	<u>Paid Claims*</u>	<u>EOB's</u>		<u>Premium</u>	<u>Lives</u>
02/2014	\$40,621	279	01/2014	\$39,802	1133
03/2014	\$37,166	293	02/2014	\$40,013	1138
04/2014	\$39,051	318	03/2014	\$40,025	1140
05/2014	\$33,181	263	04/2014	\$40,133	1141
06/2014	\$29,004	218	05/2014	\$39,832	1141
07/2014	\$33,541	293	06/2014	\$39,909	1145
08/2014	\$33,780	266	07/2014	\$40,013	1143
09/2014	\$32,262	288	08/2014	\$39,658	1136
10/2014	\$35,433	304	09/2014	\$39,586	1134
11/2014	\$32,939	237	10/2014	\$43,904	1135
12/2014	\$33,684	237	11/2014	\$45,073	1170
01/2015	\$32,378	255	12/2014	\$44,973	1168
02/2015	\$37,124	289	01/2015	\$44,956	1170
03/2015	\$42,766	354	02/2015	\$45,540	1188
04/2015	\$41,496	323	03/2015	\$45,540	1190
05/2015	\$33,071	293	04/2015	\$45,694	1197
06/2015	\$34,592	277	05/2015	\$45,399	1194
07/2015	\$34,813	286	06/2015	\$45,501	1194
08/2015	\$33,937	266	07/2015	\$45,781	1207
09/2015	\$32,988	272	08/2015	\$45,039	1191
10/2015	\$38,395	301	09/2015	\$44,565	1179
11/2015	\$34,594	276	10/2015	\$49,061	1196
12/2015	\$33,401	268	11/2015	\$49,006	1197
01/2016	\$35,969	268	12/2015	\$49,044	1201
02/2016	\$43,155	358	01/2016	\$48,772	1192
03/2016	\$42,647	322	02/2016	\$48,852	1189
04/2016	\$39,309	291	03/2016	\$48,849	1189
05/2016	\$37,753	277	04/2016	\$49,098	1193
06/2016	\$41,793	316	05/2016	\$49,154	1197
07/2016	\$32,238	251	06/2016	\$50,185	1228
08/2016	\$43,995	333	07/2016	\$50,594	1235
09/2016	\$42,917	289	08/2016	\$50,120	1221
10/2016	\$35,087	255	09/2016	\$49,876	1213
11/2016	\$35,750	291	10/2016	\$50,566	1177
12/2016	\$31,479	236	11/2016	\$50,566	1177
01/2017	\$34,997	272	12/2016	\$50,566	1177

* Paid claims may include charges and other amounts as determined by MetLife in connection with certain network arrangements.

DENTAL EXHIBIT 3 – All Dental

DENTAL SETBACK ANALYSIS

City of Killeen
Group Number # 126844
Renewal Date October 1, 2017

	02/01/2014 - 01/31/2015		02/01/2015 - 01/31/2016		02/01/2016 - 01/31/2017	
Gross Paid Claims*		\$413,040		\$433,146		\$461,120
Plan/Demographic		1.000		1.000		1.000
Change Adjustment						
Maturity Adjustment		1.000		1.000		1.000
	<u>In-Net</u>	<u>Out-of-Net</u>	<u>In-Net</u>	<u>Out-of-Net</u>	<u>In-Net</u>	<u>Out-of-Net</u>
Trend Factor	1.1587	null	1.1131	null	1.0693	null
Trended Paid Claims	\$478,589	null	\$482,135	null	\$493,076	null
<i>Effective Annual Trend</i>	4.100%	null	4.100%	null	4.100%	null
Change in IBNR		1.010		1.010		1.010
Total Incurred Claims		\$483,375		\$486,956		\$498,007
Adjusted Premium		\$583,126		\$601,201		\$610,934
Loss Ratio		82.89%		81.00%		81.52%
Weighted Average	2-1 Ratio 81.4%					
Credibility Factor	100%					
Manual Loss Ratio	73.68%					
Blended Loss Ratio	81.40%					
Tolerable Loss Ratio	78.44%					
Calculated Rate Action	3.78%					
Renewal Rate Action	0.0% For Rate Guarantee					

* Paid claims may include charges and other amounts as determined by MetLife in connection with certain network arrangements.

DENTAL EXHIBIT 4 – All Dental

PDP SAVINGS REPORT

City of Killeen

Group Number #126844

Renewal Date October 1, 2017

Renewal Acceptance:

Signature: _____ **Date** _____

Print Name: _____

Title: _____