



Life Renewal Proposal

Prepared for: LEXINGTON FAYETTE
URBAN COUNTY GOVERNMENT

Effective 1/1/2015

NOTICE REGARDING PRODUCER COMPENSATION

External Producers

This section applies only if your producer is receiving commission and/or supplemental compensation.

External producers are individuals or entities who represent you, the client, in the solicitation, negotiation or effectuation of the sale of insurance as their producer or consultant of record. The specific functions of external producer's may vary but can include guidance through the proposal process and coordination of the client's data with one or more carriers. External producers are not Prudential employees and may have brokerage relationships with other insurance carriers. Please contact your producer for further information regarding their role during the proposal process and for information about any possible alternative quotes received from other insurance carriers.

Producers who place business with Prudential may be eligible to receive commissions and supplemental compensation unless you advise us otherwise.

Commissions are payable as a percentage of paid premiums or a fixed dollar amount for as long as the producer is recognized as the Producer of Record on your policy.

Under Prudential's Supplemental Commission Program (SCP), supplemental compensation ranges from 0% to 7% of group insurance premium. The actual percentage payable under Prudential's SCP is determined based on the aggregate annual premium due on eligible cases that your producer has inforce with Prudential. The cost of supplemental compensation is not charged directly to policies. As a result, your rates are unaffected whether or not your producer receives supplemental compensation. You or your producer can elect to opt out of Prudential's SCP.

More information about eligibility criteria and payment calculation under Prudential's SCP is available to clients on Prudential's website at www.prudential.com/SCP. Questions regarding producer compensation can be e-mailed to GrpIns@prudential.com. Or, if you would like to speak to someone about producer compensation, contact your Prudential representative or call 888-778-6639.

Internal Producers

This section only applies if your contract is issued in the State of New York

Internal producers, including without limitation, sales representatives, account executives and other employees providing sales support, are individuals employed by The Prudential Insurance Company of America (Prudential) who are responsible for representing Prudential and our product portfolio during the proposal process. Prudential provides sales compensation to such internal producers when business is placed with our clients. Compensation varies based on the products placed, volume of premium and cases placed with Prudential but generally can be identified as production payments, goal based payments, profitability, and/or direct or indirect compensation related to high achievement. An internal producer – may be entitled to one or all of these types of compensation. Prudential is providing this disclosure on behalf of any and all such internal producers employed by Prudential in connection with the sales activity described herein.

You may obtain information about expected producer compensation, including information about alternative quotes, if any, based in whole or part on the sale and additional information about the specific internal producers involved in this transaction. This additional information regarding internal producer compensation may be requested via e-mail by writing to GICompensation@prudential.com, or by calling 973-548-5100.

GL.2008.148 Ed. 12/2010

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Intended for the exclusive use of the customer, the information contained in this proposal is proprietary and should not be released to any other party without the express written consent of The Prudential Insurance Company of America. This proposal is released with the understanding it will be presented to customers only by an appropriately licensed individual or entity.

This proposal provides a general description of Prudential's Group Insurance products. Product offerings may not be available in all states and may vary depending on state laws and regulations. Please refer to the "Our Financial Offering" section of this proposal for the specifics of your proposed insurance plan(s).

Please review the "Notice Regarding Producer Compensation" on the previous page and share it with your client. The client's payment of premium after the renewal date indicates that you and your client have received the notice and agree with its contents.

The Prudential Insurance Company of America

Our Financial Offer

Our Financial Offer

Renewal rates presented below will be in effect for 3 years, from January 01, 2015 to January 01, 2018.

Renewal rates presented below are based on the plan details of current plans along with the changes noted below.

Coverage	Current Rate	Renewal Rate	Action
Basic Life			
Active (with proposed plan change)	\$.118	\$.080	Decrease
Retiree Life	\$2.14	\$2.14	Continue of current rate
Basic AD&D	\$.027	\$.02	Decrease
Basic AD&D - Corrections Only	\$.018	\$.018	Continue of current rate
Basic AD&D – Police/Fire Only	\$.018	\$.018	Continue of current rate
Optional Life			Continue of current rates
LT 25	\$.095	\$.095	
25-29	\$.115	\$.115	
30-34	\$.140	\$.140	
35-39	\$.150	\$.150	
40-44	\$.195	\$.195	
45-49	\$.270	\$.270	
50-54	\$.475	\$.475	
55-59	\$.900	\$.900	
60-64	\$1.120	\$1.120	
65-69	\$1.930	\$1.930	
70-74	\$3.870	\$3.870	
75+	\$3.870	\$3.870	
Optional AD&D	\$.03	\$.03	Continue of current rate
Dependent Life			Continue of current rates
Option 1	\$4.880	\$4.880	
Option 2	\$3.540	\$3.540	
Option 3	\$1.680	\$1.680	

Coverage	Average Lives	Average Volume	Estimated Annual Premium	Comments
Basic Life				
Actives (with proposed plan change)	2,677	\$61,500,000	\$59,040	
Retiree Life	667	\$4,479,000	\$115,021	
Basic AD&D	2,677	\$61,500,000	\$14,760	
Basic AD&D - Corrections Only	165	\$15,780,000	\$3,408	
Basic AD&D – Police/Fire Only	887	\$89,420,000	\$19,315	
Optional Life				
LT 25	23	\$1,985,000	\$2,263	
25-29	96	\$7,376,000	\$10,179	
30-34	148	\$13,570,000	\$22,798	
35-39	221	\$23,236,000	\$41,825	
40-44	278	\$29,138,000	\$68,183	
45-49	197	\$19,837,000	\$64,272	
50-54	144	\$14,118,000	\$80,473	
55-59	102	\$9,373,000	\$101,228	
60-64	41	\$3,625,000	\$48,720	
65-69	18	\$1,484,000	\$34,370	
70-74	0	\$0	\$0	
75+	0	\$0	\$0	
Optional AD&D	1,268	\$123,742,000	\$44,547	
Dependent Life				
Option 1	550	\$8,745,000	\$32,208	
Option 2	43	\$552,000	\$1,827	
Option 3	15	\$85,000	\$303	

Factors Influencing Proposed Rates

- This is an off anniversary – early – renewal offer effective 1/1/2015. The renewal evaluation was conducted using the last 56 months of experience. Holistically, the experience is running tolerable allowing for a decrease to the current Basic Life and Basic AD&D rates.

- This renewal offer includes the following plan change:
 - All Non-Bargained Employees Basic Life and Basic AD&D benefit will change from the current \$7,500 and \$10,000 depending to hire date to flat \$20,000 for all non-bargained employees.

Assumptions

All plans, provisions, and exclusions are subject to Prudential's standard contract, unless otherwise explicitly identified.

Contract Situs	KY
Communications	This proposal includes preparation and bulk delivery of Online/Interactive Voice Response (IVR) Enrollment Services or standard Enrollment Kits, and Portable Document Format (PDF) Booklet-Certificates to the employer. Non-standard materials, paper Booklet-Certificates (non-PDF), any customization, or special mailing requests are not included and carry an additional charge.
Financial	Coverage is offered on a Non-Participating, Fully Insured basis. AD&D is fully pooled. All coverages are offered as a package.
Pooling	Included – note pooling level. The quote includes automatic pooling on the OGL with claims in excess of \$173,385 being removed from the experience. The other coverages are not eligible for pooling due to the low maximum amounts. Pool charges apply and are included in the rates provided. This is an internal pooling arrangement that stabilizes the financial results of our book of business and is non-negotiable.
Employee Assistance Program	Not Included
Rate Guarantee	Rates are guaranteed for 3 years from the effective date. If enrollment or volume changes of more than 10% during the initial rate guarantee period from those stated in this proposal, we reserve the right to take immediate action, including but not limited to revising rates or terminating coverage. The current number of eligible employees and estimated volume can be found in the "Our Financial Offer" section.
Commissions	Current commission levels apply.
Other	<ul style="list-style-type: none"> • Annual premiums are based on current case size and are provided for illustrative purposes only. • Benefit provisions are subject to state and federal mandates. Future mandates will be incorporated into the plan as of the date required by law. • This proposal assumes premium remission within the 31-day grace period. Interest charges will apply to premiums remitted after 31 days from the due date. • The employer will disclose the plan costs to the employees, as required by ERISA.

Summary of Current Plan Design

Summary of Your Current Plan Designs

Basic Term Life Insurance

Eligibility

Class 1 (consolidated, previously classes 1 & 2) – All Non Bargained Employees

Class 3: Bargained Police and Fire

Class 4: Bargained Correction Officers (Lieutenants and Captains)

Class 5: Bargained Correction Officers (Officers and Sergeants)

Class 6: Retiree Life

Plan Details

Coverage Amounts **Class 1** - \$20,000
 Class 3- \$25,000
 Class 4- \$10,000
 Class 5- \$25,000
 Class 6- \$4,000, \$6,000, or grandfathered amounts.
 Combined Basic Life and Optional Life amounts cannot exceed \$350,000.

Accelerated Benefit Option (ABO) If terminally ill, employees can receive 50% of their combined Basic and Supplemental Term Life Insurance benefit, up to \$500,000, to use as they see fit. Payments to beneficiaries will be reduced by the amount received with ABO.

Note: The acceleration of life insurance benefits offered under this certificate is intended to qualify for favorable tax treatment under the Internal Revenue Code of 1986, IRC Section code 101(g). If the acceleration of life insurance benefits qualifies for such favorable tax treatment, the benefits will be excludable from income tax and not subject to federal taxation. Tax laws relating to the acceleration of life benefits are complex. Participants are advised to consult with a qualified tax advisor about circumstances under which they could receive acceleration of life insurance benefits excludable from income under federal law.

Beneficiary Financial Counseling Not included

Contributions 100% employer paid for all except retirees; Retirees – 100% employee paid

Reductions 50% continuing at Age 70 Active Classes only.

Expiration Continues into retirement

Basic Accidental Death & Dismemberment Insurance*

Eligibility

- Class 1 (previously Classes 1 & 2)**– All Non Bargained Employees
 - Class 3:** Bargained Police and Fire
 - Class 4:** Bargained Correction Officers (Lieutenants and Captains)
 - Class 5:** Bargained Correction Officers (Officers and Sergeants)
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Plan Details

Coverage Amounts	Class 1- \$20,000
	Class 3- \$25,000
	Additional Line of Duty coverage: \$100,000
	Class 4- \$10,000
	Additional Line of Duty coverage: \$50,000
	Class 5- \$25,000
	Additional Line of Duty coverage: \$100,000

Optional AD&D*

Eligibility

All full time, active employees

Plan Details

Coverage Amounts Matches Optional Life Election

* This policy provides ACCIDENT insurance only. It does NOT provide basic hospital, basic medical, or major medical insurance as defined by the New York State Insurance Department.

IMPORTANT NOTICE—THIS POLICY DOES NOT PROVIDE COVERAGE FOR SICKNESS.

Optional Term Life Insurance

Eligibility

All full time, active employees.

Plan Details

Coverage Amounts 1, 1.5, 2, 2.5, or 3 x BAE to \$350,000 combined Basic and Optional amounts.

Waiver of Premium Payment of premium can be waived if employee is totally disabled for nine months, is less than 60 years old when the disability begins, and continues to be totally disabled. There is a nine-month waiting period and duration lasts to age 65.

Accelerated Benefit Option (ABO) If terminally ill, employees can receive 50% of their combined Basic and Supplemental Term Life Insurance benefit, up to \$500,000, to use as they see fit. Payments to beneficiaries will be reduced by the amount received with ABO.

Contributions 100% employee paid.

Reductions 50% continuing at Age 70 for Active Employees

Expiration End of full time employment; conversion available

Single Offering Offer is not valid if there is any other plan offering supplemental life coverage to employees, unless with express, written approval from Prudential.

Participation Requirement Minimum participation for Supplemental Term Life Insurance is 30%. If not met, Prudential retains the right to re-evaluate rates, require a re-enrollment, or terminate coverage at next anniversary.

Guarantee Issue

New Hires Upon meeting the "Actively at Work" requirement, the Guarantee Issue is a non-medical maximum of the lesser of 3 times BAE and \$350,000 – combined Basic and Optional Life amounts.

Late Entrants Short Form EOI is required for coverage to become effective. Current participants can increase by 1 increment at annual enrollment without EOI. More than 1 increment at annual enrollment required EOI approval.

Dependent Term Life Insurance

Eligibility

Spouse and dependent children.

Plan Details

Coverage Amounts Option 1: Spouse \$10,000 Child(ren) \$5,000
 Option 2: Spouse \$8,000 Child(ren) \$4,000
 Option 3: Spouse \$4,000 Child(ren) \$1,000
The amount of insurance on any dependent may not exceed 50% of employee coverage.

Contributions 100% employee paid.

Participation Requirement Minimum participation for Dependent Term Life is 30%. If not met, Prudential retains the right to re-evaluate rates, require a re-enrollment, or terminate coverage at next anniversary.

Guarantee Issue

New Hires Employees can elect any optional without EOI

Record Keeping Services

Our Optional Term Life Insurance includes Standard Record Keeping Services which provides Beneficiary Services, Life Claim Facilitation Services, and Termination Services. With this Standard package, Prudential will maintain beneficiary and assignment records (paper or Web), process claims and provide beneficiary support, and handle conversion. Employees have access to an online beneficiary designation/change tool and toll-free customer service. Standard Record Keeping Services are available for all eligible employees.

For even greater convenience, our Full Record Keeping Services may be available which includes all of the above plus Enrollment Services, Plan Administration, and Billing Services. Ask your Prudential account representative for details.

Acceptance of Renewal Offer:

X _____
Title _____
Date _____

Group Basic Term Life, Optional Term Life, Dependent Term Life, Accidental Death & Dismemberment, Short Term Disability, and Long Term Disability Insurance coverages are issued by The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102. This proposal is intended to be a summary of benefits and does not include all policy provisions, exclusions and limitations. A Booklet-Certificate, with complete information, including limitations and exclusions, will be provided. If there is a discrepancy between this document and the Booklet-Certificate issued by Prudential, the terms of the Booklet-Certificate will govern. Contract Series: 83500.

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