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Memorandum

To: Board of Trustees, Operating Engineers Local 487 Welfare Fund

From: Ernie Naegele

Date: August 10, 2023

Re: Life and Accidental Death and Dismemberment Renewal Effective August 1, 2023

Mutual of Omaha has proposed to continue the current premium rates for an additional 24 months. The next renewal will be August 1, 2025.

Renewal and Recommendation

Provided below are the current rates and the renewal rates.

Coverage	Current	Renewal	Rate Basis
Basic Life	$14.10	$14.10	per covered lives
Basic AD&D	$ 0.60	$ 0.60	per covered lives
Rate Guarantee		2 years	

Based on our review of the market, both for proposals and recent renewal actions, the offer is reasonable and provides continued expense stability. We would recommend that the Fund accept the renewal offer.

Financial Rating

Segal believes it is important to consider the financial strength of insurance companies that are candidates for initial selection or renewal as insurers or service providers to employee benefit plans. Therefore, we are providing the current claims paying ability rating that was available to us on the date this document was prepared for the insurance company under consideration:

INSURANCE COMPANY/ SERVICE PROVIDER	RATING AGENCY	RATING	DATE OF RATING
Mutual of Omaha Insurance Company	A.M. Best	A+	3/01/2023

When available, we select A.M. Best or Standard & Poor's ratings because of their depth of coverage of insurance companies and overall reputation as a rating service. Several other rating services (e.g., Fitch and Moody's) also provide ratings of insurance companies and managed care organizations, which we provide when a rating from A.M. Best or Standard & Poor's is not available. You may wish to consult these other services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization. A.M. Best and Standard & Poor's regard "vulnerable" companies to be at relatively serious risk in terms of meeting both claims and creditor obligations. Insurance companies in this category should be researched carefully before being selected.

Finally, Segal does not itself perform insurance company or managed care organization credit quality evaluations and does not offer any warranty as to the scope or reliability (e.g., with respect to an organization's ability to meet future obligations) of the insurance company or managed care organization evaluations performed by any rating service. Segal is not responsible for providing monitoring of these ratings on an ongoing basis.

cc: Kathleen Phillips, Esq.
Jeff Ianniello
Jeff Herron

A.M. Best's Rated Categories Explanation

INVESTMENT GRADE OR SECURE

RATING SYMBOLS	RATING NOTCHES*	CATEGORY
A+	A++	Superior - "superior ability to meet their ongoing obligations to policyholders"
A	A-	Excellent - "excellent ability to meet their ongoing obligations to policyholders"
B+	B++	Good - "good ability to meet their ongoing obligations to policyholders"
B	B-	Fair - "fair ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C+	C++	Marginal - "marginal ability to meet their current obligations to policyholders, but their financial strength is vulnerable to adverse changes in underwriting and economic conditions"
C	C-	Weak - "weak ability to meet their current obligations to policyholders, but their financial strength is very vulnerable to adverse changes in underwriting and economic conditions"
D	-	Poor - "poor ability to meet their current obligations to policyholders, but their financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions"

FINANCIAL STRENGTH NON RATING DESIGNATIONS

DESIGNATION SYMBOLS		CATEGORY
E		Under Regulatory Supervision - "status assigned to insurers that are publicly placed, via court order into conservation or rehabilitation, or the international equivalent, or in the absence of a court order, clear regulatory action and has been taken to delay or otherwise limit policyholder payments."
F		In Liquidation - "status assigned to insurers that are publicly placed, via court order into liquidation after a finding of insolvency, or the international equivalent"
S		Rating Suspended - "status assigned to rated insurance companies to suspend the outstanding FSR when sudden and significant events impact operations and rating implications cannot be evaluated due to lack of timely or adequate information; or in cased when continued maintenance of the previously published rating opinion is in violation of evolving regulatory requirements."
NR		No Rating - "status assigned to insurance companies that are not rated; may include previously rated insurance companies or insurance companies that have never been rated by AM Best."

*Each Best's Financial Strength Rating Category from "A+" to "C" includes a Rating Notch to reflect a gradation of financial strength within the category. A Rating Notch is expressed with either a second plus "+" or a minus "-".