

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date: 10/7/2008 Consent Regular
 Ordinance Public Hearing

Department

Submitted By: Risk Management

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: Selection of Minnesota Life Insurance Company as the provider of the County's fully insured group basic and voluntary term life and accidental death & dismemberment (AD&D) life insurance program (RFP No. 08/102 – DL) at guaranteed rates for the three year period of January 1, 2009 through December 31, 2011, at an estimated annual cost to the Board of \$380,219, and a full contract estimated cost (County paid basic and employee paid supplemental coverage) of \$1,266,314.

Summary: In response to an RFP for both County and employee-paid term life and AD&D insurance, three proposals were evaluated by a selection committee of five. Minnesota Life Insurance Company was selected as the recommended carrier because of its competitive price proposal, which includes a three-year rate guarantee at a cost that is reduced from the premium currently being charged by the incumbent provider. Employees of Palm Tran, Inc. and the Supervisor of Elections will also participate in the group insurance plans. The Board provides active, full time employees (excluding Fire Rescue) with \$25,000 of group term life insurance and \$15,000 in AD&D coverage. Employees may also purchase additional coverage on themselves, spouses and eligible children through payroll deduction. The proposed term life rate will fall to \$.245 per \$1,000 of benefit from \$.28 per \$1,000 of benefit, which is the rate currently being charged from the incumbent carrier, Standard Insurance Company. The voluntary (employee-pay-all) life rate for employees and dependents will fall to \$.41 per \$1,000 of benefit from \$.46 per \$1,000 of benefit which is the current in-force rate. Basic and voluntary AD&D coverage will remain at \$.02 per \$1,000 of benefit, and retiree rates will remain constant at \$5.00 per \$1,000 of benefit. Staff is recommending that employees be given the option of selecting up to \$300,000 in coverage for themselves, \$50,000 for their spouse or domestic partner and \$10,000 for their child(ren). Staff will return at a later date for contract approval. Countywide (TKF)

Background and Policy Issues: (Continued on page 3)

Attachments: None

Recommended by:

Nancy L. Bolton
Department Director

9/16/08
Date

Approved By:

[Signature]
Assistant County Administrator

9/23/08
Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2009	2010	2011	2012	2013
Capital Expenditures					
Operating Costs	\$285,164	\$380,219	\$380,219	95,055	
External Revenues	\$	\$			
Program Income (County)	-----	-----	-----	-----	-----
In Kind Match (County)	-----	-----	-----	-----	-----
NET FISCAL IMPACT	\$285,164	\$380,219	\$380,219	95,055	

ADDITIONAL FTE

POSITIONS (Cumulative) —0--- -----0----- 0----- 0-----

Is Item Included In Current Budget? Yes No. _____

Budget Account No.: Fund Various Agency Various Org. Various Object 2301
Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

The employer portion is budgeted in object 2301 in the various department operating budgets.
The employee pays 100% of the Voluntary Life and AD&D insurance.

C. Departmental Fiscal Review: Gary Kapalke

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Administration Comments:

Ashwellhite 9-19-08 Jim J. J... 9/22/08
9/18/08 OFMB 9/17/08 Contract Administration, 9/22/08

B. Legal Sufficiency:

[Signature] 9/22/08
Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

Background and Policy Issues: The Board has provided employees with basic group term life and AD&D insurance for many years. Coupled with the basic coverage provided by the Board for the benefit of its employees, active, full time employees have the opportunity to purchase additional coverage on themselves, spouses, eligible domestic partners and eligible children via payroll deduction.

For many years, employees have been able to purchase coverage up to \$100,000 Life & matching AD&D for themselves, \$25,000 (life only) for their spouse or eligible domestic partner, and \$5,000 (life only) for eligible children. However, in the spirit of remaining competitive with other local employers and in response to numerous requests from employees, staff is recommending an increase in the amounts of coverage that is made available to employees and their dependents on a voluntary (employee-pay-all) basis. If the Board approves staff's recommendation, beginning January 1, 2009, employees will be able to purchase up to \$300,000 life & matching AD&D for themselves, \$50,000 (life only) for their spouse or eligible domestic partner, and \$10,000 for their eligible child(ren). Coverage in excess of \$100,000 will be subject to medical underwriting. There will be no cost to the Board for providing this additional optional coverage.

The move to Minnesota Life from the incumbent Standard Insurance Company was based primarily on the competitive rate quote from Minnesota Life to provide a three year rate guarantee for a \$.035 reduction per \$1,000 for the basic life, and a \$.05 reduction per \$1,000 for the employee's voluntary coverages. Although the incumbent carrier has provided excellent service to the County, they were the only responsive carrier to propose an increase in rates for plan years 2009 – 2011. Minnesota Life is a company with financial strength and reputation and is suitable to provide the selected benefits.

The rate changes are reflected in the table below:

	Current Life Standard Ins.	Current AD&D Standard Ins.	Proposed Life Minnesota Life	Proposed AD&D Minnesota Life
Board paid basic life rate per \$1,000 in benefit	.28	.02	.245	.02

	Current Life Standard Ins.	Current AD&D Standard Ins.	Proposed Life Minnesota Life	Proposed AD&D Minnesota Life
Voluntary/employee- paid basic life rate per \$1,000 in benefit	.46	.02	.41	.02