



AGENDA REPORT  
July 24, 2018

**Authorization to renew the Life, Short and Long Term Disability Insurance effective January 1, 2019**

**SUBJECT:**

Authorization to award a Life and Disability Insurance package under RFP 3-18-15 for Basic and Supplemental Life Insurance, Short Term and Long Term Disability Insurance effective January 1, 2019

**FISCAL IMPACT:**

The incumbents proposed rates for Employee Basic Life Insurance at 0.100/\$1,000 of coverage, Basic Accidental Death and Dismemberment (AD&D) coverage at 0.015/\$1,000 and Basic Retiree Life Insurance at \$7.19/\$1,000 would result in a projected premium of \$265,057 in 2019. This is a decrease in premium of \$217,712 over the expiring premium of \$482,766 for the Board of County Commissioners, Charter Offices and other participating employers in this program. There is no fiscal impact on the Board and other employers for the retiree coverage as it is a voluntary program paid 100% by retirees.

The incumbent proposed rates for Voluntary Employee & Spouse Life & AD&D; Child Life & AD&D are age banded and attached below. Based on current enrollment counts, overall current annual cost for employees is \$798,816. Proposed overall annual cost with these renewal rates would be \$716,520, resulting in a decrease of \$82,296. There is no fiscal impact on the participating employers for Employee, Spouse & Child coverage as it is a voluntary program paid 100% by participants.

<b>Voluntary EE &amp; Spouse</b>			<b>Voluntary EE &amp; Spouse</b>		
<b>Life AD&amp;D (Non Tobacco)</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Life AD&amp;D (Tobacco)</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
<b>24 &amp; Under</b>	\$0.102	\$0.090	<b>24 &amp; Under</b>	\$0.112	\$0.100
<b>25-29</b>	\$0.072	\$0.070	<b>25-29</b>	\$0.072	\$0.070
<b>30-34</b>	\$0.092	\$0.080	<b>30-34</b>	\$0.102	\$0.090
<b>35-39</b>	\$0.112	\$0.100	<b>35-39</b>	\$0.122	\$0.110
<b>40-44</b>	\$0.152	\$0.140	<b>40-44</b>	\$0.162	\$0.150
<b>45-49</b>	\$0.182	\$0.160	<b>45-49</b>	\$0.212	\$0.190
<b>50-54</b>	\$0.302	\$0.270	<b>50-54</b>	\$0.352	\$0.320
<b>55-59</b>	\$0.592	\$0.530	<b>55-59</b>	\$0.712	\$0.640
<b>60-64</b>	\$1.222	\$1.100	<b>60-64</b>	\$1.542	\$1.390
<b>65-69</b>	\$2.002	\$1.800	<b>65-69</b>	\$2.642	\$2.380
<b>70 &amp; Older</b>	\$3.142	\$2.830	<b>70 &amp; Older</b>	\$4.122	\$3.710

  

<b>Child Life (NoAD&amp;D)</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
	\$0.076	\$0.070

The incumbents proposed rates for Voluntary Short Term Disability for the 14 & 90 Day Waiting Periods are attached below. Based on current enrollment, overall current annual cost for employees is \$284,904. Proposed renewal rates produce an overall annual cost of \$247,296, resulting in a decrease of \$37,608. There is no fiscal impact on the participating employers as Short Term Disability coverage is a voluntary program paid 100% by participants.

<b>Short Term Disability 14 day</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Short Term Disability 90 day</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
<b>Under Age 25</b>	\$0.51	\$0.440	<b>Under Age 25</b>	\$0.13	\$0.110
<b>25-29</b>	\$0.51	\$0.440	<b>25-29</b>	\$0.13	\$0.110
<b>30-34</b>	\$0.51	\$0.440	<b>30-34</b>	\$0.14	\$0.120
<b>35-39</b>	\$0.46	\$0.400	<b>35-39</b>	\$0.14	\$0.120
<b>40-44</b>	\$0.39	\$0.340	<b>40-44</b>	\$0.14	\$0.120

<b>45-49</b>	\$0.46	\$0.400	<b>45-49</b>	\$0.16	\$0.140
<b>50-54</b>	\$0.52	\$0.450	<b>50-54</b>	\$0.16	\$0.140
<b>55-59</b>	\$0.70	\$0.610	<b>55-59</b>	\$0.22	\$0.190
<b>60 &amp; Older</b>	\$0.86	\$0.750	<b>60 &amp; Older</b>	\$0.27	\$0.230

The incumbent proposed rates for Voluntary Long Term Disability at the 90 & 180 day Waiting Periods are attached below. Based on current enrollment, overall current annual cost for employees is \$548,304. Proposed renewal rates produce overall annual costs \$412,824. Resulting in a decrease of \$135,480. There is no fiscal impact on the participating employers, Long Term Disability coverage as it is a voluntary program a paid 100% by participants

<b>Long Term Disability 90 Day</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Long Term Disability 180 Day</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
<b>Under Age 25</b>	\$0.21	\$0.160	<b>Under Age 25</b>	\$0.14	\$0.110
<b>25-29</b>	\$0.34	\$0.260	<b>25-29</b>	\$0.23	\$0.170
<b>30-34</b>	\$0.48	\$0.360	<b>30-34</b>	\$0.33	\$0.250
<b>35-39</b>	\$0.84	\$0.630	<b>35-39</b>	\$0.57	\$0.430
<b>40-44</b>	\$1.32	\$0.990	<b>40-44</b>	\$0.89	\$0.670
<b>45-49</b>	\$1.81	\$1.360	<b>45-49</b>	\$1.22	\$0.920
<b>50-54</b>	\$2.13	\$1.600	<b>50-54</b>	\$1.42	\$1.070
<b>55-59</b>	\$2.02	\$1.520	<b>55-59</b>	\$1.33	\$1.000
<b>60 &amp; Older</b>	\$1.24	\$0.930	<b>60 &amp; Older</b>	\$0.81	\$0.610

Current Total annual premium for all lines of coverage is \$2,114,790. Proposed annual premium is projected to be \$1,641,697. Resulting in a decrease of \$473,093 (\$255,381 in employee paid premiums plus \$217,712 in employer paid premiums). The Standard is also willing to extend rates for an additional 2 years if Life/AD&D loss ratio is less than 0.85 on 2/28/21; STD loss ratio is less than 0.80; and LTD loss ratio is less than 0.75.

**DEPT/OFFICE:**

Human Resources

**REQUESTED ACTION:**

It is requested that the Board authorize the award of the Life, Short Term and Long Term Disability Insurance under RFP 3-18-15 with The Standard Life Insurance Company effective January 1, 2019 and authorize the Director of Human Resources to bind this coverage.

**SUMMARY EXPLANATION and BACKGROUND:**

The incumbent insurance provider, Standard Life Insurance Company, has been underwriting the County's Basic and Supplemental Life Insurance, Short Term and Long Term Disability Insurance programs under its current contract since January 1, 2013. RFP3-15-18 was issued in anticipation of the expiration of this contract in order to determine current market conditions and evaluate options available to the County for these products.

Proposals were received from 9 prospective carriers. Four of those proposals were considered non-responsive for failing to meet mandatory requirements in the RFP's scope of work. The remaining five carriers were:

1. Cigna
2. Ochs, Inc.
3. Reliance Standard
4. Symetra
5. Standard (the incumbent)

A side by side comparison of the qualified proposals was conducted by the Employee Benefits Insurance Advisory Committee (EBIAC) on June 26, 2018 with the assistance of the County's Benefits Consultant, Robinson Bush. After considering the key elements of those proposals, the EBIAC voted to recommend the incumbent, Standard Life Insurance be awarded this contract.

Based on the experience to date and projected claims, The Standard's proposal is reducing rates for all product lines for minimum of three years. The Standard is also willing to extend rates for an additional 2 years if the Life insurance loss ratio is less than 0.85; STD loss ratio is less than 0.80; and the LTD loss ratio is less than 0.75 on 2/28/21. A loss ratio of 1.00 occurs when premiums equal losses paid while a loss ratio less than 1.00 occurs when premiums exceed claims.

Current Total annual premium for all lines of coverage is \$2,114,790. The Standards proposed annual premium for all lines of coverage \$1,641,697. This results in a premium reduction of \$255,381 for employees based on current enrollment and an additional \$217,712 in savings for the employer paid basic life insurance premium. Total premium reductions under this proposal are projected to be \$473,093, which was better than the costs associated with the other proposals reviewed.

The EBIAC recommends accepting the renewal based on:

- Reduction in premiums on all lines of coverage from the current program;
- The proposal to provide 3 years of premium stability and with the potential of no additional rate increase in years 4&5 based on loss ratios as of 2/28/21;
- The proposals agreement to offer a "guarantee issue" enrollment for all employees. This allows employees to secure up to 3 times their annual salary in supplemental life insurance benefits with no medical questions asked and no medical disqualification from coverage.

**ATTACHMENTS:**

**Description**

No Attachments Available



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July 25, 2018

**M E M O R A N D U M**

**TO:** Jerry Visco, Human Resources Director

**RE:** Item F.14., Authorization to Renew the Life, Short and Long Term Disability Insurance, Effective January 1, 2019

The Board of County Commissioners, in regular session on July 24, 2018, authorized the award of Life, Short Term and Long Term Disability Insurance under RFP 3-18-15 with The Standard Life Insurance Company, effective January 1, 2019; and authorized you to bind this coverage.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS  
SCOTT ELLIS, CLERK

Tammy Rowe, Deputy Clerk

**cc:** Finance  
Budget