



CITY OF GRAND PRAIRIE COMMUNICATION

MEETING DATE: 10/11/2022

PRESENTER: Lisa Norris, Human Resources Director

TITLE: Five-year contract with the Standard Insurance Company for Basic Life Insurance and Long-Term Disability Insurance with a three-year guarantee and rate cap for years four and five and Supplemental Employee, Dependent Life Insurance, and Accidental Death & Dismemberment Insurance with a five-year rate guarantee.

REVIEWING COMMITTEE: (Reviewed by the Finance and Government Committee on 10/03/2022)

SUMMARY:

<i>Vendor Name:</i>	Standard Insurance Company				
<i>Annual Cost/Total Cost:</i>	Life/Accidental Death (Life)				
	Year	Product	Rate (Per \$1,000)	Est. Annual Cost	Paid By
	1-3	Basic Life	\$0.035	\$84,000	City
	4	Basic Life	\$0.046	\$110,400	City
	5	Basic Life	\$0.06	\$144,000	City
	1-5	Supp Life	Age Based	\$417,312	Employee
	1-5	AD&D	\$0.02	\$50,717	Employee
	1-5	Child Life	\$0.08	\$7,921	Employee
	Total Est. Life		\$2,886,146	(\$506,400 City)	
	Long-Term Disability (LTD)				
Year	Rate (per \$100)	Est. Annual Cost	Paid By		
1-3	\$0.109	\$105,639	City		
4	\$0.12	\$116,299	City		
5	\$0.132	\$127,929	City		
Total Est. LTD		\$561,145			
Estimated Total Contract Value: \$3,447,291 (\$1,067,545 City)					
<i>Department:</i>	Human Resources				
<i>Recommended Action:</i>	Approve				

PURPOSE OF REQUEST:

The city's contract for both Life Insurance and Long-Term Disability is currently with The Hartford. However, their proposed 2023 renewal was originally a 140% increase on basic life, so we decided to submit the products to the market for a competitive process. Six vendors responded to the city's proposal. Two vendors were considered non-responsive, one could not administer current benefits which would be problematic. This left our current vendor, The Hartford, and two remaining vendors, Ochs, and Standard for Best and Final review. Hartford did not actually make it to the final round due to their high cost but are shown in the final evaluation since they are our current carrier and renewal rates quoted would apply. "Best and final offers ("BAFO") were made by Ochs and Standard, with Standard providing the best overall value.

On benefit products, the city requests multi-year contracts for continuity, plan stability, and to limit employee impact or change. Since Life Insurance is based upon losses versus premiums paid to get to a reasonable "Loss Ratio," it is common for them to provide a fixed/guaranteed rate for several years, then periods of "not to exceed" rates in the final years, depending upon loss ratios assessed over the prior period(s). This is what has been quoted on the products and finalists noted in the Exhibits.

The City offers city-paid Basic Employee Life insurance equal to two times the annualized base salary up to \$500,000. Employees also have numerous options for employee and dependent supplemental life, as well as Accidental Death and Dismemberment coverage that they may select and for which they pay 100% of the premiums. Basic Life, Child Life, and Accidental Death and Dismemberment coverage are a flat rate per \$1,000 of coverage. Employee and Spouse Supplemental Life insurance are age-rated as shown in Exhibit B. Long-Term Disability is a flat rate per \$100 of coverage. ***Total cost paid per year as shown are estimated averages since both Life Insurance and Long-Term Disability (LTD) varies depending upon salary, elections, and volume of coverage chosen within the limits.*** Cost per \$1,000 (for Life products) and per \$100 for LTD are shown on Exhibit A. Life and Long-Term Disability coverage have exclusions and limitations that apply and vary by product and carrier. The City can cancel the contract if funds are not appropriated. The bid and contract will allow City Council to authorize renewals beyond the 5-year original contract period if there are no material changes.

PROCUREMENT DETAILS:

Procurement Method: Cooperative/Interlocal ☐ **RFB/RFP** ☒ Sole Source ☐
Professional Services ☐

Local Vendor ☐ HUB Vendor ☐

Number of Responses: Six RFP/RFB #: 23006

Selection Details: Low Bid ☐ Best Value ☒

FINANCIAL CONSIDERATION:

Budgeted?	<input checked="" type="checkbox"/>	Fund Name:	213010-Employee Insurance Fund
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ATTACHMENTS / SUPPORTING DOCUMENTS:

Exhibit A – Life and LTD Cost Analysis for 2023
Exhibit B – Finalist Scoresheet and Benefit Comparison