



City of Grand Island

Tuesday, July 8, 2014

Council Session

Item G-10

#2014-189 - Approving Renewal of Life Insurance Policy

Staff Contact: Brenda Sutherland

Council Agenda Memo

From: Brenda Sutherland, Human Resources Director
Meeting: July 8, 2014
Subject: Approving Life Insurance Renewal
Item #'s: G-10
Presenter(s): Brenda Sutherland, Human Resources Director

Background

The City of Grand Island provides a life insurance benefit for its employees and their dependents. Employees are provided with \$50,000 of coverage and their spouse has \$10,000 and their dependent children have \$5,000 of life insurance coverage. Employees also have the option of purchasing supplemental coverage at their own expense. The City's current provider is Aetna.

Discussion

The cost for coverage will remain at the same rate it is today at a cost of .13 cents per thousand for basic coverage for city employees. The cost to provide the family coverage will also remain the same at .74 cents per family unit for dependent coverage.

Employees will still have the option to purchase supplemental coverage at their own expense. Through the budget preparation process, we have talked about escalators that the City sees with various contracts that it has in place. That will not be the case with this renewal contract as Aetna has guaranteed its rates for three years. The renewal period will run from August 1, 2014 through July 31, 2017

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the renewal with Aetna to provide the City's life insurance benefit.

Sample Motion

Move to approve the renewal with Aetna to provide the City's life insurance benefit.



Renewal Billing Rates and Annual Premium

**** Life Renewal Rates are guaranteed from August 1, 2014 to August 1, 2017
Receiving census at least once per year is a condition of the rate guarantee.

| <i>Rate Comparison</i> | <u>Existing Rates</u> | <u>New Rates Effective 8/1/14</u> | <u>% Change</u> |
|---|-----------------------|-----------------------------------|-----------------|
| <u>Basic Term Life</u> | | | |
| Employee per \$1,000 | \$0.110 | \$0.110 | 0.00% |
| <u>Basic AD&D</u> | | | |
| Employee per \$1,000 | \$0.020 | \$0.020 | 0.00% |
| <u>Basic Dependents Term Life</u> | | | |
| Per Family Unit | \$0.740 | \$0.740 | 0.00% |
| <u>Supplemental Term Life</u> | | | |
| Employee per \$1,000 | \$0.290 | \$0.290 | 0.00% |
| Employee & Spouse per \$1,000 | \$0.290 | \$0.290 | 0.00% |
| <u>Supplemental Dependents Term Life</u> | | | |
| Per \$1,000 | \$0.200 | \$0.200 | 0.00% |
| <u>Supplemental AD&D</u> | | | |
| Employee per \$1,000 | \$0.040 | \$0.040 | 0.00% |
| Employee & Spouse per \$1,000 | \$0.050 | \$0.050 | 0.00% |

RESOLUTION 2014-189

Whereas, the City provides life insurance to employees and their dependents as prescribed in labor agreements and as authorized by the City of Grand Island Personnel Rules; and

WHEREAS, Strong Financial Resources, Inc. of Aurora is the agent of record; and

WHEREAS, The cost for Life Insurance benefit will be .13 cents per thousand for employee coverage and .74 cents per family unit for family coverage; and

WHEREAS, the contract will commence on August 1, 2014 and will renew annually through July 31, 2017 and the proposed rate is guaranteed for a three year contract period; and

WHEREAS, employees may have the ability to purchase supplemental coverage at their own expense.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Life Insurance contract with Aetna is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, July 8, 2014.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

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| Approved as to Form | ☐ _____ |
| July 3, 2014 | ☐ City Attorney |