



City of Grand Island

Tuesday, June 24, 2008

Council Session

Item G15

#2008-172 - Approving Employee Group Life Insurance Contract

Staff Contact: Brenda Sutherland

Council Agenda Memo

From: Brenda Sutherland, Human Resources Director
Meeting: June 24, 2008
Subject: Life Insurance Contract
Item #'s: G-15
Presenter(s): Brenda Sutherland, Human Resources Director

Background

The City of Grand Island provides its employees with a \$50,000 life insurance benefit. The City entered into a contract with Aetna to provide that benefit three years ago. The current contract will expire on September 30 at midnight. The City routinely advertises a request for proposals (RFP) for vendors to provide the benefits offered to City employees. Three years is a normal cycle for most benefit contracts.

Discussion

The City received proposals from nine different vendors who brought in quotes from nine different companies. The contract that is being presented to Council for approval is being submitted by Aetna, Inc. Aetna is the current vendor for the City's life insurance benefit and came in with a proposal that provided the lowest cost per thousand with a comprehensive package that provides employees with many extra benefits as well. The City will save thirty-eight percent on premiums when the new contract goes into place over today's current premium. The service that the City has received from Aetna and its local representative, Cal Strong has been outstanding.

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 contract with Aetna, Inc as the vendor for the City's life insurance benefits.

Sample Motion

Move to approve the contract with Aetna, Inc as the vendor for the City's life insurance benefits.

Ms. Brenda Sutherland
City of Grand Island, Nebraska
100 East First Street
Grand Island, NE 68802

Group Life Insurance effective August 1, 2008

Dear Ms. Sutherland:

This letter agreement between The City of Grand Island Nebraska and Aetna Inc. (“Aetna”)] describes the proposed basic term life and AD&D, Employee Supplemental Life and Dependent Supplemental Life group insurance.

•The period October 1, 2008 through September 30, 2011 will be referred to as the *Guarantee Period*.

Fees for the Guarantee Period Defined Above

Product Level Premium

Products

Guaranteed Fees

Basic Term Life:

Employee Basic Term Life in the amount of \$50000
Employee Basic AD&D
Basic Dependent Life
(Spouse-\$10,000, Child-\$5,000)
Basic Life guarantee issue: \$50,000

\$.11/\$1000 of coverage
\$.02/\$1000 of coverage
\$.76/per family unit

Optional Life:

Employee Supplemental Life
(Increments of \$25,000 to a \$200,000 maximum)
Employee Optional AD&D
(Equal to Employee Supplemental Life)
Spouse Optional Life
(Increments of \$10,000 to a \$50,000 maximum)
Spouse Optional AD&D
(50% of Employee’s Supplemental amount-40% if Child included)
Optional Dependent Life
(Child \$5,000)

\$.29/\$1000 of coverage
\$.04/\$1000 of coverage
\$.29/\$1000 of coverage
\$.05/\$1000 of coverage
\$.15/\$1000 of coverage

*Rates guaranteed for 3 years from effective date.

*Rates based on the plan design included in the attached proposal

*Evidence of Insurability will be required for any amounts over the guarantee issue. Employees with coverage in place will retain the same level of benefit without providing Evidence of Insurability

Late Payment Charges

The Premium amounts are due by the date indicated on the bill. If those fees are not paid by the due date Aetna will assess a late payment charge.



Dale M. Shotkoski, Assistant City Attorney

*Working Together for a
Better Tomorrow, Today*

**REQUEST FOR PROPOSAL
FOR
EMPLOYEE GROUP LIFE INSURANCE PLAN**

RFP DUE DATE: April 25, 2008 at 3:30 p.m.

DEPARTMENT: Human Resources

PUBLICATION DATE: March 27, 2008

NO. POTENTIAL BIDDERS: 12

SUMMARY OF PROPOSALS RECEIVED

Aetna
Minneapolis, MN

Gress Insurance & Investments, Inc.
Central City, NE
(Madison National Life)
(Ft. Dearborn)

Phares Financial Services
North Platte, NE
(Ft. Dearborn Life Insurance Company)
(Standard Insurance Company)
(ING)

Roger Anderson Agency
Kearney, NE
(GMS, Inc.)

Mueller Insurance Agency
Grand Island NE
(Standard Insurance Company)
(Fort Dearborn Life)
(Principal)

Ronald Shullaw
Grand Island NE
(Mutual of Omaha)

Primark, Inc. – JJ Green
Grand Island NE
(Standard Insurance Company)
(Ft. Dearborn Life Insurance Company)

**Ryder, Rosacker, McCue and Huston -
Ryan Hansen**
Grand Island NE
(Madison National Life)
(Principal)

Strong Financial Resources – Cal Strong, Chad Svoboda

Aurora, NE

(Standard Insurance Company)

(Aetna)

(Humana)

(Ft. Dearborn)

cc: Brenda Sutherland, Human Resources Director
Jeff Pederson, City Administrator
David Springer, Finance Director Dale Shotkoski, City Attorney
Wes Nespore, Assist. City Attorney

P1249

RESOLUTION 2008-172

WHEREAS, the City of Grand Island invited proposals for the Employee Group Life Insurance Plan in accordance with a Request for Proposal on file with the Human Resources Department; and

WHEREAS, on April 25, 2008, proposals were received, reviewed and evaluated in accordance with established criteria; and

WHEREAS, Aetna, Inc., of Hartford, Connecticut, submitted a proposal in accordance with the terms of the request for proposals and all statutory requirements contained therein and the City Procurement Code, such proposal being for an annual amount estimated at \$42,000 based on the current employee census for life insurance coverage for the employee at \$50,000, the employee's spouse at \$10,000 and \$5,000 for their eligible children; and

WHEREAS, the employee group life insurance premium is dependent on the current employee census which will vary over the life of the plan.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the proposal of Aetna, Inc. of Hartford, Connecticut, for an employee group life insurance plan is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute such agreement for such services on behalf of the City of Grand Island.

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Adopted by the City Council of the City of Grand Island, Nebraska, June 24, 2008.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form _____ June 20, 2008 City Attorney
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