



CITY COUNCIL AGENDA ITEM

Date: March 31, 2015

To: Brian Kischnick, City Manager

From: MaryBeth Murz, Purchasing Manager
 Jeanette Menig, Human Resources Director
 Lynne Lambert, Human Resources Coordinator
 Thomas Darling, Director of Financial Services

Subject: Standard Purchasing Resolution 3 – Exercise Renewal Option - Short/Long Term Disability, Life and AD&D Insurance Coverage

History

- The City of Troy provides quality benefits to employees.
- All full-time employees have provisions that include access to Short/Long Term Disability Insurance, Life Insurance and Accidental Death and Dismemberment Insurance.
- City Management has historically selected the insurers for these plans as a package considering cost and coverage required by the collective bargaining agreements.
- Unum Life Insurance Company of America currently provides Short/Long Term Disability, Life Insurance and Accidental and Dismemberment Insurance, with the current contract expiring April 30, 2015.

Purchasing

- A self-insurance program has been analyzed for this insurance coverage. The advantage to self-insuring is there is no premium. The disadvantages to the City would include cost for claims and an administrative fee per covered employee. There also could be some fluctuation in claims from month to month which could result in cash flow problems.
- After conducting the review of the annual premium paid versus the annual claims paid it has been determined there is no benefit to the City or the employees to go to a self-insured program. The option to self-insure this coverage will continue to be monitored.
- The City of Troy's Benefits Consultant, Arthur J. Gallagher & Co., solicited quotes from reputable, financially stable carriers on the City's behalf. Seven (7) carriers responded with quotes, including Unum, the City's current provider. Unum's quote was the lowest monthly/annual premium as detailed below.

Carrier	Monthly Premium	Annual Premium	Rate Guarantee
Dearborn Life	\$ 18,477.27	\$ 221,727.27	2 years
Hartford	\$ 17,959.67	\$ 215,516.02	2 years
The Standard	\$ 17,896.74	\$ 214,760.90	2 years
Lincoln	\$ 17,031.01	\$ 204,372.09	2 years
Cigna	\$ 16,803.90	\$ 201,646.85	2 years
NIS	\$ 15,474.84	\$ 185,698.02	3 years
Unum	\$ 14,377.57	\$ 172,530.84	2 years



CITY COUNCIL AGENDA ITEM

Financial

Funds are budgeted by Department for monthly/annual premium costs. Also, note that City of Troy employees contribute to premium costs for life and accidental death predicated upon Employee Bargaining Group Agreements.

Recommendation

Based on the premium costs, rate guarantee and previous experience with Unum, it is being recommended exercise the renewal of the contract with Unum Life Insurance Company of America of Portland, ME for Short Term Disability, Long Term Disability, Life and Accidental Death and Dismemberment Insurance for two (2) years; contract expiring April 30, 2017.