

**CITY COUNCIL
COMMUNICATION:**

03-291

AGENDA:

JUNE 23, 2003

SUBJECT:

CONTRACT FOR
LONG TERM
DISABILITY
INSURANCE FOR
SPM, CIPEC, MEA
AND AFSCME
EMPLOYEES

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

THOMAS TURNER
HUMAN RESOURCES
DIRECTOR

ITEM 66

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Approval of contract and authorization of the Mayor Pro Tem and City Clerk to execute and attest, respectively, the Principal Financial Group (J. Barry Griswell, CEO, Des Moines) Long Term Disability Insurance plan renewal for and on behalf of the City of Des Moines.

FISCAL IMPACT —

The premium is increased by 75.6% based on a loss ratio of 178% for the previous four-year period when rates were frozen. The increased cost is about \$180,000 over the FY03 expense and \$160,000 over the FY04 budget.

RECOMMENDATION —

Approval and authorization for contract execution.

BACKGROUND —

The City, through various agreements with its unions, provides a long-term disability benefit plan. This plan provides an income stream of generally 60% to 66 2/3% of an employee's salary in the event they are unable to return to work due to an off-the-job illness or accident. When this benefit was added for employees in 2000, an RFP was conducted with Principal being the successful bidder. As part of that bid, Principal agreed to fixed rates for a period of four years. That fixed rate period lapses this fiscal year (FY03), and this is the first rate increase for this benefit in the four years. Last fall, as the City was conducting an RFP for the health plan, Holmes Murphy was asked to also secure quotes for the Long Term Disability plan. No provider submitted a bid as no one could match the rates then in place with Principal. This plan will be put to bid again during FY04.

