



# Council Communication

Office of the City Manager

Date

September 8, 2008

Agenda Item No. 24

Roll Call No. 08-

Communication No. 08-525

Submitted by: Tom Turner, Human Resources Director

## AGENDA HEADING:

Approve contract with Wellmark/Fort Dearborn Life for the provision of basic life, supplemental and dependent life and Accidental Death and Dismemberment (AD&D) insurance for eligible employees.

## SYNOPSIS:

Report to Council RFP results for the Life Insurance RFP conducted on August 5, 2008 and recommendation to select Wellmark/Fort Dearborn Life effective October 1, 2008, upon completion of contract approval with City legal department.

## FISCAL IMPACT:

Amount: \$157,500

Funding Source: SP451 HRS961000, Other Employee Benefits, p.187

## ADDITIONAL INFORMATION:

The City provides, at no cost to employees, certain levels of term life insurance coverage depending on the employee's bargaining unit. Supervisory, Professional and Management (SPM) employees also receive life insurance coverage at no charge and along with MEA union employees can purchase additional life insurance for themselves, their spouses and their dependents. Wastewater treatment employees can buy AD&D insurance as well. EMC National Life Company is the current carrier for this insurance. EMC's contract with the City expires September 30, 2008.

In accordance with the City's procurement ordinance, a request-for-proposal (RFP) was conducted for city and employee paid life for the period beginning October 1, 2008. Five companies submitted bids. They are: Wellmark/Fort Dearborn Life (FDL), United, Principal, Unum and Lincoln. Per the attached rating sheet, Wellmark/FDL submitted the winning proposal. Their bid of \$.13 per \$1,000 of coverage is 7% less than current rates and will result in a decrease in premiums of approximately \$12,000 per year. This rate is guaranteed for five years.

Wellmark/FDL offered the same rates as EMC's current rates for the employee paid supplemental and dependent life and AD&D coverage. Employees electing this coverage will not experience an increase in their supplemental and dependent life insurance cost.

The RFP also solicited bids for Polk County. Life insurance coverage for Polk County employees has been provided by EMC through the City's policy. Polk County will select a provider independent from

the City and Wellmark's bid is not contingent on receiving Polk County's business. Polk County's current insurance coverage through EMC National Life is not compromised by the City leaving EMC.

Staff recommends that the legal department be authorized to negotiate a contract with Wellmark/Fort Dearborn Life as stated in their bid and that the City Council authorize the Mayor to sign such contract once negotiated.

**PREVIOUS COUNCIL ACTION(S):**

Date: August 8, 2005

Roll Call Number: 05-1970

Action: Contract amendment with EMC National Life Company for group and supplemental life insurance to include coverage for Polk County Employees. (Council Communication No. 05-445) Moved by Vlassis to adopt. Motion Carried 7-0.

Date: August 19, 2002

Roll Call Number: 02-2072

Action: Request to issue a Request for Proposals (RFP) to obtain proposals for employer and employee paid life insurance and Accidental Death and Dismemberment Insurance. (Council Communication No. 02-428). Moved by McPherson to adopt. Motion Carried 6-1.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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