

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date: August 6, 2018
	Agenda Item No. 49 Roll Call No. <u>18-1365</u> Communication No. <u>18-397</u> Submitted by: James R. Wells, Human Resources Director

AGENDA HEADING:

Approve contract with Voya, Rodney O. Martin, Chairman and Chief Executive Officer, 230 Park Avenue, New York, New York, 10169 for the provision of group and supplemental life insurance and long-term disability (LTD) benefits for eligible employees for period October 1, 2018 through September 30, 2023.

SYNOPSIS:

Five (5) proposals were received in response to a Request for Proposal (RFP) for basic life, supplemental life, and LTD insurance.

Voya submitted the lowest cost for all three (3) benefits and received the highest overall score. Des Moines Airport Authority and Des Moines Water Works purchase employee benefits through the City group and will continue to receive life and LTD benefits through the Voya contract.

Voya guarantees rates for both the life and LTD benefits for the first three (3) years of the agreement (October 1, 2018 – September 30, 2021) and an additional 2-year rate guarantee if certain loss ratios are achieved. Specifically, for life insurance, if after 30 months the incurred loss ratio is less than 70% then no increase in rates for years four (4) and five (5). If incurred loss ratio is between .70 and .80, rates will increase no more than 10%. For LTD, if the incurred ratio is less than or equal to 70% at renewal time, rates will not increase. If the incurred loss ratio falls between .70 and .80, rates will increase no more than 10%. Council action will be required to select a new carrier if the life and LTD plans exceed the rate guarantees as described herein for period beginning October 1, 2021. That the City Manager is authorized to enter into and execute two (2) 1-year renewals beginning October 1, 2016 so long as the premium costs do not exceed a 10% increase from those rates guaranteed in the agreement approved above and the City Manager believes such renewals are in the best interest of the City.

FISCAL IMPACT:

Amount: \$530,000 (\$182,000 for basic life insurance; \$348,000 for LTD)

Funding Source: S451 ND405649

ADDITIONAL INFORMATION:

- The City provides group life insurance to all regular full-time and regular three-quarter time employees and LTD insurance to certain eligible employees. The basic term life plan provides a death benefit to an employee's designated beneficiary(s). Employees also have access to voluntary supplemental life coverage ranging from \$10,000 to \$500,000. The LTD plan provides income replacement for employees unable to work due to a disability lasting more than 90-days.
- The RFP process generated five (5) proposals. Voya submitted the lowest cost proposal. Voya's matched the City's current basic life rate of \$.13 per \$1,000 of coverage; \$.02 less than the next closest bidder. Voya also submitted the lowest rate for LTD insurance, decreasing current LTD costs by 14%. Additionally, Voya maintained current supplemental life insurance rates so employees will not experience a change in their supplemental life costs.
- The RFP also solicited bids for employee-paid critical illness and accident insurance and a quote for leave management administration (FMLA). The City will evaluate each product line and with City Manager approval, implement the programs deemed to have value for employees and operations.

PREVIOUS COUNCIL ACTION(S):

Date: September 9, 2013

Roll Call Number: [13-1403](#)

Action: [Agreement](#) with Principal Financial Group (Larry Zimpleman, President and CEO) for the provision of Group and Supplemental Life Insurance and Long Term Disability Benefits for eligible employees from October 1, 2013 through September 30, 2016 with option for two additional one-year renewals. ([Council Communication No. 13-459](#)) Moved by Moore to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**

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