

January 30, 2015

Tammie L. Hechler, MPA, SPHR, IPMA-CP  
Director, Office of Human Resources  
City of Hollywood  
2600 Hollywood Boulevard  
Hollywood, FL 33022

**RE: 2015 Basic Life and Accidental Death & Dismemberment, Supplemental Life, Dependent and Retiree Life Insurance Program**

Dear Tammie:

Gehring Group was selected as the Agent of Record to bid the City's Basic Life, Accidental Death and Dismemberment, Supplemental Life, Dependent and Retiree Life insurance on October 14, 2014. The Request for Proposal was issued on December 12, 2014 with a response due date of January 5, 2015.

Proposals were solicited from nineteen carriers, eight of which submitted a response, six carriers declined to quote, four did not respond and one carrier submitted an uncompetitive proposal past the deadline of January 5, 2015.

Carrier	Proposal Status
Aetna	No Response
Assurant	No Response
Cigna	Received
FL Blue/FCL	Received
Guardian	Received after deadline
Hartford	Received
Lincoln Financial	Declined to Quote
MetLife	<b>Finalist</b>
Minnesota Life	No Response
Mutual of Omaha (incumbent)	Received
Principal Life	Declined to Quote
Prudential	No Response
Reliance Standard	Received
SunLife	Declined to Quote
Symetra	<b>Finalist</b>
The Standard	Received
United HealthCare	Declined to Quote
Unum	Declined to Quote
Voya Financial	Declined to Quote

Four carriers (MetLife, Symetra, Standard and Reliance Standard) provided proposals that reduced the City's cost on the Basic Life and Accidental Death & Dismemberment insurance; however Reliance Standard and Standard's proposals did not include several benefits that were available under the current Mutual of Omaha contract.



Additionally, all proposers matched the current Dependent Life rates as well as the Retiree Life rates with the exception of Mutual of Omaha generating an initial increase of twenty-five percent. Through negotiations, Mutual of Omaha reduced the retiree rates to match the current in-force rates.

Based on an extensive evaluation and review of the carrier responses, Gehring Group and City staff identified Mutual of Omaha, MetLife and Symetra as finalists. The Gehring Group then negotiated best and final offers with each of the three finalists and requested the following enhancements to the program:

**1. Remove the Combined \$500,000 maximum (Basic + Voluntary Life)**

**Mutual of Omaha** – The provision was removed.

**MetLife** – The combined \$500,000 maximum can be removed for late entrants and new hires only.

**Symetra** – The provision was removed.

**2. Request for a One-Time True Open Enrollment**

**Mutual of Omaha** – Proposed a one-time true open enrollment which would allow current enrollees to increase their coverage up to \$200,000 to a maximum guarantee issue amount of \$400,000. This would apply to those currently enrolled as well as those who previously waived coverage.

**MetLife** - Current enrollees with a benefit less than \$50,000 may elect an amount up to \$100,000 without providing a Statement of Health. Current enrollees with more than \$50,000 may elect an additional amount up to \$50,000 without Statement of Health. Current employees who are not currently enrolled are not eligible for this offering and would need to provide a Statement of Health. Standard Statement of Health rules apply to subsequent enrollees.

**Symetra** - Proposed a one-time modified open enrollment and will allow an increase of \$75,000 not to exceed the guarantee issue amount without providing a Statement of Health for current enrollees and late entrants.

**3. Request to add an Employee Assistance Program (EAP)**

**Mutual of Omaha** - Proposed a 24/7 telephonic EAP plan at no additional cost to the City. An Enhanced EAP with 3 face-to-face visits can be added at a cost of \$.75 per employee per month.

**MetLife** - MetLife will provide a 24/7 telephonic and face-to face *via internet* (up to 3 visits) for an increase in the basic life insurance rate.

**Symetra** - Cannot offer an EAP at this time. This product is attached to their long term disability program.

**4. Request to increase the Guarantee Issue amount from \$400,000 to \$450,000 on the Supplemental Life insurance.**

**Mutual of Omaha** – Guarantee issue amount of \$400,000 is firm.

**MetLife** – The guarantee issue amount of \$450,000 can be applied to new hires and late entrants only. The current \$400,000 guarantee issue amount would remain for current enrollees.

**Symetra** - Guarantee issue amount of \$400,000 is firm.





Through negotiations, Mutual of Omaha reduced their Basic Life total cost by approximately \$29,000 annually and matched their current rate. The request for the Employee Assistance Program generated an approximate \$9,500 annual increase to MetLife's Basic Life cost and Symetra's Basic Life cost remained unchanged generating a savings to the City of approximately \$25,000 annually as compared to the current Basic Life insurance premium cost.

As previously mentioned, the Dependent and Retiree Life insurance rates generated no increase to the current premium cost under all finalist proposals.

Mutual of Omaha and Symetra proposed Supplemental Life insurance rates matching current cost; however, MetLife's proposal generated a 13% or approximate \$21,000 annual increase in cost. Since the Supplemental Life insurance premiums are paid by the employees, a switch to MetLife would generate a significant cost impact to the employees. For example, an employee who elects up to the \$400,000 guarantee issue amount under the MetLife proposal would be payroll deducted an additional \$173 per year for the same amount of life insurance benefit as compared to the current Mutual of Omaha contract.

Mutual of Omaha's best and final offer produces no increase in cost and a three year rate guarantee. MetLife's overall program generates an approximate \$27,000 annual savings but increases the cost of the Supplemental Life program by 13% which directly impacts the employees. Symetra's proposal generates an overall program savings of approximately \$25,000 annually and maintains the current pricing on the Supplemental Life insurance plan. Additionally, MetLife and Symetra also proposed a three year rate guarantee.

Based upon the review of the best and final offers, it is being recommended that the City switch carriers effective April 1, 2015 to Symetra. This switch in carriers would produce a \$25,000 annual savings to the City while continuing the Supplemental Life insurance program at the current rates, maintaining employee costs as well as securing a three year rate guarantee. Additionally, by switching carriers, the employees will be extended the opportunity to purchase an additional \$75,000 of Supplemental Life insurance benefit up to the guarantee issue amount of \$400,000 without the requirement to complete a Statement of Health. Lastly, employees who might otherwise be declined or "rated" on the individual market will benefit from the opportunity to purchase or increase life insurance coverage during a one-time modified open enrollment period.

Sincerely,



Anna Maria Studley, Managing Director

cc: Athena Erchard, Benefits Consultant

Attach: Original Evaluation dated January 20, 2015  
Finalist Evaluation dated January 26, 2015

