



CITY OF HOLLYWOOD, FLORIDA
PROCUREMENT SERVICES DIVISION

DATE: April 27, 2015

FILE: PR-15-131

TO: Wazir Ishmael, Ph.D.
City Manager

VIA: Matthew Lalla *Matthew Lalla*
Director, Finance and Information Technology

FROM: Joel Wasserman *Jo*
Director, Procurement Services

SUBJECT: Recommendation to accept the City's Agent of Record recommendation to renew the City's current contract agreement with the Mutual of Omaha Insurance Company to provide a Long Term Disability Insurance Plan.

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CITY OF HOLLYWOOD
PROCUREMENT SERVICES
DIVISION

ISSUE:

The Office of Human Resources requires a contract agreement with a qualified firm to provide a Long Term Disability Insurance Plan for the City's elected officials, executives, supervisors, management, confidential, administrative and technical job position classifications.

EXPLANATION:

The City's current contract agreement with Mutual of Omaha for Long Term Disability Insurance for our Elected Officials, Executives, Supervisors, Management, Confidential, Administrative and Technical Classifications will expire on April 30, 2015.

Human Resources requested our agent of record, L. B. Bryan and Company to solicit quotes on the City's behalf. The agent initiated a renewal review of the City's current contract and returned competitive quotes from two (2) companies: Our incumbent, Mutual of Omaha and Lincoln Financial. The proposals received from Hartford Life and Voya were not competitive with our current rates and therefore were not reported.

On March 30, 2015 the agent recommended that the City elect to continue its contract with Mutual of Omaha but improve the plan by selecting an alternative option (Option 3). There are approximately 25 employees who exceed our current plan's insured earnings maximum of \$10,000 monthly so there is a recommendation from the agent to increase the plan benefit from \$10,000 to \$15,000 maximum insured pre-disability earnings.

The Office of Human Resources reviewed Option 3 and has determined that this alternative option provides the most comprehensive plan at a highly competitive rate which is guaranteed for three (3) years.

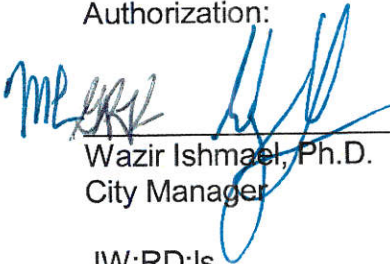
The Director of Human Resources has determined that by keeping insured with the existing company also provides for no additional direct administrative costs to the City. The existing rate for \$10,000 max earnings is \$0.26 and the renewal rate for \$15,000 max earnings is \$0.29 for an estimated annual premium cost of \$46,821.36.

Funding has been provided for FY15 in the Office of Human Resources Health Claims Reserves budget account number 58.1241.00000.590.009199.

RECOMMENDATION:

The Director of Human Resources and the Director of Procurement Services recommends that approval be granted to renew the City's current agreement with the Mutual of Omaha Insurance Company to provide a Long Term Disability Insurance Plan for the City's elected officials, executives, supervisors, management, confidential, administrative and technical job position classifications for an estimated annual expenditure amount of \$46,821.36.

Authorization:


Wazir Ishmael, Ph.D.
City Manager

Dated 4/29/15, 2015

JW:RD:ls

Attachments: Office of Human Resources Memo
L.B. Bryan and Company Recommendation
Mutual of Omaha Insurance Company Agreement

CITY OF HOLLYWOOD, FLORIDA
INTEROFFICE MEMORANDUM
Office of Human Resources

DATE: April 10, 2015

FILE: HR-15-310

TO: Joel Wasserman

FROM: Tammie L. Hechler
Office of Human Resources



SUBJECT: Long Term Disability Insurance Renewal

ISSUE:

The City is in need of City Manager approval to renew our current LTD contract.

EXPLANATION:

The City's current contract with Mutual of Omaha for Long Term Disability Insurance for our Elected Officials, Executives, Supervisors, Management, Confidential, Administrative and Technical Classifications is set to expire April 30, 2015.

Human Resources requested our agent of record, L. B. Bryan and Company to solicit quotes on the City's behalf. The agent returned competitive quotes from two companies: Our incumbent, Mutual of Omaha and Lincoln Financial. Hartford Life and Voya proposals were not competitive with our current rates and therefore were not reported.

On March 30, 2015 the agent recommended the City elect to continue its contract with Mutual of Omaha but improve the plan by selecting an alternative option (Option 3). There are approximately 25 employees who exceed our current plan's insured earnings maximum of \$10,000 monthly so there is a recommendation from the agent to increase the plan benefit from \$10,000 to \$15,000 maximum insured pre-disability earnings.

This Option 3 provides the most comprehensive plan at a highly competitive rate which is guaranteed for 3 years. Keeping insured with the existing company also provides for no additional direct administrative costs. The existing rate for \$10,000 max earnings is \$0.26 and the renewal rate for \$15,000 max earnings is \$0.29 for an estimated annual premium of \$46,821.36.

RECOMMENDATION:

Renew the LTD insurance with Mutual of Omaha at the Option 3 level of insurance.

L B BRYAN & COMPANY

March 30, 2015

Tammie L. Hechler, MPA, SPHR, IPMA-CP
Director, Office of Human Resources
2600 Hollywood Blvd., PO Box 229045
Hollywood, FL 33022-9045

Re: Group Long Term Disability Insurance
Mutual of Omaha Insurance Company
Policy #GLTD-AEC8
Renewal Date - May 1, 2015

Dear Tammie,

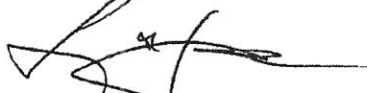
At your request, L B Bryan and Company initiated a renewal review on the above contract. That review included consideration of the plan experience, current rates, plan design, number of plan members and competitive proposals from other insurers.

Subsequently, we prepared a comparative spreadsheet (copy attached) which reflects in summary format, the key elements of the competitive responses.

Based on the above analysis, in our opinion, we recommend that the City elect to continue its contract with Mutual of Omaha but improve the current plan by selecting Option 3 as it provides for the most comprehensive plan at a highly competitive rate. Additionally, the plan rates are guaranteed for 3 years.

Please confirm how the City wishes to proceed on this renewal.

Sincerely,



Lon Bryan
President

Specialized Insurance Programs For Governmental Entities
P O Box 349 • St. Augustine, Florida 32085
(800) 301-0441 Telephone • (904) 280-4697 Facsimile

City of Hollywood, FL - LTD Analysis 2015

| | Mutual of Omaha Renewal (Current Plan) | Mutual of Omaha - Option 1 | Mutual of Omaha - Option 2 | Mutual of Omaha - Option 3 | Lincoln Financial (Similar to Current Plan) | Lincoln Financial (Option 1) | Hartford Life | VOYA |
|----------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------|------|
| A.M. Best Rating | A+/ XV | A+/ XV | A+/ XV | A+/ XV | A+/ XV | A+/ XV | | |
| LTD Income Benefit % | 60% | 60% | 60% | 60% | 60% | 60% | | |
| Max Insured Predisability Earnings | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$15,000 | | |
| Max Monthly Benefit | \$6,000 | \$9,000 | \$6,000 | \$9,000 | \$6,000 | \$9,000 | | |
| Minimum Monthly Benefit | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | | |
| Benefit Waiting Period | 90 Days | 90 Days | 90 Days | 90 Days | 90 Days | 90 Days | | |
| Max Benefit Period | To Age 65 or Social Security Normal Retirement Age Whichever Later | To Age 65 or Social Security Normal Retirement Age Whichever Later | To Age 65 or Social Security Normal Retirement Age Whichever Later | To Age 65 or Social Security Normal Retirement Age Whichever Later | To Age 65 or Social Security Normal Retirement Age Whichever Later | To Age 65 or Social Security Normal Retirement Age Whichever Later | | |
| Own Occupation Period | Class 1 and 2 - Entire Benefit Period | Class 1 and 2 - Entire Benefit Period | Class 1, 2 and 3 - Entire Benefit Period | Class 1, 2 and 3 - Entire Benefit Period | Class 1 and 2 - Entire Benefit Period | Class 1, 2 and 3 - Entire Benefit Period | | |
| Partial Disability | Included | Included | Included | Included | Included | Included | | |
| Recurrent Disability | Included | Included | Included | Included | Included | Included | | |
| Progressive Income Benefit | None | None | None | None | None | None | | |
| Integration | Full Family Social Security | Full Family Social Security | Full Family Social Security | Full Family Social Security | Full Family Social Security | Full Family Social Security | | |
| Guarantee Issue | Full Benefit | Full Benefit | Full Benefit | Full Benefit | Full Benefit | Full Benefit | | |
| Employer Contribution | 100% | 100% | 100% | 100% | 100% | 100% | | |
| Reasonable Accommodation Benefit | Not Included | Not Included | Not Included | Not Included | Not Included | Not Included | | |
| Subrogation/Third Party Claims | Included | Included | Included | Included | Included | Included | | |
| Survivor Death Benefit | 3X Monthly LTD Benefit | 3X Monthly LTD Benefit | 3X Monthly LTD Benefit | 3X Monthly LTD Benefit | 3X Monthly LTD Benefit | 3X Monthly LTD Benefit | | |
| Mental, Nervous, Drug and Alcohol Limitation | 24 Months | 24 Months | 24 Months | 24 Months | 24 Months | 24 Months | | |
| Pre Existing Conditions | 3/12 | 3/12 | 3/12 | 3/12 | 3/12 | 3/12 | | |
| Conversion | Included | Included | Included | Included | Included | Included | | |
| Rehabilitation | Voluntary | Voluntary | Voluntary | Voluntary | Voluntary | Voluntary | | |
| Family Care | Not Included | Not Included | Not Included | Not Included | Not Included | Not Included | | |
| W-2 Preparation | Included | Included | Included | Included | Included | Included | | |
| Insurer Pays Employer's Matching FICA and Medicare | Yes | Yes | Yes | Yes | Yes | Yes | | |
| Rate Guarantee | \$0.260 | \$0.273 | \$0.282 | \$0.29 | \$0.260 | \$0.29 | | |
| LTD | NA | 2 Years | 2 Years | 2 Years | 3 Years | 3 Years | | |
| Rate Guarantee | NA | 2 Years | 2 Years | 2 Years | 3 Years | 3 Years | | |
| Class 1 | | | | | | | | |
| Class 2 | | | | | | | | |
| Class 3 | | | | | | | | |

All Eligible Elected Officials
 All Executive Employees
 All Eligible Supervisory, Professional, Management and Confidential Administrative Employees and Technical Staff

The information provided in this spreadsheet is brief and in summary form only and in every case, the insurance proposals and resulting policies will govern. Please read them carefully.

MUTUAL of OMAHA INSURANCE COMPANY
UNITED of OMAHA LIFE INSURANCE COMPANY

GROUP INSURANCE PROPOSAL



Presented To:

City of Hollywood, Florida

Presented By:

L B Bryan and Co

Includes:

Long-Term Disability

March 26, 2015

TABLE OF CONTENTS



| |
|--------------------------------------------------------------------|
| Alternate 3.03 : Benefit and Cost Summary |
| Long-Term Disability Insurance |
| Long-Term Disability Insurance: Explanation of Additional Benefits |
| Definitions |
| Additional Benefits |
| Rating Criteria |



LONG-TERM DISABILITY INSURANCE

Proposal for: City of Hollywood, Florida
Alternate: 3.03

The following Long-Term Disability plan is being proposed on a fully-insured basis effective **05/01/15**. This proposal assumes this coverage is underwritten by United of Omaha Life Insurance Company. For additional information about Mutual of Omaha's products and services, visit mutualofomaha.com.

ELIGIBILITY

| | |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CLASS DEFINITION(S) | <p>Class 1: All Elected Officials Class 2: All Eligible Executives Class 3: All Eligible Supervisors, Professionals, Management, Confidential Administrative Staff, and Technical Staff</p> |
| ELIGIBILITY REQUIREMENT | This proposal provides coverage for all actively at work employees on the policy effective date working the minimum number of hours shown below in the United States, unless otherwise approved by Mutual of Omaha. Certain requirements apply. |
| MINIMUM WORK HOURS | <p>Class 1: 40 or more hours each week Class 2: 40 or more hours each week Class 3: 40 or more hours each week</p> |

BENEFIT SUMMARY

| | Class 1, 2, 3 |
|-------------------------------|--------------------------------|
| BENEFIT PERCENTAGE | 60% |
| MAXIMUM BENEFIT | \$9,000 |
| ELIMINATION PERIOD | 90 days |
| ACCUMULATION PERIOD | 180 days |
| ZERO DAY RESIDUAL | Included |
| OWN OCC DEFINITION | End of benefit period |
| BENEFIT DURATION | RBD to SSNRA |
| INTEGRATION | TRA/PERA - Participation in SS |
| PRE-EXISTING CONDITION | 3/12 |
| MENTAL DISORDERS | 24 months - Lifetime |
| DRUG & ALCOHOL | 24 months - Lifetime |
| MINIMUM BENEFIT | \$100 |

PARTIAL DISABILITY

| | Class 1, 2, 3 |
|-----------------------------------|-------------------------------------------|
| EARNINGS TEST % | 99% Own Occ to age 65 |
| PARTIAL DISABILITY FORMULA | Mutually Progressive Partial; Family Care |
| WORK INCENTIVE | To end of the maximum benefit period |

PARTICIPATION AND COST SUMMARY

| PARTICIPATION ASSUMPTIONS | Minimum Participation | Number of Eligible Employees | Contribution Structure |
|---------------------------|-----------------------|------------------------------|------------------------|
| Class 2, 3, 1 | 100% | 187 | Non-Contributory |

PARTICIPATION AND COST SUMMARY (CONT'D)

| COST SUMMARY | | Number of Lives | Covered Monthly Payroll | Monthly Rate | Total Monthly Premium | Total Annual Premium |
|--------------|--|-----------------|-------------------------|---------------------------------------------------------|-----------------------|----------------------|
| LTD | | 187 | \$1,345,440 | \$0.290 (Per \$100 of Monthly Covered Payroll) | \$3,901.78 | \$46,821.36 |

RATE GUARANTEE 3 Years

RATE GUARANTEE DATE 05/01/2018

ADDITIONAL BENEFITS

DEFINITION OF MONTHLY EARNINGS Earnings Just Prior to Disability, Annual Salary

VOLUNTARY VOC REHAB INCENTIVE 10%

RECURRENT DISABILITY 6 months

SURVIVOR BENEFIT 3 months

WAIVER OF PREMIUM Included

ENHANCED DISABILITY 10%

PORTABILITY Included, a continuation option is available

FICA PAYMENT If FICA tax is applicable, we will pay the employer's share of the FICA. This optional service has been included in the premium rates.

W-2 PREPARATION Mutual of Omaha will prepare IRS Form W-2 for each employee who receives benefits under the policy.

LONG-TERM DISABILITY INSURANCE



DEFINITIONS

| | |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DEFINITION OF DISABILITY | Disability and disabled mean that because of an injury or illness, a significant change in an employee's mental or physical functional capacity has occurred, in which the employee is: <ul style="list-style-type: none">▪ Prevented from performing at least one of the material duties of his/her regular occupation through the end of the benefit period; and▪ Is unable to generate current earnings which exceed 99% of monthly earnings in his/her regular occupation until the age of 65 (Mutually Progressive Partial). The claimant may be totally or partially disabled during the elimination period. |
| DEFINITION OF PARTIAL DISABILITY | Mutually Progressive Partial/Work Incentive Benefit: The progressive partial work incentive benefit allows an employee to return to work, in any capacity, for the maximum benefit duration. The employee is eligible for partial disability benefits upon suffering a one percent earnings loss. The monthly benefit is equal to the total disability benefit, offset by any other income. |
| DEFINITION OF MONTHLY EARNINGS | Monthly earnings for salaried employees is the gross annual salary in effect immediately prior to the date disability begins, divided by 12. Monthly earnings for hourly employees is the hourly rate of pay multiplied by the average number of hours worked per month during the 12 month period immediately prior to the date disability begins. If employed for part of the prior 12 month period, monthly earnings is the hourly rate of pay multiplied by the average number of hours worked. Monthly earnings includes: <ul style="list-style-type: none">▪ Contributions to deferred compensation plans Monthly earnings excludes: <ul style="list-style-type: none">▪ Other Extra Compensation▪ Differentials▪ Overtime▪ Bonuses▪ Commissions |

ADDITIONAL BENEFITS

The information below is intended to provide more detail about the additional benefits for long-term disability insurance outlined previously in this proposal. These additional benefits may vary by class.

| | |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| VOLUNTARY VOC REHAB INCENTIVE | When an employee chooses to participate in a rehabilitation plan approved by Mutual of Omaha, the monthly benefit will increase by 10%, subject to certain conditions. Vocational rehabilitation encourages a return to productive employment, focusing on job modification, job placement, re-education/retraining and workplace alteration. |
| WORKPLACE ALTERATION ASSISTANCE | Mutual of Omaha will provide funding for workplace alteration for employees who could remain at work or return to work with modifications to the worksite environment. |
| RECURRENT DISABILITY | An employee is eligible for disability benefits without satisfaction of a new elimination period if after returning to work full-time with the Policyholder, disability recurs within 6 months. |
| SURVIVOR BENEFIT | The benefit pays a survivor or the estate three times the last monthly benefit prior to death when a claimant dies while eligible for benefits. |

| | |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ENHANCED DISABILITY | <p>Provides an additional benefit if an employee is totally disabled and is unable to perform two or more activities of daily living (ADLs), or is cognitively impaired and needs direct assistance. The benefit is equal to 10% of the employee's monthly earnings up to the lesser of the maximum benefit, or \$5,000.</p> <p>This benefit is in addition to the monthly disability benefit and is not subject to reductions.</p> |
| CONTINUITY OF COVERAGE | <p>Employees will neither gain nor lose coverage solely due to a change in carrier.</p> |
| INDIVIDUAL CONTINUITY OF COVERAGE | <p>Individual employees who had Long-Term Disability coverage under a group plan not provided by the Policyholder, may be eligible for continuity of coverage by providing proof of prior group Long-Term Disability coverage.</p> |
| COST OF LIVING FREEZE | <p>Once an employee is receiving LTD benefits, those benefits are not reduced by cost of living increases from Social Security or other sources of income.</p> |
| WAIVER OF PREMIUM | <p>Premiums for this coverage are waived for a disabled employee while receiving LTD benefits under this plan.</p> |
| MATERNITY COVERAGE | <p>Disability caused by pregnancy or complications with pregnancy are covered on the same basis as a disability caused by any illness.</p> |
| PORTABILITY | <p>Portability allows employees to apply for disability insurance in certain circumstances when they are no longer insured under the policy. Employees electing to port coverage become responsible for the premium payments. The claims experience of ported individuals is not charged back to the experience of the group. Coverage ported by an employee does not terminate when the master policy terminates.</p> |



RATING CRITERIA

Some assumptions have been made in the preparation of this proposal. Changes in these assumptions may impact the rates or fees. These assumptions apply to all coverages included in this proposal unless otherwise noted.

| | |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SIC CODE | This proposal assumes the applicable Standard Industry Classification (SIC) code for the group is 9111. |
| SITUS STATE | This proposal assumes the situs state of the group is FL. |
| ACCEPTANCE | This proposal is contingent upon Mutual of Omaha Home Office review and acceptance of the completed application for coverage. It is recommended that current coverage is not cancelled or dropped until notification acceptance from Mutual of Omaha is received. |
| LIMITATIONS & STANDARD CONTRACT NOTICE | <p>This proposal is subject to Mutual of Omaha's standard product terms, limitations, and exclusions. Additionally, this proposal requires use of standard system-compatible benefits and contract provisions. Applicable federal and state mandates are added at issuance.</p> <p>This proposal also assumes that all employees/members reside in the situs state of the group. If any employees/members reside outside of the situs state of the group, we must be notified of the number of employees/members by state during the implementation process so that all applicable state mandates can be accommodated.</p> <p>Please refer to a sample standard contract, certificate booklet and/or subscription agreement documents for additional information and detail, available upon request.</p> |
| ERISA | Each plan presented in this proposal is considered to be an employer-sponsored ERISA benefit plan. If it is determined that any plan presented in this proposal is not an ERISA benefit plan, Mutual of Omaha reserves the right to re-rate or otherwise adjust the proposed plan(s). |
| PROPOSAL CONDITIONS | <p>Mutual of Omaha reserves the right to re-rate or withdraw this proposal <i>prior</i> to the effective date if any of the following changes:</p> <ul style="list-style-type: none">▪ SIC code▪ Employer contributions▪ Information regarding disabled or COBRA participants▪ For groups that are experience rated - risk increases based on review of the current carrier's claims experience, including open or pended claims▪ Demographics (age, gender, occupation, earnings, location and size)▪ Plan participation - increase or decrease of 10% or more lives▪ Laws, regulations, judicial and/or administrative orders and decisions affecting benefits, cost of administration, or cost of health care services▪ Proposed effective date▪ Benefits or eligibility▪ Premium tax <p>On or after the effective date, Mutual of Omaha reserves the right to change rates or fees if there is a change in any factor listed above. In addition, Mutual of Omaha may change rates or fees any time after the most recent Rate Guarantee Date, provided at least 30 days advance notice of the rate or fee increase has been given to the group.</p> |
| PROPOSAL EXPIRATION | This proposal is good for 90 days after 3/26/15, or the assumed effective date of the plan, whichever comes first. |