



Request for City Council Committee Action from the Department of Human Resources

Date: September 25, 2007
To: Ways & Means/Budget Committee
Referral to: City Council

Subject: Life and Long-term Disability Insurance

Recommendation: Authorize the proper City officials to enter into a contract with CIGNA as the selected provider for life and long-term disability insurance benefits for employees of City departments and participating boards and agencies. Such contract to be effective January 1, 2008 for a period of three years with an option to renew for an additional two years.

Previous Directives: On August 3, 2007 the City Council authorized the proper City officials to (1) release a Request for Proposal for City of Minneapolis life and long-term disability insurance coverage and (2) enter into contract negotiations with the selected vendor.

Prepared by:	Joyce Traver	
Approved by:	_____	_____
	Pamela French Director, Human Resources	Steven Bosacker City Coordinator
Presenters in Committee:	Joyce Traver	

Reviews

Permanent Review Committee (PRC): Approval N/A Date _____
Policy Review Group (PRG): Approval N/A Date _____

Financial Impact

Action is within the Business Plan. For 2008, the total premiums for City paid life and long-term disability insurance will increase approximately \$200,000 in total, city-wide for all departments, boards and agencies. (The proposal from the current provider would have increased costs by nearly \$300,000.) The finance department has advised that these increases are manageable within benefits assumptions contained within the 2008 budget and beyond.

Supporting Information

The Request for Proposal for Life and Long-term Disability Insurance was released on August 8, 2007. Proposals were received from seven qualified vendors. These proposals were evaluated by members of the Human Resources Department and by Buck Consultants. Results of the evaluation process were reviewed and approved by the Benefits Subcommittee of the Citywide Labor Management Committee. The decision to select CIGNA was based on the following key factors:

- Competitive rates for the City and for City employees. The rates are guaranteed for a three year period beginning January 1, 2008. CIGNA's proposal includes:
 1. City paid basic life and long-term disability premiums that are 25% lower than the premiums proposed for 2008 by our current carrier, Principal Life Insurance Company.
 2. No rate increases for employee supplemental life insurance vs. a 35% rate increase proposed by the current carrier.
- Ability to match current plan provisions and comply with City's contract requirements.
- Ability to provide effective and efficient administrative support and member services.
- Financial position, experience and general reputation of the company.