



Human Resources Department

DATE: September 19, 2023

FROM: Leanne Schmidt, Human Resources Director

ITEM: Life Insurance/Long-Term Disability Request for Proposal (RFP)

REQUEST:

Accept bids and award RFP to Standard for the City Life Insurance and Long-Term Disability insurance.

Please place this item on the September 26, 2023, City Commission meeting agenda.

BACKGROUND INFORMATION:

The City solicited bids seeking proposals for Life Insurance and Long-Term Disability insurance. The requested proposals were reviewed, compiled, and analyzed by Gallagher, the City Health Benefits Broker, and presented to the City Health Insurance sub-committee. Two firms – Standard and New York Life - were selected for interviews with the sub-committee on September 6, 2023, and September 7, 2023. Based on the interviews and scoring by the sub-committee, Standard was the recommended firm. The sub-committee and Gallagher met with the Health Insurance Committee on September 18, 2023, to give their recommendation, and it was approved by the committee.

See attached document.

RECOMMENDED CITY COMMISSION ACTION:

Accept bids and award the Life and Long-Term Disability Insurance bid to Standard for 2024, 2025, and 2026.

STAFF CONTACT INFORMATION:

Leanne Schmidt | Human Resources Director | 701-355-1332 | lschmidt@bismarcknd.gov

City of Bismarck

Life & Disability | Employer-Paid Summary | Effective 01/01/2024

		Current	MARKET OPTION 1	MARKET OPTION 2	MARKET OPTION 3	MARKET OPTION 4
Carrier Name		UNUM / Northwestern Mutual	New York Life	Northwestern Mutual Life	Standard Insurance Company	UNUM
COST ANALYSIS						
Basic Life/AD&D Rates	Volume/Unit(s)	Current	New York Life	Northwestern Mutual Life	Standard Insurance Company	UNUM
Life Rate Per \$1,000 Vol	\$18,259,500	\$0.145	\$0.095	\$0.135	\$0.070	\$0.130
AD&D Rate Per \$1,000 Vol	\$18,259,500	\$0.030	\$0.025	\$0.030	\$0.020	\$0.020
Estimated Life Monthly Premium		\$3,195	\$2,191	\$3,013	\$1,643	\$2,739
Estimated Life Annual Premium		\$38,345	\$26,294	\$36,154	\$19,720	\$32,867
Long-Term Disability Rates	Covered Payroll	Current	New York Life	Northwestern Mutual Life	Standard Insurance Company	UNUM
Per \$100 of Covered Payroll	\$4,012,233	\$0.270	\$0.160	\$0.240	\$0.125	\$0.125
Estimated LTD Monthly Premium		\$10,833	\$6,420	\$9,629	\$5,015	\$5,015
Estimated LTD Annual Premium		\$129,996	\$77,035	\$115,552	\$60,183	\$60,183
Total Combined Premium Comparison		Current	New York Life	Northwestern Mutual Life	Standard Insurance Company	UNUM
Total Annual Premium		\$168,341	\$103,329	\$151,706	\$79,904	\$93,051
Annual Difference From Current			-\$65,013	-\$16,635	-\$88,438	-\$75,291
Percent Change from Current			-38.62%	-9.88%	-52.53%	-44.73%
PLAN PROVISIONS						
Rate Guarantee		-	3 Year	2 Year	3 Year	2 Year

Notes and Assumptions

- Requested quotes from Guardian, The Hartford, Lincoln Financial, MetLife, Mutual of Omaha, New York Life, Northwestern Mutual, Principal Financial, Prudential, Reliance Standard, The Standard, Sun Life Financial, UNUM and VOYA.
- The following carriers provided a quote but were not competitive: Guardian, The Hartford, MetLife, Mutual of Omaha, Prudential, Reliance Standard, Sun Life Financial, and VOYA.
- The following carrier declined to quote or did not respond to the RFP: Lincoln Financial, Principal Financial

New York Life

- Providing a **\$40,000** Ben Admin/Tech credit annually for each year of the 3-year guarantee (totaling **\$120,000 over 3 years**). This will be paid directly to the City for you to use as you see fit (toward the cost of the bill, technology upgrades, etc.)

Standard

- Providing a Ben Admin/Tech credit of up to 4% of the total premium paid monthly directly to technology vendor, if needed
- Refund Eligible Contract: Following the 3-year rate guarantee period, if premium paid was more than claims paid + retention, the extra funds will be paid back to the City.

UNUM

- Offered Employee Navigator (ben admin system for these lines of coverage) at no cost, if desired.

City of Bismarck, ND

Basic Life and AD&D | Renewal and Market Options | Effective 01/01/2024

		CURRENT	MARKET OPTION 1	MARKET OPTION 2	MARKET OPTION 3	MARKET OPTION 4
Carrier Name		UNUM	New York Life	Northwestern Mutual Life	Standard Insurance Company	UNUM
PLAN DESIGN*						
Employee						
Life Benefit		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
AD&D Benefit		Same as Life amount	Same as Life amount	Same as Life amount	Same as Life amount	Same as Life amount
Benefit Reduction Schedule		35% at age 70;	35% at age 70;	35% at age 70;	35% at age 70;	35% at age 70;
(% benefit reduces by at age)		50% at age 75	50% at age 75	50% at age 75	50% at age 75	50% at age 75
Definition of Earnings		Annual Wage/Salary	Annual Wage/Salary	Annual Wage/Salary	Annual Wage/Salary	Annual Wage/Salary
Waiver of Premium		Included	Included	Included	Included	Included
Accelerated Death Benefit		50% to max \$750,000	The lesser of 50% up to \$15,000	80% to max \$500,000	80% to max \$500,000	50% to max \$750,000
Convertible/Portable		Included	Included / Not-Included	Included	Included	Included
COST ANALYSIS						
Rates	Volume/Unit(s)	CURRENT	MARKET OPTION 1	MARKET OPTION 2	MARKET OPTION 3	MARKET OPTION 4
Life Rate Per \$1,000 Vol	\$18,259,500	\$0.145	\$0.095	\$0.135	\$0.070	\$0.130
AD&D Rate Per \$1,000 Vol	\$18,259,500	\$0.030	\$0.025	\$0.030	\$0.020	\$0.020
Estimated Monthly Premium		\$3,195	\$2,191	\$3,013	\$1,643	\$2,739
Estimated Annual Premium		\$38,345	\$26,294	\$36,154	\$19,720	\$32,867
Dollar Difference from Current			-\$12,051	-\$2,191	-\$18,625	-\$5,478
Percent Change from Current			-31.43%	-5.71%	-48.57%	-14.29%
PLAN PROVISIONS						
Rate Guarantee			3 Year rate guarantee ending 12/31/2026	2 Year rate guarantee ending 12/31/2025	3 Year rate guarantee ending 12/31/2026	2 Year rate guarantee ending 12/31/2025

City of Bismarck, ND
Voluntary Life and AD&D | Renewal and Market Options | Effective 01/01/2024

	CURRENT		MARKET OPTION 1		MARKET OPTION 2		MARKET OPTION 3		MARKET OPTION 4	
Carrier Name	UNUM		New York Life		Northwestern Mutual Life Insurance Company		Standard Insurance Company		UNUM	
PLAN DESIGN*										
Employee Benefit Increments	\$10,000		\$10,000		\$10,000		\$10,000		\$10,000	
Benefit Maximum	5x Annual Earnings or \$500,000		5x Annual Earnings or \$500,000		8x Annual Earnings or \$500,000 (Includes Basic Life Benefit)		8x Annual Earnings or \$500,000 (Includes Basic Life Benefit)		5x Annual Earnings to max \$500,000	
Guarantee Issue (GI)	\$150,000		\$150,000		\$150,000		\$150,000		\$150,000	
AD&D Benefit	Same as Voluntary Life amount		Same as Voluntary Life amount		Same as Voluntary Life amount		Same as Voluntary Life amount		Same as Voluntary Life amount	
Benefit Reduction Schedule	35% at age 70; 50% at age 75		35% at age 70; 50% at age 75		35% at age 70; 50% at age 75		35% at age 70; 50% at age 75		35% at age 70; 50% at age 75	
Spouse Benefit Increments	\$5,000		\$5,000		\$5,000		\$5,000		\$5,000	
Benefit Maximum	\$500,000 not to exceed 100% of EE's amount		\$500,000 not to exceed 100% of EE's amount		\$500,000, not to exceed 100% of EE's amount		\$500,000 not to exceed 100% of EE's amount		\$500,000 not to exceed 100% of EE's amount	
Guarantee Issue (GI)	\$25,000		\$25,000		\$25,000		\$25,000		\$25,000	
AD&D Benefit	Same as Voluntary Life amount		\$100,000;		Same as Voluntary life amount		Same as Voluntary Life amount		Same as Voluntary Life amount	
Benefit Reduction Schedule	35% at age 70; 50% at age 75		35% at age 70; 50% at age 75		35% at age 70; 50% at age 75		35% at age 70; 50% at age 75		35% at age 70; 50% at age 75	
Child Benefit (Life/AD&D)	Live birth to 14 days: \$1,000 14 days to 6 months: \$1,000 6 months to age 19 or to age 26 if a full-time student: Increments of \$2,000 to max \$10,000		Birth to 26 years: Increments of \$2,000 to max \$10,000		Birth to 26 years: Increments of \$1,000 to max \$10,000		Birth to 26 years: Increments of \$2,000 to max \$10,000		Live birth to 14 days: \$1,000 14 days to 6 months: \$1,000 6 months to age 19 or to age 26 if a full-time student: Increments of \$2,000 to max \$10,000	
Definition of Earnings	Gross Annual Income		Employee's annual wage or salary		Employee's annual wage or salary		Employee's annual wage or salary		Gross Annual Income	
Waiver of Premium	Included		Included		Included		Included		Included	
Accelerated Death Benefit	50% to max \$750,000 (Employee and Dependents)		50% to max \$500,000 (Employee and Dependents)		80% to max \$500,000 (Employee Only)		80% to max \$500,000 (Employee Only)		50% to max \$750,000	
Conversion/Portability	Included		Included		Included		Included		Included	
Continuity of Coverage	Included		Included		Included		Included		Included	
Suicide Exclusion	Included / 12 Months		Included / 24 Months		Included / 12 Months		Included / 24 Months		Included / 12 Months	
Initial and Ongoing Enrollments that don't require EOI	Initial: N/A Ongoing: All participating employees up to GI		Initial: All eligible employees up to GI Ongoing: All eligible employees up to GI		Initial: All eligible employees up to GI Ongoing: All participating employees up to GI		Initial: All eligible employees up to GI Ongoing: All eligible employees, 1-2 increments up to GI		Initial: All eligible employees up to GI Ongoing: All participating employees up to GI	
COST ANALYSIS										
Voluntary Rates per \$1,000	Employee	Spouse	Employee	Spouse	Employee	Spouse	Employee	Spouse	Employee	Spouse
Age Range										
0 - 19	\$0.071	\$0.046	\$0.064	\$0.041	\$0.071	\$0.060	\$0.040	\$0.046	\$0.071	\$0.046
20 - 24	\$0.071	\$0.046	\$0.064	\$0.041	\$0.071	\$0.060	\$0.040	\$0.046	\$0.071	\$0.046
25 - 29	\$0.072	\$0.056	\$0.065	\$0.050	\$0.071	\$0.060	\$0.060	\$0.056	\$0.072	\$0.056
30 - 34	\$0.093	\$0.078	\$0.084	\$0.070	\$0.093	\$0.080	\$0.085	\$0.078	\$0.093	\$0.078
35 - 39	\$0.134	\$0.118	\$0.121	\$0.106	\$0.134	\$0.118	\$0.120	\$0.090	\$0.134	\$0.118
40 - 44	\$0.205	\$0.178	\$0.184	\$0.160	\$0.205	\$0.178	\$0.180	\$0.100	\$0.205	\$0.178
45 - 49	\$0.324	\$0.274	\$0.292	\$0.247	\$0.324	\$0.274	\$0.310	\$0.150	\$0.324	\$0.274
50 - 54	\$0.479	\$0.406	\$0.431	\$0.365	\$0.479	\$0.406	\$0.470	\$0.230	\$0.479	\$0.406
55 - 59	\$0.695	\$0.590	\$0.625	\$0.531	\$0.695	\$0.590	\$0.680	\$0.290	\$0.695	\$0.290
60 - 64	\$0.910	\$0.802	\$0.819	\$0.722	\$0.910	\$0.802	\$0.900	\$0.660	\$0.910	\$0.802
65 - 69	\$1.285	\$1.156	\$1.156	\$1.040	\$1.285	\$1.270	\$1.250	\$1.156	\$1.285	\$1.156
70 - 74	\$2.432	\$2.184	\$2.189	\$1.965	\$2.432	\$2.184	\$1.990	\$2.060	\$2.432	\$2.184
75 - 79	\$7.516	\$6.752	\$6.765	\$6.074	\$7.516	\$6.752	\$1.990	\$2.060	\$7.516	\$6.752
80+	\$7.516	\$6.752	\$6.765	\$6.074	\$7.516	\$6.752	\$1.990	\$2.060	\$7.516	\$6.752
Child Rate per \$1,000	\$0.335		\$0.335		\$0.200		\$0.335		\$0.335	
AD&D Rate (EE / SP / CH)	\$0.040 / \$0.076 / \$0.040		\$0.025 / \$0.025 / \$0.025		\$0.040 / \$0.040 / \$0.035		\$0.040 / \$0.076 / \$0.040		\$0.040 / \$0.076 / \$0.040	
PLAN PROVISIONS										
Rate Guarantee	-		3 Year rate guarantee ending 12/31/2026		2 Year rate guarantee ending 12/31/2025		3 Year rate guarantee ending 12/31/2026		2 Year rate guarantee ending 12/31/2025	

City of Bismarck, ND

Long Term Disability | Renewal and Marketing Options | Effective 01/01/2024

Carrier Name		CURRENT	MARKET OPTION 1	MARKET OPTION 2	MARKET OPTION 3	MARKET OPTION 4
		Northwestern Mutual Life	New York Life	Northwestern Mutual Life	Standard Insurance	UNUM
PLAN DESIGN*						
Benefit		60% to max \$6,000	60% to max \$6,000	60% to max \$6,000	60% to max \$6,000	60% to max \$6,000
Elimination Period		180 Days	180 Days	180 Days	180 Days	180 Days
Duration of Benefits		Class I: To age 60; Class II: To age 55; Class III: SSNRA	All Classes: SSNRA	Class I: To age 60; Class II: To age 55; Class III: To SSNRA	All Classes: SSNRA	All Classes: ADEA I
Own Occupation Continuation		24 Months	24 Months	24 Months	24 Months	24 Months
Features and Limitations						
Definition of Earnings		Monthly rate of earnings	Employee's annual wage or salary	Monthly rate of earnings	Basic Monthly Earnings	Basic Monthly Earnings
Definition of Disability		Or Definition of Disability	Class 1&2: AND definition Class 3: OR definition	Or Definition of Disability	Or Definition of Disability	And Definition of Disability
Total and Partial Disability		Partial: Included	Included	Partial: Included	Partial: Included	Partial: Included
Return to Work		12 Months	24 Months	12 Months	12 Months	12 Months
Pre-Existing Condition Limitation		3/12	3/12	3/12	3/12	3/12
Earnings Test		Class I & II: 80% Own Occupation then 60% Any Occupation Class III: 80% Own Occupation then 80% Any Occupation	Class I & II: 80% / 60%; Class III: 80% / 80%	Class I & II: 80% / 60%; Class III: 80% / 80%	Class I & II: 80% / 60%; Class III: 80% / 80%	Class I & II: 80% / 60%; Class III: 80% / 80%
Social Security Integration		Full Family	Full Family	Full Family	Primary & Family	Direct Full Family
Disability Limitations						
Mental Health		24 Months	24 Months	24 Months	24 Months	24 Months
Substance Abuse		24 Months	24 Months	24 Months	24 Months	24 Months
COST ANALYSIS						
Rates	Covered Payroll	CURRENT	MARKET OPTION 1	MARKET OPTION 2	MARKET OPTION 3	MARKET OPTION 4
Per \$100 of Covered Payroll	\$4,012,233	\$0.270	\$0.160	\$0.240	\$0.125	\$0.125
Estimated Monthly Premium		\$10,833	\$6,420	\$9,629	\$5,015	\$5,015
Estimated Annual Premium		\$129,996	\$77,035	\$115,552	\$60,183	\$60,183
Dollar Difference from Current			-\$52,962	-\$14,444	-\$69,813	-\$69,813
Percent Change from Current			-40.74%	-11.11%	-53.70%	-53.70%
PLAN PROVISIONS						
Rate Guarantee		-	3 Year rate guarantee ending 12/31/2026	2 Year rate guarantee ending 12/31/2025	3 Year rate guarantee ending 12/31/2026	2 Year rate guarantee ending 12/31/2025

City of Bismarck, ND
Fully-Insured Marketing Activity Summary | Effective 01/01/2024

Non-Health Lines of Coverage						
Line of Coverage	Carrier Name	Response	**AM Best Rating	Rate Guarantee	Commission	Direct Fees
Life and AD&D	UNUM	Current	A / XV	-	5%	N/A
Life and AD&D	New York Life	Quote	A++ / XV	3 Year	10%	N/A
Life and AD&D	Northwestern Mutual Life Insurance Company	Quote	A+/XV	2 Year	N/A	N/A
Life and AD&D	Standard Insurance Company	Quote	A / XIV	3 Year	10%	N/A
Life and AD&D	UNUM	Quote	A / XIV	2 Year	10%	N/A
Voluntary Life AD&D	UNUM	Current	A / XV	-	10%	N/A
Voluntary Life AD&D	New York Life	Quote	A++ / XV	3 Year	10%	N/A
Voluntary Life AD&D	Northwestern Mutual Life Insurance Company	Quote	A+ / XV	2 Year	N/A	N/A
Voluntary Life AD&D	Standard Insurance Company	Quote	A / XIV	3 Year	10%	N/A
Voluntary Life AD&D	UNUM	Quote	A / XIV	2 Year	10%	N/A
Long Term Disability	Northwestern Mutual Life Insurance Company	Current / Renewal	A+ / XV	3 Year	N/A	N/A
Long Term Disability	New York Life	Quote	A++ / XV	3 Year	10%	N/A
Long Term Disability	Northwestern Mutual Life Insurance Company	Quote	A+/XV	2 Year	N/A	N/A
Long Term Disability	Standard Insurance Company	Quote	A / XIV	3 Year	10%	N/A
Long Term Disability	UNUM	Quote	A / XV	2 Year	10%	N/A

**A.M. Best Rating	
Required Standards for Gallagher Benefit Services	
Group 1 A - to A++	Recommended
Group 2 B + to B ++ and/or financial rating under "VI", or any of Best's "NR" group. This would apply to Best's "A- or higher" rated companies with a financial size under "VI".	Acceptable with signed client acknowledgement letter
Financial Strength Ratings	
Secure A++, A+ (Superior) A, A -, A U (Excellent) B++, B+ (Very Good)	Vulnerable B, B - (Fair) C++, C+ (Marginal) C, C - (Weak)
Supplemental Compensation	
<p>Gallagher may receive supplemental compensation from insurance carriers and vendors, normally calculated at the end of each calendar year, that are contingent on a number of factors including the overall number of employer plans represented, plan retention rates, and overall premium growth. Historically, supplemental compensation has ranged, on average, between 0-3% based on specific carrier programs. These plans have no effect on premiums. Further, Gallagher may receive non-cash compensation from plan vendors or service providers that are not in connection with any particular client. If you have any questions regarding direct or indirect compensation received by Gallagher, please contact your dedicated Gallagher advisor or refer to the Gallagher Global Standards of Business Conduct (https://www.ajg.com/us/about-us/global-standards).</p>	

Disclaimers

Prepared for City of Bismarck, ND

Coverage Disclaimer

This proposal is an outline of the coverages proposed by the carrier(s) based upon the information provided by your company. It does not include all the terms, coverages, exclusions, limitations, and conditions of the actual contract language. See the policies and contracts for actual language. This proposal is not a contract and offers no contractual obligation on behalf of GBS. Policy forms for your reference will be made available upon request.

Renewal / Financial Disclaimer

This analysis is for illustrative purposes only, and is not a proposal for coverage or a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. See your policy or contact us for specific information or further details in this regard.

Legal

The intent of this analysis is to provide you with general information regarding the status of, and/or potential concerns related to, your current employee benefits environment. It should not be construed as, nor is it intended to provide, legal advice. Laws may be complex and subject to change. This information is based on current interpretation of the law and is not guaranteed. Questions regarding specific issues should be addressed by legal counsel who specializes in this practice area.

	Standard	NY Life
Scorer 1	7.95	8.25
Scorer 2	8.45	8.5
Scorer 3	9.05	8.25
Scorer 4	8.05	8.3
Scorer 5	8.75	7.5
Scorer 6	8.05	8.55
Total	50.3	49.35
Avg	8.38	8.23