

COUNCIL ACTION FORM

**SUBJECT: RENEWAL OF GROUP LIFE, VOLUNTARY LIFE, AND LONG-TERM
DISABILITY INSURANCE COVERAGES**

BACKGROUND:

The insurance policy for the City's group life, voluntary life, and long-term disability coverages expires on June 30, 2009. National Insurance Services, with the plan underwritten by Madison National Life, has provided this coverage since July 2002. National Insurance Services specializes in working with public sector accounts, and Madison National Life has an A.M. Best rating of A-g (Excellent).

The proposal for the July 1, 2009 to June 30, 2012 policy year includes a ten percent rate decrease due to favorable claims experience and a three-year rate guarantee—a savings of approximately \$21,324 annually. The premium is part of payroll expenses and is shown as a benefit for each eligible employee.

Below are the proposed rates for July 1, 2009 through June 30, 2012:

- Basic Life rate for active employees is \$.196/\$1,000 of coverage per month
- Basic Life rate for retirees is \$9.00/\$1,000 of coverage per month
- Basic Accidental Death & Disability rate for active employees is \$.04/\$1,000 of coverage per month
- Supplemental Life rate is age dependent
- Long-Term Disability rate for active employees is \$.625 (per \$100) of covered payroll

ALTERNATIVES:

1. Accept the proposal from National Insurance Services for renewal of group life, voluntary life, and long-term disability coverages for the period from July 1, 2009 through June 30, 2012.
2. Reject the National Insurance Services proposal and direct staff to seek other proposals.

MANAGER'S RECOMMENDED ACTION:

The National Insurance Services proposal continues to provide good value for these three coverages. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the proposal from National Insurance Services for renewal of group life, voluntary life, and long-term disability for the period from July 1, 2009, through June 30, 2012.