

Memorandum

To: Cynthia Mares, Director Administrative Services
Webb County

CC: None

From: Roger Garza, LUTCF, LHIC
Senior Consultant

Cris Solis
Associate Consultant

Date: 09/01/2014

Re: RFP# 2014-05: Supplemental Products

On August 20, 2014, we met with Webb County's Insurance Committee to discuss Request for Proposals (RFP's) RFP# 2014-05. The following were the discussion items in regards to this RFP.

**Employer Paid Basic Group Life-
And Employee Paid Voluntary Group Term Life/AD&D Insurance:**

Summary: Webb County provides Basic Group Life coverage in the amount of \$20,000 for each eligible employee who works 20 hours or more as part of an incentive package. For accounting purposes, the actual cost to the County is based on total life volume and proceeds are paid monthly on total enrollment. In addition, eligible employees may purchase additional coverage amounts through the same carrier on a guarantee issue basis. The amount of coverage is contingent on the total salary earned and affix to 2 times their annual compensation. Employees may add a spouse and dependents at their cost.

The purchasing department received seven (7) proposals from interested insurance vendors offering to provide this service. The interested carriers are: Sun Life Financial, Minnesota Life, UNUM, Cigna, MetLife, Colonial Life, and ReliaStar. All life insurance proposals were evaluated based on RFP adherence, cost and underwriting requirements. As a courtesy, our firm always includes the incumbent carrier in the finalist list. However, in this case, we recommend MetLife to the committee. MetLife's understanding of political subdivisions needs and experience with other entities exceeds the offer from ReliaStar Life. The three (3) recommended finalists are listed below along with the insurance agencies that met that criteria.

Company	Location	Agent
Cigna (incumbent)	Pittsburgh, PA	Laurel Insurance
MetLife (recommended)	Oriskany, NY	Mullen's Pension & Benefits or Laurel Insurance
ReliaStar	Minneapolis, MN	TAC (Ernesto Martinez)

* Committee voted in favor of MetLife to provide the County's Employer Sponsored Basic Group Life/AD&D as well as its Voluntary Supplemental Group Term Life/AD&D Insurance. Employer Sponsored Basic Group

Life/AD&D, based on current census information, the County would save approximately \$20,000 in annually. Employee Voluntary Supplemental Group Term Life/AD&D, the average employee would have the opportunity to reduce their current cost for additional life insurance purchased on their own. Additionally, employees would increase maximum death benefits with fewer age reductions and a higher accelerated death benefits.

Employee Paid Voluntary Cancer/Supplemental Insurance:

Currently, the Webb County employees are offered the opportunity to purchase Voluntary Cancer/Supplemental Insurance with their own proceeds through BayBridge. Cancer/Supplemental coverage provides limited benefits for: Chemotherapy/radiation therapy, Hospitalization, Surgery, Experimental Treatments, Bone Marrow and Stem Cell Transplants, etc. This product is eligible for section 125 participation.

Summary: The purchasing department received seven (7) proposals from participating vendors with multiple options with flexible levels of coverage. The interested vendors offering to provide this coverage are: BayBridge, Colonial Life, Allstate Benefits, Loyal American, American Public Life, Aflac, and MetLife. All of the carriers offered limited forms of “Guarantee Issue” or “Takeover provisions” for the exception American Public Life who will not extend coverage to individuals who have had cancer treatment in the last ten (10) years and Aflac which requires all applicants to answer medical underwriting questions. The evaluation of the offers are based on RFP adherence, basic understanding of the project, level/units of benefits, medical underwriting requirements and monthly cost to the employee. As a courtesy, our firm always includes the incumbent however, in this case, we recommend the incumbent. BayBridge to continue as Webb County’s carrier for plan year 2014-2015. The three (3) finalist who met that criteria are listed below.

* Committee voted in favor of Allstate insurance to provide Voluntary Cancer/Supplemental coverage. In comparison to the incumbent carrier, Allstate did not have any age banding which would allow for a lower premium for the majority of the employees based on current demographics. Allstate premiums will not be adjusted annually for changes in age, therefore, rates will be guaranteed provided that the County renews the agreement annually and allow Allstate to market their services.

Company	Location	Agent
BayBridge (incumbent)	Austin, TX	Laurel Insurance
Colonial Life	Columbia, SC	Laurel Insurance
Allstate (Recommended)	Jacksonville, FL	Mullen’s Pension & Benefits

Voluntary Accident Insurance:

The incumbent for this product is Cigna. The County received four (4) offers for this product from: Cigna, MetLife, Colonial Life, and SunLife Financial. Just as with the Cancer/Supplemental Insurance, base benefits are fairly similar from one company to the next with a few exceptions. Factors that were used to define the three finalists were: (1) On/off the job coverage (24 hour coverage) versus only off the job coverage, (2) Benefit amount paid out and (3) Cost to the employee. The top three (3) finalists were determined to be:

Company	Location	Agent
SunLife	Winsor, CT	Laurel Insurance
Colonial Life	Columbia, SC	Laurel Insurance
MetLife (Recommended)	Oriskany, NY	Laurel Insurance or Mullen’s Pension & Benefits

*Committee voted in favor of MetLife to provide the County’s employees with Voluntary Accident Insurance. MetLife’s benefits are similar to those of Cigna, the incumbent, with a lower monthly premiums. Current benefits are available to employees twenty-four hours.

Voluntary Heart/Stroke Insurance:

BayBridge is the current carrier for Heart/Stroke insurance. Three (3) proposals were submitted to the County from: BayBridge, Allstate, and Aflac. This product is promptly being phased out and not offered by too many carriers. In its place, carriers are starting to submit a Critical Illness policy that covers Heart Attacks and Strokes in a lump sum versus the manner that is currently being offered. . Under the current plan, the carrier pays up to a certain amount for hospitalization, physician’s attendance, surgeries, etc. The three (3) offers are listed below with a summary of benefits and cost in Exhibit 4. We do recommend that the County consider replacing this product with the Critical Illness in that the employee retain coverage not only in the event of a cardiac episode but other named events as well.

Company	Location	Agent
BayBridge	Austin, TX	Laurel Insurance
Allstate	Jacksonville, FL	Laurel Insurance and Mullen’s Pension & Benefits
Aflac		Louis Kowalski, Ron Levine, Armando Ramos, Rhonda Ramos, Maritza Benavides

* Committee voted in favor of dissolving this product and replacing it with the comparable Critical Illness Insurance. Fewer carriers are quoting for Voluntary Heart/Stroke Insurance and are replacing coverage by quoting Critical Illness Insurance. Critical Illness insurance provides coverage for specified events such as Heart Attack, Stroke, Cancer and End Stage Renal Failure with benefits payable in a lump sum.

Voluntary Critical Illness Insurance:

This product received six (6) proposals from the following companies: Allstate, Colonial Life, UNUM, SunLife Financial, Cigna and MetLife. Currently this plan is not offered at the County. This plan pays an elected lump sum directly to the participant upon the onset of a qualifying event. Those events include but are not limited to: Heart Attack, Stroke, Coma, Cancer, Major Organ Failure, End Stage Renal Failure, etc.

The three (3) finalists are as follows:

Company	Location	Agent
Allstate	Jacksonville, FL	Laurel Insurance and Mullen’s Pension & Benefits
MetLife (recommended)	Bridgewater, NJ	Laurel Insurance and Mullen’s Pension & Benefits
Colonial Life	Columbia, SC	Laurel Insurance

* Committee requested that our firm get some clarification on MetLife’s proposal for this product. After clarifying with MetLife representatives and further examination of the submitted information, we believe that MetLife’s proposal to expand the services to include benefits offered for Heart/Stroke coverage is an acceptable offer.

Voluntary Group Disability Insurance:

The County received six (6) proposals for this products. The vendors were: UNUM (incumbent), Allstate, Cigna, Colonial, SunLife, and MetLife. Employees have the options of purchasing Long Term Disability, Short Term Disability or both.

Currently, the short term disability has an elimination period of 14/14 for a duration of 11 weeks and long term disability has a 90 day injury and 30 day sickness elimination period with a 5 year benefit period through UNUM.

* In an effort to ensure that employees obtain a true long term disability income protection plan, the committee voted in favor of the consultant recommendation to consider Sun Life Financial. The carrier offers two long term disability plans, a duplication of the current benefits of 5 years or long term income protection to Social Security Normal Retirement Age (SSNRA).

Company	Location	Agent
UNUM	Chattanooga, TN	Laurel Insurance
Sun Life Financial (Recommended)	Portsmouth, NH	Laurel Insurance

Air Ambulance:

No proposals were submitted for this bid.

Pre-Paid Legal:

No proposals were submitted for this bid.

Cafeteria Plan/Enrollment Services:

The four (4) companies that submitted for these services were: National Benefit Services, BayBridge, Discovery, and Colonial.

The recommendation is to continue services with BayBridge.