



**FOREST LAKE AREA SCHOOLS  
FOREST LAKE, MN 55025**

**September 1, 2011**

**AGENDA ITEM: 8.7**

**TOPIC: APPROVE PROPOSAL FOR EMPLOYEE GROUP LIFE  
INSURANCE AND LTD INSURANCE**

**BACKGROUND:** During the past year, the District Employee Benefits Committee has been reviewing the District's Life and Long Term Disability (LTD) group insurance. Liberty Mutual proposed a large increase in rates for both products. The Employee Benefits Committee recommended going out for proposals. The District is required by law to go out for proposals on group insurance every five years.

**PROCESS:** Liberty Mutual originally proposed a large premium increase for both group insurance products. The district negotiated with Liberty Mutual to give them the right to match the proposed rates if they held the old rates constant until October 1, 2011. The Request for Proposals process resulted in a 4% decrease for Group Life Insurance and a 5% decrease for LTD. The low responding company was Reliance Standard. The reduced renewal rates are shown on the back of this document.

**RECOMMENDATION:** The Administration recommends awarding the following group insurances:

LTD award to Reliance Standard "combined bid w/Life" at a 5% reduction in premium.

Life award to Reliance Standard "combined bid w/LTD" at a 4%% reduction in premium.

The group insurance policies would become effective October 1, 2011.

<b>FOREST LAKE AREA SCHOOLS      GROUP INSURANCE PROPOSAL</b>			
Insurance Rates Effective 10-1-2011	Current Rates Liberty Mutual	Proposed Rates Reliance Standard	
Life & AD&D	0.125/\$1,000	0.120/\$1,000	4% decrease
Long Term Disability	0.3960%	0.3760%	5% decrease