

No. \_\_\_\_\_



# UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

TOPIC Renewal of District Paid Life Insurance Program

SUBMITTED BY: Robert Chapa OF: Risk Management

APPROVED FOR TRANSMITTAL TO SCHOOL BOARD: \_\_\_\_\_

DATE ASSIGNED FOR BOARD CONSIDERATION: March 21, 2012

## RECOMMENDATION:

The Employee Benefits Committee (EBC) has concluded negotiations for District Paid Life Insurance proposals and recommends the Board accept the proposal submitted by the Lincoln Financial Company represented by the Alamo Insurance Company.

## RATIONALE:

The Lincoln Financial Company proposed a 5 year quote with the first 3 years fixed at a rate of \$0.0615/\$1,000. (Prior rate was \$0.072) and years 4&5 to be negotiated and based on loss run ratios. The EBC felt this proposal provided the district with the greatest value for the price.

## BUDGETARY INFORMATION

Premiums included in the 2012-013 budget.

## BOARD POLICY REFERENCE AND COMPLIANCE:

**UNITED INDEPENDENT SCHOOL DISTRICT**  
 Tabulation RFP 2012-001  
 District Paid Group Life Insurance  
 Service Effective Date: September 1, 2012  
**Best & Final Offer**

<b>General</b>	<b>Dearborn National</b>			<b>Lincoln Financial</b>			<b>MetLife</b>		
Company	Downers Grove, IL 60515			Houston, TX			Dallas, TX		
Location	Downers Grove, IL 60515			Houston, TX			Dallas, TX		
Date Founded	1966			1906			1868		
Financial Rating	Current	Prior Year	Prior 2 Years	Current	Prior Year	Prior 2 Years	Current	Prior Year	Prior 2 Years
A.M. Best	A+ Superior	A+ Superior	A+ Superior	A+	A+	A+	A+ Superior	A+ Superior	A+ Superior
Standard & Poors	A+ Strong	A+ Strong	A+ Strong	AA-	AA-	AA-	AA- Very Strong	AA- Very Strong	AA- Very Strong
Moody's	not rated	not rated	not rated	AZ	AZ	AZ	Aa3 Excellent	Aa3 Excellent	Aa3 Excellent
Licensed Texas TPA	Yes			Yes			Yes		
Waiver of actively at work provision	Not applicable			Yes			Yes (if the group provides a listing of all employees not AAW as outlined in the		
Accelerated death benefit for terminal illness included	Yes			Yes			Yes		
Description	With life expectancy of 12 mths or less			75% up to \$250K			up to 80%, min of \$20K max. 500K, 24		
Define disability for waiver of premium	Insured premiums waived if they become totally & permanently disabled			Coverage will continue if disabled for at least 6 mths & submits proof within the			Metlife notified within 12 mths of date the insured total disability begins. After		
Variations to RFP	Continuation of current inforce contract						see proposal		
<b>Local Agent (s) Info:</b>									
Name	Alamo Ins. Group			Alamo Ins. Group			Alamo Ins. Group		
Address	San Antonio, TX			San Antonio, TX			San Antonio, TX		
Estimated amount annual commission	\$6,283.76								
Copy of agents E&O Insurance Certificate included	Yes			Yes			Yes		
Agent's insurance License included	Yes			Yes			Yes		
Age reduction schedule									
65	35%			35%			35%		
70	55%			55%			55%		
75	70%			70%			70%		
80	80%			80%			80%		
85	85%			85%			not included		
Texas Client References	Will submit during the finalist process			Will submit during the finalist process			Northeast ISD, Waco ISD, Central Texas College District, McCoy Corp. Red		
<b>Fee Structure / Enrollment</b>	Rate	Monthly Premium		Rate	Monthly Premium		Rate	Monthly Premium	
5,895 Insured / \$147,400,000 mthly volume	\$0.072	\$10,472.94		\$0.06			\$0.066	\$9,607.33	
Rate Guarantee	5 years (9/1/12 thru 8/31/17)			2 Years (9/12 thru 9/1/14)			3 years		
Longer rate guarantee available	No			Yes (if selected can review for rate guarantee options.)			No		
Best & Final Offer	No change			3-yr rate guarantee at \$0.0615/\$1,000 of benefit (options for year 4 & 5 based on utilization) Match Assignment of Benefits.			Matched WOP. Will offer rate cap for Year 4 & 5 if given the voluntary life benefit		