

# M Management Committee

Meeting date: October 24, 2007

## ADVISORY INFORMATION

<b>Date:</b>	October 16, 2007
<b>Subject:</b>	Authorization to Enter into a Contract for Life Insurance
<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Council Policy 3-3 Expenditures – Procurement of Goods and Services Over \$250,000 Gloria Heinz - Director, Human Resources (651) 602-1398
<b>Staff Prepared/Presented:</b>	Barbara Padrnos – HR Manager, Benefits (651) 602-1370
<b>Division/Department:</b>	Human Resources

### Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to negotiate and enter into a contract for Life Insurance with Minnesota Life Insurance Company for the period of January 1, 2008 through December 31, 2010.

### Issue(s)

The current contract with our life insurance carrier, Minnesota Life, will expire on 12/31/2007.

### Rationale and Funding

In July 2007, the Council issued a request for proposal (RFP) for life insurance coverage. Responses were evaluated on cost, ability to administer the Council's plan (set of benefits), and ability to interface electronically to our systems.

Five vendors responded including Met Life, Hartford, Standard, King Companies and Minnesota Life, the incumbent. The selection committee is recommending Minnesota Life Insurance Company because the response offered the lowest rate (with a 3-year guarantee), the ability to administer our plan according to our design, and offered both employer and employee electronic access. In addition they offer free will writing for employees who have supplemental insurance and provide the ability to manage beneficiary designations electronically. Met Life offered a very competitive proposal but was not rated as highly as Minnesota Life in 2 of the 3 categories.

Below is a summary of the coverages in the recommended proposal. Based upon these rates and current enrollment numbers, the employer paid basic life and AD&D insurance annual premiums paid will be reduced from \$660,768 in 2007 to \$519,242 for future years. Employees with supplemental coverage will also save under this proposal.

	Current Rate	New Rate	Annual Savings
Basic Life (Council paid)	\$.26 per \$1,000	\$.208 per \$1,000	\$141,000
Accidental Death and Dismemberment (Council paid)	\$.025 per \$1,000	No change	N/A
Supplemental and dependent life (employee paid)	Varies by age	No change	N/A
Supplemental ADD (employee paid)	\$.04 per \$1,000	\$.03 per \$1,000	\$4,310