



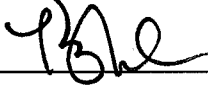
AGENDA ITEM REQUEST

ORIGINATING DEPARTMENT: CENTRAL SERVICES / RISK MANAGEMENT

ROUTING:

CITY MANAGER: _____ DATE: 9/14/2009

CITY MANAGER APPROVAL TO BEGIN PROCEDURES.

SIGNATURE: 

PURCHASING: _____ DATE: _____

PURCHASING APPROVAL: _____ SIGNATURE: _____

LEGISLATIVE AIDE: _____ DATE: 9/15/09 

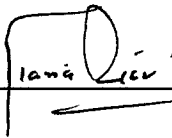
CITY ATTORNEY: _____ DATE: 9/15/09 

ITEM REQUEST:

A Resolution of the City of Sunrise approving the renewal of the City's Group Long-Term Disability insurance with Hartford Insurance Company (Hartford) for the two-year period October 1, 2009 through September 30, 2011, and providing for funding.

FUNDING SOURCE: Various Departmental Budgets – Long-Term Disability

AMOUNT: Approximate City Cost \$15,555
Subject to Funding Availability in Subsequent Years

BUDGET APPROVAL
SIGNATURE: 

ATTACHED EXHIBITS:

Resolution

Exhibit#1 City of Sunrise LTD Coverage and Financial Analysis

Exhibit#2 Employee Benefit Consultant's Recommendation Letter

SUMMARY EXPLANATION/BACKGROUND INFORMATION/JUSTIFICATION:

The City, through its employee benefits consultant, Gallagher Benefit Services, Inc., sought competitive quotes from four Long-Term Disability (LTD) insurance companies for this year's renewal. The City received four responsive proposals from incumbent, Lincoln Financial, as well as Hartford, Cigna and Unum. Each proposal was evaluated by City's benefits consultant (See Exhibit#1), and it was determined that Hartford provided the most competitive proposal to the City based on the following:

1. Hartford's proposal offered a more favorable definition of disability.
2. Hartford's proposal offered the lowest rate at \$.235 per \$100 of eligible payroll.
3. Hartford's proposal offered a two-year rate guarantee.
4. Hartford's proposal matched the existing schedule of benefits.

Hartford's proposal offered an estimated annual premium of \$15,555, which is \$4,964 lower than the incumbent's, Lincoln National, estimated annual premium of \$20,519. Staff and the City's employee benefits consultant recommend (See Exhibit #2) renewing the City's LTD insurance with Hartford for the two-year contract period October 1, 2009 through September 30, 2011.

DEPARTMENT HEAD RECOMMENDATION:

APPROVAL

PERSON WITH ADDITIONAL INFORMATION:

NAME: BILL MASON, RISK MANAGER

PHONE: 572-2496

DIVISION HEAD SIGNATURE:


BILL MASON, RISK MANAGER

DEPARTMENT HEAD SIGNATURE:


TARIQ RIAZ, DIRECTOR, CENTRAL SERVICES

CITY MANAGER RECOMMENDATIONS:

APPROVED FOR AGENDA PLACEMENT.

SIGNATURE:  (CITY MANAGER)

SUNRISE, FLORIDA

RESOLUTION NO. _____

A RESOLUTION OF THE CITY OF SUNRISE, FLORIDA, APPROVING THE RENEWAL OF THE CITY'S GROUP LONG-TERM DISABILITY INSURANCE WITH HARTFORD INSURANCE COMPANY (HARTFORD) FOR THE TWO-YEAR CONTRACT PERIOD OCTOBER 1, 2009 THROUGH SEPTEMBER 30, 2011; PROVIDING FOR FUNDING; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City through its employee benefits consultant, Gallagher Benefit Services, Inc., sought competitive quotes from four (4) Long-Term Disability (LTD) insurance companies for this year's renewal; and

WHEREAS, it was determined that Hartford Insurance Company (Hartford) was the most competitive insurance company based on the four competitive quotes that Gallagher Benefit Services, Inc., obtained from Hartford, Lincoln Financial, CIGNA and Unum; and

WHEREAS, staff has negotiated a competitive renewal offer for Long-Term Disability insurance coverage at an estimated annual premium of \$15,555, which is \$4,964 lower than its incumbent's, Lincoln National, estimated annual premium of \$20,519;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SUNRISE, FLORIDA:

Section 1. The renewal of the City's Group Long-Term Disability insurance with Hartford Insurance Company

(Hartford) for the two-year contract period October 1, 2009, through September 30, 2011, is hereby approved.

Section 2.The Mayor is hereby authorized to execute this Agreement and documents necessary to effectuate coverage subject to the City Attorney's review and approval.

Section 3. Effective Date. This Resolution shall be effective immediately upon its passage.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2009.

Mayor Roger B. Wishner

Authentication:

Felicia M. Bravo
City Clerk

MOTION: _____
SECOND: _____

ALU: _____
ROSEN: _____
SCUOTTO: _____
SOFIELD: _____
WISHNER: _____

Approved by the City Attorney
as to Form and Legal Sufficiency.

Stuart R. Michelson

EXHIBIT #1

City of Sunrise - Long-Term Disability Insurance Coverage and Financial Analysis

Effective October 1, 2009				
	Lincoln <i>Current</i>	Hartford <i>Proposed</i>	Cigna <i>Proposed</i>	Unum <i>Proposed</i>
Definition of Disability	Requires both loss of duties and income	During Elimination Period, loss of one duty	Requires both loss of duties and income	Not competitive
Benefit	60% to \$2,500	60% to \$2,500	60% to \$2,500	60% to \$2,500
Elimination Period	90 Days	90 Days	90 Days	90 Days
Rate/Class	0.31	0.235	0.29	0.51
Rate Guarantee	2 years 10/1/09 - 10/1/2011	2 years 10/1/09 - 10/1/2011	2 years 10/1/09 - 10/1/2011	1 years 10/1/09 - 10/1/2010
Estimated covered payroll	\$551,595	\$551,595	\$551,595	\$551,595
Estimated Monthly premium	\$1,710	\$1,296	\$1,600	\$2,813
Estimated Annual Premium	\$20,519	\$15,555	\$19,196	\$33,758
Prudent Person	Included	Not included	Included	Not available
	Blended Rate	Blended Rate	Blended Rate	Blended Rate

IMPORTANT: This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims cost, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increase, etc. This analysis does not amend, extend or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or future details in this regard.

EXHIBIT #2



Gallagher Benefit Services, Inc.

A Subsidiary of Arthur J. Gallagher & Co.

September 8, 2009

Mr. Bill Mason, Risk Manager
City of Sunrise
3495 North Hiatus Road, Suite 102
Sunrise, Florida 33351

Re: Long Term Disability

Dear Mr. Mason,

With ancillary benefits a continued employee benefits commodity, we felt it would be in the City's best interest to do a market review of the currently offered Long Term Disability Benefits. We provided several vendors with the data necessary to provide us with a quotation matching the City's current benefits. The attached Exhibit A will provide the vendors solicited, and a brief overview of the critical benefits and pricing. Having completed our review, we recommend the City replace the current Long Term Disability provider, Lincoln Financial, with The Hartford.

Reasons are as follows:

- 1) Hartford's proposal provided a more liberal definition of disability, which favors the City's employees when claims are submitted.
- 2) Hartford's proposal provided a two-year rate guarantee.
- 3) Hartford's proposal reduces current City annual cost by 24%, or approximately \$4,964, by lowering the rate from the current rate of \$.31/\$100 of covered payroll to \$.235/\$100 of covered payroll.
- 4) Hartford's proposal includes rates per \$100 that are net of commissions, so there is no additional costs incurred by the City for marketing this employee benefit.

Should you have any questions, please contact me at 561-998-6733.

Sincerely,

Richard G. Scheli
Area Vice President

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