



Staff Report

File #: 21-0540

REQUEST FOR CITY COUNCIL ACTION

DATE: 06/16/2021

TO: Honorable Mayor and City Council Members

FROM: Human Resources

SUBJECT:

Renewal of the Group Insurance Policy for Calendar Years 2021-2022 and Approval of a Group Insurance Amendment

EXECUTIVE SUMMARY:

City Council consideration and approval of the Group Insurance Policy Renewal with our current carrier, The Standard Insurance Company. Following an RFP process in 2020, the City elected to remain with The Standard at no change in current cost.

The Standard has also requested an Amendment to the Group Insurance Policy that will remove certain limitations to our Long-Term Disability insurance for employees. The Amendment will also extend the Return to Work Incentive to 24-months. Both of these additional benefits come at no cost to the City or its employees.

RECOMMENDED ACTION:

That the City Council:

- a. Designate the City Manager, or his designee, as the Authorized Signer for Group Insurance policies.
- b. Approve the renewal of the short-term and long-term disability, life, and employee assistance insurance policies with The Standard Insurance Company for Calendar Years 2021 and 2022.
- c. Approve the Group Insurance Amendment with The Standard Insurance Company for additional Long-Term Disability benefits and an extended Return to Work Incentive to be effective April 1, 2021.

BACKGROUND & HISTORY:

The City's current short-term disability, long-term disability, life insurance, and employee assistance insurance policies are provided by The Standard Insurance Company. In 2020, the City elected to undertake an RFP process for a group insurance provider to provide the policies listed above. At the completion of the bid process, The Standard Insurance Company was selected to remain the provider for the City.

ANALYSIS:

The City partners with a premier insurance brokerage and consulting firm, USI, to help select group insurance providers. USI requested carrier quotes from various providers on behalf of the City. Three carriers who submitted proposals were not competitive due to cost and benefits provided for employees. Four other carriers who submitted proposals, including The Standard, were quoted and were competitive. The Standard, Lincoln Financial, and Cigna all quoted a 0% increase to current cost. A selected RFP team reviewed all aspects of the competitive proposals, including financial impact, benefit options, rate guarantees, and contract term lengths. Based on staff's review of the quotes provided, staff proposes to renew the City's contract with The Standard as the chosen carrier.

The Standard is the most experienced carrier in working with municipalities in California and nationally, having more than 60 years of experience in meeting the needs of public employer groups. Along with competitive renewal rates, the Standard is also providing a rate guarantee through January 1, 2023.

The Standard Insurance Company has also submitted a request for Group Insurance Amendment. This Amendment is being proposed based on needs that the City identified to support employees. The Amendment will update the Long-Term Disability (LTD) insurance policy by the addition of the following: 24-month Return To Work Incentive and a survivor benefit equal to six times a member's disability benefit. The Amendment will also update the LTD insurance policy by removing the limitation which specifies that: payment of LTD Benefits is limited to 24 months during your entire lifetime for a disability caused or contributed to by musculoskeletal or connective tissue disorders; chronic fatigue conditions; and/or an allergy or sensitivity to chemicals or the environment. Standard has requested an effective date of April 1, 2021 for the Amendment.

FINANCIAL IMPACT:

The proposed Amendment includes no rate increases for the City or members and has no net financial impact.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. There is no possibility that the acceptance of this report will have a significant effect on the environment.

File #: 21-0540

PREPARED BY: KYLIE LUJAN, HUMAN RESOURCES SUPERVISOR

REVIEWED BY: ANGELA RIVERA, CHIEF TALENT OFFICER

Attachments:

1. Exhibit 1 - Group Insurance Amendment