



## Legislation Text

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**File #:** 170587., **Version:** 1

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### **Extension for Group Life Insurance to Symetra Life Insurance Company as proposed by Gallagher Benefits Services (B)**

**This item involves a request for the City Commission to approve the extension of Symetra Life Insurance Company as the provider for Group Life Insurance Benefit.**

The City of Gainesville provides employer paid life insurance to all regular employees who work twenty hours or more and all retirees. The benefit varies based on the employee's base salary. Most employees receive two times their annual base salary, up to a maximum benefit of \$50,000. For example, if an employee's base salary is equal to, or greater than \$25,000 per year, they will receive the maximum benefit of \$50,000.

The City issued a Request for Proposal (RFP) for Group Life Benefits in 2014 for a three-year term, but was interested in rate guarantees beyond the initial three-year term, the RFP also allowed for an additional two-year extension based on the City's request. One of the factors associated with the request to extend with the current provider is the City's current loss ratio. The loss ratio compares claims payments to premiums paid. The typical claims loss ratio for group life products would be in the seventy to seventy-five percent range. The City, through August 2017, had a loss ratio of 109% and had two additional \$50,000 claims in September. Based on our current losses, the proposed rate for January 1, 2018, of .262 per \$1000 is reasonable. In addition, Symetra extended the current rate for the October 1, - December 31, 2017 period pushing off the increase until the end of the calendar year. The renewal is good for up to 21 months and allows the City to terminate the policy with notice. If the loss ratio improves so that marketing the program would result in lower overall costs, the City has the option. The renewal is still within the range of prices received during the original RFP. Those price proposals ranged from a low price of .215/1000 to .30/1000.

Funds of approximately \$380,000 have been included in the proposed Fiscal Year 2018 Employee Health and Accident Benefits Fund operating budget.

The City Commission authorize: 1) a two-year extension for Group Life Insurance to Symetra Life Insurance Company as proposed by Gallagher Benefit Services from October 1, 2017 to December 31, 2019; and 2) the issuance of a Purchase Order in an amount sufficient to cover the applicable charges for Group Life Insurance.