

Management Committee

Meeting date: April 22, 2015

For the Metropolitan Council meeting of May 13, 2015

Subject: Contract Amendment for Basic and Supplemental Life Insurance

District(s), Member(s): All

Policy/Legal Reference: Council Policy 3-3 Expenditures more than \$500,000

Staff Prepared/Presented: Terri Bopp, Benefits Manager, 651-602-1370 and Sandi Blaeser, Chief Labor Relations Officer, 651-602-1582

Division/Department: Regional Administration, Human Resources

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to execute an amendment to extend the basic and supplemental life insurance contract with Minnesota Life for two years (January 1, 2016 to December 31, 2017) which results in a \$3,000,000 increase in the contract.

Background

This vendor was selected through a competitive process in 2012 and a three year contract was signed effective January 1, 2013 through December 31, 2015. Minnesota Life is offering to extend the contract for two more years at the same rate as the current contract (\$0.196/\$1,000 – AD&D \$0.02/\$1,000). Metropolitan Council pays the full premium for basic life and AD&D for all full-time employees. The amount of basic life insurance varies by bargaining unit agreement. Employees pay the full cost of supplemental life insurance. The approximate annual total for employer-paid basic life insurance and employee-paid supplemental life insurance is \$1,500,000. The original contract amount was approved for \$3,839,658. The contract increase considers the following factors: increase in number of employees and salary increases.

Rationale

MN Life is offering a two year extension with no rate increase. We are satisfied with MN Life's administration of our basic and supplemental life insurance. Our claims experience actually calls for a rate increase. An informal survey of two comparable public entities revealed that our current rate of \$0.196/\$1,000 is lower than rates being paid by the two other organizations. Remaining with MN Life will provide continuity of coverage until we have to bid the basic and supplemental life insurance for 2018.

Funding

Basic and supplemental life insurance is anticipated in division operating budgets.

Known Support / Opposition

None