



TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, City Manager

DATE: December 7, 2021

TITLE: Motion Authorizing Purchase of Long-Term Disability (LTD) Insurance Policy for City Employees Enrolled in the City's 401(a) Defined Contribution Plan - The Standard Life Insurance Company \$313,919 - **(Commission Districts 1, 2, 3 and 4)**

Recommendation

Staff recommends the City Commission approve the purchase of a group long term disability policy (Group LTD Plan 2) for City employees enrolled in the City's 401(a) defined contribution plan, from The Standard Life Insurance Company, for a three-year unit rate guarantee agreement, and to authorize the City Manager to approve successive two-year terms (24-months) in accordance with policy terms and conditions, subject to appropriation and the availability of funds.

Background

The City of Fort Lauderdale currently has a long-term disability policy with Cigna (now New York Life) for full-time active employees enrolled in the City's 401(a) defined contribution plan. The renewal anniversary for the policy is January 1, 2022. New York Life's renewal notice communicated that there would be no changes in the premiums or benefits. The City's Benefit staff requested a proposal to enhance the benefit elimination period from 180 days to 90 days. New York Life's proposal for this change called for a 25% increase (\$28,868) in premium. Upon learning these details, staff made the decision to market this coverage for the January 1, 2022, anniversary date.

Inasmuch as the competitive solicitation and selection process is inapplicable to the procurement of insurance and insurance-related products, pursuant to Subsection 2-176(d)(4) of the Code of Ordinances of the City of Fort Lauderdale, Florida. The Rhodes Insurance Group, Inc., the City's contracted Employee Benefits Consultant, requested proposals from 13 companies and nine (9) responses were received. Following a detailed analysis comparing benefit provisions and costs, Standard's proposal was identified as the most competitive including a 90-day elimination period.

The proposed Standard LTD policy key advantages are outlined below:

- The Standard’s unit premium guarantee is for three (3) years with a fourth and fifth-year guarantee of no increase, if the overall incurred claim loss ratio is 72% or less for the period between January 1, 2022, and March 31, 2024. There were no claims paid under the Cigna/New York Life policy from January 1, 2019, to current.
- The City’s annual premium cost for group long term disability insurance will decrease from the current policy by 18% or \$20,620, with enhanced benefits. This estimate was based on a census provided in April of 2021.
- Standard’s proposal includes a subsidy of 3% of paid premium to offset the cost of the City’s benefit administration system.

Staff, and by recommendation from the Insurance Advisory Board and the City’s Benefits Consultant, requests City Commission approval for the purchase of Group LTD policy from Standard for all active full-time benefit eligible 401(a) participating employees. The estimated annual premium of \$94,851 was based on census data as of April 2021. Projecting an annual 5% merit/COLA increase annually, with a premium rate of .23 per \$100 of employee salary, the 2022 annual premium is projected to be \$99,593; \$104,566 for 2023; and \$109,760 for 2024.

The Insurance Advisory Board reviewed and recommended approval of this item at its October 6, 2021, meeting.

Resource Impact

There will be a fiscal impact to the City in the amount of \$99,593 for Fiscal Year 2022. Future expenditures are contingent upon approval and appropriation of the Fiscal Year 2023 and 2024 Budgets.

<i>Funds available as of November 8, 2021</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
545-INS220101-5135	Self-Insured Health Benefits	Non-Operating Expenses/Other Carrier Premium	\$30,508,142	\$28,792,376	\$99,593
TOTAL AMOUNT ►					\$99,593

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Focus Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Maintain financial integrity through sound budgeting practices, prudent fiscal management, cost effective operations, and long-term planning

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are United.

This item supports the *Advance Fort Lauderdale 2040* Comprehensive Plan, specifically advancing:

- The Internal Support Focus Area
- Implementation Element
- Goal 1: The Fort Lauderdale Comprehensive Plan shall accomplish the City's *Fast Forward Fort Lauderdale 2035* Vision Plan regarding the City's future growth and the six Cylinders of Excellence and shall be the City's primary policy document to guide all of its activities and development.

Attachments

Exhibit 1 - Group LTD Proposal from Standard

Exhibit 2 - Group LTD RFP Recommendation Letter from The Rhodes Insurance Group

Exhibit 3 - City of Fort Lauderdale Group LTD Comparison Summary

Exhibit 4 - Standard LTD Application

Exhibit 5 - Standard Sample LTD Policy

Exhibit 6 - Insurance Advisory Board Minutes October 6, 2021 - Draft

Prepared by: Guy Hine, Risk Manager, Human Resources

Department Director: Tarlesha W. Smith, Esq., Human Resources