



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

**FROM:** Lee R. Feldman, ICMA-CM, City Manager

**DATE:** October 23, 2018

**TITLE:** Motion Authorizing Purchase of Basic Life Insurance Policy – The  
Standard Life Insurance Company – \$258,258.00

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**Recommendation**

It is recommended that the City Commission approve an amendment to the City's Group Term Life Insurance policy from The Standard Life Insurance Company (The Standard) for all active full-time community builders in the two year estimated amount of \$258,258 for calendar years 2019 and 2020; and authorize execution by the City Manager of a Request for Group Insurance Amendment.

**Background**

The City historically has provided a fully insured Group Term Life Insurance benefit that covers management, confidential, and supervisory community builders with a Basic \$10,000 Group Term and Accidental Death and Dismemberment (AD&D) benefit. In addition, a voluntary Group Term Life Insurance and AD&D policy is offered for purchase to all full-time active employees up to a maximum of \$400,000.

In an effort to assure the Life and AD&D benefits offered by the City are competitive with other local government employer benefits, a survey of twenty (20) neighboring public entities was reviewed by staff. It was discovered that the City's current life insurance benefit was ranked at the bottom of the survey. Typical benefit offerings of comparable employers equates to one times annual earnings (rounded to the next higher \$1,000 of benefit). As a result, an increase of the City sponsored Group Term Life Insurance policy to one times salary for all full-time actively employed community builders is recommended.

The City's current Group Term Life Insurance policy is underwritten by The Standard Life Insurance Company. This policy was secured in 2016 with a January 1, 2017 effective date. The City's contracted consultant, Lloyd Rhodes of The Rhodes Insurance Group, requested and analyzed proposals from fifteen (15) Insurance companies and found The Standard, the most competitive on premiums and policy provisions.

Based on the recent extensive request for proposal (RFP) process, as well as the competitive premiums and rate guarantee provided by The Standard, they were asked for a proposal to amend the current benefits to the proposed salary basis. They agreed to offer the expanded benefits at the same unit premium rates included in the current policy. The premium rate for the combined life and AD&D is \$0.06 per \$1,000 of benefit volume. All other policy provisions will remain the same as current through the end of the existing premium rate guarantee period of December 31, 2020. The Standard is asking for the City to sign a Request for Group Insurance Amendment, attached as Exhibit 2.

It should be noted that IRS guidelines (IRC Section 79) state that a taxable fringe benefit arises if group-term life insurance coverage exceeds \$50,000 and the policy is considered carried directly or indirectly by the employer. The imputed cost of coverage in excess of \$50,000 must be included in the employee's income, using the IRS Premium Table, and are subject to Social Security and Medicare taxes.

Staff, and by recommendation from the Insurance Advisory Board and the City's Benefits Consultant, requests City Commission approval for the purchase of Basic Group Term Life Insurance and AD&D policy from The Standard Insurance Company for one times salary for all full-time benefit eligible employees in the estimated annual amount of \$125,956 for 2019 and \$132,302 for 2020, based on current salary volume with an estimated 5% annual increase (rounded up to next \$1,000). The Insurance Advisory Board reviewed and recommended approval of this item at their August 1, 2018 meeting.

**Resource Impact**

Taking into consideration cost-of living adjustments along with filling vacant positions, based on estimated salary volume, there will be an estimated current year fiscal impact to the City in the amount of \$125,956. Future expenditures are contingent upon approval and appropriation of the Fiscal Year 2020 Budget.

| <i>Funds available as of October 1, 2018</i> |                                    |  |                                  |                                     |                  |
|--|------------------------------------|--|----------------------------------|-------------------------------------|------------------|
| ACCOUNT NUMBER                               | INDEX NAME<br>(Program)            | CHARACTER CODE/<br>SUB-OBJECT<br>NAME      | AMENDED<br>BUDGET<br>(Character) | AVAILABLE<br>BALANCE<br>(Character) | AMOUNT           |
| 545-INS220101-5135                           | Self-Insured<br>Health<br>Benefits | Non-Oper Exp/<br>Other Carrier<br>Premiums | \$26,943,186                     | \$26,943,186                        | \$125,956        |
| <b>TOTAL AMOUNT ►</b>                        |                                    |  |                                  |                                     | <b>\$125,956</b> |

**Strategic Connections**

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing our resources wisely

- and sustainably.
- Objective 1: Ensure sound fiscal management.

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

**Attachments**

Exhibit 1 – Life and AD&D Policy Proposal from The Standard Insurance Company

Exhibit 2 – Request for Group Insurance Amendment

Exhibit 3 – The Standard Insurance Company Group Term Life Insurance Certificate

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