



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
CONFERENCE MEETING**

#19-0336

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

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: April 2, 2019

TITLE: Discussion about Life Insurance Premium Payment for Former City
Manager, Lee R. Feldman in the Amount of \$58,190.87

The former City Manager, Lee R. Feldman's employment contract was adopted on May 17, 2011. The City was obligated to make the required insurance premium payments effective June 13, 2011 and to put into force a convertible term life insurance policy in the amount of two (2) times annual salary payable to his designated beneficiary(ies) in the event of death.

In Paragraph 11, Section C of the Insurance and Physical Examination of the Employment Contract (Exhibit 1), the convertible term life insurance policy was to permit the City Manager to change ownership of the policy, to himself upon separation from the City.

During the tenure of Mr. Feldman's employment with the City, due to the highly personal and confidential nature of securing life insurance policies with underwriting requirements that include submission of Protected Health Information (PHI) for carrier Evidence of Insurability (EOI), the City utilized the services of local insurance brokers to obtain coverage in the marketplace.

The City's group term life insurance carrier (Standard Insurance Company) policy was maximized at \$260,000 in coverage for Mr. Feldman. The local insurance brokers were unable to procure and obtain any additional term life insurance for Mr. Feldman. Consequently, whole life insurance had to be obtained in order to supplement the term life insurance coverage and to reach the total life insurance coverage of two (2) times Mr. Feldman's salary. At the time of Mr. Feldman's separation from the City, which occurred on December 31, 2018, there were eleven (11) life insurance policies put into force: three (3) term life and eight (8) whole life policies. The annual cost of premiums paid for the eleven (11) life insurance policies by the City was \$14,341.04. Mr. Feldman was provided with the information on each policy as to how to change ownership to himself, which made him aware of the types of life insurance policies that the City had obtained.

Based on Mr. Feldman's analysis (Exhibit 2), comparing the City's group term life insurance cost to the cost of individual purchased policies, the cumulative present value cost difference is \$58,190.87. Mr. Feldman disagrees with the acquisition of individual whole life insurance policies in his name, as his contract called for term life insurance.

Attachments

Exhibit 1 - Lee R. Feldman's Employment Contract

Exhibit 2 - Lee R. Feldman's Life Insurance Calculation Analysis

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