



City of San Antonio

Agenda Memorandum

File Number:13-941

Agenda Item Number: 31.

Agenda Date: 11/21/2013

In Control: City Council A Session

DEPARTMENT: Human Resources

DEPARTMENT HEAD: Joe Angelo, Chief Human Resources Officer

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Dearborn National Life Insurance Company - Contract Extension for 2014 Plan Year

SUMMARY:

This Ordinance authorizes the City Manager or her designee to execute a second one (1) year extension of the contract appropriated in the FY 2014 Budget to provide Group Basic Term Life, Accidental Death and Dismemberment (AD&D), Voluntary Term Life Insurance and Dependent Life Insurance coverage under the City's Self-Funded Health Benefits Program. Ordinance No. 2012-09-06-0682 authorized a one-year period extension beginning January 1, 2013 and ending December 31, 2013. The contract also provides an option for a second one (1) year extension, subject to and contingent upon funding and approval by City Council.

BACKGROUND INFORMATION:

The City of San Antonio offers group life insurance to approximately 10,004 uniformed and non-uniformed employees at no cost to the employee. This benefit is equal to one (1) time the employee's annual base salary plus an accidental death benefit equal to one (1) time the employee's annual base salary. In addition, non-uniformed employees may elect, at their own cost, supplemental life insurance coverage equal up to five times the employee's annual salary with evidence of insurability. Employees may also purchase dependent life insurance at \$25,000/spouse/domestic partner and \$10,000 for child(ren) through age 20 or 25 if full time student.

The current contract with Dearborn National Life Insurance Company expires on December 31, 2013. The

contract has an option to extend the contract for one (1) one (1) year extension, subject to and contingent upon funding and approval by City Council.

ISSUE:

Extension of this contract will allow for continued basic term life insurance benefits and accidental death and dismemberment coverage for the civilian and uniformed full time employees, which is an integral part of the City's Employee Benefits Program in its endeavor to become an employer of choice. Continuation of this contract will also allow the ability to offer voluntary additional supplemental term life insurance coverage with the availability of expanded services and optional coverage for spouse, domestic partner and dependent child (ren), to be offered during the open enrollment for the 2014 plan year.

ALTERNATIVES:

The alternative to award of this contract would be the execution of a month-to-month arrangement with the current vendor, subject to agreement by vendor, allowing additional time for completion of a new RFP process, which would possibly result in delay or disruption of services for the 2014 plan year.

FISCAL IMPACT:

Funds in the amount of \$1,060,197 are budgeted in the Employee Benefits Insurance Fund for the voluntary additional term life insurance as a direct pass through of employee payroll deductions; and \$543,267 is budgeted under General Ledger 5103010 Life insurance in the employee assigned cost center for the City provided basic life insurance and accidental death coverage.

RECOMMENDATION:

Staff recommends approval of this ordinance to execute a first second contract extension with Dearborn National Life Insurance Company a term beginning January 1, 2014 and ending on December 31, 2014 subject to and contingent upon funding and approval by the Director of Human Resources.