



MEMORANDUM

To: Mayor and City Council

From: Vivyon V. Bowman, Director of Administration and Human Resources

Date: September 4, 2019

Reference: Approval of RFP# 167 for Life, Accidental Death & Dismemberment (AD&D), Short Term and Long-Term Disability Insurance Coverage

2030: Top Quality City Workforce

Introduction:

Consider approval of RFP# 167 for Life, Accidental Death and Dismemberment (AD&D), Short Term and Long-Term Disability (LTD) coverage with Mutual of Omaha in the annual amount of \$171,968.04 based on current number of covered employees as budgeted and authorizing the City Manager to sign all necessary documents.

Analysis:

These plans cover employees, and in certain instances dependents, for loss of life, limbs, and disability while covered under this plan. The City's contract was up for renewal with all Prudential products. Prudential renewal for the 2019 plan year called for a 14% increase to total premium. The City completed an RFP for all lines of coverage in July of 2019 to determine if the rates and plan designs were still competitive and to also consider adding Short-Term Disability (STD) coverage. The decision to add STD coverage and removing the current Sick Leave Bank policy was based upon the need to eliminate staff making medical decisions regarding eligibility as well as having to maintain the donated leave hours manually due to the inability to track hours with our software.

The eleven (11) vendor responses (see attached RFP summary) were reviewed and we believe that Mutual of Omaha offers the best overall value to the City of Coppell and its employees. Two vendors (Mutual of Omaha and Cigna) did provide savings when compared to all carriers who quoted. They also provided the most competitive Short-Term Disability quote and were the two clear best options. For example:

- **Mutual of Omaha** – Provided a quote with a total annual cost of \$171,968.04 was reduced from 189,182.86 based upon a decision by the Benefits committee to change the coverage design for Short Term Disability. This reduction in costs along the other coverages is very favorable as compared to Prudential’s quote of \$222,923 annually for the same coverage. Mutual of Omaha also has an AM Best Rating of A+.
- **Cigna** – Provided a quote with a total annual cost of \$195,232 for Life/AD&D, Short-Term Disability and Long-Term Disability. Cigna’s AM Best Rating of A is a great rating but not at the level of Mutual of Omaha.

Legal Review:

This is a purchase of an insurance product and no agreement is warranted.

Fiscal Impact:

These costs have been budgeted in the City’s Self-Insurance Fund.

Recommendation:

The city staff recommends the Mayor and City Council approval RFP# 167 to Mutual of Omaha in the amount of \$171,968.04 for Life, Accidental Death and Dismemberment (AD&D), Short Term Disability and Long-Term Disability (LTD) coverage.