SUMMARY STATEMENT


COMMITTEE: Finance

COMMITTEE DATE: September 9, 2015

BOARD DATE: October 21, 2015

PROPOSAL: Staff seeks authorization to renew DRPA & PATCO's Group Life, Accidental Death and Dismemberment (AD&D), and Disability coverages with The Standard Life Insurance Company ("The Standard") for a two-year term beginning January 1, 2016 through December 31, 2017.

PURPOSE: To continue to provide quality Group Life Insurance, AD&D to active benefit-eligible employees and eligible retirees, Short Term Disability to IUOE and FOP-represented employees, and Long Term Disability Insurance to active benefit-eligible DRPA & PATCO employees.

BACKGROUND: As part of its benefits package for benefit-eligible active employees DRPA & PATCO has traditionally provided Group Life benefits for all benefit-eligible employees and retirees.

We have traditionally provided AD&D benefits for all benefit-eligible employees.

We have provided Long Term Disability benefits for all DRPA & PATCO benefit-eligible employees. Short Term Disability benefits are provided to IUOE and FOP-represented employees.

DRPA & PATCO’s Group Life, AD&D, and Disability programs are currently insured and administered by The Standard. At the most recent renewal for plan year beginning January 1, 2016, The Standard presented a 19.83% renewal increase, which is an annual increase of $209,086.70.

At staff's request, our broker, Gallagher Benefit Services, marketed the Group Life, AD&D, and Disability programs to various carriers. The following carriers submitted quotes: The Standard; Aetna; and Symetra.
We received the following quotes:

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Premium (Annual)</th>
<th>Increase</th>
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</thead>
<tbody>
<tr>
<td>The Standard</td>
<td>$1,476,223.33</td>
<td>(40% increase over current – original renewal quote)</td>
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<tr>
<td>The Standard</td>
<td>$1,314,773.82</td>
<td>(24.69% increase - Revised)</td>
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<tr>
<td>The Standard</td>
<td>$1,263,531.94</td>
<td>(19.83% increase – Final)</td>
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<tr>
<td>Aetna</td>
<td>$1,588,841.29</td>
<td>(50.68% increase)</td>
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<tr>
<td>Symetra</td>
<td>$1,255,339.88</td>
<td>(19.05% increase)</td>
</tr>
</tbody>
</table>

The following carriers all declined to quote on DRPA Life and Disability lines:

- AIG
- Assurant
- Cigna
- Dearborn
- Guardian
- Hartford
- Horizon (USAble)
- Lincoln Financial Group
- Liberty Mutual
- MetLife
- Mutual of Omaha
- Principal
- Reliance
- SunLife
- United Healthcare
- Unum

Initially Standard presented a 40% renewal increase. Through negotiations, the initial quote was reduced to 24.69% over current for an estimated annual premium of $1,314,773.82, and reduced again to 19.83% over current for an estimated annual premium of $1,263,531.94 (or $209,086.70 annual premium increase).

From 1/2011-6/30/2015, Standard lost money on two of the three lines of coverage (Life and STD), and broke even on one line (LTD).

1. Life Insurance Line – DRPA paid $2.9M in premium; Standard paid $4.2M in death claims
2. Long Term Disability Line – DRPA paid $1.5M in premium; Standard paid $1.5M in claims
3. Short Term Disability Line – DRPA paid $734k in premium; Standard paid $805k in claims
It is the broker’s recommendation to renew with The Standard based on their negotiated renewal rates. The Standard made a business decision to reduce the original renewal by over $212,600. While the Symetra rate would result in an annual savings of 0.78% (or approximately $8,192.06), our broker advises that the estimated savings is not worth the disruption and administrative effort that will be needed to transition from one carrier to the other. Symetra is known for its stop loss coverage options and this would be a new product line for Symetra. Our broker also notes that Standard has a large footprint in the public sector market and therefore believes that the carrier continues to be a good fit for the Authority.

Staff agrees with the Broker’s recommendation.

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<td>Estimated annual premium</td>
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<td>$1,263,531.94</td>
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<td>Note: This covers DRPA and PATCO. The annual rate is based upon our current DRPA/PATCO census of active benefit-eligible employees, and is subject to change as our census changes.</td>
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Source of Funds: Revenue Fund, General Fund
Capital Project #: N/A
Operating Budget: DRPA/PATCO Employee Services Expense
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: Two-Years for Life, AD&D, and Disability
Other Parties Involved: The Standard Insurance Company
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to negotiate a two-year contract with The Standard Life Insurance Company for the provision of Group Life Insurance for benefit-eligible employees and retirees; and be it further

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to negotiate a contract with The Standard Life Insurance Company for the provision of AD&D, and Long-Term Disability Insurance to active DRPA and PATCO benefit-eligible employees; and be it further

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to negotiate a contract with The Standard Life Insurance Company for the provision of Short-Term Disability to IUOE and FOP-represented employees; and be it further

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority recognizes that the estimated annual premium of $1,263,531.94 is based upon our current DRPA/PATCO census of active benefit-eligible employees, and is subject to change as our census changes; and be it further

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA and PATCO. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer, and if thereafter, either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA and PATCO, along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s), while they are absent or unavailable, the Chief Executive Officer shall execute such document(s) on behalf of DRPA and PATCO.
**Summary Statement**  
Group Life, AD&D, and Disability  
Finance 9/9/2015  
Coverage 2016-2017 (DRPA & PATCO)

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| Capital Project #: | N/A |
| Operating Budget: | DRPA/PATCO Employee Services Expense |
| Master Plan Status: | N/A |
| Other Fund Sources: | N/A |
| Duration of Contract: | Two-Years for Life, AD&D, and Disability |
| Other Parties Involved: | The Standard Insurance Company |