

SUMMARY STATEMENT

ITEM NO.: DRPA-17-074

SUBJECT: Group Life, AD&D and Disability Coverage 2018-2020 (DRPA & PATCO)

COMMITTEE:

Finance

COMMITTEE DATE:

October 4, 2017

BOARD DATE:

October 18, 2017

PROPOSAL: Staff seeks authorization to place DRPA & PATCO's Group Life, Accidental Death and Dismemberment (AD&D), and Disability coverages with Symetra Life Insurance Company ("Symetra") for a three-year term beginning January 1, 2018 through December 31, 2020.

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 eligible 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 Life Insurance Company ("The Standard"). At the most recent renewal for plan year beginning January 1, 2018, The Standard presented a 9% renewal increase, which is an annual increase of \$133,946.

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**
- **Symetra**
- **CIGNA**

We received the following quotes:

The Standard -	\$1,718,291 (13% increase over current – original renewal quote)
The Standard -	\$1,655,666 (9% increase - Final)
Symetra -	\$1,565,844 (3% increase – Initial)
Symetra -	\$1,407,530 (8% decrease– Final)
CIGNA -	Not competitive; +36% increase over current

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

- **Aetna**
- **Guardian**
- **Hartford**
- **Lincoln Financial Group**
- **MetLife**
- **Mutual of Omaha**
- **Principal**
- **Prudential**
- **Reliance Standard**
- **SunLife**
- **United Healthcare**
- **Unum**
- **Voya Financial**

Initially Standard presented a 13% renewal increase. Through negotiations, the initial quote was reduced to 9% over current for an estimated annual premium of \$1,655,666. Standard offered a two-year rate guarantee on all lines.

Initially Symetra presented a 3% renewal increase. Through negotiations, the initial quote was reduced to an 8% decrease over current for an estimated annual premium of \$1,407,530, and agreed to offer a three-year rate guarantee on all lines.

Both Standard and Symetra agreed to continue the employee-paid Voluntary Life/Voluntary Dependent Life insurance program offered to active employees, with no change in rates.

It is the broker's recommendation to place all coverage with Symetra based on their negotiated three-year rate guarantee.

Staff agrees with the Broker's recommendation.

Summary:	Amount:	Estimated annual premium \$1,407,530
		Note: This covers DRPA and PATCO. The annual rate is based upon our current DRPA/PATCO census of active benefit-eligible employees and retirees, and is subject to change as our census changes
	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:	Three years for Life, AD&D, and Disability
	Other Parties Involved:	Symetra Life Insurance Company

RESOLUTION

- RESOLVED:** That the Board of Commissioners of the Delaware River Port Authority authorizes staff to negotiate a three-year contract with Symetra 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 three-year contract with Symetra 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 three-year contract with Symetra 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 \$1,407,530 is based upon our current DRPA/PATCO census of active benefit-eligible employees and retirees, 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.

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Finance 10/4/2017

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	Other Parties Involved:	Symetra Life Insurance Company