SUMMARY STATEMENT

ITEM NO.                  SUBJECT: Group Life, AD&D and Disability Coverage 2008 (PATCO)

COMMITTEE:               New Business

COMMITTEE DATE:          N/A

BOARD DATE:              September 19, 2007

PROPOSAL:               Staff seeks authorization to place PATCO’s Group Life, Accidental Death and Dismemberment (AD&D) and Disability coverage with Prudential Financial for a three-year term beginning January 1, 2008 through December 31, 2010.

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

BACKGROUND:             As part of its benefits package for benefit-eligible active employees PATCO has traditionally provided Group Life, AD&D and Disability coverage for employees.

PATCO’s Group Life, AD&D and Disability programs are currently insured and administered by CIGNA. At the most recent renewal, January 1, 2007, CIGNA agreed to continue the rates which have been in force since 2000.

At staff's request, our broker, Willis of New Jersey, Inc. has marketed our programs to various carriers. The following carriers submitted quotes for consideration: Aetna; Hartford; MetLife; and Prudential. Ft. Dearborn (AmeriHealth) and UnumProvident declined to quote, stating they could not be competitive. CIGNA’s rate remained the same.

We received the following quotes:
CIGNA - $1,172,724
Aetna - $917,084
Hartford - $1,029,642
MetLife - $1,292,660
Prudential - $893,972

Through our broker, staff invited representatives from Aetna, Hartford, and Prudential to make presentations.
After careful consideration of the each carrier’s proposal, staff and Willis have determined that Prudential’s plan offers the same benefits currently provided by CIGNA; a true open enrollment for all employees who are interested in continuing their supplemental insurance benefit or purchasing the benefit for the first time; real-time service and reports currently not offered to us by CIGNA; other value-added benefits; and the greatest cost savings.

The Prudential Life, AD&D and Long Term Disability rates and benefits are guaranteed for three years (3) from the date of implementation.

Over a three year period, the Prudential programs will yield an approximate savings of over $800,000 for DRPA and PATCO.

Amount: Approximately $893,972 annually
(Note – This covers both DRPA and PATCO)
(This rate is based on our current census, and may change as the census changes.)

Source of Funds: Revenue Fund, General Fund
Capital Project #: N/A
Operating Budget: PATCO Employee Services Expense
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: Three Years for Life, AD&D and Long Term Disability
Other Parties Involved: Prudential Financial
RESOLUTION

RESOLVED: That the Board of Commissioners of the Delaware River Port Authority authorizes staff to negotiate a contract with Prudential for the provision of Group Life Insurance, AD&D, and Long Term Disability Insurance to active PATCO benefit-eligible employees and eligible retirees; 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 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 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 PATCO.

SUMMARY: Amount: Approximately $893,972 annually (Note – This covers both DRPA and PATCO) (This rate is based on our current census, and may change as the census changes.)

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