

Council Meeting of
October 7, 2008

Honorable Mayor and Members
 Of the City Council
 City Hall
 Torrance, California

Members of the Council:

SUBJECT: Human Resources – Approve the renewal of term life/AD&D, voluntary life, disability and dental insurance policies.

**Expenditure: \$344,623 for life/AD&D and disability insurance
 \$822,336 for dental insurance**

RECOMMENDATION

Recommendation of the Human Resources Director that the City Council approve the following renewal rates effective January 1, 2009:

- a) Group term life/AD&D (accidental death and dismemberment) insurance provided by Mutual of Omaha at a rate of \$0.17 (cents) per \$1,000 of benefit for employees represented by TME-AFSCME/TLEA.
- b) Voluntary life insurance for TME-AFSCME/TLEA represented employees electing to purchase enhanced coverage at the current age-banded rate schedule.
- c) Short-Term Disability (STD) insurance at a rate of \$0.742 (cents) per \$100 of payroll, and Long-Term Disability (LTD) insurance at a rate of \$0.67 (cents) per \$100 of payroll for employees represented by TME-AFSCME/TLEA (Mutual of Omaha).
- d) Dental insurance for all eligible City employees under Delta Preferred Provider Option (PPO) at a rate of \$36.75 for one-party, \$73.50 two-party and \$126.80 family; and Delta Pre-paid plan at a rate of \$17.02 for one-party, \$30.73 two-party and \$45.44 family coverage.

Funding

Funding is available in the FY 2008-09 and 2009-10 operating budget in each department.

BACKGROUND

In 2007, following a competitive process, the City Council approved the selection of Mutual of Omaha as the City's carrier to provide Group Term Life/AD&D, and short-term and long term disability insurance to employees represented by TME-AFSCME/TLEA. The current rates for these policies will expire December 31, 2008, and the renewal of these policies would ensure continued coverage for the employees.

In 2006, Delta Dental of California was selected as the City's carrier to provide dental coverage to all eligible City employees. The current rates will expire December 31, 2008. The City pays up to two-party coverage for all eligible employees.

ANALYSIS

Staff worked with the City's benefits broker ABD Insurance and Financial Services (a Wells Fargo Corporation) to obtain renewal quotes for 2009. The carriers provided quotes taking into consideration census information on current employees and recent claims experience. The renewal submitted by Mutual of Omaha guaranteed no rate increase for the two-year period from January 1, 2009 to January 1, 2011 for the Life/AD&D, STD and LTD policies. Voluntary life is solely paid by employees who elect additional coverage.

Delta Dental quoted a 3.21% increase to the Delta Pre-paid plan, and a 10% rate increase for the Delta PPO guaranteed for a one-year period from January 1 to January 1, 2010. A summary of the renewal rates appears on Attachment A.

The projected annual cost for renewing these policies is \$51,920 for term life/AD&D, \$153,814 for STD, \$138,889 for LTD, The projected cost of the dental insurance is \$822,336.

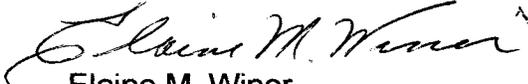
The rates quoted by both carriers are within acceptable insurance trends and the quality of service they have provided has been satisfactory.

Respectfully submitted,

ELAINE M. WINER
Human Resources Director

By 
Leyta O. Fuentes
Human Resources Manager

CONCUR:



Elaine M. Winer
Human Resources Director


LeRoy J. Jackson
City Manager

**CITY OF TORRANCE
JANUARY 2009 RENEWAL SCHEDULE**

LINE OF COVERAGE	CARRIER	CURRENT RATE	RENEWAL RATE	NEXT RENEWAL	
Life (AFSCME) Basic Employee Life Voluntary Life	MUTUAL OF OMAHA	\$.17 / \$1,000	\$.17/ \$1,000	January 1, 2011	
		Age Banded	Age Banded	January 1, 2011	
AD&D (AFSCME) Basic Employee AD&D	MUTUAL OF OMAHA	\$.02 / \$1,000	\$.02/ \$1,000	January 1, 2011	
Disability (AFSCME) STD LTD	MUTUAL OF OMAHA	\$.742/\$100	\$.742/\$100	January 1, 2011	
		\$.67/\$100	\$.67/\$100		
Dental	DPO	Single	Single	January 1, 2010	
		Two Party	Two Party		
		Family	Family		
	Prepaid	DELTA / PMI	Single	Single	January 1, 2010
			Two Party	Two Party	
			Family	Family	