

LARIMER COUNTY PROPOSAL #13-07
HUMAN RESOURCES DEPARTMENT
AUGUST 23, 2013 10:30 A.M.

Proposals to consider contracting for Life and Disability Plans for Larimer County employees were accepted on August 23, 2013 at 10:30 A.M. in the Purchasing Department. Proposals were accepted by Kathryn Rowe, Purchasing Director and recorded by Les Brown, Department Specialist. The following proposals were received:

Vendor Name

Lincoln Financial Group

Metropolitan Life Insurance Company (MetLife)

Minnesota Life

Cigna

Unum

Reliance Standard Life Insurance Company

ING

Aetna Life Insurance Company

Standard Insurance Company

Hartford Life & Accident Insurance Company

No decision of award was made pending review and recommendation by the Larimer County Human Resources Department.

The Larimer County Human Resources Department reviewed the proposals and short list two (2) vendors; the short listed vendors were ING and Unum. Following the interviews the Human Resources Department recommends accepting the proposal from ING as per the attached departmental recommendation.

The Larimer County Purchasing Department concurs with the above recommendations.



Kathryn Rowe
Purchasing Director



Carol L. Block, Financial Services Director
For the Board of Larimer County Commissioners



PURCHASING DEPARTMENT

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TO: Lorenda Volder, Human Resources Director
Pam Stultz, Benefits Administrator

FROM: Kathryn Rowe, Purchasing Director

DATE: August 23, 2013

SUBJECT: P13-07, Life and Disability Plans

RECEIVED SEP 24 2013

Transmitted for your review and recommendation, are the proposals received to consider contracting for Life and Disability Plans for Larimer County Employees. Please fill in this form and return it to me via interoffice mail or fax.

The following criteria must be used to evaluate the proposals:

1. Financial: Fees, Cost, Underwriting and Renewal – Current Program
2. Organization Qualifications and Experience, and Account management
3. Customer Service/Implementation – Transition/Claims Processing

This document will be considered a public record and open to inspection. The individual committee score sheets, comment sheets and other evaluation notes are DELIBERATIVE PROCESS records and not public records. Please keep these documents in your files.

Explain why you want to award the work to a particular vendor and the dollar amount of the award:

It is the recommendation of the selection committee that ING be awarded Larimer County's Life and Disability business for plan years 2014, 2015 and 2016. The recommendation is based on careful examination of ten (10) proposals against the scoring methodology outlined in the Proposal Evaluation Form. There were formal finalist presentations made by the top two bidders, UNUM and ING. ING demonstrated competitive life and disability costs combined with enhanced benefit coverage for employees and strong organization capabilities. Additional consideration was given to ING, who is Larimer County's current medical stop loss insurer, for rate offsets to stop loss premium if they become the Life and Disability insurer. Those financial considerations include a rate reduction in 2014 of approximately \$90,400 and caps on future increase in 2015 and 2016 of 33%. Although the Life and Disability Proposal Evaluation Form illustrates UNUM as having a slight advantage in terms of life and disability cost and coverage, the ING stop loss rate cap for 2015 and 2016 secures significant financial protection against future large claimant activity which may have a significant benefit to Larimer County. The cost avoidance generated by this rate cap is difficult to estimate as it is dependent on the emergence of future large claims and catastrophic conditions. Cost avoidance due to the rate cap could reasonably fall within the range of \$50,000 to \$400,000 if historical large claimant trends continue. Due to the difficulty in projecting this cost avoidance a monetary estimation was omitted for the formal Proposal Evaluation Form. The combination of ING's competitive Life and Disability proposal and the enhanced features of their stop loss renewal distinguishes them as the best carrier partner for Larimer County. Under the recommended contract with ING, life and disability premium rates are guaranteed for a three year period starting on January 1, 2014. Under current enrollment levels and current employee salaries, the expected annual premium for employer paid Basic Life, AD&D and Long Term Disability lines of coverage is \$415,748 as outlined in the Proposal Evaluation Form. On a three year basis, the premium associated with this contract is approximately \$1,250,000. This premium amount does not include voluntary lines of coverage which are paid by employees.

THIS RECOMMENDATION MUST BE SIGNED BY THE DEPARTMENT HEAD

Pam Stultz Human Resources 9-24-13
DEPARTMENT HEAD SIGNATURE DEPARTMENT DATE
for Dorenda Volker

Thank you.