City of Las Vegas

Agenda Item No.: **47.**

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: OCTOBER 6, 2010

DEPARTMENT: HUMAN RESOURCES
DIRECTOR: DAN TARWATER

☒ **Consent** ☐ **Discussion**

SUBJECT:
Approval to contract with Standard Insurance for the Citys basic life/AD&D, voluntary life and long-term-disability (LTD) plans ($584,757 - Self Insurance Internal Service Fund)

Fiscal Impact

☐ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**

Amount: $584,757
Funding Source: Self-Insurance Internal Service Fund
Dept./Division: Human Resources/Insurance Services Division

PURPOSE/BACKGROUND:
The City currently has long-term disability, basic life insurance and voluntary life insurance plans with three different insurance carriers. A Request for Proposal (RFP) was submitted in July, seeking quotes for a plan that would place the three plans with one carrier for maximum pricing leverage and streamlined administration. As a result of the RFP, Standard Insurance offered the best combination of competitive rates for all three plans. The proposed contract provides for a reduction of $105,528.24 in fees for the city for basic life and LTD, and a 30% reduction in rates for our employees electing to purchase voluntary life. In addition, this will provide an opportunity for an open enrollment period, so employees previously not purchasing voluntary life insurance will be able to do so. Rates are guaranteed for a three year period.

RECOMMENDATION:
Approval

BACKUP DOCUMENTATION:
1. Memo Regarding Standard Insurance
2. Submitted at Meeting Correspondence from Fringe Benefits Insurance, Inc. by Pat Johnson

Motion made by GARY REESE to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, OSCAR B. GOODMAN, GARY REESE, STEVEN D. ROSS, STAVROS S. ANTHONY; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

NOTE: Initial motion for approval by REESE carried unanimously and was rescinded upon a motion by REESE which also carried unanimously.

Minutes:
COUNCILWOMAN TARKANIAN asked to bring forward for discussion Item 47 as a number of people had requested background information of the item. CITY ATTORNEY BRAD JERBIC indicated that he spoke with MARK VINCENT, Director of Finance and Business Services, that those individuals wishing to speak could do so during the Citizen Participation portion of the agenda because their comments were not germane to the contract being considered at this time.

MR. VINCENT explained that Lockton consultants' recommendation is to place the three insurance plans with only one insurance carrier. Lockton contacted 14 major insurance companies, one of which was Western; however, Western did not submit a proposal and Standard Insurance was selected. The pricing represents about $100,000 in savings for the City and a 30 percent reduction in rates for employees electing to purchase voluntary life.

DEAN FLETCHER, President of the Las Vegas Firefighters Union, referred to the backup documentation that has an impact on other plans and the comments made by the insurance broker were inappropriate. He disagreed with comments regarding the AFLAC program and how it could impact payroll deductions. There are numerous employees who participate in this program. Employees have had access to Western Insurance for a number of years.

PAT JOHNSON, Fringe Benefits Insurance, Inc., stated they have assisted the City with voluntary plans for over 19 years. She submitted supporting documentation that disputes the memo from Lockton. The City has enjoyed A rates with AFLAC, each employee gets the same rate regardless of job description. There are some employees that are not covered by the City's long-term disability. All claims are closely monitored and there was never a complaint or evidence of malingering as stated in the memo. Nearly 1,200 employees will be impacted by this action. A good portion of policies have been in place for many years, benefits and premiums are affordable and irreplaceable. She asked that the City Council reconsider this benefit to allow the pre-tax benefits on the cancer, intensive care and hospitals plans.

COUNCILMAN BARLOW discussed with MR. VINCENT that the City offers a basic life insurance that the City pays at different levels of coverage, it is rated based on age and priced annually with the insurance carrier. The City offers supplemental insurance paid by the employee one hundred percent, and long-term disability (LTD) plans. MR. VINCENT clarified that the AFLAC plan is not part of this agenda item. Bundling the three plans together saves the City and employees money, and after bundling the three plans, Western Insurance was no longer interested in bidding on that particular requirement, and did not submit a bid.

CITY ATTORNEY JERBIC interjected and advised that unagendaed discussion would violate the Open Meeting Law and the City Council can only vote on the agenda item.

COUNCILMAN BARLOW verified that this is a time sensitive issue due to the open enrollment cycle.

DAN JAIME, Estate Sales Coordinator for AFLAC, stated they were informed that AFLAC might not be part of the open enrollment for 2011. The language in the memo is inflammatory. AFLAC is a separate package, at no cost to the City. The City's process is simply to take the payroll deduction and remitted electronically to AFLAC, who handles the enrollment process, as well as the servicing of policies. MR. VINCENT remarked that the City is not stopping these programs. The City is merely making an administrative decision that for those supplemental plans that the City is neither sponsoring nor endorsing, there are many other ways to arrange for electronic payment or billing.

COUNCILMAN WOLFSON verified with MR. VINCENT that this item went through a Request for Proposal (RFP) competitive process managed through a broker. All insurance companies had an opportunity to participate in the RFP process. The quality of the product and the service itself is also considered.

ANTHONY HODGES, Las Vegas resident, was pleased that the Mayor acknowledged the Open Meeting Law.