



**AGENDA MEMORANDUM**  
for the City Council Meeting of June 12, 2012

**DATE:** 6/12/2012  
**TO:** Ronald L. Olson, City Manager  
**FROM:** Michael Barrera, Assistant Director of Financial Services  
(361) 826-3169  
Mikeb@cctexas.com

**Group Life & Disability Insurance**

**CAPTION:**

Motion authorizing the City Manager or designee to execute all documents necessary to purchase two years of Group Life Insurance from Standard Insurance Company of Portland, OR for a total amount of \$69,816.03, of which no funding is required for the remainder of this fiscal year, and two years of Disability Insurance from Lincoln Financial Group of Houston, TX for a total amount of \$166,195.87, of which no funding is required for the remainder of this fiscal year; based on lowest responsible proposal; and authorizing the City Manager or designee to execute all documents necessary to extend the coverage for up to two optional one-year periods, subject to approval of the service provider.

**BACKGROUND AND FINDINGS:**

The City offers group life and disability insurance coverage to its employees. Group life insurance consists of the following types of insurance: Basic, Supplemental, Optional, Dependent and Spouse. Basic Life is fully funded by the City. Supplemental, Optional, Dependent and Spouse coverage is fully funded by the employee. The City funds a portion of disability insurance; the remainder of which is funded by the employee.

In an effort to realize volume discounts and create more interest among insurers, the City combined Group Life and Disability Insurance into one procurement package.

The City's contracted insurance advisor, Crest Benefits Consulting, a division of JDW Insurance, assisted the City in developing the Request for Proposal and in analyzing proposals received.

In addition to the \$69,816.03 City-funded portion of group life insurance premiums, the employees' portion is \$1,144,259.99 for a total of \$1,214,076.02 in group life insurance premiums over the two-year term of the agreement. Similarly, while the City-funded portion of disability insurance premiums is \$166,195.87, the employees' portion is \$354,718.30, for a total of \$520,914.17 in disability insurance premiums over the two-year term of the agreement.

As compared to current pricing, the agreements recommended herein will result in a total two-year savings to the City of \$147,843.85, while employees will realize a premium savings of \$719,494.54, for a total combined savings of \$867,338.39.

**ALTERNATIVES:**

None.

**OTHER CONSIDERATIONS:**

**CONFORMITY TO CITY POLICY:**

This purchase conforms to the City's purchasing policies and procedures and State statutes regulating procurement.

**EMERGENCY / NON-EMERGENCY:**

Not Applicable

**DEPARTMENTAL CLEARANCES:**

Human Resources Department

**FINANCIAL IMPACT:**

<b>Fiscal Year: 2011-2012</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget		\$245,000.00	\$236,011.90	\$481,011.90
Encumbered / Expended Amount		\$146,449.18	\$0	\$146,449.18
This item		\$0	\$236,011.90	\$236,011.90
BALANCE		\$98,550.82	\$0	\$98,550.82

Fund(s): Other Employee Benefits Fund

**Comments:**

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Price Sheet

**Approvals:** Veronica Ocañas, Assistant City Attorney  
Yasmine Chapman, Director of Human Resources  
Constance Sanchez, Director of Financial Services  
Eddie Houlihan, Assistant Director of Management and Budget  
Margie C. Rose, Assistant City Manager