



## AGENDA MEMORANDUM

Action Item for the City Council Meeting June 14, 2022

**DATE:** June 14, 2022

**TO:** Peter Zaroni, City Manager

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**Service Agreement for Employee Life and  
Accidental Death and Dismemberment Insurance**

**CAPTION:**

Motion authorizing a one-year extension with Dearborn National Life Insurance for fully insured life and accidental death and dismemberment insurance with an estimated City cost of \$90,500 and employee cost of \$750,000, effective October 1, 2022, with funding requested in the FY 2023 Proposed Budget from the Other Employee Benefits Fund.

**SUMMARY:**

This motion authorizes the second and final of two one-year extension options for health benefits effective October 1, 2022.

**BACKGROUND AND FINDINGS:**

The first extension for employee health benefits will expire September 30, 2022. This proposal is to exercise the final one-year option agreement. These benefits provide life insurance to City employees, including both Fire and Police labor groups. City staff will complete a full Request for Proposals (RFP) process next year to ensure the best value for the City.

The City provides Basic Life Insurance to all full-time employees. The FY 2023 estimated cost for this coverage is \$90,500. 3,100 employees are currently covered by Basic life. Employees may elect additional coverage at their own expense for themselves and their dependents. The total amount of active employee-paid coverage is currently \$750,000.

**PROCUREMENT DETAIL:**

This item is requesting the second and final contract extension granted under RFP Number 1484, which was released January 15, 2018.

Four life insurance providers submitted proposals and were evaluated by the RFP committee. These firms also provided best and final offers for review. Scores were tabulated and Dearborn Insurance was recommended for award as the highest-ranking firm that offered the best value to the City for life insurance benefits.

Human resources will complete a new RFP over the next nine months, evaluating firms for pricing, financial stability, claims processing, customer service, and performance.

**ALTERNATIVES:**

The Council may choose to not pass the motion.

**FISCAL IMPACT:**

There are no funds needed for this fiscal year as this contract extension will not begin until next fiscal year. The estimated value of this contract extension is \$840,500 for the one-year extension term. That cost is an estimation based on current employee participation in life insurance programs.

**FUNDING DETAIL:**

| Description           | Fund | Fund Name         | Accounting Unit | Account No. | Amount            |
|-----------------------|------|-------------------|-----------------|-------------|-------------------|
| <b>Dearborn Life</b>  |      |                   |                 |             |                   |
| City-paid Life Ins    | 5614 | Other EE Benefits | 5614-40610-213  | 537350      | \$ 90,500         |
| Employee-Paid Life    | 5614 | Other EE Benefits | 5614-00000-000  | 200541      | \$ 750,000        |
| <b>Dearborn Total</b> |      |                   |                 |             | <b>\$ 840,500</b> |

**RECOMMENDATION:**

Staff recommends approval of this motion, as presented.