



Legislation Details (With Text)

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Title: Resolution to Authorize Payments to Unum Life Insurance Company of America and to Renew Associated Group Term Life, Accident, and Disability Insurance Policies for City Employees and their Eligible Dependents, and to Authorize the City Administrator to Execute the Necessary Documentation (\$629,657 annually).

Sponsors:

Indexes:

Code sections:

Attachments: 1. City of Ann Arbor_Unum 2021 Renewal Letter.pdf

Date	Ver.	Action By	Action	Result
2/1/2021	1	City Council	Approved	Pass

Resolution to Authorize Payments to Unum Life Insurance Company of America and to Renew Associated Group Term Life, Accident, and Disability Insurance Policies for City Employees and their Eligible Dependents, and to Authorize the City Administrator to Execute the Necessary Documentation (\$629,657 annually).

The attached Resolution authorizes renewal of the group term life, optional life, accidental death and dismemberment, short-term disability, and optional long term disability insurance policies with our group insurance provider, and related payments. The City is in a current contract with Unum Life Insurance Company of America through 12/31/2020. This renewal would allow the City to extend the contract for two years through 12/31/2022. The estimated annual cost of this employee benefit is \$629,657 annually.

Unum’s products are fully-insured. The City will pay the total cost of basic insurance premiums, and share with employees the cost of employee optional insurance premiums. Employee labor contracts and employee benefit plans establish the level of life insurance, accidental death and dismemberment, and short term and long-term disability insurance coverage for City employees.

Marsh & McLennan Agency, our healthcare advisor, conducts the bidding on our behalf and recommends a service provider. We last completed this bidding process for these lines of coverage for plan year 2019. UNUM remained the best option and offered a two-year rate guarantee through 2020. UNUM held these rates again for plan years 2021 & 2022. We did not go out to bid for these services this year as UNUM has proven to be an excellent partner offering superior customer service and various ways to ease administration for these complex benefits.

Budget/Fiscal Impact: The above referenced cost projections are in accordance with the approved FY21 Risk Fund budget and anticipated FY22 and FY23 Risk Fund budget. The benefit coverage

levels will remain the same for the FY21-FY23, as currently underwritten.

Prepared By: Jessica Hull, Employee Benefits Supervisor
Reviewed By: John Fournier, Interim Director of HR and Labor Relations
Approved By: Tom Crawford, City Administrator

Whereas, The City provides group term life insurance coverage to City employees and their eligible dependents, optional life insurance coverage, accidental death and dismemberment coverage, optional long-term disability coverage, and short-term disability coverage in accordance with the employee benefits program and various labor contracts at an estimated annual cost of approximately \$629,657 annually;

Whereas, The City's contract with Unum Life Insurance Company of America is due for renewal on January 1, 2021;

Whereas, There is no increase of premium in the renewal rates for existing group term life insurance, optional life insurance, accidental death and dismemberment insurance, short term disability insurance, or optional long term disability insurance coverage with Unum Life Insurance Company of America;

Whereas, Human Resources Services recommends renewal of these policies and authorization of these payments;

Whereas, Funds have been appropriated in the approved FY21 Risk Fund budget and are planned for and will be budgeted in the FY22 and FY23 Risk Fund budget to cover projected costs associated with the provision of group term life insurance, optional life insurance, accidental death and dismemberment coverage, short term disability coverage, and optional long term disability coverage; and

Whereas, Unum Life Insurance Company of America complies with the requirements of the City's Non-Discrimination and Living Wage Ordinances;

RESOLVED, That City Council approve the authorization for payments to Unum Life Insurance Company of America for the provision of group term life insurance, optional life insurance, accidental death and dismemberment insurance, short term disability insurance and optional long term disability insurance coverage to City employees and their eligible dependents, and associated policy renewals, in accordance with this Resolution at an estimated annual cost of \$629,657 annually, payable from the Risk Fund, allocated to the applicable months of FY21 - FY23, and subject to final FY22 and FY23 Risk Fund budget approval;

RESOLVED, That City Council approve the renewal of the policy for the period January 1, 2021 to December 31, 2022, with UNUM Life Insurance Company;

RESOLVED, That the City Council approve a ten percent (10%) annual contingency to be expendable from each fiscal year Risk Fund budget, subject to City Administrator approval; and

RESOLVED, That the City Administrator is authorized and directed to execute the necessary documentation, after approval as to form by the City Attorney, and take any further necessary administrative actions to implement this Resolution.