



Legislation Text

File #: 19-0068, **Version:** 1

Resolution to Authorize Additional Payments to Unum Life Insurance Company of America for Associated Group Term Life, Accident, and Disability Insurance Policies for City Employees and their Eligible Dependents (\$93,312.15) **(8 Votes Required)**

The attached Resolution authorizes additional payments 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. The City is in a current contract with Unum Life Insurance Company of America through 12/31/18. The estimated annual cost of this employee benefit was \$440,000 for January-December, 2018; this amount was approved by Council on December 18, 2018 (Enactment # R-17-467). Additional funds are being requested at this time in the amount of \$93,312.15 for the 2018 plan year.

Costs exceeded the expected amount due to the following: The City of Ann Arbor increased the life insurance benefit amount for retirees from \$5,000 to \$10,000 as average funeral costs have increased over the years; a benefit audit was completed and several benefits were adjusted to align with language in union contracts; and administrative billing audit was completed and corrections were made.

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.

Prepared By: Jessica Hull, Employee Benefits Supervisor

Reviewed By: Robyn Wilkerson, Director of Human Resources and Labor Relations

Approved By: Howard S. Lazarus, 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 to increase by \$93,312.15 during 2018 plan year;

Whereas, Costs exceeded the expected amount due to the following: The City of Ann Arbor increased the life insurance benefit amount for retirees from \$5,000 to \$10,000 as average funeral costs have increased over the years; a benefit audit was completed and several benefits were adjusted to align with language in union contracts; and administrative billing audit was completed and corrections were made;

Whereas, Human Resources Services recommends authorization of these payments; 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 additional payment 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 additional cost of \$93,312.15 for the 2018 plan year.