

Executive Summary

Board of Governors Meeting, September 23, 2020

Life and Long Term Disability Insurance Coverage

Topic

This Life and Long-Term Disability Insurance Coverage will be presented at the September 23, 2020 Citizens Board of Governors Meeting.

Recommended Vendor: CIGNA

History

As fully insured products, the life, accidental death and dismemberment, and long-term disability insurance coverage are placed through our competitively procured insurance broker, Mercer Health & Benefits, LLC (Mercer).

Citizens Human Resources Department procures insurance products through Mercer, who was competitively procured under s. 287.057, F.S. Within this framework, Mercer obtains offers of coverage or quotes from the insurance market which result in contracts of insurance entered between Citizens (or with Citizens full time employees) and the broker placed insurer.

Mercer solicits quotes and negotiates a contract with the insurer on Citizens' behalf, to reflect the best interests of Citizens.

The incumbent provider of this coverage is CIGNA, also placed through Mercer, and the current contract expires on December 31, 2020. Mercer negotiated on Citizens' behalf and obtained competitive quotes to continue employee Life and Long-Term Disability Insurance Coverage for 2021. This quote estimates the amount for one (1) year coverage for Life and Long-Term Disability Insurance Coverage and is recommended by Mercer.

The "Basic Life" and "Accidental Death and Dismemberment" policies are paid by Citizens as a benefit to our full-time employees. The "Long-Term Disability," "Voluntary (additional) Life," and "Long-Term Disability" policies are 100% funded by the individual employee. The participation in these offerings will be determined during the open enrollment period later this year.

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Estimated cost of Life and Long-Term Disability Coverage through CIGNA for the contract period of January 1, 2021 through December 31, 2021, is approximately \$827,027 total (Citizens and Employees contribution).

Citizens estimated cost for the company-paid life insurance plans at 100 percent:

- Basic Life cost \$172,604
- Basic AD&D cost \$23,733

Employees estimated cost for the employee-funded voluntary life and long-term disability plans at 100 percent:

- Voluntary Life cost \$413,340
- Voluntary AD&D cost \$20,253
- Long Term Disability cost \$197,097

Recommendation

- a) Approve a contract with CIGNA for a one (1) year term, January 1, 2021 through December 31, 2021, for an estimated total amount not to exceed \$827,027, depending upon employee enrollment, as set forth in the corresponding Life and Long Term disability Insurance Coverage Action Item; and
- b) Authorize staff to take any appropriate or necessary action consistent with the corresponding Action Item.

ACTION ITEM

Board of Governors Meeting, September 23, 2020

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|---|---|
| <input checked="" type="checkbox"/> Contract – New | <input type="checkbox"/> Committee or Board Minutes |
| <input type="checkbox"/> Contract – Amendment of Contract Terms | <input type="checkbox"/> Product Changes |
| <input type="checkbox"/> Contract – Additional Spend | <input type="checkbox"/> Other _____ |

Contract ID	LIFE AND LONG-TERM DISABILITY INSURANCE COVERAGE Contract Number: 2020500300 Recommended Vendor: CIGNA
Budgeted Item	<input checked="" type="checkbox"/> Yes continuation of services <input type="checkbox"/> No Funding to be included in the Annual Operating Budget for each respective contract term year.
Procurement Method	As a fully insured product, this coverage is placed through our competitively procured insurance broker, Mercer Health & Benefits, LLC (Mercer). The incumbent provider of this coverage is CIGNA and the current contract expires on December 31, 2020. Mercer negotiated on Citizens' behalf and obtained competitive quotes to continue employee Life and Long-Term Disability Insurance Coverage for 2021. This quote estimates the amount for one (1) year coverage for Life and Long-Term Disability Insurance and is recommended by Mercer.
Contract Amount	Estimated cost of Life and Long-Term Disability Coverage through CIGNA for the contract period of January 1, 2021 through December 31, 2021, is approximately \$827,027 total (Citizens and Employees contribution). Citizens estimated cost for the company-paid life insurance plans at 100 percent: <ul style="list-style-type: none">• Basic Life cost \$172,604• Basic AD&D cost \$23,733 Employees estimated cost for the employee-funded voluntary life and long-term disability plans at 100 percent: <ul style="list-style-type: none">• Voluntary Life cost \$413,340• Voluntary AD&D cost \$20,253• Long-Term Disability cost \$197,097
Contract Term(s)	Base Term: January 1, 2021 through December 31, 2021

ACTION ITEM

Board of Governors Meeting, September 23, 2020

Purpose/Scope	<p>This Action Item requests approval for a new contract award for CIGNA to provide Basic Life, Voluntary Life, AD&D, Voluntary AD&D and Long-Term Disability insurance needed for fully-funded Life and Long-Term Disability Insurance Coverage programs to be offered to Citizens' employees, effective January 1, 2021.</p> <p>Employee participation will be determined during the annual open enrollment period and total cost will be a function of the enrollment in the CIGNA Life and Long-Term Disability Insurance Coverage plans.</p>
Recommendation	<p>This Life and Long-Term Disability Insurance Coverage Action Item will be presented at the September 23, 2020 Citizens Board of Governors' meeting.</p> <p>Recommendation:</p> <ul style="list-style-type: none">a) Approve a contract with CIGNA for an initial one (1) year term, beginning January 1, 2021 and ending December 31, 2021, for an estimated total amount not to exceed \$827,027, depending upon employee enrollment, as set forth in this Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Contacts	<p>Violet Bloom, Chief Human Resources Officer James Taylor, Director, Total Rewards</p>