



County of El Dorado

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Legislation Text

File #: 13-0645, **Version:** 2

Chief Administrative Office, Risk Management Division, recommending the Board approve the following related to the Sun Life Financial Insurance Policy:

- 1) Authorize the Assistant Chief Administrative Officer to sign the extension for the policy through December 31, 2013 maintaining the current rates; and
- 2) Authorize the Purchasing Agent to increase Blanket Purchase Order 20110020 by \$240,394 for a not to exceed amount of \$1,693,031 to continue payment of premiums through December 31, 2013.

FUNDING: Budgeted through the Risk Management Internal Service.

BUDGET SUMMARY:	
Total Estimated Cost.....	\$240,394.00
Budgeted.....	\$240,394.00
New Funding.....	
Savings.....	
Other.....	
Total Funding Available.....	\$240,394.00
Change To Net County Cost.....	0.00

Fiscal Impact/Change to Net County Cost

There is no change to Net County Cost. The insurance is budgeted through Risk Management's Internal Service Fund. The County pays for the Basic Life, Basic Accidental Death & Dismemberment (AD&D) and Long Term Disability Benefits (LTD) and employees pay the Optional Life Insurance costs.

Reason for Recommendation

El Dorado County currently contracts with Sun Life Financial Insurance (Sun Life) to provide Basic Life/Accidental Death & Dismemberment (AD&D), Long Term Disability (LTD) Benefits and Optional Life Insurance. Sun Life guaranteed rates for 36 months beginning July 1, 2010. The current rate guarantee expires on June 30, 2013 and the County received renewal rates for July 1, 2013 on May 13, 2013. Sun Life is requesting a 175% increase on the Basic Life and a 29% increase on the LTD based on the County's loss ratio over the last three years:

Basic Life Loss Ratio:

Premium Paid: \$97,823

Incurred Claims: \$251,503

Incurred Loss Ratio: 257%

Tolerable Loss Ratio: 83%

LTD Loss Ratio:

Premium Paid: \$523,374

Incurred Claims: \$811,712

Incurred Loss Ratio: 155%

Tolerable Loss Ratio: 74%

Considering the significant increases requested by Sun Life, Alliant Insurance Services, El Dorado County's broker, has recommended that the County request that Sun Life maintain the current rates through December 31, 2013 and move the renewal date to January 1, 2014. This aligns the renewal date with the County's other benefit programs, allows more time to negotiate rates with the current carrier, Sun Life, and market the program to other carriers. This will also allow time for Risk Management to develop a transition plan to move to another carrier, if required.

Sun Life has agreed to extend the contract and hold rates through December 31, 2013.

Action(s) to be taken following Board approval

Assistant Chief Administrative Officer to sign the extension to extend the term and maintain the current rates with Sun Life Financial Insurance.

The Purchasing Agent to extend and increase the Blanket Purchase Order #BP20110020 to continue payment of premiums for the Sun Life Financial Insurance Policy.

Contact

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