



**City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org**

Legislative File No: 2009-0517

TO: Mayor and City Council Members
FROM: Pamela M. Lee, Human Resources, ext.2521
DATE: November 17, 2009
SUBJECT: Employee Group Life/ADD and Disability Insurance

REQUEST:

Approval of a contract extension and blanket purchase order in the amount of \$285,000, payable to CIGNA Group Insurance for employee group life/ADD and disability insurance through December 31, 2010 is requested.

REASON FOR PURCHASE:

In October 2008, Council authorized an extension of a blanket purchase through December 2009 in the amount of \$285,000. This included an amended amount of \$56,000 for the remainder of 2008 as a result of a 15% short-term disability (STD) rate increase for that year due to high claim cost ratios in the preceding two years. The claim cost ratio stabilized in 2008 and as a result, the City's current rates for short term disability (STD) will remain unchanged through December 2010. Long term disability (LTD), life insurance and accidental death and dismemberment (ADD) rates have been guaranteed through December 2011.

A request for proposals (RFP) in 2008 for the above lines of coverage did not yield responses from alternative carriers that were sufficiently competitive to warrant a carrier change for 2009. Therefore, given a recent RFP process, no coverage change sought by the City and the renewal offer from CIGNA maintaining our current rates, approval of a contract extension and blanket purchase is recommended in the amount of \$285,000 for estimated premium payments through December 31, 2010.

PROCESS:

Vendor Name and Address:

CIGNA Group Insurance
26913 Northwestern Hwy., 6530
Third Floor
Southfield, MI 48034

Reason for Selection:

Cost, quality customer service, provider's ability to vary from industry standards in compliance with labor agreements

Method of Purchase:

Blanket Purchase Order

BUDGET:

The policy renewal for 2010 will maintain our current rates through December 2010 on all lines of coverage.

Fund Name	Department Account No	Account No. Description	Budget Amount	2009 Cost	Remaining Budget
Fund Name	Department Account No	Account No. Description	Budget Amount	2010 Cost	Remaining Budget
				285,000	
All Funds	718000	Life & ADD	\$40,000		
All Funds	719000	Disability	\$215,000		

Budget Amendment is forthcoming

RECOMMENDATION:

Approval to extend the current contract and approve a blanket purchase order through December 31, 2010 payable to CIGNA Group Insurance in the amount of \$285,000 is recommended.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		