



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: 2012-0255

TO: Mayor and City Council Members
FROM: Pamela M. Gordon, Director of Human Resources
DATE: July 16, 2012
SUBJECT: Supplemental Accident and Sickness Insurance for Fire Fighters

REQUEST:

Authorization of a blanket purchase is requested for a three-year renewal of the Accident and Sickness Insurance policy with Volunteer Fireman's Insurance Service (VFIS) in an amount totaling \$73,647, to provide supplemental insurance coverage in the line of duty for career and paid-on-call (POC) fire fighters, effective July 1, 2012.

REASON FOR PURCHASE:

Under the terms of the current contract with Local 3472 of the International Association of Fire Fighters, the City of Rochester Hills funds the full cost of accident and sickness insurance for fire fighters injured or killed in the line of duty. The policy renewal will cover 32 career and 80 POC fire fighters.

A request for proposals was issued based on a June 30 policy expiration date. A side-by-side comparison of the two responses received is attached. They reflect generally comparable benefit levels in the major coverage areas, including loss of life, lump sum living, weekly income and medical expense benefits.

The renewal quote from VFIS reflects an annual increase of \$1,755 (7.6%). Although no coverage improvements were offered with this renewal, improvements in plan design and medical expense benefits were associated with the prior renewal, along with a \$3,944 reduction in premium at that time. The current quote is still \$2,189 less than the annual premium prior to 2009.

The recommendation to renew with VFIS is value-based. VFIS has provided coverage to the City for over 25 years. The Fire Department has expressed satisfaction with their customer service, including over \$60,000 on 14 claims processed in the past two policy periods. In addition, they provide other value-added features, such as training materials available free of charge to insured agencies.

Finally, the union contract currently provides for a carrier change with union concurrence. Given the level of satisfaction on behalf of both Fire administration and union employees, a carrier change based solely on the price difference between the two quotes is not supportable.

PROCESS:

Vendor Name and Address:

Volunteer Firemen's Insurance Services (VFIS)
2850 Thornhills Ave. SE
Grand Rapids, MI 49546

Reason for Selection:

Best Value

Method of Purchase:

Contract/Blanket Purchase Order

BUDGET:

Fund Name	Department Account No	Account No. Description	Budget Amount	Cost	Remaining Budget
Fire	344.719000	EMS-Disability	\$10,810	\$3,222.06	\$7,587.94
Fire	344.718000	EMS-Life AD&D	\$6,190	\$3,222.06	\$2,967.94
Fire	339.719000	Supp-Disability Ins	\$21,820	\$5,983.82	\$15,836.18
Fire	399.718000	Supp-Life AD&D	\$6,220	\$5,983.82	\$236.18
Fire	344.719206	EMS POC Life AD&D	\$2,000	\$1,994.61	\$5.39
Fire	344.718206	EMS POC Disability	\$2,000	\$1,994.61	\$5.39
Fire	339.719206	Supp POC Disability	\$1,080	\$1,074.02	\$5.98
Fire	339.718206	SupOp POC Life AD&D	\$1,080	\$1,074.02	\$5.98
		Totals:	\$51,200	\$24,549	

RECOMMENDATION:

It is recommended that City Council approve a three-year renewal of Accident and Sickness Insurance policy with Volunteer Fireman's Insurance Service (VFIS) in the amount of \$24,549 per year, for a total of \$73,647, to provide supplemental insurance coverage for career and paid-on-call (POC) fire fighters while in the line of duty, with a policy term of July 1, 2012 through June 30, 2015.

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