


INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll 
Human Resources Director

DATE: June 16, 2020

SUBJECT: Approval of Renewal Contracts for Basic Life, Voluntary Life, Voluntary Retiree Life, Voluntary Long-Term Disability with Mutual of Omaha and Dental Insurance with Ameritas

BACKGROUND:

On June 12, 2018, the County renewed contracts with Mutual of Omaha for basic life insurance, voluntary life insurance, voluntary retiree life insurance, and voluntary long-term disability (LTD). The coverage with Mutual of Omaha has been in place since 2014. A contract was also renewed with Ameritas for dental insurance. The rate guarantees for these benefits expire September 30, 2020. Lockton Companies has negotiated renewals with Mutual of Omaha and Ameritas.

LIFE/LTD

The initial award of the contract with Mutual of Omaha was made in 2014 and the proposal was submitted by insurance broker Lon Bryan. In early 2020, this benefit was transitioned to the County's broker and benefits consultant, Lockton Companies, under the terms of the existing agreement which expires September 30, 2020. Lockton has negotiated the following renewal proposal with Mutual of Omaha effective October 1, 2020:

- Basic Life (employer paid) Increase from \$0.168 to \$0.182 per thousand
- Child Life Rates (employee paid) Increase from \$0.60 to \$0.64 per thousand
- Retiree Life (Retiree paid) Increase from \$0.70 to \$0.75 per thousand
- Basic AD&D Rates (employer paid) No change in rates
- Voluntary Life Rates (employee Paid) No change in rates
- Voluntary AD&D Rates (employee paid) No change in rates
- Grandfathered and Composite Rated No change in rates
- Voluntary LTD (employee paid) No change in rates

The initial renewal from Mutual of Omaha had an overall impact of 26.6%. In coordination with the carrier, Lockton was able to negotiate renewal options to include minimal plan changes to reduce the financial impact of the renewal. The most cost effective renewal has an overall impact of 7.1% and includes the following plan changes:

Current: Voluntary LTD (Long Term Disability) program currently has Voluntary Rehabilitation. An employee is not required to participate in Vocational Rehabilitation programs encouraged by Mutual of Omaha, although they will be rewarded if they do, with an additional 10% benefit.

Current: Voluntary LTD program currently has a Minimum Indemnity Benefit for Accidental Dismemberment and Loss of sight. If a covered employee does not qualify for LTD but incurs an injury which results in a covered loss within 100 days after the date of injury, the benefit will pay the monthly benefit for Total Disability based upon a schedule.

Proposed:

Mutual of Omaha proposes a Mandatory Vocational Rehabilitation vs. Voluntary participation in a Vocational Rehabilitation Program and elimination of the Minimum Indemnity Benefit.

Carrier and Lockton Comments:

With respect to Voluntary LTD proposed changes, while about 50% of the carrier's book has Voluntary vs. Mandatory participation in Vocational Rehabilitation, one could argue that the employer is offering a benefit which should encourage employees to return to work and provide them with the resources to do so; a mandatory policy could help mitigate health insurance costs due to malingering.

The Minimum Indemnity benefit is already covered under the employer's Basic Employer Paid Life and AD&D. The benefit is uncommon and does not align to the goal of a Voluntary Disability program.

Reduction in Commission

Additionally, to mitigate the impact of the rate increase to the County, Lockton has reduced the broker commission on this benefit by 2%. The prior broker received a 7% commission and Lockton will receive a 5% commission.

Lockton recommends the renewal in lieu of going to market for this benefit and indicates that a marketing is not likely to result in improved rates. Additional, the County staff is very satisfied with the level of service and processing of benefits with Mutual of Omaha and agrees with Lockton's recommendation.

Under the renewal, the impact to retiree life insurance will be:

Retiree Life Insurance Premium Comparison

Life Amount	Old Monthly Rate	New Monthly Rate 10/1/20
\$5,000	\$3.50	\$3.75
\$10,000	\$7.00	\$7.50
\$20,000	\$14.00	\$15.00

DENTAL

Dental insurance for the Board of County Commissioners, Supervisor of Elections, Clerk of Court, Property Appraiser, and Tax Collectors is currently provided through Ameritas. Ameritas has agreed to an annual renewal without any rate increase effective October 1, 2020 through September 30, 2021. The dental premiums are paid by employees. The employer does not

contribute for this voluntary benefit and there is no budgetary impact. The County is satisfied with the dental benefits provided under Ameritas.

FUNDING

The Mutual of Omaha renewal for the employer paid benefit of life insurance has a total budgetary impact of \$13,272 to include all constitutional offices for over 1,423 lives with a volume of \$76,601,392 in coverage equating to an increase of 7.1%. It is expected that if the County were to market this benefit, the rate increase would well exceed the 7.1% based on claims history for the life insurance benefit. The life insurance premiums are budgeted in the individual departmental budgets.

The renewal rate for child life insurance has an impact of \$176 based on \$3,630,000 in coverage for 363 insureds. The total annual child life premium is paid by employees and will increase from \$2,635 to \$2,811 annually for all constitutional offices. This equates to a 6.7% rate increase.

The renewal rate for retiree life insurance has an impact of \$2,933 based on \$5,248,000 in coverage for 389 retirees. The retiree life premium is paid by retirees and will increase from \$41,068 to \$44,001 annually for all constitutional offices. This equates to a 7.1% rate increase.

Funding for the dental insurance is paid by employee contributions. There is no rate increase and no plan changes proposed for the dental insurance benefits through Ameritas. The dental coverage through Ameritas is offered to employees of the Board of County Commissioners, Tax Collector, Property Appraiser, Clerk of Court, and Supervisor of Elections.

RECOMMENDATION:

Staff respectfully requests the Board of County Commissioners approve the renewal agreement for basic life, voluntary life, voluntary retiree life, voluntary long-term disability with Mutual of Omaha with a two year rate guarantee through September 30, 2022, approve the renewal agreement for dental insurance with Ameritas at existing rates through September 30, 2021, and authorize the Chairman of the Board to sign acceptance of the Mutual of Omaha renewal.

Attachments:

Mutual of Omaha Renewal 10/1/2020 – 9/31/2022

Ameritas Dental Renewal Letter 10/1/2020 – 9/31/2021