



Human Resource Services

Agenda# _____ January 7, 2014

Lakeside Plaza Building
1401 Lakeside Drive, Suite 200
Oakland, CA 94612-4305
TDD: (510) 272-3703

December 3, 2013

Honorable Board of Supervisors
County of Alameda
1221 Oak Street, Suite 536
Oakland, CA 94612-4305

Subject: Adoption of 2014 CIGNA Basic Life and Voluntary Supplemental Life and Accidental Death & Dismemberment (AD&D), Short-Term Disability (STD) and Long Term Disability (LTD) Rates and Contracts

Dear Board Members:

Recommendations:

It is recommended that your Board:

1. Approve the offering of CIGNA Basic Life and Voluntary Supplemental Life and AD&D, Short and Long Term Disability Insurance plans and rates, effective January 1, 2014 through December 31, 2016.
2. Authorize the President to sign the 2014 contract agreements for CIGNA Basic Life and Voluntary Supplemental Life and AD&D, Short and Long Term Disability Insurance plans and rates, effective January 1, 2014 through December 31, 2016.

Summary/Discussion:

Since 2013 is the last year of the 3-year rate guarantee with The Hartford and the contract with The Hartford is ending December 31, 2013, Staff conducted an RFP for the Basic Life, Supplemental Life & AD&D, Short Term Disability and Long Term Disability Plans for the 2014 benefit renewal year. Ten (10) Life and Disability carriers responded to the RFP and through the RFP analysis five finalists were selected to conduct finalist presentations. Based on a review of price, terms and conditions of quoted plans, RFP questionnaire responses, finalist presentations and services offered, the top candidates for consideration were narrowed to two, Prudential and CIGNA.

Both CIGNA and Prudential offer robust programs, quality services and each has extensive experience with public entities; however, CIGNA demonstrated a clear advantage and was selected as the finalist for the following reasons:

Adoption of 2014 CIGNA Basic Life and Voluntary Supplemental Life and Accidental Death & Dismemberment (AD&D), Short-Term Disability (STD) and Long Term Disability (LTD) Rates and Contracts
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- Provides Life and Disability administration to two of the largest California public agencies, County of Los Angeles and the County of San Bernardino.
- Has an established relationship with Kaiser, which helps expedite the initial claim filing and processing under the Short and Long Term Disability plans. (Currently, 80% of Alameda County's eligible populations are enrolled in Kaiser.)
- Has demonstrated streamlined administrative functions such as evidence of insurability, beneficiary management, conversion and portability processing.
- Proposed rates will result in an overall premium reduction of the employer cost by 53% and the employee cost by 15% in comparison to The Hartford renewal for 2014.

Below is a summary of the new 2014 Rates:

Basic Life (100% Employer Paid)	\$0.04 per \$1,000
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Semi-Monthly Life Rates

Voluntary Supplemental Employee & Spouse Life Premiums	
Per \$1000	
Less than 30	\$0.015
30 thru 34	\$0.018
35 thru 39	\$0.024
40 thru 44	\$0.034
45 thru 49	\$0.058
50 thru 54	\$0.091
55 thru 59	\$0.145
60 thru 64	\$0.195
65 thru 69	\$0.300
70 and over	\$0.521

Supplemental Child Life	\$0.065
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Vol Employee Only AD&D	\$0.010
Vol Employee + Family AD&D	\$0.015

**Adoption of 2014 CIGNA Basic Life and Voluntary Supplemental Life and
Accidental Death & Dismemberment (AD&D), Short-Term Disability (STD) and
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Semi-Monthly Disability Rates

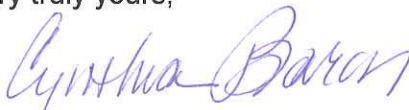
STD Premiums (Per \$100 Covered Payroll)	
< 25	\$0.497
25 - 29	\$0.505
30 - 34	\$0.512
35 - 39	\$0.364
40 - 44	\$0.304
45 - 49	\$0.330
50 - 54	\$0.391
55 - 59	\$0.452
60 - 64	\$0.509
65 +	\$0.558

LTD Premiums (Per \$100 Covered Payroll)	
< 25	\$0.054
25 - 29	\$0.064
30 - 34	\$0.087
35 - 39	\$0.127
40 - 44	\$0.223
45 - 49	\$0.361
50 - 54	\$0.488
55 - 59	\$0.577
60 - 64	\$0.569
65 +	\$0.515

Financing:

The budget appropriation contains sufficient funds for the Life and AD&D Plans. There is no cost to the County for the Short Term and Long Term Disability Plans, as these voluntary group benefits are 100% employee paid.

Very truly yours,


for Mary Welch, Interim Director
Human Resource Services

cc: Susan Muranishi, County Administrator
Patrick O'Connell, Auditor-Controller
Donna Ziegler, County Counsel

Michael Conrad
Vice President, National Accounts



December 3, 2013

Ms. Ava Lavender
Benefits Manager
County of Alameda
1405 Lakeside Drive
Oakland, CA 94612

Cigna
400 North Brand Blvd., 2nd Floor
Glendale, CA 91203
Telephone: 818.500.6694
Michael.Conrad@cigna.com

Dear Ava,

Cigna is delighted to have been awarded the County of Alameda's (CoA's) Life and Disability business effective January 1, 2014. We appreciate your trust in our capabilities and believe that our approach to claims management and adjudication along with our commitment to service will result in a long term partnership.

Our contract is effective January 1, 2014 and runs through December 31, 2016 with all rates confirmed in this letter guaranteed for that same three year period. The following coverages will be underwritten by Cigna.

- Basic Term Life
- Supplemental Term Life
- Supplemental AD&D
- Short Term Disability
- Long Term Disability

The attachment confirms final rates by coverage and age band where appropriate.

Please call if you have questions and we appreciate the opportunity to partner with CoA.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Conrad", written over a horizontal line.

Mike Conrad
Vice President, National Accounts

CoA Signature: _____ Date: _____

Approved as to Form

DONNA R. ZIEGLER, County Counsel

By _____
Print Name _____

**County of Alameda
Rates and Fees**



Additional Funds		
Implementation Credit	\$20,000	During First Plan Year Only

Group requests a check...

Basic Life Insurance		
Employee Life	\$0.040	Rate per \$1,000

Basic Life rates are guaranteed for 3 years.

Commissions: Rates are Net Commission

Voluntary Life Insurance Rates		
Employee Life	Uni-smoker Rate per \$1,000	
Age <30	0.029	
Age 30-34	0.035	
Age 35-39	0.048	
Age 40-44	0.068	
Age 45-49	0.115	
Age 50-54	0.182	
Age 55-59	0.290	
Age 60-64	0.390	
Age 65-69	0.599	
Age 70 and over	1.042	
Spouse Life	Uni-smoker Rate per \$1,000	
Age <30	0.029	
Age 30-34	0.035	
Age 35-39	0.048	
Age 40-44	0.068	
Age 45-49	0.115	
Age 50-54	0.182	
Age 55-59	0.290	
Age 60-64	0.390	
Age 65-69	0.599	
Age 70 and over	1.042	
Child(ren)	\$0.130	Rate per \$1,000

Voluntary Life rates are guaranteed for 3 years.

Commissions: Rates are Net Commission

Implementation Guide - Rates



Ported Life Insurance Rates		
Age	Rate	
< 20	\$0.153	Rate per \$1,000
20-24	\$0.144	Rate per \$1,000
25-29	\$0.153	Rate per \$1,000
30-34	\$0.177	Rate per \$1,000
35-39	\$0.190	Rate per \$1,000
40-44	\$0.243	Rate per \$1,000
45-49	\$0.384	Rate per \$1,000
50-54	\$0.726	Rate per \$1,000
55-59	\$1.347	Rate per \$1,000
60-64	\$2.461	Rate per \$1,000
65-69	\$4.065	Rate per \$1,000

Rates for ported insureds are based on the company's pooled experience for ported certificates and are higher than active employee rates. Rates for ported insured are renewed annually and are not subject to any rate guarantee proposed for active employee

Voluntary Accident Insurance		
Standard Family		
Employee Only	\$0.020	Rate per \$1,000
Family	\$0.030	Rate per \$1,000

Voluntary Accident rates are guaranteed for 3 years.

Commissions: Rates are Net Commission

**County of Alameda
Rates and Fees**



Short Term Disability - Insured		
Voluntary STD- Monthly Rate		
Age <25	\$0.994	per \$100 of Monthly Covered Payroll
Age 25-29	\$1.009	per \$100 of Monthly Covered Payroll
Age:30-34	\$1.024	per \$100 of Monthly Covered Payroll
Age 35-39	\$0.728	per \$100 of Monthly Covered Payroll
Age 40-44	\$0.607	per \$100 of Monthly Covered Payroll
Age 45-49	\$0.660	per \$100 of Monthly Covered Payroll
Age 50-54	\$0.782	per \$100 of Monthly Covered Payroll
Age 55-59	\$0.903	per \$100 of Monthly Covered Payroll
Age 60-64	\$1.017	per \$100 of Monthly Covered Payroll
Age 65+	\$1.115	per \$100 of Monthly Covered Payroll

Maximum Monthly Payroll = \$16,250

Short Term Disability - Rates are guaranteed for 3 years.

Commissions:Rates are Net Commission

Long Term Disability - Insured		
Voluntary LTD - Monthly Rate		
Age <25	\$0.108	per \$100 of Monthly Covered Payroll
Age 25-29	\$0.127	per \$100 of Monthly Covered Payroll
Age:30-34	\$0.174	per \$100 of Monthly Covered Payroll
Age 35-39	\$0.254	per \$100 of Monthly Covered Payroll
Age 40-44	\$0.446	per \$100 of Monthly Covered Payroll
Age 45-49	\$0.721	per \$100 of Monthly Covered Payroll
Age 50-54	\$0.976	per \$100 of Monthly Covered Payroll
Age 55-59	\$1.153	per \$100 of Monthly Covered Payroll
Age 60-64	\$1.137	per \$100 of Monthly Covered Payroll
Age 65+	\$1.029	per \$100 of Monthly Covered Payroll

Maximum Monthly Payroll = \$8,333

Rates are guaranteed for 3 years.

Commissions: Rates are Net Commission

Implementation Guide - Rates

If you would like to review the original 2014 Cigna Life and Disability Plan contracts, please contact the Clerk, Board of Supervisors' Office at (510)208-4949