



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 19-654

Board Meeting Date: 6/25/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Rocio Kiryczun, Human Resources Director
Lisa Okada, Benefits Manager

Subject: Agreement with The Standard for Life and Disability Insurance

RECOMMENDATION:

Adopt a resolution authorizing the Human Resources Director, or her designee, to negotiate and execute a service agreement with The Standard for the purpose of providing life insurance, accidental death and dismemberment, and disability benefits for the period of January 1, 2020 to December 31, 2024, with the aggregate amount not to exceed \$240,000 each year.

BACKGROUND:

The County provides employees with employer paid Basic Life Insurance coverage and Accidental Death and Dismemberment (AD&D) benefits based on negotiated Memoranda of Understanding and Board Resolutions. Basic Life Insurance provides employees with financial support by promising to pay a benefit in the event of an employee's death. AD&D insurance helps provide additional financial protection for employees and their families in the event of a covered accident death or injury. Employees also have the option of buying Additional Life Insurance Coverage for themselves and their spouse or domestic partner and dependents.

The Standard also provides a Disability benefit to represented and unrepresented employees which covers 60% of salary or \$95 per week. Disability insurance supplements wages when an employee is disabled and unable to work.

	Basic Life Insurance	AD&D	Supplemental Life Insurance	Disability Insurance
Employee Benefit	\$9,000 to \$50,000	\$10,000 to \$110,000	\$50,000 to \$500,000	Up to 60% of salary
Spouse Benefit	\$2,000	N/A	Up to \$250,000	N/A

Dependent Benefit	\$2,000	N/A	\$10,000	N/A
Cost	Employer Paid	Employer Paid	Employee Paid	Employee Paid

DISCUSSION:

The Human Resources Benefits Division and Labor Management Committee conducted an RFP to solicit proposals from insurance carriers that could meet the County’s current plan designs at a reasonable cost with the highest level of customer service. Six proposals were received, and the committee agreed to interview three finalists The Standard, The Hartford, and MetLife. Factors the committee considered during the interview process included their online tools, customer satisfaction results, and cost of the plan. In addition, the committee evaluated increasing additional life insurance and determining whether to continue the Expanded Short Term Disability benefit plan. After evaluation, the selection committee decided to stay with the incumbent The Standard which offered favorable pricing and will result in a cost savings of 8.1% for the employer and 10.1% for the employees with a rate guarantee of four years and has been a collaborative partner for the County of San Mateo for many years.

The RFP Committee and Human Resources Benefits Division has recommended the Board authorize the Human Resources Director or designee to negotiate and execute a service agreement with The Standard.

The accompanying resolution contains the County’s standard provisions allowing amendments of the terms and services and of the County’s fiscal obligations by a maximum of \$25,000 (in aggregate).

County Counsel has reviewed and approved the agreement as to form.

Approval for this amendment contributes to Shared Vision 2025 outcome of Collaborative Community by developing and fostering partnerships that promote regional solutions to enhance organizational efficiencies and effectiveness.

PERFORMANCE MEASURE:

	2019 Estimate	2020 Estimate	2021 Estimate
Calls to Standard’s Customer Service Department answered within 30 seconds	90%	90%	90%

FISCAL IMPACT:

The County’s projected employer cost is approximately \$240,000 and the employees cost is \$1,474,000 per year. 5718 employees are currently enrolled in the Basic Life Insurance and AD&D plans, which cost the County \$37.22 per person on average. 3100 employees are enrolled in additional life insurance and 2174 of employees are enrolled in the Additional Spouse and Dependent Life Insurance, which cost the employees \$84.00 per person on average.