

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: March 26, 2002
TO: BOARD OF EDUCATION
FROM: Dr. Joe A. Hairston, Superintendent
SUBJECT: Employee Benefits – Life Insurance
ORIGINATOR: J. Robert Haines, Deputy Superintendent, Business Services
RESOURCE PERSON(S): Barbara Burnopp, Executive Director, Fiscal Services
Randall Grimsley, Executive Director, Human Resources
Richard Gay, Manager, Office of Purchasing
Deborah Lee, Manager, Office of Employee Benefits & Retirement

RECOMMENDATION

That the Board of Education approve the award contract for life insurance to ING Reliastar effective September 1, 2002.

A bid for employee life insurance was issued on February 7, 2002 to fourteen (14) life insurance carriers. Proposals were received from ten (10) of these carriers plus one company that responded as a result of the advertisement. Four (4) submitted a no-bid response. The solicitation covered basic and supplemental life insurance programs for active and retired employees. Proposed rates from all respondents are higher than current rates.

Table with 2 columns: Bidder, Annual Premium Proposal. Rows include ING Reliastar, MetLife, Minnesota Life, Aetna, CNA, TIAA-CREF, Prudential, UNUM *, Standard, CIGNA, Hartford.

*Current life insurance vendor

Employee Benefits: Life Insurance
March 26, 2002
Page 2

Following the evaluation of the technical merits of the proposals by Bolton Offutt Donovan Consulting Group, one vendor emerged as the clear choice: ING Reliastar. ING Reliastar is able to replicate the existing plan design and plan features for a lower cost than the incumbent carrier, UNUM Life Insurance Company, and from the proposed rates from other bidders. ING Reliastar is providing a 3-year rate guarantee.

The TABCO Master Agreement states “No change will be made in the carrier of any insurance plan identified in this Article unless the Association approves such change.” Representatives from the Department of Human Resources met with union leaders on March 18, 2002 to present the findings and obtain approval to recommend the change in vendors to ING Reliastar. The leaders of TABCO, BACE, CASE and AFSCME were present at the meeting and unanimously approved the change in vendors from UNUM to ING Reliastar.

Therefore, the Office of Employee Benefits & Retirement recommends the award of the contract to ING Reliastar. The estimated award value is \$2,290,570. Funding for basic life insurance coverage for active employees is provided through the Office of Employee Benefits & Retirement. Funding for supplemental life insurance for employees is funded by employees. Funding for basic and supplemental life insurance for retirees is funded by retirees. The rates for supplemental life insurance vary by ten-year age brackets. For example, an employee between the ages of 45-54 who pays \$258.00 for \$100,000 of supplemental life insurance currently would pay \$294.00 (+14%) under ING Reliastar’s proposal. Additional information on funding and benefit plans will be provided to the Board in the future.