

**Humboldt Bay Municipal Water District**

To: Board of Directors

From: Chris Harris

Date: April 14, 2022

Re: Comparison of Rates - Employee Disability Insurance, Life Insurance, and Accidental Death & Dismemberment Policies

**Background**

As part of our current comprehensive benefits package for employees, the District pays for employee Life Insurance, Long-Term Disability (LTD) Insurance, and Accidental Death and Dismemberment (AD&D). The Life Insurance benefit is \$50,000 for the employee (\$12,500 for spouse; \$2,000 for children). The AD&D benefit is \$50,000 for accidental death, and 25% to 100% for dismemberment depending upon body part(s) or function lost.

Employees also have the opportunity for additional coverage by opting into a voluntary Life Insurance Policy, managed by the same provider. The employees pay for this additional coverage through automatic payroll deductions.

In 2015 staff initiated a price and coverage comparison through our then current provider Assurant Benefits Group. This led to a switch to Unum with increased benefits and an annual premium decrease of approximately \$13,500 annually.

**Update**

Although the rates for Unum did not change initially for four years, recently after several repeated rate increases, and based on Board direction, staff has again reviewed options for the life insurance benefit for employees. Staff requested and has received multiple rate quotes for *the same coverages currently available* to the employees. Staff also requested a premium quote from the CSDA's provider-SDRMA (Special District Risk Management Authority). SDRMA was found to not only be among the higher quotes, but comparable insurance coverage is not available.

Please see the comparison of rates in the attached chart.

## Annual Premium Expense Comparison

	Life Insurance	AD & D	Dependent Life	LTD	Total Annual Premium	<Savings> Compared to Current Expense
<b>Guardian</b>	\$5,555	\$317	\$875	\$7,269	\$14,016	<\$12,742>
<b>Hartford</b>	\$4,116	\$740	\$1,320	\$10,949	\$17,125	<\$9,363>
<b>Lincoln</b>	\$3,538	\$322	\$815	\$8,519	\$13,194	<b>&lt;\$13,294&gt;</b>
<b>Principle</b>	\$3,843	\$595	\$2,244	\$12,721	\$19,403	<\$7,083>
<b>Unum-Renewal</b>	\$4,406	\$241	\$1,440	\$22,373	\$28,460	<b>+\$1,972</b>
<b>Unum-Current</b>	\$4,084	\$241	\$1,440	\$20,723	\$26,488	\$0.00

## Optional Additional Life Insurance\* Coverage

Employee Payroll Deduction - Annual Rates Calculated Using \$50,000 Coverage

Age-Group (# Participants)	Guardian	Hartford	Lincoln	Principle	Unum-Current
40-44 (1)	\$115	\$88	\$72	<b>\$126</b>	\$120
45-49 (4)	\$183	\$144	\$109	<b>\$206</b>	\$188
50-54 (3)	<b>\$298</b>	\$211	\$166	<b>\$327</b>	\$277
55-59 (1)	<b>\$480</b>	\$313	\$312	<b>\$500</b>	\$397
60-64 (1)	<b>\$729</b>	\$385	\$479	<b>\$768</b>	\$492
65-69 (2)	<b>\$1,371</b>	\$552	<b>\$923</b>	<b>\$1,247</b>	\$726

\*\* Employees may also opt in to additional coverage for AD & D, and Spouse and Dependent Life

**Staff Recommendation**

Staff recommends the Board review the attached rates and discuss. If the Board opts to change providers, staff will start the administrative work needed to make the changes. Staff has confirmed that the District is able to change insurance providers at any time once all required District and employee documentation is completed.