

SUBJECT: Term Life Insurance – **Change in Carrier**

BACKGROUND: The District received RFP's for Term Life Insurance and the Insurance Committee reviewed them. The District currently provides \$10,000 of life and accidental death for all full-time employees and an additional \$10,000 for employees participating in the Alternate Plan (in lieu of medical) at the rate of \$.13 per \$1,000. The Lafayette Company has given us a rate of \$.09 per \$1,000 with a three year rate guarantee, saving the district \$45,615 a year. Also, the employees can purchase additional term life coverage at their own cost. Lafayette Company will give us the same policy for term insurance but with lower premiums to the employee and an open enrollment the first year.

**We were notified that Lafayette will be getting out of the group life business effective immediately; therefore the Insurance Committee met and voted to go with SunLife since they were willing to meet the bid that Lafayette submitted.**

FINANCIAL IMPLICATIONS: Savings to the District of \$45,615/year

RECOMMENDATION: Recommend SunLife for our Term Life Insurance carrier.

CONTACT PERSON: Jerry Dennis  
John Piscacek  
Vonnie Conde

BOARD MEETING DATE: October 28, 2008

Agenda,

<b>SUBJECT:</b>	Term Life Insurance
<b>BACKGROUND:</b>	The District received RFP's for Term Life Insurance and the Insurance Committee reviewed them. The District currently provides \$10,000 of life and accidental death for all full-time employees and an additional \$10,000 for employees participating in the Alternate Plan (in lieu of medical) at the rate of \$.13 per \$1,000. The Lafayette Company has given us a rate of \$.09 per \$1,000 with a three year rate guarantee, saving the district \$45,615 a year. Also, the employees can purchase additional term life coverage at their own cost. Lafayette Company will give us the same policy for term insurance but with lower premiums to the employee and an open enrollment the first year.
<b>FINANCIAL IMPLICATIONS:</b>	Savings to the District of \$45,615/year
<b>RECOMMENDATION:</b>	Recommend Lafayette Company for our Term Life Insurance provider.
<b>CONTACT PERSON:</b>	Jerry Dennis John Piscacek Vonnie Conde

# Pasadena ISD Life Insurance Premium Comparison

Coverage	CURRENT - Assurant				Renewal - Assurant		Principal		Lafayette Life		Sun Life #1		MetLife	
	#EES	Volume	Rate	Monthly Amount	Rate	Monthly Amount	Rate	Monthly Amount	Rate	Monthly Amount	Rate	Monthly Amount	Rate	Monthly Amount
Basic Life	9,503	\$95,030,000	\$0.110	\$10,453.30	\$0.110	\$10,453.30	\$0.090	\$8,552.70	\$0.070	\$6,652.10	\$0.070	\$6,652.10	\$0.090	\$8,552.70
Basic AD&D	9,503	\$95,030,000	\$0.020	\$1,900.60	\$0.020	\$1,900.60	\$0.020	\$1,900.60	\$0.020	\$1,900.60	\$0.020	\$1,900.60	\$0.019	\$1,805.57
Monthly Premium				\$12,354		\$12,354		\$10,453		\$8,553		\$8,553		\$10,358
Annual Premium				\$148,247		\$148,247		\$125,440		\$102,632		\$102,632		\$124,299
Supplemental Life - Age Banded		Per \$1000	Employee		Employee		Employee		Employee		Employee		Employee Opt 1	Employee Opt 2
<25			\$0.150		\$0.150		\$0.150		\$0.130		\$0.150		\$0.135	\$0.048
25-29			\$0.150		\$0.150		\$0.150		\$0.130		\$0.150		\$0.135	\$0.057
30 - 34			\$0.150		\$0.150		\$0.150		\$0.130		\$0.150		\$0.135	\$0.076
35 - 39			\$0.150		\$0.150		\$0.150		\$0.130		\$0.150		\$0.135	\$0.086
40 - 44			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$0.095
45 - 49			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$0.143
50 - 54			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$0.238
55 - 59			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$0.428
60 - 64			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$0.722
65 - 69			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$1.387
70 - 74			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$2.280
> 74			\$0.380		\$0.380		\$0.380		\$0.340		\$0.380		\$0.343	\$2.280
Basic Dependent Life							Spouse is age rated							
Sp \$5,000/Ch \$2,000		Opt 1		\$4.00		\$4.00	Ch only		\$3.00		\$4.00		\$3.31	
Sp \$10,000/Ch \$4,000		Opt 2		\$6.00		\$6.00	Ch only		\$4.00		\$6.00		\$4.85	
Sp \$20,000/Ch \$6,000		Opt 3		\$10.00		\$1.50	Ch only		\$8.00		\$10.00		\$9.26	
Rate Guarantee					2 years	3 year		3 year	3 year	3 year	3 year	5 years		

Whitney Miller

Whitney Miller - agent

Whitney Miller

United Specialty Benefits

United Specialty Benefits

United Specialty Benefits

Whitney Miller  
Saunders & Assoc.

**Pasadena ISD**  
Life Insurance Premium Comparison

CURRENT - Assurant				Renewal - Assurant				United HealthCare				United HealthCare				Hartford	
Coverage	# EEs	Volume	Rate	Monthly Amount	Rate	Monthly Amount	United HealthCare	Monthly Amount	United HealthCare	Monthly Amount	Rate	Monthly Amount	Rate	Monthly Amount			
Basic Life	9,503	\$95,030,000	\$0.110	\$10,453.30	\$0.110	\$10,453.30	\$0.050	\$4,751.50	\$0.060	\$5,701.80	\$0.110	\$10,453.30	\$0.110	\$10,453.30			
Basic AD&D	9,503	\$95,030,000	\$0.020	\$1,900.60	\$0.020	\$1,900.60	\$0.020	\$1,900.60	\$0.025	\$2,375.75	\$0.020	\$1,900.60	\$0.020	\$1,900.60			
Monthly Premium				\$12,354		\$12,354		\$6,652		\$8,078		\$12,354		\$12,354			
Annual Premium				\$148,247		\$148,247		\$79,825		\$96,931		\$148,247		\$148,247			
Supplemental Life - Age Banded		Per \$1000	Employee		Employee		Employee Opt 1	Employee Opt 2	Employee Opt 1	Employee Opt 2							
<25			\$0.150		\$0.150		\$0.120	\$0.050	\$0.150	\$0.070	\$0.050	\$0.050	\$0.050				
25-29			\$0.150		\$0.150		\$0.120	\$0.060	\$0.150	\$0.080	\$0.060	\$0.060	\$0.060				
30 - 34			\$0.150		\$0.150		\$0.120	\$0.080	\$0.150	\$0.100	\$0.080	\$0.080	\$0.080				
35 - 39			\$0.150		\$0.150		\$0.120	\$0.090	\$0.150	\$0.125	\$0.090	\$0.090	\$0.090				
40 - 44			\$0.380		\$0.380		\$0.330	\$0.100	\$0.380	\$0.160	\$0.130	\$0.130	\$0.130				
45 - 49			\$0.380		\$0.380		\$0.330	\$0.150	\$0.380	\$0.215	\$0.200	\$0.200	\$0.200				
50 - 54			\$0.380		\$0.380		\$0.330	\$0.230	\$0.380	\$0.330	\$0.350	\$0.350	\$0.350				
55 - 59			\$0.380		\$0.380		\$0.330	\$0.430	\$0.380	\$0.615	\$0.540	\$0.540	\$0.540				
60 - 64			\$0.380		\$0.380		\$0.330	\$0.660	\$0.380	\$0.945	\$0.720	\$0.720	\$0.720				
65 - 69			\$0.380		\$0.380		\$0.330	\$1,270	\$0.380	\$1,845	\$1,270	\$1,270	\$1,270				
70 - 74			\$0.380		\$0.380		\$0.330	\$2,060	\$0.380	\$2,955	\$2,090	\$2,090	\$2,090				
> 74			\$0.380		\$0.380		\$0.330	\$2,060	\$0.380	\$2,955	\$3,700	\$3,700	\$3,700				
Basic Dependent Life																	
Sp \$5,000/Ch \$2,000	Opt1		\$4.00		\$4.00		\$2.50		\$3.00		\$2.00		\$2.00				
Sp \$10,000/Ch \$4,000	Opt 2		\$6.00		\$6.00		\$4.65		\$5.60		\$4.00		\$4.00				
Sp \$20,000/Ch \$6,000	Opt 3		\$10.00		\$10.00		\$8.45		\$10.15		\$7.50		\$7.50				
Rate Guarantee					2 years		3 years, with caps for years 4 and 5 based on loss ratio		3 years, with caps for years 4 and 5 based on loss ratio		3 years						

Whitney Miller

Whitney Miller - agent

Direct

15% commissions

Highlander Financial

Pasadena ISD  
Life Insurance Policy Provision Comparison - Best and Final Offers

Basic Life Insurance Coverage	Assurant	Principal	Sun Life	Lafayette Life	MetLife	United HealthCare	Hartford
Waiver of Premium	X	6 mos, age 65	0 mos, age 70	9 mos, age 65	6 mos, age 65	9 mos, age 65	X
Accelerated Death Benefit	80%	75%	75%	50% BL 25% AL	80%	80%	80%
Portability							
Conversion	X	X	X	X	X	X	X
Reduction Schedule age 65	N/A	65%	N/A	N/A	N/A		N/A
age 70	65%	65%	65%	65%	65%	65%	
age 75	42%	45%	42%	45%	45%	45%	
age 80	28%		28%	30%	30%	30%	
age 85	15%		15%				
No Loss No Gain Takeover	N/A	X	X	X	X	X	X

  

AD&D Coverage	Assurant	Principal	Sun Life	Lafayette Life	MetLife	United HealthCare	Hartford
Seat Belt Benefit	X	X	X	X	X	X	X
Airbag Benefit		X	X	X	X	X	X
Education Benefit	X		X		X		
Child Care Benefit					X		
Repatriation of Remains Benefit		X					X
COMA Benefit					X		
Emergency Travel Assistance			X		X		X
Exposure and Disappearance		X			X		

  

Supplemental/Dependent Life Insurance Coverage	Assurant	Principal	Sun Life	Lafayette Life	MetLife	United HealthCare	Hartford
Waiver of Premium	X	X	X	X	X	X	X
Accelerated Death Benefit		X	X	X	X	X	X
Portability		X	X	X	X	X	
Conversion		X	X	X	X	X	X
Guarantee Issue Limit - employee	100K	150K	100K <60	200K	100K	250K	100K
- spouse	20K	20K < 70	10K <60	50K	20K	20K	20K
Maximum Amount of Coverage - employee	300K	5x or \$500K	5 x or 500K	500K	300K	5x or \$500K	300K
- spouse	20K	20K	20K	20K	20K	20K	20K
Participation Requirement	15%	20%	25%	20%	25%	20%	35%
E of I waived at annual enrollment	n/a	will allow 10k increase without E of I	will allow 10k increase without E of I	no	will allow 1 coverage level increase	will allow 1 coverage level increase	no
E of I waived at takeover	n/a	no	no	yes, one time	yes, one time	no	no
No loss/no gain takeover	n/a	yes	X	yes	X	X	X
Age reductions	not less than \$20K	same as basic		same as basic	None	same as basic	
Special Note:	New employees may enroll at first enrollment after initial 31 days without EOI; BAD&D has suicide exclusion	24 month suicide exclusion (AL). Will give credit for time with prior carrier.	24 month suicide exclusion for AD&D and any increase in AL or initial Life insurance; Dep Spouse life terminates at age 70	Sp reduces to 65% at age 65 Offer GI at OE for depts no suicide exclusion	Includes suicide provision. Will give credit for time with prior carrier. Cannot convert reduced amounts	Suicide exclusion can be removed with no impact to rates.	2 year suicide exclusion