



**Purchasing Service Agreement  
CITY OF AUSTIN  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.:** 34  
**AGENDA DATE:** Thu 11/17/2005  
**PAGE:** 1 of 3

**SUBJECT:** Authorize execution of a 12-month service agreement with SUN LIFE ASSURANCE COMPANY OF CANADA, Houston, TX for a group life insurance program in an amount not to exceed \$3,109,000, with two 12-month extension options in an amount not to exceed \$3,263,000 for the first extension option and \$3,424,000 for the second extension option, for a total agreement amount not to exceed \$9,796,000.

**AMOUNT & SOURCE OF FUNDING:** Funding in the amount of \$2,332,000 is available in the Fiscal Year 2005-2006 Approved Operating Budget for the Employee Benefits Fund of the Human Resources Department. Funding for the remaining three months of the original contract period and extension options is contingent upon available funding in future budgets.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Purchasing **DIRECTOR'S**  
**DEPARTMENT:**for Human Resources; **AUTHORIZATION:** Vickie Schubert

**FOR MORE INFORMATION CONTACT:** Rosemary Ledesma, Supervising Senior Buyer/974-2011

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** N/A

**PURCHASING:** Low bid of eight bids received.

**MBE / WBE:** This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

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This contract is for a fully-insured group life insurance program for City employees, retirees, and other eligible participants. The insurance program includes basic life and accidental death and dismemberment (AD&D) insurance, which is paid for by the City. The City makes available optional supplemental life, AD&D, and dependent life insurance which employees can elect and have premiums payroll deducted.

City Contributions estimated at \$2,564,000 over three years will fund:

- Basic Life Insurance and AD&D – A minimum of one-times annual salary
- Basic Life in the amount of \$1,000 per retiree.

Employees Contributions estimated at \$7,232,000 over three years will fund:

- Optional Supplemental Life Insurance and AD&D – available in the following amounts:
  - One times annual salary
  - Two times annual salary
  - Three times annual salary
  - Four times annual salary
- Optional Dependent Life Insurance is available in the following amounts:
  - \$10,000 spouse



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- \$5,000 for each child age six months to age 25, and
- \$1,000 for each child from 14 days to six months of age

The estimated amount was based on a supplemental life volume of 2.5 times annual salary and a salary increase of 5%. The exact number of enrollees participating in supplemental life and dependent life will vary each year.

The total amount for the plan year 2006 for these life insurance benefits is estimated at \$3,109,000. The term of this contract is from January 1, 2006 through December 31, 2006 for the original period. The extension options, if exercised, will extend the term through December 31, 2008.

The recommendation for award is to the lowest, responsive bidder. Sun Life Assurance Company of Canada's proposed rates are Basic Life at \$0.095 and AD&D is \$0.02 per \$1,000 of coverage. The supplemental life insurance rate varies depending on the age of an employee, supplemental life AD&D rate is \$0.02 per \$1,000. Dependent life insurance is \$1.20 for spouse coverage, \$0.20 for children coverage and \$1.40 for family coverage per month. All of Sun Life Assurance Company of Canada's rates are guaranteed for three years.

**BID TABULATION**  
**IFB No. RL05300088**  
**Group Life Insurance Program**

<b><u>INSURANCE CARRIER</u></b>	<b><u>TOTAL BID</u></b>
<b>SUN LIFE ASSURANCE COMPANY OF CANADA HOUSTON, TX</b>	<b>\$2,407,182</b>
Uniamerica Workplace Benefits Plano, TX	\$2,409,736
Minnesota Life Insurance Company St. Paul, MN	\$2,755,685
Reliance Standard Life Insurance Company Dallas, TX	\$3,103,819*
CIGNA Group Insurance Houston, TX	\$3,188,856
Aetna Life Insurance Company Hartford, CT	**
Metropolitan Life Insurance Company Dallas, TX	**



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Texas Life Insurance Company  
Waco, TX

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\*The Reliance Standard Life Insurance Company bid was non-responsive because their rates were not guaranteed and they did not meet the waiver of premium solicitation requirement. \*\*The proposed prices from Aetna Life Insurance Company, Metropolitan Life Insurance Company (MetLife), and Texas Life Insurance Company insurance carriers could not be evaluated because they did not propose the rates as required in the solicitation.

A complete bid tabulation is available in the Purchasing Office

MBE/WBE Solicited: 8/3

MBE/WBE Bid: 0/0

**PRICE ANALYSIS**

- a. Adequate competition.
- b. Sixty-seven notices were sent including eight MBEs/three WBEs. Eighteen solicitations were issued including no MBEs and no WBEs. Eight bids were received. One "No Bid" response was received.

**APPROVAL JUSTIFICATION**

- a. Low bid.
- b. The Human Resources Department concurs with the recommended award.
- c. Advertised in the Austin American-Statesman and Internet.