





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

**AGENDA ITEM NO.: 30
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- 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
 - \$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 contract amount to be funded by employee contributions is \$8,665,000 over three years.

The estimated contract amounts were 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 of 2006 for these life insurance benefits is estimated at \$3,353,000. 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 the lowest, responsive bidder. UNITED HEALTHCARE INSURANCE COMPANY's proposed rates are Basic Life at \$0.06 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, \$.20 for children coverage and \$1.40 for family coverage per month. All rates proposed by United HealthCare Insurance Company are guaranteed for three years.

MBE/WBE solicited: 8/2

MBE/WBE Bid: 0/0



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**BID TABULATION
IFB # RL05300055
Group Life Insurance Program**

A detailed cost analysis and bid tabulation were performed by the City's health benefit consultant, Towers Perrin. Listed below are the total annual premiums calculated for each bidder:

United HealthCare Insurance Company Golden Valley, MN	\$2,430,221
Aetna Life Insurance Company Hartford, CT	\$2,728,586
Minnesota Life Insurance Company St. Paul, MN	\$2,732,545
Sun Life Financial Houston, TX	\$2,832,643
Reliance Standard Life Insurance Company Dallas, TX	\$2,980,950
North Carolina Mutual Life Insurance Company Chicago, IL	\$3,038,784
ING Employee Benefits Addison, TX	\$3,082,635
Standard Insurance Company Portland, OR	\$3,091,927
METLife Dallas, TX	\$3,165,338
CIGNA Group Insurance Houston, TX	\$3,253,683
Hartford Life Insurance Houston, TX	\$3,348,338
Fort Dearborn Life Insurance Company Richardson, TX	\$3,442,136
UNUMProvident	\$3,557,184



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Portland, MA

AIG Life Insurance Company \$831,416*
Dallas, TX

* Note: AIG did not propose a fully insured life insurance program; their proposed cost represents AD&D coverage only.

A complete bid tabulation is available in the Purchasing Office.

PRICE ANALYSIS

- a. Adequate competition.
- b. Seventy-six notices were sent including eight MBEs/two WBEs. Twelve solicitations were issued including no MBEs and no WBEs. Fourteen bids were 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.