

TOWNSHIP OF LOWER MERION

Administrative and Human Resources Committee

Issue Briefing

Topic: Life Insurance, Accidental Death and Dismemberment (AD&D) and Long-Term Disability (LTD) Carrier

Prepared By: Beth Lilick, Director of Human Resources

Date: January 31, 2018

- I. **Action To Be Considered By The Board:** Consider for recommendation to the Board of Commissioners authorizing the Township Manager enter into an agreement with American United Life Insurance Company, a OneAmerica Company, to administer the Life Insurance, AD&D and LTD benefits provided to Township employees effective April 1, 2018.
- II. **Why This Issue Requires Board Consideration:** The Board of Commissioners approves agreements for services provided to the Township.
- III. **Current Policy Or Practice (If Applicable):** The Life Insurance, AD&D and LTD benefits provided to Township employees are currently administered by The Standard Insurance Company and have been since January 1, 2016. The Township evaluates the vendor it utilizes for Life Insurance, AD&D and LTD every several years to ascertain that we are receiving the most cost-effective service available. In addition to cost effectiveness, we evaluate to ensure that potential new carriers can administer the benefits outlined in our union contracts and provide the best customer service available.
- IV. **Other Relevant Background Information:** The Township signed a three-year agreement with the Pennsylvania Municipal Health Insurance Cooperative (PMHIC) to administer the Township healthcare related plans. PMHIC has worked with American United Life Insurance Company to obtain a proposal for administration of the Township's Life, AD&D and LTD Benefits. The proposal received includes a savings from our current AD&D and LTD coverage rates with a two-year rate guarantee. Staff thoroughly reviewed the proposal and confirmed that American United Life Insurance Company can match the provisions of our existing contract with Standard Insurance Company and those outlined in both our Workers Association and Fraternal Order of Police union contracts. This transition would also allow the Township to combine more products under the PMHIC umbrella and ease the administration process currently performed by the Human Resources Department.
- V. **Impact On Township Finances:** American United Life Insurance Company's proposal includes a 16 percent reduction on the Life/AD&D premium which will result in an approximate savings of \$2,950 per year. Their proposal also includes a 20 percent reduction on the LTD premium which will result in an approximate savings of \$17,800 per year. The overall anticipated savings per year is \$20,750.
- VI. **Staff Recommendation:** Staff recommends approval of an agreement to transition to American United Life Insurance Company for employee Life, LTD and AD&D coverage.