



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Details (With Text)

File #: 22-0454 **Version:** 1
Type: Agenda Item **Status:** Adopted
File created: 5/4/2022 **In control:** Procurement Committee
On agenda: 5/19/2022 **Final action:** 5/19/2022
Title: Issue purchase order and enter into an agreement with Unum Life Insurance Company of America, a wholly owned subsidiary of Unum Group, to provide group term life insurance for employees for a three-year period, in an amount not to exceed \$350,000.00, Account 101-25000-601250, 501-50000-601250, Requisition 1578175

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
5/19/2022	1	Board of Commissioners	Approved	Pass

TRANSMITTAL LETTER FOR BOARD MEETING OF MAY 19, 2022

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Issue purchase order and enter into an agreement with Unum Life Insurance Company of America, a wholly owned subsidiary of Unum Group, to provide group term life insurance for employees for a three-year period, in an amount not to exceed \$350,000.00, Account 101-25000-601250, 501-50000-601250, Requisition 1578175

Dear Sir:

At the Board Meeting of December 21, 2017, in accordance with Contract 17-RFP-32, the Board of Commissioners awarded a purchase order to Mesirow Insurance Services, Inc. (Mesirow) to serve as the District's broker-of-record for a three-year period from 2018 through 2020. On October 1, 2020, the Board of Commissioners approved an extension of this contract through 2022. In this capacity, Mesirow has responsibility for securing quotes from the insurance market for specified insurance policies, including life insurance coverage, and presenting the quotes from qualified carriers to the Human Resources Department for review and for recommendation of a selected carrier to the Director of Procurement and Materials Management. The premium for the life insurance coverage is paid directly to the insurance carrier. The current coverage will expire on July 31, 2022.

The life insurance program currently offered by the District includes \$20,000.00 basic term life insurance coverage for each employee. This coverage will increase to \$25,000.00 for each employee effective August 1, 2022. The cost of this coverage is paid by the District. Employees are also provided an opportunity to purchase additional coverage up to a maximum of \$250,000.00. Optional spouse coverage of \$5,000.00 or \$10,000.00 and dependent coverage of \$2,500.00 or \$5,000.00 are also available. These additional coverages are voluntary and are paid by the employee.

On April 15, 2022, the District received the bid quotations which Mesirow had solicited pursuant to the detailed specifications for the group term life insurance coverage. Five (5) carriers were approached for quotations and three (3) quotes were received from: Guardian Life Insurance Company of America; Metropolitan Life Insurance Company; and Unum Life Insurance Company of America (Unum). All three carriers submitted quotes for the requested three-year contract period with rate guarantees for the 36-month period.

The quotations/responses were evaluated by Mesirow and representatives from the Human Resources Department. Based on the review, it was determined that the District should place this coverage with Unum. The company is licensed to do business in Illinois and complied with the terms and conditions of the bid specifications. The company's A.M. Best Company rating is A (Excellent). Unum was the insurance carrier for the District employee life insurance policy from 2014 through 2018 and provided quality service during that period. The quotes reflect a significant increase in premiums (29.41% basic coverage; 18.77% optional coverage) due to high life insurance claims experience over the current contract period (loss ratio of 147% for current 3-year term). Although Guardian did submit a lower cost quote, the coverage included provisions that would terminate spousal coverage at age 70, reduce the benefit for newborn dependents in the first 14 days of life, and eliminate the portability option at the time of retirement for those employees age 70 and older. These limitations do not exist under the current District coverage and would reduce the value of the benefit.

Appendix A and Appendix V are not included in this contract.

In view of the foregoing, it is recommended that the Director of Procurement and Materials Management be authorized to issue a purchase order to Unum in an amount not to exceed \$350,000.00.

The estimated expenditure for 2022 is \$39,000.00. Funds for 2022 are available in Account 101-25000-601250 and 501-50000-601250. The estimated expenditures for 2023, 2024 and 2025 are \$116,500.00, \$116,500.00 and \$78,000.00 respectively. Funds for 2023, 2024 and 2025 are contingent upon the Board of Commissioners' approval of the District's budget for those years.

Requested, Beverly K. Sanders, Director of Human Resources

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for May 19, 2022