

CITY OF DILLINGHAM, ALASKA

RESOLUTION NO. 2013-61

A RESOLUTION OF THE DILLINGHAM CITY COUNCIL AUTHORIZING THE CITY MANAGER TO CONTRACT WITH UNUM LIFE INSURANCE TO INCREASE LIFE INSURANCE COVERAGE FOR CITY OF DILLINGHAM EMPLOYEES

WHEREAS, the City of Dillingham currently carries Life insurance coverage through Unum at 1x (times) annual salary to \$60,000; and

WHEREAS, the City Manager's contract dictates the City will provide life insurance coverage at a value of 1.5x the City Manager's wages; and

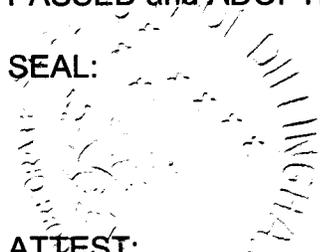
WHEREAS, the City feels this same benefit should be available to all employees; and

WHEREAS, the trend in employee benefits is to have a more generous life insurance policy offering;

NOW, THEREFORE, BE IT RESOLVED by the Dillingham City Council that the City Manager is hereby authorized to sign an Agreement with Unum Life Insurance for an increased policy raising the coverage to 1.5x annual salary to \$200,000 maximum.

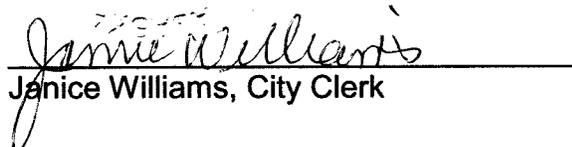
PASSED and ADOPTED by the Dillingham City Council on October 10, 2013.

SEAL:




Alice Ruby, Mayor

ATTEST:


Janice Williams, City Clerk

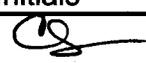
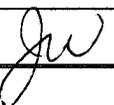
Subject: Authorize City Manager to increase the City of Dillingham Employees life insurance coverage

Agenda of: October 10 , 2013

Council Action: This resolution is being recommended for approval.

Manager: Recommend approval.

City Manager: Rose Loera
Rose Loera

| Route To: | Department / Individual | Initials | Remarks |
|-----------|--------------------------------|--|---------|
| X | Finance Director / Carol Shade |  | |
| X | City Clerk / Janice Williams |  | |

Fiscal Note: Yes X No _____ Funds Available: Yes _____ No _____

Other Attachment(s):

- Life and AD&D Cost Analysis

Summary Statement.

The Finance & Budget Committee reviewed the recommendation of the City Manager and the Finance Director to increase the life insurance coverage to all employees.

Currently the City Manager's contract specifies life insurance coverage at 1.5x(times) the annual salary. Procuring life insurance for an individual is very difficult and becomes relatively expensive. In the discussions with our insurance broker who handles our current health and life insurance, the recommendation was made by him to pursue a group life policy. The original recommendation from the agent was two classes of employees at two different rates. When that recommendation came to the Finance & Budget Committee they did not want to separate the two classes of employees and asked for a cost analysis of increasing all eligible City of Dillingham employees. The information was presented to the Finance & Budget Committee at the September 23, 2013 meeting and it is their recommendation to offer this increased life insurance benefit to all the eligible City of Dillingham employees.

City of Dillingham
Fiscal Note

Agenda Date: October 10, 2013

Request:

ORIGINATOR: Carol Shade

| | | | |
|--|--------------------------|---|--|
| FISCAL ACTION (TO BE COMPLETED BY FINANCE) | | FISCAL IMPACT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | |
| AMOUNT REQUESTED: | | FUNDING SOURCE | |
| \$ | 4,354.24 | General Fund & Special Revenues | |
| FROM ACCOUNT | | Project | |
| General Fund Various Departments & Special Revenue Funds | \$ 4,354.24 | Increase Life Insurance | |
| TO ACCOUNT: | VERIFIED BY: Carol Shade | Date: 9/26/2013 | |

EXPENDITURES

| OPERATING | FY14 | FY15 | FY16 | FY17 |
|------------------------|--------------------|-------------|-------------|-------------|
| Personnel | | | | |
| Fringe Benefits | 4,354.24 | | | |
| Planning | | | | |
| Computer Hardware | | | | |
| Land/Buildings | | | | |
| Miscellaneous | | | | |
| TOTAL OPERATING | \$ 4,354.24 | \$ - | \$ - | \$ - |

| | | | | |
|---------|--|--|--|--|
| CAPITAL | | | | |
|---------|--|--|--|--|

| | | | | |
|---------|--|--|--|--|
| REVENUE | | | | |
|---------|--|--|--|--|

FUNDING

| | | | | |
|-------------------------|--------------------|-------------|-------------|-------------|
| General & Special Funds | \$ 4,354.24 | | | |
| State/Federal Funds | | | | |
| BBEDC | - | | | |
| TOTAL FUNDING | \$ 4,354.24 | \$ - | \$ - | \$ - |

POSITIONS

| | | | | |
|-----------|--|--|--|--|
| Full-Time | | | | |
| Part-Time | | | | |
| Temporary | | | | |

ANALYSIS: (Attach a separate page if necessary)

See Resolution 2013-61

PREPARED BY: Carol Shade

September 26, 2013

DEPARTMENT: Finance Department

September 26, 2013

City of Dillingham
Life and AD&D Cost Analysis
 Effective October 1, 2013

AlaskaUSA
Insurance Brokers

| | Current Coverage Unum Group Life, Class I Only | Proposed Coverage Unum Group Life, All Employees |
|---|--|--|
| Rates | | |
| Volume (monthly) | \$2,304,000 | \$3,636,600 |
| Life Rate (per \$1,000) | \$0.195 | \$0.205 |
| AD/D Rate (per \$1,000) | \$0.050 | \$0.050 |
| Estimated Monthly Premium | \$564.48 | \$927.33 |
| Estimated Annual Premium | \$6,773.76 | \$11,128.00 |
| Percentage Change | | 64.3% |
| Annual Dollar Change | | \$4,354.24 |
| Rate Guarantee | 2 years | 2 years |
| Life Amount | 1x annual salary to \$60,000 | 1.5x annual salary to \$200,000 max |
| Accidental Death & Dismemberment Amount | 1x annual salary to \$60,000 | 1.5x annual salary to \$200,000 max |
| Benefit Maximum | \$60,000 | \$200,000 |
| Guarantee Issue | 1x annual salary to \$60,000 | \$200,000 |
| Waiver of Premium | Included | Included |
| Accelerated Benefit | 100% | 100% |
| Reduction Schedule | to 65% at age 65; 50% at age 70 terminates at retirement | to 65% at age 65; 50% at age 70 terminates at retirement |
| Conversion | Included | Included |
| Portability | Included | Included |

*Group Life Policy requires 100% employee participation and is paid for by the employer.

This is not a complete explanation of covered services, exclusions, limitations, reductions or the terms of these programs. This is not a contract. For complete coverage provisions, including descriptions of waiting period, limitations and exclusions please refer to the specific contract/policy.