

July 14, 2016

Alderwoman Milele Coggs, Chairwoman
City of Milwaukee Common Council Finance and Personnel Committee
200 East Wells Street, Room 205
Milwaukee, WI 53202

File No: 160041 Contract with Group Life Insurance vendor for 2017-2019

Dear Alderwoman Coggs and Finance Committee Members:

File 151561 authorized the Department of Employee Relations (DER) to complete a request for proposal (RFP) process for Group Life Insurance Providers. The current contract with Aetna began on January 1, 2014 and ends on December 31, 2016

The RFP process has been completed and DER and the Employees' Retirement System (ERS) are recommending the City enter into a new contract with MetLife to provide group life insurance benefits to City employees for a three year period with the option to extend the contract for two years.

A review team that included Jerry Allen, Beth Conradson-Cleary and Terry Siddiqui of ERS, Dennis Yaccarino from the Budget Office and Renee Joos from DER met with Willis Towers Watson, the City's consultant, to review the group life insurance responses.

It's important to note that the current vendor has incurred substantial losses on the existing policy and the current rates are unsustainable. MetLife is being recommended because their bid is the lowest cost option while also maintaining the same benefit design structure for employees and retirees. The MetLife total annual premium, based on the current enrollment and design structure, is \$592,000 higher annually than the current premium, but \$2.6 million below the current vendor's renewal bid. While the City's annual premium cost will increase approximately \$850,000, the MetLife bid is very competitive and a good value for the City. MetLife's terms also include a decrease in the age banded rates for voluntary insurance which will decrease the cost of that option for employees.

The review team concluded the bid from MetLife, which is lower than the other eight vendors, is a value for the City, City employees and City retirees. DER and ERS are recommending the City enter into a three year contract with MetLife with the option to extend for a two-year period.

Please contact me if you have any additional comments or questions regarding this file.

Sincerely,

Renee Joos,
Employee Benefits

CC: Maria Monteagudo, DER
Ellen Tangen, City Attorney's Office
Dennis Yaccarino, Budget Office