

**LRB-RESEARCH AND ANALYSIS SECTION**

**FINANCE AND PERSONNEL COMMITTEE**

**ITEM 5, FILE 070241**

**May 23, 2007**

**MARY E TURK**

File 070241 is a resolution relating to bids for group life insurance and appropriating a sum not to exceed \$25,000 from the Common Council Contingent Fund for the services of a consultant.

**Background**

1. The City provides life insurance benefits for eligible employees, as determined through collective bargaining and legislation. The City contracts with a life insurance carrier for the coverage and funds annual premiums through a special purpose account. The contracts are for five-year periods; the current contract expires on December 31, 2007.
2. The 2007 Budget provided \$3,165,000 for the Group Life Special Purpose Account.
3. The Group Life program involves relatively complex financial considerations in addition to customer service factors. Differences in premium rates, reserve practices, net retention rates and interest rates need to be analyzed and compared in order to estimate the financial impact of various proposals. The City does not possess the expertise required for this type of analysis. For this reason, the City has historically utilized consulting services to assist in the contract process, including an evaluation of the proposals.

**Discussion**

1. The Employes Retirement System (ERS) and City Attorney propose the retention of Willis of Wisconsin, Inc. for the consulting services, and payment of up to \$25,000 for same.
2. The resolution directs the ERS and City Attorney to manage the contract process for the Group Life Insurance program. The life insurance contract is subject to Common Council approval.

**Fiscal Effect**

The resolution authorizes the expenditure of up to \$25,000 from the Common Council Contingent Fund for the services of a consultant to assist the ERS and the City Attorney in the Group Life contract process. The department is presently requesting this expenditure through the Common Council Contingent Fund as had been done in the last cycle in 2002. However, since the department is aware that the expenditure will be required every 5 years, in the future, the department should plan for the expenditure in its annual budgets.

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