

Lee County Board Of County Commissioners

Agenda Item Summary

Blue Sheet No. 2002951

1. **REQUESTED MOTION:**

ACTION REQUESTED Award RFP-02-03 BASIC GROUP LIFE, AD&D & VOLUNTARY GROUP SUPPLEMENTAL LIFE INSURANCE, to the proposer whose proposal was evaluated by the Evaluation Committee as being in the best interest of Lee County, Standard Life Insurance, for the prices as listed on the Pricing Proposal Template (see attachment #3). The County intends to enter into a contract period of five (5) years.

WHY ACTION IS NECESSARY: Pursuant to Administrative Code AC-4-4 Lee County Contract Manual, approved by the Board on September 25, 2001, Committee recommendations and award shall be approved by the Board.

WHAT ACTION ACCOMPLISHES: Proposer will provide to the County Basic Group Life, AD&D & Voluntary Group Supplemental Life Insurance.

2. **DEPARTMENTAL CATEGORY:**

01 County Manager
COMMISSION DISTRICT #:

CLB

3. **MEETING DATE:**

09-03-2002

4. **AGENDA:**

- CONSENT
- ADMINISTRATIVE
- APPEALS
- PUBLIC
- WALK ON
- TIME REQUIRED:

5. **REQUIREMENT/PURPOSE:**
(Specify)

- STATUTE
- ORDINANCE
- ADMIN. CODE AC-4-4
- OTHER

6. **REQUESTOR OF INFORMATION:**

- A. COMMISSIONER
- B. DEPARTMENT
- C. DIVISION Human Resources
BY: George Williams, Director

7. **BACKGROUND:**

The Human Resources Office submitted a request to Contracts Management to obtain proposals for 03 BASIC GROUP LIFE, AD&D & VOLUNTARY GROUP SUPPLEMENTAL LIFE INSURANCE.

The deadline for receipt of proposals was July 16, 2002. A total of five (5) proposals were received by the established deadline. All five (5) proposals were considered at the Evaluation Committee meeting held on July 25, 2002. The Evaluation Committee consisted of the following staff members: William Hammond, Deputy County Manager as Chairman; Lori Parsons, Risk Management and Charlotte Veaux, Project Manager. At the Committee meeting it was requested by the Committee that clarifications be received regarding submittals and that the Committee would reconvene for review of clarifications and final evaluation. The Committee reconvened on August 1, 2002, and it was the consensus of the Committee to recommend award to Standard Life Insurance, whose proposal was evaluated by the Evaluation Committee as being in the best interest of Lee County, for the prices listed in the attached Pricing Proposal Template (see attachment #3). The County intends to enter into a five (5) year contract.

- Attachments: 1. Overall Rating Sheet
2. Overall Proposals Pricing Sheet
3. Standard Life Insurance Proposal

8. **MANAGEMENT RECOMMENDATIONS:**

9. **RECOMMENDED APPROVAL:**

A Department Director	B Purchasing or Contracts	C Human Resources	D Other	E County Attorney	F Budget Services				G County Manager
					OA	OM	Risk	GC	
<i>George A. Williams 8/20/02</i>	<i>[Signature]</i>	N/A		<i>[Signature]</i>	<i>RK 8/20</i>	<i>[Signature] 8/21/02</i>	<i>[Signature] 08/21/02</i>	<i>[Signature] 8/20/02</i>	<i>[Signature]</i>

10. **COMMISSION ACTION:**

- APPROVED
- DENIED
- DEFERRED
- OTHER

REC'D.
BY CO. ATTY.
[Signature]
CO. ATTY.
FORWARDED TO:
[Signature]
8/20/02

8-20-02
1:30
COUNTY ADMIN.
FORWARDED TO: *LC*
8/21/02
3:00 PM

Master Valuation

EVALUATION CRITERIA		Aetna Prudential FCL				
RFP-02-03 BASIC GROUP LIFE, AD&D AND VOLUNTARY GROUP SUPPLEMENTAL LIFE INSURANCE		Minn Life			Standard	
		Firm #1	Firm #2	Firm #3	Firm #4	Firm #5
A. Minimum Qualifications to be considered:						
1. Licensed in State of Florida						
2. AM Best Rating A- through A++ or equivalent rating from other recognized firm.						
B. Price - 50%						
1. Cost to LC for Basic Life & AD&D - 35% or				25	25	35
2. Cost of Voluntary Life 35%						15
3. Multi-Year Rate Guarantees 15%				10	15	
C. Duplication of Current Program 20%						
1. Adherence to current definitions & plans provisions				20	20	20
2. Plan design improvements which do not impact rates						
D. Reputation 15%						
1. Refer. & experience of insurer with gov. life insurance Prgs.				15	15	15
2. Comments from current and former clients						
E. Administration 15%						
1. Data & Plan Administration				10	15	10
2. Service					(5)	
3. Underwriting & experience data provided to LC						
4. Willingness to provide meaningful performance standards						
TOTAL POINTS				80	90	95

Non Responsive
 No References
 will not bundle
 Non Responsive
 will not bundle


 Committee Chairman

8/2/02 Charlotte Zear
 Benefits Manager

Jim P. Parsons
 8/2/02

**Lee County Government
Life and AD&D Comparisons**

	<i>Sun Life Current</i>	<i>Aetna</i>	<i>* Florida Combined Life</i>	<i>Minnesota Life</i>	<i>Prudential</i>	<i>Standard</i>
Benefit Amount (Active)						
Class 1	2 Times BAE	2 Times BAE	2 Times BAE	2 Times BAE	1 Times BAE to \$200,000	2 Times BAE
Class 2	1 Times BAE	1 Times BAE	1 Times BAE	1 Times BAE		1 Times BAE
Waiver of Premium	Yes	Yes	Yes	Yes	Yes	Yes
Life Age Reduction	70-50%	70-50%	70-50%	70-50%	70-50%	70-50%
Portability	Not available	Included with Supplemental life	Not available	Not available	Yes	Yes
Minimum Benefit	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Maximum Benefit	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000.00
Guarantee Issue	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Benefit Amount (Retirees)						
Class 1	\$5,000	\$5,000	\$5,000	\$5,000	Flat \$5,000	\$5,000
Class 2	\$2,500			\$2,500		\$2,500
Rate Guarantee	1 Year	2 Years	2 Years	3 Years	3 Years	** 3 Years
Rate Per \$1,000 (Active)						
Life	\$0.26	\$0.30	\$0.27	\$0.27	\$0.346	\$0.25
AD&D	\$0.04	\$0.03	\$0.029	\$0.03	\$0.03	\$0.035
Total	\$0.30	\$0.33	\$0.299	\$0.30	\$0.376	\$0.285
Volume	\$89,144,086	\$89,144,086	\$89,144,086	\$89,144,086	\$89,144,086	\$89,144,086
Monthly Cost	\$26,743	\$29,418	\$26,654	\$26,743	\$33,518	\$25,406
Retiree Class 1 (\$5,000 Benefit)	Rate per \$5,000	Rate per \$1,000	Rate per \$1,000	Rate per \$1,000	Rate per \$1,000	Rate per \$5,000
Life	\$0.26	\$0.30	\$0.27	\$1.85	\$0.346	\$0.65
Volume	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000	\$1,300,000
Monthly Cost	\$68	\$390	\$351	\$2,405	\$450	\$169
Retiree Class 1 (\$2,500 Benefit)	Rate per \$2,500	Rate per \$1,000	Rate per \$1,000	Rate per \$1,000	Rate per \$1,000	Rate per \$2,500
Life	\$0.13	\$0.30	\$0.27	\$1.85	\$0.346	\$0.33
Volume	\$452,500	\$452,500	\$452,500	\$452,500	\$452,500	\$452,500
Monthly Cost	\$24	\$136	\$122	\$837	\$157	\$60
Total Annual Cost	\$322,012	\$359,320	\$325,527	\$359,824	\$409,494	\$307,618
* Option 2 Active & Retirees rated separately, Active: Life \$0.231, AD&D \$0.03. Retirees: \$2.00/\$1,000. Total annual cost \$319,120						
** If loss ratio < 90% no increase for 4th and 5th year						

S T A N D A R D I N S U R A N C E C O M P A

EMPLOYEE BENEFITS PROPOSAL FOR

*Lee County Board
of
County Commissioners*

Table of Contents

Section

REQUIRED FORMS 1

Proposal Form
Anti-Collusion Statement
Proposer's Warranty

THE STANDARD INSURANCE 2

"The Standard Insurance Company at a Glance"
Financial Ratings
2001 Annual Report

PROPOSAL 3

Pricing Template
Deviations & Exceptions
Proposal
Performance Guarantee

QUESTIONNAIRE 4

Questionnaire
National Accounts Team Chart
Biographies

TECHNOLOGY & INNOVATIVE SERVICES.....5

"Explore the possibilities"
E-Contract Documents

LIFE & AD&D CLAIMS MANAGEMENT 6

Life Features
Life Claims Unit Narrative
Claim Management Flowchart
"Accelerated Benefits" Brochure
"Standard Secure Access" Brochure
"Family Benefits Package" Brochure
"Repatriation Benefit Package" Brochure
Life Claim Packet
Accelerated Benefit Claim Packet
AD&D Claim Packet
Waiver of Premium Claim Packet

Table of Contents
(Continued)

FINANCIAL REPORTS 7

- Life Reports
 - Management Reports
 - Experience Report
 - Claim Experience Report

EXHIBITS 8

- Sample Communication & Enrollment Materials
- Life Conversion Packet
- Sample Contract

PROPOSAL NO.: RFP-02-03

OFFICAL PROPOSAL FORM

LEE COUNTY, FLORIDA
PROPOSAL PRICE FORM FOR:
DATE SUBMITTED: July 11, 2002

PROPOSER NAME: Standard Insurance Company

TO: The Board of County Commissioners
Lee County
Fort Myers, Florida

Having carefully examined the "General Conditions", and the "Detailed Specifications", all of which are contained herein, the Undersigned proposes to furnish the following which meet these specifications:

The undersigned acknowledges receipt of Addenda numbers: 1, 2 & 3

THE CONTRACT WILL BE FOR A PERIOD OF FIVE (5) YEARS

Proposers should carefully read all the terms and conditions of the specifications. Any representation of deviation or modification to the proposal may be grounds to reject the proposal.

Are there any modifications to the proposal or specifications?

Yes _____ No X

Failure to clearly identify any modifications in the space below or on a separate page may be grounds for the proposer being declared nonresponsive or to have the award of the proposal rescinded by the County.

MODIFICATIONS:

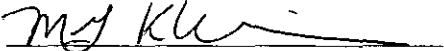
Proposer shall submit his/her proposal on the County's Proposal Price Form, including the firm name and authorized signature. Any blank spaces on the Proposal Price Form, qualifying notes or exceptions, counter offers, lack of required submittals, or signatures, on Lee County's Form may result in the Proposer/Proposal being declared non-responsive by the County.

ANTI- COLLUSION STATEMENT

THE BELOW SIGNED PROPOSER HAS NOT DIVULGED TO, DISCUSSED OR COMPARED HIS PROPOSAL WITH OTHER PROPOSERS AND HAS NOT COLLUDED WITH ANY OTHER PROPOSER OR PARTIES TO A PROPOSAL WHATSOEVER. NOTE: NO PREMIUMS, REBATES OR GRATUITIES TO ANY EMPLOYEE OR AGENT ARE PERMITTED EITHER WITH, PRIOR TO, OR AFTER ANY DELIVERY OF MATERIALS. ANY SUCH VIOLATION WILL RESULT IN THE CANCELLATION AND/OR RETURN OF MATERIAL (AS APPLICABLE) AND THE REMOVAL FROM THE MASTER BIDDERS LIST.

FIRM NAME Standard Insurance Company

BY (Printed): Marty Klinkhammer

BY (Signature): 

TITLE: Regional Vice President

FEDERAL ID# OR S.S.# 93-0242990

Below information for our Tampa group office

ADDRESS: 4350 West Cypress, Suite 702

Tampa, FL 33607

PHONE NO.: 813-879-2900 or 800-325-5757

FAX NO.: 813-879-2431

CELLULAR PHONE/PAGER NO.: N/A

LEE COUNTY OCCUPATIONAL LICENSE NUMBER: N/A

E-MAIL ADDRESS: mcuervo@standard.com (Contact: Michael Cueravo)

REV: 7/28/00


PROPOSER'S WARRANTY

The undersigned person, by the undersigned's signature affixed hereon, warrants that:

1. The undersigned is an authorized representative of the firm and the enclosed proposal is submitted on behalf of the firm.
2. The undersigned has carefully reviewed all the materials and data provided on the firm's proposal and, after specific inquiry, warrants all the material and data to be true and correct.
3. The proposal offered by the firm is in full compliance with the scope and provisions set form in the RFP, except as specifically noted.
4. The firm authorizes Lee County, its staff, its members or consultants, to contact any of the references provided in the proposal and specifically authorizes such references to release either orally, or in writing, any appropriate data with respect to the firm offering this proposal.
5. The undersigned has been specifically authorized to issue a contract in full compliance with all requirements and conditions as set forth in this RFP other than those deviations noted above.
6. If this proposal is accepted, contracts will be issued as negotiated.

Standard Insurance Company
COMPANY NAME

By (Printed): Marty Klinkhammer

By (Signature): 

Title: Regional Vice President

Date: July 11, 2002



Standard Insurance Company at a Glance

Company Facts

Founded in 1906 in Portland, Oregon, Standard Insurance Company offers comprehensive group insurance coverage to companies with two or more eligible employees as well as individual insurance products and retirement plans. The Standard has built a national reputation with quality insurance products, innovation and strong financial performance. The Standard has \$6.54 billion in assets and \$2.13 billion in annual revenue.

Employee Benefits Division

- \$996.2 million inforce premium
- 48,657 policies inforce
- 4.9+ million covered lives
- Over 47 years of employee benefits experience
- More than 11,273 active producers
- Employee Benefits Sales & Service offices nationwide

Group Long Term Disability

- \$434.2 million inforce premium
- 19,049 policies inforce
- 2.1+ million covered lives
- 25,700+ active claims
- 16,500 new claims per year
- 21 regionalized claim management teams
- One-third of the Employee Benefits Division is dedicated to disability management services

All figures are as of 12/31/00 and are based on internal data developed by The Standard; reinsurance assumed is excluded. Asset and revenue figures are calculated on a statutory basis of accounting. Certain statistics are unaudited.

Group Short Term Disability

- \$102.8 million inforce premium
- 6,779 policies inforce
- 642,608 covered lives

Group Life/AD&D

- \$381.5 million inforce premium
- 18,464 policies inforce
- 3.3+ million covered lives

Group Dental

- \$77.7 million inforce premium
- 4,332 policies inforce
- 144,514 covered lives

E-Business

- Reports OnlineSM (Internet Service)
Online Disability Claims Status Reports
- AdminEASESM (Internet Service)
Online Administrative Services

Put The Standard to work for you. Call your local Standard Insurance Company Employee Benefits Sales and Service Office at (800) 633-8575.

SI 7400 (03/01)

The Standard... in Employee BenefitsSM



Financial Ratings

Standard Insurance Company

<u>Rating Company</u>	<u>Rating</u>	<u>Rank of Rating</u>	<u>Description</u>	<u>Last Date Confirmed</u>
A.M. Best	A	3 rd of 13	“Excellent”	May 2001
Standard & Poor’s	A+	5 th of 16	“Strong”	December 2001
Moody’s	A1	5 th of 16	“Good financial security”	January 2002
Fitch <i>(formerly Duff & Phelps)</i>	AA-	4 th of 16	“Very high claims paying ability”	March 2001

Financial Size: A.M. Best – X

PROPOSAL NO.: RFP-02-03

PRICING TEMPLATE

Life and AD&D	
Benefit Amount	C1 = 2X BAE, C2 = 1X BAE, Retirees:<70 = 5,000, >70 = 2,500
Waiver of Premium	Match Inforce
Life Age Reduction	50% at age 70
Portability	Included
Rate per \$1,000	Basic = .25
Life	Retiree Basic = \$.65 per \$5,000 and
AD&D	\$.33 per \$2,500
Total	AD&D = .035 / \$1,000 Total = .283 per \$1,000
Guarantee Issue	\$10,000
Rate Guarantee	3 year with 4 th , then 5 th year guaranteed at no change if incurred loss ratio < 90%
Volume	\$98,913,438
Monthly Cost	\$28,009
Annual Cost	\$336,108

Voluntary Supplemental Life		
Rate per \$1,000		
Employee age	Employee	Spouse
Under 30	.09	.09
30 – 34	.10	.10
35 – 39	.12	.12
40 – 44	.17	.17
45 – 49	.28	.28
50 – 54	.46	.46
55 – 59	.79	.79
60 – 64	1.23	1.23
65 – 69	2.08	2.08
70 – 75	3.63	3.63
Child (ren)	1.28 per \$5,000	
Benefit Amount	\$5,000 to \$25,000	
Guarantee Issue Amount	\$5,000	
Portability	Included	
Accelerated Benefit	Included	
Rate Guarantee	3 year with 4 th , then 5 th year guaranteed at no change if incurred loss ratio < 90%	
Minimum Participation	15%	

PROPOSAL NO.: RFP-02-03

DEVIATIONS AND EXCEPTIONS

Disclose all Deviations and Exceptions herein. If not disclosed, proposer agrees proposed plan(s) are identical to those offered currently. Proposer need not have four distinct contracts; however, all benefits provided in current contracts must be offered.

Benefits and terms under Life and AD&D contract

Increasing guarantee issue for Basic Life to \$50,000

Benefits and terms under Voluntary Supplemental Life contract

Increasing guarantee issue for Voluntary Supplement Life to \$50,000 for employee and \$25,000 for Spouse

Basic Life and AD&D Plan 1

COVERED MEMBERS

An active employee of the Employer working 30 hours per week

Class 1: Administrators and Executive Pay Plan Employees

Class 2: All Other Active Employees

Class 3: All Retirees less than age 70

Class 4: All Retirees greater than age 70

PLAN

	Class 1	Class 2	Class 3
Benefit Formula	2 X Annual Earnings	1 X Annual Earnings	Flat \$5,000
Rounding	Up to next \$1,000	Up to next \$1,000	N/A
Maximum Benefit	\$200,000	\$200,000	N/A
Age Based Benefit Reduction	To 50% at age 70	To 50% at age 70	To 50% at age 70
Guarantee Issue	\$50,000	\$50,000	Full Benefit
Employer Contribution	100%	100%	0%

Class 4	
Benefit Formula	Flat \$2,500
Age Based Benefit Reduction	To 50% at age 70
Guarantee Issue	Full Benefit
Employer Contribution	0%

COST

		Members	Volume	X	Rate	=	Monthly Premium
All Actives	Life	2427	\$97,787,500		0.25 / \$1,000		\$24,447
Retiree<70	Life	260	\$1,275,000		\$.65 per member		\$169
Retiree>70	Life	181	\$226,250		\$.33 per Member		\$60
	ADD	2427	\$97,787,500		0.035		\$3,423
Total							\$28,099

- 60 day Notice of Rate Change.
- 3 year rate guarantee with conditional 4th, then 5th years at no change if Incurred Loss Ratio <90%.

FEATURES

- Includes Accelerated Benefit.
- Includes AdminEase: on-line administration kits, claim forms and resource library.
- For class 1, 2: Waiver of Premium included. Termination at age 70.

PLAN NOTES

- Includes Child Care, Higher Education and Career Adjustments Benefits.
- A Seat Belt benefit is included.
- For class 3, 4: Evidence required for enrolling more than 31 days after eligibility
- For class 3, 4: Waiver of Premium and Accelerated Benefits not included for retirees.
- For class 3, 4: Evidence required for members eligible but not enrolled.
- Includes conversion and portability

Dependent Life Plan 1

COVERED MEMBERS

A Child of an active employee of the Employer working 30 hours per week

PLAN

Child Benefit Formula: Under 6 months	\$5,000 to \$25,000 in \$5,000 Increments
Child Benefit Formula: 6 months or more	\$5,000 to \$25,000 in \$5,000 Increments

COST

Members:	Elective: Paid by each member electing coverage
All Eligible	\$1.28

PLAN NOTES

- Includes Conversion

CONDITIONS

- Dependent Life must be purchased with Basic Life

Additional Life Plan 1

COVERED MEMBERS

An active employee of the Employer working 30 hours per week

PLAN

Benefit Formula	Match Inforce
Age Based Benefit Reduction	To 50% at age 70
Guarantee Issue	\$50,000
Employer Contribution	0%

- For coverage to become effective on 07/01/2002, the greater of 15% of eligible members, or 25 members must enroll.

COST

	<u>Members</u>	<u>Age</u>	<u>Rate: Per \$1,000</u>	<u>X</u>	<u>Volume</u>	=	<u>Monthly Premium</u>
All Enrolled	13	< 29	0.09		\$1,435,000		\$129
	21	30-34	0.10		\$955,000		\$96
	82	35-39	0.12		\$5,499,000		\$660
	100	40-44	0.17		\$6,203,000		\$1,055
	92	45-49	0.28		\$5,353,000		\$1,499
	75	50-54	0.46		\$4,701,000		\$2,162
	25	55-59	0.79		\$1,421,000		\$1,123
	2	60-64	1.23		\$175,000		\$215
	2	65-69	2.08		\$30,000		\$62
	3	70-74	3.63		\$32,000		\$116
	0	75 +	3.63		\$0		\$0
Total							\$7,117

- 60 day Notice of Rate Change.

FEATURES

- Includes Accelerated Benefit.
- Waiver of Premium included. No termination at any age. Scheduled reductions do apply.

PLAN NOTES

- Evidence required for enrolling more than 31 days after eligibility
- Evidence required for members eligible but not enrolled.

CONDITIONS

- Additional Life must be purchased with Basic Life
- Assumes census includes participants only.

Spousal Life Plan 1

COVERED MEMBERS

A Spouse of an active employee of the Employer working 30 hours per week

PLAN

Benefit Formula	Match Inforce (1/2 Employee Amount)
Age Based Benefit Reduction	To 50% at age 70
Guarantee Issue	\$25,000
Employer Contribution	0%

- For coverage to become effective on 07/01/2002, the greater of 15% of eligible members, or 25 members must enroll.

COST

All Enrolled	<u>Members</u>	<u>Age</u>	<u>Rate: Per \$1,000</u>	X	<u>Volume</u>	=	<u>Monthly Premium</u>
	To be determined	< 29	0.09		To be determined		To be determined
		30-34	0.10				
		35-39	0.12				
		40-44	0.17				
		45-49	0.28				
		50-54	0.46				
		55-59	0.79				
		60-64	1.23				
		65-69	2.08				
		70-74	3.63				
		75 +	3.63				
Total							

- 60 day Notice of Rate Change.

FEATURES

- No Waiver of Premium included.

PLAN NOTES

- Evidence required for enrolling more than 31 days after eligibility
- Evidence required for members eligible but not enrolled.

CONDITIONS

- Spousal Life must be purchased with Employee Life

We appreciate the opportunity to provide you with this benefit and cost summary proposal from The Standard. This document outlines certain important features of the group insurance coverages available. This is not a contract or an offer to contract for such coverages. Detailed information about other important features of the coverage proposed is available on request. Just ask your broker/consultant or Standard representative.

A completed application must be submitted before a group can be considered for coverage. Insurance will be effective after the application is accepted by The Standard. If approved, we will issue a contract containing our customary language. It will not duplicate existing policy language, if any. The group contract will contain provisions and defined terms not described in this Benefit and cost summary proposal. The group contract will control if there are discrepancies between it and this proposal.

The proposed premium rate and plan design for each coverage are based on the underwriting data received by The Standard. Final premium rates and plan provisions will be determined by The Standard on the basis of: applicable state laws, policyholder contributions, confirmation of occupations, the actual composition of the group of persons who will become insured, and our current underwriting rules and practices.

This benefit and cost summary proposal expires on September 25, 2002, unless replaced or withdrawn by The Standard.



Performance Guarantee

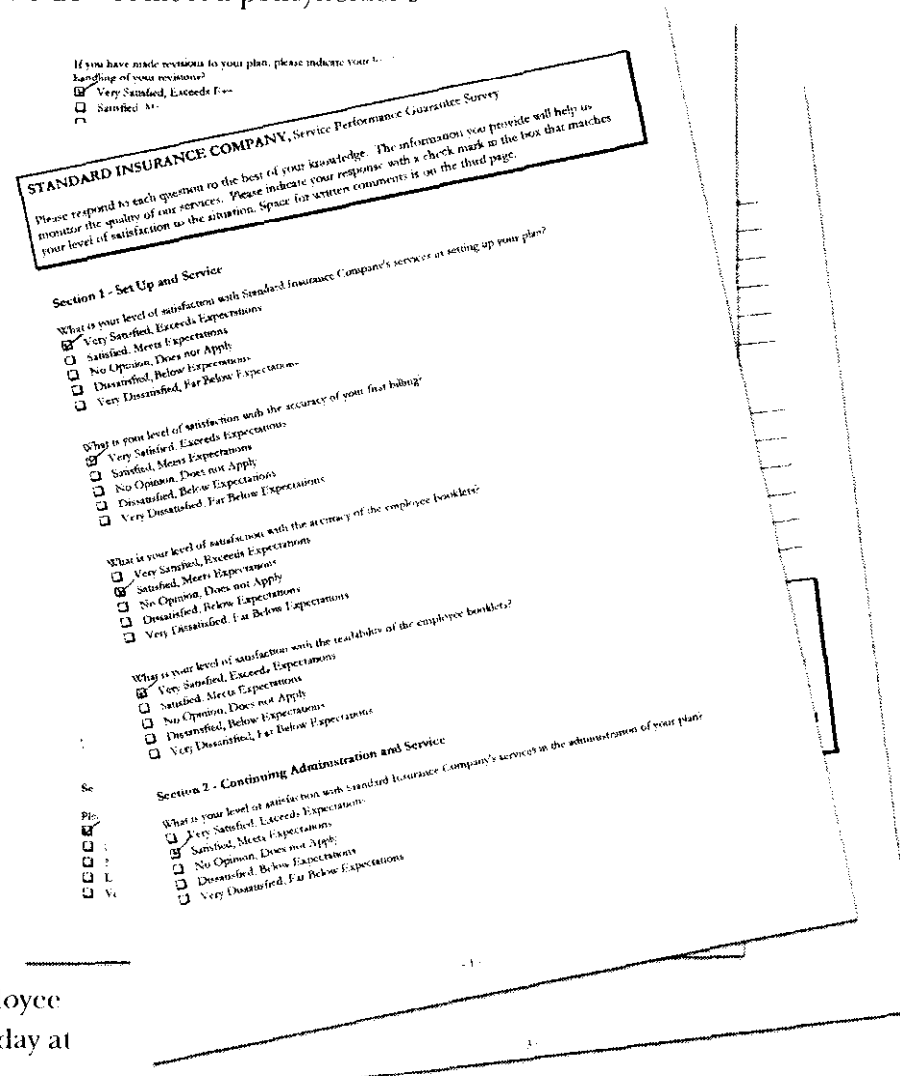
A Commitment to Quality Service

With Standard Insurance Company's Performance Guarantee Program, we guarantee delivery on the promises made to our customers. The program is automatically offered to group policyholders with 1,000 or more covered lives. We're so committed to meeting or exceeding expectations, we will refund five percent of the previous quarter's expenses, excluding commissions and premium tax, in the event that we do not meet a policyholder's overall service expectations.

Features and Benefits

- Policyholders define what is important to them, so we're clear up front regarding the criteria on which we'll gauge their satisfaction.
- We survey policyholders annually to continually measure their satisfaction with our service.
- Constant communications between The Standard and our policyholders enable us to understand and assure we are meeting their needs.
- The program provides a direct line of communication to ensure quality service and results.

For more information on our Performance Guarantee Program, call your insurance broker or local Standard Insurance Company Employee Benefits Sales and Service Office today at 800.633.8575.



ATTACHMENT A

PROPOSAL SUBMITTAL REQUIREMENTS

(For YES/NO Answers, if "NO", explain why or define)

General Questions

1. Provide your most recent ratings for claim payment ability and/or financial size:

AM Best	A
Standard & Poors	A+
Moody's	A1
Duff & Phelps	AA-
Other	N/A

(Provide a copy of your most recent financial report)

2. References: Provide references from your local sales office for the following:

<i>New Business, completed installation, over 1,000 lives</i>	
Company Name: Orange County Government	
Contact Name Linda DiGorio	Title
Phone 407-836-2951	Fax
E-Mail linda.digorio@ocfl.net	Contract Since 1/1/02
<i>Established Business, over 1,000 lives</i>	
Company Name: Hillsborough County BOCC	
Contact Name Pat Newcomer	Title
Phone 813-276-2732	Fax
E-Mail newcomerp@hillsboroughcounty.org	Contract Since 2/1/97
<i>Established Business, over 1,000 lives</i>	
Company Name: Osceola County Government	
Contact Name Dave Apfelbaum	Title
Phone 407-343-3154	Fax
E-Mail baum@osceola.org	Contract Since 4/3098

3. Explain your renewal rating formula.

Your renewal rate is based on our best projection of the premium needed to fund the claims incurred in the future (and our related expenses). This will explain our methodology to you and illustrate how we have tailored it to your group.

Your demographics First, we look at your demographics. We use actuarial tables and the data from our many insured groups to prepare a calculated rate based on your demographics: the best estimate of your group's experience in the long term. Generally, this calculation is re-done every few years.

Experience Next, we review your experience. Formulas compare your claims activity to the premiums you would have paid based on your calculated rate. We usually look at the most recent five years, and use the formulas to generate an experience rate (the rate that would have run the group at break-even).

The calculated rate and experience rate are combined to help determine future expected claims. Standard does not rate to recover losses.

"Beyond the numbers" After applying the formulas, Standard goes "beyond the numbers." We make sure the formula accurately represents future expectations:

- ◆ Was there an unusually large claim that impacted the results but is not likely to recur?
- ◆ Have there been plan design changes that will alter future claims activity?
- ◆ Has the makeup of the group changed, e.g., are you hiring younger employees, or making new acquisitions?

Rate Stability At Standard, we believe in reasonable rate stability. Life Insurance experience can vary drastically from year to year. The calculated rate is usually the best long term predictor of your experience. Therefore, our experience formulas emphasize calculated rates unless experience is radically different.

It's your group, not a formula! We identify the long term rate for your insurance, rather than jumping around each year. Your renewal rate represents our projection of your expected future claims: we rate your group, not a number from a formula!

Earned and Adjusted Premium Earned Premium is premium that was actually incurred during the period analyzed. It does not include overpayments or adjustments from other periods. Therefore, it reflects your actual insured volume. This premium is adjusted to the calculated rate which ensures that all years' risks get equal weight, and are not skewed by radical rate changes. The purpose of this adjustment is to determine if your calculated rate would adequately fund expected claims.

Total Incurred Claims Incurred claims consist of four components.

Paid Claims: included during the period they are paid.

Claims Reserves: most represent Waiver of Premium Reserves (set up at 65% of face value in the period they are approved). These reserves may appear as a negative number if more are closed than opened in a given period. If a new claim is certain to be paid, but is waiting for additional information, it may appear as a Claims Reserve at full face value.

IBNR: In the first year, we set up a fully funded IBNR Reserve (Incurred But Not Reported), established as a percentage of Annual Premium. This represents claims that have been incurred, but not reported to Standard. This reserve is adjusted up or down annually based on changes in Annual Premium.

Conversion charges: applied for claimants who convert to individual coverage.

Loss Ratio The Loss Ratio is the percentage of incurred claims to Adjusted Premiums. It does not include retention.

Retention Retention includes all expenses and risk charges. It includes administrative expenses, premium taxes and commissions (when appropriate), etc. The retention is shown based on the current percentage (not historical) applied to each period's Adjusted Premiums. We are measuring whether the calculated rate will adequately fund expected claims and expenses.

Experience rate This rate would have run your insurance plan during the analysis period a break even. The rate includes retention. This assumes we believe the experience 100%.

Life years & credibility A life year is one member insured for one year. It is used to determine credibility: the larger the group, and the longer insured, the more weight we give the experience. Plan design also affects credibility. Experience fluctuates more when life amounts vary (e.g., an earnings based schedule); Experience is more credible if all members have the same life amount because the number of claims is the only variable.

Blending Formula Experience is not considered very credible for life insurance. Our experience with thousands of groups shows that claims experience fluctuates for individual groups, but generally returns to calculated rates over the long term. We review experience to look for conditions unique to your group (i.e., above average health due to proactive company policies, or poor experience due to liberal Evidence requirements). However, our formula adjusts the final "pure" experience rate back towards Calculated Rate. This provides better rate stability and much more accurate long term pricing.

"Applied Credibility" Our exhibit includes an "applied credibility" factor that indicates how much we actually used the Calculated Rate in our decision.

Blended Rate The Blended Rate is the rate the formula projects will cover your plan costs in the future. Your underwriter will then consider your group, your experience and changes in your business that may impact the formula.

4. Explain how you set and adjust reserves at renewal.

Incurred But Not Reported (IBNR) reserves are established as a percent of annualized premium.

<i>IBNR RESERVES</i>	
Coverage	Percent of Annualized Premium
Term Life (with Waiver of Premium)	21.25%
Term Life (without Waiver of Premium)	7.5%
Dependent's Life	6%
AD&D	8%

IBNR reserves are adjusted each year according to the annual premium.

5. Are your insured IBNR claim reserves established on a formula basis or through actual case experience? What reserve factors have you used for death only? Waiver?

Incurred But Not Reported (IBNR) reserves are established as a percent of annualized premium.

<i>IBNR RESERVES</i>	
Coverage	Percent of Annualized Premium
Term Life (with Waiver of Premium)	21.25%
Term Life (without Waiver of Premium)	7.5%
Dependent's Life	6%
AD&D	8%

Active claims are reserve at Face Amount.

Waiver Of Premium reserves are established at 65% of Face Value. Age or type of disability are not factors in this calculation.

6. Please explain the conversion privilege (s) available under each contract/benefit. What is the conversion charge for these plans?

Our normal conversion provision applies to Basic Life, Supplement Life, and Dependent Life.

A member has the right to convert if they have been insured the minimum time stated in the group policy and may convert the lesser of the amount of their insurance or the maximum allowed by the group policy. The member must apply in writing and pay us the first premium during the conversion period which is the 31 day period after the date of any qualifying event.

The charge per \$1,000 of converted life volume is:

AGE	
Under age 35	\$ 25
35 - 44	50
45 - 54	120
55 - 64	225
Age 65 & over	410

7. Explain any portability provisions for the plans proposed. Current program for the Basic Life does not offer portability. What would the cost impact be in adding this provision to your quote.

If a Member's employment with the policyowner terminates the Member may continue their Life Insurance under the following conditions:

- Insurance to be continued must have been continuously in effect for at least 12 consecutive months.
- Member must be able to perform with reasonable continuity the material duties of at least one gainful occupation for which they are reasonably fitted by education, training and experience on the date employment terminates.
- Termination of employment is not due to retirement.
- Application must be made in writing within 31 days of termination of employment. The first Portability Premium must be submitted along with the request for Portability.
- The maximum amount of Life Insurance a Member can continue is the lesser of (1) the amount in effect on the date the Member's employment terminates or (2) \$100,000. The minimum amount is \$10,000.
- Extended coverage is limited to 24 months.

Insurance under this provision will end on the earliest of (1) the date coverage would otherwise end under the Group Policy (2) the end of the 24 month period during which coverage has been extended (3) the date the Member becomes insured under any other group life insurance policy and (4) the date of the Group Life Insurance policy with Standard terminates.

There would be no additional cost to add the Portability Benefit

8. If you are successful proposer, would you provide coverage to any employees who are in a transition period, i.e.,

- Will you provide coverage for employees who are not at work on current contract termination date due to sick leave, but have not yet applied for Waiver of Premium benefits due to disability, if these individuals will not be covered by current carrier?
YES ___ NO X
- Will you provide coverage for employees who have applied for Waiver of Premium benefits under current carrier due to disability but have not been approved?
YES ___ NO X

We assume that members absent from active work because of disability on the effective date of the change in carriers will be the responsibility of the prior carrier. Members absent from work for reasons other than disability will generally be considered eligible for coverage under Standard's policy. In practice, it is Standard's policy to see that no employee "falls through the cracks".

9. If you are the successful proposer, and in the future your contract with the County terminates:
- Will you provide coverage for employees who are not at work on contract termination date due to sick leave, but have not yet applied for Waiver of Premium benefits due to disability? YES X NO ___
 - Will you provide coverage for employees who have applied for Waiver of Premium benefits due to disability but have not been approved? YES X NO ___

All claims incurred while the policy is in effect remain the liability of Standard Insurance Company until the claimant recovers (at which time conversion is offered) or dies (and the claim is paid). Claims incurred prior to the termination of Standard's contract will remain Standard's liability.

10. There will be no minimum enrollment percentages for the voluntary life insurance. Proposer agrees to this stipulation YES ___ NO X

The minimum participation for the Voluntary Life Insurance will be 15%.

11. Will you accept all current participating employees, dependents and retirees at the current enrolled level of benefits without additional medical underwriting? YES X NO ___

12. Provide a sample claim form.

Sample claim packets are in the Claims Management Section of this proposal.

13. Provide sample employee communications, including proposed correspondence to beneficiaries.

Samples are in the Exhibits Section of this proposal.

14. Provide a sample contract for each product.

Sample policy is in the Exhibits Section of this proposal.

15. Describe any component of the current contracts, which you believe is non-compliant with Florida or Federal Statutes and Acts.

The current contracts do not appear to comply with ADEA age reductions.

PROPOSAL NO.: RFP -02-03

16. Describe the feasibility of coordinating with Florida Retirement System for direct deductions from pension checks. Please list any other clients you do this for..

The Standard would not be able to comply with this arrangement. We would however, be able to provide individual bills for the Retirees.

17. What would the impact to your retire rates be for your company to not handle all retiree premium collections? What percent reduction in retiree rates would the County realize by retaining this function?

Retiree billing and premium collections have been built into the rates. If the County wanted to proceed taking over this function, the Basic Life rates for the Active employees would be reduced by -1/2 cent from .25 to .245.

Employee/Retiree Basic Life and AD&D

Policy Number 44904

1. Does your definition of eligibility (persons and dependents) match the current definition?
YES NO

2. Do your eligibility dates match those currently in use? YES NO

3. Do your Effective Dates match those currently in use? YES NO

4. The County requests that any actively at work provisions be waived for employees covered by current carrier as of plan effective date. Will you waive actively at work requirements for all employees who were covered under the current carrier's policy (ies)?
YES NO

Standard's contract includes a continuity of coverage provision to ensure that no employee will lose coverage as a result of a change in carriers. However, employees who became disabled prior to the effective date should be the responsibility of the prior carrier.

5. Does your conversion policy match the policy currently in-force? YES NO

While the contract wording will be different, the intent will be to match the provisions of the inforce plan.

6. The County desires that premium rate changes be provided at least 270 days in advance. Will your contract reflect this?

Yes.

7. Does your proposed Schedule of Benefits match those shown for this contract? YES
NO

8. Does your age reduction formula match that currently in-force? YES NO

10. What payment options are available to the beneficiary?

We have three settlement options available to beneficiaries:

- "Standard Secure Access" for amounts of \$25,000 or more (per Beneficiary). "Standard Secure Access" is an interest-bearing Draft account set up in the beneficiary's name to use as the beneficiary wishes. Life insurance benefits are

safely deposited into the account and can be accessed by check, up to the full balance of the account. Checks can be written in amounts of \$250 or more. There are no monthly service fees, no per-check charges, no charges for additional checks and no penalties for withdrawal. Funds begin earning interest the day they are deposited. with interest compounded daily and added to the account on the last day of the month. Interest rate is a variable short term interest rate.

- Lump sum check for amounts less than \$25,000 per beneficiary. If the benefit is less than \$25,000 per beneficiary the benefits will be issued in a lump sum check.
- A transfer of the money to an interest earning, supplementary contract. Payments are made at whatever frequency determined by the beneficiary. If a minor is the beneficiary the money is held until the individual reaches the age of 18. This is a supplementary contract through our Individual Division.

10. The County requires that renewals and termination notice by the insurer be given at least 270 days in advance. Does your proposal accommodate this? YES X NO _____

11. Waiver of Premium: What is your definition of disability?

Total disability, under our Waiver of Premium provision, generally means that as a result of sickness, accidental injury, or pregnancy the Member is unable to perform with reasonable continuity the material duties of any gainful occupation for which the Member is reasonably fitted by education, training and experience.

12. Does your plan provide for extended death benefits for disability as per Florida Statues? YES X NO _____

13. Describe your Terminal Illness/Accelerated Death benefit.

- What proof of illness is required?

In the Claims Management Section is the claim packet for Accelerated Benefits. The Employer, Employee and Attending Physician have to fill out their respective statements and provided the requested documentation.

- How does your reserving methodology work? Is the entire potential payout counted as a claim, or is the balance withheld from experience?

The amount paid is shown as a paid claim and the remaining balance is shown as a Waiver of Premium claim.

- How do you track individuals who have received the initial benefit but have not provided proof of death within a specified time period (i.e., chronic, rather than terminal conditions) despite APS?

Before we approve an Accelerated Benefit claim we have a Nurse Case Manager review the medical in the claim. After we have approved the Accelerated Benefit claim we follow up in 8-12 months after the approval to get updated medical information if the claimant is still alive. After payout, the remainder is shown as a waiver of premium reserve.

So we track them through an active waiver claim and ongoing claims management. Then after a person dies we use the death certificate (in most cases) to pay remaining balance of the waiver claim.

Voluntary Supplemental Life

1. This benefit permits conversion to an individual policy. Does your proposed plan offer identical conversion? YES NO

While the contract wording will be different, the intent will be to match the provisions of the inforce plan.

2. Does your definition of eligibility (persons and dependents) match the current definition? YES NO

3. The current plan requires Evidence of Insurability. Does your proposed plan also require Evidence of Insurability? YES NO

The Guarantee Issue will be \$50,000 for the Basic Life, \$50,000 for the Voluntary Life for Active Employees, \$25,000 for Spouses and \$5,000 for Children.

4. Do your proposed Class structures match those currently in use? YES NO

5. Do your eligibility dates match those currently in use? YES NO

6. Do your Effective Dates match those currently in use? YES NO

7. The County requests that any actively at work provisions be waived for employees covered by current carrier as of plan effective date. Will you waive actively at work requirements for all employees who were covered under the current carriers' policy?
YES NO

Standard's contract includes a continuity of coverage provision to ensure that no employee will lose coverage as a result of a change in carriers. However, employees who became disabled prior to the effective date should be the responsibility of the prior carrier.

8. Does your conversion policy match the policy currently in-force? YES NO

While the contract wording will be different, the intent will be to match the provisions of the inforce plan.

9. Are there any deviations from any items contained within the current carriers' policy *OTHER THAN THE PREMIUM RATES AND RENEWAL NOTICE TIMEFRAME*?
YES NO

10. Does your proposed Schedule of Benefits match those shown for this contract? YES X
NO _____

11. Does your age reduction formula match that currently in-force? YES X NO _____

12. What payment options are available to the beneficiary?

We have three settlement options available to beneficiaries:

- **"Standard Secure Access" for amounts of \$25,000 or more (per Beneficiary). "Standard Secure Access" is an interest-bearing Draft account set up in the beneficiary's name to use as the beneficiary wishes. Life insurance benefits are safely deposited into the account and can be accessed by check, up to the full balance of the account. Checks can be written in amounts of \$250 or more. There are no monthly service fees, no per-check charges, no charges for additional checks and no penalties for withdrawal. Funds begin earning interest the day they are deposited. with interest compounded daily and added to the account on the last day of the month. Interest rate is a variable short term interest rate.**
- **Lump sum check for amounts less than \$25,000 per beneficiary. If the benefit is less than \$25,000 per beneficiary the benefits will be issued in a lump sum check.**
- **A transfer of the money to an interest earning, supplementary contract. Payments are made at whatever frequency determined by the beneficiary. If a minor is the beneficiary the money is held until the individual reaches the age of 18. This is a supplementary contract through our Individual Division.**

13. The County requires that renewals and termination notice by the insurer be given at least 270 days in advance. Does your proposal accommodate this? YES X NO _____

14. Waiver of Premium: What is your definition of disability?

Total disability, under our Waiver of Premium provision, generally means that as a result of sickness, accidental injury, or pregnancy the Member is unable to perform with reasonable continuity the material duties of any gainful occupation for which the Member is reasonably fitted by education, training and experience.

15. Waiver of Premium: Does your Waiver of Premium provision differs from that provided within this contract? YES _____ NO X

PROPOSAL NO.: RFP -02-03

How does your Terminal Illness/Accelerated Death Benefit differ from the one currently provided?

Standard proposal matches the requested schedule of benefits.

Our National Accounts Team

County Board of County Commissioners

TAMPA EMPLOYEE BENEFITS SALES & SERVICE OFFICE
Patrick Feldman, Employee Benefits Manager
Michael Cuervo, Employee Benefits Consultant
Christine D'Angelo, Account Manager

(813) 879-2900
1-800-325-5757
FAX (813) 879-2431

NATIONAL ACCOUNTS
Dick Murphy
Consultant
(207) 541-4280

HOMERIDGE HOME OFFICE

UNDERWRITING
Matt Poirier
Underwriter
(207) 541-4233

SERVICES
Ruth Sweeney
Supervisor
(503) 321-6709

LIFE BENEFITS
Benefit Admin.
DeeDee Bennett
Supervisor
(503) 321-6160

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INSURANCE

People. Not just policies.®

Biographies

Patrick Feldman, Employee Benefits Manger, Tampa Employee Benefits Sales & Service Office

Patrick first joined The Standard_{sm} in 1992 as a Sales Trainee in our Tampa Group Office and was with us for 5 years as a Consultant in the Tampa Office. He left to join Provident and then UNUMProvident. He rejoined The Standard_{sm} in November, 1999. He is actively pursuing his CEBS designation. He is a member of the Life Underwriters, Central Florida Assoc. of Life Underwriters (Board Member), Health Underwriters. He has a degree in Economics from University of South Florida.

Michael Cuervo, Employee Benefits Consultant, Tampa Employee Benefits Sales & Service Office

Mike brings over 10 years of insurance industry experience to The Standard. Prior to joining The Standard, he worked with several insurance leaders in Sales/Marketing in the Florida market. He is currently pursuing his CEBS designation.

Christine D'Angelo, Account Manager, Tampa Employee Benefits Sales & Service Office

Christine joined The Standard in 1998 as an Account Manager. Her primary focus in this position is national accounts in the Tampa office. Prior to joining The Standard, she was a Group Account Representative for 7 years with a large health insurance carrier. Prior to moving to Florida, Christine was an Assistant Supervisor of the claims unit for Principal Financial Group in Illinois.

Dick Murphy, National Accounts Consultant, Eastern Region Operations

Dick brings over 35 years of insurance experience to The Standard. His experience in the insurance industry includes work with a major insurance carrier as Vice President of National Accounts, as well as a Large Case Sales Representative and has managed several Operations/Administration areas. Dick holds a BS in Business Administration from Husson College.

Matt Poirier, National Accounts Underwriter, Eastern Region Operations

Matt brings to The Standard 15 years of insurance experience. He worked as an Underwriting Risk Manager for Duncanson & Holt (a major disability reinsurance carrier). Matt also served as Underwriting Director with John Hewitt & Associates, National Accounts Underwriter with a major insurance carrier, and as a stockbroker for Moseley Hallgarten. He holds a B.S. degree in Business Management and MBA from the University of Maine at Orono.

Ruth Sweeney, Supervisor, National Accounts Services

Ruth started with The Standard in March 1993 as a Rating Assistant in our Calculations Department; 2 1/2 years later she was the Lead in the department, and was promoted to Supervisor in 1997. She was previously a supervisor for First FarWest Insurance for seven years.

Dee Dee Bennett, Supervisor, Life Benefits, National Accounts

Dee Dee joined The Standard_{SM} in 1991 as a Life Examiner. She was promoted to Senior Examiner in 1996. Dee Dee was then promoted to Supervisor of the Life Benefits Unit in 1998. In 2001 the life department split into regional and national teams. Dee Dee is the supervisor for the national, large case, team. She is a graduate of Holy Cross Nursing school where she received her RN. While Dee Dee was an examiner she managed several large case groups such as State of Oregon, Arizona, Montana and Harris County. She is a LOMA Associate and is pursuing her FLMI. Before coming to The Standard, Dee Dee was an office manager for a securities firm and a full charge bookkeeper for several non-profit agencies.