



## BoardDocs Cover Page

(Due to final Cabinet-level approval on Monday at noon, 2+ weeks prior to BOE meeting date)

|  |  |   |
|--|--|---|
| Meeting Date:  | April 13, 2022   |   |
| Agenda Session:<br>(Category)  | <input checked="" type="checkbox"/> Work Session (Bids, former F&F items, grant approvals etc.)<br><input type="checkbox"/> Closed<br><input type="checkbox"/> Regular, Preliminary Items (System Recognitions)  | <input type="checkbox"/> Regular, Action/Consent<br><input type="checkbox"/> Board Items<br><input type="checkbox"/> Public Hearing<br><input type="checkbox"/> Board Committee   |
| Title (Subject):   | RFP 19MISC1, Life Insurance (Renewal)  |   |
| Access:  | <input type="checkbox"/> Private   | <input checked="" type="checkbox"/> Public  |
| Type:  | <input type="checkbox"/> Business Item<br><input type="checkbox"/> Policy Item<br><input type="checkbox"/> Strategic Plan Item<br><input type="checkbox"/> System Recognition<br><input type="checkbox"/> Action (e.g., bids, action/consent items)<br><input type="checkbox"/> Consent (e.g., staffing, policies) | <input type="checkbox"/> Information (e.g., grants under \$50K, *grants over \$50K are Information/Discussion/Action)<br><input type="checkbox"/> Discussion<br><input type="checkbox"/> Minutes<br><input type="checkbox"/> Report<br><input type="checkbox"/> Special Agenda Type<br><input type="checkbox"/> Procedure |
| Aspirational Goals:<br>(May select multiple)   | <input type="checkbox"/> 1-Student Achievement<br><input type="checkbox"/> 2-Effective and Engaged Staff<br><input checked="" type="checkbox"/> 3-Resource Allocation  | <input type="checkbox"/> 4-Family and Community Involvement<br><input checked="" type="checkbox"/> 5-Health and Safety  |
| Recommended Action:  | Board approval of contract renewal – RFP 19MISC1, Life Insurance   |   |
| Backup Documents:  | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO If yes, how many? _____<br>Is one a PowerPoint (PPT): <input type="checkbox"/> YES <input type="checkbox"/> NO   | Submitted: <input checked="" type="checkbox"/> Herewith <input type="checkbox"/> Later <input type="checkbox"/> Both<br>Comment: _____  |
| <p><b>Immediately following receipt of an email confirmation that this item has been approved by the Superintendent, the person posting this item to BoardDocs is responsible for emailing the approved PPT to <a href="mailto:jeremy.eccard@fcps.org">jeremy.eccard@fcps.org</a>, <a href="mailto:amelia.ross@fcps.org">amelia.ross@fcps.org</a>, <a href="mailto:jeremiah.johnson@fcps.org">jeremiah.johnson@fcps.org</a>, and <a href="mailto:brandon.oland@fcps.org">brandon.oland@fcps.org</a>.</b></p> |  |   |

**PURPOSE OF PRESENTATION:** Staff has reviewed the attached contract renewal and recommends approval by the Board of Education of Frederick County.

**BACKGROUND/SUMMARY:** This recommendation is to renew the contract for providing life insurance benefits to eligible Frederick County Public Schools employees, their dependents and retirees.

**PRESENTER(S) & TITLE(S):**

Kim Miskell, CSBO, Assistant Purchasing Manager  
 Chantress Baptist, Director, Human Resources.

**SUBMITTED BY:**

Bill Meekins CPPB, CPPO, NIGP-CPP, CSBO, CPCP, Purchasing Manager  
 Leslie R. Pellegrino, Chief Financial Officer

**RFP 19MISC1**  
**LIFE INSURANCE**  
**(RENEWAL)**

**FACT SHEET**

A. **Overview:** This recommendation is to renew the contract for providing life insurance benefits to eligible employees, their dependents and retirees.

1. **Other Facts:**

- The contract renewal period will be effective July 1, 2022 through June 30, 2024, with no renewal options remaining.
- To provide enhanced benefit options to employees and mitigate premium increases, the following voluntary\* plans remain available:
  - Voluntary Life Insurance for Employee, Spouse and Child Coverage
  - Short Term Disability Coverage

\*Employees are responsible for paying the premium of these voluntary coverages.

- The renewal terms reflect a combined premium rate increase of 9.4% driven by unfavorable claims experience. Retiree life insurance claims have exceeded premiums consistently year over year since FY18 and the number of retirees covered by the policy continues to grow. Active Basic Life/AD&D rates remain flat offsetting a 20% increase applied to Retiree Life rates.
- The school system currently offers group term life insurance to employees and retirees. The coverage amount for active employees is two times basic annual earnings rounded to the nearest \$1,000. The coverage amount for eligible retirees is one times basic annual earnings at retirement, subject to a \$50,000 maximum benefit; the Board of Education pays the first \$25,000 with the retiree paying the difference up to the \$50,000 maximum benefit.
- The contract will be administered by Chantress Baptist, Director, Human Resources.

2. **Source of Funding:** Contingent upon FY23, and FY24 Operating Budget Board approval.

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B. **Recommendation:** Staff recommends the contract for RFP 19MISC1 Life Insurance, be renewed to Standard Insurance Company dba: The Standard (Portland, OR), at an estimated annual cost of \$3,490,675 (\$2,428,885 = employer paid; \$1,061,790 = employee/retiree paid).

Note: Final contract cost will fluctuate per actual staffing levels, salary costs, and employee election of voluntary options. Assumptions used to calculate the estimated annual cost are noted in the attached renewal summary.

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C. **Action taken by the Board (Purchasing use only):**

|                       |              |                |             |                    |
|-----------------------|--------------|----------------|-------------|--------------------|
| <u>KM/mg</u> Approved | _____ Denied | _____ Deferred | _____ Other | KM/mg              |
| <u>4.13.22</u> Date   | _____ Date   | _____ Date     | _____ Date  | BOE Mtg.: 04.13.22 |

RFP 19MISC1, Life Insurance-Renewal

FREDERICK COUNTY PUBLIC SCHOOLS (FCPS)  
The Standard Life Insurance Renewal - Effective 7/1/2022

|  | Current FY22       |                         |                          | Renewal FY23       |                         |                          | Renewal FY23 with Projected Volume Increases |                         |                          |
|--|--------------------|-------------------------|--------------------------|--------------------|-------------------------|--------------------------|--|-------------------------|--------------------------|
|  | Annual Premium     | Employer Portion (FCPS) | Employee/Retiree Portion | Annual Premium     | Employer Portion (FCPS) | Employee/Retiree Portion | Annual Premium                               | Employer Portion (FCPS) | Employee/Retiree Portion |
| <b>Basic Life and AD&amp;D (Classes 1 &amp; 2)</b>     |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Ees  | 6,489              |                         |                          | 6,489              |                         |                          | 6,489  |                         |                          |
| Volume   | 780,612,000        |                         |                          | 780,612,000        |                         |                          | 836,347,697                                  |                         |                          |
| Basic Life Rate per \$1,000                            | \$0.099            |                         |                          | \$0.099            |                         |                          | \$0.099                                      |                         |                          |
| Basic AD&D Rate per \$1,000                            | \$0.014            |                         |                          | \$0.014            |                         |                          | \$0.014                                      |                         |                          |
| Monthly Premium  | \$88,209           | \$88,209                | \$0                      | \$88,209           | \$88,209                | \$0                      | \$94,507                                     | \$94,507                | \$0                      |
| Annual Premium   | \$1,058,510        | \$1,058,510             | \$0                      | \$1,058,510        | \$1,058,510             | \$0                      | \$1,134,087                                  | \$1,134,087             | \$0                      |
| <b>Employee Additional Life and AD&amp;D</b>           |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Ees  | 941                |                         |                          | 941                |                         |                          | 941  |                         |                          |
| Volume   | 68,575,000         |                         |                          | 68,575,000         |                         |                          | 70,632,250                                   |                         |                          |
| Additional Life Rate per \$1,000                       | Age Banded         |                         |                          | Age Banded         |                         |                          | Age Banded                                   |                         |                          |
| Additional AD&D Rate per \$1,000                       | \$0.020            |                         |                          | \$0.020            |                         |                          | \$0.020                                      |                         |                          |
| Monthly Premium  | \$19,301           | \$0                     | \$19,301                 | \$19,301           | \$0                     | \$19,301                 | \$19,301                                     | \$0                     | \$19,301                 |
| Annual Premium   | \$231,613          | \$0                     | \$231,613                | \$231,613          | \$0                     | \$231,613                | \$231,613                                    | \$0                     | \$231,613                |
| <b>Spousal Life and AD&amp;D</b>                       |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Ees  | 424                |                         |                          | 424                |                         |                          | 424  |                         |                          |
| Volume   | 19,125,000         |                         |                          | 19,125,000         |                         |                          | 19,125,000                                   |                         |                          |
| Spousal Life Rate per \$1,000                          | Age Banded         |                         |                          | Age Banded         |                         |                          | Age Banded                                   |                         |                          |
| Spousal AD&D Rate per \$1,000                          | \$0.020            |                         |                          | \$0.020            |                         |                          | \$0.020                                      |                         |                          |
| Monthly Premium  | \$5,724            | \$0                     | \$5,724                  | \$5,724            | \$0                     | \$5,724                  | \$5,724                                      | \$0                     | \$5,724                  |
| Annual Premium   | \$68,683           | \$0                     | \$68,683                 | \$68,683           | \$0                     | \$68,683                 | \$68,683                                     | \$0                     | \$68,683                 |
| <b>Child Life</b>                                      |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Ees  | 336                |                         |                          | 336                |                         |                          | 336  |                         |                          |
| Volume   | 3,360,000          |                         |                          | 3,360,000          |                         |                          | 3,360,000                                    |                         |                          |
| Child Life Rate per \$1,000                            | \$0.200            |                         |                          | \$0.200            |                         |                          | \$0.200                                      |                         |                          |
| Monthly Premium  | \$672              | \$0                     | \$672                    | \$672              | \$0                     | \$672                    | \$672  | \$0                     | \$672                    |
| Annual Premium   | \$8,064            | \$0                     | \$8,064                  | \$8,064            | \$0                     | \$8,064                  | \$8,064                                      | \$0                     | \$8,064                  |
| <b>Dependent Life (Grandfathered)</b>                  |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Ees  | 1,191              |                         |                          | 1,191              |                         |                          | 1,191  |                         |                          |
| Volume   | N/A                |                         |                          | N/A                |                         |                          | N/A  |                         |                          |
| Rate per Member  | \$0.900            |                         |                          | \$0.900            |                         |                          | \$0.900                                      |                         |                          |
| Monthly Premium  | \$1,072            | \$0                     | \$1,072                  | \$1,072            | \$0                     | \$1,072                  | \$1,072                                      | \$0                     | \$1,072                  |
| Annual Premium   | \$12,863           | \$0                     | \$12,863                 | \$12,863           | \$0                     | \$12,863                 | \$12,863                                     | \$0                     | \$12,863                 |
| <b>Retiree Life (Classes 4, 5, &amp; 6)</b>            |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Rets   | 3,858              | 2,751                   | 1,107                    | 3,858              | 2,751                   | 1,107                    | 3,858  | 2,751                   | 1,107                    |
| Volume   | 98,444,000         | 74,838,000              | 23,606,000               | 98,444,000         | 74,838,000              | 23,606,000               | 98,444,000                                   | 74,838,000              | 23,606,000               |
| Retiree Life Rate per \$1,000                          | \$1.193            | \$1.193                 | \$1.193                  | \$1.440            | \$1.440                 | \$1.440                  | \$1.440                                      | \$1.440                 | \$1.440                  |
| Monthly Premium  | \$117,444          | \$89,282                | \$28,162                 | \$141,759          | \$107,767               | \$33,993                 | \$141,759                                    | \$107,767               | \$33,993                 |
| Annual Premium   | \$1,409,324        | \$1,071,381             | \$337,943                | \$1,701,113        | \$1,293,201             | \$407,912                | \$1,701,113                                  | \$1,293,201             | \$407,912                |
| <b>Retiree Life (Class 3: Grandfathered Employees)</b> |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Rets   | 1                  |                         |                          | 1                  |                         |                          | 1  |                         |                          |
| Volume   | 484,000            |                         |                          | 484,000            |                         |                          | 484,000                                      |                         |                          |
| Retiree Life Rate per \$1,000                          | \$0.229            |                         |                          | \$0.275            |                         |                          | \$0.275                                      |                         |                          |
| Monthly Premium  | \$111              | \$111                   | \$0                      | \$133              | \$133                   | \$0                      | \$133  | \$133                   | \$0                      |
| Annual Premium   | \$1,330            | \$1,330                 | \$0                      | \$1,597            | \$1,597                 | \$0                      | \$1,597                                      | \$1,597                 | \$0                      |
| <b>Voluntary STD</b>                                   |                    |                         |                          |                    |                         |                          |  |                         |                          |
| # Ees  | 822                |                         |                          | 822                |                         |                          | 822  |                         |                          |
| Volume   | 26,837,400         |                         |                          | 26,837,400         |                         |                          | 27,642,522                                   |                         |                          |
| Class 1 Rate per \$10                                  | \$0.430            |                         |                          | \$0.430            |                         |                          | \$0.430                                      |                         |                          |
| Class 2 Rate per \$10                                  | \$0.560            |                         |                          | \$0.560            |                         |                          | \$0.560                                      |                         |                          |
| Monthly Premium  | \$26,914           | \$0                     | \$26,914                 | \$26,914           | \$0                     | \$26,914                 | \$27,721                                     | \$0                     | \$27,721                 |
| Annual Premium   | \$322,966          | \$0                     | \$322,966                | \$322,966          | \$0                     | \$322,966                | \$332,655                                    | \$0                     | \$332,655                |
| <b>Annual Totals</b>                                   | <b>\$3,113,353</b> | <b>\$2,131,221</b>      | <b>\$982,132</b>         | <b>\$3,405,409</b> | <b>\$2,353,308</b>      | <b>\$1,052,101</b>       | <b>\$3,490,675</b>                           | <b>\$2,428,885</b>      | <b>\$1,061,790</b>       |
| <b>Change - \$</b>                                     |                    |                         |                          | <b>\$292,056</b>   | <b>\$222,087</b>        | <b>\$69,969</b>          | <b>\$377,322</b>                             | <b>\$297,664</b>        | <b>\$79,658</b>          |
| <b>Change - %</b>                                      |                    |                         |                          | <b>9.4%</b>        | <b>10.4%</b>            | <b>7.1%</b>              | <b>12.1%</b>                                 | <b>14.0%</b>            | <b>8.1%</b>              |

**Notes**

Monthly Volumes and Lives taken from The Standard Contract and Benefit NAS report as of 1/1/2022.  
Rates effective 7/1/2022 are guaranteed for 2 years (next renewal 7/1/2024).  
Retiree Life Class 4 supplemental life continuation enrollment and volumes taken from census as of 1/1/2022.

**Notes (Renewal w. Projected Volume Increases)**

Assumes no increases to retiree volumes or dependent supplemental lines.  
Assumes 7.14% volume increase to active employee basic life coverages.  
Assumes 3.00% volume increase to active employee optional coverages.