



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**  
Human Resources Department

**DATE:** September 13, 2009  
**BOARD MEETING DATE:** September 29, 2009  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors

**FROM:** Donna Vaillancourt, Human Resources Director  
Peter Bassett, Benefits Manager

**SUBJECT:** Amendment to Agreement with Standard Life Insurance

**RECOMMENDATION:**

Adopt a resolution:

- 1) Waiving the Request for Proposal process;
- 2) Authorizing the Human Resources Director to execute an amendment to the December 18, 2007 Agreement with Standard Life Insurance for the purposes of providing Accidental Death and Dismemberment benefits for the period from October 1, 2009 through December 31, 2010 for the amount of \$25,559;
- 3) Authorizing the Human Resources Director or the Director's designee to execute amendments to the Agreement which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

**BACKGROUND:**

Per existing Memoranda of Understanding and Board Resolutions, the County provides all permanent County employees with County-paid term life insurance coverage, and the County further provides a \$110,000 Accidental Death & Dismemberment (AD&D) benefit for management/attorneys/confidential employees and a \$10,000 AD&D benefit for all other employees. AD&D insurance helps provide additional financial protection for employees and their families in the event of a covered accidental death or injury. Such AD&D benefits are fully paid for by the County.

In 2000 and 2003, AIG was selected to provide AD&D benefits to County employees as a result of RFP processes. The existing agreement with AIG expires on October 1, 2009.

**DISCUSSION:**

In an effort to enhance the administration of benefits and increase future bargaining power, the Human Resources Department recommends that the County's AD&D coverage for employees be consolidated into the County's existing contract with Standard Life Insurance Company (Standard). Standard currently provides life and short-term disability insurance to County employees through a contract expiring on December 31, 2010. Typically, AD&D and life/disability benefits are provided by the same insurance company.

Standard has agreed to continue the same AD&D benefits offered by AIG at a reduced rate through the remaining term of its existing contract. The County will conduct a consolidated RFP for life insurance, short-term disability, and AD&D next year in anticipation of a new contract to be effective January 1, 2011.

Human Resources staff and its benefits consultant have thoroughly reviewed the proposed Amendment to the County's agreement with Standard to ensure that all coverage will continue unaffected and that employees will not need to do anything to keep their AD&D coverage in place.

Based on the foregoing, as well as Standard's past performance and the financial incentives offered by Standard, the Human Resources Department believes it is in the County's best interests to waive the RFP process and to amend the current Agreement with Standard so that Standard provides AD&D benefits.

County Counsel has reviewed and approved the Resolution and Amendment as to form.

Approval of this Amendment contributes to Shared Vision 2025 of a Prosperous Community by providing cost-effective insurance plans to County employees resulting in a healthy and productive workforce.

**Performance Measures:**

<b>Measure</b>	<b>2008 Actual</b>	<b>2009 Projected</b>
Calls to Standard's Customer Service Department are answered within 30 seconds	N/A	90%
AD&D claims are processed within 10 days	N/A	100%

**FISCAL IMPACT:**

There is no net County cost associated with this amendment. The County's cost to provide AD&D insurance to employees has been reduced from \$.02 to \$.018 per \$1,000, or approximately \$28,399 to \$25,559 per year.