

Item Title: Multi-Year Contract for Basic and Supplemental Group Term Life, Accidental Death and Dismemberment, and Disability Insurance and Leave Management Administration Services

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to negotiate and execute a multi-year services agreement with the American Family Life Assurance Company (AFLAC) to manage and provide group term life, accidental death and dismemberment and disability insurance offerings to our benefit eligible employees, their spouses and dependents, and leave administration services, subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: Multi-year service agreements require Board of Commissioners approval.

Background: Wake County currently offers basic life, supplemental life, accidental death and dismemberment (AD&D), long-term disability, and short-term disability insurance to employees through The Standard Life Insurance Company (The Standard). The Standard also currently administers federally required Family Medical (FMLA) and Military leaves, as well as County-paid parental and family illness leaves, on behalf of the County.

Staff conducted a request for proposals process for these services in early 2021, and seven responses were submitted. After review of proposals, staff recommends American Family Life Assurance Company (AFLAC) as the provider. This agreement term begins in January 2022, with the 2022 Benefits Plan Year, with rates guaranteed for 3 years. Two one-year renewal options are also included.

Board Goal: This action supports Great Government Goal 3: Maintain a culture that values and supports our employees.

Fiscal Impact: There is no fiscal impact associated with FY 2021. Administrative and County-paid service costs are included in the proposed FY 2022 budget. Estimated annual costs for basic life and AD&D insurances and leave administration are \$245,000. Voluntary offerings are paid by eligible employees and are not included in the estimate. Rates are guaranteed for a three-year term; cumulative County costs are estimated at \$735,000 for the three-year term based on the current number of covered employees.

Additional Information:

In March 2021, the County issued a Request for Proposals for life and disability insurance and leave administration services and received proposals from the following vendors: Aflac, Cigna/New York Life, Lincoln Financial Group, MetLife, The Hartford, The Standard, and Voya. Proposals were evaluated on a multitude of factors, including background, strength and experience, customer service and communications, employer services and support, technology and reporting, cost proposal, and rate guarantee. Aflac, Cigna/New York Life, and Voya were selected as finalists for interviews and further discussion of proposed benefits and services.

Aflac is recommended to provide life and disability insurance and leave administration services. Aflac offers fully integrated leave management services, enhanced claims administration technology with real-time reporting and analytics, a proactive customer service model with customizable communications, and reduced premiums for the County and employees enrolled in supplemental coverages.

In late 2020, Aflac completed the acquisition of Zurich American Life Insurance Company's North America's U.S. corporate group benefits business, which include basic life, accidental death and dismemberment, long-term disability, and short-term disability offerings. Until the transition is complete (estimated to be 2022), certain Aflac offering of contracts and policies may be written by the Zurich American Life Insurance Company.

Attachments:

1. Life Disability & Leave Scorecard