

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 2/11/03
Department Name: Human Resources
Department No.: 064
Agenda Date: 2/25/03
Placement: Administrative
Estimate Time: n/a
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Ann Goodrich, Human Resource Director
Human Resources

STAFF CONTACT: Scott Turnbull
568-2821

SUBJECT: Transfer of Optional Life Insurance Program to New Vendor

Recommendation(s):

That the Board of Supervisors:

Approve the transfer of the County's Optional Life Insurance Plan from Allianz Life Insurance Company to the BCS Life Insurance Company, effective January 1, 2003.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with actions required by law or by routine business necessity.

Executive Summary and Discussion:

The current optional life insurance plan is part of the County's Flexible Spending Program. The existing vendor, Allianz Life Insurance Company, is no longer offering this group term life insurance plan. Our life insurance broker on this account, Meyers-Stevens, administers this plan for a wide variety of public agencies throughout the Western United States. The President and Vice President of Allianz are now working for BCS. BCS is owned by Blue Cross and Blue Shield. The company's 2001 Best rating is A- (Excellent). All Allianz coverage is being transferred to the BCS Life Insurance Company at the same premium level and with a two-year rate guarantee. Meyers-Stevens negotiated the following enhancements to the program:

- All current insureds will transition to a new BCS policy without interruption of individuals' coverage.
- The current Life rates and benefits will be guaranteed for a 24-month period (through December 31, 2004).

- Within the current premium structure, BCS will offer a \$10,000 Principal Sum Accidental Death and Dismemberment (AD&D) benefit to all covered employees.
 - A \$5,000 Seatbelt Benefit will be included with the AD&D rider.
 - The AD&D benefits will also be guaranteed for 24 months.
- The Portability provisions of the Allianz life insurance plan will be continued (employees can retain their coverage after separation from employment at the same group rates on a private pay basis).

During the review of the existing plan, it was determined that the plan was out of compliance with a state insurance code requirement that limits coverage for spouses and dependents to 50% of the employee's coverage. All currently covered spouses and dependents that have coverage over this amount will be allowed to continue their coverage but not to increase it. In addition, all new applicants or applicants for coverage increases will be limited to the statutory 50% limitation. (CA Ins. Code 10203.4)

Mandates and Service Levels:

None

Fiscal and Facilities Impacts:

None. All life insurance coverage is voluntary and employee-paid.

Special Instructions:

Please return one signed copy of the Application to BCS Life Insurance Company to Scott Turnbull, Human Resources.

Concurrence:

County Counsel

Cc: All Employee Organizations
Health Oversight Committee

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