


**City of Yuba City
Human Resources Department
Staff Report**

Date: November 21, 2006
To: Honorable Mayor and Members of the City Council
From: Steve Johnson, Human Resources Director
By: Odeana Chisum, Human Resources Manager 

Summary

Subject: Voluntary Disability Insurance Proposal

Recommendation: Adopt a resolution authorizing the Human Resources Director to execute and agreement with Union Security Insurance Company, a subsidiary of Assurant, Inc. to provide city employees with a voluntary, employee paid, Long Term Disability Plan

Alternative: Do not adopt resolution

Fiscal Impact: No direct cost to the city

Details

Background: Human Resources would like to present a Long Term Disability (LTD) plan to the City Council for review and approval. The City currently has no LTD coverage options for our employees in the event of a major illness or injury that is not work related. Our self-funded short-term disability plan has a 30-day waiting period and then pays 60% of the individual's salary monthly for a period of 12 months.

This is a benefit that would be paid for by the employee. The only expense to the City would be the administrative costs of handling payroll deductions and payment of invoices for the monthly premiums.

At my request, on April 25, 2005 our insurance broker Terri Ezaki, of ABD Insurance & Financial Services, researched the market for LTD plans that would be appropriate for the City's employees, and presented two LTD plans to the City's Benefit Committee for consideration -- one mandatory and one voluntary plan. The mandatory participation plan was reasonably priced and provided good coverage, but required all employees to participate. Since this would have been an employee paid benefit, some of the employee associations have declined to participate. The voluntary plan by ABD Insurance presented at that time was considered too expensive for the coverage offered.

We have re-examined the LTD plan for this year that would require all employees to participate. Four of the five employee associations that responded declined to participate in a mandatory participation plan.

The recommended plan is provided by a subsidiary of Assurant, Inc. The plan contains the following provisions:

- The proposed plan is voluntary with a minimum participation requirement of 10 employees and, fully paid by the employees;
- There is a minimum benefit purchase amount of \$500;
- There is no elimination period and pays in coordination with any other insurance coverage including our short-term disability program, and
- Benefits continue to the age of 65.

Recommendation: Adopt a resolution authorizing the Human Resources Director to execute and agreement with Union Security Insurance Company, a subsidiary of Assurant, Inc. to provide city employees with a voluntary, employee paid, Long Term Disability Plan

RESOLUTION NO. 06-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY AUTHORIZING THE HUMAN RESOURCES DIRECTOR TO EXECUTE AN AGREEMENT WITH UNION SECURITY INSURANCE COMPANY, A SUBSIDIARY OF ASSURANT, INC. TO PROVIDE CITY EMPLOYEES WITH A VOLUNTARY, EMPLOYEE-PAID, LONG TERM DISABILITY PLAN

BE IT RESOLVED AND ORDERED BY THE CITY COUNCIL OF THE CITY OF YUBA CITY AS FOLLOWS:

WHEREAS, the City of Yuba City does not have a Long Term Disability to provide assistance in the event of a serious, non-work-related disability plan for its employees; and

WHEREAS, employees have requested such a plan; and

WHEREAS, the Benefits Committee has reviewed several vendors' products and has approved the Assurant, Inc. product;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF YUBA CITY, AS FOLLOWS:

That the City Council of Yuba City does hereby authorize and direct the Director of Human Resources to execute an agreement with Union Security Insurance Company to provide City employees with a voluntary, employee-paid Long-Term serious disability insurance plan.

The foregoing Resolution of the City Council of the City of Yuba city was duly introduced, passed and adopted at a regular meeting thereof held on the 21st day of November 2006.

AYES:

NOES:

ABSENT:

MAYOR

Attest:

Steve Johnson, CITY CLERK