

CITY OF KNOXVILLE
REQUEST FOR PROPOSALS
BASIC LIFE, AD&D, BASIC DEPENDENT LIFE,
SUPPLEMENTAL LIFE AND
LONG TERM DISABILTY INSURANCE
TO BE EFFECTIVE JULY 1, 2006

Proposals To Be Received by 11:00 a.m. Eastern Standard Time
May 26, 2006

Submit Proposals to:
City of Knoxville
Office of Purchasing Agent
City/County Building
Room 667-674
400 Main Street
Knoxville, Tennessee 37902

Prepared by City of Knoxville Department of Finance & Accountability, Risk Management Division

**Request for Proposals
Life/AD&D and LTD Insurance**

Table of Contents

Item	Page Number
I. Statement of Intent	3
II. RFP Timeline	3
III. Background/Underwriting Data.....	3
IV. General Conditions	7
V. Scope of Service	9
VI. Contract Requirements	11
VII. Instructions to Submitting Entities	14
7.1 General	14
7.2 Proposals Submissions.....	14
7.3 Format	15
7.4 Evaluation of Proposals	16
VIII. Evaluation Criteria.....	17
Submission Forms.....	18
S-1 Submission Form.....	19
S-2 Submission Form – Questionnaire.....	20
Exhibits A-1 through A-9	
Title VI Equal Business Opportunity Program for City of Knoxville	

I. Statement of Intent

The City of Knoxville is seeking written, sealed proposals from responsive firms to provide Basic Life/AD&D, Basic Dependent Life, Supplemental Life and LTD insurance to all eligible employees. The enclosed specifications are the basis for a contract which will be effective July 1, 2006.

II. RFP Timeline

Availability of RFP	April 28, 2006
Deadline for Submitting Questions to the Purchasing Agent	May 14, 2006
Proposal Due Date	May 26, 2006
Recommendation of Proposal	June 12, 2006
Contract Start Date	July 1, 2006

This timetable is for the information of submitting entities. Project constraints, including interviews with submitting entities, may cause these dates to change.

In no event shall the deadline for submission of the proposals be changed except by written modification from the City of Knoxville Purchasing Department.

III. Background/Underwriting Data

The City of Knoxville employs approximately 1,500 employees who work thirty (30) hours or more per week and are eligible for Life, AD&D, Supplemental Life and LTD insurance benefits. The number of employees fluctuates from month to month.

The City of Knoxville has an extensive employee wellness initiative associated with its medical plan. 75% of all eligible employees have had a Health Assessment which includes an annual blood draw and in many cases an EKG. 25% of all employees are currently participating in the City's exercise program and in excess of 175 EEs and/or spouses are receiving HRA funds for non-tobacco use. These programs should be taken into consideration when evaluating the City's Life and LTD risk.

3.1 Eligibility

Basic Life /AD&D, Supplemental Life and LTD insurance coverage begins the first day of the month after 90 days of employment. Coverage is continued while an employee is actively employed by the City.

3.2 Rates

The following rates apply to each line of coverage with rate history provided for the past three years:

Coverage	07/03 to Current
Basic Life	\$0.185/\$1,000
Basic AD&D	\$0.03/\$1,000
Basic Dependent Life	\$0.44 per unit*
Supplemental Life – same rate for EE and spouse**	07/03 to Current
Under 30	\$0.072/\$1,000
30 – 34	\$0.08/\$1,000
35 – 39	\$0.10/\$1,000
40- 44	\$0.18/\$1,000
45 – 49	\$0.29/\$1,000
50 – 54	\$0.44/\$1,000
55 – 59	\$0.65/\$1,000
60- 64	\$1.07/\$1,000
65 – 69	\$1.93/\$1,000
70 – 74	\$2.73/\$1,000
75 +	\$5.89/\$1,000
Dep Life	\$2.00 per \$10,000
LTD –	\$0.23 per \$100

* - unit is defined as spouse, dependent(s) or both spouse and dependent(s) based on the content of the employee’s family.

** - Spouse rate is based on spouse’s DOB – despite the Hartford Life policy stating otherwise.

3.3 Employee Census

Included with this RFP is the following:

Exhibit A-1 - an excel file listing all eligible employees, sorted by age, including gender, amount of basic life/AD&D insurance (i.e., one and a half times salary up to a maximum of \$50,000 with a minimum of \$35,000) and whether the employee has basic dependent life insurance coverage. (Column header is Basic Dependent Life.) File also includes the amount of employee supplemental coverage, names and ages of covered spouses, number of covered children, and amount of coverage on children.

Please note that City Council members are NOT eligible for, nor covered under the City’s Life and LTD plans. The Mayor, as a City of Knoxville employee, is covered; however, he elects not to accept his salary from the City. The salary listed on the

census for the Mayor is \$110,000, the Charter salary the Mayor is eligible to be paid. This salary is to be used for Life (\$50,000) and LTD (\$5,500) benefit purposes.

The City Judge is the only EE who receives benefits as a full-time EE while working less than 30 hours per week. The City Judge is eligible for and covered under Basic Life/AD&D and LTD coverage as shown in the census.

Exhibit A-2 includes the following:

- (a) City of Knoxville Consolidated Enrollment Form
- (b) City of Knoxville Benefits Change Form

Exhibit A-3 is a copy of the Certificate of Group Life Insurance.

Exhibit A-4 is a listing of employees on leave as of April 12, 2006.

Exhibit A-5 is a copy of the July 2003 through February 2006 Basic Life, AD&D, Basic Dependent Life and Supplemental EE, Spouse and Dependent Life claims experience including Open Waiver of Premium claims.

Exhibit A-6 is a copy of the Certificate of Long Term Disability Coverage.

Exhibit A-7 is a copy of the open LTD Claims Valuation Report and Claims Status Report from Hartford for the period of July 2003 through 2/28/2006 and 3/26/2006.

Exhibit A-8 is a copy of the Hartford Disability Activity Report through 3/23/06

Submission Forms S-3 include the summaries of current:

- S-3.1** Basic Life/AD&D,
- S-3.2** Basic Dependent Life,
- S-3.3** Supplemental EE, Spouse and Dependent Life, and
- S-3.4** Long Term Disability Coverage.

Exhibit A-1 and Submission Forms S-3.1 through S-3.4 are provided on the City's internet site, www.cityofknoxville.org/purchasing/, as Microsoft Excel files. Submission Forms S-1 and S-2 are also available on the internet site as Microsoft Word files. The pdf. version of the Request for Proposals is the official version. Any manipulation of the official wording of the submission forms in proposals may result in rejection of the proposal at the sole discretion of the City of Knoxville.

3.4 Term Life Insurance Coverage and Volume History

Below is a summary of the experience and rate history in the group life insurance program for the last ten (10) years:

Year	No. of Employees Covered	No. of Dependents Covered	Volume
1997	1545	619	\$61,505,244
1998	1556	611	\$63,658,839
1999	1606	609	\$68,810,000*
2000	1624	583	\$70,019,205
2001	1603	538	\$69,601,884
2002	1606	503	\$70,703,899
2003	1528	442	\$81,879,456
2004	1455	417	\$78,925,680
2005	1465	400	\$79,617,996
2006**	1459	394	\$19,789,368

*Increase reflects benefit enhancement of providing a minimum of \$35,000 life insurance to employees even if 1.5 times their salary does not equal \$35,000.

** As of March 2006

3.5 Other Disability Benefits

The City currently has five (5) pension plans in which employees participate. Each of these pension plans has disability provisions. The disability provisions for each are as follows:

Plan A: (Closed plan; covers 21 employees in non-uniform departments)
Employees who have completed 15 years of credited service are entitled to a disability pension if they become disabled (not in the line of duty). If employees are disabled in the line of duty, they are entitled to a disability pension as if they had worked until age 62 regardless of the length of credited service.

Plan C: (Covers 615 employees in the Police and Fire Departments.)
If employee becomes disabled (not in the line of duty) after 10 years of service, the disability pension will be 2% of the average salary for each year of service up to 25 years.

If employee is disabled in the line of duty, they are entitled to a disability pension regardless of the length of credited service. The benefit will be 50% of the employee's average salary.

Plan G1: (Covers 466 employees in non-uniform departments.)
Disability provisions are the same as Plan A. However, the percentage for each year of service is as follows:

Age 62 or earlier	1.15%
Age 63	1.21%
Age 64	1.18%
Age 65	1.25%

If employee is disabled in the line of duty, he or she is entitled to a

disability pension regardless of the length of service. Benefit is computed as if member worked to age 62 using above percentage.

Plan G2: (Covers 245 employees in non-uniform departments.)
Disability provisions are the same as Plan A. The percentage for each year of service is 2.1%

If employee is disabled in the line of duty, he or she is entitled to a disability pension regardless of the length of service. Benefit is computed as if member worked to age 62 using above percentage.

Plan F: (Covers 2 employees in the Fire Department.) This is a closed pension plan). All employees under this plan have met their age and years of credited service requirements for full pension benefits. Therefore, if these employees become disabled, they could retire with pension benefits equal to 50% of their highest monthly salary.

Sick Leave: Permanent, full-time employees earn one day of sick leave per month. There is no cap on the amount of sick leave which may be accrued. The City also allows employees to participate in its Sick Leave Bank. This bank allows employees with catastrophic illnesses to get up to sixty (60) days in one year and one hundred twenty (120) days during their lifetime. An EE cannot obtain LTD benefits and sick pay at the same time.

3.6 Number of Employees Participating in LTD

The total number of employees currently participating in pension plans (1349) is less than the number of employees eligible for LTD (1500). The discrepancy is due to the inclusion of employees in the group eligible for LTD who have not completed the six (6) month waiting period for the pension plan or who are not participants in one of the pension plans due to being enrolled in the Delay Retirement Option.

Employees in Pension Plans A, C, G1, and G2 pay Social Security taxes. Employees in F do not.

IV. General Conditions

- 4.1 The following data is intended to form the basis for submission of proposals to provide Group Life Insurance, AD&D, Supplemental Life and Long Term Disability coverage to all eligible City of Knoxville employees effective July 1, 2006.
- 4.2 This material contains general conditions for the procurement process, the scope of service requested; contract requirements; instructions for submissions of qualifications; and submission forms that must be included in the proposal. The RFP should be read in its entirety before preparing the proposal.

- 4.3 All materials submitted pursuant to this RFP shall become the property of the City of Knoxville.

To the extent permitted by law, all documents pertaining to this Request for Proposals shall be kept confidential until the proposal evaluation is complete and a contract is awarded. No information about any submission of proposals shall be released to anyone until the process is complete, except to the members of the Evaluation Committee, who shall evaluate the proposals, and other appropriate City staff. All information provided shall be considered by the Evaluation Committee in making a recommendation to enter into an agreement with the selected insurance company.

- 4.4 Any inquiries, suggestions, or requests concerning interpretation, clarification or additional information pertaining to the RFP shall be made **in writing to the City of Knoxville Purchasing Agent by May 14, 2006**. The City of Knoxville shall not be responsible for oral interpretations given by any City of Knoxville employee, representative, or others. The issuance of written addenda is the only official method whereby interpretation, clarification, or additional information can be given.

If any addenda are issued to this Request for Proposals, the City of Knoxville Purchasing Department will attempt to notify all prospective submitting entities and the addenda shall become a permanent part of the RFP; however, **it shall be the responsibility of each submitting entity, prior to submitting proposals, to contact the City of Knoxville Purchasing Department at 865-215-2070 to determine if addenda were issued and to make such addenda a part of the submission of proposals.**

- 4.5 The City of Knoxville reserves the right to (a) accept or reject any and/or all submissions of proposals; (b) to waive irregularities and technicalities; (c) accept any alternative submission of proposals presented which, in its opinion, would best serve the interest of the City of Knoxville; (d) give full and proper evaluation of the firm or team presenting the proposals. The City shall be the sole judge of the proposals and the resulting negotiated agreement that is in its best interest, and its decision shall be final. Also, the City reserves the right to make such investigation as it deems necessary to determine the ability of any submitting entity to perform the work or service requested. Information the City deems necessary to make this determination shall be provided by the submitting entity. Such information may include, but shall not be limited to: current financial statements by an independent CPA; verification of availability of equipment and personnel; and past performance records.

- 4.6 Included in the Contract Documents is an affidavit that the undersigned has not entered into any collusion with any person in respect to this qualification. The proposer will be required to execute and submit this affidavit prior to execution of the Contract by the Owner.

- 4.7 Subsequent to the Evaluation Committee's review and the Mayor's recommendation

of a firm(s), Knoxville City Council approval may be required before the final contract may be executed.

- 4.8 All expenses for making submission of proposals shall be borne by the submitting entity.
- 4.9 Any submission of proposals may be withdrawn up until the date and time for opening of the submissions. **Any submission not so withdrawn shall, upon opening, constitute an irrevocable offer for a period of thirty (30) days to the City of Knoxville for the services set forth in the Request for Proposals until one or more of the submissions have been duly accepted by the City of Knoxville.**
- 4.10 Alternatives or substitutions in addition to those requested for any part of the program are invited as long as they are identified and the reason is given for the recommended change. If an alternative proposal is made, the proposer should prepare a response sheet following the same format as the form provided in this request for proposals.

V. Scope of Service

The City of Knoxville is seeking proposals for:

1. Basic Group Term Life Insurance and AD&D and Supplemental Employee, Spouse and Dependent Life and Long Term Disability coverage which includes the features as outlined in the Summary of Current and Proposed Basic Life/AD&D, Basic Dependent Life, Supplemental EE, Spouse and Dependent Life and Long Term Disability Coverage which is attached as **Exhibit A-9**.

Conditions

The Conditions listed below must be met if submitting a proposal to the City of Knoxville. If your company cannot meet the terms of the Conditions listed below, you must identify the condition number and provide an explanation in the **Response to General Conditions Submission Form** that accompanies your proposal submission.

	Applicable to All Coverage Quoted
1.	<p>The City of Knoxville would like to change the annual policy renewal to January 1. As such, the City would like the insurance company who is awarded the business to assume all Supplemental Life coverage as is, delaying the annual enrollment, which may be on an open enrollment basis as addressed further below, until January 1, 2007. Please include a statement in your proposal as to your willingness to allow the City to delay the annual enrollment, maintaining current coverage amounts. The only change that will be effective July 1, 2006 is a rate change. The open or annual enrollment will not be held until November for a January 1, 2007 effective date.</p> <p>Please indicate in your proposal response whether you are willing to extend a 3 ½ year rate guarantee, or a 2 ½ year guarantee. This is conditioned on the City's decision to change the policy renewal dates.</p>
2.	Quoted rates do not include commissions payable to any external third party.
3.	City employees who are on an approved leave of absence due to injury or illness will continue to be covered under the City's Basic Life/AD&D, Supplemental Life and LTD coverage. The City will continue to pay its share of the premium for such coverage and will collect the employee's portion of premium payment if applicable. Refer to Exhibit A-9 for more specifics on this issue.
4.	Basic Life/AD&D coverage will change the month following a salary increase that affects the amount of an EE's Basic Life/AD&D and LTD coverage.
5.	All coverage is to be self-billed (i.e., the City will audit the volume and number of lives each month and make corrections to the statement with the appropriate remittance).
6.	The City of Knoxville's enrollment form, including beneficiary designation and benefits change form as provided in Exhibit A-4 will be used for all enrollments.
7.	Employee certificates will be provided to the City both electronically and in 8 ½" by 11", 3 hole punch format for inclusion in the City's Benefits Notebook. The cost for the production of the employee certificates will be provided at no additional cost.
8.	A 31-day grace period is provided for monthly premium payment.
9.	90-days notice will be provided to the City prior to the cancellation, termination or change in any of the contract provisions.
10.	The actively-at-work (AAW) must be waived on all plans to cover any claims not covered under the insured extension of benefits and waiver-of-premium provisions. Those who are out on disability and are over age 60 must be

	covered under the new insurance plans to the extent they would have been covered under the prior plan. Also, those who are currently receiving partial disability benefits must also be covered.
	Basic Life and AD&D, Basic Dependent Life and Supplemental EE, Spouse and Dependent Life
11.	Age reductions will take effect on the next policy anniversary vs. the date the employee reaches an age that requires a reduction.
12.	Basic life and EE Supplemental Life includes waiver of premium.
13.	Rates applicable to Supplemental Employee coverage is based on EE's age and rate applicable to Spouse is based on the spouse's age and will change due to a change in age brackets on each policy anniversary.
14.	Accidental Death and Dismemberment (AD&D) coverage in an amount equal to the basic life insurance will be provided.
15.	Contributory dependent coverage for spouse and child(ren) will be offered to employees in the amount of \$1,000.
16.	EE and Spouse Supplemental Life insurance is offered on a unisex basis and step rated (five year brackets). Coverage is 100% contributory and should be convertible upon termination of employment.
17.	All employees and spouses currently covered under the Supplemental Life policy will be grandfathered, including the 2 spouses noted in Exhibit A-12 .
18.	Supplemental Life participation requirements will be waived.
19.	Employee's annual salary is agreed to include longevity pay.
20.	Supplemental Life Evidence of Insurability approvals will be effective on the date the approval is made. They will not be retroactive to the date coverage was requested.
21.	Your Supplemental Life quote allows for a take over open enrollment period, allowing all City employees to elect supplemental life coverage for themselves, their spouse and/or dependent children without completing EOI.
22.	In the event that the City moves to a January 1 policy year, please indicate your willingness to take over the Supplemental Life enrollment with current enrollment - delaying the open enrollment for Supplemental Life insurance until January 1, 2007. If your quoted rates are less than those currently in force, the rates will decrease on July 1, but your agreed open enrollment will not take place until January 1, 2007.
	LTD Coverage
23.	No loss no gain will apply to all employees covered under the prior carrier's LTD plan. The contract must contain a continuity of coverage provision which assures that no employee will be negatively impacted by the change in carriers.
24.	All pre-existing condition restrictions should be waived for the current insureds to the extent of the current plan.

VI. Contract Requirements

Submitting entities, if selected, must be willing to sign a contract with the City of Knoxville which will include certain provisions, among which are the following:

- 6.1 The contract shall consist of (1) the RFP; (2) the proposals submitted by the Contractor to this RFP; and (3) the contract.
- 6.2 The contract will be administered by the City of Knoxville Department of Finance & Accountability, Risk Management Division.
- 6.3 Invoices for services will be submitted to the City in accordance with the contract terms.
- 6.4 The relationship of Contractor to the City will be that of independent contractor. Contractor will be solely and entirely responsible for its acts and for the acts of its agents, employees, servants, and subcontractors done during the performance of the contract. All services performed by Contractor shall be provided in an independent contractor capacity and not in the capacity of officers, agents, or employees of the City of Knoxville.
- 6.5 Contractor shall not assign or transfer any interest in this contract without prior written consent of the City of Knoxville.
- 6.6 Contractor shall agree to defend, indemnify, and hold harmless the City from and against losses and claims, demands, payment, suits, recoveries, and judgments against it, by reason of an act or omission of Contractor, its agents or employees in the execution of this contract.
- 6.7 The City of Knoxville reserves the right to terminate, with or without cause, the contract at any time without penalty or recourse, by giving written notice to Contractor at least seven (7) days prior to the effective date of such termination. Contractor shall be entitled to receive just or equal compensation for all services that have been provided prior to the effective date of such termination.
- 6.8 Contractor must be a licensed to sell insurance in the State of Tennessee.
- 6.9 When applicable and prior to the commencement of the contract, Contractor must furnish the City of Knoxville with properly executed certificates of insurance which shall clearly evidence all insurance required by the City. Such insurance shall be at a minimum the following: commercial general liability (occurrence basis) with limits of one million dollars; automobile liability for any auto with limits of one million dollars; workers' compensation with statutory limits and employers liability with limits of one hundred thousand dollars. Additional insurance may be required on the basis of the scope of the negotiated contract. The City, its officials, officers, employees, and volunteers are to be added as insureds on all liability insurance policies with respect to liability, arising out of the work or operations performed by or on behalf of Contractor. Such insurance will be primary and any insurance or self-insurance maintained by the City will apply in excess of, and not contribute with, the insurance required. Required insurance shall not be cancelled, allowed to expire, or

be materially reduced in coverage until after thirty (30) days' written notice has been given to the City Attorney.

- 6.10 Attention of all firms is directed to the following provisions contained in the Code of the City of Knoxville: Chapter 24, Article II, Section 24-33 entitled "Debts owed by persons receiving payments other than Salary;" Chapter 2, Article VIII, Division 11, Section 2-1048 entitled "Conflict of interest" which states, "It shall be unlawful for any employee of the City of participate, directly or indirectly, through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing or otherwise, in any proceeding or application, request for ruling or other determination, claim or controversy or other matter pertaining to any contract or subcontract and any solicitation or proposal therefor, where to the employee's knowledge there is a financial interest possessed by: (1) the employee or the employee's immediate family; (2) a business other than a public agency in which the employee or member of the employee's immediate family serves as an officer, director, trustee, partner, or employee; or (3) any person or business with whom the employee or a member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment;" Section 1-1049 of the Code entitled "Receipt of benefits from City contracts by council members, employees, and officers of the City," which states "It shall be unlawful for any member of council, member of the board of education, officer or employee of the City to have or hold any interest in the profits or emoluments of any contract, job, work or service, either by himself or by another, directly or indirectly. Any such contract for a job, work, or service for the City in which any member of council, member of the board of education, officer or employee has or holds any such interest is void;" Section 2-1050 entitled "Gratuities and kickbacks prohibited," which states that "It is unlawful for any person to offer, give or agree to give to any person, while a City employee, or for any person, while a City employee, to solicit, demands, accept or agree to accept from another person, anything of a pecuniary value for or because of: (1) An official action taken, or to be taken, or which could be taken; (2) A legal duty performed, or to be performed, or which could be performed; or (3) A legal duty violated, or to be violated, or which could be violated by such person while a City employee. Anything of nominal value shall be presumed not to constitute a gratuity or benefit to be made by or on behalf of a subcontractor or any person associated therewith as an inducement for the award of a subcontract or order;" and Section 2-1051 entitled "Covenant relating to contingent fees," which states that "Every person, before being awarded a contract in excess of ten thousand dollars (\$10,000.00) with the City, shall represent that no other person has been retained to solicit or secure the contract with the City upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for bona fide employees or bona fide established commercial selling agencies maintained by the person so representing for the purpose of securing business."
- 6.11 Firms must comply with the President's Executive Orders No. 11246 and 11375 which prohibit discrimination in employment regarding race, color, religion, sex or national

origin. Firms must also comply with Title VI of the Civil Rights Act of 1964, Copeland Anti-Kickback Act, the Contract Work Hours and Safety Standards Act, Section 402 of the Vietnam Veterans Adjustment Act of 1974, Section 503 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990, all of which are herein incorporated by reference.

- 6.12 All bidders must comply with Title VI of the Civil Rights Act of 1964, as codified in 42 U.S.C. 2000d. The successful bidder must follow Title VI guidelines in all areas including hiring practices, open facilities, insurance, and wages. The City of Knoxville reserves the right to review all compliance records by a contract compliance officer designated by the City.
- 6.13 Firms shall give consideration to the inclusion of minority firms or individuals in this project, and shall advise the City in this submittal of proposals of their efforts to do so.
- 6.14 Each submitting entity is responsible for full compliance with all laws, rules, and regulations which may be applicable.
- 6.15 Contractor shall retain all appropriate service and financial records for a period of at least three (3) years after the end of the contract period.

VII. Instructions to Submitting Entities

All submissions of proposals shall comply with the following instructions. These instructions are intended to ensure that (1) submissions contain the information and documents required by the City of Knoxville in this RFP; and (2) the submissions have a degree of uniformity in the presentation of material which will facilitate evaluation by the Evaluation Committee.

7.1 General

Submission forms and RFP documentation may be obtained on or after May 26, 2006, at no charge from:

City of Knoxville Purchasing Department
400 Main Street, Room 667
Knoxville, TN 37902

between 8:30 a.m. and 4:00 p.m. (Eastern Standard Time), Monday through Friday or by calling (865) 215-2070.

7.2 Proposals Submissions

An original and four (4) copies of the submissions of proposals shall be submitted. Submissions of Proposals shall clearly indicate the legal name, address, and telephone

number of the submitting entity (company, firm, partnership, individual). Submissions of Proposals shall bear an original signature, being signed above the typed or printed name and title of the signer. All submissions of proposals must be signed by an officer of the company authorized to bind the firm to a contract.

Proposals will be received until 11:00 a.m. (Eastern Standard Time) on May 26, 2006. Each submission of proposals must be submitted in a sealed envelope addressed to:

City of Knoxville Purchasing Department
400 Main Street, Room 667
Knoxville, Tennessee 37902

Each sealed envelope containing a submission of proposals must be plainly marked on the outside "Submission of Proposals To Provide Life and Long Term Disability Insurance For City of Knoxville Employees To Be Opened 11:00 a.m. (Eastern Standard Time), May 26, 2006."

Any submissions of proposals received after the time and date on the cover sheet will not be considered. It shall be the sole responsibility of the submitting entity to have the submissions of proposals delivered to the City of Knoxville Purchasing Department office for receipt on or before that date.

If a submission of proposals is sent by U.S. mail, the submitting entity shall be responsible for its timely delivery to the City of Knoxville Purchasing Department office. Submissions of proposals delayed by mail shall not be considered and arrangements must be made for their return at the submitting entity's request and expense.

7.3 Format

Submissions of proposals must be typed on 8-1/2 x 11-inch wide white recycled paper. Pages must be consecutively numbered. A table of contents must be included in the proposal immediately after the title page.

Submissions of proposals shall be structured as follows:

1. Submission Forms 1 as provided at the end of this RFP.
2. Table of Contents
3. Body of Proposal which includes (1) completed Submission Form S-2 [Questionnaire], (2) completed Submission Forms S-3.1 through S-3.4 [Note that Submission Form S-3 has 4 parts: {3.1 Summary of Current and Proposed Basic Life/AD&D, 3.2 Basic Dependent Life, 3.3 Supplemental EE, Spouse and Dependent Life and 3.4 Long Term Disability Coverage}], and (3) other information the submitting entity wishes to include.
4. Form I or Form II (Statement of Intent) found in attached Title VI Equal Business Opportunity Program for City of Knoxville.*

*All proposers must read this program and submit either Form I or II with their proposal.

7.4 Evaluation of Proposals

All qualified submissions received by the deadline will be analyzed by the Evaluation Committee according to the criteria outlined in these specifications. Failure to comply with the provisions of the RFP may cause any submission of proposals to be ineligible for evaluation. The City has retained the services of Cowan Benefit Services of Franklin, TN to assist in the preparation and review of the RFP as well as the implementation of any carrier changes. No commissions are to be included for Cowan, nor any other third party to the successful carrier's proposal.

Firms and/or teams responding to this Request for Proposals shall be available for interviews with the Evaluation Committee. Discussions may be conducted with responsible submitting entities for purposes of clarification to ensure full understanding of and conformance to the RFP requirements. After proposals have been opened, any selected entity notified by the City should be prepared to meet with the Evaluation Committee at the time and date determined by the City of Knoxville. Selection shall be based on the firms' proposals applicable to the scope and nature of the services to be performed per this request for proposals. Determination of firms' proposals shall be based on their written responses to this Request for Proposals and information presented to the Evaluation Committee during oral interviews, if any.

In addition to materials provided in the written responses to this Request for Proposals, the Committee may request additional material, information, or references from the submitting entity or others.

In addition to materials provided in the written responses to this proposal, the Evaluation Committee may utilize site visits or may request additional material, information, or references from the proposer or others.

Provided it is in the best interest of the City of Knoxville, the firm determined to be the most responsive to the City of Knoxville, taking into consideration the evaluation factors set forth in this Request for Proposals, will be selected to begin contractual negotiations. The firm selected will be notified at the earliest practical date and invited to submit more comprehensive information if necessary.

If no satisfactory agreement can be reached with the "most responsive firm," the City may elect to negotiate with the next best and most responsive firm.

VIII. Evaluation Criteria

Proposals will be analyzed and judged according to the evaluation criteria below. Each proposal will be evaluated by line of coverage and scored. The City will consider proposals

for Basic Life and AD&D separately from LTD and is open to selecting different vendors for each line of coverage. The maximum score is 100 points.

Coverage	(30 points)
Experience	(20 points)
Administration	(15 points)
Cost	(35 points)

Provided it is in the best interest of the City to accept it, the firm submitting the proposal that is determined to be most advantageous to the City, taking into consideration price and the evaluation factors set forth in this request for proposals, will be selected. The City reserves the right to negotiate with the carrier or carriers who best meet the evaluation criteria stated above. The firm selected will be notified at the earliest practicable date.

SUBMISSION FORMS

**CITY OF KNOXVILLE
REQUEST FOR PROPOSALS
LIFE INSURANCE**

**Proposals To Be Received by 11:00 a.m., Eastern Standard Time, May 26, 2006 In Room
667-675, City/County Building, Knoxville, Tennessee**

IMPORTANT: *An Original and four (4) copies are to be submitted.*

Submission Form S-1

Please complete the following:

Legal Name of Proposer (Insurer): _____

Contact Person: _____

Address: _____

Telephone Number: _____

Fax Number: _____

E-mail address: _____

Authorizing Signature: _____

Name of Signer: _____ **Title:** _____

Taxpayer Identification Number: _____

Note: Failure to use these submission forms may disqualify your submission.

S-1

Submission Form S-2

To Be Received by 11:00 a.m., Eastern Standard Time, May 26, 2006

Questionnaire

(NOTE: Proposer must include restatement of question with response.)

Life and LTD Coverages

1. Does your submitted proposal comply with each of the General Conditions stated in Section 4 of this Request for Proposals?

Yes ____ No ____

If no, indicate the Condition number and provide an explanation below:

Condition Number(s)	Explanation

Life and AD&D Coverage

2. Please describe the provisions for an employee to convert Basic Life and Supplemental EE, Spouse and Dependent Life coverage to individual coverage at termination of employment or loss of eligibility, including retirement. Is there a minimum number of years the group policy has to be in force for participants to have conversion rights?
3. Is conversion coverage or waiver of premium available for AD&D coverage?
4. What type(s) of coverage are available (whole life, term, etc.) and what are the rates for conversion coverage? Will the employee's health status be taken into account?
5. Please describe the provisions for an employee to convert Basic Dependent Life coverage to individual coverage upon termination of employment or loss of eligibility, including retirement.

6. Please provide a specimen policy for the coverage proposed.
7. Describe how your Life (and AD&D if applicable) waiver of premium application process coordinates with the filing of LTD claims.
8. If the employee is granted waiver of premium for basic life insurance, does the waiver apply to any Basic Dependent life (\$1,000) the employee has elected prior to disability?
9. Is the process the same for Basic and Supplemental Life?
10. If waiver of premium is granted for a disabled employee who elected Supplemental Life, does the waiver also apply to the amount of Spouse or Dependent supplemental life insurance the employee has in force?
11. Describe the process and timing for filing for Basic and Supplemental waiver of premium claims.
12. Will waiver of premium be granted if premium is not paid during the waiting period for waiver of premium? If not, please explain the process that must be followed.
13. What happens if an employee dies prior to submitting his/her request for waiver of premium?
14. What percent increase or decrease in employee lives will result in a change in the cost of coverage during the term of your contract?
15. Insured by your company for a certain number of years, if so, specify the number of years?
16. Or, covered by your policy or the predecessor policy for a certain number of years – in other words, credit is given to time insured under the Hartford Supplemental Life plan?
17. Must an EE be “healthy” in order to port? If so, please specify the health criteria that must be met?
18. Are spouses and/or dependent child(ren) permitted to port coverage? If so, must the EE port as well? In other words, may a spouse or dependent child port in the event of loss of eligibility due to divorce or exceeding the dependent age limit of the plan while the EE continues to be covered as an active EE under the plan.
19. Please include your port rates with your proposal.
20. Are your port rates the same as the active EE rates?
21. In the event that a City EE ports coverage, and dies while covered under the ported coverage, is their experience part of the City’s experience or part of your company’s

overall port pool?

22. Is there a limit to how long an EE continue ported coverage or an age at which the ported policy will terminate? If so, specify.
23. In the event that the City terminates its policy with your company at the end of the three year contract term, will EEs covered under a ported policy be terminated from coverage?
24. When was the last time your port rates increased? Are they guaranteed for any time period?
25. What happens if the person who receives an accelerated death benefit is no longer considered terminally ill?

LTD Coverage

26. Does your standard LTD contract contain any cost containment features? If yes, please explain in detail. (Examples of cost containment features include self-reported illness limitations; specific illness limitations other than mental/nervous; musculoskeletal/connective tissue, etc.; prudent-person pre-existing condition exclusion; substance abuse limitations.) Are discounts applied to these limitations?
27. What provisions does your policy have regarding presumptive total disability?
28. Does your contract contain wording regarding “Gainful Occupation”? If yes, please define.
29. Does your contract contain wording regarding “Maximum Capacity”? If yes, please define.
30. Does your contract include a 40 hour work- week limitation? If yes, please explain.
31. Does your contract include rehabilitation benefits? Are they mandatory or voluntary? Please explain the repercussions of the mandatory program. Is there a discount applied to the rate?
32. Does your contract offset benefits for the following items: No-Fault Motor Vehicle? Subrogation? Third Party Settlements? Individual Disability? Policies? Formal/Informal Salary? Continuation? Is there a discount applied to the rate?
33. Describe your contract’s residual disability provision and calculation.
34. Please describe your contract’s partial disability provision and calculation.
35. Does your contract contain a “work incentive benefit”? If yes, please explain.

36. Does your contract include CPI indexation? Please explain how this works and what it applies to.
37. Does your contract contain a child- care benefit? Will this benefit exceed the maximum benefit payable for disability? Is there a load to the rate to provide this?
38. Does your contract contain a spouse disability benefit? How does it work? Is there a load to the rate to provide this?
39. Does your contract provide “reasonable accommodation” benefits? What is the benefit and how does it work? Is there a load to the rate to provide this?
40. Does your contract contain any “Long Term Care” benefits? Please explain. Is there a load to the rate to provide this?
41. Please explain how your “own occupation” definition of disability works.
42. What is the definition of disability? Is an earnings loss and occupation loss required to satisfy the elimination period or begin paying benefits?
43. What is the definition of pre-disability earnings? Does it exclude pre-tax contributions to Section 125 plans or to retirement plans, including 401(k) plans?
44. Are there any other features or limitations not mentioned above that are included in your standard contract? If so, please explain in detail.
45. Please provide a sample LTD policy document.
46. Are there any classes of employees that would not be covered under this plan? If yes, please describe.
47. How would the policy treat employees who are not actively at work on the first day of coverage?
48. Describe how continuity of coverage applies under the LTD policy.
49. Describe the rehabilitation provisions of this coverage. Include information on outcomes of rehabilitation services, how income is treated during rehab, and qualifications of rehab personnel. During rehabilitation, do you provide family care services? Please explain.
50. Explain how the monthly benefit amount is determined. Please include and explain all offsets such as statutory benefits, other income, and rehab earnings.
51. Please explain any stipulations the proposed policy may have concerning pre-existing conditions.

52. Provide the provisions of the proposed policy in regard to pregnancy, transplants, and cosmetic surgery.
53. Is the mental health limitation applicable on a per occurrence basis or per lifetime?
54. Does this policy provide an option for coverage after age 65? If yes, please describe.
55. Does this policy provide for benefit increases due to increases in the cost of living? If yes, describe the provision.
56. What triggers the cutoff of benefits payments?

Insurance Company Experience

57. Provide the following information: the number of years the insurance company has been in business, the number of years the insurance company has written group term life insurance, and the number of years the insurance company has written LTD coverage.
58. With regard to your current operations, briefly summarize your premium volume and number of accounts in group life insurance. What percentage of this business is in the State of Tennessee?
59. With regard to your current operations, briefly summarize your premium volume and number of accounts in group LTD insurance. What percentage of this business is in the State of Tennessee?
60. Please provide the insurance company's Best's, Standard and Poor's, Moody's, and Duff & Phelps ratings.
61. List the three largest current public sector clients whom your company provides Life and AD&D insurance for along with the name and phone number of a contact person who is qualified to judge your firm's ability to provide service for each client. Your firm will not be considered without a response to this question. Indicate how long each account has been in force.
62. List the three largest current public sector clients whom your company provides LTD insurance for along with the name and phone number of a contact person who is qualified to judge your firm's ability to provide service for each client. Your firm will not be considered without a response to this question. Indicate how long each account has been in force.
63. Provide the name, location, qualifications, and length of service with your firm of the staff who will be assigned primary responsibility for servicing the account. Will the account be the same for Life/AD&D and LTD? If not, provide information on each team.

Administration

64. How long does it take to approve an evidence of insurability (EOI) form? Would your firm agree to a penalty if approval is not provided within an agreed-upon time period?
65. What type of reporting will be provided to the City to monitor the status of EOI forms?
66. How will you notify the City of the approval or denial of an EOI form?
67. How do you notify the employee of the status of an EOI request?
68. What happens if an EE/Spouse dies during the EOI approval process?
69. How soon after an employee leaves employment due to disability may he/she apply for waiver of premium?
70. What is the average length of the waiting period on waiver of premium requests?
71. How long does someone have to be disabled before their premium is waived?
72. What are the requirements for a waiver of premium to be approved?
73. Are waiver of premium applicants notified annually regarding what actions are necessary to continue waiver?
74. Describe the quarterly and annual reports you provide. Provide sample reports. Are the reports available electronically?
75. Describe your company's monthly billing procedures.
76. Describe the process for filing a Life and AD&D claim.
77. Describe the process for filing an LTD claim.
78. Where will Life claims be processed?
79. Where will AD&D claims be processed?
80. Where will LTD claims be processed?
81. Who will be the City's contact for questions regarding Life claims? LTD claims?
82. What information is required to process a Life claim? AD&D claim? LTD claim?
83. How long does it take to process a life claim and do you provide any service guarantees (reduction in cost) if a Life /AD&D claim is not paid within an agreed upon time period?

84. Describe the online services available to the City.
85. Can current and historical bills be viewed and processed online?
86. Can policies and certificates be viewed and printed?
87. Can Life and AD&D claims be viewed online?
88. Can LTD claims be viewed online?
89. Is it possible to customize reports?
90. What services are provided in connection with the preparation of Federal and State Tax reporting and employee W-2 reporting?
91. Describe the process for LTD claims disputes. How much information will you provide to the City in trying to resolve disputed claims? Describe any limitations that may apply to this issue.
92. Describe your quality assurance program with regard to claims processing.
93. What type of employee communication material is available which describes and summarizes the Life/AD&D, Supplemental Life and LTD coverage your company will provide? Provide a sample of the types of communication pieces you would provide.
94. Describe the process for determining whether an employee is disabled. Begin at the point an employee notifies the insurer of the claim and continue until the point the disabled employee receives the first disability payment. Include expected time periods.
95. What procedures are in place for determining borderline claims and eliminating fraud and malingering?