

TRANSMITTAL		0150-11983-0001
TO City Council	DATE 09/13/2023	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT
<p>Second Amended and Restated Professional Services Agreements C-134110, C-134114, and C-134116 with Standard Insurance Company to provide life, disability, and accidental death & dismemberment insurance services for eligible civilian City employees</p> <p>Transmitted for your consideration. Please see the attached report from the City Administrative Officer.</p> <p style="text-align: center;"> _____ MAYOR (Chris Thompson for)</p> <p>MWS:KS:11230137t</p>		

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

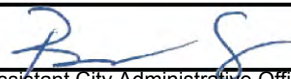
To: The Mayor	Date: 06-23-23	C.D. No. All	CAO File No.: 0150-11983-0001
Contracting Department/Bureau: Personnel Department		Contact: Sherry Cox (213) 473-9122	
Reference: Personnel Department transmittal dated May 8, 2023, referred for report on May 8, 2023			
Purpose of Contract: To provide life, disability, and accidental death & dismemberment insurance services for eligible civilian City employees.			
Type of Contract: () New contract (X) Amendment (C-134110, C-13414, and C-134116)	Original Contract Term: January 1, 2018 through December 31, 2020 First Amended and Restated: January 1, 2018 through December 31, 2022 Second Amended and Restated: January 1, 2018 through December 31, 2024		
Contract/Amendment Amount: Fees paid in accordance with Article IV Compensation of the Agreements.			
Proposed amount \$ + Prior award(s) \$ = Total contract amount based on fees paid in accordance with Article IV Compensation of the Agreements. There is no set minimum or maximum amount.			
Source of funds: Human Resources Benefits, Civilian FLEX Program and fees collected from City employee participants			
Name of Contractor: Standard Insurance Company			
Address: 1100 SW Sixth Avenue, Portland, OR 97204			
	Yes	No	N/A
1. Council has approved the purpose	X		
2. Appropriated funds are available	X		
3. Charter Section 1022 findings completed	X		
4. Proposals have been requested	X		
5. Risk Management review completed	X		
6. Standard Provisions for City Contracts included	X		
7. Workforce that resides in the City: 0%			
Contractor has complied with:		Yes	No
8. Business Inclusion Program		X	
9. Equal Benefits & First Source Hiring Ordinances		X	
10. Contractor Responsibility Ordinance		X	
11. Disclosure Ordinances		X	
12. Bidder Certification CEC Form 50		X	
13. Prohibited Contributors (Bidders) CEC Form 55		X	
14. CA Iran Contracting Act of 2010		X	

RECOMMENDATION

That the City Council approve, and authorize the General Manager of the Personnel Department to execute, the Second Amended and Restated Professional Services Agreements C-134110, C-134114, and C-134116 with Standard Insurance Company to extend the terms by two years providing seven-year terms effective January 1, 2018 through December 31, 2024, subject to the approval of the City Attorney.

SUMMARY

The Personnel Department (Department), at the direction of the Joint Labor Management Benefits Committee (JLMBC), requests approval to execute the proposed Second Amended and Restated Professional Services Agreements (Agreements) with Standard Insurance Company (Contractor) to continue providing services for the City's Civilian Benefits Program life insurance plans including life, disability, and accidental death & dismemberment (AD&D) insurance services (Services) for eligible civilian City employees. The original Agreements provided a three-year term effective January 1, 2018 through December 31, 2020, with an option to extend each term up to an additional two years. The First Supplemental Agreements exercised the option to extend each term an additional two years

Kimberly Squire			
KS	Analyst	11230137	Assistant City Administrative Officer

for a revised term effective January 1, 2018 through December 31, 2022. In November 2022, the Department reported to the JLMBC that due to staffing shortages and numerous concurrent benefits-related procurement processes the Department was unable to complete a new competitive procurement process for the Services before the Agreements expired. At the November 4, 2022 JLMBC meeting, the Department recommended, and the JLMBC approved, the extension of the Agreements by two additional years through December 31, 2024. The Department intends to complete a competitive procurement process for the Services in 2024 so that new agreements can be executed before the proposed December 31, 2024 expiration date.

Approval of the proposed Agreements will extend the current term by two years resulting in a seven-year term effective January 1, 2018 through December 31, 2024. The proposed Agreements include a ratification clause to allow the Contractor to continue providing Services prior to execution of the proposed Agreements to ensure the continued provision of insurance plans for City employees. Compensation for Services is based on the agreed upon premium rates for each type of plan and the number of employees enrolled in each of the plans. The premium rates are unchanged and remain the same as under the original Agreements.

The scope of work includes providing:

- Basic short-term and basic long-term disability insurance;
- Supplemental disability insurance;
- Basic and supplemental life insurance;
- Supplemental basic life insurance;
- Dependent (spouse/domestic partner/dependent child) life insurance; and,
- AD&D coverage (employee only, employee and family).

The Contractor was selected through a competitive process initiated by the Department on March 2, 2017. The Contractor has complied with all applicable contracting requirements. In accordance with Charter Section 1022, the Personnel Department found that City employees do not have expertise to perform the scope of work of the Agreements. In accordance with Los Angeles Administrative Code Section 10.5(a)(6), City Council approval of the Agreements is required because the cumulative terms exceed five years.

FISCAL IMPACT STATEMENT

Funding is provided by the Human Resources Benefit Fund, Civilian FLEX Program Account and also by participant fees. There is no additional impact to the General Fund.

FINANCIAL POLICIES STATEMENT

As budgeted funds are available to support the proposed Agreement and expenditures in the current year are limited to the appropriation of funds, the recommendation of this report complies with the City's Financial Policies.

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COMMISSIONERS**

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MAYOR

PERSONNEL DEPARTMENT

PERSONNEL BUILDING
700 EAST TEMPLE STREET
LOS ANGELES, CA 90012

—
DANA H BROWN
GENERAL MANAGER

May 8, 2023

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

Subject: **REQUEST FOR REVIEW OF PROPOSED SECOND SUPPLEMENTAL AGREEMENT TO THE PROFESSIONAL SERVICES AGREEMENT (CONTRACT NO. C-134110) BETWEEN STANDARD INSURANCE COMPANY AND THE CITY OF LOS ANGELES**

In accordance with Executive Directive No. 3, attached for your review and approval is a draft Second Supplemental Agreement (Agreement), as amended by that certain First Supplemental Agreement to the Professional Services Agreement, Contract No. C-134110, (Contract) between Standard Insurance Company (Contractor) and the City of Los Angeles, to provide and underwrite basic, supplemental basic, supplemental, dependent spouse/domestic partner, and dependent child life insurance plans (Life Insurance Plans) for the LAwell Civilian Employee Benefits Program (LAwell Program).

Background

The Personnel Department's Employee Benefits Division administers the LAwell Program to active City of Los Angeles employees and their qualified dependents in conjunction with the Joint Labor Management Benefits Committee (JLMBC). The JLMBC is comprised of five management and five employee organization representatives whose purpose is to determine what plans are to be included in the benefits program, define the structure of benefit plans, and recommend service providers to the General Manager Personnel Department. The LAwell program provides civilian employees with basic life insurance, with the City paying for the full cost of this benefit. Employees have the option to elect and purchase supplemental life insurance for themselves and/or their dependents at no additional cost to the City for optional coverage. The current Contractor was selected after a competitive bid process.

A. Contract Authority

In accordance with Los Angeles Administrative Code Section LAAC 4.303, the Joint Labor Management Benefits Committee (JLMBC) recommends, and the Personnel Department maintains and administers, on behalf of the City of Los Angeles, suitable employee benefits programs, as authorized by the City Council, for officers and employees of the City of Los Angeles. The Personnel Department has authority to enter into contracts to assist in its administration of these programs, including the provision of Life Insurance Plan services.

The Personnel Department General Manager is the contracting authority for the LAwell Program's benefits service providers. In accordance with Los Angeles Administrative Code Division 10, Chapter 1, Section 10.5, the Personnel Department may enter into contracts with benefits service providers for a period of up to five years. The proposed two-year extension would add a sixth and seventh year to the existing contract term between the City of Los Angeles and the Standard Insurance Company. Under LAAC Division 10, Section 10.5 the Personnel Department may enter into contracts with service providers for the Civilian Benefits Program for terms of up to five years. As a result, the proposed two-year extension will require approval of the City Council.

B. Contract Status

Original Contract Execution (Service Years 2018-2022)

- On March 2, 2017, the Personnel Department released a Request for Proposal (RFP) for Life, Disability and Voluntary AD&D Insurance Plans for the LAwell Program, with a deadline for vendors to respond by April 10, 2017. The Employee Benefits Division of the Personnel Department received and evaluated all received proposals.
- At its June 8, 2017 meeting, the JLMBC recommended that the Personnel Department General Manager select Standard Insurance Company as the provider of the Life Insurance Plan services for the LAwell Program.
- Effective September 30, 2019, the City and Contractor entered into that certain Professional Services Agreement (Contract No. C-134110) to provide Life Insurance Plan services for the LAwell Program for the term beginning January 1, 2018 and ending on December 31, 2020.
- At its September 3, 2020 meeting, the JLMBC recommended that the Personnel Department General Manager extend the current agreement with Standard Insurance Company as the provider of Life Insurance Plan Services for the LAwell Program for two additional years beginning January 1, 2021 to December 31, 2022.
- On or about February 15, 2022, the City and Contractor entered into that certain First Supplemental Agreement, which extended the Original Agreement an additional two years, beginning January 1, 2021 and ending on December 31, 2022.

Basis for Second Supplemental Agreement to Contract No. C-134110 Requiring City Council Approval (Service Years 2023-2024)

The Personnel Department issued an RFP for the selection of health plan services to begin in January 2021. However, as a result of certain complications related to the RFP, on July 1, 2021, the JLMBC recommended that the Personnel Department General Manager exercise the option to cancel the RFP. The Personnel Department General Manager approved this recommendation, and effective July 1, 2021, the RFP was canceled and marked as withdrawn on the City's BAVN system. The Employee Benefits Division continued to experience staffing shortages and limitations, and noted that incoming pressures of the City's Human Resources Payroll (HRP) Conversion could pay a heavier toll on staff while it took multiple efforts to re-issue its health RFP for a targeted early 2022 release. As a result of this conversation, at its November 4, 2021 meeting, the JLMBC recommended to the Personnel Department General Manager that the Agreement with Standard Insurance Company be extended for an additional two-year term effective January 1, 2023 to December 31, 2024, for a total seven-year contract term. Subsequently, the Personnel Department General Manager approved the recommendation, subject to the successful negotiation of the Agreement's terms and conditions.

There is an ongoing need and obligation for the City to provide access to the incumbent's services for LAwell Program members, as such services cannot be replaced absent a procurement and sufficient time to select a provider in advance of the annual Open Enrollment period, which occurs in October. The LAwell Program successfully completed selection of health plan services vendor through its 2022 Health RFP, and those selected services started on January 1, 2023. As such, the LAwell Program is on track to issue an RFP for Life, Disability and Voluntary AD&D Insurance Plan services in early 2024 for selection of a provider for a January 2025 start of services. The extension of the current agreement through December 2024 will cover the period until a successor winning bidder begins providing services.

In accordance with Los Angeles Administrative Code Section 4.303, the City's Joint Labor Management Benefits Committee (JLMBC) recommends, and the Personnel Department maintains and administers, on behalf of the City of Los Angeles, the LAwell Program, as authorized by the City Council, for officers and employees of the City of Los Angeles. Additionally, in accordance with Los Angeles Administrative Code Section 10.5, the Personnel Department may enter into contracts with benefit service providers for a period of up to five years. As the contracting authority for the LAwell Program's benefits service providers, the General Manager of the Personnel Department entered into a three-year Agreement with the Contractor on January 1, 2018 to December 31, 2020. Subsequently, the General Manager of the Personnel Department entered into a two-year First Supplemental Agreement with the Contractor on January 1, 2021 to December 31, 2022. Due to the Original Agreement and First Supplemental Agreement reaching the maximum five-year limit as designated by the Los Angeles Administrative Code, this Second Supplemental Agreement for an additional two-year term requires City Council approval.

Scope of Services to be Provided by Standard

Under the terms of the Second Supplemental Agreement, Standard Insurance Company will continue to provide and underwrite the Life Insurance Plans for the LAwell Program pursuant to the term and conditions contained in the Group Life Insurance Policy, Policy

No. 630363-G and the Certificate of Group Life Insurance, Policy No. 630363-G, which include:

- Insurance Plan Underwriting and General Responsibilities
- Program Evaluation, Reports and Data Services
- Customer Support Services
- Open Enrollment and Communications Services

The Contractor has agreed to maintain the current disability rates for two additional years, with the rates remaining unchanged over the entire seven-year term, from 2018 through 2024.

Compensation

The Contractor is paid by the City on a monthly basis for the satisfactory performance of the scope of services during the term. The amount of each payment is based on the number of City employees enrolled in the Life Insurance Plans each month and the premium rates for each plan as set forth in the Premium Rates as included in the original Agreement. The calculation of each Premium Payment is performed by the City's benefits Third Party Administrator based on the number of enrollments in each of the Life Insurance Plans on the first day of the month.

The Agreement continues the performance guarantees in which the Contractor has agreed to place two percent of fees at risk annually for performance metrics identified in the annual Performance Guarantees agreement, as included in the original Agreement. Should the Contractor fail to meet the performance guarantees, the Contractor will provide penalty payment to the City for each missed performance measure as outlined in the Performance Guarantees agreement.

Contract Term

The full term of the contract, including the execution of this Second Supplemental Agreement, is seven years from January 1, 2018 to December 31, 2024.

Contract Compliance

With respect to the City's general contracting requirements, the Contractor's compliance documentation statuses are as follows:

The Contractor's Affirmative Action Plan, Equal Employment Practice, Equal Benefits, Slavery Disclosure, and First Source Hiring Ordinance affidavits are current.

The Personnel Department's Classification Division confirmed that the Charter Section 1022 determination previously made, which determined that City employees do not have the expertise to perform this work, still applies, and that a new Charter Section 1022 determination is not necessary.

The Contractor's insurance certificate is current.

The Contractor's address is as follows:

Standard Insurance Company
1100 SW Sixth Avenue
Portland, OR 97204

Representative of Contractor Address:

Jennifer Stevens,
National Accounts Consultant

The contract has been reviewed by the City Attorney as to form and language.

Fiscal Impact

Funding for this contract is provided in the Human Resources Benefits Budget, Fund No. 100, Contractual Services Account No. 009200, with no additional impact on the General Fund.

Recommendation

That the General Manager of the Personnel Department, on behalf of the JLMBC, be authorized to negotiate and execute a Second Supplemental Agreement to Contract No. C-134110 with Standard Insurance Company to provide Life Insurance Plans for the LAwell Program and extend the term of the Agreement for a revised two-year term effective January 1, 2023 to December 31, 2024.

To ensure continuity of service, the Agreement includes a clause that any services provided prior to the execution of this Agreement, provided that they were performed in accordance with the terms and conditions of this Agreement, would be accepted by the City, and shall be treated as services performed. Staff has solicited language review as to form from the City Attorney's Office, and have received subsequent approval for this Agreement.

Please contact Sherry Cox at (213) 473-9122 with any additional questions.

Thank you for your consideration,



Dana H Brown
General Manager

Attachment

c: Robert Roth, CAO

**SECOND SUPPLEMENT TO THE
PROFESSIONAL SERVICES AGREEMENT (CONTRACT NO. C-134110)
BETWEEN THE CITY OF LOS ANGELES
AND
STANDARD INSURANCE COMPANY**

This Second Supplemental Agreement to that certain Professional Services Agreement (Contract No. C-134110), as amended by that certain First Supplemental Agreement, is made and entered into by and between the City of Los Angeles, a municipal corporation, acting through its Personnel Department (“**City**”) and Standard Insurance Company, an Oregon Stock Life Insurance Company (“**Contractor**”) with reference to the following:

RECITALS

1. On or about September 30, 2019, the City and Contractor entered into that certain Professional Services Agreement (Contract No. C-134110) (“**Original Agreement**”) for basic, supplemental basic, supplemental, dependent spouse/domestic partner and dependent child life insurance plans (collectively “**Life Insurance Plan Services**”) for the term beginning January 1, 2018 and ending December 31, 2020; and
2. On or about February 15, 2022, the City and Contractor entered into that certain First Supplemental Agreement (Contract No. C-134110 S1) (“**First Supplemental Agreement**”), which extended the Original Agreement an additional two years, beginning January 1, 2021 and ending on December 31, 2022; and
3. The City has a continuing need for the Life Insurance Plan Services beyond the term set forth under the First Supplemental Agreement; and
4. On November 4, 2021 the Joint Labor-Management Benefits Committee approved and recommended to the Personnel Department General Manager that Contractor’s provision for Life Insurance Plan Services be extended for two additional years, beginning January 1, 2023 and ending December 31, 2024, subject to the successful negotiation of all necessary contractual terms and conditions; and
5. The Contractor has agreed to extend the term of the Original Agreement, as amended by the First Supplemental Agreement, subject to such additional terms and conditions as provided in this Second Supplemental Agreement; and
6. The contemplated extension of the Original Agreement, as amended, through this Second Supplemental Agreement requires City Council approval under Article 5 of Chapter 7 of Division 4 and Section 10.5 of Article 1 of Chapter 1 of Division 10 of the Los Angeles Administrative Code.
7. On ____ City Council approved the execution of this Second Supplemental Agreement for Life Insurance Plan Services; (Council File ____); and

NOW THEREFORE, the City and Contractor, in consideration of the promises and of the recitals, agreements, covenants, and representations set forth herein, hereby covenant, represent and agree as follows:

1. The terms and conditions of the Original Agreement, as amended by the First Supplemental Agreement, together with this Second Supplemental Agreement shall be read and construed as one document and references to “this Agreement” or “the Agreement” shall from the commencement date hereof (but not for any purpose prior to the effective date hereof), incorporate references to this Second Supplemental Agreement.

2. Section A of Article II of the Original Agreement, as amended by the First Supplemental Agreement, entitled “Time of Performance,” is hereby deleted in its entirety and replaced with the following:

“The term of this Agreement will commence on January 1, 2023, as provided under paragraph 5 of the Second Supplemental Agreement, and will end on December 31, 2024 or at such time as all funding provided herein has been expended, whichever occurs first, and subject to the termination provisions herein (“Term”).”

3. Section C(1)(a) of Article II of the Original Agreement, as amended by the First Supplemental Agreement is hereby deleted in its entirety and replaced with the following:

“Contractor shall underwrite the basic, supplemental basic, supplemental, dependent spouse/domestic partner and dependent child life insurance plans for the City’s LAwell Benefits Program pursuant to the terms and conditions contained in the Group Life Insurance Policy, Policy Number 630363-G, and as amended by:

- A. Group Policy Amendment No. 22 (effective January 1, 2011), which is attached hereto as Attachment 1 and incorporated herein by reference,
- B. Group Policy Amendment No. 23 (effective February 1, 2022), which is attached hereto as Attachment 2 and incorporated herein by reference.”

4. In the event of any inconsistency between the provisions of this Second Supplemental Agreement and any exhibits and attachments attached hereto, said inconsistency shall be resolved by giving precedence to the documents in the following order, except as required by applicable ordinances and law:

- A. This Second Supplemental Agreement;
- B. The First Supplemental Agreement;
- C. The Original Agreement;
- D. Standard Provisions for City Contracts (Rev. 10/17)v.3; and
- E. Group Life Insurance, Policy Number 630363-G and Certificates of Group Life Insurance, and its Amendments No. 22 through No. 23, provided, however, the terms and conditions of Exhibit A shall govern for insurance, benefits and termination with respect to an insured individual.

5. This Second Supplemental Agreement shall take effect on January 1, 2023, upon the occurrence of all of the following events:
 - A. This Second Supplemental Agreement has been signed on behalf of the Contractor by the person or persons authorized to bind the Contractor hereto;
 - B. This Second Supplemental Agreement has been approved by the General Manager of the Personnel Department;
 - C. The Office of the City Attorney has indicated in writing its approval of this Second Supplemental Agreement as to form; and
 - D. This First Supplemental Agreement has been signed on behalf of the City by the person designated to so sign by the City's Council or by the board, officer or employee authorized to enter into this Second Supplemental Agreement.
6. Due to the need for the Contractor's services to be provided on an ongoing basis and upon the commencement of the term of this Second Supplemental Agreement, Contractor may have provided services prior to the execution hereof. To the extent that said services were performed in accordance with the terms and conditions of this Second Supplemental Agreement, those professional services are hereby accepted by the City and shall be treated as services performed under the terms and conditions herein.
7. Except as amended by this Second Supplemental Agreement, all other terms and conditions of the Original Agreement, as amended by the First Supplemental Agreement, shall remain in full force and effect.
8. Capitalized terms not otherwise defined herein shall have the meaning proscribed under the Original Agreement.
9. This Second Supplemental Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into pdf (or signatures in another electronic format designated by City) and sent by e-mail shall be deemed original signatures.

IN WITNESS THEREOF, the parties hereto have caused this Second Supplemental Agreement to be executed by their respective duly authorized representatives.

THE CITY OF LOS ANGELES

STANDARD INSURANCE COMPANY*

By: _____
DANA H. BROWN
General Manager
Personnel Department

By: _____
JILL SCHLOFER
2nd Vice President
Implementation & Enrollment

Date: _____

Date: _____

By: _____
KEVIN ERDAHL
Assistant Vice President
Underwriting

Date: _____

APPROVED AS TO FORM:

ATTEST:

HYDEE FELDSTEIN SOTO, City Attorney

HOLLY L. WOLCOTT, City Clerk

By: _____
CHARLES HONG
Deputy City Attorney

By: _____
Deputy City Clerk

Date: _____

Date: _____

* Approved Signature Methods:

- 1) Two signatures: One of the Chairman of the Board of Directors, President, or Vice-President, and one of the Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer.
- 2) One signature of a Corporate-designated individual together with a properly attested resolution of the Board of Directors authorizing the individual to sign.

City Business License Number _____

Internal Revenue Service Taxpayer Identification Number _____

Agreement Number C-134110

GROUP POLICY AMENDMENT NO. 22

Attached to and made a part of Group Policy 630363-G issued to
City of Los Angeles as Policyholder.

Effective January 1, 2011, Item H. of the **Life Insurance** section is amended as follows:

H. Reinstatement Of Life Insurance

If your Life Insurance ends, you may become insured again as a new Member. However, 1 through 5 below will apply.

1. If your Life Insurance ends because you cease to be a Member, and if you become a Member again within 90 days, the Eligibility Waiting Period will be waived.
2. For Contributory Life Insurance, if your Life Insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.
3. If you exercised your Right To Convert, you must provide Evidence Of Insurability to become insured again.
4. If your Life Insurance ends because you are on a federal or state-mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state-mandated family or medical leave act or law.
5. If your insurance ends because you cease to be a Member for any other reason, you must provide Evidence Of Insurability to become insured again.

STANDARD INSURANCE COMPANY

By



President and CEO



Corporate Secretary

GROUP POLICY AMENDMENT NO. 23

Attached to and made a part of Group Policy 630363-G issued to
City of Los Angeles as Policyholder.

Effective February 1, 2022, the **Waiver of Premium** section is amended as follows:

WAIVER OF PREMIUM

Waiver Of Premium is provided to Class 3 Members only.

A. Waiver Of Premium Benefit

Insurance will be continued without payment of premiums while you are Totally Disabled if:

1. You become Totally Disabled while insured under the Group Policy and under age 60;
2. You complete your Waiting Period; and
3. You give us satisfactory Proof Of Loss.

We may have you examined at our expense at reasonable intervals. Any such examination will be conducted by specialists of our choice.

B. Definitions For Waiver Of Premium

1. Insurance means your Plan 1 Life Insurance only.
2. Disabled means that, as a result of Sickness, accidental Injury, or Pregnancy, you are unable to perform with reasonable continuity the material duties of any gainful occupation for which you are reasonably fitted by education, training and experience.
3. Waiting Period means the 180 consecutive day period beginning on the date you become Totally Disabled. Waiver Of Premium begins when you complete the Waiting Period.

C. Premium Payment

Premium payment must continue until the later of:

1. The date you complete your Waiting Period; and
2. The date we approve your claim for Waiver Of Premium.

D. Refund Of Premiums

We will refund up to 12 months of the premiums that were paid for Insurance after the date you become Totally Disabled.

E. Amount Of Insurance

The amount of Insurance eligible for Waiver Of Premium is the amount in effect on the day before you become Totally Disabled. However, the following will apply:

1. will be reduced or terminated according to the Group Policy provisions in effect on the day before you become Totally Disabled.
2. If you become insured under a group life insurance plan that replaces the Group Policy while you are eligible for Waiver Of Premium, any death benefit payable under the Group Policy will be reduced by the amount payable under the replacement group life insurance plan.
3. If you receive an Accelerated Benefit, Insurance will be reduced according to the **Accelerated Benefit** provision.

F. Effect Of Death During The Waiting Period

If you die during the Waiting Period and are otherwise eligible for Waiver Of Premium, the Waiting Period will be waived.

G. Termination Or Amendment Of The Group Policy

Insurance will not be affected by termination or amendment of the Group Policy after you become Totally Disabled.

H. When Waiver Of Premium Ends

Waiver Of Premium ends on the earliest of:

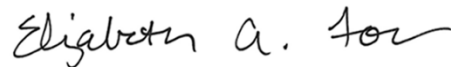
1. The date you cease to be Totally Disabled;
2. 90 days after the date we mail you a request for additional Proof Of Loss, if it is not given;
3. The date you fail to attend an examination or cooperate with the examiner; and
4. With respect to the amount of Insurance which an insured has converted, the effective date of the individual life insurance policy issued to the insured.

STANDARD INSURANCE COMPANY

By

A handwritten signature in black ink, appearing to read "David Miller".

President and CEO

A handwritten signature in black ink, appearing to read "Elizabeth A. For".

Corporate Secretary

**BOARD OF CIVIL SERVICE
COMMISSIONERS**

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PRESIDENT

KARLA M. GOULD
VICE PRESIDENT

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—
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COMMISSION EXECUTIVE DIRECTOR

CITY OF LOS ANGELES
CALIFORNIA



KAREN BASS
MAYOR

PERSONNEL DEPARTMENT

PERSONNEL BUILDING
700 EAST TEMPLE STREET
LOS ANGELES, CA 90012

—
DANA H BROWN
GENERAL MANAGER

May 8, 2023

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

Subject: **REQUEST FOR REVIEW OF PROPOSED SECOND SUPPLEMENTAL
AGREEMENT TO THE PROFESSIONAL SERVICES AGREEMENT
(CONTRACT NO. C-134116) BETWEEN STANDARD INSURANCE
COMPANY AND THE CITY OF LOS ANGELES**

In accordance with Executive Directive No. 3, attached for your review and approval is a draft Second Supplemental Agreement (Agreement), as amended by that certain First Supplemental Agreement to the Professional Services Agreement, Contract No. C-134116, (Contract) between Standard Insurance Company (Contractor) and the City of Los Angeles, to provide and underwrite group short-term and group long-term disability insurance plans (Disability Insurance Plans) for the LAwell Civilian Employee Benefits Program (LAwell Program).

Background

The Personnel Department's Employee Benefits Division administers the LAwell Program to active City of Los Angeles employees and their qualified dependents in conjunction with the Joint Labor Management Benefits Committee (JLMBC). The JLMBC is comprised of five management and five employee organization representatives whose purpose is to determine what plans are to be included in the benefits program, define the structure of benefit plans, and recommend service providers to the General Manager Personnel Department. The LAwell program provides civilian employees with basic short-term disability insurance and long-term disability insurance, with the City paying for the full cost of this benefit. Employees have the option to elect and purchase supplemental disability insurance for themselves at no additional cost to the City for optional coverage. The current Contractor was selected after a competitive bid process.

A. Contract Authority

In accordance with Los Angeles Administrative Code Section LAAC 4.303, the Joint Labor Management Benefits Committee (JLMBC) recommends, and the Personnel Department maintains and administers, on behalf of the City of Los Angeles, suitable employee benefits programs, as authorized by the City Council, for officers and employees of the City of Los Angeles. The Personnel Department has authority to enter into contracts to assist in its administration of these programs, including the provision of Disability Insurance Plan services.

The Personnel Department General Manager is the contracting authority for the LAwell Program's benefits service providers. In accordance with Los Angeles Administrative Code Division 10, Chapter 1, Section 10.5, the Personnel Department may enter into contracts with benefits service providers for a period of up to five years. The proposed two-year extension would add a sixth and seventh year to the existing contract term between the City of Los Angeles and the Standard Insurance Company. Under LAAC Division 10, Section 10.5 the Personnel Department may enter into contracts with service providers for the Civilian Benefits Program for terms of up to five years. As a result, the proposed two-year extension will require approval of the City Council.

A. Contract Status

Original Contract Execution (Service Years 2018-2022)

- On March 2, 2017, the Personnel Department released a Request for Proposals (RFP) for Life, Disability and Voluntary AD&D Insurance Plans for the LAwell Program, with a deadline for vendors to respond by April 10, 2017. The Employee Benefits Division of the Personnel Department received and evaluated all received proposals.
- At its June 8, 2017 meeting, the JLMBC recommended that the Personnel Department General Manager select Standard Insurance Company as the provider of the Disability Insurance Plans services for the LAwell Program.
- Effective September 30, 2019, the City and Contractor entered into that certain Professional Services Agreement (Contract No. C-134116) to provide Disability Insurance Plans services for the LAwell Program for the term beginning January 1, 2018 and ending on December 31, 2020.
- At its September 3, 2020 meeting, the JLMBC recommended that the Personnel Department General Manager extend the current agreement with Standard Insurance Company as the provider of Disability Insurance Plans Services for the LAwell Program for two additional years beginning January 1, 2021 to December 31, 2022.
- On or about February 15, 2022, the City and Contractor entered into that certain First Supplemental Agreement, which extended the Original Agreement an additional two years, beginning January 1, 2021 and ending on December 31, 2022.

Basis for Second Supplemental Agreement to Contract No. C-134116 Requiring City Council Approval (Service Years 2023-2024)

The Personnel Department issued an RFP for the selection of health plan services to begin in January 2021. However, as a result of certain complications related to the RFP, on July 1, 2021, the JLMBC recommended that the Personnel Department General Manager exercise the option to cancel the RFP. The Personnel Department General Manager approved this recommendation, and effective July 1, 2021, the RFP was canceled and marked as withdrawn on the City's BAVN system. The Employee Benefits Division continued to experience staffing shortages and limitations, and noted that incoming pressures of the City's Human Resources Payroll (HRP) Conversion could pay a heavier toll on staff while it took multiple efforts to re-issue its health RFP for a targeted early 2022 release. As a result of this conversation, at its November 4, 2021 meeting, the JLMBC recommended to the Personnel Department General Manager that the Agreement with Standard Insurance Company be extended for an additional two-year term effective January 1, 2023 to December 31, 2024, for a total seven-year contract term. Subsequently, the Personnel Department General Manager approved the recommendation, subject to the successful negotiation of the Agreement's terms and conditions.

There is an ongoing need and obligation for the City to provide access to the incumbent's services for LAwell Program members, as such services cannot be replaced absent a procurement and sufficient time to select a provider in advance of the annual Open Enrollment period, which occurs in October. The LAwell Program successfully completed selection of health plan services vendor through its 2022 Health RFP, and those selected services started on January 1, 2023. As such, the LAwell Program is on track to issue an RFP for Life, Disability and Voluntary AD&D Insurance Plan services in early 2024 for selection of a provider for a January 2025 start of services. The extension of the current agreement through December 2024 will cover the period until a successor winning bidder begins providing services.

In accordance with Los Angeles Administrative Code Section 4.303, the City's Joint Labor Management Benefits Committee (JLMBC) recommends, and the Personnel Department maintains and administers, on behalf of the City of Los Angeles, the LAwell Program, as authorized by the City Council, for officers and employees of the City of Los Angeles. Additionally, in accordance with Los Angeles Administrative Code Section 10.5, the Personnel Department may enter into contracts with benefits service providers for a period of up to five years. As the contracting authority for the LAwell Program's benefits service providers, the General Manager of the Personnel Department entered into a three-year Agreement with the Contractor on January 1, 2018 to December 31, 2020. Subsequently, the General Manager of the Personnel Department entered into a two-year First Supplemental Agreement with the Contractor on January 1, 2021 to December 31, 2022. Due to the Original Agreement and First Supplemental Agreement reaching the maximum five-year limit as designated by the Los Angeles Administrative Code, this Second Supplemental Agreement for an additional two-year term requires City Council approval.

Scope of Services to be Provided by Standard

Under the terms of the Second Supplemental Agreement, Standard Insurance Company will continue to provide and underwrite the Disability Insurance Plans for the LAwell Program pursuant to the term and conditions contained in the Certificate and Group

Short-Term Disability Insurance Policy, Policy No. 630363-E and the Certificate and Group Long-Term Disability Insurance Policy, Policy No. 630363-F, which include:

- Insurance Plan Underwriting and General Responsibilities
- Program Evaluation, Reports and Data Services
- Customer Support Services
- Open Enrollment and Communications Services
- Group Disability Tax Reporting and Collection Service Agreement

The Contractor has agreed to maintain the current disability rates for two additional years, with the rates remaining unchanged over the entire seven-year term, from 2018 through 2024.

Compensation

The Contractor is paid by the City on a monthly basis for the satisfactory performance of the scope of services during the term. The amount of each payment is based on the number of City employees enrolled in the Disability Insurance Plans each month and the premium rates for each plan as set forth in the Premium Rates as included in the original Agreement. The calculation of each Premium Payment is performed by the City's benefits Third Party Administrator based on the number of enrollments in each of the Disability Insurance Plans on the first day of the month.

The Agreement continues the performance guarantees in which the Contractor has agreed to place two percent of fees at risk annually for performance metrics identified in the annual Performance Guarantees agreement, as included in the original Agreement. Should the Contractor fail to meet the performance guarantees, the Contractor will provide penalty payment to the City for each missed performance measure as outlined in the Performance Guarantees agreement.

Contract Term

The full term of the contract, including the execution of this Second Supplemental Agreement, is seven years from January 1, 2018 to December 31, 2024.

Contract Compliance

With respect to the City's general contracting requirements, the Contractor's compliance documentation statuses are as follows:

The Contractor's Affirmative Action Plan, Equal Employment Practice, Equal Benefits, Slavery Disclosure, and First Source Hiring Ordinance affidavits are current.

The Personnel Department's Classification Division confirmed that the Charter Section 1022 determination previously made, which determined that City employees do not have the expertise to perform this work, still applies, and that a new Charter Section 1022 determination is not necessary.

The Contractor's insurance certificate is current.

The Contractor's address is as follows: Standard Insurance Company
1100 SW Sixth Avenue
Portland, OR 97204

Representative of Contractor Address: Jennifer Stevens,
National Accounts Consultant

The contract has been reviewed by the City Attorney as to form and language.

Fiscal Impact

Funding for this contract is provided in the Human Resources Benefits Budget, Fund No. 100, Contractual Services Account No. 009200, with no additional impact on the General Fund.

Recommendation

That the General Manager of the Personnel Department, on behalf of the JLMBC, be authorized to negotiate and execute a Second Supplemental Agreement to Contract No. C-134116 with Standard Insurance Company to provide Disability Insurance Plans for the LAwell Program and extend the term of the Agreement for a revised two-year term effective January 1, 2023 to December 31, 2024.

To ensure continuity of service, the Agreement includes a clause that any services provided prior to the execution of this Agreement, provided that they were performed in accordance with the terms and conditions of this Agreement, would be accepted by the City, and shall be treated as services performed. Staff has solicited language review as to form from the City Attorney's Office, and have received subsequent approval for this Agreement.

Please contact Sherry Cox at (213) 473-9122 with any additional questions.

Thank you for your consideration,



Dana H Brown
General Manager

Attachment

c: Robert Roth, CAO

**SECOND SUPPLEMENT TO THE
PROFESSIONAL SERVICES AGREEMENT (CONTRACT NO. C-134116)
BETWEEN THE CITY OF LOS ANGELES
AND
STANDARD INSURANCE COMPANY**

This Second Supplemental Agreement to that certain Professional Services Agreement (Contract No. C-134116), as amended by that certain First Supplemental Agreement, is made and entered into by and between the City of Los Angeles, a municipal corporation, acting through its Personnel Department (“**City**”) and Standard Insurance Company, an Oregon Stock Life Insurance Company (“**Contractor**”) with reference to the following:

RECITALS

1. On or about September 30, 2019, the City and Contractor entered into that certain Professional Services Agreement (Contract No. C-134116) (“**Original Agreement**”) for Group Short-Term and Group Long-Term Disability Services (collectively “**Disability Insurance Plan Services**”) for the term beginning January 1, 2018 and ending December 31, 2020; and
2. On or about February 15, 2022, the City and Contractor entered into that certain First Supplemental Agreement (Contract No. C-134116 S1) (“**First Supplemental Agreement**”), which extended the Original Agreement an additional two years, beginning January 1, 2021 and ending on December 31, 2022; and
3. The City has a continuing need for the Disability Insurance Plan Services beyond the term set forth under the First Supplemental Agreement; and
4. On November 4, 2021 the Joint Labor-Management Benefits Committee approved and recommended to the Personnel Department General Manager that Contractor’s provision for Disability Insurance Plan Services be extended for two additional years, beginning January 1, 2023 and ending December 31, 2024, subject to the successful negotiation of all necessary contractual terms and conditions; and
5. The Contractor has agreed to extend the term of the Original Agreement, as amended by the First Supplemental Agreement, subject to such additional terms and conditions as provided in this Second Supplemental Agreement; and
6. The contemplated extension of the Original Agreement, as amended, through this Second Supplemental Agreement requires City Council approval under Article 5 of Chapter 7 of Division 4 and Section 10.5 of Article 1 of Chapter 1 of Division 10 of the Los Angeles Administrative Code.
7. On ____ City Council approved the execution of this Second Supplemental Agreement for Disability Insurance Plan Services; (Council File ____); and

NOW THEREFORE, the City and Contractor, in consideration of the promises and of the recitals, agreements, covenants, and representations set forth herein, hereby covenant, represent and agree as follows:

1. The terms and conditions of the Original Agreement, as amended by the First Supplemental Agreement, together with this Second Supplemental Agreement shall be read and construed as one document and references to “this Agreement” or “the Agreement” shall from the commencement date hereof (but not for any purpose prior to the effective date hereof), incorporate references to this Second Supplemental Agreement.

2. Section A of Article II of the Original Agreement, as amended by the First Supplemental Agreement, entitled “Time of Performance,” is hereby deleted in its entirety and replaced with the following:

“The term of this Agreement will commence on January 1, 2023, as provided under paragraph 5 of the Second Supplemental Agreement, and will end on December 31, 2024 or at such time as all funding provided herein has been expended, whichever occurs first, and subject to the termination provisions herein (“Term”).”

3. Section C(1)(a) of Article II of the Original Agreement, as amended by the First Supplemental Agreement is hereby deleted in its entirety and replaced with the following:

“Contractor shall underwrite the Short-Term Disability Insurance Plan for the City’s LAwell Benefits Program pursuant to the terms and conditions contained in the Group Short-Term Disability Insurance Policy, Policy Number 630363-E, as amended by:

- A. Group Policy Amendment No. 16 (effective November 1, 2020), which is attached hereto as Attachment 1 and incorporated herein as reference.
- B. Group Policy Amendment No. 17 (effective January 1, 2022), which is attached hereto as Attachment 2 and incorporated herein as reference.
- C. Group Policy Amendment No. 18 (effective January 1, 2011), which is attached hereto as Attachment 3 and incorporated herein as reference).
- D. Group Policy Amendment No. 19 (effective November 1, 2021), which is attached hereto as Attachment 4 and incorporated herein as reference.

Contractor shall underwrite the Long-Term Disability Insurance Plan for the City’s LAwell Benefits Program pursuant to the terms and conditions contained in the Group Long-Term Disability Insurance Policy, Policy No. 630363-F (effective January 1, 2018), as amended by:

- A. Group Policy Amendment No. 19 (effective November 1, 2020), which is attached hereto as Attachment 5 and incorporated herein as reference.
- B. Group Policy Amendment No. 20 (effective January 1, 2022), which is attached hereto as Attachment 6 and incorporated herein as reference.

- C. Group Policy Amendment No. 21 (effective January 1, 2011), which is attached hereto as Attachment 7 and incorporated herein as reference.
 - D. Group Policy Amendment No. 22 (effective November 1, 2021), which is attached hereto as Attachment 8 and incorporated herein by reference.”
4. In the event of any inconsistency between the provisions of this Second Supplemental Agreement and any exhibits and attachments attached hereto, said inconsistency shall be resolved by giving precedence to the documents in the following order, except as required by applicable ordinances and law:
- A. This Second Supplemental Agreement;
 - B. The First Supplemental Agreement;
 - C. The Original Agreement;
 - D. Standard Provisions for City Contracts (Rev. 10/17)v.3; and
 - E. Group Disability Insurance Plans Policy 630363-E and 630363-F, and Certificates of Group Disability Insurance, and its Amendments No. 16 through No. 19 for Short-Term Disability Insurance and Amendments No. 19 through No. 22 for Long-Term Disability, provided, however, the terms and conditions of Exhibit A and B shall govern for insurance, benefits and termination with respect to an insured individual.
5. This Second Supplemental Agreement shall take effect on January 1, 2023, upon the occurrence of all of the following events:
- A. This Second Supplemental Agreement has been signed on behalf of the Contractor by the person or persons authorized to bind the Contractor hereto;
 - B. This Second Supplemental Agreement has been approved by the General Manager of the Personnel Department;
 - C. The Office of the City Attorney has indicated in writing its approval of this First Supplemental Agreement as to form; and
 - D. This Second Supplemental Agreement has been signed on behalf of the City by the person designated to so sign by the City’s Council or by the board, officer or employee authorized to enter into this Second Supplemental Agreement.
6. Due to the need for the Contractor’s services to be provided on an ongoing basis and upon the commencement of the term of this Second Supplemental Agreement, Contractor may have provided services prior to the execution hereof. To the extent that said services were performed in accordance with the terms and conditions of this Second Supplemental Agreement, those professional services are hereby accepted by the City and shall be treated as services performed under the terms and conditions herein.
7. Except as amended by this Second Supplemental Agreement, all other terms and conditions of the Original Agreement, as amended by the First Supplemental Agreement, shall remain in full force and effect.
8. Capitalized terms not otherwise defined herein shall have the meaning proscribed under the Original Agreement.

9. This Second Supplemental Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into pdf (or signatures in another electronic format designated by City) and sent by e-mail shall be deemed original signatures.

IN WITNESS THEREOF, the parties hereto have caused this Second Supplemental Agreement to be executed by their respective duly authorized representatives.

THE CITY OF LOS ANGELES

STANDARD INSURANCE COMPANY*

By: _____
DANA H. BROWN
General Manager
Personnel Department

By: _____
JILL SCHLOFER
2nd Vice President
Implementation & Enrollment

Date: _____

Date: _____

By: _____
KEVIN ERDAHL
Assistant Vice President
Underwriting

Date: _____

APPROVED AS TO FORM:

ATTEST:

HYDEE FELDSTEIN SOTO, City Attorney

HOLLY L. WOLCOTT, City Clerk

By: _____
CHARLES HONG
Deputy City Attorney

By: _____
Deputy City Clerk

Date: _____

Date: _____

* Approved Signature Methods:

- 1) Two signatures: One of the Chairman of the Board of Directors, President, or Vice-President, and one of the Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer.
- 2) One signature of a Corporate-designated individual together with a properly attested resolution of the Board of Directors authorizing the individual to sign.

City Business License Number _____

Internal Revenue Service Taxpayer Identification Number _____

Agreement Number C-134116

GROUP POLICY AMENDMENT NO. 16

Attached to and made a part of Group Policy 630363-E issued to
City of Los Angeles as Policyholder.

Effective November 1, 2020, and subject to the **Active Work Provisions**, the Group Policy is amended as follows:

1. If you are furloughed or unpaid on days as outlined under your Memorandum Of Understanding between November 1, 2020 and June 30, 2022, your Predisability Earnings during that period will be based on your earnings in effect on your last full day of Active Work prior to your furlough.
2. If you cease to be a Member between November 1, 2020 and June 30, 2022 because you are working less than the required minimum number of hours due to being furloughed or unpaid on days as outlined under your Memorandum Of Understanding, your STD Insurance will be continued with premium payment during the period of your furlough.
3. If you terminate or reduce any contributory coverage under the Group Policy while furloughed or unpaid on days as outlined under your Memorandum Of Understanding, Evidence of Insurability will be waived for amounts of insurance in effect prior to the furlough, provided you apply within 30 days of returning from furlough status, and no later than June 30, 2022.

STANDARD INSURANCE COMPANY

By



Chairman, President and CEO



Corporate Secretary

GROUP POLICY AMENDMENT NO. 17

Attached to and made a part of Group Policy 630363-E issued to
City of Los Angeles as Policyholder.

Effective January 1, 2022, and subject to the **Active Work Provisions**, the Schedule Of Insurance portion of the **Coverage Features** is amended to provide the following Plan 1 (basic plan) STD Benefit:

Weekly STD Benefit:

Plan 1 (basic plan): 50% of the first \$1,642 of your weekly Predisability Earnings, reduced by Deductible Income.

Maximum weekly STD Benefit:

Plan 1 (basic plan): \$821 before reduction by Deductible Income.

Minimum weekly STD Benefit: \$15

STANDARD INSURANCE COMPANY

By



President and CEO



Corporate Secretary

GROUP POLICY AMENDMENT NO. 18

Attached to and made a part of Group Policy 630363-E issued to
City of Los Angeles as Policyholder.

Effective January 1, 2011, the **Reinstatement of Insurance** section is amended to read as follows:

REINSTATEMENT OF INSURANCE

If your insurance ends, you may become insured again as a new Member. However, the following will apply:


1. If you are insured for Noncontributory insurance, your insurance ends because you are in a non-pay status, and you return to a pay status with the Employer within the same calendar year, you will be required to provide Evidence Of Insurability if you wish to become insured for Contributory insurance.
2. If your insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.
3. If your insurance ends because you are on a federal or state-mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state-mandated family or medical leave act or law.
4. In no event will insurance be retroactive.
5. If your insurance ends because you cease to be a Member for any other reason, you must provide Evidence Of Insurability to become insured again.

STANDARD INSURANCE COMPANY

By



President and CEO



Corporate Secretary

GROUP POLICY AMENDMENT NO. 19

Attached to and made a part of Group Policy 630363-E issued to
City of Los Angeles as Policyholder.

Effective November 1, 2021, and subject to the **Active Work Provisions**, the Schedule Of Insurance portion of the **Coverage Features** is amended to provide the following Benefit Waiting Period:

Benefit Waiting Period: The period for which you receive 100% sick leave pay and
75% sick leave pay under the Employer's sick leave plan.

STANDARD INSURANCE COMPANY

By



President and CEO



Corporate Secretary

GROUP POLICY AMENDMENT NO. 19

Attached to and made a part of Group Policy 630363-F issued to
City of Los Angeles as Policyholder.

Effective November 1, 2020, and subject to the **Active Work Provisions**, the Group Policy is amended as follows:

1. If you are furloughed or unpaid on days as outlined under your Memorandum Of Understanding between November 1, 2020 and June 30, 2022, your Predisability Earnings during that period will be based on your earnings in effect on your last full day of Active Work prior to your furlough.
2. If you cease to be a Member between November 1, 2020 and June 30, 2022 because you are working less than the required minimum number of hours due to being furloughed or unpaid on days as outlined under your Memorandum Of Understanding, your LTD Insurance will be continued with premium payment during the period of your furlough.
3. If you terminate or reduce any contributory coverage under the Group Policy while furloughed or unpaid on days as outlined under your Memorandum Of Understanding, Evidence of Insurability will be waived for amounts of insurance in effect prior to the furlough, provided you apply within 30 days of returning from furlough status, and no later than June 30, 2022. The Preexisting Condition exclusion will be applied as if there had been no break or reduction in your coverage.

STANDARD INSURANCE COMPANY

By



Chairman, President and CEO



Corporate Secretary

GROUP POLICY AMENDMENT NO. 20

Attached to and made a part of Group Policy 630363-F issued to
City of Los Angeles as Policyholder.

Effective January 1, 2022, and subject to the **Active Work Provisions**, the Schedule Of Insurance portion of the **Coverage Features** is amended to provide the following Plan 1 (basic plan) LTD Benefit:

Plan 1 (basic plan):

LTD Benefit: 50% of the first \$7,118 of your Predisability Earnings,
reduced by Deductible Income.

Maximum LTD Benefit: \$3,559 before reduction by Deductible Income.

Minimum LTD Benefit: \$100 or 10% of your LTD Benefit before reduction by
Deductible Income, whichever is greater.

STANDARD INSURANCE COMPANY

By

A handwritten signature in black ink, appearing to read "David M. [unclear]".

President and CEO

A handwritten signature in black ink, appearing to read "Elizabeth A. [unclear]".

Corporate Secretary

GROUP POLICY AMENDMENT NO. 21

Attached to and made a part of Group Policy 630363-F issued to
City of Los Angeles as Policyholder.

Effective January 1, 2011, the **Reinstatement of Insurance** section is amended to read as follows:

REINSTATEMENT OF INSURANCE

If your insurance ends, you may become insured again as a new Member. However, the following will apply:

1. If you are insured for Noncontributory insurance, your insurance ends because you are in a non-pay status, and you return to a pay status with the Employer within the same calendar year, you will be required to provide Evidence Of Insurability if you wish to become insured for Contributory insurance.
2. If your insurance ends because you fail to make a required premium contribution, you must provide Evidence Of Insurability to become insured again.
3. If your insurance ends because you are on a federal or state mandated family or medical leave of absence, and you become a Member again immediately following the period allowed, your insurance will be reinstated pursuant to the federal or state mandated family or medical leave act or law.
4. The Preexisting Conditions Exclusion will be applied as if insurance had remained in effect in the following instances:
 - a. If you become insured again within 90 days.
 - b. If required by federal or state-mandated family or medical leave act or law and you become insured again immediately following the period allowed under the family or medical leave act or law.
5. In no event will insurance be retroactive.
6. If your insurance ends because you cease to be a Member for any other reason, you must provide Evidence Of Insurability to become insured again.

STANDARD INSURANCE COMPANY

By



President and CEO



Corporate Secretary

GROUP POLICY AMENDMENT NO. 22

Attached to and made a part of Group Policy 630363-F issued to
City of Los Angeles as Policyholder.

Effective November 1, 2021, and subject to the **Active Work Provisions**, the Schedule Of Insurance portion of the **Coverage Features** is amended to provide the following Benefit Waiting Period for Plan 1 and Plan 2:

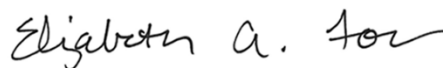
Benefit Waiting Period: 180 days, plus the period for which you receive 100% sick leave pay and 75% sick leave pay under the Employer's sick leave plan.

STANDARD INSURANCE COMPANY

By



President and CEO



Corporate Secretary

**BOARD OF CIVIL SERVICE
COMMISSIONERS**

Room 360, PERSONNEL BUILDING

—
RAUL PEREZ
PRESIDENT

KARLA M. GOULD
VICE PRESIDENT

COMMISSIONERS:
JEANNE A. FUGATE
GUY LIPA

NANCY P. McCLELLAND

—
BRUCE E. WHIDDEN
COMMISSION EXECUTIVE DIRECTOR

CITY OF LOS ANGELES
CALIFORNIA



KAREN BASS
MAYOR

PERSONNEL DEPARTMENT

PERSONNEL BUILDING
700 EAST TEMPLE STREET
LOS ANGELES, CA 90012

—
DANA H BROWN
GENERAL MANAGER

May 8, 2023

The Honorable Karen Bass
Mayor, City of Los Angeles
Room 303, City Hall
Los Angeles, CA 90012

Attention: Heleen Ramirez, Legislative Coordinator

Subject: **REQUEST FOR REVIEW OF PROPOSED SECOND SUPPLEMENTAL AGREEMENT TO THE PROFESSIONAL SERVICES AGREEMENT (CONTRACT NO. C-134114) BETWEEN STANDARD INSURANCE COMPANY AND THE CITY OF LOS ANGELES**

In accordance with Executive Directive No. 3, attached for your review and approval is a draft Second Supplemental Agreement (Agreement), as amended by that certain First Supplemental Agreement to the Professional Services Agreement, Contract No. C-134114, (Contract) between Standard Insurance Company (Contractor) and the City of Los Angeles, to provide and underwrite group voluntary accidental death and dismemberment insurance plan services (Group VAD&D Insurance Plans) for the LAwell Civilian Employee Benefits Program (LAwell Program).

Background

The Personnel Department's Employee Benefits Division administers the LAwell Program to active City of Los Angeles employees and their qualified dependents in conjunction with the Joint Labor Management Benefits Committee (JLMBC). The JLMBC is comprised of five management and five employee organization representatives whose purpose is to determine what plans are to be included in the benefits program, define the structure of benefit plans, and recommend service providers to the General Manager Personnel Department. The LAwell program provides civilian employees an option to elect and purchase either supplemental employee-only coverage or supplemental family coverage, at no additional cost to the City for optional coverage. The current Contractor was selected after a competitive bid process.

A. Contract Authority

In accordance with Los Angeles Administrative Code Section LAAC 4.303, the Joint Labor Management Benefits Committee (JLMBC) recommends, and the Personnel Department maintains and administers, on behalf of the City of Los Angeles, suitable employee benefits programs, as authorized by the City Council, for officers and employees of the City of Los Angeles. The Personnel Department has authority to enter into contracts to assist in its administration of these programs, including the provision of Group VAD&D Insurance Plan services.

The Personnel Department General Manager is the contracting authority for the LAwell Program's benefits service providers. In accordance with Los Angeles Administrative Code Division 10, Chapter 1, Section 10.5, the Personnel Department may enter into contracts with benefits service providers for a period of up to five years. The proposed two-year extension would add a sixth and seventh year to the existing contract term between the City of Los Angeles and the Standard Insurance Company. Under LAAC Division 10, Section 10.5 the Personnel Department may enter into contracts with service providers for the Civilian Benefits Program for terms of up to five years. As a result, the proposed two-year extension will require approval of the City Council.

B. Contract Status

Original Contract Execution (Service Years 2018-2022)

- On March 2, 2017, the Personnel Department released a Request for Proposal (RFP) for Life, Disability and Voluntary AD&D Insurance Plans for the LAwell Program, with a deadline for vendors to respond by April 10, 2017. The Employee Benefits Division of the Personnel Department received and evaluated all received proposals.
- At its June 8, 2017 meeting, the JLMBC recommended that the Personnel Department General Manager select Standard Insurance Company as the provider of the Group VAD&D Insurance Plan services for the LAwell Program.
- Effective September 30, 2019, the City and Contractor entered into that certain Professional Services Agreement (Contract No. C-134114) to provide Group VAD&D Insurance Plan services for the LAwell Program for the term beginning January 1, 2018 and ending on December 31, 2020.
- At its September 3, 2020 meeting, the JLMBC recommended that the Personnel Department General Manager extend the current agreement with Standard Insurance Company as the provider of the Group VAD&D Insurance Plan services for the LAwell Program for two additional years beginning January 1, 2021 to December 31, 2022.
- On or about February 15, 2022, the City and Contractor entered into that certain First Supplemental Agreement, which extended the Original Agreement an additional two years, beginning January 1, 2021 and ending on December 31, 2022.

Basis for Second Supplemental Agreement to Contract No. C-134114 Requiring City Council Approval (Service Years 2023-2024)

The Personnel Department issued an RFP for the selection of health plan services to begin in January 2021. However, as a result of certain complications related to the RFP,

on July 1, 2021, the JLMBC recommended that the Personnel Department General Manager exercise the option to cancel the RFP. The Personnel Department General Manager approved this recommendation, and effective July 1, 2021, the RFP was canceled and marked as withdrawn on the City's BAVN system. The Employee Benefits Division continued to experience staffing shortages and limitations, and noted that incoming pressures of the City's Human Resources Payroll (HRP) Conversion could pay a heavier toll on staff while it took multiple efforts to re-issue its health RFP for a targeted early 2022 release. As a result of this conversation, at its November 4, 2021 meeting, the JLMBC recommended to the Personnel Department General Manager that the Agreement with Standard Insurance Company be extended for an additional two-year term effective January 1, 2023 to December 31, 2024, for a total seven-year contract term. Subsequently, the Personnel Department General Manager approved the recommendation, subject to the successful negotiation of the Agreement's terms and conditions.

There is an ongoing need and obligation for the City to provide access to the incumbent's services for LAwell Program members, as such services cannot be replaced absent a procurement and sufficient time to select a provider in advance of the annual Open Enrollment period, which occurs in October. The LAwell Program successfully completed selection of a health plan services vendor through its 2022 Health RFP, and those selected services started on January 1, 2023. As such, the LAwell Program is on track to issue an RFP for Life, Disability and Voluntary AD&D Insurance Plan services in early 2024 for selection of a provider for a January 2025 start of services. The extension of the current agreement through December 2024 will cover the period until a successor winning bidder begins providing services.

In accordance with Los Angeles Administrative Code Section 4.303, the City's Joint Labor Management Benefits Committee (JLMBC) recommends, and the Personnel Department maintains and administers, on behalf of the City of Los Angeles, the LAwell Program, as authorized by the City Council, for officers and employees of the City of Los Angeles. Additionally, in accordance with Los Angeles Administrative Code Section 10.5, the Personnel Department may enter into contracts with benefit service providers for a period of up to five years. As the contracting authority for the LAwell Program's benefits service providers, the General Manager of the Personnel Department entered into a three-year Agreement with the Contractor on January 1, 2018 to December 21, 2020. Subsequently, the General Manager of the Personnel Department entered into a two-year First Supplemental Agreement with the Contractor on January 1, 2021 to December 21, 2022. Due to the Original Agreement and First Supplemental Agreement reaching the maximum five-year limit as designated by the Los Angeles Administrative Code, this Second Supplemental Agreement for an additional two-year term requires City Council approval.

Scope of Services to be Provided by Standard

Under the terms of the Second Supplemental Agreement, Standard Insurance Company will continue to provide and underwrite the Group VAD&D Insurance Plan Services for the LAwell Program pursuant to the term and conditions contained in the Group VAD&D Insurance Policy, Policy No. 630363-H and the Certificate of Group VAD&D Insurance, Policy No. 630363-H, which include:

- Insurance Plan Underwriting and General Responsibilities
- Program Evaluation, Reports and Data Services
- Customer Support Services
- Open Enrollment and Communications Services

The Contractor has agreed to maintain the current disability rates for two additional years, with the rates remaining unchanged over the entire seven-year term, from 2018 through 2024.

Compensation

The Contractor is paid by the City on a monthly basis for the satisfactory performance of the scope of services during the term. The amount of each payment is based on the number of City employees enrolled in the Group VAD&D Insurance Plan Services each month and the premium rates for each plan as set forth in the Premium Rates as included in the original Agreement. The calculation of each Premium Payment is performed by the City's benefits Third Party Administrator based on the number of enrollments in each of the Group VAD&D Insurance Plan Services on the first day of the month.

The Agreement continues the performance guarantees in which the Contractor has agreed to place two percent of fees at risk annually for performance metrics identified in the annual Performance Guarantees agreement, as included in the original Agreement. Should the Contractor fail to meet the performance guarantees, the Contractor will provide penalty payment to the City for each missed performance measure as outlined in the Performance Guarantees agreement.

Contract Term

The full term of the contract, including the execution of this Second Supplemental Agreement, is seven years from January 1, 2018 to December 31, 2024.

Contract Compliance

With respect to the City's general contracting requirements, the Contractor's compliance documentation statuses are as follows:

The Contractor's Affirmative Action Plan, Equal Employment Practice, Equal Benefits, Slavery Disclosure, and First Source Hiring Ordinance affidavits are current.

The Personnel Department's Classification Division confirmed that the Charter Section 1022 determination previously made, which determined that City employees do not have the expertise to perform this work, still applies, and that a new Charter Section 1022 determination is not necessary.

The Contractor's insurance certificate is current.

The Contractor's address is as follows:

Standard Insurance Company
1100 SW Sixth Avenue
Portland, OR 97204

Representative of Contractor Address:

Jennifer Stevens,
National Accounts Consultant

The contract has been reviewed by the City Attorney as to form and language.

Fiscal Impact

Funding for this contract is provided in the Human Resources Benefits Budget, Fund No. 100, Contractual Services Account No. 009200, with no additional impact on the General Fund.

Recommendation

That the General Manager of the Personnel Department, on behalf of the JLMBC, be authorized to negotiate and execute a Second Supplemental Agreement to Contract No. C-134114 with Standard Insurance Company to provide Group VAD&D Insurance Plan Services for the LAwell Program and extend the term of the Agreement for a revised two-year term effective January 1, 2023 to December 31, 2024.

To ensure continuity of service, the Agreement includes a clause that any services provided prior to the execution of this Agreement, provided that they were performed in accordance with the terms and conditions of this Agreement, would be accepted by the City, and shall be treated as services performed. Staff has solicited language review as to form from the City Attorney's Office, and have received subsequent approval for this Agreement.

Please contact Sherry Cox at (213) 473-9122 with any additional questions.

Thank you for your consideration,



Dana H Brown
General Manager

Attachment

c: Robert Roth, CAO

**SECOND SUPPLEMENT TO THE
PROFESSIONAL SERVICES AGREEMENT (CONTRACT NO. C-134114)
BETWEEN THE CITY OF LOS ANGELES
AND
STANDARD INSURANCE COMPANY**

This Second Supplemental Agreement to that certain Professional Services Agreement (Contract No. C-134114), as amended by that certain First Supplemental Agreement, is made and entered into by and between the City of Los Angeles, a municipal corporation, acting through its Personnel Department ("**City**") and Standard Insurance Company, an Oregon Stock Life Insurance Company ("**Contractor**") with reference to the following:

RECITALS

1. On or about September 30, 2019, the City and Contractor entered into that certain Professional Services Agreement (Contract No. C-134114) ("**Original Agreement**") for Contractor to provide group voluntary accidental death and dismemberment insurance plan services (collectively "**Group VAD&D Insurance Plan Services**") for the term beginning January 1, 2018 and ending December 31, 2020; and
2. On or about February 15, 2022, the City and Contractor entered into that certain First Supplemental Agreement (Contract No. C-134114 S1) ("**First Supplemental Agreement**"), which extended the Original Agreement an additional two years, beginning January 1, 2021 and ending on December 31, 2022; and
3. The City has a continuing need for the Group VAD&D Insurance Plan Services beyond the term set forth under the First Supplemental Agreement; and
4. On November 4, 2021 the Joint Labor-Management Benefits Committee approved and recommended to the Personnel Department General Manager that Contractor's provision for Group VAD&D Insurance Plan Services be extended for two additional years, beginning January 1, 2023 and ending December 31, 2024, subject to the successful negotiation of all necessary contractual terms and conditions; and
5. The Contractor has agreed to extend the term of the Original Agreement, as amended by the First Supplemental Agreement, subject to such additional terms and conditions as provided in this Second Supplemental Agreement; and
6. The contemplated extension of the Original Agreement, as amended, through this Second Supplemental Agreement requires City Council approval under Article 5 of Chapter 7 of Division 4 and Section 10.5 of Article 1 of Chapter 1 of Division 10 of the Los Angeles Administrative Code.
7. On ____ City Council approved the execution of this Second Supplemental Agreement for Group VAD&D Insurance Plan Services; (Council File ____); and

NOW THEREFORE, the City and Contractor, in consideration of the promises and of the recitals, agreements, covenants, and representations set forth herein, hereby covenant, represent and agree as follows:

1. The terms and conditions of the Original Agreement, as amended by the First Supplemental Agreement, together with this Second Supplemental Agreement shall be read and construed as one document and references to “this Agreement” or “the Agreement” shall from the commencement date hereof (but not for any purpose prior to the effective date hereof) incorporate references to this Second Supplemental Agreement.

2. Section A of Article II of the Original Agreement, as amended by the First Supplemental Agreement, entitled “Time of Performance,” is hereby deleted in its entirety and replaced with the following:

“The term of this Agreement will commence on January 1, 2023, as provided under paragraph 5 of the Second Supplemental Agreement, and will end on December 31, 2024 or at such time as all funding provided herein has been expended, whichever occurs first, and subject to the termination provisions herein (“Term”).”

3. Section C(1)(a) of Article II of the Original Agreement, as amended by the First Supplemental Agreement is hereby deleted in its entirety and replaced with the following:

“Contractor shall underwrite the Group VAD&D Insurance Plan Services for the City’s LAwell Benefits Program pursuant to the terms and conditions contained in the Group VAD&D Insurance Policy, Policy Number 630363-H, and as amended by:

- A. Group Policy Amendment No. 7 (effective June 15, 2020 through December 31, 2020), which is attached hereto as Attachment 1 and incorporated herein by reference.
- B. Group Policy Amendment No. 8 (effective November 1, 2020), which is attached hereto as Attachment 2 and incorporated herein by reference.”

4. In the event of any inconsistency between the provisions of this Second Supplemental Agreement and any exhibits and attachments attached hereto, said inconsistency shall be resolved by giving precedence to the documents in the following order, except as required by applicable ordinances and law:

- A. This Second Supplemental Agreement;
- B. The First Supplemental Agreement;
- C. The Original Agreement;
- D. Standard Provisions for City Contracts (Rev. 10/17)v.3; and
- E. Group VAD&D Insurance Plan Services, Policy Number 630363–H and Certificates of Group VAD&D Insurance, and its Amendments No. 7 and No. 8, provided, however, the terms and conditions of Exhibit A shall govern for insurance, benefits and termination with respect to an insured individual.

5. This Second Supplemental Agreement shall take effect on January 1, 2023, upon the occurrence of all of the following events:
 - A. This Second Supplemental Agreement has been signed on behalf of the Contractor by the person or persons authorized to bind the Contractor hereto;
 - B. This Second Supplemental Agreement has been approved by the General Manager of the Personnel Department;
 - C. The Office of the City Attorney has indicated in writing its approval of this Second Supplemental Agreement as to form; and
 - D. This Second Supplemental Agreement has been signed on behalf of the City by the person designated to so sign by the City's Council or by the board, officer or employee authorized to enter into this Second Supplemental Agreement.
6. Due to the need for the Contractor's services to be provided on an ongoing basis and upon the commencement of the term of this Second Supplemental Agreement, Contractor may have provided services prior to the execution hereof. To the extent that said services were performed in accordance with the terms and conditions of this Second Supplemental Agreement, those professional services are hereby accepted by the City and shall be treated as services performed under the terms and conditions herein.
7. Except as amended by this Second Supplemental Agreement, all other terms and conditions of the Original Agreement, as amended by the First Supplemental Agreement, shall remain in full force and effect.
8. Capitalized terms not otherwise defined herein shall have the meaning proscribed under the Original Agreement.
9. This Second Supplemental Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. The parties further agree that facsimile signatures or signatures scanned into pdf (or signatures in another electronic format designated by City) and sent by e-mail shall be deemed original signatures.

IN WITNESS THEREOF, the parties hereto have caused this Second Supplemental Agreement to be executed by their respective duly authorized representatives.

THE CITY OF LOS ANGELES

STANDARD INSURANCE COMPANY*

By: _____
DANA H. BROWN
General Manager
Personnel Department

By: _____
JILL SCHLOFER
2nd Vice President
Implementation & Enrollment

Date: _____

Date: _____

By: _____
KEVIN ERDAHL
Assistant Vice President
Underwriting

Date: _____

APPROVED AS TO FORM:

ATTEST:

HYDEE FELDSTEIN SOTO, City Attorney

HOLLY L. WOLCOTT, City Clerk

By: _____
CHARLES HONG
Deputy City Attorney

By: _____
Deputy City Clerk

Date: _____

Date: _____

* Approved Signature Methods:

- 1) Two signatures: One of the Chairman of the Board of Directors, President, or Vice-President, and one of the Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer.
- 2) One signature of a Corporate-designated individual together with a properly attested resolution of the Board of Directors authorizing the individual to sign.

City Business License Number _____

Internal Revenue Service Taxpayer Identification Number _____

Agreement Number C-134114

GROUP POLICY AMENDMENT NO. 7

Attached to and made a part of Group Policy 630363-H issued to
City of Los Angeles as Policyholder.

Effective June 15, 2020 through December 31, 2020, the Group Policy is amended to waive the requirement that Members must apply for a change in coverage due to a Family Status Change within 30 days of the Family Status Change. This amendment applies to all Family Status Changes that occur between March 1, 2020 and December 31, 2020, unless the Family Status Change has already been used to apply for a change in coverage. This Amendment will no longer be in effect on January 1, 2021.

STANDARD INSURANCE COMPANY

By

A handwritten signature in black ink, appearing to read "J. Gray Davis".

Chairman, President and CEO

A handwritten signature in black ink, appearing to read "Amy".

Corporate Secretary

GROUP POLICY AMENDMENT NO. 8

Attached to and made a part of Group Policy 630363-H issued to
City of Los Angeles as Policyholder.

Effective November 1, 2020, and subject to the **Active Work Provisions**, the Group Policy is amended as follows:

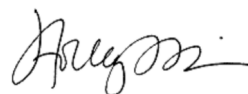
1. If you are furloughed or unpaid on days as outlined under your Memorandum Of Understanding between November 1, 2020 and June 30, 2022, your Annual Earnings during that period will be based on your earnings in effect on your last full day of Active Work prior to your furlough.
2. If you cease to be a Member between November 1, 2020 and June 30, 2022 because you are working less than the required minimum number of hours due to being furloughed or unpaid on days as outlined under your Memorandum Of Understanding, your AD&D Insurance will be continued with premium payment during the period of your furlough.
3. If you terminate or reduce any contributory coverage under the Group Policy while furloughed or unpaid on days as outlined under your Memorandum Of Understanding, Evidence of Insurability will be waived for amounts of insurance in effect prior to the furlough, provided you apply within 30 days of returning from furlough status, and no later than June 30, 2022.

STANDARD INSURANCE COMPANY

By



Chairman, President and CEO



Corporate Secretary