

**Request for Proposal  
for the State of Delaware's  
Life Insurance Benefits**

**Draft Scope of Services**

**September 23, 2024**

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**Scope of Services**

The SEBC desires to contract with a life insurance carrier that can provide life insurance benefits to eligible active State of Delaware and Delaware Solid Waste Authority (DSWA) employees, retirees (“pensioners”) and their dependents. The eligible group consists of permanent full-time employees, permanent part-time employees, limited term employees, elected and appointed State Officials, and board members.

The SEBC is interested in receiving proposals from life insurance carriers that can replicate the current life insurance benefits that are in place today, which include Group Universal Life (GUL) insurance for employees and pensioners and group term life insurance for their spouses and children (subject to age limitations<sup>1</sup>). Accidental death & dismemberment (AD&D) coverage is included for employees and pensioners. The SEBC is also interested in receiving proposals from life insurance carriers for alternative life insurance plan offerings based on (1) maintaining employee GUL but making some modest enhancements to the current plan design offered to employees and eligible dependents, (2) offering group term life insurance for employees, spouses and children, and (3) offering group term life insurance for employees, spouses and children and including some modest enhancements to the plan design offered to employees and eligible dependents. Further details about these coverage options are provided below. As a requirement, any new life insurance carrier must honor the current life insurance carrier’s acceptance of proof of good health for current plan participants.

The organization(s) must have prior experience directly related to the services requested in this RFP and must be able to demonstrate clearly their ability to perform the required scope of services within the timeline requested. The selected organization(s) shall be required to provide the following services, at a minimum:

- offer state of the art administrative services for life insurance benefits;
- provide excellent customer service to plan participants;
- provide excellent account management services to the Statewide Benefits Office (SBO), including timely reporting and superior implementation support;

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<sup>1</sup> See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

STATE OF DELAWARE  
Department of Human Resources

- have a strong reputation and historical experience in the group life insurance market;
- provide competitive financial terms;
- provide performance guarantees; and
- be responsive to changes in the program and requests of the SEBC and the SBO.

**Life Insurance Coverage Description**

The selected organization(s) shall provide life insurance benefits for three one-year periods:

- 1) July 1, 2026 – June 30, 2027 (FY27)
- 2) July 1, 2027 – June 30, 2028 (FY28)
- 3) July 1, 2028 – June 30, 2029 (FY29)

The State will have the option of extending the contract with the selected organization(s) for two additional one-year periods, i.e., July 1, 2029 – June 30, 2030 (FY30) and July 1, 2030 – June 30, 2031 (FY31).

The life insurance benefits provided by the State are offered as a 100% employee-pay-all benefit. Newly benefit eligible employees within their initial eligibility period may purchase coverage in the amount of 1-3x annual base salary, up to \$200,000 without providing proof of good health; they may also purchase coverage in the amount of 4-6x annual base salary, up to \$350,000, which requires proof of good health. An AD&D benefit is also included and matches the GUL coverage amount; AD&D coverage terminates at age 70. Employees may also purchase term life insurance for their spouse in the amounts of \$10,000 or \$20,000 and group term life for their child(ren) (subject to age limitations<sup>2</sup>) in the amounts of either \$10,000 or \$20,000.

Employees who are outside of their initial eligibility period may enroll year-round in employee only coverage at 1-6x the employee's annual base salary, up to \$350,000; this requires proof of good health. Additionally, employees have an annual enrollment opportunity to increase their life insurance coverage by 1x annual base salary up to 3x annual base salary without providing proof of good health.

The GUL benefit includes a tax deferred cash value account. Contributions in this account earn interest that is guaranteed not to be less than 4%. Details on the current GUL plan enrollment and cash value account balances are provided below:

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<sup>2</sup> See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

STATE OF DELAWARE  
Department of Human Resources

State of Delaware GUL Plan Statistics	Current State
Total number of current enrollees	19,415
Number of current enrollees who have ever contributed to a cash value account	2,616
Number of cash value accounts with balances in excess of:	
\$1,000	1,444
\$10,000	161
\$100,000	1

Ported coverage is available for terminated and retired employees. Effective July 1, 2015, the continuation options (both portability and conversion) for employees no longer employed in an active benefit eligible position changed. GUL enrollees who are no longer employed in a benefit eligible position may take advantage of a continuation option shown below, based on their date of hire into a benefit eligible position:

Hired prior to July 1, 2015

- Portability – If an employee leaves or retires from a benefit eligible position, they will be able to port 50% of their GUL coverage amount at a group rate and all Dependent Term Life coverage in effect as of their last day of employment. Monthly “ported” GUL and AD&D rates are displayed on the SBO website and may be higher than those paid by active employees.
- Conversion – An employee may convert the remaining 50% of their GUL coverage amount (based on attained age) into an individual policy, if applied for within 31 days of employment termination or retirement from a benefit eligible position. Dependent Term Life can be converted to individual policies within 31 days of eligibility expiration or upon the approval of premium waiver for the employee. Converted rates are higher than ported rates.

Hired on or after July 1, 2015

- Portability – If an employee leaves or retires from a benefit eligible position, they will be able to port 100% of their GUL coverage amount and all Dependent Term Life coverage in effect as of their last day of employment. Premiums are based on the Securian’s pooled rates which will be higher than those paid by active employees.
- Conversion – An employee can also convert 100% of their GUL coverage (based on attained age) into an individual policy if applied for within 31 days of employment termination or retirement from a benefit eligible position. Dependent Term Life can be converted to individual policies once eligibility expires or upon the approval of premium waiver for the employee. Converted rates are higher than ported rates.

Additional details about the current life insurance benefit, including details on other plan provisions including premium waiver and accelerated death benefit, can be found on the Statewide Benefits Office website at <https://dhr.delaware.gov/benefits/life/index.shtml>.

STATE OF DELAWARE  
Department of Human Resources

**Option 1: Match Current Life Insurance Benefits**

The SEBC is interested in receiving proposals from life insurance carriers that can replicate the current life insurance benefits that are in place today. The chart below provides an outline of the current life insurance benefits offered:

Plan Option	Life Benefits (Current State)
Employee GUL	Employee-paid 1-6x base annual salary; total coverage amount will be rounded to the next higher \$10,000 Maximum coverage: \$350,000
Accidental Death and Dismemberment (AD&D)	AD&D benefit matches the GUL amount (i.e., 1-6x base annual salary, up to a maximum coverage of \$350,000; excludes additional contributions to the cash value account) AD&D terminates at age 70 <sup>3</sup>
Spouse term life	Employee-paid Coverage options: \$10,000 or \$20,000 Employees can also be insured as a spouse if both are benefit eligible active employees Requires purchase of employee GUL
Child term life	Employee-paid Coverage options: \$10,000 or \$20,000 per child Subject to age limitations <sup>4</sup> If both parents are benefit eligible active employees, each may elect child coverage Requires purchase of employee GUL
Other Plan Features	
Retiree Coverage	Via Portability to age 99
Portability	Allowed
Conversion	Allowed

<sup>3</sup> Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.

<sup>4</sup> See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

STATE OF DELAWARE  
Department of Human Resources

Plan Option	Life Benefits (Current State)
Cash Value Account	Included, with minimum interest rate = 4.00%
Loans	Yes, via cash value account
Proof of Good Health	Required for all selections made outside of the initial eligibility period, as well as 4-6x base annual salary selections

**Option 2: Alternative Insurance Plan Design – Maintain Employee GUL, with Enhancements**

The SEBC is also interested in receiving proposals from life insurance carriers for an alternative life insurance plan design offering that is based on maintaining employee GUL but making some modest enhancements to the current plan design offered to employees and eligible dependents.

The following chart provides an outline of the alternative life insurance benefits that vendors should use as the basis for their proposals. Key differences in this alternative plan design that differentiate it from the current life insurance plan design are highlighted in *bold italics* within the chart below.

Plan Option	Life Benefits (Alternative Design)
Employee GUL	Employee-paid 1-6x base annual salary; total coverage amount will be rounded to the next higher \$10,000 <b><i>Maximum coverage: \$500,000</i></b>
Accidental Death and Dismemberment (AD&D)	AD&D benefit matches the GUL amount (i.e., 1-6x base annual salary, up to a maximum coverage of <b><i>\$500,000</i></b> ; excludes additional contributions to the cash value account) <b><i>Optional buy-up AD&amp;D benefit for dependents</i></b> AD&D terminates at age 70 <sup>5</sup>
Spouse term life	Employee-paid Coverage options: <b><i>\$10,000 - \$100,000 in \$10,000 increments</i></b> Employees can also be insured as a spouse if both are benefit eligible active employees Requires purchase of employee GUL

<sup>5</sup> Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.

STATE OF DELAWARE  
Department of Human Resources

Plan Option	Life Benefits (Alternative Design)
Child term life	Employee-paid Coverage options: \$10,000 or \$20,000 per child Subject to age limitations <sup>6</sup> If both parents are benefit eligible active employees, each may elect child coverage Requires purchase of employee GUL
Other Plan Features	
Retiree Coverage	Via Portability to age 99
Portability	Allowed
Conversion	Allowed
Cash Value Account	Included, with minimum interest rate = 4.00%
Loans	Yes, via cash value account
Proof of Good Health	Required for all selections made outside of the initial eligibility period, as well as 4-6x base annual salary selections

**Option 3: Alternative Life Insurance Plan Design – Offering Group Term Life Insurance to Employees**

The SEBC is also interested in receiving proposals from life insurance carriers for an alternative life insurance plan design offering term life insurance for employees, spouses and children that includes the same coverage options that exist under the current GUL plan and also includes AD&D coverage for employees and pensioners. **Vendors should note that any alternative plan design offered would be as a replacement for the current life insurance benefit; employees would not be offered a choice between GUL and group term life insurance.**

The following chart provides an outline of the alternative life insurance benefits that vendors should use as the basis for their proposals. Key differences in this alternative plan design that differentiate it from the current life insurance plan design are highlighted in *bold italics* within the chart below:

Plan Option	Life Benefits (Alternative Design)
<i>Employee term life</i>	Employee-paid

<sup>6</sup> See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

STATE OF DELAWARE  
Department of Human Resources

Plan Option	Life Benefits (Alternative Design)
	1-6x base annual salary; total coverage amount will be rounded to the next higher \$10,000 Maximum coverage: \$350,000
Accidental Death and Dismemberment (AD&D)	AD&D benefit matches the employee term life amount (i.e., 1-6x base annual salary, up to a maximum coverage of \$350,000) AD&D terminates at age 70 <sup>7</sup>
Spouse term life	Employee-paid Coverage options: \$10,000 or \$20,000 Employees can also be insured as a spouse if both are benefit eligible active employees Requires purchase of employee term life
Child term life	Employee-paid Coverage options: \$10,000 or \$20,000 per child Subject to age limitations <sup>8</sup> If both parents are benefit eligible active employees, each may elect child coverage Requires purchase of employee term life
Other Plan Features	
Retiree Coverage	Via Portability to age 99
Portability	Allowed
Conversion	Allowed
<b>Cash Value Account</b>	<b>Not applicable</b>
<b>Loans</b>	<b>Not applicable</b>
Proof of Good Health	Required for all selections made outside of the initial eligibility period, as well as 4-6x base annual salary selections

<sup>7</sup> Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.

<sup>8</sup> See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

**Option 4: Alternative Life Insurance Plan Design – Offering Group Term Life Insurance to Employees, with Enhancements**

The SEBC is also interested in receiving proposals from life insurance carriers for an alternative life insurance plan design offering term life insurance for employees, spouses and children that includes the enhanced coverage options that are outlined under “Option 2” above. **Vendors should note that any alternative plan design offered would be as a replacement for the current life insurance benefit; employees would not be offered a choice between GUL and group term life insurance.**

The following chart provides an outline of the alternative life insurance benefits that vendors should use as the basis for their proposals. Key differences in this alternative plan design that differentiate it from the current life insurance plan design are highlighted in *bold italics* within the chart below:

Plan Option	Life Benefits (Alternative Design)
<i>Employee term life</i>	Employee-paid 1-6x base annual salary; total coverage amount will be rounded to the next higher \$10,000 <b><i>Maximum coverage: \$500,000</i></b>
Accidental Death and Dismemberment (AD&D)	AD&D benefit matches the employee term life amount (i.e., 1-6x base annual salary, up to a maximum coverage of <b><i>\$500,000</i></b> ) <b><i>Optional buy-up AD&amp;D benefit for dependents</i></b> AD&D terminates at age 70 <sup>9</sup>
Spouse term life	Employee-paid Coverage options: <b><i>\$10,000 - \$100,000 in \$10,000 increments</i></b> Employees can also be insured as a spouse if both are benefit eligible active employees Requires purchase of employee term life
Child term life	Employee-paid Coverage options: \$10,000 or \$20,000 per child Subject to age limitations <sup>10</sup> If both parents are benefit eligible active employees, each may elect child coverage Requires purchase of employee term life

<sup>9</sup> Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.

<sup>10</sup> See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.



STATE OF DELAWARE  
Department of Human Resources

<b>Other Plan Features</b>	
Retiree Coverage	Via Portability to age 99
Portability	Allowed
Conversion	Allowed
<i>Cash Value Account</i>	<i>Not applicable</i>
<i>Loans</i>	<i>Not applicable</i>
Proof of Good Health	Required for all selections made outside of the initial eligibility period, as well as 4-6x base annual salary selections