

State of Delaware's Life Insurance Program

DHR25001-LIFEINS

SEBC Proposal Review Committee Summary and Findings

October 15, 2025

Background:

- Information was presented to the Proposal Review Committee (PRC) regarding the differences between Group Universal Life (GUL) and Term Life Insurance. The options for life insurance products selected by the SEBC for this RFP are as follows:
 - Option 1 – Match Current Life Insurance Plan Design – Employee GUL Benefit
 - GUL Plan, employee-paid, up to 6x annual coverage to max \$350K
 - AD&D to match GUL
 - Spouse and child term life, \$10K or \$20K
 - Portability
 - Cash value, loans
 - Option 2 – Alternative Life Insurance Plan Design – Maintain Employee GUL, with Enhancements
 - GUL Plan, employee-paid, up to 6x annual coverage to max **\$500K**
 - AD&D to match GUL, **optional buy-up for dependents**
 - Spouse term life, **\$10K to \$100K**
 - Child term life, \$10K or \$20K
 - Portability
 - Cash value, loans
 - Option 3 – Alternative Life Insurance Plan Design – Offering Group Term Life Insurance to Employee
 - Term Life, employee-paid, up to 6x annual coverage to max \$350K
 - AD&D to match Term
 - Spouse and child term life, \$10K or \$20K
 - Portability
 - **No cash value, no loans**
 - Option 4 – Alternative Life Insurance Plan Design – Offering Group Term Life Insurance to Employees, with Enhancements
 - Term Life, employee-paid, up to 6x annual coverage to max **\$500K**
 - AD&D to match Term, **optional buy-up for dependents**
 - Spouse term life, **\$10K to \$100K**
 - Child term life, \$10K or \$20K
 - Portability

- **No cash value, no loans**
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- Additionally, the PRC was presented with the results from the March 2025 life insurance survey that was sent to state employees both enrolled in the GUL or eligible for, but not enrolled in, the GUL. Surveyed employees top priorities when deciding whether to enroll in this benefit were: affordable premiums, higher coverage limits for self and dependents, and portability of the benefit.
 - The RFP addressed questions the SEBC had regarding portability, members with cash value accounts and outstanding loan balances and the impact on members if the State switches from GUL to Term.
 - Willis Towers Watson (WTW) shared with the PRC that the prevalence of GUL products has been declining among employers due to administrative complexities and therefore most employers have discontinued their GUL plan and switched to Term. The marketplace for vendors offering GUL products is now very small.
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- *June – August, 2024:* The SEBC and the Health Policy and Planning Subcommittee developed the Request for Proposal (RFP) scope of services, evaluation criteria, and minimum requirements.
 - *September 23, 2024:* The SEBC approved the RFP Scope of Services.
 - *March 7 and March 21, 2025:* The SEBC reviewed, revised and approved the RFP. The initial contract term is for three years, from July 1, 2026 to June 30, 2029 with two optional one (1) year extensions.
 - *March 2025:* SBO issued two Life Insurance Surveys – Eligible Employees and Enrolled Employees.
 - *April – May 2025:* SBO received five intent to submit proposals and three proposals from MetLife, Prudential and Securian.
 - *May - June 2025:* SBO and WTW reviewed the proposals and sent follow-up questions as necessary. On June 10, 2025, MetLife and Securian were notified that they were deemed finalists and were invited to participate in vendor interviews with the PRC. SBO started reference checks for

the two vendors.

- *July 9, 2025:* The PRC met to review relevant historical context, consider the analysis of the bid responses including life and AD&D administration; value added services; financial terms; experience and qualifications; account management; tools and technology, implementation and communication; and responsiveness. Finalist interviews were conducted and MetLife and Securian presented their qualifications, overall capabilities, and answered questions from the PRC. Afterward, WTW sent additional follow-up questions to the vendors and continued the pricing analysis.
- *July 14, 2025:* Vendors were requested to submit Best and Final Offer (BAFO) pricing by July 18, 2025.
 - Both vendors decreased their rates on the BAFO.
 - For GUL, Securian removed the 8% rate cap for years 4 and 5. For Term Life, Securian reduced the rate cap from 15% to 10% for years 4 and 5.
 - MetLife increased the Marketing and Implementation credits from \$75,000 to \$250,000.
- *October 1, 2025:* The PRC reconvened to review and discuss various aspects of the proposals, answers to follow-up questions, and pricing analysis of the BAFO pricing and information.
- *October 8 – 10, 2025:* PRC members submitted individual score sheets to the SBO. Scoring was done for GUL and Term Life.
- *October 15, 2025:* PRC members met to review scoring and develop a recommendation for submission to the SEBC for the October 28, 2025 meeting.
- Securian is the current vendor under contract OMB1401-LIFEINS, State of Delaware's Life Insurance Program.
- The RFP established the categories (for scoring) vendors were to address in their proposals, which included the following:
 - Life and AD&D Capabilities – 30 points
 - Financial Terms – 20 points
 - Experience and Qualifications – 10 points

- Account Management – 15 points
- Tools and Technology – 10 points
- Implementation and Communication – 10 points
- Responsiveness – 5 points

The PRC discussed the following in determining the recommendation:

- Both vendors are qualified to administer the State of Delaware's Life Insurance Program for both GUL and Term Life products.
- Differences in the vendors' pricing:
 - Securian's proposal reduces rates by 15.1% from current for option 1, 13.8% for option 2, 15.1% for option 3 and 13.8% for option 4.
 - MetLife's proposal reduces rates by 12.7% from current for option 1, 12.5% for option 2, 12.8% for option 3 and 12.6% for option 4.
- PRC Aggregate Scoring Results – **Group Universal Life (GUL)**: Of a total of 100 points, the weighted average scores for each vendor are as follows:
 - MetLife 75
 - Securian 77.49
- Differences between the vendors in each category are noted below.
 - Life and AD&D Capabilities
 - Securian scored higher with 22.8 with MetLife scoring 22.0. Online death claim processing and beneficiary experience contributed to the higher scores.
 - Financial Terms
 - Securian scored the highest at 16.6 with MetLife scoring 14.3.
 - MetLife added several Performance Guarantees (PGs) related to implementation satisfaction and statement of health accuracy. They did add caveats to several PGs including Certificate of Insurance (COI) availability, account survey (after year 1) claim accuracy and call center responsiveness, and Evidence of Insurability (EOI) turnaround time and call answer.
 - Securian's only change to PGs was the addition of the designation of confidential to all EOI PGs.
 - MetLife's credits were higher.
 - Experience and Qualifications
 - MetLife scored the highest at 8.8 with Securian scoring 7.5. Extensive

experience with public sector and primary personnel qualifications contributed to the higher scores.

- Account Management
 - MetLife scored the highest at 10.5 with Securian scoring 10.1.
- Tools and Technology
 - MetLife scored the highest at 7.9 with Securian scoring 7.6.
- Implementation and Communications
 - Securian scored the highest at 8.6 with MetLife scoring 7.3. The ability to provide a smooth transition to a new administrator and/or a new product contributed to the higher scores.
- Responsiveness
 - Securian scored the highest at 4.4 with MetLife scoring 4.3.
- PRC Aggregate Scoring Results – **Term Life**: Of a total of 100 points, the weighted average scores for each vendor are as follows:
 - MetLife 76.09
 - Securian 75.34
- Differences between the vendors in each category are noted below.
 - Life and AD&D Capabilities
 - Securian scored higher with 22.6 with MetLife scoring 22.0. The beneficiary experience contributed to the higher score.
 - Financial Terms
 - MetLife scored the highest at 15.1 with Securian scoring 14.3.
 - MetLife added several PGs related to implementation satisfaction, statement of Health accuracy. They did add caveats to several PGs including COI availability, account survey (after year 1) claim accuracy and call center responsiveness, and EOI turnaround time and call answer.
 - Securian's only change to PGs was the addition of the designation of confidential to all EOI PGs.
 - MetLife's credits were higher.
 - Experience and Qualifications
 - MetLife scored the highest at 8.8 with Securian scoring 7.5. Extensive experience with public sector and primary personnel qualifications

contributed to the higher scores.

- Account Management
 - MetLife scored the highest at 10.7 with Securian scoring 10.1.
- Tools and Technology
 - MetLife and Securian scored 7.9.
- Implementation and Communications
 - Securian scored the highest at 8.6 with MetLife scoring 7.3. The ability to provide a smooth transition to a new administrator and/or a new product contributed to the higher scores.
- Responsiveness
 - Securian scored the highest at 4.4 with MetLife scoring 4.3.
- For **GUL**, the estimated annual cost differences from the **current** contract for the State of Delaware as analyzed by WTW is as follows:
 - Option 1
 - Year 1 Securian decreases of \$2,657,000
 - Year 1 MetLife decrease of \$2,244,000
 - Option 2
 - Year 1 Securian decreases of \$2,421,000
 - Year 1 MetLife decrease of \$2,209,000
- For **Term**, the estimated annual cost differences from the **current** contract for the State of Delaware as analyzed by WTW is as follows:
 - Option 3
 - Year 1 Securian decreases of \$2,657,000
 - Year 1 MetLife decrease of \$2,254,000
 - Option 4
 - Year 1 Securian decreases of \$2,421,000
 - Year 1 MetLife decrease of \$2,219,000
 - It should be noted that rate caps for Securian, if enacted on year 4 and 5, would result in the higher cost over a five-year contract.
- The BAFO did not result in a financial benefit to move from a GUL to a Term product as there were greater savings in continuing with a GUL product.
- Moving from the current GUL product to a Term product would provide member disruption,

including for those members with a cash value account as that is not available under a Term product.

- Securian's GUL BAFO results in a rate decrease for active and ported members.
- The survey results showed an interest in increasing the maximum coverage amount and enhancing the plan design for spouse and child coverage.

As such the PRC recommends the following:

PRC Recommendation

RESOLVED that with respect to the Request for Proposal for Life Insurance Program, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:

- That Securian provides the best value for the State of Delaware to continue to offer a life insurance program under a Group Universal Life (GUL) plan that enhances the current plan design (Option 2).
- That SBO begin the negotiation of a contract with Securian for the Life Insurance Program for an initial three-year term, effective July 1, 2026 through June 30, 2029, with two optional one-year extensions.
- The following should be included in the contract negotiations:
 - SBO should engage in discussion with Securian to enhance communications sent to members at the time of termination or retirement regarding their portability and/or continuation options.