

The State of Delaware

Request for Proposals Summary and PRC Recommendation

Life Insurance Benefit

October 28, 2025

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Context for today's discussion

- The State of Delaware has engaged Willis Towers Watson to assist with a request for proposal (RFP) and evaluate vendors for their life insurance benefits.
- The SEBC conducts a procurement for each benefit program every 3-5 years and the contract for life insurance was last marketed in 2014, with the history documented below:
 - Last year, the SEBC negotiated a 1-year extension from July 1, 2025, to June 30, 2026, of the current contract to allow for sufficient time to procure, implement and communicate a life insurance benefit offering that may be different from the State's current offering (e.g., term life coverage for employees).
 - In 2019, as a result of the State engaging Willis Towers Watson to evaluate Securian's renewal position for a July 1, 2020, effective date, the SEBC chose to negotiate an extension of the in-effect contract and policy with a 5-year GUL contract with Securian instead of conducting a procurement.
 - The last GUL RFP occurred in 2014 for an effective date of July 1, 2015.
- The Proposal Review Committee (PRC) consisting of SEBC members or their designees was established for this RFP; the PRC met several times in the last 4 months to discuss vendor proposals, interview and evaluate vendor finalists, score proposals on evaluation criteria, and formulate recommendations for the SEBC's consideration.
- In preparation for today's presentation, the SEBC was asked to review the Proposal Review Committee's Summary and Findings and recommendation. The SEBC will be asked to vote to approve the recommendations today to begin contract negotiations.

Background

- The State of Delaware offers life insurance benefits through Securian Financial (formerly, Minnesota Life Insurance Company) since 2003.
- Securian provides Group Universal Life (GUL) benefits, a type of permanent life insurance, and Accidental Death and Dismemberment (AD&D) benefits with the option for tax-deferred cash accumulation.
- GUL is available to benefit-eligible active State of Delaware and Delaware Solid Waste Authority employees.
 - The eligible group consists of permanent full-time employees, permanent part-time employees, limited term employees, elected and appointed State Officials, and board members.
- Eligible employees may purchase group term life insurance, which provides limited term protection (for example, children are eligible until age 26), for their spouses and/or children.
- The State's GUL insurance is a 100% employee-pay-all plan.
- Ported coverage is available for terminated and retired employees.
- This RFP explored several considerations related to feedback on opportunities for improvement from the Statewide Benefits Office and/or employees, which will be explored further in the high-level RFP objectives and additional scope requirements in the slides to follow.

Overview of the scope of services

- The scope of services for this life insurance RFP contained four life insurance plan options for bidders to quote on, which are further described in the Appendix.

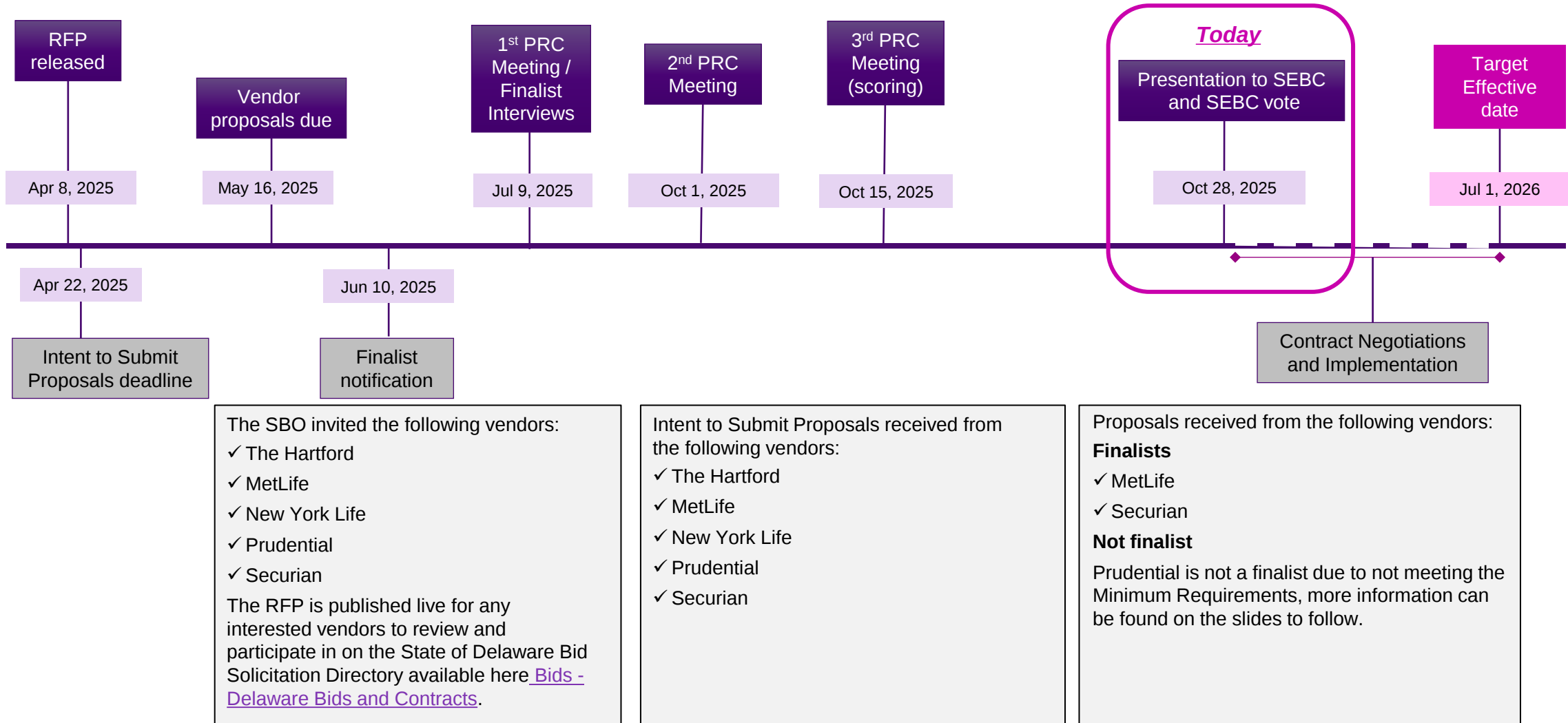
Plan Option	Life Insurance Product Offered to:		Comments
	Employees	Spouses & Child(ren)	
Option 1	GUL	Group Term Life	Matches current life insurance benefits
Option 2	GUL w/ enhancements	Group Term Life	Includes enhanced employee and spouse life coverage maximums and optional AD&D enhancements
Option 3	Group Term Life	Group Term Life	Same plan provisions as Option 1 (e.g., max coverage amount), but with a different employee life insurance product (term life)
Option 4	Group Term Life w/ enhancements	Group Term Life	Same plan provisions as Option 2 (e.g., enhanced coverage), but with a different employee life insurance product (term life)

- Additionally, the Statewide Benefits Office surveyed employees (both current and potential plan participants) to gauge their preferences with respect to the two different types of life insurance products (GUL and group term life). SEBC members provided feedback on the draft survey in January 2025. The survey was released in March 2025, with results available in the Appendix for the SEBC's review.

High level RFP objectives

- 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
- Have a strong reputation and historical experience in the group life insurance market
- Provide competitive financial terms
- Provide performance guarantees
- Be responsive to changes in the program and requests of the SEBC and the SBO

RFP timeline



Next steps

- SEBC to vote on approval of the PRC recommendation

Appendix

Current GUL participation (as of May 2025)

State of Delaware GUL Plan Statistics	Total	Active	Ported
Total number of current enrollees	20,003	13,024	6,979
Number of current enrollees who have ever contributed to a cash value account	2,791	1,786	1,005
Number of cash value accounts with balances in excess of:			
\$1,000	1,513	802	711
\$10,000	185	108	77
\$100,000	1	0	1
Total # of current enrollees insured at max coverage amount (\$350,000)	2,644	2,613	31
# of enrollees who have an outstanding loan balance	131	107	24
Average outstanding loan balance amount (\$)	2,306	2,024	3,565

- 20% of enrolled employees are insured at the maximum coverage amount (\$350,000)
- Current participation in cash value account: 14%
- Rate of return for Cash Value account: past 5 years:
 - Average interest rate: 4.01%
 - Highest rate over that period: 4.35%
 - Lowest rate over that period: 4.00%

Current GUL participation (as of May 2025)

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- Approximate number of ported plan participants per month: 100 – 200 (estimated by Securian)
- Current participation in cash value account: 13.5%
 - Compared to Securian book-of-business average; 6.2%

Option 1: Match Current Life Insurance Benefits

Plan Option	Life Benefits
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 70¹
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 limitations² 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

1. Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.
2. See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

Option 2: Alternative Life Insurance Plan Design – Maintain Employee GUL

Key differences from current life benefits noted in bold italics

Plan Option	Life Benefits
Employee GUL	Employee-paid 1-6x base annual salary; total coverage amount will be rounded to the next higher \$10,000 Maximum coverage: \$500,000
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 \$500,000; excludes additional contributions to the cash value account) AD&D terminates at age 70¹ Optional buy-up AD&D benefit for dependents
Spouse term life	Employee-paid Coverage options: \$10,000 - \$100,000 in \$10,000 increments 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 limitations² If both parents are benefit eligible active employees, each may elect child coverage Requires purchase of employee GUL

1. Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.
2. See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

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

Feedback from Subcommittee members:

- No objections to increasing the employee GUL maximum coverage limit to \$500,000
- Interest in the RFP offering bidders the option to propose a buy-up AD&D benefit for dependents
- Support for increasing the spouse term life coverage maximum; \$100,000 was the limit suggested by one member (market median: \$150,000)

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

Key differences from current life benefits noted in bold italics

Plan Option	Life Benefits
<i>Employee term life</i>	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 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 ¹
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 ² 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
<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

If the SEBC decided to adopt this option, then this alternative employee term life plan design would be offered as a replacement for the current life insurance benefit; employees would not be offered a choice between GUL and group term life insurance.

Note:

- Option 3 is included to allow for an “apples-to-apples” comparison of the premiums for employee GUL and group term life, which has been raised as a question by SEBC and Health Policy & Planning Subcommittee members.

1. Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.
2. 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 – Offer Group Term Life Insurance to Employees, with enhancements

Key differences from current life benefits noted in bold italics

Plan Option	Life Benefits
Employee term life	Employee-paid 1-6x base annual salary; total coverage amount will be rounded to the next higher \$10,000 Maximum coverage: \$500,000
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 \$500,000) AD&D terminates at age 70 ¹ Optional buy-up AD&D benefit for dependents
Spouse term life	Employee-paid Coverage options: \$10,000 - \$100,000 in \$10,000 increments 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 ² 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
Cash Value Account	Not applicable
Loans	Not applicable
Proof of Good Health	Required for all selections made outside of the initial eligibility period, as well as 4-6x base annual salary selections

If the SEBC decided to adopt this option, then this alternative employee term life plan design would be offered as a replacement for the current life insurance benefit; employees would not be offered a choice between GUL and group term life insurance.

Feedback from Subcommittee members:

- No objections to creating Option 4, which combines an employee group term life product (like Option 3) with the coverage enhancements of Option 2

1. Unless an employee becomes totally disabled and approved for the premium waiver benefit, at which point AD&D coverage will terminate.
2. See summary of eligibility criteria for dependent child(ren): <https://dhr.delaware.gov/benefits/life/documents/dependent-child-eligibility.pdf>.

Life Insurance Survey Summary Results – Enrolled members

Question	Responses (893 total)
Are you satisfied with the current life insurance benefits from the State of Delaware (Life Insurance Plan through Securian Financial®)?	No: 5% (41) Somewhat: 26% (228) Yes: 69% (624)
The State of Delaware Life Insurance Plan through Securian Financial® includes a tax deferred cash value account. Contributions in this account earn interest that is guaranteed at a minimum rate of 4%. Have you ever or would you consider ever using a tax deferred cash value account with your life insurance benefit?	No: 42% (373) Yes: 58% (520)
Have you ever or would you ever consider using the loan offering under the cash value account for the State of Delaware Life Insurance Plan through Securian Financial®?	No: 58% (516) Yes: 42% (377)
Would you consider enrollment in a Group Term Life policy if offered by the State of Delaware in lieu of a Group Universal Life policy beginning July 1, 2026?	No: 30% (272) Unsure: 47% (421) Yes: 22% (200)
Are you interested in a Life Insurance Policy offering greater than the current State maximum of \$350,000?	No: 56% (503) Yes: 44% (390)
Are you interested in a Life Insurance Policy offering greater than the current State maximum of \$10,000 or \$20,000 for spouses and \$10,000 or \$20,000 per child?	No: 42% (375) Yes: 58% (518)
Please rank the following life insurance plan features by importance	<i>Ranking from average score, Most (1) to Least (6) important</i> #1 – Premiums #2 – Maximum amount for self coverage #3 – Portability #4 – Maximum amount for dependent coverage #5 – Cash Value Account #6 – Loan Opportunity
Do you feel the State of Delaware does a good job of providing education and training related to life insurance benefits?	No: 14% (121) Somewhat: 37% (328) Yes 50% (444)

Life Insurance Survey Summary Results – Eligible employees

Question	Responses (838 total)
Prior to this training, how familiar were you with the current State of Delaware Life Insurance Plan through Securian Financial®?	Not Familiar: 45% (374) Somewhat Familiar: 45% (373) Very Familiar: 11% (91)
Are you currently enrolled in other life insurance that is not the State of Delaware Life Insurance Plan through Securian Financial®?	No: 65% (546) Yes: 35% (292) Respondents indicated they currently have coverage with insurers such as Prudential, Transamerica, and others.
Are you interested in obtaining life insurance coverage for yourself, your spouse, or your children through the State of Delaware?	No: 14% (110) Unsure: 31% (248) Yes: 55% (431) (No Response) 6% (49)
Would you consider enrollment in a Group Term Life policy if offered by the State of Delaware in lieu of a Group Universal Life policy beginning July 1, 2026?	No: 24% (190) Unsure: 46% (362) Yes: 30% (237) (No Response) 6% (49)
Please rank the following life insurance plan features by importance:	<i>Ranking from average score, Most (1) to Least (6) important</i> #1 – Premiums #2 – Maximum amount for self coverage #3 – Portability #4 – Maximum amount for dependent coverage #5 – Cash Value Account #6 – Loan Opportunity
Do you feel the State of Delaware does a good job of providing education and training related to life insurance benefits?	No: 13% (101) Somewhat: 41% (324) Yes: 46% (364) (No Response) 6% (49)