



Group Universal Life (GUL) Insurance –
Securian Financial
March 18, 2024



Background

- The State of Delaware began its partnership with Securian Financial (prev. Minnesota Life Insurance Company) in 2003.
- Securian provides 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 DSWA 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 (ex. Children are eligible until age 26), for their spouses and/or children.
- The State of Delaware's GUL insurance is a 100% employee pay-all plan.
- Ported coverage is available for terminated and retired employees.
- The last GUL RFP occurred in 2014 for an effective date of July 1, 2015.

July 1, 2015- June 30, 2020 Plan Features

- **Premium Waiver** – If totally disabled while enrolled in the GUL plan there is no bill for employee only GUL premium as long as totally disabled or until age 65, whichever occurs first.
- **AD&D insurance** - Provides additional financial protection if an insured's death or dismemberment is due to a covered accident.
- **Accelerated death benefit** - Receive early payment of benefits, up to 100% of GUL face amount if the insured becomes terminally ill with a life expectancy of 12 months or less.
- **Cash value account** - Additional premiums can be made to a policy and placed in a tax deferred cash value account. Contributions in this account earn interest that is guaranteed not to be less than 4%.

July 1, 2015- June 30, 2020 Plan Design

- Newly benefit eligible employees can enroll in GUL within their initial 90 days in the below coverages. Insurance becomes effective the 1st of the month following the initial 90-day period.
 - **Employee:** 1-3x base annual salary, up to \$200,000 without providing proof of good health. 4-6x base annual salary, up to \$350,000 requires proof of good health.
 - **Spouse:** \$10,000 or \$20,000 group term life
 - **Child:** \$10,000 or \$20,000* group term life
- Employees can enroll year-round in employee only coverage at 1-6x the employee's annual base salary, up to \$350,000; requires proof of good health
- Employees may increase their coverage without providing proof of good health, by one level, up to a maximum of 3x base annual salary, or \$200,000, whichever is less as a result of a family status change throughout the year. The insurance change is effective the date coverage is approved.

**Added in 2018*

July 1, 2015- June 30, 2020 Plan Design (cont.)

Continuation Options (Portability/Conversion) for Employees no Longer Employed in an Active Benefit Eligible Position –

Hired prior to July 1, 2015

- Portability – 50% of employee GUL coverage amount and the Dependent Term Life coverage in effect as of the last day of employment.
- Conversion – Remaining 50% of GUL coverage can be converted into an individual policy. 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.

Hired on or after July 1, 2015

- Portability – 100% of employee GUL coverage amount and the Dependent Term Life coverage in effect as of the last day of employment.
- Conversion – 100% of GUL coverage can be converted into an individual policy. 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.

GUL Eff. July 1, 2020 (Plan Renewal)

- As a result of the State's engagement on September 23, 2019 with Willis Towers Watson (WTW) to evaluate Securian's renewal position eff. July 1, 2020 the SEBC chose to negotiate a contract with Securian Financial instead of going out to bid/RFP.
 - Only three vendors offered GUL coverage as an employer-sponsored plan
 - Same 3 vendors presented during last bid/RFP (2014)
 - Contractual requirements were not met by all bidders
 - Unfavorable pricing among other bidders
 - No advantage to solicit more bids for a comparable plan, term life with portability
 - Term life plans do not offer a cash value account
 - 10% of participants had deposits in a cash value account (industry average = 5%).
 - A change in plan type would be disruptive (ex. possible loss of coverage)
 - Securian's performance and the prior loss ratio experience was reviewed.
 - Preferred 5-year contract to ensure stable rates vs. large rate increases following a 3-year contract with the option for two one-year renewals

GUL Eff. July 1, 2020 (Plan Renewal)

- The same plan design was offered effective 7/1/2020
- Employees may enroll year-round in employee only coverage at 1-6x the employee's annual base salary, up to \$350,000; requires proof of good health
- Newly benefit eligible employees within their initial 90-days –
 - Employee: 1-3x base annual salary, up to \$200,000 without providing proof of good health. 4-6x base annual salary, up to \$350,000 requires proof of good health.
 - Spouse: \$10,000 or \$20,000 group term life
 - Child: \$10,000 or \$20,000 group term life
- Premium Waiver, AD&D insurance, Accelerated Death Benefit, Cash Value Account

GUL Eff. July 1, 2020 (Plan Renewal)

- July 1, 2020 began a new 5-year rate guarantee period
 - Rates for benefit eligible active employees remained unchanged
 - 5% increase to active dependent (spouse and child(ren)) rates, grandfathered ported rates and grandfathered ported dependent (spouse and child(ren)) rates
- Annual Enrollment Opportunity Added
 - Active employees, not previously declined, may elect to increase their employee coverage 1x their base annual salary as long as it does not exceed 3x their base annual salary or \$200,000, which ever is less – without providing proof of good health.
 - This applied to both current participants as well as those enrolling for the first time.

Current GUL Contract Expiration – June 30, 2025

- The State of Delaware Group Universal Life Insurance contract with Securian Financial will expire June 30, 2025
- Contract procurement options -
 - Issue an RFP to capture vendor interest and to review alternative contracting options
 - Issue a plan renewal following additional GUL marketplace review. The next Subcommittee meeting is scheduled on April 15, 2024. WTW will presenting on the current life insurance market.

Thank You



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