



# CONTRACT AMENDMENT

Solicitation No. P10-0053

Page 1 of 1

Description: Basic Life & AD&D and Voluntary Life & AD&D Employee Benefits

Amendment No. Four (4)

Date: May 15, 2014

## Materials Management Procurement

9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, AZ 85345  
Telephone: (623) 773-7115  
Fax: (623) 773-7118

Buyer: Lisa Houg, CPPB

In accordance with the Contract Special Terms and Conditions, **Contract Extension**, the above referenced contract shall expire on June 30, 2014. The contract is being extended and the new contract term is: **July 1, 2014 – June 30, 2015.**

Contractor hereby acknowledges receipt and agreement. A signed copy shall be filed with the City of Peoria, Materials Management Division.

<u>Terri LaCoste</u> Signature	<u>5/20/14</u> Date	<u>Terri LaCoste, Marketing Consultant</u> Typed Name and Title	<u>Unum</u> Company Name
<u>2575 E. Camelback Road, Suite 650</u> Address	<u>Phoenix</u> City	<u>AZ</u> State	<u>85016</u> Zip Code

Attested By:

Rhonda Geriminsky  
for Rhonda Geriminsky, City Clerk



City Seal  
Copyright 2003  
City of Peoria, Arizona

CC Number

LCON04310D  
Contract Number

Julie Ayers  
Director: Julie Ayers, Human Resources Director

Christine Nickel  
Department Rep: Christine Nickel, Benefits & Compensation Administrator

Approved as to Form:

Stephen M. Kemp  
Stephen M. Kemp, City Attorney

The above referenced Contract Amendment is hereby Executed:

May 29, 2014 at Peoria, Arizona

Dan Zenko  
Dan Zenko, Materials Manager



# CONTRACT AMENDMENT

## Materials Management Procurement

9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, AZ 85345  
Telephone: (623) 773-7115  
Fax: (623) 773-7118

Solicitation No. P10-0053 Page 1 of 2  
Description: Basic Life & AD&D and Voluntary Life & AD&D Employee Benefits  
Amendment No. Three (3) Date: 4/4/2013

Buyer: Lisa Houg

In accordance with the Contract Special Terms and Conditions, **Contract Extension**, the above referenced contract shall expire on June 30, 2013. The contract is being extended and the new contract term is July 1, 2013 to June 30, 2014.

As agreed by both parties, the increase in the rate from \$0.11 to \$0.14 is effective for the renewal period as per the attached letter.

Contractor hereby acknowledges receipt and agreement. A signed copy shall be filed with the City of Peoria, Materials Management Division.

	4.4.13	John K. Hartz, Sr. Market Mgr.	Unum
Signature	Date	Typed Name and Title	Company Name
2575 E. Camelback Road, Suite 650		Phoenix	AZ 85016
Address		City	State Zip Code

for

Attested By:  
Rhonda Geriminsky, City Clerk

	Director: Julie Ayers, Human Resources Director
	Department Rep: Nancy Fantasia, Benefits Administrator



CC Number  
LCON04310C  
Contract Number

Approved as to Form: Stephen M. Kemp, City Attorney

The above referenced Contract Amendment is hereby Executed  
April 29, 2013, at Peoria, Arizona

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(Rev 01/05/09)

Official File

Dan Zenko, Materials Management Supervisor

L CON 04310C

## Renewing your Unum benefits

City of Peoria  
Policy#  
141252, 141253

Thank you for continuing to choose Unum as your benefits partner.

We appreciate the opportunity to strengthen this relationship and provide valuable benefits for your company.

We have reviewed your plan, and we are providing this background information to help you understand your renewal.

### Understanding your renewal

#### Life/AD&D Renewal and Demographic Analysis:

- 154% incurred loss ratio over the renewal review period
  - There were 2 incurred claims over the review period and 1 open life waiver claim
- The average percent of lives over the age of 50 has risen by 30% since inception (7/2010)

### Renewal

Our most recent review of your policy warrants the following rate adjustments effective July 1, 2013, guaranteed for 2 years.

Line of Coverage	Current Rate	Current Monthly Premium	Renewal Rate	Renewal Monthly Premium	Monthly Premium Change	Rate Guaranteed Until
Life	.11 per \$1,000	\$13,048	.14 per \$1,000	\$16,606	\$3,558	July 1, 2015
AD&D	.015 per \$1,000	\$1,779	No Change	No Change	No Change	July 1, 2015

\*Voluntary Life/AD&D will be receiving a rate pass this year.

If you have questions regarding this renewal, or if you would like to learn more about any other products and services, please contact me directly at 602-651-2914.

Sincerely,

*DJ Melvin*

Senior Sales Consultant



# CONTRACT AMENDMENT

## Materials Management Procurement

9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, AZ 85345  
Telephone: (623) 773-7115  
Fax: (623) 773-7118

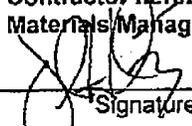
Buyer: Lisa Houg

Solicitation No. P10-0053 Page 1 of 1  
Description: Basic Life & AD&D and Voluntary Life &  
AD&D Employee Benefits  
Amendment No. Two (2) Date: 3/28/2012

In accordance with the Contract Special Terms and Conditions, Contract Extension, the above referenced contract shall expire on June 30, 2012.

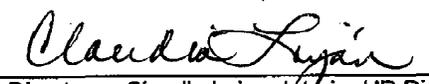
The new Contract Term is July 1, 2012 to June 30, 2013. The rates remain the same for the new contract term.

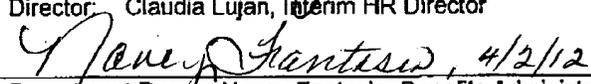
Contractor hereby acknowledges receipt and agreement. A signed copy shall be filed with the City of Peoria, Materials Management Division.

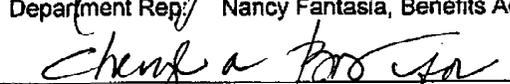
	7.70.12	John K. Hartz, Sr. Market Mgr.	Unum
Signature	Date	Typed Name and Title	Company Name
2575 E. Camelback Road, Suite 650		Phoenix	AZ 85016
Address		City	State Zip Code

Attested By:

  
Wanda Nelson, City Clerk

  
Director: Claudia Lujan, Interim HR Director

  
Department Rep: Nancy Fantasia, Benefits Administrator

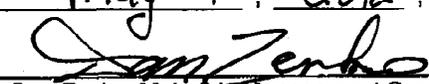
  
Approved as to Form: Stephen M. Kemp, City Attorney



CC Number  
LCON04310B  
Contract Number

The above referenced Contract Amendment is hereby Executed

May 9, 2012, at Peoria, Arizona

  
Dan Zenko, Materials Management Supervisor

City Seal

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(Rev 01/05/09)

Official File

L CON 04310B



# CONTRACT AMENDMENT

**Materials Management Procurement**  
 9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
 Peoria, AZ 85345  
 Telephone: (623) 773-7115  
 Fax: (623) 773-7118  
 Buyer: Lisa Houg

Solicitation No: P10-0053 Page 1 of 1  
 Description: Basic Life & AD&Dand Voluntary Life & AD&D Employee Benefits  
 Amendment No: One (1) Date: May 18, 2011

In accordance with the Contract Special Terms and Conditions, Contract Extension, the above referenced contract shall expire on June 30, 2011.

The new Contract Term is July 1, 2011 to June 30, 2012. The rates remain the same for the new contract term.

Contractor hereby acknowledges receipt and agreement. A signed copy shall be filed with the City of Peoria, Materials Management Division.

	5-18-11	John K. Hartz, Sr. Market Mgr.	Unum
Signature	Date	Typed Name and Title	Company Name
2575 E. Camelback Road, Suite 650		Phoenix	AZ 85016
Address		City	State Zip Code

Attested By:

Wanda Nelson, City Clerk



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 (Rev 01/05/09)

CC Number  
 LCON04310A  
 Contract Number

Official File

Director, Wynette Reed, Human Resources Director

Department Rep Nancy Fantasia, Benefits Administrator

Approved as to Form Stephen M. Kemp, City Attorney

Ellen Van Riper, Assistant City Attorney

The above referenced Contract Amendment is hereby Executed  
 June 2, 2011, at Peoria, Arizona

Materials Manager  
 JCR



# City of Peoria, Arizona Notice of Request for Proposal

Request for Proposal No: **P10-0053** Proposal Due Date: **February 25, 2010**  
 Materials and/or Services: **Basic Life/AD&D, Voluntary Life and Short Term Disability Employee Benefits** Proposal Time: **5:00 P.M. AZ Time**  
 Contact: **Lisa Houg, CPPB**  
 Project No: Location: **City of Peoria, Materials Management** Phone: **(623) 773-7115**  
 Mailing Address: **9875 N. 85<sup>th</sup> Avenue, 2<sup>nd</sup> Floor, Peoria, AZ 85345**

In accordance with City of Peoria Procurement Code competitive sealed proposals for the material or services specified will be received by the City of Peoria Materials Management at the specified location until the date and time cited above. Proposals shall be in the actual possession of the City of Peoria Materials Management on or prior to the exact date and time indicated above. Late proposals will not be considered, except as provided in the City of Peoria Procurement Code. **Proposals shall be submitted in a sealed envelope with the Request for Proposal number and the offeror's name and address clearly indicated on the front of the envelope.** All proposals shall be completed in ink or typewritten. Offerors are strongly encouraged to carefully read the **entire** Request for Proposal Package.

### OFFER

To the City of Peoria: The undersigned on behalf of the entity, firm, company, partnership, or other legal entity listed below offers on its behalf to the City a proposal that contains all terms, conditions, specifications and amendments in the Notice of Request for Proposal issued by the City. Any exception to the terms contained in the Notice of Request for Proposal must be specifically indicated in writing and are subject to the approval of the City prior to acceptance. The signature below certifies your understanding and compliance with Paragraph 1 of the City of Peoria Standard Terms and Conditions (form COP 202) contained in the Request for Proposal package issued by the City.

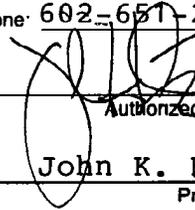
For clarification of this offer contact

Name John K. Hartz

Telephone: 602-651-2924 Fax: 602-651-2999

Unum

Company Name

  
Authorized Signature for Offer

2575 E. Camelback Road, Suite 650

Address

John K. Hartz

Printed Name

Phoenix, AZ 85016

City State Zip Code

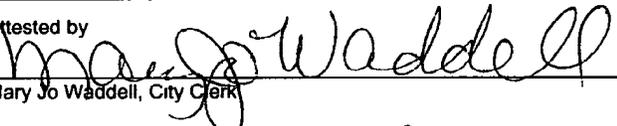
Senior Market Manager

Title

### ACCEPTANCE OF OFFER AND CONTRACT AWARD (For City of Peoria Use Only)

Your offer is accepted by the City, subject to approval of each written exception that your proposal contained. The contract consists of the following documents: 1) Request for Proposal issued by the City, 2) Your offer in Response to the City's Request for Proposal, 3) This written acceptance and contract award.

As the contractor, you are now legally bound to sell the materials and/or services listed by the attached award notice, based on the solicitation of proposals, including all terms, conditions, specifications, amendments and your offer as now accepted by the City. The Contractor shall not commence any billable work or provide any material, service or construction under this contract until the Contractor receives an executed Purchase Order or written Notice to Proceed.

Attested by   
 Mary Jo Waddell, City Clerk

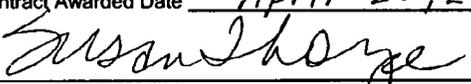
City of Peoria, Arizona Effective Date: 4/24/10

Approved as to form:

  
 Stephen M. Kemp, City Attorney

cc 13C 042010

Contract Awarded Date April 23, 2010

  
 Carl Swenson, City Manager

Contract Number: LCOM 04310

Official File \_\_\_\_\_





# REQUEST FOR PROPOSAL

## INSTRUCTIONS TO OFFEROR

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone: (623) 773-7115  
Fax: (623) 773-7118

1. **PREPARATION OF PROPOSAL:**
  - a. All proposals shall be on the forms provided in this *Request For Proposal* package. It is permissible to copy these forms if required. Telegraphic (facsimile) or mailgram proposals will not be considered.
  - b. The Offer and Contract Award document (COP Form 203) shall be submitted with an original ink signature by a person authorized to sign the offer.
  - c. Erasures, interlineations, or other modifications in the proposal shall be initialed in original ink by the authorized person signing the Vendor Offer.
  - d. If price is a consideration and in case of error in the extension of prices in the proposal, the unit price shall govern. No proposal shall be altered, amended, or withdrawn after the specified proposal due date and time.
  - e. Periods of time, stated as a number of days, shall be calendar days.
  - f. It is the responsibility of all Offerors to examine the entire *Request For Proposal* package and seek clarification of any item or requirement that may not be clear and to check all responses for accuracy before submitting a bid. Negligence in preparing a Proposal confers no right of withdrawal after proposal due date and time.
2. **INQUIRIES:** Any question related to the *Request For Proposal* shall be directed to the Buyer whose name appears on the front. The Offeror shall not contact or ask questions of the department for which the requirement is being procured. Questions should be submitted in writing when time permits. The Buyer may require any and all questions be submitted in writing at the Buyer's sole discretion. Any correspondence related to a *Request For Proposal* should refer to the appropriate *Request For Proposal* number, page, and paragraph number. However, the Offeror shall not place the *Request For Proposal* number on the outside of any envelope containing questions since such an envelope may be identified as a sealed proposal and may not be opened until after the official *Request For Proposal* due date and time.
3. **PROSPECTIVE OFFERORS CONFERENCE:** A prospective offerors conference may be held. If scheduled, the date and time of this conference will be indicated on the cover page of this document. The purpose of this conference will be to clarify the contents of this *Request For Proposal* in order to prevent any misunderstanding of the City's position. Any doubt as to the requirements of this *Request For Proposal* or any apparent omission or discrepancy should be presented to the City at this conference. The City will then determine if any action is necessary and may issue a written amendment to the *Request for Proposal*. Oral statements or instructions will not constitute an amendment to this *Request for Proposal*.
4. **LATE PROPOSALS:** Late Proposals will not be considered, except as provided by the **City of Peoria Procurement Code**. A vendor submitting a late proposal shall be so notified.
5. **WITHDRAWAL OF PROPOSAL:** At any time prior to the specified proposal due date and time, a Vendor (or designated representative) may withdraw the proposal. Telegraphic (facsimile) or mailgram proposal withdrawals will not be considered.
6. **AMENDMENT OF PROPOSAL:** Receipt of a Solicitation Amendment (COP Form 207) shall be acknowledged by signing and returning the document prior to the specified proposal due date and time.
7. **PAYMENT:** The City will make every effort to process payment for the purchase of goods or services within thirty (30) calendar days after receipt of goods or services and a correct notice of amount due, unless a good faith dispute exists as to any obligation to pay all or a portion of the account. Any proposal that requires payment in less than thirty (30) calendar days shall not be considered.
8. **NEW:** All items shall be new, unless otherwise stated in the specifications.
9. **DISCOUNTS:** Payment discount periods will be computed from the date of receipt of material/service or correct invoice, whichever is later, to the date Buyer's payment is mailed. Unless freight and other charges are itemized, any discount provided will be taken on full amount of invoice. Payment discounts of thirty (30) calendar days or more will be deducted from the proposal price in determining the low bid. However, the Buyer shall be entitled to take advantage of any payment discount offered by the Vendor provided payment is made within the discount period.
10. **TAXES:** The City of Peoria is exempt from Federal Excise Tax, including the Federal Transportation Tax. Sales tax, if any, shall be indicated as a separate item.
11. **VENDOR REGISTRATION:** After the award of a contract, the successful Vendor shall have a completed Vendor Registration Form (COP Form 200) on file with the City of Peoria Materials Management Division.
12. **AWARD OF CONTRACT:**
  - a. Unless the Offeror states otherwise, or unless provided within this *Request For Proposal*, the City reserves the right to award by individual line item, by group of line items, or as a total, whichever is deemed most advantageous to the City.
  - b. Notwithstanding any other provision of this *Request For Proposal*, The City expressly reserves the right to
    - (1) Waive any immaterial defect or informality or
    - (2) Reject any or all proposals, or portions thereof, or
    - (3) Reissue a *Request For Proposal*
  - c. A response to a *Request For Proposal* is an offer to contract with the City based upon the terms, conditions and specifications contained in the City's *Request For Proposal* and the written amendments thereto, if any. Proposals do not become contracts unless and until they are accepted by the **City Council**. A contract is formed when written notice of award(s) is provided to the successful Offeror(s). The contract has its inception in the award document, eliminating a formal signing of a separate contract. For that reason, all of the terms and conditions of the procurement contract are contained in the *Request For Proposal*, unless modified by a Solicitation Amendment (COP Form 207) or a Contract Amendment (COP Form 217).



## STANDARD TERMS AND CONDITIONS

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone: (623) 773-7115  
Fax: (623) 773-7118

THE FOLLOWING TERMS AND CONDITIONS ARE AN EXPLICIT PART OF THE SOLICITATION AND ANY RESULTANT CONTRACT.

1. **CERTIFICATION:** By signature in the Offer section of the Offer and Contract Award page (COP Form 203), the Vendor certifies:
  - a. The submission of the offer did not involve collusion or other anti-competitive practices.
  - b. The Vendor shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11456.
  - c. The Vendor has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip favor, or service to a public servant in connection with the submitted offer. Failure to sign the offer, or signing it with a false statement, shall void the submitted offer or any resulting contracts, and the vendor may be debarred.
2. **GRATUITIES:** The City may, by written notice to the Contractor, cancel this contract if it is found by the City that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by the Contractor or any agent or representative of the Contractor, to any officer or employee of the City with a view toward securing an order, securing favorable treatment with respect to the awarding, amending, or the making of any determinations with respect to the performing of such order. In the event this contract is cancelled by the City pursuant to this provision, the City shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Contractor the amount of the gratuity. Paying the expense of normal business meals which are generally made available to all eligible city government customers shall not be prohibited by this paragraph.
3. **APPLICABLE LAW:** In the performance of this agreement, contractors shall abide by and conform to any and all laws of the United States, State of Arizona and City of Peoria including but not limited to federal and state executive orders providing for equal employment and procurement opportunities, the Federal Occupational Safety and Health Act and any other federal or state laws applicable to this agreement.

Contractor specifically understands and acknowledges the applicability to it of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986, and the Drug Free Workplace Act of 1989. In addition, if this agreement pertains to construction, Contractor must also comply with A.R.S. § 34-301, as amended (Employment of Aliens on Public Works Prohibited) and A.R.S. § 34-302, as amended (Residence Requirements for Employees).

Under the provisions of A.R.S. § 41-4401, Contractor hereby warrants to the City that Contractor and each of its subcontractors ("Subcontractors") will comply with, and are contractually obligated to comply with, all Federal immigration laws and regulations that relate to their employees and A.R.S. § 23-214(A) (hereinafter, "Contractor Immigration Warranty").

A breach of the Contractor Immigration Warranty shall constitute a material breach of this agreement and shall subject Contractor to penalties up to and including termination of this agreement at the sole discretion of the City. The City may, at its sole discretion, conduct random verification of the employment records of Contractor and any Subcontractors to ensure compliance with the Contractor Immigration Warranty. Contractor agrees to assist the City in regard to any random verification performed.

Neither Contractor nor any Subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if Contractor or the Subcontractor establishes that it has complied with the employment verification provisions prescribed by §§ 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. §23-214(A).

The provisions of this Paragraph must be included in any contract Contractor enters into with any Subcontractors who



## STANDARD TERMS AND CONDITIONS

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone: (623) 773-7115  
Fax: (623) 773-7118

provide services under this agreement or any subcontract. "Services" is defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

Contractor warrants, for the term of this agreement and for six months thereafter, that it has fully complied with the requirements of the Immigration Reform and Control Act of 1986 and all related or similar legal authorities.

This contract shall be governed by the City and Contractor shall have all remedies afforded each by the Uniform Commercial Code, as adopted in the State of Arizona, except as otherwise provided in this contract or in statutes pertaining specifically to the City. This contract shall be governed by the laws of the State of Arizona and suit pertaining to this contract may be brought only in courts in the State of Arizona.

This contract is subject to the provisions of ARS §38-511; the City may cancel this contract without penalty or further obligations by the City or any of its departments or agencies if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City or any of its departments or agencies, is at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract.

4. **LEGAL REMEDIES:** All claims and controversies shall be subject to resolution according to the terms of the City of Peoria Procurement Code.
5. **CONTRACT:** The contract between the City and the Contractor shall consist of (1) the Solicitation, including instructions, all terms and conditions, specifications, scopes of work, attachments, and any amendments thereto, and (2) the offer submitted by the Vendor in response to the solicitation. In the event of a conflict in language between the Solicitation and the Offer, the provisions and requirements in the Solicitation shall govern. However, the City reserves the right to clarify, in writing, any contractual terms with the concurrence of the Contractor, and such written contract shall govern in case of conflict with the applicable requirements stated in the Solicitation or the Vendor's offer. The Solicitation shall govern in all other matters not affected by the written contract.
6. **CONTRACT AMENDMENTS:** This contract may be modified only by a written Contract Amendment (COP Form 217) signed by persons duly authorized to enter into contracts on behalf of the City and the Contractor.
7. **CONTRACT APPLICABILITY:** The Offeror shall substantially conform to the terms, conditions, specifications and other requirements found within the text of this specific Solicitation. All previous agreements, contracts, or other documents, which have been executed between the Offeror and the City, are not applicable to this Solicitation or any resultant contract.
8. **PROVISIONS REQUIRED BY LAW:** Each and every provision of law and any clause required by law to be in the contract will be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, the contract will forthwith be physically amended to make such insertion or correction.
9. **SEVERABILITY:** The provisions of this contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the contract which may remain in effect without the invalid provision or application.
10. **RELATIONSHIP TO PARTIES:** It is clearly understood that each party will act in its individual capacity and not as an agent, employee, partner, joint venture, or associate of the other. An employee or agent of one party shall not be deemed or construed to be the employee or agent of the other for any purpose whatsoever. The Contractor is advised that taxes or Social Security payments will not be withheld from any City payments issued hereunder and that the Contractor should make arrangements to directly pay such expenses, if any.



## STANDARD TERMS AND CONDITIONS

### Materials Management Procurement

9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone: (623) 773-7115  
Fax: (623) 773-7118

11. **INTERPRETATION-PAROL EVIDENCE:** This contract represents the entire agreement of the Parties with respect to its subject matter, and all previous agreements, whether oral or written, entered into prior to this contract are hereby revoked and superseded by this contract. No representations, warranties, inducements or oral agreements have been made by any of the Parties except as expressly set forth herein, or in any other contemporaneous written agreement executed for the purposes of carrying out the provisions of this contract. This contract may not be changed, modified or rescinded except as provided for herein, absent a written agreement signed by both Parties. Any attempt at oral modification of this contract shall be void and of no effect.
12. **NO DELEGATION OR ASSIGNMENT:** Contractor shall not delegate any duty under this Contract, and no right or interest in this Contract shall be assigned by Contractor to any successor entity or third party, including but not limited to an affiliated successor or purchaser of Contractor or its assets, without prior written permission of the City. The City, at its option, may cancel this Contract in the event Contractor undertakes a delegation or assignment without first obtaining the City's written approval. Contractor agrees and acknowledges that it would not be unreasonable for the City to decline to approve a delegation or assignment that results in a material change to the services provided under this Contract or an increased cost to the City.
13. **SUBCONTRACTS:** No subcontract shall be entered into by the contractor with any other party to furnish any of the material, service or construction specified herein without the advance written approval of the City. The prime contractor shall itemize all sub-contractors which shall be utilized on the project. Any substitution of sub-contractors by the prime contractor shall be approved by the City and any cost savings will be reduced from the prime contractor's bid amount. All subcontracts shall comply with Federal and State laws and regulations which are applicable to the services covered by the subcontract and shall include all the terms and conditions set forth herein which shall apply with equal force to the subcontract and if the Subcontractor were the Contractor referred to herein. The Contractor is responsible for contract performance whether or not Subcontractors are used.
14. **RIGHTS AND REMEDIES:** No provision in this document or in the vendor's offer shall be construed, expressly or by implication, as waiver by the City of any existing or future right and/or remedy available by law in the event of any claim of default or breach of contract. The failure of the City to insist upon the strict performance of any term or condition of the contract or to exercise or delay the exercise of any right or remedy provided in the contract, or by law, or the City's acceptance of and payment for materials or services, shall not release the Contractor from any responsibilities or obligations imposed by this contract or by law, and shall not be deemed a waiver of any right of the City to insist upon the strict performance of the Contract.
15. **INDEMNIFICATION:** To the fullest extent permitted by law, the Contractor shall defend, indemnify and hold harmless the City, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings), relating to, arising out of, or alleged to have resulted from the acts, errors, mistakes, omissions, work or services of the Contractor, its employees, agents, or any tier of subcontractors in the performance of this Contract. Contractor's duty to defend, hold harmless and indemnify the City, its agents, representatives, officers, directors, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property including loss of use resulting there from, caused by any acts, errors, mistakes, omissions, work or services in the performance of this Contract including any employee of the Contractor or any tier of subcontractor or any other person for whose acts, errors, mistakes, omissions, work or services the Contractor may be legally liable.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.



## STANDARD TERMS AND CONDITIONS

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
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16. **OVERCHARGES BY ANTITRUST VIOLATIONS:** The City maintains that, in practice, overcharges resulting from antitrust violations are borne by the purchaser. Therefore, to the extent permitted by law, the Contractor hereby assigns to the City any and all claims for such overcharges as to the goods and services used to fulfill the Contract.
17. **FORCE MAJEURE:** Except for payment for sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force Majeure. The term "*force majeure*" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God: acts of the public enemy; war; acts of terror, hate crimes affecting public order; riots; strikes; mobilization; labor disputes; civil disorders; fire; floods; lockouts, injunctions-intervention-acts, or failures or refusals to act by government authority; events or obstacles resulting from a governmental authority's response to the foregoing; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence. The force majeure shall be deemed to commence when the party declaring force majeure notifies the other party of the existence of the force majeure and shall be deemed to continue as long as the results or effects of the force majeure prevent the party from resuming performance in accordance with this Contract.
- Force majeure shall not include the following occurrences:
- Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, an oversold condition of the market, inefficiencies, or similar occurrences.
  - Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this Force Majeure term and Condition.
- Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure. If either party is delayed at any time in the progress of the work by force majeure, then the delayed party shall notify the other party in writing of such delay within forty-eight (48) hours commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be hand delivered or mailed *Certified-Return Receipt* and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing. The time of completion shall be extended by contract modification for a period of time equal to the time that the results or effects of such delay prevent the delayed party from performing in accordance with this contract.
18. **RIGHT TO ASSURANCE:** Whenever one party to this contract in good faith has reason to question the other party's intent to perform he may demand that the other party give a written assurance of this intent to perform. In the event that a demand is made and no written assurance is given within five (5) days, the demanding party may treat this failure as an anticipatory repudiation of the Contract.
19. **RIGHT TO AUDIT RECORDS:** The City may, at reasonable times and places, audit the books and records of any Contractor as related to any contract held with the City. This right to audit also empowers the City to inspect the papers of any Contractor or Subcontractor employee who works on this contract to ensure that the Contractor or Subcontractor is complying with the Contractor Immigration Warranty made pursuant to Paragraph 3 above.
20. **RIGHT TO INSPECT PLANT:** The City may, at reasonable times, inspect the part of the plant or place of business of a Contractor or Subcontractor which is related to the performance of any contract as awarded or to be awarded.
21. **WARRANTIES:** Contractor warrants that all material, service or construction delivered under this contract shall conform to the specifications of this contract. Unless otherwise stated in Contractor's response, the City is responsible for selecting items, their use, and the results obtained from any other items used with the items furnished under this contract. Mere receipt of shipment of the material/service specified and any inspection incidental thereto by the City shall not alter or affect



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the obligations of the Contractor or the rights of the City under the foregoing warranties. Additional warranty requirements may be set forth in the solicitation.

22. **INSPECTION:** All material and/or services are subject to final inspection and acceptance by the City. Materials and/or services failing to conform to the specifications of this Contract will be held at Contractor's risk and may be returned to the Contractor. If so returned, all costs are the responsibility of the Contractor. The City may elect to do any or all:

- a. Waive the non-conformance.
- b. Stop the work immediately.
- c. Bring material into compliance.

This shall be accomplished by a written determination for the City.

23. **TITLE AND RISK OF LOSS:** The title and risk of loss of material and/or service shall not pass to the City until the City actually receives the material or service at the point of delivery, unless otherwise provided within this Contract.

24. **NO REPLACEMENT OF DEFECTIVE TENDER:** Every tender of materials shall fully comply with all provisions of the Contract. If a tender is made which does not fully conform, this shall constitute a breach of the Contract as a whole.

25. **DEFAULT IN ONE INSTALLMENT TO CONSTITUTE TOTAL BREACH:** Contractor shall deliver conforming materials in each installment of lot of this Contract and may not substitute nonconforming materials. Delivery of nonconforming materials or a default of any nature, at the option of the City, shall constitute a breach of the Contract as a whole.

26. **SHIPMENT UNDER RESERVATION PROHIBITED:** Contractor is not authorized to ship materials under reservation and no tender of a bill of lading will operate as a tender of the materials.

27. **LIENS:** All materials, service or construction shall be free of all liens, and if the City requests, a formal release of all liens shall be delivered to the City.

28. **LICENSES:** Contractor shall maintain in current status all Federal, State and Local licenses and permits required for the operation of the business conducted by the Contractor as applicable to this Contract.

29. **PATENTS AND COPYRIGHTS:** All services, information, computer program elements, reports and other deliverables, which may be patented or copyrighted and created under this contract are the property of the City and shall not be used or released by the Contractor or any other person except with the prior written permission of the City.

30. **PREPARATION OF SPECIFICATIONS BY PERSONS OTHER THAN CITY PERSONNEL:** All specifications shall seek to promote overall economy for the purposes intended and encourage competition and not be unduly restrictive in satisfying the City's needs. No person preparing specifications shall receive any direct or indirect benefit from the utilization of specifications, other than fees paid for the preparation of specifications.

31. **COST OF BID/PROPOSAL PREPARATION:** The City shall not reimburse the cost of developing presenting or providing any response to this solicitation. Offers submitted for consideration should be prepared simply and economically, providing adequate information in a straightforward and concise manner.

32. **PUBLIC RECORD:** All offers submitted in response to this solicitation shall become the property of the City and shall become a matter of public record available for review, subsequent to the award notification, in accordance with the City's Procurement Code. However, subsequent to the award of the contract, any information and documents obtained by the City



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during the course of an audit conducted in accordance with Paragraph 19 above for the purpose of determining compliance by Contractor or a Subcontractor with the Contractor Immigration Warranty mandated by Paragraph 3 above shall remain confidential and shall not be made available for public review or produced in response to a public records request, unless the City is ordered or otherwise directed to do so by a court of competent jurisdiction.

33. **ADVERTISING:** Contractor shall not advertise or publish information concerning this Contract, without prior written consent of the City.
34. **DELIVERY ORDERS:** The City shall issue a Purchase Order for the material and/or services covered by this contract. All such documents shall reference the contract number as indicated on the Offer and Contract Award (COP Form 203).
35. **FUNDING:** Any contract entered into by the City of Peoria is subject to funding availability. Fiscal years for the City of Peoria are July 1 to June 30. The City Council approves all budget requests. If a specific funding request is not approved, the contract shall be terminated.
36. **PAYMENT:** A separate invoice shall be issued for each shipment of material or service performed, and no payment will be issued prior to receipt of material and/or services and correct invoice.



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1. **Purpose:** Pursuant to provisions of the City Procurement Code, the City of Peoria, Materials Management Division intends to establish a contract for Basic Life/AD&D, Voluntary Life and Short Term Disability Employee Benefits.
2. **Authority:** This Solicitation as well as any resultant contract is issued under the authority of the City. No alteration of any resultant contract may be made without the express written approval of the City Materials Manager in the form of an official contract amendment. Any attempt to alter any contract without such approval is a violation of the contract and the City Procurement Code. Any such action is subject to the legal and contractual remedies available to the City inclusive of, but not limited to, contract cancellation, suspension and/or debarment of the contractor.
3. **Offer Acceptance Period:** In order to allow for an adequate evaluation, the City requires an offer in response to this Solicitation to be valid and irrevocable for ninety (90) days after the opening time and date.
4. **Eligible Agencies:** Any contract resulting from this Solicitation shall be for the exclusive use of the City of Peoria.
5. **Contract Type:** Fixed Price Term
6. **Term of Contract:** The term of any resultant contract shall commence on July 1, 2010 and shall continue for a period of one (1) year thereafter, unless terminated, cancelled or extended as otherwise provided herein.
7. **Contract Extension:** By mutual written contract amendment, any resultant contract may be extended for supplemental periods of up to a maximum of forty-eight (48) months.
8. **Affirmative Action Report:** It is the policy of the City of Peoria that suppliers of goods or services to the City adhere to a policy of equal employment opportunity and demonstrate an affirmative effort to recruit, hire, and promote regardless of race, color, religion, gender, national origin, age or disability. The City of Peoria encourages diverse suppliers to respond to solicitations for products or services.
9. **Proposal Format:** Proposals shall be submitted in one (1) original and four (4) copies on the forms and in the format as contained in the Request for Proposal. Proposals shall be on 8 1/2" & 11" paper with the text on one side only. All submittal information must contain data for only the local office(s) which will be performing the work. The proposals should be submitted in the maximum length requirements as specified in the proposal.
10. **Evaluation:** In accordance with the City of Peoria Procurement Code, awards shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City, based upon the evaluation criteria listed below. The evaluation factors are listed in their relative order of importance.
  - a. Response to Questionnaire.
  - b. Cost/Rate Guarantees.
  - c. Conformance to Request for Proposal.
11. **Discussions:** In accordance with the City of Peoria Procurement Code, after the initial receipt of proposals, discussions may be conducted with offerors who submit proposals determined to be reasonably susceptible of being selected for award.
12. **Proposal Opening:** Proposals shall be submitted at the time and place designated in the request for proposals. All information contained in the proposals shall be deemed as exempt from public disclosure based on the City's need to avoid disclosure of contents prejudicial to competing offerors during the process of negotiation. The proposals shall not be open for public inspection until after contract award. After contract award, the successful proposal and the evaluation documentation shall be open for public inspection.
13. **Investigation of Conditions:** The Contractor warrants and agrees familiarity of the work that is required, is satisfied as to the conditions under which is performed and enters into this contract based upon the Contractor's own investigation.



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14. **Multiple Awards:** In order to assure that any ensuing contracts will allow the City to fulfill current and future requirements, the City reserves the right to award contracts to multiple companies. The actual utilization of any contract will be at the sole discretion of the City. The fact that the City may make multiple awards should be taken into consideration by each potential contractor.
15. **Insurance Requirements:** The Contractor, at Contractor's own expense, shall purchase and maintain the herein stipulated minimum insurance with companies duly licensed, possessing a current A.M. Best, Inc. Rating of A-, or approved unlicensed in the State of Arizona with policies and forms satisfactory to the City.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted; failure to do so may, at the sole discretion of the City, constitute a material breach of this Contract.

The Contractor's insurance shall be primary insurance as respects the City, and any insurance or self-insurance maintained by the City shall not contribute to it.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the City.

The insurance policies, except Workers' Compensation, shall contain a waiver of transfer rights of recovery (subrogation) against the City, its agents, representatives, directors, officers, and employees for any claims arising out of the Contractor's acts, errors, mistakes, omissions, work or service.

The insurance policies may provide coverage which contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to the City under such policies. The Contractor shall be solely responsible for the deductible and/or self-insured retention and the City, at its option, may require the Contractor to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit.

The City reserves the right to request and to receive, within 10 working days, certified copies of any or all of the herein required insurance policies and/or endorsements. The City shall not be obligated, however, to review same or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of the City's right to insist on, strict fulfillment of Contractor's obligations under this Contract.

The insurance policies, except Workers' Compensation and Professional Liability, required by this Contract, shall name the City, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

16. **Required Insurance Coverage:**

a. Commercial General Liability

Contractor shall maintain Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 Products/Completed Operations Aggregate and a \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage including, but not limited to, the liability assumed under the indemnification provisions of this Contract which coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00011207 or any replacements thereof. The coverage shall not exclude X, C, U.

Such policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision which would serve to limit third party action over claims.



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The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc.'s Additional Insured, Form B, CG 20370704, and shall include coverage for Contractor's operations and products and completed operations.

Any Contractor subletting any part of the work, services or operations awarded to the Contractor shall purchase and maintain, at all times during prosecution of the work, services or operations under this Contract, an Owner's and Contractor's Protective Liability insurance policy for bodily injury and property damage, including death, which may arise in the prosecution of the Contractor's work, service or operations under this Contract. Coverage shall be on an occurrence basis with a limit not less than \$1,000,000 per occurrence, and the policy shall be issued by the same insurance company that issues the Contractor's Commercial General Liability insurance.

b. *Automobile Liability*

Contractor shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence with respect to the Contractor's any owned, hired, and non-owned vehicles assigned to or used in performance of the Contractor's work. Coverage will be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 00010306, or any replacements thereof). Such insurance shall include coverage for loading and off loading hazards. If hazardous substances, materials or wastes are to be transported, MCS 90 endorsement shall be included and \$5,000,000 per accident limits for bodily injury and property damage shall apply.

c. *Workers' Compensation*

The Contractor shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services; and, Employer's Liability insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee, and \$500,000 disease policy limit.

In case any work is subcontracted, the Contractor will require the Subcontractor to provide Workers' Compensation and Employer's Liability to at least the same extent as required of the Contractor.

d. *Professional Liability*

The Contractor retained by the City to provide the work or service required by this Contract will maintain Professional Liability insurance covering acts, errors, mistakes and omissions arising out of the work or services performed by the Contractor, or any person employed by the Contractor, with a limit of not less than \$1,000,000 each claim.

17. **Certificates of Insurance:** Prior to commencing work or services under this Contract, Contractor shall furnish the City with Certificates of Insurance, or formal endorsements as required by the Contract, issued by Contractor's insurer(s), as evidence that policies providing the required coverages, conditions and limits required by this Contract are in full force and effect.

In the event any insurance policy(ies) required by this contract is(are) written on a "Claims made" basis, coverage shall extend for two years past completion and acceptance of the Contractor's work or services and as evidenced by annual Certificates of Insurance.

If a policy does expire during the life of the Contract, a renewal certificate must be sent to the City fifteen (15) days prior to the expiration date.

All Certificates of Insurance shall be identified with bid serial number and title. A \$25.00 administrative fee will be assessed for all certificates received without the appropriate bid serial number and title.



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18. **Cancellation and Expiration Notice:** Insurance required herein shall not expire, be canceled, or materially changed without thirty (30) days prior written notice to the City.

19. **Independent Contractor:**

a. General

- i. The Contractor acknowledges that all services provided under this Agreement are being provided by him as an independent contractor, not as an employee or agent of the City Manager or the City of Peoria.
- ii. Both parties agree that this Agreement is nonexclusive and that Contractor is not prohibited from entering into other contracts nor prohibited from practicing his profession elsewhere.

b. Liability

- i. The City of Peoria shall not be liable for any acts of Contractor outside the scope of authority granted under this Agreement or as the result of Contractor's acts, errors, misconduct, negligence, omissions and intentional acts.
- ii. To the fullest extent permitted by law, the Contractor shall defend, indemnify and hold harmless the City, its agents, representatives, officers, directors, officials and employees from and against all claims, damages, losses and expenses (including but not limited to attorney fees, court costs, and the cost of appellate proceedings), relating to, arising out of, or alleged to have resulted from the acts, errors, mistakes, omissions, work or services of the Contractor, its employees, agents, or any tier of subcontractors in the performance of this Contract. Contractor's duty to defend, hold harmless and indemnify the City, its agents, representatives, officers, directors, officials and employees shall arise in connection with any claim, damage, loss or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment, or destruction of property including loss of use resulting there from, caused by any acts, errors, mistakes, omissions, work or services in the performance of this Contract including any employee of the Contractor or any tier of subcontractor or any other person for whose acts, errors, mistakes, omissions, work or services the Contractor may be legally liable.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

c. Other Benefits

The Contractor is an independent contractor; therefore, the City Manager will not provide the Contractor with health insurance, life insurance, workmen's compensation, sick leave, vacation leave, or any other fringe benefits. Further, Contractor acknowledges that he is exempt from coverage of the Comprehensive Benefit and Retirement Act (COBRA). Any such fringe benefits shall be the sole responsibility of Contractor.

20. **Key Personnel:** It is essential that the Contractor provide adequate experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract. The Contractor must agree to assign specific individuals to the key positions.

- a. The Contractor agrees that, once assigned to work under this contract, key personnel shall not be removed or replaced without written notice to the City.
- b. If key personnel are not available for work under this contract for a continuous period exceeding 30 calendar days, or are expected to devote substantially less effort to the work than initially anticipated, the Contractor shall immediately



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notify the City, and shall, subject to the concurrence of the City, replace such personnel with personnel of substantially equal ability and qualifications.

21. **Confidential Information:**

- a. If a person believes that a bid, proposal, offer, specification, or protest contains information that should be withheld, a statement advising the Materials Supervisor of this fact shall accompany the submission and the information shall be identified.
- b. The information identified by the person as confidential shall not be disclosed until the Materials Supervisor makes a written determination.
- c. The Materials Supervisor shall review the statement and information and shall determine in writing whether the information shall be withheld.
- d. If the Materials Supervisor determines to disclose the information, the Materials Supervisor shall inform the bidder in writing of such determination.

22. **Confidentiality of Records:** The contractor shall establish and maintain procedures and controls that are acceptable to the City for the purpose of assuring that information contained in its records or obtained from the City or from others in carrying out its functions under the contract shall not be used or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties under the contract. Persons requesting such information should be referred to the City. Contractor also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of contractor as needed for the performance of duties under the contract.

23. **Identity Theft Prevention:** The Contractor shall establish and maintain Identity Theft policies, procedures and controls for the purpose of assuring that "personal identifying information," as defined by A.R.S. § 13-2001(10), as amended, contained in its records or obtained from the City or from others in carrying out its responsibilities under the Contract, is protected at all times and shall not be used by or disclosed to unauthorized persons. Persons requesting such information should be referred to the City. Contractor also agrees that any "personal identifying information" shall not be disclosed other than to employees or officers of Contractor as needed for the performance of duties under the Contract. Contractor agrees to maintain reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft. Contractor is required under this contract to review the City of Peoria's Identity Theft Program and to report to the Program Administrator any Red Flags as defined within that program. At a minimum, the contractor will have the following Identity Theft procedures in place:

- a. Solicit and retain only the "personal identifying information" minimally necessary for business purposes related to performance of the Contract.
- b. Ensure that any website used in the performance of the contract is secure. If a website that is not secure is to be used, the City shall be notified in advance before any information is posted. The City reserves to right to restrict the use of any non-secure websites under this contract.
- c. Ensure complete and secure destruction of any and all paper documents and computer files at the end of the contracts retention requirements.
- d. Ensure that office computers are password protected and that computer screens lock after a set period of time.
- e. Ensure that offices and workspaces containing customer information are secure.
- f. Ensure that computer virus protection is up to date

24. **Licenses:** Contractor shall maintain in current status all Federal, State and Local licenses and permits required for the operation of the business conducted by the Contractor.



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25. **Cancellation:** The City reserves the right to cancel the whole or any part of this contract due to failure by the contractor to carry out any obligation, term or condition of the contract. The City will issue written notice to the contractor for acting or failing to act as in any of the following:

- a. The contractor provides material that does not meet the specifications of the contract;
- b. The contractor fails to adequately perform the services set forth in the specifications of the contract;
- c. The contractor fails to complete the work required or to furnish the materials required within the time stipulated in the contract;
- d. The contractor fails to make progress in the performance of the contract and/or gives the City reason to believe that the contractor will not or cannot perform to the requirements of the contract.

Upon receipt of the written notice of concern, the contractor shall have ten (10) days to provide a satisfactory response to the City. Failure on the part of the contractor to adequately address all issues of concern may result in the City resorting to any single or combination of the following remedies:

- a. Cancel any contract;
- b. Reserve all rights or claims to damage for breach of any covenants of the contract;
- c. Perform any test or analysis on materials for compliance with the specifications of the contract. If the results of any test or analysis find a material non-compliant with the specifications, the actual expense of testing shall be borne by the contractor;
- d. In case of default, the City reserves the right to purchase materials, or to complete the required work in accordance with the City Procurement Code. The City may recover any actual excess costs from the contractor by:
  - i. Deduction from an unpaid balance;
  - ii. Any combination of the above or any other remedies as provided by law.

26. **Prohibited Lobbying Activities:** The Offeror, his/her agent or representative shall not contact, orally or in any written form any City elected official or any City employee other than the Materials Management Division, the procuring department, City Manager, Deputy City Manager or City Attorney's office (for legal issues only) regarding the contents of this solicitation or the solicitation process commencing from receipt of a copy of this request for proposals and ending upon submission of a staff report for placement on a City Council agenda. The Materials Manager shall disqualify an Offeror's proposal for violation of this provision. This provision shall not prohibit an Offeror from petitioning an elected official after submission of a staff report for placement on a City Council agenda or engaging in any other protected first amendment activity after submission of a staff report for placement on a City Council agenda.



## QUESTIONNAIRE

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### **I. BACKGROUND**

The City of Peoria, Arizona is soliciting proposals for the following employee benefit plans:

- Basic Life/AD&D
- Voluntary Life/Dependent Life
- Short Term Disability

The City offers the following: Basic Life/AD&D through SunLife, Voluntary Life through MetLife, and Short Term Disability through Standard. The City's plan year is July 1 through June 30. The anticipated effective date of any new coverage will be July 1, 2010. Basic employee life is paid by the City, with employees having the ability to purchase employee voluntary life, spouse, and eligible dependent child coverage. For purposes of the proposal, assume the City will pay the cost of the Short Term Disability coverage.

The following provides a summary of the categories of employees and dependents eligible for benefits:

- Eligible employees include full-time or part-time employees and must work a minimum of twenty (20) hours per week.
- Employees who meet the eligibility criteria will be covered the first day of employment.
- Eligible employees also include all City Council and three (3) Charter Officers (City Manager, City Attorney, City Judge).
- Eligible dependents include an employee's spouse under a legally valid, existing marriage.
- Dependents also include dependent children who will be eligible for coverage until his/her nineteenth (19<sup>th</sup>) birthday unless the child is continuously attending an accredited institution as a full-time student then may be eligible for coverage until his/her twenty-fifth (25<sup>th</sup>) birthday.
- Eligible dependents also include a child who is continuously incapable of self-sustaining employment because of a mental or physical handicap and who is chiefly dependent upon the employee for support may be eligible for coverage beyond the limiting age if the child has been covered under prior credible coverage up to the day they reach the limiting age.
- The City does not currently cover domestic partners, but may request this coverage in the future.

### **II. SCOPE OF SERVICES**

1. Initial rate quotes, administrative costs, and contract terms must be guaranteed at minimum effective July 1, 2010 through June 30, 2011.
2. The initial contract term shall be awarded for one year, with opportunity for four (4) renewable terms.
3. The Offeror shall provide claims experience for actives by employee, dependent, tier and plan design at a minimum every six (6) months.
4. The Offeror may be required to provide enrollment by employee dependent, age, tier, actives, and plan design every six (6) months.



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5. The Offeror shall provide final renewal rates, costs, and underwriting projections to the City at least 180 days prior to the contract anniversary date.
6. The Offeror must agree to provide coverage on a "no loss" basis for all participants enrolled in the current plan.
7. No commissions are payable to anyone on the proposed benefits requested. All products are to be quoted "net of commissions". To the extent a carrier filing with the State of Arizona does not allow them to quote "net of commission", the commissions shall be payable to the City's designated employee benefit consultant. At the current time our designated consultant is The Segal Company.
8. The Offeror must agree to be responsible for any programming fees associated with electronic eligibility exchange between the City and the Offeror for purposes of additions, terminations, open enrollment selections and regular life event changes.
9. The Offeror must agree to include all administrative costs (i.e. postage for regular Claims EOB, Customer/Member Service letters or special mailings) in their proposed fees. The City will distribute the Summary Plan Descriptions at new employee orientation to new hires.
10. The Offeror will list any administrative fees and premium tax separately from the premiums proposed, if applicable.
11. The Offeror will comply with all HIPAA Privacy Rule Regulations.
12. The Offeror will provide all Summary Plan Descriptions, Summary Benefit Booklets, and other customized communications at no additional charge.
13. The Offeror will provide any professional service representatives the City requires to understand, analyze, and/or plan for any plan changes including but not limited to general account servicing, underwriting-actuarial, clinical, and/or operational support.
14. The Offeror will provide reconciliation reporting for any discrepancy in eligibility reporting that surfaces as a result of regular reporting intervals.
15. The Offeror will provide member-specific data for enrollment and claims as required by the client.
16. The Offeror will provide access to data and on-site review should the City choose to Audit the claim and eligibility files maintained by the Offeror.
17. The Offeror agrees that if awarded, the City may at any time request change in key personnel assigned to service the client account. In addition, should there be a change in key assigned personnel, the City will be immediately notified and replacement personnel will be replaced with personnel of substantially equal ability and qualifications as established at the time of the award.
18. The Offeror will agree to maintain all pertinent claim records for up to seven (7) years including claim records, individual case review and notes, and any member inquiry records as prudent business practice and provisions dictate.



# QUESTIONNAIRE

Solicitation Number: P10-0053

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone: (623) 773-7115  
Fax: (623) 773-7118

## BASIC LIFE/AD&D AND VOLUNTARY LIFE

SunLife Insurance Company provides the City's current employee basic life/AD&D and dependent life coverage. All eligible employees receive basic life/AD&D coverage paid by the City, as follows:

- Class 1 City Attorney – 2.5x the eligible employee's basic annual earnings to a maximum of \$500,000.
- Class 2 Mid-Management, Department Heads and Charter Officers – 2x earnings rounded to the next higher multiple of \$1,000 to a maximum of \$500,000.
- Class 3 PSC and CCL Employees – 2x earnings rounded to the next higher multiple of \$1,000 to a maximum of \$500,000.
- Class 4 All other eligible employees (excluding PSC and CCL) – 1x annual basic earnings to a maximum of \$500,000.
- Dep Life Spouse - \$1,000; Child - \$1,000 (all employees are charged for dependent life).

MetLife provides the City's current Voluntary Life/AD&D coverage. Guarantee issue for employee is \$130,000, spouse is \$20,000 and dependent children are \$10,000. Guarantee issue is only applicable to new hires that elect coverage within 30 days of their start date. The City currently provides an annual open enrollment period where employees can elect or make changes to their voluntary life coverage. Evidence of insurability is required and subject to approval by the carrier. The above provisions will also apply for an eligible family status change.

Under the current employee voluntary life/AD&D plan, an employee may elect up to \$525,000 in increments of \$10,000. The spouse coverage maximum is \$150,000 in increments of \$10,000. Dependent children may have a maximum benefit of \$10,000 in \$2,000 increments. The spouse and child coverage cannot exceed 50% of the employee voluntary life coverage amount. Currently, the City has two different carriers so the \$525,000 does not apply for Basic and Voluntary Life.

Life and AD&D coverage reduces to 65% at age 65 and to 50% at age 70. Spouse coverage terminates at age 70.



# QUESTIONNAIRE

Solicitation Number: **P10-0053**

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave , 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone (623) 773-7115  
Fax (623) 773-7118

<b>GENERAL INFORMATION (ALL OFFERORS)</b>	
	<b>VENDOR RESPONSE</b>
<b>GENERAL INFORMATION QUESTIONS</b>	
<p>1. Are the rates or fees quoted in your proposal firm and will not be recalculated based on actual enrollment?</p>	<p><b>Ideally, Unum would like to be pro-active in the enrollment process to ensure that participation levels are met or maintained at current levels. If participation did change, we would review the actual enrollment versus the expected or how much enrollment had decreased since the initial enrollment. We would try to assess the impact of these changes to determine what action should be taken. We may do the following:</b></p> <ul style="list-style-type: none"> <li>• take no action as we feel the pricing is still appropriate;</li> <li>• work with the City to develop an enrollment strategy to increase participation back to acceptable levels; or</li> <li>• adjust pricing to reflect the new risk.</li> </ul>
<p>2. a. Are your quoted rates guaranteed for a minimum of 12 months?</p> <p>b. If so, are you willing to guarantee rates for <b>more than</b> 12 months?</p>	<p><b>We can offer the City the following rate guarantees:</b>  <b>Life – 2 years</b>  <b>Voluntary Life – 3years</b>  <b>STD – 2 years</b></p> <p><b>Please see above</b></p>
<p>3. Do you agree to give the City at least 180 days advance written notice of any change in fees/premium?</p>	<p><b>Unum will notify the policyholder in writing 180 days before a premium rate is changed. A change may take effect on an earlier date when both Unum and the policyholder agree.</b></p>
<p>4. Your proposal is to be submitted net of commissions. Is your quotation consistent with this request?</p>	<p><b>Yes, our proposal is submitted net of commissions.</b></p>

**GENERAL INFORMATION  
(ALL OFFERORS)**

	VENDOR RESPONSE										
<p>5. Identify those individuals who would be responsible for the day-to-day service contact with the City.</p>	<p>The Account Consultant who leads the team servicing your account is Melissa Gutierrez, a seasoned insurance professional who has significant experience in the industry and specializes in meeting the needs of large and complex clients. Your account consultant will meet with you regularly to provide the latest information about risk trends; outline and present other product and benefit service opportunities for you and your employees; and offer training support as needed. Melissa has been an Account Consultant with Unum for 10 years.</p>										
<p>6. Do you have a Contract and Business Associate Agreement that will require City signature?</p>	<p>Unum is willing to enter into a Business Associate Agreement only to the extent that HIPAA requires it. The majority of Unum's offerings (Long Term Disability, Short Term Disability, Life, Supplemental Disability, Accident and Critical Illness coverages) are excluded from HIPAA.</p>										
<p>7. What are the most recent ratings for your company by the following:</p> <p>Standard and Poors</p> <p>Fitch</p> <p>A.M. Best</p> <p>Moody's</p>	<table border="1"> <thead> <tr> <th>Rating</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>A- (Strong)</td> <td>07/08</td> </tr> <tr> <td>A (Strong)</td> <td>02/10</td> </tr> <tr> <td>A- (Excellent)</td> <td>01/08</td> </tr> <tr> <td>Baa1 (Adequate)</td> <td>01/08</td> </tr> </tbody> </table>	Rating	Date	A- (Strong)	07/08	A (Strong)	02/10	A- (Excellent)	01/08	Baa1 (Adequate)	01/08
Rating	Date										
A- (Strong)	07/08										
A (Strong)	02/10										
A- (Excellent)	01/08										
Baa1 (Adequate)	01/08										
<p>8. If you were provided any individually identifiable health information (IIHI) by the City in order to price this proposal, do you understand that you are prohibited from using the IIHI for any purpose other than as required by law <b>and</b> further, agree to promptly destroy such data if you are NOT the successful Offerors?</p>	<p>Yes, in accordance with Unum's records retention requirements, we would not keep any individually identifiable health information, used to price the proposal, if we were not selected as the City's insurer.</p>										

**GENERAL INFORMATION  
(ALL OFFERORS)**

	<b>VENDOR RESPONSE</b>
<p>9. Enclose a copy of claims and appeals text you would like the City to consider adding to their Plan Document/SPD to outline the process for claims filing/payment and appeals with your organization.</p>	<p><b>For fully-insured plans, Unum's costs include the creation of an electronic version of the employer's group insurance policy and employee certificate booklet. This booklet, and the language contained therein, will match the contract which is issued to the City. However, this booklet does not include claims of appeals text.</b></p> <p><b>The City should distribute the booklet to its employees as appropriate. By distributing a copy of the Unum-prepared certificate booklet, the City will have complied with ERISA's SPD content requirements.</b></p>
<p>10. Indicate if you are able to include domestic partners as an eligible dependent? If so, indicate which benefits you would be able to offer and if there will be additional costs associated with those benefits.</p>	<p><b>Unum's Life contract requires domestic partners to execute a declaration of domestic partnership to receive coverage. This document states and gives proof that the domestic partner has had the same permanent residence as the insured for 12 months prior to the date the insurance would become effective for that domestic partner. Moreover, the insured must not have signed a declaration of domestic partnership with anyone else within the last 12 months. Also, the domestic partner must be at least 18 years of age, competent to contract, not related by blood closer than would bar marriage, the sole-named domestic partner, and not married to anyone else. The declaration of domestic partnership must be approved and recorded by the plan administrator.</b></p> <p><b>The insured may not cover a domestic partner as a dependent if that person is enrolled for coverage as an employee.</b></p>

<b>BASIC LIFE/AD&amp;D</b>													
	<b>VENDOR RESPONSE</b>												
1. a. Does your contract include a conversion option?	<b>Yes, our response includes a conversion option.</b>												
b. What is your charge per thousand to the policyholder for life insurance conversions?	<table border="1"> <thead> <tr> <th style="text-align: center;">Age at Conversion</th> <th style="text-align: center;">Cost per \$1,000</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">&lt;35</td> <td style="text-align: center;">\$46</td> </tr> <tr> <td style="text-align: center;">35 - 44</td> <td style="text-align: center;">\$64</td> </tr> <tr> <td style="text-align: center;">45 - 54</td> <td style="text-align: center;">\$105</td> </tr> <tr> <td style="text-align: center;">55 - 64</td> <td style="text-align: center;">\$211</td> </tr> <tr> <td style="text-align: center;">65+</td> <td style="text-align: center;">\$271</td> </tr> </tbody> </table>	Age at Conversion	Cost per \$1,000	<35	\$46	35 - 44	\$64	45 - 54	\$105	55 - 64	\$211	65+	\$271
Age at Conversion	Cost per \$1,000												
<35	\$46												
35 - 44	\$64												
45 - 54	\$105												
55 - 64	\$211												
65+	\$271												
2. Does your contract provide terminal liability for waiver of premium claims upon termination of your master contract?	<b>For disabilities incurred prior to termination, Unum will maintain the contractual liability, provided that all contractual obligations are met. We would retain liability until death or the contractual waiver of premium benefit duration.</b>												
3. Do you agree to provide the same coverage for currently insured individuals without requiring evidence of insurability?	<p><b>LIFE COVERAGE</b></p> <p><b>Unum's offer of coverage is based on continuity of coverage; no employee should lose coverage solely based on a transition to a Unum plan. Our standard is to provide coverage only for employees who are actively at work on the effective date of the policy; however, because Arizona is a Discontinuance and Replacement (D&amp;R) state we will also provide coverage to employees who are absent due to sickness or injury and who were eligible for continued coverage under the prior plan but who will not continue to be covered or receive benefits under the prior plan due to the change in carriers. If the prior plan does not provide a form of extended coverage and/or the employer does not continue premium payments on employees absent due to sickness or injury, coverage will begin on the date the employee returns to active employment. For all other employees not actively at work on the policy effective date, coverage will begin on the date the employee returns to active employment.</b></p>												
4. Does your policy include a provision through which an insured could receive full or partial payment of the life benefit upon being diagnosed as terminally ill?	<b>Yes, if a covered employee or dependent becomes terminally ill while insured by the plan, Unum will pay a portion of the life insurance benefit one time. The payment will be up to 75% of the life insurance amount depending on the plan selected by the employer.</b>												

<b>BASIC LIFE/AD&amp;D</b>	
	<b>VENDOR RESPONSE</b>
<p>5. What other coverage enhancements does your policy contain (such as described in #4, above)?</p>	<ul style="list-style-type: none"> <li>• <b>Life Planning: Financial &amp; Legal Resources</b></li> <li>• <b>Security Account</b></li> <li>• <b>Disability/Waiver of Premium Integration</b></li> <li>• <b>Portability</b></li> <li>• <b>Work-Life Balance Employee Assistance Program</b></li> <li>• <b>Worldwide Emergency Travel Assistance Services</b></li> <li>• <b>See section labeled miscellaneous for brochures on these services</b></li> </ul>
<p>6. a. Do you agree to provide regular reporting (<i>i.e.</i>, premium, claims, and utilization)?</p>	<p><b>Yes</b></p>

<b>BASIC LIFE/AD&amp;D</b>	
	<b>VENDOR RESPONSE</b>
<p>b. If so, list each report by type and frequency?</p>	<p><b>Unum provides paid claim, pending claim and conversion reports to employers via our Comparative Reporting &amp; Analysis (CR&amp;A) services. As the CR&amp;A reports are accessed by a secure website, employers have the ability to receive up-to-date information at any time. Sample reports have been included as part of this RFP response.</b></p> <p><b>Unum will also provide the City with access to regular evidence of insurability (EOI) status reports via a secure website; you can register for access with our i-Services representatives. Reports are run at the desktop and turnaround is generally seconds. You can view these reports online or download them to an Excel or ASCII format to enable manipulation of the format to meet your needs. This also facilitates uploading of data to your systems.</b></p> <p><b>EOI reports include status of applications that have been approved, denied, pended, newly received or closed. You can also access those applications that are missing pertinent information that may delay processing.</b></p> <p><b>Additionally, at renewal or upon request, we can offer plan design suggestions and additional reports such as reserves, paid premium/paid claims study and underwriting analysis. Unum will also work with the City to produce any additional reports required. Our system is capable of segmenting claims data in a variety of formats, depending on a client's specific needs. The cost associated with each report depends on the programming required to access, format and display the desired information fields.</b></p>
<p>7. Provide details of how monthly billing will be generated. Will the City be required to self-bill or payroll report?</p>	<p><b>Premium billing is handled as self-accounting. Unum will provide invoices and will also accept customer reports. Since billing format is self-accounting, we do not require enrollment data to be submitted to us. Unum can also accept premium remittance via wire transfer.</b></p>

<b>VOLUNTARY LIFE</b>	
	<b>VENDOR RESPONSE</b>
1. What participation requirements are assumed in your proposal?	<p><b>For Group Voluntary Term Life coverage, there will be no participation requirement at initial enrollment provided:</b></p> <ul style="list-style-type: none"> <li>• there are at least 50 eligible employees;</li> <li>• Unum's traditional Life policy is in force or being sold, with an eligibility that is greater than or equal to 75% of the eligibility for the Group Lifestyle Life;</li> <li>• there is a minimum of 10 enrolled lives;</li> <li>• Unum provides and distributes pre-enrollment communication materials, and can communicate directly with employees; and</li> <li>• there are mandatory onsite group enrollment meetings.</li> </ul> <p><b>Participation requirements may be enforced on subsequent anniversary dates.</b></p>
2. a. Is this policy portable?	<b>Yes</b>
b. Are ported <u>benefits</u> the same as actives?	<p><b>The amount of an employee's portable coverage cannot exceed the lesser of:</b></p> <ul style="list-style-type: none"> <li>• the eligible group's maximum benefit;</li> <li>• five times the employee's annual earnings; or</li> <li>• \$750,000 from all Unum Group Life and AD&amp;D plans combined.</li> </ul>
c. Are ported <u>rates</u> the same as actives?	<b>While portability rates are preferred group rates, they may not be the same rate currently in place with an employer.</b>
d. If c is no, what is the average percent of increase?	<b>See response to "c".</b>
3. Does your policy include a waiver of premium provision?	<b>Yes</b>
4. Will current active participants (employees, spouses, and children) be allowed to purchase any difference in coverage between their current amount and the guarantee issue amount in your plan?	<p><b>For Voluntary Life, during the annual enrollment period Unum will allow individuals who are currently enrolled in the plan to increase their coverage any number of units up to the plan non-medical maximum. All elected amounts that exceed the plan non-medical maximum will require evidence of insurability. Individuals who are not enrolled in the plan and who want to join at annual enrollment will be required to submit evidence of insurability for their full elected coverage amount.</b></p>

<b>VOLUNTARY LIFE</b>	
	<b>VENDOR RESPONSE</b>
5. Do you agree to grandfather current participants at their current amounts without evidence of insurability?	<p><b>Unum agrees to grandfather current employee benefit amounts for employees subject to the following conditions:</b></p> <ul style="list-style-type: none"> <li>• <b>Employees must be full-time and actively at work on the date that our policy is effective.</b></li> <li>• <b>The employee or dependent is not increasing coverage.</b></li> </ul> <p><b>Grandfathering will only apply to the current coverage amount and is not an agreement to duplicate the prior contract. All future increases will be subject to our standard contract provisions.</b></p>
6. Does your proposal assume:	<b>Self-administration</b>
a. list bill?	
b. self-administration?	
7. a. Who is responsible for identifying when a participant moves into a new age bracket?	<b>The tracking responsibility is an automatic function of our billing system.</b>
b. What date does the new rate apply?	<p><b>Depending on the quoted rates a new rate will:</b></p> <ul style="list-style-type: none"> <li>• <b>age the individual on the plan anniversary,</b></li> <li>• <b>be based on the individual's age as of the plan anniversary, or</b></li> <li>• <b>be based on the participant's age on the first of the month following date of birth.</b></li> </ul>
8. a. Do you agree to provide regular reporting (i.e., premium, claims, and utilization)?	<b>Yes</b>

<b>VOLUNTARY LIFE</b>	
	<b>VENDOR RESPONSE</b>
<p>b. If so, list each report by type and frequency?</p>	<p>Unum provides paid claim, pending claim and conversion reports to employers via our Comparative Reporting &amp; Analysis (CR&amp;A) services. As the CR&amp;A reports are accessed by a secure website, employers have the ability to receive up-to-date information at any time. Sample reports have been included as part of this RFP response.</p> <p>Unum will also provide the City with access to regular evidence of insurability (EOI) status reports via a secure website; you can register for access with our i-Services representatives. Reports are run at the desktop and turnaround is generally seconds. You can view these reports online or download them to an Excel or ASCII format to enable manipulation of the format to meet your needs. This also facilitates uploading of data to your systems.</p> <p>EOI reports include status of applications that have been approved, denied, pended, newly received or closed. You can also access those applications that are missing pertinent information that may delay processing.</p> <p>Additionally, at renewal or upon request, we can offer plan design suggestions and additional reports such as reserves, paid premium/paid claims study and underwriting analysis. Unum will also work with the City to produce any additional reports required. Our system is capable of segmenting claims data in a variety of formats, depending on a client's specific needs. The cost associated with each report depends on the programming required to access, format and display the desired information fields.</p>
<p>9. Provide details of how monthly billing will be generated. Will the City be required to self-bill or payroll report?</p>	<p>Premium billing for employer groups would be handled as self-accounting. Unum will provide invoices and will also accept customer reports. These reports or invoices are designed to provide us with summary data for billing purposes (i.e., volume, number of lives).</p>
<p>10. Will you provide a 30 day guarantee issue amount?</p>	<p><b>Yes</b></p>
<p>a. If so, what is the amount for employee?</p>	<p><b>\$150,000 - GI</b></p>
<p>b. If so, what is the amount for spouse?</p>	<p><b>\$25,000 - GI</b></p>

<b>VOLUNTARY LIFE</b>	
	<b>VENDOR RESPONSE</b>
c. If so, what is the amount for dependent child?	<b>\$10,000 - GI (or inforce)</b>

**DISCLOSURE NOTICE REGARDING BROKER COMPENSATION**

**We support disclosure of broker compensation so that customers can make an informed buying decision. Brokers are eligible to receive Base and Supplemental Commissions from Unum.**

**Unless you have agreed to compensate the broker differently, we pay Base Commissions to brokers for the sale of an insurance policy. Base Commissions are a fixed percentage of policy premium, and include a one time, first year flat amount for each policy sold.**

**Brokers may qualify for Supplemental Commissions. For group products, Supplemental Commissions may be paid in an amount equal to a fixed percentage of total eligible group premiums. The percentage may range from 0% to 2.5% of total eligible premiums paid. The Supplemental percentage is based on the total dollar amount of all group premiums or number of policies the broker had in force with Unum in the prior calendar year.**

**For more information visit our website at [www.unum.com](http://www.unum.com) or contact us at 1-800-633-7491.**



March 19<sup>th</sup>, 2010

Lisa Houg  
Contract Officer  
City of Peoria  
Materials Management  
9875 North 85<sup>th</sup> Avenue  
Peoria, AZ 85345

Dear Ms. Houg,

Unum has provided a Best and Final offer for City of Peoria. Included are Unum's Life and AD&D Proposals (we quoted "Best and Final" rates, packaged with the Voluntary Life benefit and without), 3 year rate guarantees and are matching Dependent life rates. Unum's Basic Life is also portable.

As far as rate caps for the remaining two years of the contract are concerned, Unum would look at our three years of experience (and consider looking at the last two years with Sun Life if beneficial to the City). We would offer a two year rate guarantee for the remaining two years (or one if the City desires), with the goal to keep pricing as stable as possible. Keep in mind, the case could call for a rate decrease, and Unum would offer that if applicable. Rate changes either way depend on claims experience for groups your size. If the case were to warrant an increase, Unum would look to recover up to 90% the formula rate (10 - 15% would be my best guess). Note: In my fourteen years with Unum, I have yet to see a case with less than 500 enrolled lives receive a rate increase for our Voluntary Life benefit.

\*The Unum Phoenix office had 92.8% premium persistency for employers 500 - 2,000 lives in 2009. This speaks to our excellent customer service, claims paying abilities, and partnership with our customers during renewal.

### **Two Voluntary Life and AD&D proposals**

- Packaged with Basic Life and AD&D (at the 0.12 per \$1,000 rate)...Voluntary rates approximately 13% below current
- Packaged with Basic Life and AD&D (at the 0.11 per \$1,000 rate)...Voluntary rates quoted matching current in force rates
  - This option saves the City an additional \$1,026 per month based on the volume quoted
- Unum's voluntary life Guarantee Issue level increases to \$200,000 (currently in force at \$130,000) when packaged with Basic Life
  - Unum's voluntary life contract allows employee's to increase their coverage during the annual re-enrollment period to the Guarantee Issue Limit without evidence of insurability (as long as it does not exceed 5 times salary).

- Example: Jane Doe is enrolled for \$10,000 of supplemental life insurance with Unum. Jane could have a medical condition, family status change, or simply want more life insurance. During the next re-enrollment period, Jane could increase her voluntary life benefit up to \$200,000 with no health evidence required because she was enrolled in the plan. This is a huge benefit to employees (spouses and children), and a major reason so many employers choose Unum for their life insurance needs. I would be happy to explain in further detail if necessary.
- Unum grandfatheres all in force certificate amounts during a takeover
- Unum offers a true open enrollment to help increase participation and give employees the opportunity to get in the plan
- Current participation is 26%. We would project to see that number increase to 40% based on rates and benefits

### **2010 Financial Strength Summary (March of 2010)**

I have a call into Unum's VP of Investor Relations on your question about Unum's Moody's rating. Unfortunately it's not a quick answer, however, I can tell you that Unum has a review with Moody's next week, and we are hopeful to see them follow suite and upgrade our rating. The rating agencies typically are quick to downgrade, and very slow to upgrade. As you will see below (and attached), the other regulators are recognizing Unum's Financial Strength, and two of these agencies have upgraded Unum as recent as the past two months (A.M. Best and Fitch).

#### **Other Rating Agency changes for Unum over the past few months:**

**A.M. Best Co. Press Release - March 8, 2010:** A.M. Best has revised the Unum outlook to Positive from Stable and affirmed the Financial Strength Rating (FSR) of A-(Excellent)\*

\*The revised outlook reflects Unum's continued improved capital position, solid operating results reported during a difficult economy and the group's very good investment performance last year. The rating also reflects Unum's top ranked position as the leading disability income writer and second-largest writer of voluntary business in the United States. Additionally, over the past few years, the company's conservative pricing and reserving practices have contributed to its improved overall profitability.

**Fitch - February 2010:** Fitch has upgraded Unum's Financial Strength Rating, citing Unum's conservative investment portfolio, solid capital and liquidity, and leadership in the employee benefits market.

I hope this helps! Please do not hesitate to contact me with any questions or concerns. We hope to earn your business!

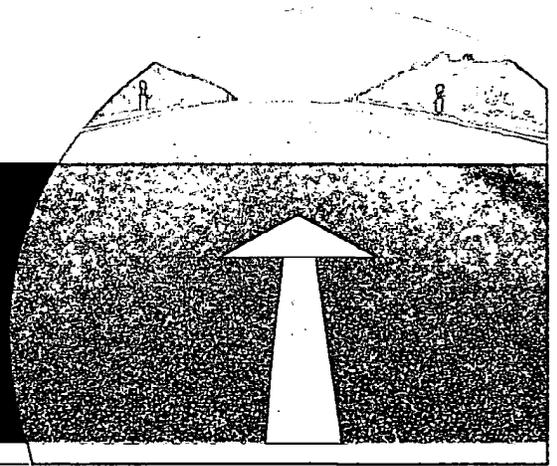
Best regards,



John Hartz  
Senior Market Manager  
Unum  
602.651.2924

# Financial strength

For the future



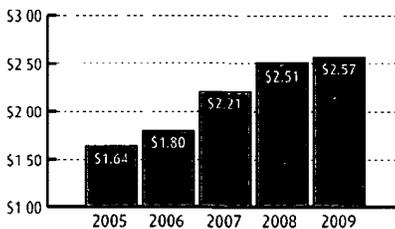
**Tom Watjen**  
*President and CEO*

“The company closed 2009 well-positioned for the year ahead. While we believe that the general business and economic environment will continue to pose challenges, the actions we have taken the past several years have positioned us well and provide us with significant operating and financial flexibility.”

### Operating income

FY09: \$852.6 million  
\$2.57 per share

### Operating EPS over five years:



Per common diluted share, excluding special items. A reconciliation of Non-GAAP financial measures, along with a quarterly financial overview, is available at [www.investors.unum.com](http://www.investors.unum.com)

As a leading provider of employee benefits products and services in the U.S. and U.K., we are committed to financial strength built on a solid foundation of consistent operating results, strong risk management practices, prudent investment choices and a clear capital management strategy.

### Consistent execution

Over the last several years, Unum has diversified its business to create a more balanced mix of products and services. We have improved our operating results by consistently executing our strategy. And we strengthened our financial position with sound investment and capital management strategies.

### Diversified investment portfolio

Our investment portfolio is designed to match the long-term nature of our business and has been cited as having among the lowest risk profiles in our industry. It consists of historically low levels of high-yield bonds, no exposure to subprime mortgages and virtually no holdings in asset classes that have recently plagued financial institutions.

### Strategic capital management

Thanks to sound capital management, we have a buffer to support our operations in uncertain times and the financial flexibility to respond to market opportunities. Through the fourth quarter

of 2009, we exceeded all of our strategic capital targets.

### Capital management:

Criteria	2008	2009
RBC ratio for traditional U.S. insurance companies	332%	382%
Leverage	21.5%	20.5%
Holding company liquidity	\$526 million	\$915 million

RBC: Risk Based Capital

### Solid ratings

Our financial strength ratings reflect our stability. In February 2010, Fitch upgraded our financial strength rating, citing our conservative investment portfolio, solid capital and liquidity, and leadership in the employee benefits market.

### Financial strength ratings:

Agency	Rating	Outlook
A.M. Best	A-	Excellent
Fitch	A	Strong
Moody's	Baa1	Adequate
S&P	A-	Strong

Ratings are given to the insuring subsidiaries of Unum Group and are current as of March 10, 2010.

Capital management and other comments related to operating performance are based on Unum internal data and are current as of December 31, 2009.



# PRICE SHEET

Solicitation Number: **P10-0053**

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone: (623) 773-7115  
Fax: (623) 773-7118

## BASIC LIFE/AD&D

	Monthly Premium Rate		
Basic Life (per \$1,000)	\$0.11		
Basic AD&D (per \$1,000)	\$0.015		
Dependent Life (per \$1,000)	\$0.06		
Rate Guarantee (3 years)	Basic Life	Basic AD&D	Dep. Life
FY2012	\$0.11	\$0.015	\$0.06
FY2013	\$0.11	\$0.015	\$0.06
FY2014	TBD	TBD	TBD
FY2015	TBD	TBD	TBD

**Assumptions:** Current enrollment is in the Census report.



## Benefits & Cost Summary

### **Life and Accidental Death and Dismemberment (AD&D) Insurance**

**Prepared For: City Of Peoria**

**Submitted By: John Hartz; Unum Senior Market Manager**

**Date: March 19, 2010**



**Benefits & Cost Summary  
Group Life and Accidental Death and Dismemberment  
Insurance**

This proposal for Life and AD&D insurance coverage includes all active full-time employees working 30 hours per week in the United States with the employer.

**Class 1:** Class 1: City Attorney  
**Class 2:** Class 2: Mid Mgmt, Dept Heads, Chart Off, PSC, CCL  
**Class 3:** Class 4: All Other Eligible EEs (Excl PSC and CCL)

**Number of Eligible Employees:** 1179

***Plan Description:***

**Proposed coverage effective date:** July 1, 2010

**Life Insurance**

	<u>Employee Life Benefit Amount</u>	<u>Overall Maximum</u>
<b>Class 1:</b>	2.5 X annual earnings rounded to the next higher \$1,000	\$500,000
<b>Class 2:</b>	2 X annual earnings rounded to the next higher \$1,000	\$500,000
<b>Class 3:</b>	1 X annual earnings rounded to the next higher \$1,000	\$500,000

**Employee Life Non-Medical Maximum**

The Employee Life non-medical maximum is equal to the overall maximum.

**Employee Life Benefit Reduction Formula**

Life Benefit Reduces to:  
- 65% at age 65; and  
- 50% at age 70

**Dependent Life Benefit Amount**

**Spouse:** \$1,000

**Child:**

- 14 days to 6 months: \$500
- 6 months to 19 years  
(23 years if full-time student): \$1,000

**The amount of Life Insurance for a dependent will not be more than 100% of the employee Life amount. The employee must be covered for Life in order to insure dependents for Life.**

**AD&D Insurance**

	<u>Employee AD&amp;D Benefit Amount</u>	<u>AD&amp;D Maximum</u>
<b>Class 1:</b>	2.5 X annual earnings rounded to the next higher \$1,000	\$500,000
<b>Class 2:</b>	2 X annual earnings rounded to the next higher \$1,000	\$500,000
<b>Class 3:</b>	1 X annual earnings rounded to the next higher \$1,000	\$500,000



**Employee AD&D Benefit Reduction Formula**

AD&D Benefit Reduces to:

- 65% at age 65; and
- 50% at age 70

**Standard Plan Features Included in Quote:**

- Life Planning *Financial & Legal Resources*
- Life Insurance Conversion Privilege
- Unum Security Account
- 12 Month Rehire Provision
- AD&D Education Benefit - 6%-\$6,000
- AD&D Repatriation Benefit
- AD&D Seat Belt and Airbag Benefit - Employee Only 10%/\$25,000 Seatbelt-5%/\$5,000 Airbag
- AD&D Exposure and Disappearance Benefit
- Enhanced AD&D Schedule of Benefits and Losses
- Accelerated Benefit – 50% of the Life Amount to a maximum of \$750,000
- Employee Life Insurance Premium Waiver
- Portability

**Superior Administrative Support Features Included in Quote:**

- **Simplified** administration of group benefits through secured online tools:
  - Flexible plan administration and billing services
  - Easy access to frequently used forms
  - Claims information plan administrators need to assist employees and their families
  - A robust resource center filled with reference materials that enable plan administrators to be responsive to employee questions and industry information
  - Convenient online options of viewing or downloading your group insurance policy and employee certificate booklets
- Centralized toll-free Service Center for general inquiries
- Local Field Office Implementation Support
- Electronic Distribution of employee booklets - standard delivery
- Internet list bill and self accounting options
- Integrated Premium Waiver claims processing when sold with Unum LTD
- Compliance with ERISA reporting and disclosure requirements
- Superior Benefits Center Service Standards

**Optional Plan Features Included:**

- Dependent Life Insurance

***Rates and Cost Information:***

**Life Rates**

	Volume	Rate	Monthly Cost
Employee Life	\$102,608,000	\$0.11 per \$1,000*	\$11,286.88
Dependent Rates		\$0.06 per \$1,000	Based on Enrollment
<b>Total Monthly Cost for Life Insurance:</b>			<b>\$11,286.88</b>



**AD&D Rates**

	<b>Volume</b>	<b>Rate</b>	<b>Monthly Cost</b>
<b>Employee AD&amp;D</b>	\$102,608,000	\$0.015 per \$1,000	\$1,539.12

**Rate Guarantee: 3 Years**

**\*Note: The Life Rate of 0.11 per \$1,000 is contingent on packaging Unum’s Voluntary Life Benefit with the Basic Life provided by the City of Peoria.**

**Basic Life and AD&D sold on a standalone basis, will be .12 per \$1,000 (AD&D remains at .015 per \$1,000)**

**Rates for both Basic and Voluntary Life Benefits guaranteed for 3 Years (regardless of packaging the two products together)**

**Unum will match the current Dependent Life rates per the City’s request in the “Best and Final” letter dated March 17, 2010**

For purposes of calculating benefits and cost, an employee’s “annual earnings” is assumed to mean: gross annual income before taxes, including any pre-tax contributions to a deferred compensation plan, **excluding** commissions, bonuses, overtime pay or other extra compensation.

**Employee Cost of Coverage Paid By:** Employer (Rate assumes 100% participation)

**Dependent Cost of Coverage Paid By:** Employer

**Delayed Effective Date:** For employees who are absent from work on the date their coverage would normally begin (due to injury, sickness, layoff or leave of absence), coverage will begin on the date they return to active employment.

For eligible dependents that are totally disabled on the date their coverage would normally begin, coverage will begin on the date they are no longer totally disabled.

**Coverage Exclusions:**

**Life Insurance:** 24 month suicide exclusion (applies to contributory amounts and medically underwritten amounts)

**AD&D Insurance:**

AD&D benefits will not be paid for accidental losses caused by, contributed to by, or resulting from:

- Suicide, self-destruction while sane, intentionally self-inflicted injury while sane, or self-inflicted injury while sane, or self-inflicted injury while insane
- Active participation in a riot
- Attempt to commit or commission of a crime
- War, declared or undeclared, or any act of war
- Use of any prescription or non-prescription drug, poison, fume or other chemical substance unless used according to the prescription or direction of the employee’s physician. This exclusion does not apply if the chemical substance is ethanol.
- Disease of the body, or diagnostic, medical or surgical treatment, or mental disorder as set forth in the latest edition of the Diagnostic and Statistical Manual of Mental Disorders
- Being intoxicated



***Coverage Termination:***

An employee's coverage under the plan will end on the earliest of:

- the date the plan is cancelled;
- the date the employee is no longer in an eligible group;
- the date the employee's eligible group is no longer covered;
- the last day of the period for which the employee made any required contributions; or
- the last day the employee is in active employment, unless continued due to a covered layoff or leave of absence or due to an injury or sickness, as described in the contract.

The contract has additional provisions relating to dependent coverage termination. See your Unum representative for details.



**Life/AD&D Coverage Highlights & Descriptions:**

Some features listed below may be applicable only to certain employee classes. Please see the "Plan Description" section of your Life/AD&D Benefits and Cost Summary for specific plan details.

**Life Planning Financial & Legal Resources:** This personalized financial counseling service provides expert, objective financial counseling to survivors and terminally ill employees at no cost to them. This service is also extended to employees upon the death or terminal illness of their covered spouse. The financial consultants are master level consultants. They will help develop strategies needed to protect resources, preserve current lifestyles, and build future security. At no time will the consultants offer or sell any product or service.

**Accelerated Benefit:** Pays a portion of the insured employee's or dependent's Life benefit in the event the insured employee or dependent becomes terminally ill, and the employee's or dependent's life expectancy has been reduced to less than 12 months. The employee's or dependent's death benefit will be reduced by the Accelerated Life Benefit paid.

**Portability:** Allows an insured employee and their dependents to elect portable coverage, at group rates, if the employee terminates employment, reduces hours or retires from the employer. Employees and their dependents are not eligible for portable coverage if they have an injury or sickness, under the terms of this plan, that has a material effect on life expectancy.

**Life Insurance Premium Waiver:** Life insurance premiums will be waived for insured employees who become disabled prior to a specified age, and who remain disabled during an elimination period.

**Life Insurance Conversion Privilege:** When an insured employee's group coverage ends, employees and their dependents may convert their coverage to individual life policies without providing evidence of insurability.

**AD&D Covered Losses and Benefits:** The AD&D plan provides additional protection for insured employees in the event of an accidental bodily injury resulting in death or dismemberment.

Benefits resulting from the accidental death are paid to the named beneficiary. Benefits resulting from a dismembering injury are paid to the insured. The loss must occur within 365 days of the accident.

<b>For Loss of:</b>	<b>The Benefit will be:</b>
• Life	The full amount
• Both hands or both feet or sight of both eyes	The full amount
• One hand and one foot	The full amount
• One hand or one foot and the sight of one eye	The full amount
• Speech and hearing	The full amount
• One hand or one foot	One half the full amount
• Speech or hearing	One half the full amount
• Sight of one eye	One half the full amount
• Thumb and index finger of the same hand	One quarter the full amount

No more than the full amount will be paid for all losses resulting from the same accident.



**AD&D Education Benefit:**

Pays an additional lump sum benefit, to each qualified child of a deceased insured employee (provided death occurs within 365 days of the accidental bodily injury), equal to the lesser of:

- 6% of the employee's AD&D benefit amount; or
- \$6,000.

*Maximum Benefit Payments: 4 per lifetime*

*Maximum Benefit Amount: \$24,000*

*Maximum Benefit Period: 6 years from the date of the first benefit payment*

In order to qualify, a child must continue to be enrolled full-time in an accredited post-secondary institution of higher learning beyond the 12th grade level. If still at the 12th grade level, then the child must enroll in such an institution within 365 days of the employee's date of death.

**AD&D Repatriation Benefit:**

Pays an additional accidental death benefit of up to \$5,000 for preparation and transportation of a deceased insured employee, provided death occurs at least 100 miles from the employee's principal residence.

**AD&D Seat Belt and Airbag Benefit:**

Pays an additional accidental death benefit if an insured employee dies while properly wearing a seat belt, and an additional accidental death benefit if the employee was protected by an airbag.

*Benefit Amount:*

- Seatbelt: 10% of the Full Amount of the insured employee's accidental death and dismemberment insurance benefit.
- Airbag: 5% of the Full Amount of the insured employee's accidental death and dismemberment insurance benefit.

*Maximum Benefit:*

- Seatbelt: \$25,000
- Airbag: \$5,000.

**AD&D Exposure and Disappearance Benefit:**

Pays a benefit if the insured employee sustains an accidental bodily injury and is unavoidably exposed to the elements and suffers a loss.

Unum will presume the insured employee suffered loss of life due to an accident if:

- they are riding in a common public passenger carrier that is involved in an accident covered under the contract; and
- as a result of the accident, the common public passenger carrier is wrecked, sinks, is stranded, or disappears; and
- the insured employee's body is not found within one year of the accident.

**Unum Security Account:**

For Life and AD&D claims that are \$10,000 or greater, a Retained Asset Account (the Unum Security Account) will be made available to the designated beneficiary. This account allows access to all paid benefits immediately, while paying interest on benefits that have not been accessed.



**Contacting Your Unum Sales Office:**

**Location:** Unum - Home Office  
2211 Congress St.  
  
Portland, ME 04122

**Telephone:** (207) 575-2211  
**Fax:** (207) 575-2340

**Sales Team:** Laura Beth Tischler, Sales Consultant  
Christine Thompson, Underwriting Specialist

**Proposal Conditions:**

This proposal is under no circumstances a contract for the insurance coverage described within. If this proposal is accepted, a contract outlining the coverage will be issued.

This proposal is based on census data received by Unum. Actual costs will be based on the final enrollment data of employees insured under the plan on its effective date. Quote assumes coverage of employees who are in active employment in the United States with the employer. Please contact your Unum representative to request a quote for coverage of any employees who do not fit this category. **This quote will remain open until April 22, 2010 and includes standard services only, unless otherwise expressly described herein.**

**Important Information Concerning the Sale of these Benefits:**

State laws require that insurance brokers be licensed and appointed with the applicable Unum Insurance subsidiary before engaging in the solicitation or sale of these benefits. *Note that Unum cannot accept this business if the broker is not properly licensed and appointed before soliciting this proposal.*

Unum is prepared to help ensure compliance with these state regulations. Brokers who need to check their Unum appointment status should call the Broker Compensation Service Center at 800-633-7491 opt. 2.

Life/AD&D Policy Form Number: C.FP-2

Life Planning is provided by Ceridian Incorporated. The services are subject to availability and may be withdrawn by Unum without prior notice.

Unum is a registered trademark and marketing brand of Unum Group and its insuring subsidiaries.

Underwritten by:  
Unum Life Insurance Company of America  
Portland, Maine 04122  
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(G-72128)

**NOTICE REGARDING BROKER COMPENSATION**

Your insurance or benefits advisor can offer you advice and guidance as you select the policy and provider most appropriate for your needs. At Unum we recognize the important role these professionals play in the sale of our products and services and offer them a variety of compensation programs. Your advisor can provide you with information about these programs as well as those available from other providers. We support disclosure of broker compensation so that customers can make an informed buying decision.

Brokers may be eligible to receive Base Commissions and Supplemental Commissions from Unum.



Unless you have agreed in writing to compensate the broker differently, Unum provides Base Commissions to all brokers in connection with the sale of an insurance policy. Base Commissions are a fixed percentage of the policy premium, and include a one time, first year flat amount for each policy sold. Base Commissions are paid by Unum to your broker as long as they remain the broker of record on your policy.

A broker may also qualify for Supplemental Commissions paid by Unum. For group insurance products, Supplemental Commissions may be paid in an amount equal to a fixed percentage of total group insurance premiums. The Supplemental Commission percentage may range from 0% to 2.5% of total premiums paid. The exact Supplemental Commission percentage payable to any broker is based upon the total dollar amount of all eligible insurance premiums or number of group policies that the broker had in force with Unum in the prior calendar year. Supplemental Commissions may be calculated differently for other insurance products. The premium you pay is not impacted whether or not your broker receives Supplemental Commissions.

If you would like additional information about the range of compensation programs our company offers for your group insurance policy or any other Unum insurance product, you can find more details at [www.unum.com](http://www.unum.com). Should you have other questions not addressed by the website, including the Supplemental Commission percentage applicable to your broker, or if you want to speak to us directly about broker compensation, please call 1-800-633-7491.



## **Internet Service Solutions:**

As your benefits partner, we understand the complexities of benefits management and the increasing demands on your time. To meet your needs, we're creating online solutions that help you with day-to-day plan administration and ongoing benefits management.

As a feature of your group benefits plan, our secure Internet Services give you access to tools that allow registered users to:

- Access Coverage information
- View and update billing data
- Process employee changes
- Pay premium and check billing history
- Assist employees with filing a claim

A unique feature allows you to customize access to the site, giving different people in your company access only to the tools or information they need.

The secure Employer Internet Services website is available 24 hours a day, seven days a week. The website is supported by our Internet Service Center, with service experts available to assist you from 8 a.m. to 5 p.m. Eastern Time.

## **Administration & Billing**

- Easy access to your Group Insurance Policy
- Electronic employee certificate booklets
- Helpful plan administration guides
- Billing services available by billing account, allowing you to create a unique billing profile for each area within your company, including:
  - Flexible options for online list bill or self-accounting premium statement. Customers electing a list bill can update employee information, change coverage options, adjust salary information and more.
  - E-mail notification for immediate access to new premium statements
- Convenient payment options
- Timely status reports on employee applications submitted for medical underwriting
- Simplified data transfer of multiple employee data files

## **Claims**

Fast and easy access to the information you need to assist your employees with a Unum claim, including frequently asked questions regarding the claims process, information on how to complete a claim form, and convenient access to a directory of online claim forms.

## **Forms**

Application and enrollment forms, marketing materials and requests for customer service are ready to be completed, downloaded or printed at your convenience.



## **Resource Center**

Timely reference material and work tools including:

- **HR Guidebooks** to help you navigate the complexities of FMLA, ADA, ERISA, HIPAA and Mergers & Acquisitions
- **Employee service tools** to inform your workforce about assistance services included with Unum coverages
- **Unum news** to provide the latest on our products and services

## **Workplace Productivity**

Unum partners with you to build stronger employee benefits programs that help you maintain productivity in the workplace. We provide you with information and tools on:

- **Employee assistance services**
  - Information on valuable employee assistance services that are designed to support your employees during life's everyday challenges
- **About our products & services**
  - Integrated benefit solutions that address specific corporate needs for cost control, risk management and productivity
- **Absence management**
  - **Employee absence and your bottom line** – Unum research on the impact of disability on your employee medical costs
  - **Corporate Return-to-Work Program Development**
    - Resources to help you plan better for employee lost time, return employees to work and control the cost of lost time

**For more information, contact your  
Unum service representative, visit  
[www.unum.com/employers](http://www.unum.com/employers),  
or call our Internet Service Center  
(1-877-225-2712, option 2)**



# PRICE SHEET

Solicitation Number: P10-0053

**Materials Management  
Procurement**  
9875 N. 85<sup>th</sup> Ave., 2<sup>nd</sup> Fl.  
Peoria, Arizona 85345-6560  
Phone: (623) 773-7115  
Fax: (623) 773-7118

## VOLUNTARY LIFE

Age	Monthly Premium Rate	
	Employee Rates Per \$1,000	Spouse Rates Per \$1,000
Under 25	0.06	0.04
25 – 29	0.06	0.04
30 – 34	0.08	0.06
35 – 39	0.09	0.07
40 – 44	0.11	0.08
45 – 49	0.16	0.11
50 – 54	0.27	0.18
55 – 59	0.49	0.29
60 – 64	0.68	0.49
65 – 69	1.27	0.86
70 +	2.06	1.42
<b>Child(ren)</b>		
\$2,000 increments up to \$10,000	0.18	
<b>Rate Guarantee:</b>	3 years	3 years
FY2012	Same as above	Same as above
FY2013	Same as above	Same as above
FY2014	TBD	TBD
FY2015	TBD	TBD
<b>Coverage Increments:</b>		
Employee	\$10,000	
Spouse	\$5,000	
Child(ren)	\$2,000	
<b>Coverage Maximum:</b>		
Employee	The lesser of 5 x annual earnings or \$525,000	
Spouse	The lesser of 100% of Employee Life amount or \$200,000	
Child(ren)	The lesser of 100% of Employee Life amount or \$10,000	
<b>Guarantee Issue:</b>		
Employee	\$200,000	
Spouse	\$25,000	
Child(ren)	\$10,000	

**Assumptions:** Current enrollment is in the Census report. AD&D is \$0.04 per \$1000.



## Benefits & Cost Summary

### **Voluntary Life and Accidental Death and Dismemberment (AD&D) Insurance**

**Prepared For: City Of Peoria**

**Submitted By: John Hartz; Unum Senior Market Manager**

**Date: March 19, 2010**



**Benefits & Cost Summary  
Group Voluntary Life and Accidental Death and  
Dismemberment Insurance**

This proposal for Voluntary Life and AD&D insurance coverage includes all active full-time employees working 30 hours per week in the United States with the employer.

**Number of Eligible Employees:** 307 (Enrolled)

***Plan Description:***

**Proposed coverage effective date:** July 1, 2010

**Life Insurance**

**Employee Life Benefit Amount**

Amounts in \$10,000 benefit units as applied for by the employee and approved by Unum

**Overall Maximum**

The lesser of 5 X annual earnings or \$525,000

**Employee Life Non-Medical Maximum**

\$200,000

**Employee Life Benefit Reduction Formula**

Life Benefit Reduces to:

- 65% at age 65; and
- 50% at age 70

**Dependent Life Benefit Amount**

**Overall Maximum**

**Spouse:**

Amounts in \$5,000 benefit units as applied for by the employee and approved by Unum

The lesser of 100% of the Employee Life amount or \$200,000

**Child:**

- Live birth to 14 days: \$1,000
  - 14 days to 6 months: \$1,000
  - 6 months to 19 years (25 years if full-time student):
- Amounts in \$2,000 benefit units as applied for by the employee and approved by Unum

The lesser of 100% of the Employee Life amount or \$10,000

**Spouse Life Non-Medical Maximum:**

\$25,000

**Spouse Life Benefit Reduction Formula:**

The Spouse Life Benefit amount will reduce by the same percentage and at the same time as the Employee Life Benefit amount.

**The amount of Life Insurance for a dependent will not be more than 100% of the employee Life amount. The employee must be covered for Life in order to insure dependents for Life.**

**AD&D Insurance**

**Employee AD&D Benefit Amount**

Amounts in \$10,000 benefit units as applied for by the employee

**AD&D Maximum**

The lesser of 5 X annual earnings



and approved by Unum

or \$500,000

**Employee AD&D Benefit Reduction Formula**

AD&D Benefit Reduces to:

- 65% at age 65; and
- 50% at age 70

**Standard Plan Features Included in Quote:**

- Life Planning *Financial & Legal Resources*
- Annual Enrollment Period
- Customized Enrollment
- Life Insurance Conversion Privilege
- Unum Security Account
- 12 Month Rehire Provision
- AD&D Education Benefit - 6%-\$6,000
- AD&D Repatriation Benefit
- AD&D Seat Belt and Airbag Benefit - Employee Only 10%/\$25,000 Seatbelt-5%/\$5,000 Airbag
- AD&D Exposure and Disappearance Benefit
- Enhanced AD&D Schedule of Benefits and Losses
- Accelerated Benefit – 50% of the Life Amount to a maximum of \$750,000
- Employee Life Insurance Premium Waiver
- Portability

**Superior Administrative Support Features Included in Quote:**

- **Simplified** administration of group benefits through secured online tools:
  - Flexible plan administration and billing services
  - Easy access to frequently used forms
  - Claims information plan administrators need to assist employees and their families
  - A robust resource center filled with reference materials that enable plan administrators to be responsive to employee questions and industry information
  - Convenient online options of viewing or downloading your group insurance policy and employee certificate booklets
- Centralized toll-free Service Center for general inquiries
- Local Field Office Implementation Support
- Electronic Distribution of employee booklets - standard delivery
- Internet list bill and self accounting options
- Integrated Premium Waiver claims processing when sold with Unum LTD
- Compliance with ERISA reporting and disclosure requirements
- Superior Benefits Center Service Standards

**Rates and Cost Information:**

**Rates: The rates below coincide with the packaged Life rate of .11 per \$1,000 and 0.015 per \$1,000 on the AD&D (includes increased Employee Guarantee Issue Level to \$200,000)**



	<b>Employee Life Monthly Step Rates per \$1,000</b>		<b>Spouse Life Monthly Step Rates per \$1,000</b>	<b>Child Life Monthly Rate</b>
<b>Age</b>	<b>Rate</b>		<b>Rate</b>	\$0.18 per \$2,000
15-24	0.06		0.04	
25-29	0.06		0.04	
30-34	0.08		0.06	
35-39	0.09		0.07	
40-44	0.11		0.08	
45-49	0.16		0.11	
50-54	0.27		0.18	
55-59	0.49		0.29	
60-64	0.68		0.29	
65-69	1.27		0.49	
70-74	2.06		0.86	
75+	2.06		1.42	

**AD&D Rates**

<b>Employee AD&amp;D Monthly Rate</b>  \$0.03 per \$1,000
---

**Rate assumes the following:**

- **The employee participation level is currently at 26%**

**Rate Guarantee:** 3 Year(s)

For purposes of calculating benefits and cost, an employee's "annual earnings" is assumed to mean: gross annual income before taxes, including any pre-tax contributions to a deferred compensation plan, **excluding** commissions, bonuses, overtime pay or other extra compensation.

**Cost of Coverage Paid By:** Employees

**Minimum Participation:** In order for the case to be effective, the greater of 10 employees or 20% of the eligible employees must participate in the plan. **For groups of more than 50 eligible lives who (a) have or are purchasing coincident with the Lifestyle Life a Unum traditional employer paid group life policy with at least a 75% eligibility match, (b) agree to conduct recommended group enrollment meetings and (c) communicate the benefit to employees prior to those meetings, Unum will suspend the 20% minimum participation requirement during initial enrollment and for the first year the policy is in effect (as long as the 10-employee minimum participation requirement has been met).** Beginning on the 1st anniversary of the policy effective date and continuing thereafter, these groups must have attained participation of the greater of 10 employees or 20% of those eligible.

**Delayed Effective Date:** For employees who are absent from work on the date their coverage would normally begin (due to injury, sickness, layoff or leave of absence), coverage will begin on the first of the month coincident with or next following the date they return to active employment.



For eligible dependents that are totally disabled on the date their coverage would normally begin, coverage will begin on the first of the month coincident with or next following the date they are no longer totally disabled. This does not apply to a newborn child while dependent insurance is in effect.

**Example of Calculating Monthly Cost:**

**Lifestyle Life Example:**

	Age		Life Volume		Benefit Unit		Unit Rate		Cost*
<b>Employee</b>	30	@	\$100,000	/	1000	X	0.08	=	\$8.00
<b>Spouse</b>	30	@	\$20,000	/	1000	X	0.06	=	\$1.20
<b>Child(ren)</b>	4	@	\$4,000	/	2000	X	0.18	=	.36

<b>Per Monthly Paycheck Cost:</b>	<b>\$9.56</b>
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**Lifestyle AD&D Example:**

	Age		AD&D Volume		Benefit Unit		Unit Rate		Cost*
<b>Employee</b>	30	@	\$100,000	/	1000	X	0.03	=	\$3.00

\*Note: To determine the **biweekly** cost, first multiply cost by 12, then divide by 26.

i.e. Biweekly cost = (Monthly Cost x 12) / 26

**Coverage Exclusions:**

**Life Insurance:** 24 month suicide exclusion

**AD&D Insurance:**

- AD&D benefits will not be paid for accidental losses caused by, contributed to by, or resulting from:
- Suicide, self-destruction while sane, intentionally self-inflicted injury while sane, or self-inflicted injury while sane, or self-inflicted injury while insane
  - Active participation in a riot
  - Attempt to commit or commission of a crime
  - War, declared or undeclared, or any act of war
  - Use of any prescription or non-prescription drug, poison, fume or other chemical substance unless used according to the prescription or direction of the employee's physician. This exclusion does not apply if the chemical substance is ethanol.
  - Disease of the body, or diagnostic, medical or surgical treatment, or mental disorder as set forth in the latest edition of the Diagnostic and Statistical Manual of Mental Disorders
  - Being intoxicated



***Coverage Termination:***

An employee's coverage under the plan will end on the earliest of:

- the date the plan is cancelled;
- the date the employee is no longer in an eligible group;
- the date the employee's eligible group is no longer covered;
- the last day of the period for which the employee made any required contributions; or
- the last day the employee is in active employment, unless continued due to a covered layoff or leave of absence or due to an injury or sickness, as described in the contract.

The contract has additional provisions relating to dependent coverage termination. See your Unum representative for details.



**Lifestyle Life/AD&D Coverage Highlights & Descriptions:**

Some features listed below may be applicable only to certain employee classes. Please see the "Plan Description" section of your Lifestyle Life/AD&D Benefits and Cost Summary for specific plan details.

**Life Planning Financial & Legal Resources:** This personalized financial counseling service provides expert, objective financial counseling to survivors and terminally ill employees at no cost to them. This service is also extended to employees upon the death or terminal illness of their covered spouse. The financial consultants are master level consultants. They will help develop strategies needed to protect resources, preserve current lifestyles, and build future security. At no time will the consultants offer or sell any product or service.

**Accelerated Benefit:** Pays a portion of the insured employee's or dependent's Life benefit in the event the insured employee or dependent becomes terminally ill, and the employee's or dependent's life expectancy has been reduced to less than 12 months. The employee's or dependent's death benefit will be reduced by the Accelerated Life Benefit paid.

**Portability:** Allows an insured employee and their dependents to elect portable coverage, at group rates, if the employee terminates employment, reduces hours or retires from the employer. Employees and their dependents are not eligible for portable coverage if they have an injury or sickness, under the terms of this plan, that has a material effect on life expectancy.

**Life Insurance Premium Waiver:** Life insurance premiums will be waived for insured employees who become disabled prior to a specified age, and who remain disabled during an elimination period.

**Life Insurance Conversion Privilege:** When an insured employee's group coverage ends, employees and their dependents may convert their coverage to individual life policies without providing evidence of insurability.

**AD&D Covered Losses and Benefits:** The AD&D plan provides additional protection for insured employees in the event of an accidental bodily injury resulting in death or dismemberment.

Benefits resulting from the accidental death are paid to the named beneficiary. Benefits resulting from a dismembering injury are paid to the insured. The loss must occur within 365 days of the accident.

<b>For Loss of:</b>	<b>The Benefit will be:</b>
• Life	The full amount
• Both hands or both feet or sight of both eyes	The full amount
• One hand and one foot	The full amount
• One hand or one foot and the sight of one eye	The full amount
• Speech and hearing	The full amount
• One hand or one foot	One half the full amount
• Speech or hearing	One half the full amount
• Sight of one eye	One half the full amount
• Thumb and index finger of the same hand	One quarter the full amount

No more than the full amount will be paid for all losses resulting from the same accident.



**AD&D Education Benefit:**

Pays an additional lump sum benefit, to each qualified child of a deceased insured employee (provided death occurs within 365 days of the accidental bodily injury), equal to the lesser of:

- 6% of the employee's AD&D benefit amount; or
- \$6,000.

*Maximum Benefit Payments: 4 per lifetime*

*Maximum Benefit Amount: \$24,000*

*Maximum Benefit Period: 6 years from the date of the first benefit payment*

In order to qualify, a child must continue to be enrolled full-time in an accredited post-secondary institution of higher learning beyond the 12th grade level. If still at the 12th grade level, then the child must enroll in such an institution within 365 days of the employee's date of death.

**AD&D Repatriation Benefit:**

Pays an additional accidental death benefit of up to \$5,000 for preparation and transportation of a deceased insured employee, provided death occurs at least 100 miles from the employee's principal residence.

**AD&D Seat Belt and Airbag Benefit:**

Pays an additional accidental death benefit if an insured employee dies while properly wearing a seat belt, and an additional accidental death benefit if the employee was protected by an airbag.

*Benefit Amount:*

- Seatbelt: 10% of the Full Amount of the insured employee's accidental death and dismemberment insurance benefit.
- Airbag: 5% of the Full Amount of the insured employee's accidental death and dismemberment insurance benefit.

*Maximum Benefit:*

- Seatbelt: \$25,000
- Airbag: \$5,000.

**AD&D Exposure and Disappearance Benefit:**

Pays a benefit if the insured employee sustains an accidental bodily injury and is unavoidably exposed to the elements and suffers a loss.

Unum will presume the insured employee suffered loss of life due to an accident if:

- they are riding in a common public passenger carrier that is involved in an accident covered under the contract; and
- as a result of the accident, the common public passenger carrier is wrecked, sinks, is stranded, or disappears; and
- the insured employee's body is not found within one year of the accident.

**Unum Security Account:**

For Life and AD&D claims that are \$10,000 or greater, a Retained Asset Account (the Unum Security Account) will be made available to the designated beneficiary. This account allows access to all paid benefits immediately, while paying interest on benefits that have not been accessed.



**Contacting Your Unum Sales Office:**

**Location:** Unum - Home Office  
2211 Congress St.  
  
Portland, ME 04122

**Telephone:** (207) 575-2211  
**Fax:** (207) 575-2340

**Sales Team:** Laura Beth Tischler, Sales Consultant  
Christine Thompson, Underwriting Specialist

**Proposal Conditions:**

This proposal is under no circumstances a contract for the insurance coverage described within. If this proposal is accepted, a contract outlining the coverage will be issued.

This proposal is based on census data received by Unum. Actual costs will be based on the final enrollment data of employees insured under the plan on its effective date. Quote assumes coverage of employees who are in active employment in the United States with the employer. Please contact your Unum representative to request a quote for coverage of any employees who do not fit this category. **This quote will remain open until April 22, 2010 and includes standard services only, unless otherwise expressly described herein.**

**Important Information Concerning the Sale of these Benefits:**

State laws require that insurance brokers be licensed and appointed with the applicable Unum Insurance subsidiary before engaging in the solicitation or sale of these benefits. *Note that Unum cannot accept this business if the broker is not properly licensed and appointed before soliciting this proposal.*

Unum is prepared to help ensure compliance with these state regulations. Brokers who need to check their Unum appointment status should call the Broker Compensation Service Center at 800-633-7491 opt. 2.

Life/AD&D Policy Form Number: C.FP-2

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Unum Life Insurance Company of America  
Portland, Maine 04122  
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(G-72128)

**NOTICE REGARDING BROKER COMPENSATION**

Your insurance or benefits advisor can offer you advice and guidance as you select the policy and provider most appropriate for your needs. At Unum we recognize the important role these professionals play in the sale of our products and services and offer them a variety of compensation programs. Your advisor can provide you with information about these programs as well as those available from other providers. We support disclosure of broker compensation so that customers can make an informed buying decision.

Brokers may be eligible to receive Base Commissions and Supplemental Commissions from Unum.

Unless you have agreed in writing to compensate the broker differently, Unum provides Base Commissions to all brokers in connection with the sale of an insurance policy. Base Commissions are a fixed percentage of the policy premium, and include a one time, first year flat amount for each policy sold. Base Commissions are paid by Unum to your broker as long as they remain the broker of record on your policy.



A broker may also qualify for Supplemental Commissions paid by Unum. For group insurance products, Supplemental Commissions may be paid in an amount equal to a fixed percentage of total group insurance premiums. The Supplemental Commission percentage may range from 0% to 2.5% of total premiums paid. The exact Supplemental Commission percentage payable to any broker is based upon the total dollar amount of all eligible insurance premiums or number of group policies that the broker had in force with Unum in the prior calendar year. Supplemental Commissions may be calculated differently for other insurance products. The premium you pay is not impacted whether or not your broker receives Supplemental Commissions.

If you would like additional information about the range of compensation programs our company offers for your group insurance policy or any other Unum insurance product, you can find more details at [www.unum.com](http://www.unum.com). Should you have other questions not addressed by the website, including the Supplemental Commission percentage applicable to your broker, or if you want to speak to us directly about broker compensation, please call 1-800-633-7491.



## **Internet Service Solutions:**

As your benefits partner, we understand the complexities of benefits management and the increasing demands on your time. To meet your needs, we're creating online solutions that help you with day-to-day plan administration and ongoing benefits management.

As a feature of your group benefits plan, our secure Internet Services give you access to tools that allow registered users to:

- Access Coverage information
- View and update billing data
- Process employee changes
- Pay premium and check billing history
- Assist employees with filing a claim

A unique feature allows you to customize access to the site, giving different people in your company access only to the tools or information they need.

The secure Employer Internet Services website is available 24 hours a day, seven days a week. The website is supported by our Internet Service Center, with service experts available to assist you from 8 a.m. to 5 p.m. Eastern Time.

## **Administration & Billing**

- Easy access to your Group Insurance Policy
- Electronic employee certificate booklets
- Helpful plan administration guides
- Billing services available by billing account, allowing you to create a unique billing profile for each area within your company, including:
  - Flexible options for online list bill or self-accounting premium statement. Customers electing a list bill can update employee information, change coverage options, adjust salary information and more.
  - E-mail notification for immediate access to new premium statements
- Convenient payment options
- Timely status reports on employee applications submitted for medical underwriting
- Simplified data transfer of multiple employee data files

## **Claims**

Fast and easy access to the information you need to assist your employees with a Unum claim, including frequently asked questions regarding the claims process, information on how to complete a claim form, and convenient access to a directory of online claim forms.

## **Forms**

Application and enrollment forms, marketing materials and requests for customer service are ready to be completed, downloaded or printed at your convenience.



## **Resource Center**

Timely reference material and work tools including:

- **HR Guidebooks** to help you navigate the complexities of FMLA, ADA, ERISA, HIPAA and Mergers & Acquisitions
- **Employee service tools** to inform your workforce about assistance services included with Unum coverages
- **Unum news** to provide the latest on our products and services

## **Workplace Productivity**

Unum partners with you to build stronger employee benefits programs that help you maintain productivity in the workplace. We provide you with information and tools on:

- **Employee assistance services**
  - Information on valuable employee assistance services that are designed to support your employees during life's everyday challenges
- **About our products & services**
  - Integrated benefit solutions that address specific corporate needs for cost control, risk management and productivity
- **Absence management**
  - **Employee absence and your bottom line** – Unum research on the impact of disability on your employee medical costs
  - **Corporate Return-to-Work Program Development**
    - Resources to help you plan better for employee lost time, return employees to work and control the cost of lost time

**For more information, contact your  
Unum service representative, visit  
[www.unum.com/employers](http://www.unum.com/employers),  
or call our Internet Service Center  
(1-877-225-2712, option 2)**