

**MEMORANDUM  
PERSONNEL DEPARTMENT  
COUNTY OF PLACER**

**To:** Board of Supervisors  
**From:** Nancy Nittler, Personnel Director *NN*  
**By:** Ann Craig, Personnel Services Manager *AC*  
**Date:** February 9, 2010  
**Subject:** Lincoln National Long Term Disability Rate Renewal

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**ACTION REQUESTED:** Approve a rate decrease for the employer paid Lincoln National Long Term Disability policy from \$.36/\$100 to \$.34/\$100 of covered monthly payroll for the calendar years January 1, 2010 through December 31, 2011, effective January 1, 2010.

**BACKGROUND:** Placer County provides a Long Term Disability (LTD) policy as required under our existing negotiated contract with Placer Public Employees Organization. Employees with 5 or more years of service receive a County paid policy and employees with less than 5 years of service may elect to participate in the LTD plan at their own expense. Management and Confidential employees receive the same benefit plan options.

Lincoln National was selected through the competitive bid process and has provided coverage since January 1, 2003. Initially, claims experience trended higher than the expected norm of approximately 1.0 claim per 1000 lives per year. The County trend was at 5.5 claims per 1000 lives per year for the period of 2003 - 2005. However, claims experience for the employer paid policy has continued to significantly trend downward the last four years due to the aggressive leave management and claims administration of Risk Management, Personnel and Lincoln National staff and the 2006 – 2009 trend is at 1.9 claims per 1000 lives. Last year as a result of the downward claims trend Lincoln National is authorized a two year guaranteed rate reduction of nine percent for the employer paid policy from the previous rate of \$.40/\$100 to \$.36/\$100 of monthly covered payroll for the period January 1, 2009 through December 31, 2010.

In recognition of the current economic climate and with continued reduction in claims experience, Lincoln National is authorizing an additional 5.5% rate reduction from .36/\$100 to .34/\$100 of monthly covered payroll along through the December 31, 2011. There are no policy plan changes associated with the rate reduction. Rates for the employee-paid voluntary plan will remain the same and vary based upon the employee's age.

Risk Management concurs with the recommendation.

**FISCAL IMPACT:** The total annual premium cost for the LTD Program is approximately \$365,800 and the estimated annual premium decrease is \$20,120 or \$10,060 for the remainder of 2009 – 2010 fiscal year. Costs associated with the LTD plan are budgeted in each department budget.

cc: Maryellen Peters, Deputy County Executive Officer  
Janet Fogarty, Managing Accountant Auditor

Attachments: Lincoln National Contract Amendment

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AMENDMENT NO. 2

TO BE ATTACHED TO AND MADE PART OF GROUP POLICY NO.: 000010001647

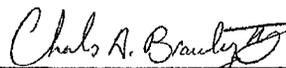
ISSUED TO: County of Placer

The Monthly Premium as shown on policy form GL3001-LTD-1 is amended to read:

Monthly Premium: .34% of Total Covered Payroll per Month.

The effective date of this amendment is January 1, 2010; but only with respect to disabilities incurred on or after that date. Nothing contained in this amendment shall change any of the terms and conditions of this Policy; except as stated above.

**THE LINCOLN NATIONAL LIFE INSURANCE COMPANY**



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Officer of the Company

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