

**MEMORANDUM  
PERSONNEL DEPARTMENT  
COUNTY OF PLACER**

**To:** Board of Supervisors  
**From:** Nancy Nittler, Personnel Director  
**By:** Ann Craig, Personnel Services Manager  
**Date:** January 9, 2007  
**Subject:** Jefferson Pilot Financial Rate Renewal

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**ACTION REQUESTED:** Approve the Jefferson Pilot Financial rate increase for the employer paid policy from \$.37/\$100 to \$.40/\$100 monthly payroll for the calendar year January 1, 2007 through December 31, 2007, effective January 1, 2007.

**BACKGROUND:** Placer County has provided a Long Term Disability (LTD) policy as a result of negotiations with Placer Public Employees Organization for employees with 5 or more years of service. Jefferson Pilot was selected through the competitive bid process and has provided the LTD coverage since January 2003.

Claims experience for the employer paid policy has been higher than expected. The normal disability claims trend for this type of policy would be approximately 1 claim per 1,000 lives, and the County's has experienced 20 claims in the 45 months reviewed or a rate of approximately 3 claims per 1000 lives. According to Jefferson Pilot, this is twice the expected claims for a group of this size.

Jefferson Pilot is requesting that the current rate of \$.37/\$100 of monthly covered payroll be increased to \$.40/\$100 with a 12-month guarantee for the period January 1, 2007 through December 31, 2007. At this time, Jefferson Pilot has not requested any rate increase on the employee-paid voluntary plan.

**FISCAL IMPACT:** The estimated cost increase for the remainder of fiscal year 2006-2007 is approximately \$7,500 and costs associated with the LTD coverage are charged to the operating departments. The total annual cost for the program is approximately \$277,000 and has already been budgeted for the current fiscal year.

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

