

# AGENDA ITEM

MAY 54-152

**State Bar Sponsored Life  
Program, Term Premium  
Credit Increase**

**DATE:** April 12, 2010

**TO:** Members, Board of Governors  
Members, Board Committee on Member Involvement Relations & Services

**FROM:** Committee on Group Insurance Programs (COGIP)

**SUBJECT:** State Bar Sponsored Life Program, Term Premium Credit Increase

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## EXECUTIVE SUMMARY

The Committee on Group Insurance Programs (COGIP) recommends a 5% increase in the Term Premium Credit (TPC) for the State Bar's sponsored individual term life insurance program. Approval of the 5% TPC increase will raise to 50% the reduction in the original premium for members' individual term life insurance policies. The proposed increase will be effective for policy anniversaries on and after July 1, 2010. Board members with questions or concerns can contact Laila Bartlett (415) 538-2232 or [laila.bartlett@calbar.ca.gov](mailto:laila.bartlett@calbar.ca.gov).

## BACKGROUND

Nearly 8,000 State Bar members hold State Bar sponsored individual term life insurance policies. The individual life program is currently underwritten by American General Life Insurance Company and administered by Marsh U.S. Consumer, a Service of Seabury & Smith Insurance Program Management (Marsh). While new sales of policies under this program have been discontinued in favor of the modernized Group Term Life Insurance Program, members who hold these older individual policies have continued to benefit from State Bar sponsorship through a series of increases in TPC. These increases make the cost of this insurance to members even more affordable and are highly competitive with the best rates available in the marketplace.

In 2009 and early 2010 Marsh and the State Bar's actuarial consultant, Milliman, recommended further reductions of scheduled premiums on individual term life insurance policies. COGIP considered their reports and agreed with their recommendation for further reductions.

**DISCUSSION**

Effective July 1, subject to Board of Governors approval, the TPC will increase from 45% to 50% for all policies renewing on and after July 1, 2010. Since the inception of the Life Insurance Program, there have been five TPC increases to reduce premiums for State Bar members, their spouses and domestic partners. This further premium discount is made possible by the Program's excellent financial performance, which is a result of State Bar members' healthier lifestyles, improvements in medical care, and the ongoing commitment of COGIP and State Bar staff in overseeing the Program to hold down expense charges while delivering quality term life insurance to our members.

**FISCAL / PERSONNEL IMPACT:**

None

**RULE AMENDMENTS:**

None

**BOARD BOOK/ ADMINISTRATIVE MANUAL IMPACT:**

None

**RECOMMENDATION**

**PROPOSED BOARD COMMITTEE RESOLUTION:**

Should the board committee agree with the above recommendation, the following resolution would be appropriate:

**RESOLVED**, that upon the recommendation of the Committee on Group Insurance Programs, the Board Committee on Member Involvement, Relations & Services, recommends that the Board approve an increase of 5% in the Term Premium Credit on State Bar sponsored individual term life policies.

**PROPOSED BOARD RESOLUTION:**

Should the Board concur with the board committee's recommendation, the following resolution would be in order:

**RESOLVED**, that upon the recommendation of the Board Committee on Member Involvement, Relations & Services, the Board approves an increase of 5% in the Term Premium Credit on State Bar sponsored individual term life policies.