

AGENDA ITEM

JUL 132

State Bar Sponsored Group Long Term
Disability Insurance Program-Proposed
One Month Premium Holiday

DATE: July 6, 2011

TO: Members, Member Oversight Committee
Members, Board of Governors

FROM: Committee on Group Insurance Programs (COGIP)

SUBJECT: State Bar Sponsored Group Disability Insurance Program,
One-Month Term Premium Holiday

EXECUTIVE SUMMARY

The Committee on Group Insurance Programs (COGIP) seeks approval for a one-month Term Premium Holiday (TPH) for the State Bar's sponsored group disability insurance program. Approval of the TPH will provide payment of one-month's premium for members insured under the program. The proposed payment of premium will be effective on the policy date renewal. Board members with questions or concerns can contact Laila Bartlett (415) 538-2232 or laila.bartlett@calbar.ca.gov.

BACKGROUND

Nearly 1,030 State Bar members hold State Bar sponsored group disability insurance policies underwritten by Standard Insurance Company and administered by Association Insurance and Pension Service ("AI&PS"). While new sales of policies under this program have been discontinued in favor of the modernized Individual Disability Program, members who hold these older group policies have continued to benefit from State Bar sponsorship. This program has been highly successful and better than expected returns to the insurer have created surplus reserve funds. In 2011 Marsh and the State Bar's actuarial consultant, Milliman Inc., researched the impact of a one-month holiday of scheduled premiums on group disability insurance policies. Milliman determined that such a discount could be offered without adverse effects on the health of the program. COGIP recommends approval of a one month TPH.

DISCUSSION

Effective on the policy date renewal, subject to Board of Governors approval, the TPH will apply to all policies renewing on and after October 1, 2011. This will be the first premium holiday on the Standard Group Disability Insurance Program for State Bar members, their spouses and domestic partners. The premium holiday 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 Group Disability Insurance to our members.

FISCAL / PERSONNEL IMPACT:

None

RULE AMENDMENTS:

None

BOARD BOOK IMPACT:

None

PROPOSED BOARD COMMITTEE RESOLUTION:

Should the Member Oversight 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 Member Oversight Committee recommends that the Board approve a one-month Term Premium Holiday on State Bar sponsored Standard Insurance Group Disability Insurance policies.

PROPOSED BOARD RESOLUTION:

Should the Board concur with the Member Oversight Committee's recommendation, the following resolutions would be in order:

RESOLVED, that upon the recommendation of the Member Oversight Committee, the Board hereby approves a one-month Term Premium Holiday on State Bar sponsored Standard Insurance Group Disability Insurance policies.