

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
REQUEST FOR PROPOSALS**

ISSUE DATE: March 14, 2024

TITLE: **Group Life Insurance Program**

ISSUING AGENCY: KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ATTN: MARY BETH GREEN
611 S. KANSAS AVENUE, STE 100
TOPEKA, KS 66603-3869

PROPOSALS for furnishing the services described herein will be received until **APRIL 4, 2024**, at **NOON CDT. LATE PROPOSALS WILL NOT BE ACCEPTED.**

Subject to the limitations set out in this Request for Proposals, all inquiries for information should be directed in writing to: Mary Beth Green, Chief Benefits Officer, Kansas Public Employees Retirement System, phone # 785-296-6885, email mgreen@kpers.org. **Appendices A-D to this RFP contain confidential information that requires the receiving party to execute a non-disclosure agreement (NDA) with KPERS. If you intend to submit a bid, please contact Mary Beth Green at the email address above to receive the NDA. Appendices A-D will be provided directly by KPERS once the NDA has been executed.**

PLEASE SUBMIT ONE (1) ELECTRONIC COPY OF THE ENTIRE PROPOSAL IN MICROSOFT WORD OR PDF FORMAT. FINANCIAL BIDS AND QUESTIONNAIRE RESPONSES SHOULD BE SUBMITTED USING THE EXCEL TEMPLATES PROVIDED.

In compliance with this Request for Proposals and with all conditions imposed therein, the undersigned Offeror agrees to furnish the services in accordance with the attached signed proposal or as mutually agreed upon by subsequent negotiation.

I certify that I have read and understand this Request for Proposals and am authorized to sign this proposal for the Offeror.

NAME AND ADDRESS OF FIRM: _____ DATE: _____

_____ BY: _____

_____ (signature in ink)

_____ NAME: _____

_____ (print or type)

_____ TITLE: _____

FEIN: _____ TELEPHONE: _____

E-MAIL: _____ FAX: _____

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I. PURPOSE

The intent and purpose of this Request for Proposals (RFP) is for the Kansas Public Employees Retirement System (KPERS) to solicit proposals to establish, through competitive negotiations, a term contract with renewable options for the Life Insurance Program that KPERS provides to active KPERS plan participants (members) and other eligible Kansas public employees. Bids are solicited for underwriting the current program described in this RFP.

II. BACKGROUND

KPERS is an umbrella organization which administers three defined benefit pension groups serving the needs of virtually all Kansas public servants under one plan. Statewide, covered pension groups are:

- the Kansas Public Employees Retirement System,
- the Kansas Police and Firemen’s Retirement System (KP&F), and
- the Kansas Retirement System for Judges (Judges Plan).

KPERS is a governmental defined-benefit plan governed by K.S.A. 74-4901 *et seq.* and Section 401(a) of the Internal Revenue Code. KPERS' total membership on December 31, 2022, was approximately 152,000 active members and 1,500 participating employers. As of March 2024, the following types and numbers of participating employers were affiliated with KPERS. Affiliation, once established, is irrevocable.

	<u>KPERS</u>	<u>KP&F^(a)</u>	<u>JUDGES</u>
State of Kansas Agencies	90	15	1
School Employers	327		
Local Unit Employers	1,106	130	
Total Employers	1,523	145	1

(a) KP&F members are **not** covered by KPERS’ basic group life insurance. KP&F members may purchase optional life insurance if their employer has affiliated for the program. As of March 2024, approximately 99 local KP&F employers and 15 state agencies had affiliated for participation in the optional life insurance program.

The employers differ *significantly* in their organizational structure, systems technology, level of human resources staffing, and payroll systems.

KPERS Insurance Programs

Kansas statutes, at K.S.A. 74-4927 and related sections, establish programs of life insurance and long-term disability income protection for KPERS members and certain other eligible public employees. Currently the life insurance programs, both basic and optional (explained more fully below) are underwritten by Standard Insurance Company (The Standard) of Portland, Oregon. The Standard has underwritten both programs since July 1, 2016. **This RFP is requesting proposals for life insurance services only.**

The basic life insurance program covers all active KPERS members, members of the Judges Retirement Plan, and certain other public employees in Kansas including members of the Kansas Board of Regents Retirement Plan (KBOR Plan), which is not administered by KPERS. This Board of Regents group is comprised of unclassified employees at the six state universities and the Kansas Board of Regents office.

The basic life insurance program provides the named beneficiary with a one-time payment equal to 150% of the greater of (1) the annual salary or, (2) the compensation earned in the 12 months prior to the date of death of a covered employee. The program was established January 1, 1966. The basic program currently covers approximately 155,000 employees. The basic coverage premiums are employer-paid. They are remitted to KPERS and passed through by KPERS to the insurance provider.

Employees also may purchase additional or “optional” group life insurance through payroll deduction, up to a current maximum of \$400,000. The optional coverage availability (though not the basic) also extends to active members of the KP&F retirement plan. The optional life insurance program was established July 1, 1978. Approximately 24,000 employees are currently covered under the optional program. As mentioned above, the optional coverage premiums are paid by employees through payroll deduction. The premiums are remitted to KPERS by participating employers, and KPERS remits the payments to the insurance provider.

Under the optional program, employees also may purchase spousal coverage (effective January 1, 2014) and dependent coverage (effective January 1, 2016).

In accordance with K.S.A. 40-434(8) and 40-435, employees leaving covered employment for any reason, including retirement, may convert their group coverage to individual coverage. Eligible employees also may continue coverage according to the portability provisions of the group policy.

KPERS is soliciting competitive proposals for underwriting the existing basic and optional group life programs. KPERS is seeking proposals that provide the coverage levels and features currently in force. Any additional or alternate coverage or features proposed by the Offeror must be clearly identified and independently priced from proposals for current levels of coverage.

III. TIMELINE

Note that this timeline is an estimate and may be adjusted at the discretion of KPERS at any time during this process.

Task	Scheduled Date(s)
Publication / distribution of RFP	By March 14, 2024
Deadline for questions	March 21, 2024, Noon CDT
Proposals due	April 4, 2024, Noon CDT
KPERS Procurement Negotiating Committee (PNC) evaluates proposals	April 4 - April 28, 2024
PNC interviews finalists (either virtually or in Topeka, KS, TBD)	Week of April 29, 2024
PNC submits written recommendation and analysis to KPERS Board of Trustees	May 10, 2024
KPERS Board selects contractor, awards business, contingent on successful final negotiations	May 17, 2024
Negotiation of additional terms and detailed arrangements for transition (as and if required)	May 17 – December 31, 2024
Effective date of contract	January 1, 2025

IV. PLAN STRUCTURE AND BENEFITS

A. *Current Basic Group Life Insurance Plan*

Active KPERS and Judges Retirement System members have basic group life insurance coverage as of their membership date (hire date). The basic group life insurance plan also covers persons who are unclassified employees of Board of Regents Institutions (and, thus, are not KPERS members). The basic group life plan does *not* cover KP&F members. Currently, basic group life insurance coverage is an amount equal to 150% of the greater of (1) the annual salary or, (2) the compensation earned in the 12 months prior to the date of death.

Upon notification of a claim, KPERS certifies to the insurer that the employee has died and was eligible for basic life insurance benefits, and ascertains the employee's current annual salary rate. The insurer processes the claim and pays the basic life insurance benefits following receipt of the death certification and current salary information from KPERS.

The basic life insurance premium is funded through a statutory employer contribution rate. This employer rate covers premium and administrative costs for both the basic life insurance plan and the long-term disability plan. KPERS holds the employer contributions in a reserve account.

Quarterly, based on analysis of the database of covered employees, KPERS remits an estimated basic life premium amount to the insurer. Historical premium and claim information is provided in Appendix A of this RFP.

Currently KPERS pays a conversion charge per \$1,000 of basic coverage for each conversion option exercised by a terminating or retiring member. The insurer charges this amount against the claim fluctuation reserve. Currently the insurer accounts for conversion charges in its annual report to KPERS. The number of employees who choose to convert has historically been small.

A detailed description of the current basic plan follows. A copy of the Employee Group Term Life Insurance Certificate of Insurance is included in Appendix D of this RFP. *If there are differences between the information in this RFP and the policy forms provided in the Appendices, then the policy forms govern.*

Current Basic Life Insurance Plan

<p><i>Who Is Eligible?</i></p>	<p>As detailed below, active members of KPERS and “members as provided by law,” as set forth in K.S.A. 74-4927 through 74-4927k, are covered by the basic life insurance plan.</p> <ol style="list-style-type: none"> 1. Active members of KPERS. 2. Active members of the Retirement System for Judges. 3. Unclassified employees of Kansas Board of Regents institutions who participate in the KBOR retirement plan. 4. Unclassified employees of KBOR institutions who are fulfilling their waiting period for participation in the KBOR retirement plan. 5. Employees of the University of Kansas Hospital Authority. 6. Certain “state officers” who have chosen, as allowed in K.S.A. 74-4911f, to participate in the State’s alternative defined contribution plan for such officers. <p>Note: Retirees are not covered.</p>
<p><i>Amount of Coverage</i></p>	<p>150% of the greater of (1) the annual salary or, (2) the compensation earned in the 12 months prior to the date of death.</p>
<p><i>When Coverage Begins</i></p>	<p>First day employment subject to the actively at work requirement which states that an insured must be actively at work performing customary duties in order for coverage to become effective.</p>
<p><i>Cost</i></p>	<p>The basic life insurance coverage is employer paid (non-contributory). Under Kansas statutes, employers remit to KPERS 1% of covered payroll for the basic life and long-term disability coverage, from which KPERS, on a quarterly basis, remits the basic life premium through to the insurer.</p>

<i>Coverage after Retirement</i>	None except as provided by conversion and portability options.
<i>Coverage While on Leave without Pay</i>	<p>Basic coverage requires employment in a covered position. Some employees who no longer meet the general coverage criteria remain insured if they are within one of the following exceptions:</p> <ul style="list-style-type: none"> • Disability benefit applicants and recipients. The basic plan covers employees during the 180-day waiting period for long-term disability benefits. Those receiving benefits under the KPERS long-term disability plan are covered under a waiver-of-premiums provision, for which KPERS self-insures as part of disability-plan funding. • Employees on military leaves of absence. Basic coverage continues during active military duty with premiums paid by KPERS. This extended coverage ceases once the active duty period has ended, if the employee does not immediately return to covered employment. • Employers may allow continuation of coverage subject to certain time limits and conditions.
<i>Accelerated Benefits</i>	Employees who have a terminal health condition which results in life expectancy of 24 months or less may voluntarily accelerate all or part of the basic coverage. The minimum coverage eligible for acceleration is the greater of \$5,000 or 10% of coverage. The maximum accelerated benefit is \$500,000.
<i>Disability Waiver of Premium</i>	None. This benefit is self-insured by KPERS.
<i>When Coverage Ends</i>	Generally, coverage ceases on the last day of the calendar month in which the insured, for any reason, terminates employment or is no longer on a participating employer's payroll, or is no longer serving in a KPERS-covered position (i.e., where duties require less than 1,000 hours, or less than 630 hours for school employees). See above for exceptions.
<i>Conversion Privilege</i>	Upon termination, an insured may convert to an individual policy at non-group rates by filing a Life Conversion Information Request Form (conversion application, included in the Appendices). The form must be completed and premium paid within 60 days from last day on payroll. Conversion is effective on the day after the conversion period ends.
<i>Conversion Proof of Good Health</i>	None.
<i>Portability Option</i>	Upon termination, an employee may port the group term life coverage as term insurance within 60 days after the date group coverage ends or the member retires under KPERS retirement plan. Employees must be under age 80 and must be able to perform with reasonable continuity the material duties of at least one gainful occupation for which they are suited by education, training and experience.

<i>Portability Proof of Good Health</i>	None. Employees must be under age 80 and must be able to perform with reasonable continuity the material duties of at least one gainful occupation for which they are suited by education, training and experience.
<i>Accidental Death & Dismemberment</i>	The plan contains a \$15,000 AD&D benefit (see Amendment 16). Premiums have historically been charged to the claim fluctuation reserve but beginning in 2024 will be paid directly by KPERS.

B. Current Optional Group Life Insurance Plan

The KPERS optional group life insurance plan was established on July 1, 1978. The premiums are paid by individual employees through payroll withholdings remitted to KPERS. A separate KPERS claim fluctuation reserve is maintained for this plan. Monthly, the Retirement System remits optional premiums to the insurer.

Optional group life insurance either is available or can be made available at the employer’s option to all employees who are covered by the basic plan. Members of the Kansas Police and Fireman’s Retirement System also may purchase optional coverage if their employer affiliates for this program (KP&F members do not have basic coverage). All state employees and judges may purchase optional coverage within 31 days of their hire (membership) date. School and local government employers may elect to make optional coverage available to their employees, who may then select coverage within 31 days of the hire date. As of March 2024, 923 school and local employers participate in the optional group life program.

KPERS would like its group life insurer to proactively contact affiliated employers who do not participate in the optional life program to encourage their participation. Employers who wish to begin participation in the optional life program may do so as of January 1 or July 1 each year. Those beginning participation on January 1 will have a special open enrollment in April of the same year, with coverage effective on July 1. In recent years, newly participating employers have been very small in size (e.g., an average of fewer than 20 lives each).

There are currently approximately 24,000 employees participating in the optional group life insurance plan. The optional rates are listed in Appendix A. Members may purchase coverage for spouses and dependents as outlined in the certificate and appendices to the RFP. Currently, KPERS pays a conversion charge per \$1,000 of optional coverage converted by a terminating or retiring member. As outlined in the certificate, terminating members also may port coverage under certain conditions.

A detailed description of the current optional plan follows. A copy of the current optional group life statistics, a table of current optional premium rates and a copy of the group life insurance certificate outlining optional coverage are in the Appendices to this RFP. *If there are differences between the information in this RFP and the policy forms provided in the Appendices, then the policy forms govern.*

Current Optional Life Insurance Plan

<i>Who Is Eligible?</i>	<ol style="list-style-type: none"> 1) All those covered under the basic plan. 2) Active KP&F members whose employers have affiliated for optional coverage.
<i>Amount of Member Coverage</i>	Maximum of \$400,000. New hire initial \$250,000 guaranteed coverage. Available in increments of \$5,000. Open enrollment annually. Guarantee of up to \$50,000 additional coverage during each open enrollment period.
<i>When Member Coverage Begins</i>	<p>On the first day of the calendar month for which a premium is paid, for any amount applied for / approved other than during annual open enrollment (i.e., within 31 days after becoming eligible by reason of hire date). Currently on January 1 following the year of open enrollment for any amount applied for / approved during annual open enrollment period. Those previously declined are not eligible for guaranteed coverage but may apply for coverage by answering health questions.</p> <p>Note: Insured must be “actively at work” on the effective date or the last business day before a proposed effective date (that is, cannot be absent due to sickness or injury), or the coverage will not become effective until the first day following return to work.</p>
<i>Amount of Spouse Coverage</i>	Coverage options include multiple of \$5,000 up to \$100,000. New spouse coverage of \$25,000 is guaranteed during annual open enrollment. The member (employee) is the beneficiary for spouse coverage.
<i>Amount of Dependent Coverage</i>	Members may purchase coverage of \$10,000 or \$20,000 for qualified dependents. Members may apply for guaranteed dependent coverage of \$10,000 or \$20,000 during the annual open enrollment process. The member (employee) is the beneficiary for dependent coverage.
<i>Cost</i>	Employee pays premiums through payroll deduction. Current premiums for employee, spouse and dependent coverage are included in Appendix A.
<i>Coverage After Retirement</i>	None except as provided by conversion and portability options.
<i>Coverage on Leave Without Pay</i>	<p>Some employees who no longer meet the general coverage criteria may remain insured if they are within one of the following exceptions:</p> <ul style="list-style-type: none"> • Disability benefit recipients may choose direct-pay and continue coverage until the earliest of recovery, retirement, age 65 or withdrawal of retirement account. Members are transitioned off of direct-pay once returning to work. • For family illnesses, employees may choose direct-pay and continue coverage for 12 months.

	<ul style="list-style-type: none"> • State employees who have been furloughed may choose direct-pay and continue coverage for 12 months; Board of Regents' employees may choose direct-pay and continue coverage for up to 3 years. • Employees on military leave may choose direct-pay and continue coverage for 16 months during active military duty.
<i>Accelerated Benefits</i>	Employees, spouses and dependents who have a terminal health condition which results in life expectancy of 24 months or less may voluntarily accelerate all or part of the optional coverage. The minimum coverage eligible for acceleration is the greater of \$5,000 or 10% of coverage. The maximum accelerated benefit is \$500,000.
<i>Disability Waiver of Premium</i>	None.
<i>When Coverage Ends</i>	Generally, member coverage ceases on the last day of the month in which the premium was deducted, the date the insured requests termination or optional coverage or the last day of the month in which the employee no longer meets eligibility requirements.
<i>Conversion Privilege</i>	Same as basic coverage. Employees may convert all or part of terminated coverage within 60 days after group insurance ends.
<i>Portability Option</i>	Same as basic coverage. Employees may port all or part of terminated coverage within 60 days from the date previous coverage terminates subject to certain limitations and restrictions.

C. *Current Annual Open Enrollment*

Eligible employees receive annual open enrollment opportunities to increase their optional life insurance coverage or to enroll in the optional life insurance program.

Current Open Enrollment Options

<i>Member Coverage</i>	Select or increase coverage in \$5,000 increments up to the plan maximum of \$400,000
<i>Member Guaranteed Issue</i>	Increase up to \$50,000 annually without answering health questions, up to the guaranteed issue amount of \$250,000. Those previously declined not eligible for guaranteed coverage.
<i>Spouse Coverage</i>	Coverage options include multiple of \$5,000 up to \$100,000. New spouse coverage of \$25,000 is guaranteed during annual open enrollment. The member (employee) is the beneficiary for spouse coverage.
<i>Spouse Guaranteed Issue</i>	New coverage of \$25,000 may be issued without answering health questions.

<i>Dependent Coverage</i>	\$10,000 or \$20,000 for qualified dependents. Dependents defined as the employee's children, stepchildren, legally adopted children and children for whom the employee is legal guardian. Dependents must be unmarried and are eligible until age 26. Those age 26 or older are also eligible if incapable of self-support, were incapable of self-support before age 26 and financially dependent on employee for more than one-half of support and maintenance.
<i>Dependent Guaranteed Issue</i>	Both coverage levels - \$10,000 or \$20,000 - are guaranteed.

The annual open enrollment is intended to allow employees to purchase additional coverage to help protect their financial security. Inclusion of open enrollment opportunities is mandatory, and offerors are required to include open enrollment as part of the response to this RFP.

V. STATEMENT OF NEEDS

The contract shall be with an insurance company legally licensed to do business in the State of Kansas. **Note: K.S.A. 74-4927(3)(B)(ii) provides, "[N]o premium tax shall be due or payable by any such company or companies on any such policies purchased by the board nor shall any brokerage fees or commissions be paid thereon."** (Emphasis added.)

Under the direction of the KPERS Board of Trustees and Executive Director, the insurance contractor will assist KPERS to provide the benefits prescribed by K.S.A. 74-4927 *et seq.* for the basic life insurance benefit and optional group life insurance benefit, as follows:

A. *Mandatory Requirements of the KPERS Life Insurance Program*

There are several mandatory requirements of the insurer and the KPERS life insurance plan. Your proposal must indicate your willingness to accept all of the requirements listed below in order to be considered. The requirements listed below are the *minimum* mandatory requirements; any enhancements or coverage alternatives proposed by the Offeror must be outlined and priced independently of the current coverage. Please keep in mind that KPERS may have requests other than those noted below.

At a minimum, you must be willing to accept these requirements:

1. Maximum expense and risk charges must be stipulated in the policy, and be consistent with "general level of charges" made by life insurers for similar coverage issued to large employers. Please confirm you will agree to this requirement.
2. The insurer must provide an annual accounting (including return of any dividends or surplus), not later than 90 days after the end of the life insurance plan year to include:
 - a. Premiums accrued,
 - b. Claim charges,
 - c. Insurer's expenses,
 - d. Interest credited, and

e. Insurer's risk charges.

Please confirm you will agree to this requirement.

3. Proposal must include guaranteed rates through at least December 31, 2028. KPERS prefers guaranteed rates through at least December 31, 2030. Please confirm you will agree to this requirement.
4. Life insurance claims must be paid within seven (7) days of receipt of all needed information.
5. If the insurer wishes to market any additional service or product to KPERS participants, claimants, or beneficiaries, it must be approved by KPERS in advance. Use of KPERS' name in any other advertising or marketing must be approved by KPERS in advance. Please confirm you will agree to this requirement.
6. Insurer must be willing and able to administer benefit schedules described herein. Please confirm you will agree to this requirement.
7. KPERS maintains beneficiary forms and notifies Insurer of designated beneficiaries when deaths are communicated to Insurer. Please confirm you will agree to this requirement.
8. By January 1, 2025, insurer must be legally licensed in the State of Kansas to provide the specified services. Please confirm you will agree to this requirement.
9. Insurer must be willing to accept and comply with the terms of the State-required Contractual Services Provisions, Form DA-146a (Rev. 07-19), included in the Appendices. Please confirm you will agree to this requirement.
10. Insurer must be willing to insure the lives of all those covered by the KPERS programs and must provide, at a minimum, the coverage levels and types of coverage currently offered. Please confirm you will agree to this requirement.
11. Insurer must offer, to persons who are eligible, conversion to an individual policy that "shall, at the option of such person, be on any one of the forms except term insurance, then customarily issued by the insurer at the age and for the amount applied for." K.S.A. 40-434(8). See also K.S.A. 40-435. (Copy of statutes included in the Appendices.) Please confirm you will agree to this requirement.

B. General Requirements

Please indicate your willingness and ability to meet the requirements specified below and/or indicate any differences from the specified requirements.

General Services

The insurer must provide KPERS with services for the operation of the plans. These will include but are not limited to:

1. Implementation of the current group term life insurance program detailed in Section IV of this RFP.
2. Prompt attention to and payment of claims within seven (7) days of receiving a complete claim, subject to negotiated performance guarantees.
3. Preparation of accounting reports for use by KPERS. These reports will be furnished within 90 days of the end of the plan year and in accordance with the account structure installed for the plan.
4. Quarterly during the first year, and annually thereafter, stewardship meetings to review plan status and future requirements. Additional meetings as required by KPERS.
5. Accessibility to KPERS' designated staff by telephone and e-mail as the need arises.
6. Provision of legal and regulatory updates applicable to the administration of the plan. Information about current trends, developments, and best practices within the insurance industry that relate to the plan.
7. Recommendations from time to time, as appropriate, concerning possible improvements in the plan.
8. Consultation and advisory services on technical, policy, legal or administrative problems arising during the course of operations.
9. Assistance in preparing proposals to change the governing statutory provisions.
10. Legal services to KPERS in terms of assisting the System's legal staff with interactions with the Kansas Insurance Department and any litigation concerning life insurance benefits. The cost of outside litigation services is reimbursed by KPERS.
11. Appearance at Board meetings and legislative hearings where attendance of the insurer is reasonably necessary for discussion of insurance matters, including actuarial analysis.
12. Have a financial rating by A.M. Best of A- or better.

Administrative

KPERS maintains the data for calculation of premiums and service fees owed to the insurer. On a quarterly basis, KPERS prepares the basic life insurance billing information and presents it to the insurer along with the indicated premiums and fees due. KPERS prepares the optional life insurance billing information and presents it to the insurer along with the indicated premiums on a monthly basis.

Account Service Team

1. KPERS will require a representative of the insurer to be responsible for its overall client support. However, KPERS wants direct access (for itself and participating agencies) to individuals in the following departments of the insurance company:
 - a. Claims (access for KPERS and participating agencies)
 - b. Conversions (access for KPERS and participating agencies)
 - c. Legal (access for KPERS only)
 - d. Contract (access for KPERS only)
 - e. Premium Administration (access for KPERS only)
 - f. Underwriting and Finance (access for KPERS only)
2. KPERS requires one or more dedicated local and/or on-site resources from the Insurer, focused on customer service and account management. Beginning no earlier than July 1, 2025, KPERS prefers these resources to be located at the KPERS office in Topeka, with specific staffing, scheduling and leasing arrangements to be mutually agreed upon by KPERS and the Insurer under a separate agreement. KPERS prefers the on-site office to be open to the public Monday through Friday, 8 a.m. to 5 p.m. Central Time.
3. KPERS expects that phone calls and/or e-mails should be returned within one (1) workday.

Plan Design

1. Open Enrollment. KPERS requires an annual open enrollment, preferably during September and October each year. Amounts of coverage approved during open enrollment periods will become effective the following January 1. Individuals must be able to complete open enrollment both online and paper with an interface with KPERS membership database.

KPERS is willing to consider a special open enrollment to allow existing participants a one-time opportunity to establish coverage on any terms afforded newly hired individuals under any proposals for optional coverage which exceeds current coverage. Under no circumstances may coverage for existing participants be more limited than coverage in force at time of transition.

2. Basic Plan. KPERS seeks insurance for coverage outlined in Section IV.A and Appendix E that is in force before January 1, 2025, and coverage becoming effective on and after January 1, 2025.
3. Optional Plan. KPERS seeks insurance for coverage that is in force before January 1, 2025, and coverage becoming effective on and after January 1, 2025.
 - KPERS desires proposed age-rated premiums for the optional programs with premiums for each calendar year based on the insured's attained age on January 1 of that year. KPERS also prefers the Basic and Optional Plans each be priced on a standalone basis without any explicit pricing subsidies.

Contract Period

The minimum initial contract period for services requested in this RFP will be from January 1, 2025, through December 31, 2028. KPERS prefers an initial contract period of January 1, 2025, through December 31, 2030.

At a minimum, the initial rates and fees should be guaranteed for the basic and optional programs through December 31, 2028. KPERS prefers guaranteed rates for the period from January 1, 2025, through December 31, 2030.

KPERS desires to retain the January 1 policy anniversary. Annual financial reporting for State of Kansas agencies, however, including aspects of the KPERS life insurance program, is on a fiscal-year basis (July 1 through June 30).

KPERS anticipates an accounting and return of any dividends after the policy has been in force for 12 months, and annually thereafter, as of each December 31.

If you are willing to guarantee rates beyond the dates listed above, please indicate your willingness to do so.

Annual Rate Agreement and Renewal

Basic plan rates and fees are to be guaranteed for the period of January 1, 2025, through December 31, 2028. Optional plan rates are to be guaranteed for the period January 1, 2025, through December 31, 2028. Longer guarantees are welcome and should be noted in your proposal. All rates are to exclude commissions.

After the initial rate guarantee period, the insurer and KPERS will negotiate any changes in premium rates and rate guarantee periods, with decisions to be finalized by July 1 for the following plan year. New basic plan rates will be effective January 1. For example, by July 1, 2029, KPERS should be notified of new premium rates to be effective January 1, 2030.

If rates are not presented to KPERS before July 1, it is presumed that the then-existing rates shall be extended to the next contract period.

Implementation Credit

KPERS requests an implementation credit of \$100,000 to fund expenses associated with the transfer of this plan to a new carrier, should that work be required.

Audit

The insurer shall keep all financial records in a manner consistent with Generally Accepted Accounting Principles. Documentation to support each action shall be filed in a manner allowing it to be readily located.

During the period covered by the Contract, and until the expiration of three years after final payment under the Contract, the insurer agrees to provide KPERS, its duly authorized representative, and any person, agency, or instrumentality providing KPERS with financial support to the work undertaken thereunder with access to and the right to examine any books, documents, papers, and records of the insurer involving transactions related to the Contract.

Third Party Audits. KPERS may conduct annual third party audits of any aspect of the Program KPERS deems appropriate (at KPERS' expense). The insurer should cooperate fully with such audits. KPERS may select any qualified person(s) or organization to conduct the audit. Results of these audits may be used as the basis for financial and other performance measures, to negotiate or modify future financial arrangements, and/or to make fee adjustments in accordance with the overall Contract between the insurer and KPERS.

Post-Implementation Claim Audit. KPERS requests that the insurer provide a one-time credit of \$50,000 to support a post-implementation claim audit during the initial rate guarantee period.

Audit at Insurer's Expense. If at any time KPERS conducts an investigation or audit of the insurer's service as a result of substantial complaints, this investigation and the expenses required to remedy identified inadequacies shall be at the insurer's expense.

Audit by Legislative Division of Post Audit. No provision of any contract between a State of Kansas agency and another party shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 *et seq.*

C. Evaluation Criteria

The criteria listed below shall be the criteria used to evaluate the proposals. These criteria are not necessarily in order of priority.

1. Basic life rate, retention charges, and dividend formula.
2. Other life rates (optional, spouse and dependent), underwriting parameters, retention charges, and dividend formula.
3. Rate guarantee and other financial items (i.e., IBNR and other reserves).

4. Demonstrated ability to administer a case of KPERS' complexity and size.
5. Customer service and account management, including local support.
6. Access to needed resources at the insurance company.
7. Ability to simplify KPERS administrative functions.
8. Ability to offer enhanced benefits.
9. Financial stability/size.
10. Reporting capabilities.
11. Electronic interface with KPERS and online, electronic access and transactions for individual members using SSO (not necessarily required for open enrollment in fall of 2024).
12. Employees must be able to enroll and make changes to their coverage by filling out paper forms and by submitting changes electronically.
13. Ability to establish weekly, monthly, and quarterly file feeds to exchange data on claim status, evidence of insurability decisions and optional premium amounts (please specify timing in your implementation plan).

D. Definition of Participating Basis

“Participating” means that the experience of the life insurance plans, separately for basic life and optional (including dependent) life, are shared with KPERS in the form of a claim fluctuation reserve (CFR) from which dividends can be paid to KPERS when experience is favorable.

The Claim Fluctuation Reserve is currently computed as follows:

- Starting Balance
- Plus Experience Rating Refund (ERR) Amount
- Plus Other Deposits
- Less Other Withdrawals
- Plus Interest Credit.

The Experience Rating Refund Amount is computed as follows:

- Earned Premium
- Less Incurred Claims
- Less Expenses
- Less Refunds
- Plus CFR Withdrawals.

When the CFR is positive, a dividend may be paid to KPERS (i.e., a withdrawal from the CFR), subject to additional provisions specified in the experience rating agreement. When the CFR is negative, the amount is rolled forward to future periods and no additional contributions are required from KPERS to make up the deficit.

Respondents should provide details on their proposed structure for this participating agreement, including the calculation of claim fluctuation reserves, any associated interest credits and expense charges, and the manner in which dividends are determined. Proposals should reflect that negative balances are rolled forward to future periods without additional contributions from KPERS.

Note: Interest for purposes of calculating the surplus/(deficit) will be accrued at a rate to be competitively bid (see the financial bid template included in the Appendices). Interest at this rate will also be payable to KPERS on unpaid Surplus amounts, and other balances due KPERS.

E. Funding

Pricing should be bid on a Participating basis. The KPERS plan is currently underwritten on the following bases:

- a. All life coverages are underwritten on a Participating (retrospectively rated/dividend accounted) basis.
- b. KPERS remits premium on a monthly basis for optional and on a quarterly basis for basic coverage.

Please note that among KPERS' selection criteria are the terms of the proposed dividend formula and other financial items.

F. Requested Services

The following describes the services upon which your proposal should be based. We will assume that all services outlined are included in your proposal unless noted within the questionnaire. The services are as follows:

Traditional Claim Administration and Management Services

1. Processing, adjudication and settlement of all life claims.
2. File maintenance to support payment, denials, and appeals. Documentation must be legally acceptable, and readily accessible.
3. Issuance of all life insurance payments within 7 (seven) days of receiving the necessary information.
4. Customer service and claim processing units including a dedicated toll-free phone line.

5. Administration manual to include all procedural requirements, forms, billing and banking arrangements, etc. Separate and different manuals should be provided for KPERS and the participating agencies.
6. Maintenance of an internal audit program and reporting of such activities to KPERS.

Financial and Claims Activity Reporting

1. Monthly breakout and summary of costs billed to KPERS.
2. Monthly reconciliation of claims expenses.
3. Monthly claimant report denoting payments.

Communication and Training Materials

1. Assist in preparing, drafting and reviewing KPERS participant communications.
2. KPERS may desire insurer assistance in preparing for employer training related to the life insurance program, especially if any changes or enhancements occur. Such training could cover aspects of the basic and optional plans and the annual open enrollment opportunities.
3. Electronic, online as well as paper enrollment and open enrollment for participants.

No Loss or Gain of Coverage or Benefits

Plan participant coverage shall lose nor gain coverage or benefits due to the proposed change in claim administration or services.

Guarantee Current Coverage

Assume all current contractual coverage and life insurance benefit provisions.

G. Questionnaire

Appendix D contains a questionnaire. Please provide complete responses to all questions using the template provided.

H. Financial Exhibits (Rates, Retention, and Other Fees)

Please complete the financial exhibits in the Appendices of this RFP. Rate quotes should be provided using Appendix C.

VI. PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

A. General Requirements

1. RFP Response: In order to be considered for selection, Offerors must submit a complete response to this RFP. An electronic copy in Word or PDF format, which appendices in Excel format, should be submitted to the Kansas Public Employees Retirement System at the following address:

Mary Beth Green, Chief Benefits Officer
Kansas Public Employees Retirement System
611 S. Kansas Avenue, Suite 100
Topeka, KS 66603-3896
mgreen@kpers.org

NOTE THAT PROPOSALS RECEIVED AFTER NOON CDT ON APRIL 4, 2024, SHALL NOT BE ACCEPTED.

2. Proposal Preparation:
 - a. Proposals shall be signed by an authorized representative of the Offeror. All information requested should be submitted. Failure to submit all information requested may result in the Kansas Public Employees Retirement System's requiring prompt submission of missing information and/or giving a lowered evaluation of the proposal. Proposals that are substantially incomplete or lack key information may be rejected by KPERS. Mandatory requirements are those required by law or regulation or are such that they cannot be waived and are not subject to negotiation.
 - b. Proposals should be prepared simply and economically, providing a straightforward, concise description of capabilities to satisfy the requirements of the RFP. Emphasis should be placed on completeness and clarity of content.
 - c. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. Each paragraph in the proposal should reference the paragraph number of the corresponding section of the RFP. It is also helpful to cite the paragraph number, sub-letter, and repeat the text of the requirement as it appears in the RFP. If a response covers more than one page, the paragraph number and sub-letter should be repeated at the top of the next page. The proposal should contain a table of contents, which cross-references the RFP requirements. Information which the Offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk

elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.

- d. Ownership of all data, materials and documentation originated and prepared for KPERS pursuant to the RFP shall belong exclusively to KPERS and be subject to public inspection in accordance with the Kansas Open Records Act, which is at K.S.A. 45-215 *et seq.* (exceptions at K.S.A. 45-221).
4. Questions: All questions should be submitted to Mary Beth Green at the above email address no later than March 21, 2024, at Noon CDT.
5. Oral Presentation: One or more Offerors who submit a proposal in response to this RFP may be invited to give an oral presentation of their proposal to the Kansas Public Employees Retirement System's Procurement Negotiating Committee (PNC). This is a fact-finding and explanation session involving Offerors who, on the basis of their proposals, have been selected by the PNC as finalists. This provides an opportunity for the Offeror to clarify or elaborate on the proposal. This session may include discussion / negotiation of key terms. KPERS will schedule the time and location of any such presentations; it is anticipated they will be held in Topeka during the week of April 29, 2024, either virtually or in Topeka. Oral presentations are at the invitation of the KPERS PNC, and may or may not be conducted.

B. Specific Proposal Requirements

Proposals should be as thorough and detailed as possible so KPERS may properly evaluate your capabilities to provide the required goods and/or services. Offerors are required to submit the following items as a complete proposal:

1. The return of the RFP cover sheet and all addenda acknowledgments, if any, signed and filled out as required.
2. Provide a written narrative statement to include information requested in the Mandatory Requirements, General Requirements, Questionnaire, and Financial Exhibits sections of this Request for Proposal including Appendices.
3. Provide a rate quote using Appendix C of this RFP.
4. Provide a completed questionnaire in Appendix D of this RFP.
5. Attach a specimen insurance policy and certificate with the requested plan design.
6. Submit a draft participation agreement describing the dividend calculation.
7. Confirm acceptance of KPERS forms or include sample enrollment and evidence of insurability forms and/or screen prints or online access to sample electronic transactions.
8. Attach a detailed implementation plan including expected dates for each task.

VII. EVALUATION AND AWARD CRITERIA

A. *Evaluation Criteria*

Proposals shall be evaluated by KPERS using the criteria listed in this RFP at Section V, Statement of Needs; Part C, Evaluation Criteria.

B. *Award Criteria*

On the basis of the evaluation factors included in Section V, Part C, one or more Offerors deemed to be fully qualified and best suited among those submitting proposals will be interviewed by the PNC in a process that may include discussion / negotiation of key terms. Premium rates and administrative fees will be considered but will not be the sole determining factor. After interviews have been conducted with each Offeror so selected, the PNC will select the Offeror which, in its opinion, has made the best proposal, and will recommend to the Board of Trustees that it award the contract to that Offeror. The Board of Trustees will consider the PNC's recommendation at the May 17, 2024, Board meeting. KPERS may modify, cancel or postpone this Request for Proposals or reject proposals at any time prior to an award. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated, as well as other terms and conditions as appropriate.

VIII. GENERAL TERMS AND CONDITIONS

KPSSA: This solicitation is subject to the provisions of the Kansas Professional Services Sunshine Act, K.S.A. Supp. 75-37,130 *et seq.* Specifically, see K.S.A. 75-37,132(h).

APPLICABLE LAWS AND COURTS: This solicitation and any resulting contract shall be governed in all respects by the laws of the State of Kansas, and any litigation with respect thereto shall be brought in the District Court of Shawnee County, Kansas. See K.S.A. 74-4904(1). The Contractor shall comply with all applicable federal, state and local laws, rules and regulations.

KANSAS CONTRACTUAL PROVISIONS: By submitting their proposals, Offerors certify their willingness to comply with the provisions of Kansas Department of Administration Form DA-146a (Rev. 07-19), Contractual Provisions Attachment, which states among other things that "[t]his form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement." Form DA-146a (Rev. 07-19) is attached to this RFP in the Appendices.

ETHICS IN PUBLIC CONTRACTING: By submitting their bids or proposals, Offerors certify that their bids/proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Bidder/Offeror, supplier, manufacturer or subcontractor in connection with their bid/proposal, and that they have not

conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

In addition, KPERS' policy establishes a quiet period that prohibits any other direct contact between prospective service providers and KPERS Board members, consultants, KPERS staff, or any other person in a position to influence the decision regarding this RFP during the selection process, from the RFP issue date through execution of the contract, including contact by lobbyists or other representatives of prospective service providers.

CLARIFICATION OF TERMS: If any prospective Offeror has questions about this RFP or the appendices hereto, the prospective Offeror should contact KPERS' representative whose name appears on the face of this RFP prior to the stated deadline. Any revisions to the solicitation will be made only by addendum issued by KPERS and posted on its website at www.kpers.org. Offerors are responsible for checking the website periodically for updates to the RFP and responses to written questions.

PRECEDENCE OF TERMS: All of the above General Terms and Conditions shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

QUALIFICATIONS OF OFFERORS: KPERS may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to KPERS all such information and data for this purpose as may be requested. KPERS reserves the right to inspect the Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. KPERS further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.

TESTING AND INSPECTION: KPERS reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

ASSIGNMENT OF CONTRACT: A contract shall not be assignable by the Contractor in whole or in part without the written consent of KPERS.

IX. SPECIAL TERMS AND CONDITIONS

PROPOSAL ACCEPTANCE PERIOD: Any proposal in response to this solicitation shall be valid for 120 days. At the end of the 120 days, the proposal may be withdrawn at the written request of the Offeror. If the proposal is not withdrawn at that time, it remains in effect until an award is made or the solicitation is canceled.

X. APPENDICES

- A. KPERS Group Term Life Insurance Historical Experience Data.
- B. KPERS Group Term Life Insurance Census Data.
- C. KPERS Group Term Life Insurance Program RFP Bid Template.
- D. KPERS Group Term Life Bidder Questionnaire.
- E. KPERS Employee Group Term Life Policy, Amendment, and Certificate
- F. KPERS Group Life Portability and Conversion Forms.
- G. KPERS Certification and Other Forms
- H. KPERS Membership Guide.
- I. Relevant Retirement Act Provisions – K.S.A. 74-4927 *et seq.*
- J. Kansas Group Insurance Provisions – K.S.A. 40-434 and 40-435.
- K. State of Kansas Contractual Provisions Attachment – Form DA-146a (Rev. 07-19).