

REVISED COST PROPOSAL

RFP 5953 Z1

BASIC LIFE, AD&D, SUPPLEMENTAL LIFE (DEPENDENT) AND SUPPLEMENTAL LIFE (EMPLOYEE) INSURANCE PLAN OPTIONS

Bidder Name: MetLife

Bidders shall fill in the proposed monthly premium amounts for each column provided below. All premium amounts specified are guaranteed by Bidder and are inclusive of all costs. Each monthly premium amount proposed should be evenly divisible by "2" with no rounding to accommodate two even deductions per month through our payroll system. Any premium amount not divisible by "2" will be reduced to the nearest lower amount that is divisible by "2" for scoring. By submitting this proposal, Bidder accepts this lower amount if a contract is awarded.

BASIC LIFE	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Rate for \$20,000 per \$1,000 Per Month	\$0.154	\$0.154	\$0.154	\$0.154	\$0.161	\$0.161

AD&D	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Flat rate for \$5,000 Per Employee Per Month	\$0.100	\$0.100	\$0.100	\$0.100	\$0.105	\$0.105
Flat rate for \$7,500 Per Employee Per Month	\$0.140	\$0.140	\$0.140	\$0.140	\$0.147	\$0.147
Flat rate for \$10,000 Per Employee Per Month	\$0.190	\$0.190	\$0.190	\$0.190	\$0.199	\$0.199

SUPPLEMENTAL LIFE - DEPENDENT	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Low Option - \$5,000						
Spouse age below 70 and/or Dependent child(ren) up to age 26	\$1.74	\$1.74	\$1.74	\$1.74	\$1.82	\$1.82
Spouse Age 70 or Older and/or Dependent child(ren) up to age 26	\$4.63	\$4.63	\$4.63	\$4.63	\$4.86	\$4.86

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SUPPLEMENTAL LIFE - DEPENDENT	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
High Option - \$10,000						
Spouse age below 70 and/or Dependent child(ren) up to age 26	\$3.39	\$3.39	\$3.39	\$3.39	\$3.55	\$3.55
Spouse Age 70 or Older and/or Dependent child(ren) up to age 26	\$9.29	\$9.29	\$9.29	\$9.29	\$9.75	\$9.75

SUPPLEMENTAL LIFE COVERAGE - EMPLOYEE						
Rate/\$1,000	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Under 25	\$0.024	\$0.024	\$0.024	\$0.024	\$0.025	\$0.025
25-29	\$0.024	\$0.024	\$0.024	\$0.024	\$0.025	\$0.025
30-34	\$0.032	\$0.032	\$0.032	\$0.032	\$0.033	\$0.033
35-39	\$0.038	\$0.038	\$0.038	\$0.038	\$0.039	\$0.039
40-44	\$0.057	\$0.057	\$0.057	\$0.057	\$0.059	\$0.059
45-49	\$0.081	\$0.081	\$0.081	\$0.081	\$0.085	\$0.085
50-54	\$0.136	\$0.136	\$0.136	\$0.136	\$0.142	\$0.142
55-59	\$0.293	\$0.293	\$0.293	\$0.293	\$0.307	\$0.307
60-64	\$0.564	\$0.564	\$0.564	\$0.564	\$0.592	\$0.592
65-69	\$0.924	\$0.924	\$0.924	\$0.924	\$0.970	\$0.970
70-74	\$1.257	\$1.257	\$1.257	\$1.257	\$1.310	\$1.310
75-79	\$2.060	\$2.060	\$2.060	\$2.060	\$2.060	\$2.060
80 and over	\$2.060	\$2.060	\$2.060	\$2.060	\$2.060	\$2.060

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DEPARTMENT OF LABOR ACTIVE EMPLOYEES (Grandfathered Group) BASIC LIFE, AD&D AND SUPPLEMENTAL LIFE (DEPENDENT) INSURANCE						
BASIC LIFE	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Rate for base annual salary adjusted to next higher \$1,000 plus \$2,000. \$10,000 salary minimum. \$60,000 salary maximum. High age reductions.	\$0.269	\$0.269	\$0.269	\$0.269	\$0.282	\$0.282

AD&D	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Rate for base annual salary adjusted to next higher \$1,000 plus \$2,000. \$10,000 salary minimum. \$60,000 salary maximum. High age reductions.	\$0.019	\$0.019	\$0.019	\$0.019	\$0.019	\$0.019

SUPPLEMENTAL LIFE - DEPENDENT	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Spouse - \$2,000; Child - \$500 (3 days - 6 months) \$1,000 (6 months - 19 years)	\$0.430	\$0.430	\$0.430	\$0.430	\$0.450	\$0.450

DEPARTMENT OF LABOR RETIRED EMPLOYEES (Grandfathered Group) BASIC LIFE INSURANCE						
BASIC LIFE	Initial Contract Period				Optional Year 1	Optional Year 2
	Year 1	Year 2	Year 3	Year 4		
Varies depending on amount in force at retirement. Refer to Attachment C: Census Report	\$2.850	\$2.850	\$2.850	\$2.850	\$2.990	\$2.990

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Intermediary and Producer Compensation Notice

MetLife enters into arrangements concerning the sale, servicing and/or renewal of MetLife group insurance and certain other group-related products (“Products”) with brokers, agents, consultants, third party administrators, general agents, associations, and other parties that may participate in the sale, servicing and/or renewal of such products (each an “Intermediary”). MetLife may pay your Intermediary compensation, which may include, among other things, base compensation, supplemental compensation and/or a service fee. MetLife may pay compensation for the sale, servicing and/or renewal of products, or remit compensation to an Intermediary on your behalf. Your Intermediary may also be owned by, controlled by or affiliated with another person or party, which may also be an Intermediary and who may also perform marketing and/or administration services in connection with your products and be paid compensation by MetLife.

Base compensation, which may vary from case to case and may change if you renew your products with MetLife, may be payable to your Intermediary as a percentage of premium or a fixed dollar amount. MetLife may also pay your Intermediary compensation that is based upon your Intermediary placing and/or retaining a certain volume of business (*number of products sold or dollar value of premium*) with MetLife. In addition, supplemental compensation may be payable to your Intermediary. Under MetLife’s current supplemental compensation plan, the amount payable as supplemental compensation may range from 0% to 8% of premium. The supplemental compensation percentage may be based on one or more of: (1) the number of products sold through your Intermediary during a one-year period; (2) the amount of premium or fees with respect to products sold through your Intermediary during a one-year period; (3) the persistency percentage of products inforce through your Intermediary during a one-year period; (4) the block growth of the products inforce through your Intermediary during a one-year period; (5) premium growth during a one-year period; or (6) a fixed percentage or sliding scale of the premium for products as set by MetLife. The supplemental compensation percentage will be set by MetLife based on the achievement of the outlined qualification criteria and it may not be changed until the following SCP plan year. As such, the supplemental compensation percentage may vary from year to year, but will not exceed 8% under the current supplemental compensation plan.

The cost of supplemental compensation is not directly charged to the price of our products except as an allocation of overhead expense, which is applied to all eligible group insurance products, whether or not supplemental compensation is paid in relation to a particular sale or renewal. As a result, your rates will not differ by whether or not your Intermediary receives supplemental compensation. If your Intermediary collects the premium from you in relation to your products, your Intermediary may earn a return on such amounts. Additionally, MetLife may have a variety of other relationships with your Intermediary or its affiliates, or with other parties, that involve the payment of compensation and benefits that may or may not be related to your relationship with MetLife (*e.g., insurance and employee benefits exchanges, enrollment firms and platforms, sales contests, consulting agreements, or reinsurance arrangements*).

More information about the eligibility criteria, limitations, payment calculations and other terms and conditions under MetLife’s base compensation and supplemental compensation plans can be found on MetLife’s Web site at www.metlife.com/business-and-brokers/broker-resources/broker-compensation. Questions regarding Intermediary compensation can be directed to ask4met@metlifeservice.com, or if you would like to speak to someone about Intermediary compensation, please call (800) ASK 4MET. In addition to the compensation paid to an Intermediary, MetLife may also pay compensation to your representative. Compensation paid to your representative is for participating in the sale, servicing, and/or renewal of products, and the compensation paid may vary based on a number of factors including the type of product(s) and volume of business sold. If you are the person or entity to be charged under an insurance policy or annuity contract, you may request additional information about the compensation your representative expects to receive as a result of the sale or concerning compensation for any alternative quotes presented, by contacting your representative or calling (866) 796-1800.

Shawn Domark
Sr. Account Executive, National Accounts



December 10, 2018

Teresa Fleming
State of Nebraska Purchasing Bureau
1526 K Street, Suite 130
Lincoln, NE 68508

Dear Teresa,

MetLife is pleased to submit a proposal to the State of Nebraska Purchasing Bureau to provide Basic, Dependent, Supplemental Life and Accidental Death & Dismemberment (AD&D) benefits. Throughout our proposal, we have identified numerous opportunities to reduce the total cost of the State's life insurance offering while simultaneously increasing the value employees can derive from the program. Our Group Life insurance offers a full suite of meaningful and valuable services (MetLife Advantages) that provide access to support, planning and protection resources that empower your employees both personally and financially, such as face-to-face grief counseling, online and face-to-face will preparation services, face-to-face estate resolution services, retirement workshops, funeral planning assistance and discounts, all at no additional cost. Further, we provide personalized support for beneficiaries and assistance through the death claim process. To that end, we want to give further assurances on our ability to deliver on the very best service experience for the State and its employees with the addition of significant performance guarantees.

Of equal importance, during our financial review, we determined that the Supplemental Life experience has been performing favorably, while the Basic Life experience has been performing very unfavorably. This in part is due to the fact that the current premium structure between the Basic and Supplemental Life plans is not self-supporting. In order to comply with the State's request for non-subsidized rates, MetLife is providing self-supporting rates which would require an increase of approximately 60% or \$210,000 annually for the Basic Life (Active) premium and 1400% or \$70,000 for the Basic Life (Retiree), but then allow for a significant reduction of approximately 22.4% on the Supplemental Life plan providing a combined annual savings to employees of approx. \$980,000 (please review the completed financial plan for full details and disclosures).

To help illustrate, you can see below that the premium rate of \$0.096 being paid on the Basic Life (Active) insurance has been insufficient to cover the incurred claims for any of the past 5 periods. Conversely, we estimate the Supplemental Life premium paid by State employees has been significantly overpaid in relation to incurred claims over each of the past 5 years.

Basic Life (Active only) Experience:

Date Paid Period	7/1/2013 6/30/2014	7/1/2014 6/30/2015	7/1/2015 6/30/2016	7/1/2016 6/30/2017	7/1/2017 6/30/2018	Totals
Current Rate	\$0.096	\$0.096	\$0.096	\$0.096	\$0.096	\$0.096
Premium Earned	\$357,227	\$359,735	\$359,929	\$356,176	\$350,034	\$1,783,101
Incurred Claims	\$436,932	\$583,435	\$415,779	\$735,859	\$694,302	\$2,866,307
Paid Loss Ratio	122.3%	162.2%	115.5%	206.6%	198.4%	160.7%

MetLife would be willing to accept either the Basic or Supplemental plans as "stand-alone offers" and would kindly ask that the State of Nebraska request the same of other carriers to help assure there is no subsidization in their financial proposals. Alternatively, if our Basic Life rate appears uncompetitive and the State of Nebraska wishes to continue the current subsidized rate structure, MetLife can provide an alternative quote with the proper disclosures. If you would like to receive a subsidized quote from us, please let me know.

Additionally, as we were reviewing Aetna's current age rates for the Employee Supplemental Life coverage, we noticed that the rate for employee ages 60 to 64 seems to be higher than the IRS Table 1 rates used to determine tax for imputed income while all the other ages' rates are either equal to or lower than the IRS Table 1 rates. When rates "straddle" Table 1, it can create a situation where the coverage could be considered imputed income for the employee and thus subject to taxation. MetLife advises that you discuss this issue with your employee benefits and legal departments as MetLife is not authorized to provide tax advice. In order to avoid any adverse tax consequences to your employees, MetLife has quoted rates that do not straddle Table 1.

In conclusion, as the #1 Group Life insurance carrier in the U.S., we are confident in our ability to not only improve both the employee and beneficiary satisfaction, but also help mitigate the need for future increases through better financial alignment of premium to incurred claims between plans. We want the opportunity to be there for the State of Nebraska, your employees and their dependents. We have been around for over 150 years, providing Group Benefits to both the private and public sector and guarantee service and the flexibility to get things done. We believe that you will find upon review of our proposal that we are well suited to meet the State of Nebraska's needs.

Sincerely,

Shawn Domark
Sr. Account Executive, National Accounts