

San Francisco Health Service System Health Service Board

Rates & Benefits

New York Life Fully Insured 2027 Rates and Contributions
(Life Insurance, Accidental Death & Dismemberment, Long-Term Disability, and Short-Term Disability Plans)

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New York Life Fully Insured 2027 Renewal—Overview

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- Introduction (including prior renewal/request for proposal background)
- Recent Plan Experience and Insurance Renewal Rates for the 2027 Plan Year
 - Basic Life Insurance (employer-paid)
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 - Supplemental Life Insurance for Employees and Dependents (member-paid)
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- Recommendation for Health Service Board (HSB) Action
- Appendix — Recent Loss Ratio Experience for coverages formerly insured by The Hartford (life insurance, AD&D, LTD)

Recommendation Summary

It is recommended that the Health Service Board (HSB) accept renewal of all fully insured life insurance, accidental death and dismemberment (AD&D) insurance, long-term disability (LTD) insurance, and short-term disability (STD) insurance premium rates included in this presentation for the 2027 plan year.

Insurance rates for the 2027 plan year from The Life Insurance Company of North America, commonly known as New York Life (NYL), represent the second year of a five-year rate commitment from NYL to the San Francisco Health Service System (SFHSS) for life, AD&D, and LTD insurances (2026-2030) and a three-year commitment from NYL to SFHSS for STD insurance (2026-2028). Rates presented in this document for the 2027 plan year remain at current (2026 plan year) levels.

Introduction

The SFHSS offers the following life and disability insurance coverages to certain active employees within the City and County of San Francisco (CCSF), Superior Court, and Municipal Executives Association (MEA) populations:

- Basic Life Insurance (paid by the employers);
- LTD Insurance (paid by the employers);
- Supplemental Life and AD&D Insurance for employees and dependents (paid by participating members); and
- STD insurance for employees (paid by participating members).

These insurances are not offered by SFHSS to retirees, nor are they offered to active employees of the San Francisco Unified School District (SFUSD) or City College of San Francisco (CCD).

Introduction—Prior Renewal Background

SFHSS's life insurance, AD&D, and LTD insurance policies with The Hartford historically renewed every three years. The most recent three-year rate guarantee period was entered into for plan years 2023 through 2025 with The Hartford. Manhattan Life provided coverage for the employee-paid STD plan through the end of 2025.

In Spring 2025, SFHSS conducted a request for proposal (RFP) for these insurances that led to transition to New York Life for the life insurance, AD&D, STD, and LTD plans commencing January 1, 2026. The RFP process led to approximately \$2 million in premium reduction in aggregate.

The Appendix to this document contains experience history for the life insurance, AD&D, and LTD plans formerly insured by The Hartford, including experience in the most recently completed year (2025).

Employer-Paid Coverage—Basic Life Insurance

Basic life insurance is 100% employer paid, with three benefit amounts available as of January 1, 2027, based on eligibility (\$50,000, \$125,000, \$150,000).

The basic life insurance insured monthly rate per \$1,000 coverage will remain at the current \$0.075 level for the 2027 plan year.

- Details on basic life insurance amounts and plan features for employees can be found at this weblink to the SFHSS webpage: <https://sfhss.org/group-life-insurance>

Most employees have the \$50,000 coverage level—enrolled employees as of January 2026:

| Basic Life Insurance Coverage | January 2026 Enrolled Employees |
|-------------------------------|---------------------------------|
| \$50,000 | 25,606 |
| \$125,000 | 13 |
| \$150,000 | 2,106 |
| Total | 27,725 |

Employer-Paid Coverage—Long-Term Disability Insurance (LTD)

Basic LTD insurance is 100% employer paid, with two benefit levels available based on eligibility (90-day elimination plan with 66.6667% of monthly base earnings benefit, and 180-day elimination plan with 60% of monthly base earnings benefit).

- Details on long-term disability insurance amounts and plan features for employees can be found at this weblink to the SFHSS webpage:
<https://sfhss.org/long-term-disability-insurance>

LTD insurance rates for 2027 will remain at 2026 levels (shown below with January 2026 enrolled employee counts by benefit level – 27,777 total enrolled employees):

| Group Long Term Disability | | | |
|--|---|---|---------------------------------|
| LTD Benefit Level | 2026 Monthly Rate Per \$100 of Coverage | 2027 Monthly Rate Per \$100 of Coverage | January 2026 Enrolled Employees |
| 60% up to \$5,000 monthly maximum; 180-day elimination period | \$0.155 | \$0.155 | 19,154 |
| 66.6667% up to \$7,500 monthly maximum; 90-day elimination period | \$0.140 | \$0.140 | 8,623 |

Member-Paid Coverage — Supplemental Employee and Dependent Life Insurance / AD&D

All member-paid rates below remain at 2026 levels into the 2027 plan year. Employee supplemental enrollment: 3,816 life (14% of eligibles) / 3,468 AD&D (13% of eligibles).

| Supplemental Employee and Dependent Life—Employee Paid | | | | |
|--|----------------|---------|----------------|---------|
| Age Rated Per \$1,000 of Coverage | 2026 Plan Year | | 2027 Plan Year | |
| | Non-Smoker | Smoker | Non-Smoker | Smoker |
| <25 | \$0.027 | \$0.040 | \$0.027 | \$0.040 |
| 25 – 29 | \$0.034 | \$0.048 | \$0.034 | \$0.048 |
| 30 – 34 | \$0.048 | \$0.062 | \$0.048 | \$0.062 |
| 35 – 39 | \$0.054 | \$0.068 | \$0.054 | \$0.068 |
| 40 – 44 | \$0.068 | \$0.080 | \$0.068 | \$0.080 |
| 45 – 49 | \$0.102 | \$0.109 | \$0.102 | \$0.109 |
| 50 – 54 | \$0.157 | \$0.170 | \$0.157 | \$0.170 |
| 55 – 59 | \$0.293 | \$0.320 | \$0.293 | \$0.320 |
| 60 – 64 | \$0.449 | \$0.490 | \$0.449 | \$0.490 |
| 65 – 69 | \$0.864 | \$0.938 | \$0.864 | \$0.938 |
| 70+ | \$1.401 | \$1.523 | \$1.401 | \$1.523 |

| Supplemental Child Life—Employee Paid ¹ | | |
|--|-------------------|-------------------|
| Per \$1,000 of Coverage | 2026 Plan Year | 2027 Plan Year |
| Child Life Insurance (unit of children) | \$0.120 | \$0.120 |

| Supplemental AD&D—Employee Paid | | |
|---------------------------------|-------------------|-------------------|
| Per \$1,000 of Coverage | 2026 Plan Year | 2027 Plan Year |
| Employee Only | \$0.016 | \$0.016 |
| Spouse Only | \$0.016 | \$0.016 |
| Employee & Family | \$0.020 | \$0.020 |

¹ Supplemental child life eligibility: to age 26 (or meet disabled dependent definition)

Member-Paid Coverage — Short-Term Disability Insurance (STD)—Employees Newly Enrolled On/After January 1, 2026

All member-paid STD monthly rates remain at 2026 levels into the 2027 plan year. The table below are attained age rates for employees who were not covered by Manhattan Life for STD at time of coverage transition to NYL effective January 1, 2026.

| STD—Employee Paid | | | | |
|--|-------------------------|-------------------------------|-------------------------|-------------------------------|
| Monthly Rate per \$100 of Weekly Coverage, By Attained Age | 2026 Plan Year | | 2027 Plan Year | |
| | MEA Employees (Class 1) | All Other Employees (Class 2) | MEA Employees (Class 1) | All Other Employees (Class 2) |
| 18 – 39 | \$6.00 | \$13.04 | \$6.00 | \$13.04 |
| 40 – 49 | \$7.60 | \$16.40 | \$7.60 | \$16.40 |
| 50 – 59 | \$9.00 | \$18.64 | \$9.00 | \$18.64 |
| 60 – 69 | \$15.60 | \$22.40 | \$15.60 | \$22.40 |

In total, 1,590 employees enrolled in the STD plan, an increase of about 50% from previously enrolled level prior to the transition of this plan from Manhattan Life to New York Life.

Member-Paid Coverage — Short-Term Disability Insurance (STD)—Grandfathered Employees

All member-paid STD monthly rates remain at 2026 levels into the 2027 plan year. The table below are attained age rates for employees who were covered by Manhattan Life for STD at time of coverage transition to NYL effective January 1, 2026.

| STD—Employee Paid | | | | |
|--|---------------------------|-------------------------|---------------------------|-------------------------|
| Monthly Rate per \$100 of Weekly Coverage, By Attained Age | 2026 Plan Year | | 2027 Plan Year | |
| | 14/14 Employees (Class 3) | 7/7 Employees (Class 4) | 14/14 Employees (Class 3) | 7/7 Employees (Class 4) |
| 18 – 39 | \$6.81 | \$14.14 | \$6.81 | \$14.14 |
| 40 – 49 | \$8.75 | \$17.79 | \$8.75 | \$17.79 |
| 50 – 59 | \$10.31 | \$20.23 | \$10.31 | \$20.23 |
| 60 – 69 | \$12.04 | \$24.10 | \$12.04 | \$24.10 |

Overall Renewal Summary— Expected Aggregate 2027 Premiums

Expected 2027 premiums based on January 2026 insurance volumes and premiums:

| | 2027 Plan Year Estimated Total Premiums |
|---|--|
| EMPLOYER-PAID PLANS | |
| Basic Employee Life Insurance | \$1,400,000 |
| Long Term Disability Insurance | <u>\$4,270,000</u> |
| Total—Employer Paid Plans | \$5,670,000 |
| MEMBER-PAID PLANS | |
| Supplemental Employee Life Insurance | \$1,500,000 |
| Supplemental Dependent/Child Life Insurance | \$290,000 |
| Supplemental AD&D Insurance | \$245,000 |
| Short Term Disability Insurance | <u>\$1,360,000</u> |
| Total—Member Paid Plans | \$3,395,000 |
| OVERALL TOTAL PREMIUMS | \$9,065,000 |

Recommendation for HSB Action

It is recommended that the HSB accept renewal of all fully insured life insurance, AD&D insurance, LTD insurance, and STD insurance premium rates included in this presentation for the 2027 plan year.

Appendix — Recent Loss Ratio Experience (Claims vs. Premium)

Basic Life Insurance

| From | 1/1/2021 | 1/1/2022 | 1/1/2023 | 1/1/2024 | 1/1/2025 | TOTAL |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| Through | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | 12/31/2025 | |
| Constant Premium ¹ | \$1,325,957 | \$1,439,638 | \$1,566,468 | \$1,651,792 | \$1,679,493 | \$7,663,349 |
| Total Incurred Claims | \$904,886 | \$2,069,483 | \$1,634,584 | \$1,702,302 | \$1,110,959 | \$7,422,213 |
| Incurred Loss Ratio | 68% | 144% | 104% | 103% | 66% | 97% |

Long-Term Disability Insurance (2025: experience through June)

| From | 1/1/2021 | 1/1/2022 | 1/1/2023 | 1/1/2024 | 1/1/2025 | TOTAL |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|----------------------|
| Through | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | 6/30/2025 | |
| Constant Premium ¹ | \$4,927,698 | \$4,995,090 | \$5,397,907 | \$5,798,510 | \$3,035,926 | \$27,462,727 |
| Total Paid Claims | \$1,564,411 | \$1,786,969 | \$1,927,573 | \$436,605 | \$40,542 | \$5,756,101 |
| Incurred Claims | \$2,448,937 | \$3,860,426 | \$5,686,375 | \$2,441,140 | \$1,222,685 | \$15,659,563 |
| Time Value Adjustment | (\$229,256) | (\$324,058) | (\$374,619) | (\$105,207) | (\$24,592) | (\$1,057,733) |
| Net Incurred Claims | \$2,219,681 | \$3,536,368 | \$5,311,756 | \$2,335,933 | \$1,198,093 | \$14,601,830 |
| Incurred Loss Ratio | 45% | 71% | 98% | 40% | 40% | 61% |
| Number of Open Claims | 6 | 10 | 24 | 15 | 11 | 66 |

¹ “Constant Premium” reflects if 2025 insurance premiums had applied in each year prior to 2025 also.

Appendix — Recent Loss Ratio Experience (Claims vs. Premium)

Supplemental Employee Life Insurance

| From | 1/1/2021 | 1/1/2022 | 1/1/2023 | 1/1/2024 | 1/1/2025 | TOTAL |
|-------------------------------|------------|------------|------------|------------|------------|--------------------|
| Through | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | 12/31/2025 | |
| Constant Premium ¹ | \$554,489 | \$634,429 | \$685,583 | \$722,824 | \$799,094 | \$3,396,418 |
| Total Incurred Claims | \$100,183 | \$100,000 | \$170,000 | \$519,363 | \$77,451 | \$966,997 |
| Incurred Loss Ratio | 18% | 16% | 25% | 72% | 10% | 28% |

Supplemental Dependent/Child Life Insurance

| From | 1/1/2021 | 1/1/2022 | 1/1/2023 | 1/1/2024 | 1/1/2025 | TOTAL |
|-------------------------------|------------|------------|------------|------------|------------|------------------|
| Through | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | 12/31/2025 | |
| Constant Premium ¹ | \$123,852 | \$146,351 | \$156,372 | \$164,717 | \$178,222 | \$769,514 |
| Total Incurred Claims | \$100,190 | \$100,143 | \$150,445 | \$5,201 | \$218,838 | \$574,816 |
| Incurred Loss Ratio | 81% | 68% | 96% | 3% | 123% | 75% |

Supplemental AD&D Insurance

| From | 1/1/2029 | 1/1/2022 | 1/1/2023 | 1/1/2024 | 1/1/2025 | TOTAL |
|-------------------------------|------------|------------|------------|------------|------------|------------------|
| Through | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | 12/31/2025 | |
| Constant Premium ¹ | \$77,724 | \$89,731 | \$99,562 | \$104,560 | \$112,488 | \$484,065 |
| Total Incurred Claims | \$0 | \$0 | \$74,065 | \$3,249 | \$12,995 | \$90,309 |
| Incurred Loss Ratio | 0% | 0% | 74% | 3% | 12% | 19% |

¹ "Constant Premium" reflects if 2025 insurance premiums had applied in each year prior to 2025 also.