Segal Consulting

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March 1, 2018

Board of Trustees
Food Employers Labor Relations Association and United Food &
Commercial Workers' VEBA Fund
Landover, Maryland 20785

Re: **VOYA Life and AD&D Renewal Effective January 1, 2018**

Dear Trustees:

We have received and reviewed Voya's proposed renewal for life and AD&D coverage effective January 1, 2018 through December 31, 2019.

Renewal

Voya has proposed a total life and AD&D monthly rate of $0.233 per $1,000. Premium and claims data provided by Voya for the period January 1, 2012 through July 31, 2017 illustrate that the Fund's current loss-ratio is 86%. The table below summarizes the current and proposed rates.

Current and Proposed VOYA Fees			
	Current	Proposed	Change
Basic Life Insurance Rate (Per $1,000) Per Month	$0.175	$0.215	22.8%
Basic AD&D Insurance Rate (Per $1,000) Per Month	$0.018	$0.018	0.0%
Total Rate (Per $1,000) Per Month	**$0.193**	**$0.233**	**20.7%**
Annual Premium[1]	**$176,500**	**$213,100**	**$36,600**

[1] Based on aggregate volume of $76,217,500.

Voya was unwilling to negotiate the premium, citing that this renewal is based on manual rates due to the size of the group. Voya communicated to us that in previous years, the Fund has been rated based on the pooled book of business. However, this year Voya is moving the Fund to a manual rating, but not using the historical claims experience of the Fund. Instead, Voya is using their actuarial tables to create a rate ($0.233) that is based on the demographics of the Fund.

The life and AD&D market is very competitive. The Fund could very well reduce the premium expense, if this benefit were put out to bid.

Financial Strength

Segal Consulting believes that it is important for clients to consider the financial strength of insurance companies, which are candidates for initial selection or renewal as insurers to employee benefit plans. Therefore, we are providing the current claims paying ability rating that was available to us as of the date this document was prepared, for the insurance company under consideration. We have provided the A.M. Best rating for your convenience. However, several other rating services (e.g., Standard & Poor's, Fitch and Moody's) also provide claims paying ability evaluations of insurance companies. You may wish to consult with these other services before making a decision regarding the initial selection or renewal of an insurance company.

This life insurance policy is underwritten by ReliaStar Life Insurance Company.

Insurance Company	Rating Agency	Rating	Date of Rating
ReliaStar Life Insurance Company	A.M. Best	A u (Excellent)	December 21, 2017

u denotes that the rating is currently under review

A.M. Best assigns an "Excellent" rating to companies that have, in their opinion, an excellent ability to meet their ongoing insurance obligations.

Segal Consulting does not itself perform insurance company or managed care organization credit quality evaluations and does not offer any warranty as to the scope or reliability (e.g., with respect to an organization's ability to meet future obligations) of the insurance company or managed care organizations.

We will review this information at the upcoming meeting. Please let us know if you have any questions.

Sincerely,

Joshua Timm, CEBS
Vice President and Benefits Consultant

jt/baa

cc: Mr. William Jensen
Mr. Mitch Bramstaedt
Mr. Christopher Heppner

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