



# Committee Report

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	January 28, 2021
<b>Subject / Report No:</b>	HRR-CW-02-21
<b>Title:</b>	2021 Employee Group Benefit Renewal
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<b>Reviewed by:</b>	Kevin Wepler, Director of Corporate Services
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	Recommendation adopted by Committee as presented per Resolution CW25-21; Endorsed by County Council February 11, 2021 per Resolution CC16-21

## Recommendation

1. **That Report HRR-CW-02-21 regarding the 2021 employee group benefit program renewal be received; and**
2. **That the insurance policy with Sun Life Financial be renewed for the period of January 1, 2021 to March 31, 2022 at the proposed premium level.**

## Executive Summary

The majority of the employee group benefit program for Grey County is underwritten by Sun Life Financial. Basic life, insured short term disability (STD), long term disability (LTD), extended health care and dental are insured through Sun Life Financial, while the accidental death and dismemberment (AD&D) benefit is provided by AIG Insurance. Mosey and Mosey Benefit Consultants is the County's Agent of Record.

## Background and Discussion

At the time of the 2020 benefit insurance renewal, Mosey and Mosey recommended marketing the benefit plan currently insured through Sun Life. The AD&D benefit was not included in the marketing as AIG is a specialty AD&D carrier and offers superior coverage for this benefit at a more competitive cost.

Mosey and Mosey contacted thirteen carriers who make up the competitive marketplace in employee group benefits. Each carrier was provided with specifications detailing the current plan design, premium rate history, premium versus paid claims experience, funding arrangements and employee census data. Quotations on all benefit lines were received from

four carriers. A fifth insurer submitted a proposal for extended health care, travel and dental only. The remaining carriers declined to provide a proposal for various reasons ranging from an inability to offer any cost savings over existing premium rates, group not in their target market or an inability to duplicate the current contractual provisions.

The following chart outlines the received quotations and compare to the annual premiums prior to renewal:

<b>Insurer</b>	<b>Life &amp; LTD</b>	<b>STD</b>	<b>Health/Dental</b>	<b>Total</b>
<b>Current Costs</b>	<b>1,162,680</b>	<b>146,988</b>	<b>2,388,840</b>	<b>3,698,508</b>
Sun Life	1,284,624	145,332	2,203,212	3,633,168
Industrial All.	1,266,732	137,316	2,199,708	3,603,756
Desjardins	1,256,628	150,084	2,347,644	3,754,356
Manulife	1,256,604	150,324	2,370,180	3,777,108
Green Shield			2,192,940	

As part of the marketing, Mosey and Mosey directed each insurer to offer caps on increases at the first scheduled renewal:

<b>Insurer</b>	<b>Life &amp; LTD</b>	<b>STD, Health and Dental</b>
Sun Life	27 months; 15% combined cap	15 months; 10% combined cap
Industrial All.	28 months; 15% combined cap	16 months; 15% combined cap
Manulife	28 months; 15% combined cap	16 months; 15% combined cap
Desjardins	28 months; 15% combined cap	16 months; 15% combined cap
Green Shield	n/a	16 months; 15% combined cap (health/dental only)

For the most part, the rate guarantees and first renewal caps are similar except for one significant differential. Sun Life have offered a lower combined global renewal cap of 10% on the County's experience-rated STD, extended health care and dental benefits, compared to 15% quoted by all other insurers.

Based on the analysis conducted by Mosey and Mosey, the lower renewal cap offered by Sun Life at the first scheduled renewal for these benefits would generate an estimated annual savings of 5%, or in excess of \$118,000, which would more than offset the overall savings initially offered by Industrial Alliance.

Mosey and Mosey recommends maintaining benefits with the incumbent carrier, Sun Life. The extended rate guarantees result in additional long-term savings considering the first renewal for each benefits will be April 1, 2022 for STD, extended health care and dental benefits, and April

1, 2023 for basic life and LTD benefits. Staff concur with Mosey and Mosey's recommendation to remain with Sun Life.

## Legal and Legislated Requirements

None

## Financial and Resource Implications

The annual cost to renew the group benefit policy with Sun Life Financial is a reduction of approximately \$71,212 including provincial sales tax.

## Relevant Consultation

- Internal (list)
- External Mosey and Mosey Benefit Consultants

## Appendices and Attachments

None