

<b>To:</b>	Warden Hicks and Members of Grey County Council
<b>Committee Date:</b>	January 24, 2019
<b>Subject / Report No:</b>	HRR-CW-02-19
<b>Title:</b>	2019 Employee Group Benefit Renewal
<b>Prepared by:</b>	Sandra Shipley, Human Resources Manager
<b>Reviewed by:</b>	Kevin Wepler, Director of Corporate Services
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	Recommendation adopted by Committee of the Whole as presented as per Resolution <i>CW35-19</i> ;

## Recommendation

1. That Report **HRR-CW-02-19** regarding the 2019 employee group benefit program renewal be received; and
2. That the insurance policies with **AIG Insurance** and **Sun Life Financial** be renewed for the period of **January 1 – December 31, 2019** at the proposed premium level.

## Executive Summary

The employee group benefit program for Grey County is underwritten by Sun Life Financial and AIG Insurance. Accidental Death and Dismemberment (AD&D) benefits are underwritten by AIG, while basic life, insured short term disability (STD), long term disability (LTD), extended health care and dental are underwritten by Sun Life Financial. The benefit renewal period is January 1 to December 31, 2019. Mosey and Mosey Benefit Consultants is the county's Agent of Record.

## Background and Discussion

In May 2013 Mosey and Mosey conducted a full market study and as a result, the County moved its health and dental coverage from Green Shield Canada to Sun Life. Not only did the County receive significant savings in premiums, but the consolidation of the majority of benefits under one insurance carrier resulted in reduced administration as there is one insurer to deal with for benefits, one bill, one employee booklet, etc.

Mosey and Mosey marketed the County benefit plan again in 2016 to 11 insurers. Quotations covering all benefits were received from three (3) insurers and two (2) quotations were received covering some of the benefits. While some of the quotations were lower than the 2016 negotiated renewal with Sun

Life, Mosey and Mosey recommended staying with Sun Life as the reduced premiums quoted by the other carriers were underfunded and would result in a significant rate increases at the next renewal. County Council agreed.

The breakdown of employee groups covered by insured benefit type is outlined in the following chart. These figures are as of the January 1, 2019 billing. The amount of benefit coverage varies by employee group:

**Number of Employees Insured by Benefit Type**

<b>GROUP</b>	<b>LIFE</b>	<b>AD&amp;D</b>	<b>STD</b>	<b>LTD</b>	<b>HEALTH</b>	<b>DENTAL</b>
OPSEU Lee Manor	68	68	*	68	67	67
OPSEU Lee Manor Retirees	n/a	n/a	n/a	n/a	6	7
Non Union	169	169	169	168	169	169
Non Union Retirees	9	n/a	n/a	n/a	7	7
OPSEU Paramedics	63	63	*	63	63	63
OPSEU Paramedic Retirees	3	n/a	n/a	n/a	3	3
UNIFOR	41	41	*	39	39	38
ONA Rockwood Terr.	4	4	*	4	4	4
ONA Grey Gables	3	3	*	3	3	3
OPSEU Social Services	44	44	44	42	43	43
OPSEU Social Services Retirees	8	n/a	n/a	n/a	6	6
CUPE	43	43	43	43	42	42
CUPE Retirees	4	n/a	n/a	n/a	4	4
OPSEU Grey Gables	26	26	*	24	26	26
ONA Lee Manor	3	n/a	*	3	3	3
<b>TOTAL</b>	<b>488</b>	<b>461</b>	<b>256</b>	<b>457</b>	<b>485</b>	<b>485</b>

\*this benefit is self-insured

As part of the annual renewal process, Mosey and Mosey reviewed proposed premium adjustments and entered into negotiations with Sun Life and AIG. All group benefits are up for renewal. The results are summarized on the next page.

The projected 2019 costs were prepared by Mosey and Mosey based on claim costs for the period of September 1, 2017 to May 31, 2018 (annualized) and were used during the preparation of the 2019 budget. Negotiated renewal costs are based on claim costs for the period of September 1, 2017 to August 31, 2018.

**AIG & Sun Life Insurance Renewal Comparison**

		Proposed Renewal costs (used for 2019 Budget)		Negotiated Renewal Costs January 1, 2019	
		Rate Change	Monthly Premium	Rate Change	Monthly Premium
Benefits	<b>Current Monthly Premium</b>				
Basic Life	\$11,025	N/C	\$11,025	-5.0%	\$10,480
AD&D	1,352	N/C	1,352	N/C	1,352
LTD	68,749	+10.0%	75,624	+13.0%	77,683
STD	9,168	5.0%	9,626	-15.7%	7,718
Ext Health	136,355	+8.0%	147,263	+6.0%	144,527
Dental	46,648	+2.0%	47,581	-1.0%	46,164
Monthly Cost	\$273,298		\$292,471		\$287,924
<b>Monthly Cost including PST</b>	<b>\$295,162</b>	<b>+7.0%</b>	<b>\$315,869</b>	<b>+5.4%</b>	<b>\$310,957</b>
Change in Current Annual Premium			\$248,484		\$189,540

The significant increases are found in the LTD and extended health care benefits. LTD rate adjustments are dependent on the insurer's block of business, partial credibility to the County's claims experience and changes in the employee demographics. Extended health and dental premium rates are based on the County's claim experience.

At the time of the renewal, there were 14 active disabled employees representing \$41,650 in monthly claims. Claimants disabled prior to the five-year analysis period (prior to September 1, 2013) are not considered in the renewal calculation. Compared to the last renewal, there is one additional disabled claimant.

The historical renewal information is outlined in the following chart:

Benefit	2015	2016	2017	2018	2019	Average Annual Adjustment

<b>Benefit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Average Annual Adjustment</b>
Life	0.0%	-19.8%	0.0%	8.0%	-5.0%	-3.4%
LTD	0.0%	-6.1%	0.0%	-6.0%	13.0%	+0.2%
STD	-2.5%	-10.0%	-16.0%	-20.0%	-15.7%	-12.8%
Ext Health	39.8%	4.3%	6.0%	0.4%	6.0%	+11.3%
Dental	15.3%	7.9%	2.3%	9.0%	-1.0%	+6.7%
<b>Overall</b>	<b>+18.0%</b>	<b>0.0%</b>	<b>2.5%</b>	<b>-0.5%</b>	<b>+5.4%</b>	<b>+5.1%</b>

Mosey and Mosey has advised that the average annual cost adjustment of +5.1% for all benefits combined is at expected industry trends. The chart shows that the largest cost drivers are extended health and dental benefits. Although our average annual adjustment is within the industry standard, annual increases of five per cent add significant pressure Council and staff to keep the tax rate reasonable for our rate payers.

## Legal and Legislated Requirements

None

## Financial and Resource Implications

The annual cost to renew the group benefit policies is \$189,540 including provincial sales tax.

## Relevant Consultation

- Internal (list) CAO, Human Resources and Finance Staff
- External (list)

## Appendices and Attachments

None