



Committee Report

To:	Warden McQueen and Members of Grey County Council
Committee Date:	January 9, 2020
Subject / Report No:	HRR-CW-03-20
Title:	2020 Employee Group Benefit Renewal
Prepared by:	Sandra Shipley, Human Resources Manager
Reviewed by:	Kevin Wepler, Director of Corporate Services
Lower Tier(s) Affected:	
Status:	

Recommendation

- 1. That Report HRR-CW-03-20 regarding the 2020 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, 2020 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, 2020. Mosey and Mosey Benefit Consultants is the county's Agent of Record.

Background and Discussion

Mosey and Mosey last marketed the group benefit plan in 2016. County Council made the decision to remain with Sun Life and AIG as it was felt that the premiums quoted at that time were underfunded and would result in significant rate increases at the next renewal. Mosey and Mosey is recommending that the plans be marketed for the 2021 renewal.

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

Number of Employees Insured by Benefit Type

GROUP	LIFE	AD&D	STD	LTD	HEALTH	DENTAL
OPSEU Lee Manor	70	70	*	70	69	69
OPSEU Lee Manor Retirees	n/a	n/a	n/a	n/a	9	10
Non Union	182	182	182	181	184	184
Non Union Retirees	11	n/a	n/a	n/a	9	9
OPSEU Paramedics	69	69	*	69	69	69
OPSEU Paramedic Retirees	3	n/a	n/a	n/a	3	3
UNIFOR	43	43	*	41	41	40
ONA Rockwood Terr.	4	4	*	4	4	4
ONA Grey Gables	3	3	*	3	3	3
OPSEU Social Services	41	41	41	39	40	40
OPSEU Social Services Retirees	10	n/a	n/a	n/a	7	7
CUPE	47	47	47	47	47	47
CUPE Retirees	5	n/a	n/a	n/a	5	5
OPSEU Grey Gables	25	25	*	23	25	25
ONA Lee Manor	3	n/a	*	3	3	3
ONA Lee Manor Retirees	1	n/a	n/a	n/a	1	0
TOTAL	517	484	270	480	519	518

* 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.

Negotiated renewal costs are based on claim costs for the period of September 1, 2018 to August 31, 2019.

AIG & Sun Life Insurance Renewal Comparison

Benefits	Current Monthly Premium	Negotiated Renewal Costs January 1, 2019	
		Rate Change	Monthly Premium
Basic Life	\$11,253	-5.0%	\$10,690
AD&D	1,447	N/C	1,447
LTD	83,106	-1.0%	82,276
STD	8,177	+45.0%	11,854
Ext Health	153,879	-5.0%	146,450
Dental	48,397	+9.0%	52,844
Monthly Cost	\$306,259		\$305,560
Monthly Cost including PST	\$330,760	-0.2%	\$330,005
Change in Current Annual Premium			-\$9,061

The significant increases are found in the STD and dental benefits. Short term disability is an experience-rated benefit. The industry standard formula for determining renewal adjustments is to apply 50% credibility to the most recent 12 month review period, and 30% and 20% credibility to the previous two year periods. Based on this formula, an increase of 58.7% is warranted. Since the paid claims increased significantly for the most recent review period, Sun Life agreed to apply slightly less credibility to the most recent review period to avoid over-funding the benefit into the next review period.

The renewal calculation for dental benefits is based on the premium and claims experience for the 12 month period of September 1, 2018 to August 31, 2019. The Ontario Dental Association fee guide increase of 3.98% is a contributing factor to the 2020 dental increase.

The historical renewal information is outlined in the following chart:

Benefit	2016	2017	2018	2019	2020	Average Annual Adjustment
Life	-19.8%	0.0%	8.0%	-5.0%	-5.0%	-4.4%
LTD	-6.1%	0.0%	-6.0%	13.0%	-1.0%	+0.0%
STD	-10.0%	-16.0%	-20.0%	-15.7%	45.0%	-3.3%
Ext Health	4.3%	6.0%	0.4%	6.0%	-5.0%	+2.3%
Dental	7.9%	2.3%	9.0%	-1.0%	9.0%	+5.4%
Overall	0.0%	2.5%	-0.5%	+5.4%	-0.2%	+1.4%

Mosey and Mosey has advised that the average annual cost adjustment of +1.4% for all benefits combined is well below expected industry trends. The main cost drivers continue to be extended health care and dental benefits.

Legal and Legislated Requirements

None

Financial and Resource Implications

The annual cost to renew the group benefit policies is a reduction of \$9,061 including provincial sales tax.

Relevant Consultation

- Internal (list) CAO, Human Resources and Finance staff
- External (list) Mosey and Mosey Benefit Consultants

Appendices and Attachments

None