

<b>To:</b>	Warden Halliday and Members of Grey County Council
<b>Committee Date:</b>	January 11, 2018
<b>Subject / Report No:</b>	HRR-CW-01-18
<b>Title:</b>	2018 Employee Group Benefit Renewal
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<b>Reviewed by:</b>	Grant McLevy
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	Recommendation adopted by Committee as presented per Resolution CW32-18; Endorsed by County Council January 25, 2018 per Resolution CC18-18;

## Recommendation

1. That Report HRR-CW-01-18 regarding the 2018 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 to December 31, 2018 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, 2018. 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 December 1, 2017 billing. The amount of benefit coverage varies by employee group:

#### Number of Employees Insured by Benefit Type

GROUP	LIFE	AD&D	STD	LTD	HEALTH	DENTAL
OPSEU Lee Manor	69	69	*	67	68	67
OPSEU Lee Manor Retirees	n/a	n/a	n/a	n/a	4	5
Non Union	167	167	167	164	169	169
Non Union Retirees	11	n/a	n/a	n/a	7	8
OPSEU Paramedics	66	66	*	64	66	66
OPSEU Paramedic Retirees	5	n/a	n/a	n/a	5	5
UNIFOR	38	38	*	37	35	35
ONA Rockwood Terr.	4	4	*	4	4	4
ONA Grey Gables	3	3	*	3	3	3
OPSEU Social Services	42	42	42	42	41	41
OPSEU Social Services Retirees	6	n/a	n/a	n/a	5	5
CUPE	46	46	46	45	45	45
CUPE Retirees	5	n/a	n/a	n/a	5	5
OPSEU Grey Gables	28	28	*	27	27	27
ONA Lee Manor	3	n/a	*	3	3	3
<b>TOTAL</b>	<b>493</b>	<b>463</b>	<b>255</b>	<b>456</b>	<b>487</b>	<b>488</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 life, accidental death and dismemberment and long term disability benefits are renewing following a 24 month rate guarantee from the 2016 renewal. The results are summarized in the table on the next page.

The projected 2018 costs were prepared by Mosey and Mosey based on claim costs for the period of September 1, 2016 to May 31, 2017 (annualized) and were used during the preparation of the 2018 budget. Negotiated renewal costs are based on claim costs for the period of September 1, 2016 to August 31, 2017.

### Sun Life Insurance Renewal Comparison

		Projected 2018 Costs (used for 2018 Budget)		Negotiated Renewal Costs January 1, 2018	
		Rate Change	Monthly Premium	Rate Change	Monthly Premium
Benefits	<b>Current Monthly Premium</b>				
Basic Life	\$10,119	+5.0%	\$10,625	8.0%	\$10,920
AD&D	1,331	N/C	1,331	N/C	1,331
LTD	71,290	+5.0%	74,855	-6.0%	67,018
STD	10,940	-10.0%	9,846	-20.0%	8,742
Ext Health	134,179	+6.6%	143,035	+4%	134,669
Dental	42,473	+8.5%	46,083	+9.0%	46,299
Monthly Cost	\$270,332		\$285,775		\$268,979
<b>Monthly Cost including PST</b>	<b>\$291,959</b>	<b>+7.5%</b>	<b>\$308,637</b>	<b>N/C</b>	<b>\$290,497</b>
Change in Current Annual Premium			\$200,136		(\$17,544)

The significant savings are found in the disability 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. STD adjustments are based on claims experience only – 50 percent credibility to the most recent 12 month period, 30 percent and 20 percent credibility to the previous two review periods.

Extended health and dental benefit premium rates are based on the County's claim experience. Based on claims during the previous year, extended health benefits should be adjusted by 4.0 percent. However, as a result of the "OHIP+ Children and Youth Pharmacare" program for dependent children age 24 and under, Sun Life has reduced the premiums for their block of business by the anticipated savings.

## Legal and Legislated Requirements

None

## Financial and Resource Implications

There is no increase to the overall premium to renew the group benefit policies with Sun Life Financial and AIG Insurance. The annual cost for benefits insured with Sun Life is approximately \$3,468,718 including provincial sales tax and the annual cost for Accidental Death and Dismemberment premiums with AIG is approximately \$17,250 including provincial sales tax. The 2018 budget was prepared with an estimated increase to group benefits of 6.0 percent, based on Mosey and Mosey's projections as of May 31, 2017. This equates to gross expenditure savings of approximately \$217,680.

## Relevant Consultation

- Internal (list)
- External (list)

## Appendices and Attachments

*None*