



COUNTY OF WELLINGTON

COMMITTEE REPORT

To: Chair and Members of the Administration, Finance and Human Resources Committee
From: Susan Farrelly, Director of Human Resources
Date: February 21, 2023
Subject: March 2023 Group Benefits Renewal

Background

The employee group benefits programme for the County of Wellington, underwritten by Sun Life Financial, is scheduled to be renewed for another policy year effective March 1, 2023. The Accidental Death & Dismemberment (AD&D) benefit underwritten by AIG, a specialty carrier is also scheduled to renew March 1, 2023.

In conjunction with the December 2020 renewal, Mosey & Mosey conducted a market survey for all benefits (except for the AD&D) to ensure the overall programme continues to be underwritten on a competitive basis. As a result of the marketing, Mosey & Mosey was able to secure the following extended premium rate guarantees and renewal adjustment caps on behalf of the County:

- Life and Long-Term Disability (LTD): 27 months with maximum increase of 15% at first renewal for each benefit (until March 1, 2023).
- Extended Health and Dental: 15 months with a maximum overall combined increase of 10% at first renewal (until March 1, 2022).

Consequently, the annual renewal date was changed from December to March to maximize the value of the rate guarantees.

March 2023 Renewal Action

Outlined below is a summary of current monthly costs in comparison to Sun Life's proposed renewal costs and those negotiated by Mosey & Mosey effective March 1, 2023.

| Benefit | Current Monthly Premium | Proposed | | Negotiated | |
|---------------------------------------|-------------------------|--------------|------------------|--------------|------------------|
| | | Adjustment | Monthly Premium | Adjustment | Monthly Premium |
| Basic Life | \$20,619 | 13.0% | \$23,313 | 8.0% | \$22,275 |
| ADD | \$1,997 | 0.0% | \$1,997 | 0.0% | \$1,997 |
| Long Term Disability | \$156,860 | 14.0% | \$178,827 | 10.0% | \$172,554 |
| Critical Illness | \$1,285 | 8.0% | \$1,386 | 6.0% | \$1,361 |
| Pooled Benefits | \$180,761 | 13.7% | \$205,523 | 9.6% | \$198,187 |
| Extended Health | \$199,026 | 21.0% | \$240,820 | 17.4% | \$233,658 |
| Dental | \$85,460 | 16.0% | \$99,134 | 12.9% | \$96,482 |
| Experience Rated Benefits | \$284,486 | 19.5% | \$339,954 | 16.0% | \$330,140 |
| | | | | | |
| Overall Cost | \$465,247 | 17.2% | \$545,477 | 13.6% | \$528,327 |
| | | | | | |
| Monthly Cost Including PST | \$502,467 | | \$589,115 | | \$570,593 |
| Change in Dollar Value Monthly | | | \$86,648 | | \$68,126 |

As illustrated in the table above, Sun Life's proposed renewal costs resulted in an overall increase of 17.2%, which would have generated \$86,648 in additional monthly premium. Mosey & Mosey negotiations result in an overall increase of 13.6%, resulting in an increase in monthly premiums of \$68,126. Their negotiations have reduced the monthly premium requirements by \$18,522, which represents a savings of approximately \$222,264 over the 12-month renewal period.

Pooled Benefits

Life, AD&D, LTD, and Critical Illness are considered pooled benefits.

The Life and Long Term Disability Benefits are coming off a 27-month rate guarantee and were subject to a 15% renewal cap for each benefit. Sun Life's proposed renewal rate adjustments of +13% and +14% for Life and LTD respectively, were marginally below the negotiated 15% renewal cap at the time of the marketing. Mosey & Mosey negotiations resulted in Sun Life agreeing to limit their required increases to 8% for Life and 10% for LTD. Taking into consideration the renewal adjustments for AD&D (no change) and Critical Illness (+6%), the overall renewal adjustment on the pooled benefits is 9.6%. The renewal position for the pooled benefits is extremely competitive following a 27-month rate guarantee.

Experience Rated Benefits

Sun Life's proposed renewal rate adjustments for the health and dental benefits resulted in an overall increase of 19.5%, however Mosey & Mosey was successful in negotiating an overall increase of 16%. The rating of these benefits is dependent on the paid claims experience results of the County's plan over the most recent policy year. The health and dental claims have increased by approximately 9.1% over previous policy years' paid claims. In addition, the health and dental benefits at the last renewal were subject to a 10% renewal cap which resulted in the underfunding of these benefits of approximately 7%. Mosey & Mosey's independent analysis of the County's most recent 12 months of claim experience for each benefit indicates that the negotiated renewal costs are competitive.

Recommendation

THAT the 'County of Wellington accepts the amended benefit rates effective March 1, 2023 with an overall rate increase of 13.6%'

Respectfully submitted,



Susan Farrelly
Director of Human Resources

Attachment - Renewal Spreadsheet Illustrating Proposed and Negotiated Monthly Renewal Costs effective March 1, 2023