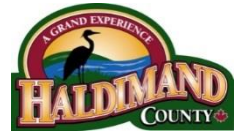

HALDIMAND COUNTY

Report HRD-07-2019 Employee Benefit Plan Renewals 2019

For Consideration by Council in Committee on May 28, 2019



OBJECTIVE:

To approve the 2019 Employee Group Benefits insurance plan renewals for eligible Haldimand County employees, Volunteer Firefighters, Members of Council and retired employees.

RECOMMENDATIONS:

1. THAT Report HRD-07-2019 Employee Benefit Plan Renewals 2019 be received;
2. AND THAT Sun Life's monthly employee benefit plan renewal premium rates, plus applicable taxes, identified as "Negotiated Renewal Costs" in Attachment #1 to Report HRD-07-2019, be approved effective July 1, 2019;
3. AND THAT the \$125,733 be withdrawn from the surplus funds held in the Sun Life Deposit fund in order to receive the applicable Ontario Retail Sales Tax rebate for the 2015 & 2016 policy years, with the refunded amount to be transferred to the Employee Benefits Reserve Fund.

Prepared by: Jennifer Long, Acting Coordinator, Benefit Services

Reviewed by: Megan Jamieson, Director, Human Resources

Respectfully submitted: Cathy Case, General Manager of Corporate & Social Services

Approved: Donald G. Boyle, Chief Administrative Officer

EXECUTIVE SUMMARY:

This report reflects the proposed 2019 renewal rates for Extended Health Care, Dental, Long Term Disability (LTD) and Life Insurance benefits for eligible Haldimand County Council members, employees, retirees and volunteer firefighters. The Group Benefits Program for the Corporation of Haldimand County is underwritten by Sun Life Assurance Company of Canada, with the exception of the Accidental Death & Dismemberment Insurance (AD&D). The AD&D Insurance is underwritten by Industrial Alliance Insurance and Financial Services Inc. (IAF) for eligible full time employees and Council members, while VFIS of Canada (VFIS) underwrites the AD&D benefits for eligible volunteer firefighters.

When Haldimand County last entered into contract with Sun Life Assurance (July 2016), a rate freeze was negotiated for Basic Life Insurance premiums, Administration Expenses (for the Extended Health Care and Dental benefits) and the Large Amount Pooling Charge. The negotiated freeze ends June 30, 2019, and as a result, renewals in these areas are seeing a change for the first time in three (3) years. The proposed renewal rates include an increase to all three.

Basic Life (+25%) and Extended Health Premiums (+7%); with a reduction to both LTD premiums (-4%) and Dental premiums (-6%). IAF and VFIS are not proposing any changes to the current AD&D insurance rates.

The cost of employee group benefit insurance for Haldimand County staff and retirees, including the proposed renewal rate increases contained within this report, results in an increase in annual premiums of 2.7% (approximately \$64,300), bringing the total annualized cost of Extended Health Care, Dental, LTD and Life Insurance to \$2,440,100.

In aggregate, the financially accounted health and dental benefits operated in a surplus position for the past year. After fully funding the Claims Fluctuation Reserve, a surplus of \$150,312 has been transferred to the County's deposit account, bringing the balance as of December 31, 2018, to \$334,296. Related to these accumulated premium surpluses, the County is eligible for a Retail Sales Tax (RST) credit if the funds are returned within four years of the end of the original policy year. In order to secure the RST refund of \$10,038.56 for the 2015 & 2016 policy years, the County must withdraw approximately \$125,733 from the deposit account held by Sun Life prior to December 31, 2019. This refunded amount is recommended to be transferred to the County's Employee Benefits Reserve Fund.

BACKGROUND:

Through Report CS-HR-02-2016, staff presented the results of a Request for Proposal (RFP) related to Employee group benefits, including Extended Health Care, Dental Insurance, Life Insurance, Long Term Disability Insurance and Accidental Death and Dismemberment Insurance. As a result of the RFP, a contract for employee group benefits with Sun Life was approved by Council in February 2016, with the premium rates effective July 1, 2016 as follows:

- decrease of -19.4% for Life Insurance, with a rate guarantee until July 2019
- decrease of -9.6% for Long Term Disability Insurance, with a rate guarantee until July 2018
- no change to Extended Health Care or Dental Insurance

In addition to group benefits provided through Sun Life for all eligible full-time employees, Haldimand County provides Accidental Death and Dismemberment (AD&D) Insurance for active Haldimand County Council members and employees, including on-duty volunteer firefighters; as well, the County coordinates optional AD&D insurance for off-duty volunteer firefighter benefits, at their own expense.

This report reflects the third renewal period since the RFP contract was awarded. Report CS-HR-05-2017 presented the 2017/18 renewal rates which reflected a substantial increase in extended health care rates, while dental plan rates decreased. Report CS-HR-04-2018 presented the 2018/19 renewal rates which reflected further decreases in dental rates, as well as a decrease in extended health rates, offset by a substantial increase in LTD Insurance following the two year rate freeze. This 2019/2020 renewal is reflecting a substantial increase in Life Insurance following the three year rate freeze, an increase to the extended health care rates while LTD and dental plan rates decreased.

ANALYSIS:

Proposed 2019 employee group benefits insurance premium rate changes, as recommended by the County's benefits consultant, Mosey & Mosey, are summarized in the following table. These changes to the Employer paid premium rates are for the current policy coverages and do not consider any future changes in the type or extent of benefits covered by the various insurance plans, such as those approved through collective agreement negotiations/arbitration awards.

| BENEFIT | CARRIER | GROUP COVERED | RENEWAL DATE | PROPOSED 2019 PREMIUM IMPACT |
|----------------------|----------|--|--------------|------------------------------|
| Extended Health Care | Sun Life | Eligible Employees, Council and Retirees | July 1, 2019 | +7.0% |
| Dental | Sun Life | Eligible Employees, Council and Retirees | July 1, 2019 | -6.0% |

| | | | | |
|--|-----------------------------------|--|---------------|-----------|
| Life Insurance | Sun Life | Eligible Employees, Council, Volunteer Firefighters and Retirees | July 1, 2019 | +25.0% |
| Long Term Disability | Sun Life | Eligible Employees | July 1, 2019 | -4.0% |
| Accidental Death and Dismemberment | Industrial Alliance Pacific (SMS) | Employees and Council | March 1, 2019 | No Change |
| On-Duty Accidental Death and Dismemberment | VFIS of Canada | Volunteer Firefighters | July 1, 2019 | No Change |

At Council's direction, a complete copy of the Renewal Rate Report, prepared by Mosey & Mosey, is attached for reference in Attachment #1. The negotiated renewal rates identified in the attachment are based on the monthly premium rates for employees currently covered by the respective groups and include the applicable 8% retail sales tax. The total cost of each insurance plan can vary from these figures depending on the actual number of eligible employees in each group who are eligible for benefits on a monthly basis, as well as whether the individuals elect single or family coverage.

The following provides a summary explanation of the renewal action for each benefit plan.

Accidental Death and Dismemberment (AD&D)

This insurance coverage is for current eligible employees and Members of Council. The Accidental Death and Dismemberment (AD&D) rates remain unchanged, effective March 1, 2019.

Volunteer Firefighters Accidental Death and Dismemberment

The County provides Accidental Death and Dismemberment (AD&D) insurance in the amount of \$100,000 for On Duty Coverage for the Volunteer Firefighters (VFF's). The County pays 100% of the premium for On Duty Coverage for the approved complement of VFF's. Also available is optional AD&D insurance in the amount of \$100,000 for Off Duty Coverage, which is paid for by those individual VFF's who elect to enroll. VFIS of Canada rates remain unchanged for the July 1, 2019 renewal.

Basic Life

The Life Insurance benefit is underwritten on a partially experience-rated/partially pooled basis. A certain degree of credibility is applied to the claims experience under the Life Insurance benefit and is considered in the renewal calculations.

The combined experience-rated/pooled method of underwriting this benefit is appropriate in light of the number of employees insured under the plan, and the annual premium generated. The premium paid for this coverage is relatively low in comparison with the potentially large, but infrequent claims that can occur. Therefore, it is appropriate to pool the claims experience of the plan with other similar plans. However, due to the size of the plan, the claims experience under the plan is more predictable than that which would be exhibited under a smaller plan, and therefore, a degree of credibility can be applied to this experience.

As a result of the RFP, Sun Life offered a 3 year rate guarantee for the Basic Life Insurance premium rates, from July 1, 2016 to June 30, 2019. This is the first renewal following expiration of the premium rate guarantee.

Sun Life uses the most recent 5 years of claims experience when calculating their renewal.; (see pages 6 to 9 in Attachment 1 for full details). There were two Life Insurance claims paid during this past year.

The total paid Life Insurance claims for the 5 year period ending January 31, 2019 are \$328,000, for three claimants.

In addition to the paid claims, the following are considered in determining the renewal rates:

1. Conversion charges – These are the charges assessed against the plan for those individuals who convert their group insurance coverage to an individual policy, following termination of their group coverage. There were 6 individuals who converted their Life Insurance coverage during the 5 year period February 1, 2014 to January 31, 2019; the total amount of coverage converted was \$260,000 and the total of the conversion charges was \$37,960.
2. The required reserves for incurred but not reported claims (IBNR reserves) – These are the reserves held by the insurer to reflect the liability for claims that have been incurred, but not yet reported to the insurer. In the event of plan termination, the insurer would use these reserves to pay any claims which were incurred prior to, but which are settled following, the termination.
3. The Waiver of Premium Reserves – These reserves are held by the insurer to reflect the liability for the future claim payments to those individuals who are disabled and whose Life Insurance coverage is being continued without premium payment. There are currently 5 open active Waiver of Premium claims; of these, 3 were incurred on or after February 1, 2014 (during the renewal analysis period). The total amount of the Waiver of Premium Reserves held in relation to these 3 claims is \$47,384 and the total amount of Life Insurance of these 3 claimants is \$385,000.

| Policy Year | | Paid Premium | Adjusted Premium * | Claims Charges |
|--|--------------------|------------------------|--------------------|----------------------|
| February 1, 2014 to January 31, 2015 | | \$ 150,546 | \$ 115,273 | \$ 50,755 |
| February 1, 2015 to January 31, 2016 | | 147,761 | 116,540 | 20,655 |
| February 1, 2016 to January 31, 2017 | | 131,910 | 119,886 | - |
| February 1, 2017 to January 31, 2018 | | 125,184 | 125,184 | 107,550 |
| February 1, 2018 to January 31, 2019 | | 129,842 | 129,842 | 222,000 |
| Claims Incurred Prior To February 1, 2014 | | | | - |
| Premium Interest | | | 19,734 | |
| Total | | \$ 685,243 | \$ 626,459 | \$ 400,960 |
| Claims Interest | | | | 7,786 |
| IBNR Reserve As At January 31, 2019 | | | | 25,968 |
| Waiver Of Premium Reserve As At January 31, 2019 | | | | 47,384 |
| Total Claims Cost | | | | \$ 482,098 |
| Adjusted Incurred Loss Ratio | | | | 77.0% |
| Demographic Adjustment | | | | 10.6% |
| Target Loss Ratio | | | | 87.6% |
| Break-Even Loss Ratio | | | | 97.2% |
| Required Experience Rate | | | | \$ 0.185 |
| Credibility On Experience Rate | | | | 31.5% |
| Required Manual Rate | | | | \$ 0.261 |
| Credibility On Manual Rate | | | | 68.5% |
| Blended Experience/Manual Rate | | | | |
| | <u>Credibility</u> | <u>Calculated Rate</u> | | <u>Required Rate</u> |
| Experience | 31.5% | \$ 0.185 | | \$ 0.058 |
| Manual | 68.5% | 0.261 | | 0.179 |
| Combined | | | | \$ 0.237 |
| Required Composite Rate | | | | \$ 0.237 |
| Current Composite Rate | | | | \$ 0.190 |
| Required Adjustment | | | | 25.0% |

* The adjusted premium is the premium that would have been paid based on the current premium rates.

Based on a combination of the claims experience and the manual rating structure, a 25% increase is required to the Life Insurance premium rates at the renewal on July 1, 2019. This equates to a total increase of approximately \$36,700 on an annual basis.

Long Term Disability

The Long Term Disability Insurance benefit is underwritten on a partially experience-rated/partially pooled basis. A certain degree of credibility is applied to the claims experience under the Long Term Disability Insurance benefit and is considered in the renewal calculations. Then, a degree of credibility is applied to the claims experience and the balance of the renewal calculation is based on the demographics (age, sex and volume of insurance) of the insured employees. This information determines the "manual rate" that applies to the group, and represents the pooled portion of the underwriting arrangement.

Sun Life used the most recent 5 years of claims experience for the Long Term Disability Insurance benefit in their renewal calculations, with a renewal period of February 1st to January 31st (see pages 10 to 13 in Attachment 1 for full details).

There were 11 County employees who received Long Term Disability benefit payments during the period February 1, 2014 to January 31, 2019, with payments totalling \$1,070,626. Five of these individuals became totally disabled prior to February 1, 2013, and in this regard, the amount of their benefit payments are not considered in the renewal calculations. In addition to paid claims, Disabled Life Reserves (DLR) impact premiums. The DLR is held to fund future claim payments for individuals who are disabled. Three of the claims incurred on or after February 1, 2014 have since closed and do not impact the reserve requirements. The amount of the DLR held in relation to the 3 open claims incurred on or after February 1, 2014, is \$658,985.

Based on the information above, the Long Term Disability Insurance premium rates will be reduced by 4% at the renewal, effective July 1, 2019.

Administration Charges

In the marketing performed in the fall of 2015, Sun Life offered a 3 year guarantee for the quoted Administration Charges (until July 1, 2019). The expiry of this guarantee coincides with this renewal and the Administration Charges are therefore subject to review at this renewal.

- **General Administration Charges:** The charges assessed by Sun Life for the provision of all services required to operate the plan other than contracts and billing administration. This charge will increase by 0.2% of premiums, or a 10% overall increase in general administration, bringing the fee to 2.20% of paid premiums.
- **Claims Administration Charges:** The charges assessed by Sun Life for the adjudication and payment of claims under the plan and are determined by Sun Life on the basis of a percentage of the paid claims. See chart below for negotiated increases.

| Administration Charge | Basis | Current Charge | Negotiated | |
|--|---|-----------------------|-----------------------|---------------|
| | | | Renewal Charge | Change |
| General Administration | Percent Of Premium | 2.00% | 2.20% | 10.0% |
| Claims Administration | | | | |
| Extended Health Care | | | | |
| Drug Card | Percent Of Incurred Claims (drug card) | 3.02% | 3.32% | 9.9% |
| Electronic Submission / Electronic Reimbursement | Percent Of Incurred Claims (electronic) | 2.79% | 3.06% | 9.7% |
| Paper Submission / Electronic Reimbursement | Percent Of Incurred Claims (mixed) | 2.95% | 3.23% | 9.5% |
| Paper Submission / Paper Reimbursement | Percent Of Incurred Claims (paper) | 3.29% | 3.61% | 9.7% |
| Dental | Percent Of Incurred Claims | 3.00% | 3.30% | 10.0% |

- **Risk Charge:** The charge assessed by Sun Life to account for their potential financial liability under the plan. As a result of the Terminal Deficit Hold Harmless agreement between Sun Life and Haldimand County, Haldimand County is responsible for paying Sun Life the amount of any deficit which may exist at the time of plan termination. Therefore, as a result of this special agreement the Risk Charge is 0.0% of paid premiums.
- **Profit Charge:** The amount of the Profit Charge under the Haldimand County plan is 2.25% of the paid premium under the plan. However, as a result of the Terminal Deficit Hold Harmless agreement between Sun Life and Haldimand County, a reduced Profit Charge is applicable. This charge will increase by 10% bringing it to 0.55% of paid premiums.

The Administration Charges are built in to the Extended Health Care and Dental premiums.

Extended Health Care

The Extended Health Care benefits are provided through Sun Life on a fully experience-rated, retention accounting basis. Under this arrangement the renewal premium for these coverages are determined on the basis of the actual claims experience exhibited under the plan. The objective in determining the renewal premium rates is to ensure that the premiums generated during the policy year are sufficient to fund:

- i. the claims paid during the policy year;
- ii. the pooling charge assessed by Sun Life for the Large Amount/Out-Of-Canada Pooling arrangement;
- iii. the administration charges under the plan (note: this is the first renewal of the administration charges following expiration of the 3 year rate guarantee; expires June 30, 2019); and
- iv. Change in the OHIP+ coverage effective April 1, 2019

The revised renewal calculations are outlined below to substantiate the 7% increase in Extended Health Care premiums for the 2019/20 period:

Policy Review Period: February 1, 2018 to January 31, 2019

Extended Health Care

| | | | |
|----------|---|----|-----------|
| A | Paid Premium | \$ | 1,082,978 |
| B | Adjusted Premium ¹ | | 1,050,509 |
| C | Pooling Charge ² | | (68,071) |
| D | Non-Pooled Adjusted Premium (B+C) | | 982,438 |
| E | Paid Claims | | 853,015 |
| F | Pooling Credit ³ | | (861) |
| G | Non-Pooled Claims (E+F) | \$ | 852,154 |
| H | Incurred Loss Ratio (G÷D) | | 86.7% |
| I | Trend ⁴ | | 7.2% |
| J | OHIP+ Adjustment | | 4.2% |
| K | Adjusted Loss Ratio (H x [1+I] x [1+J]) | | 96.8% |
| L | Retention Factor (Target Loss Ratio) ⁵ | | 90.80% |
| M | Required Premium Rate Adjustment ((K÷L)-1) | | 7% |

Notes:

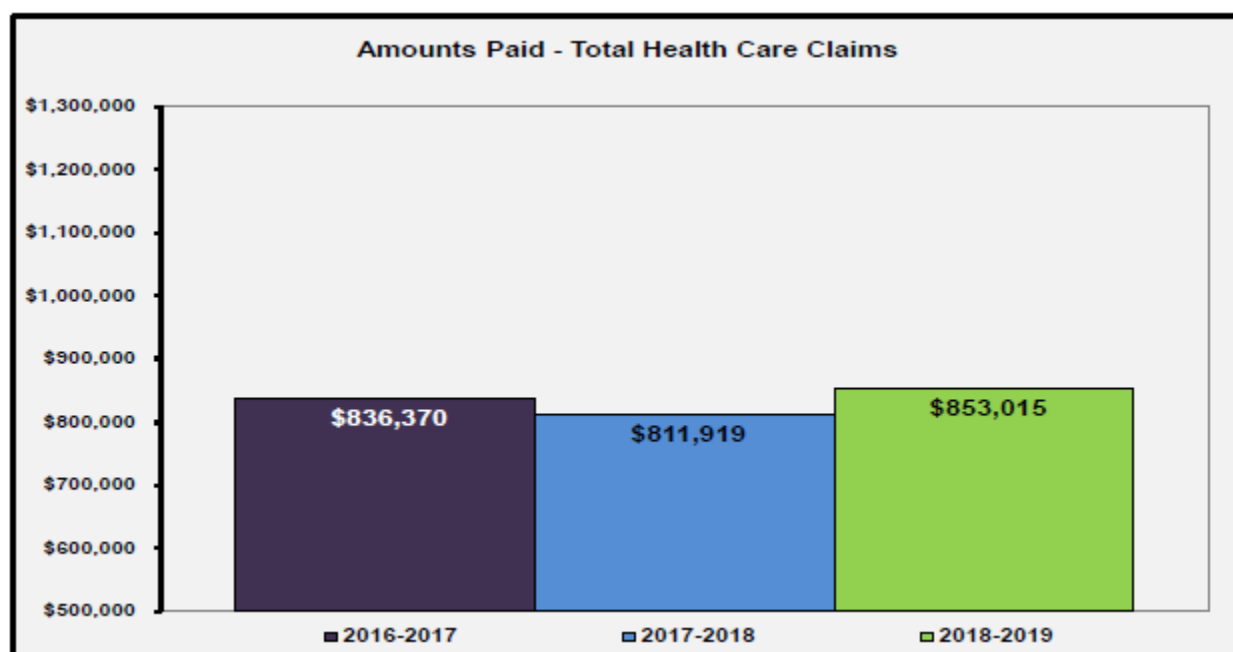
- 1 The premium rates for the Extended Health Care benefit reduced by 7% at the renewal on July 1, 2018. The premiums paid for the period February 1, 2018 to June 30, 2018 have been adjusted to reflect the renewal premium rate reduction.
- 2 The Pooling Charge is 7.98% of Extended Health Care Non-Pooled Claims.
- 3 There were \$861 in claims which qualified under the Out-Of-Canada and Large Amount Pooling arrangements. The Out-Of-Canada claims (pooled from the first dollar) were \$861 (1 claimant). There were no paid claims which exceeded the \$50,000 Large Amount Pooling point.
- 4 The annual inflation/utilization trend utilized is 5.0%. Industry standards range from 11.0% to 14.0% per annum. In accordance with industry standards, the inflationary/utilization trend has been adjusted to 7.2% to reflect the five month lag time from the end of the claims experience review period (January 31st) and the effective date of the renewal (July 1st). The inflationary/ utilization trend applied by all insurers results from the introduction and release new high cost medications and prescription drugs entering the marketplace, the expected increase in utilization due to an aging workforce, and the increased utilization of health services in general.
- 5 Target Loss Ratio determined based on Insurer Expenses of 9.2% of premium.

Large Amount Pooling

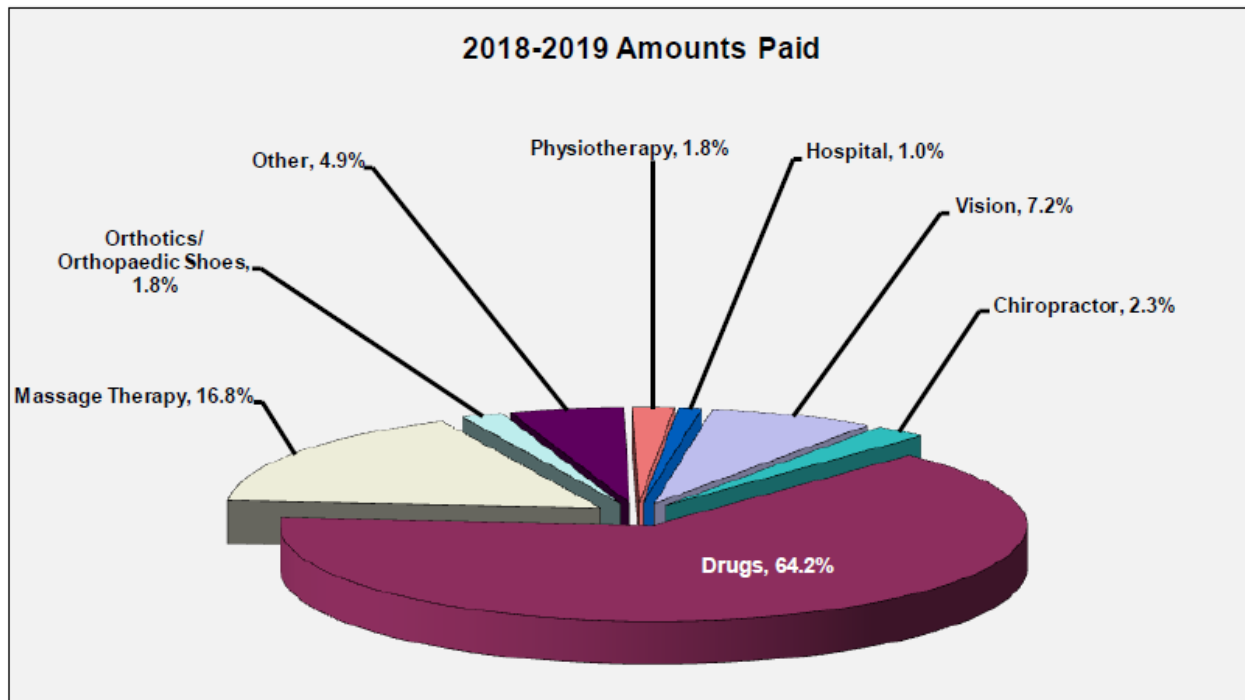
For Large Amount Pooling insurance, the County has an amount of \$50,000 for protection against the impact of large extended health care claims. In the last year, \$861 (item F in above chart) in claims were removed from the claims experience as a result of this pooling (see page 15 – 16 in Attachment 1 for details). Also, effective January 1, 2019, Sun Life has increased the pooling charge from 7% to 7.98% (item C in above chart) which will result in an annual premium increase of approximately \$8,400.

EHC Claims Data

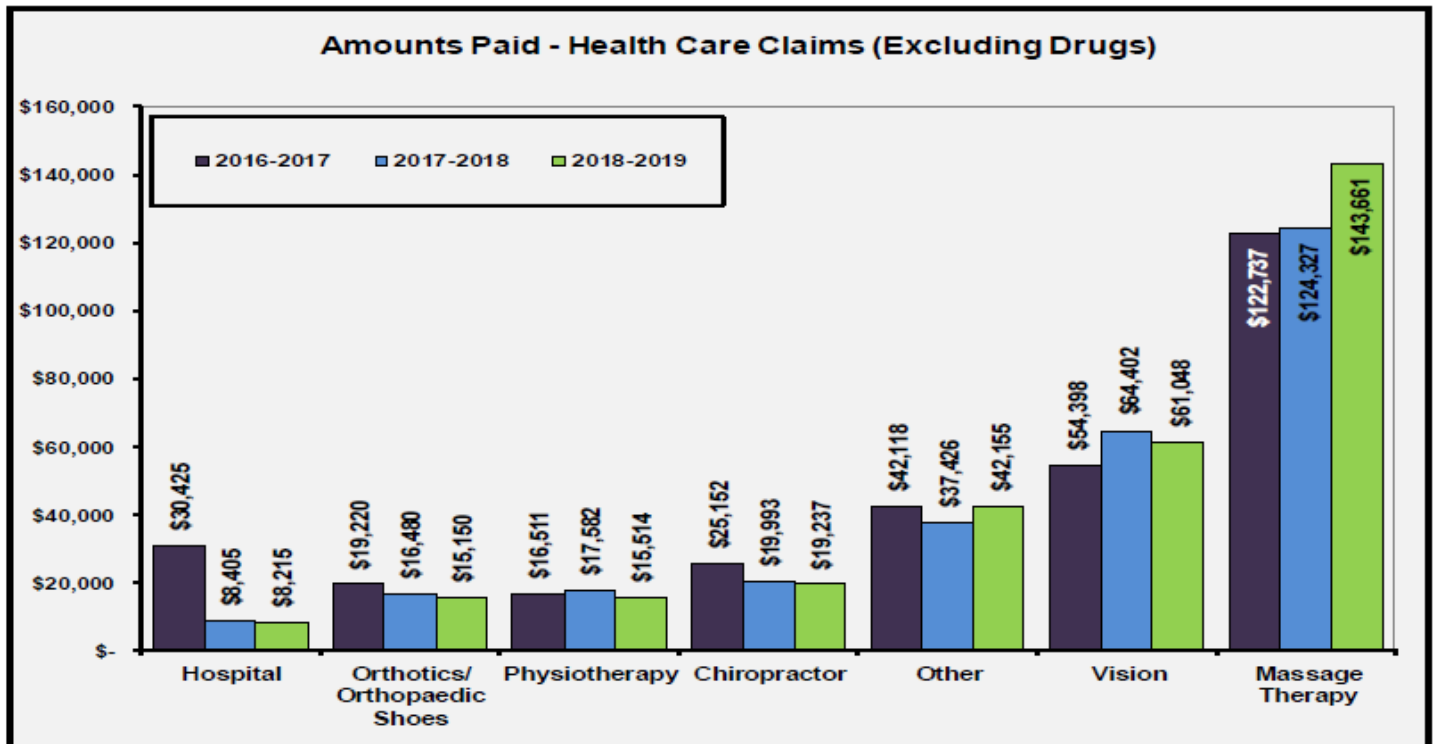
For the period February 1, 2018 to January 31, 2019, the amount paid for aggregate extended health claims has increased by approximately 5% when compared to the previous policy year as shown in the chart below.



A breakdown of the 2018/2019 Extended Health Care claims, by claim type, is provided below.



The following chart provides a breakdown of amounts paid for health claims (excluding drugs which account for 64% of the expense as shown above) over the past three review periods.



Dental

The Dental benefits are provided through Sun Life on a fully experience-rated, retention accounting basis. Under this arrangement, the renewal premium costs for these coverages are determined on the basis of the actual claims experience exhibited under the plan. The revised renewal calculations are outlined below to substantiate the 6% decrease in Dental premiums:

Policy Review Period: February 1, 2018 to January 31, 2019

Dental

| | | | |
|----------|---|----|---------|
| A | Paid Premium | \$ | 542,990 |
| B | Adjusted Premium ¹ | | 538,412 |
| C | Paid/Incurred Claims | \$ | 429,846 |
| D | Incurred Loss Ratio ($C \div B$) | | 79.8% |
| E | Trend ² | | 7.4% |
| F | Adjusted Loss Ratio ($D \times [1+E]$) | | 85.7% |
| G | Retention Factor (Target Loss Ratio) ³ | | 90.80% |
| H | Required Premium Rate Adjustment ($[F \div G] - 1$) | | -6% |

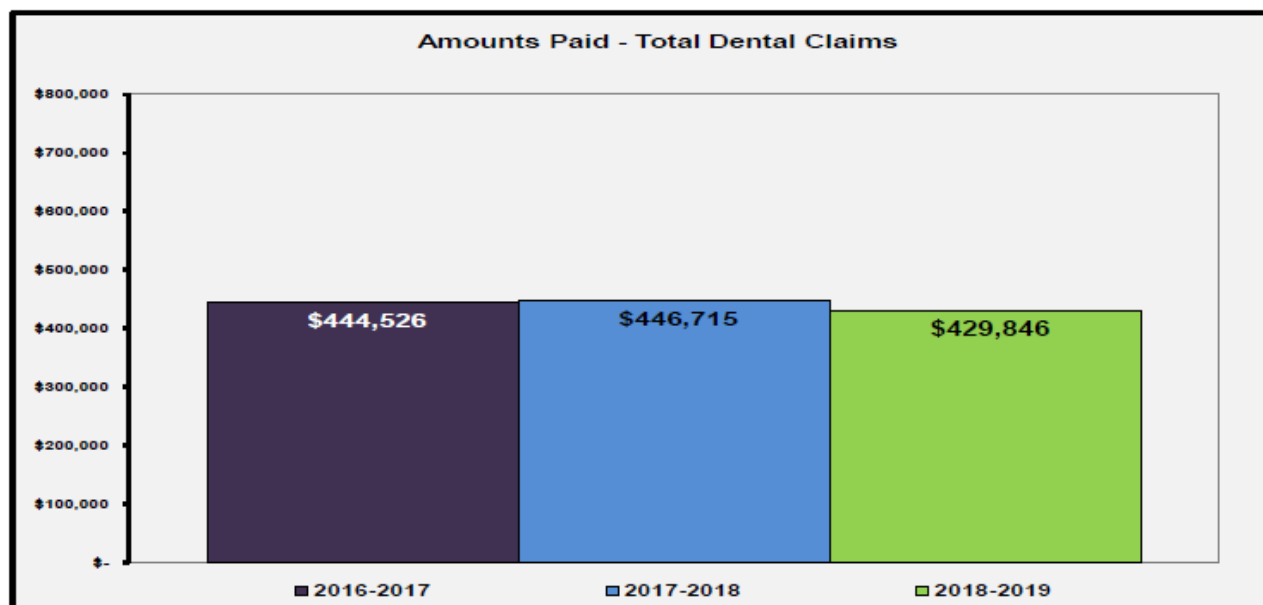
Notes:

- 1 The premium rates for the Dental benefit reduced by 2% at the renewal on July 1, 2018. The premiums paid for the period February 1, 2018 to June 30, 2018 have been adjusted to reflect the renewal premium rate reduction.
- 2 An annual utilization trend (inclusive of the Ontario Dental Association (ODA) fee guide adjustment of 4.19%) of 5.2% has been applied to reflect the expected increase in claims from one year to the next. Industry standards range from 7% to 9% per annum. The utilization trend has been adjusted to 7.4% to reflect the five month lag time from the end of the claims experience review period (January 31st) and the effective date of the renewal (July 1st).
- 3 Target Loss Ratio determined based on Insurer Expenses of 9.2% of premium.

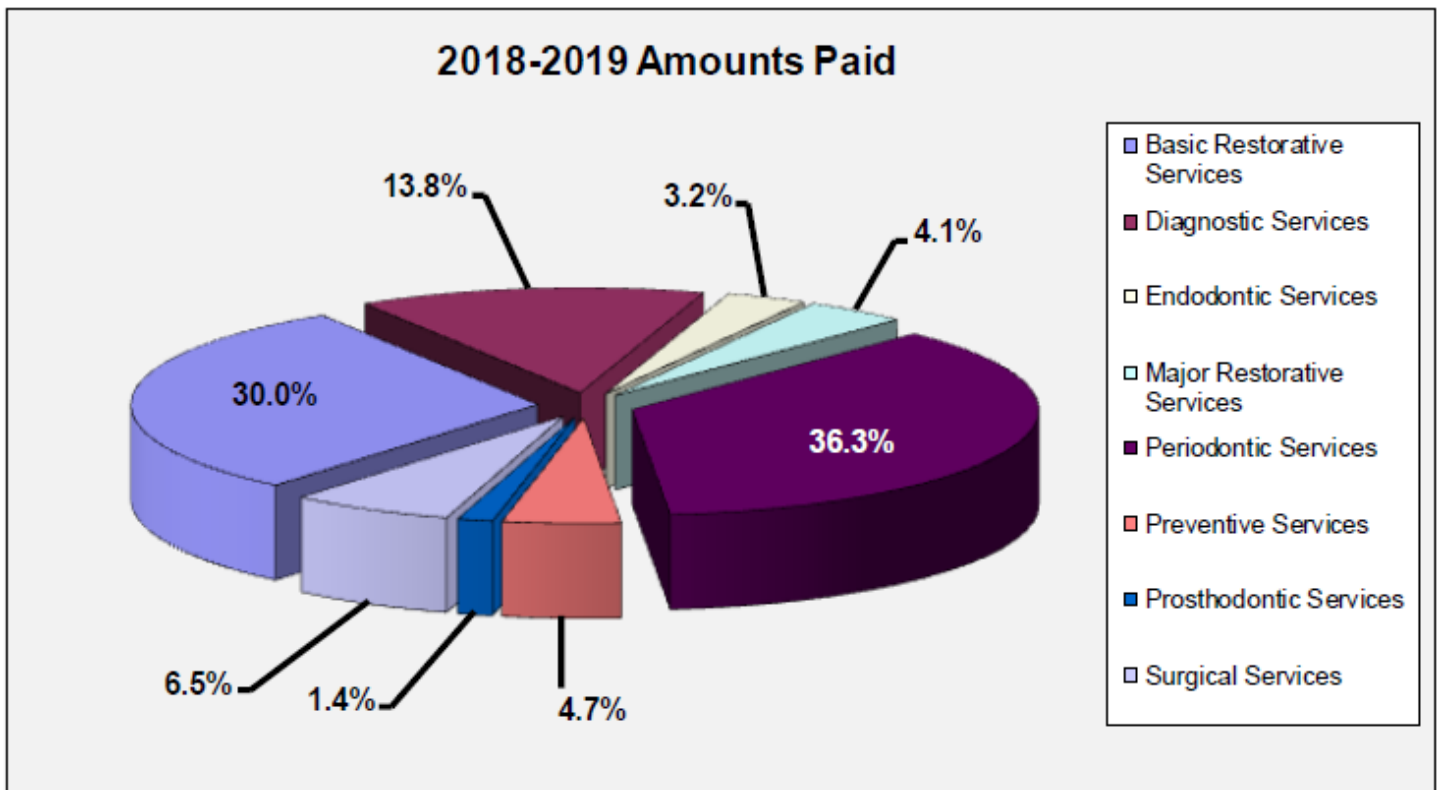
Dental Claims Data

The aggregate Dental claims for Haldimand County reduced by approximately 4% in the 2018-2019 Policy Year, when compared to the claims level exhibited in the 2017-2018 Policy Year. This follows an increase of less than 1% in the 2017-2018 Policy Year.

A comparison of the total amount of the Dental claims paid in the 2018-2019 Policy Year and in the two preceding Policy Years is provided below:



A breakdown of the 2018/2019 Dental claims type is provided below:



2018 Financial Results

The Extended Health Care and Dental benefits are underwritten on a fully experience rated, retention accounting arrangement. There is an annual accounting of the financial results related to these benefits.

In aggregate, the Extended Health Care and Dental benefits operated in a surplus position during the 2018 policy year, generating a surplus of \$163,918. The surplus is first used to top up any shortfall in the Sun Life Claims Fluctuation Reserve (CFR), with the balance transferred to the Sun Life Deposit Fund. The required level for the CFR for the 2019 policy year is \$243,773; therefore, \$13,606 of the 2018 policy year surplus has been transferred to the CFR to bring it to the fully-funded level. The remainder of the 2018 policy year surplus, \$150,312, has been transferred to the Deposit Fund held by Sun Life, bringing the total, as at December 31, 2018, to \$334,296. Haldimand County may seek a refund of the surplus funds held by Sun Life; however, historically, we have maintained the Deposit Fund at about \$200,000, which is equivalent to one month's premiums.

In order to be eligible for a refund of the Ontario Retail Sales Tax (RST) which has been previously paid on the related surplus premiums, Haldimand must request a refund from the Sun Life Deposit Fund within four years of the end of the applicable policy year. For the policy year ending December 31, 2015, Haldimand has a potential RST credit of \$9,158.72 which expires on December 31, 2019 and for the policy year ending December 31, 2016, Haldimand has a potential RST credit of \$879.84 which expires on December 31, 2020. In order to secure this RST refund \$10,038.56 (\$9,158.72 + \$879.84), Haldimand County must withdraw \$125,733 from the Sun Life Deposit Account prior to December 31, 2019. Staff recommends this action be taken and that the refunded amounts be deposited into the Employee Benefits Reserve Fund.

FINANCIAL/LEGAL IMPLICATIONS:

The Sun Life renewal rates for eligible County employees, Council members, retirees and Volunteer Firefighters' insured benefit coverages, as outlined in this report, will result in a net annualized increase in premiums, on a combined basis, of approximately \$64,300 including tax, or an increase of 2.7%. The proposed Sun Life renewal premiums equate to a total annualized expense of \$2,440,100, including tax, based on the current employee enrolment and plan coverage. In addition, other insurers are paid AD&D annual premiums of about \$26,000 (approximately \$9,600 for Council members and full-time employees; and \$16,400 for volunteer firefighters.)

The 2019 Tax-Supported and Rate-Supported Operating Budgets were prepared prior to the 2019 group benefit insurance renewal rates being finalized. Accordingly, they reflected estimated premium rate increases, effective July 1, 2019, thereby accounting for only six months' impact in the current calendar year. The budgeted increase was estimated using the carrier's projections from last fall, with some mitigation. Budgeted 2019 renewal rates, as compared to the proposed renewal rates, are shown below.

| Benefit Type | Change in 2019 Budgeted Renewal Rates effective July 1, 2019 () indicates Decrease % | Change in Final Renewal Rates, effective July 1, 2019 % | Estimated 2019 Surplus/ (Deficit) \$ |
|----------------------|--|--|---|
| Extended Health Care | 1.0 | 7.0 | (35,115) |
| Dental | 0.0 | (6.0) | 17,541 |
| Long Term Disability | 0.0 | (4.0) | 10,336 |
| Life Insurance | 30.0 | 25.0 | 232 |
| AD&D | 0.0 | 0.0 | 0 |
| Total | | | (7,006) |

As shown above, it is anticipated that the proposed insurance renewals will result in a net 2019 shortfall of approximately \$7,006 based on the July 1st renewal date. This projected shortfall is based on the budgeted staff complement included in the 2019 operating budgets and will fluctuate due to changes in actual eligible employees, changes in family status, staff vacancies or council approved staffing initiatives. This deficit will be absorbed into the operating budget variance on a corporate basis and will be reported through the regular variance reporting process.

The County has an Employee Benefits Reserve Fund which can be used to partially offset significant increases in benefit premium costs, if required. The fund currently has an unaudited balance of approximately \$2,007,000 as at December 31, 2018. Given the balance of the Employee Benefits Reserve Fund, the County is in excellent position to offset any future benefit insurance cost increases. In fact, a review of this Reserve Fund should be undertaken in future years to determine whether some of the monies should be used to help fund other employee benefit liabilities, such as workers' compensation or unfunded sick leave liability.

Upon receipt of the December 31, 2018 financial statements from Sun Life, staff analyzed the internally held Post Employment Benefits Reserve Fund (held for Haldimand County retirees). This review confirmed that sufficient funds have been accrued and held in this reserve fund to cover the current benefit insurance premiums for the existing retirees. The unaudited balance as at the end of 2018 is approximately \$884,700.

STAKEHOLDER IMPACTS:

Not applicable.

REPORT IMPACTS:

Agreement: No

By-law: No

Budget Amendment: No

Policy: No

ATTACHMENTS:

1. Haldimand County Group Benefits Insurance Renewal Package, as at July 1, 2019, as prepared by Mosey & Mosey.