

Municipality Of Chatham-Kent
Corporate Services
Human Resources and Organizational Development
Information Report

To: Mayor and Members of Council
From: Ashley Mann, MA, CHRL
Manager, Total Rewards
Date: February 11, 2019
Subject: 2019 Benefit Carrier RFP Results

This report is for the information of Council

Background

The group benefits program for the Municipality of Chatham-Kent (the “Municipality”) is currently underwritten by Manulife for the Life, AD&D Dependent Life and Long-Term Disability (LTD) benefits as well as the Refund Accounted Health and Dental benefits.

In October 2018, Mosey & Mosey sent a “Request for Proposal” (RFP) to the competitive marketplace on behalf of the Municipality. All benefits were included in the RFP.

The objectives of the marketing exercise were as follows:

- to provide a comparison of the premium costs received from the competitive marketplace in relation to the current plan’s costs;
- to provide rate stability through negotiation of rate and expense guarantees;
- to assess the quotations received in terms of contractual provisions and identify any plan deviations when compared to the current plan design.

Comments

The RFP was issued to 14 insurers in the Canadian marketplace, inclusive of a detailed description of the current schedule of benefits and contractual provisions by benefit line, historical paid premiums and paid claims information, rate history by benefit line, and current employee data.

The RFP was forwarded to the following group insurance carriers: AIG Insurance, Chubb Insurance, The Co-operators, Desjardins Insurance, Empire Life, Equitable Life,

Great-West Life, Green Shield, Industrial Alliance, La Capitale, Manulife (Incumbent), Medavie Blue Cross, Sun Life, SSQ Insurance.

Our RFP was designed to ensure that each competing carrier had sufficient information to establish a valid quotation that would not require re-evaluation upon implementation, should the benefits plan be awarded to that carrier. Furthermore, our RFP includes an extensive questionnaire that enables us to determine the long term costs as well as non-financial variables.

Mosey & Mosey provided a comparison of overall costs. In summary, the Industrial Alliance, Sun Life, Sun Life/Green Shield and Industrial Alliance/Green Shield quotes indicate significantly reduced monthly premium costs compared to the current costs. However, when Manulife's negotiated adjustments are considered, the savings generated by those quoting carriers disappear, with only the Sun Life/Green Shield quote yielding negligible savings.

In an effort to maximize the savings, Mosey & Mosey requested and were successful with extending guarantees for rates and expenses wherever possible.

The overall recommendation was to remain with Manulife Financial.

Consultation

Finance, Budget and Information Technology Services

Financial Implications

As a result of the RFP savings, we no longer require the \$250,000 inflation increase in the 2019 budget.

The 2019 annual cost will be met by existing budgets.

Prepared by:

Ashley Mann, MA, CHRL

Reviewed by:

Ashley Mann, MA, CHRL
Manager, Total Rewards

Don Shropshire, MBA
Chief Administrative Officer

Cathy Hoffman, MPA, CHRL
General Manager, Corporate Services/
Chief Human Resource Officer (CHRO)

Cc Don Shropshire, Chief Administrative Officer
Cathy Hoffman, General Manager, Corporate Services/ CHRO
Mike Turner, General Manager, Finance, Budget and IT Services
Gord Quinton, Director, Budget & Performance Services
Ashley Mann, Manager, Total Rewards