



City of North Bay Report to Council

Report No: CORP-2024-087

Date: October 29, 2024

Originator: Wanda Trottier

Business Unit:

Department:

Corporate Services

Human Resources Department

Subject: 2024 Benefits Renewal

Closed Session: yes no

Recommendation

That Council approve the renewal of the Employee Administrative Services Only (ASO) and Pooled Benefits (excepting Accidental Death & Dismemberment [AD & D] coverage) Program with Manulife Financial effective November 1, 2024 and the AD & D coverage with AIG Insurance effective November 1, 2024 at an increase of 0.1% or \$3,468 per annum.

Background

The Employee Group Benefits Program for the Corporation of the City of North Bay renews annually effective November 1.

This program is comprised of the insured portion, which includes Basic Life Insurance, Long-Term Disability (LTD) and Accidental Death and Dismemberment (AD & D), as well as the Administrative Services Only (ASO portion) where the employer assumes the risk by paying the actual cost of claims as laid out by the Extended Health Care and Dental plan design, ("the plan") and the carrier administers the benefits and adjudicates claims as per the plan.

The City is a member of the North Bay Consortium which comprises the Corporation of the City of North Bay, District of Nipissing Social Services Board, The North Bay Public Library, Nipissing District Housing, Habitation Supreme, North Bay Mattawa Conservation Authority, and the North Bay Jack Garland Airport. Using a consortium approach for the insured portion of our benefits plan provides the opportunity to maximize economies of scale resulting in advantageous pricing for all group members.

Mosey & Mosey Benefit Plan Consultants were retained as The City's Employee Benefits Consultant through RFP 2024-006. Mosey & Mosey performs an annual audit and review of our insurers' calculated renewal rate adjustments and negotiates our annual renewal to ensure our benefits program costs are sustainable and remain competitive.

The renewal rates for the pooled benefits (Employee Group Life, Supplemental Life and Long-Term Disability) are based on a partially pooled and partially experience rated basis. The pooled portion is dependent on the overall performance of the insurer's pool and changes in the demographics of our employee group. (i.e. weighted average age distribution, female/male ratio, and occupation.) Experience is also weighted by the size of the group. AD&D is a fully pooled benefit.

The annual rates for ASO benefits are projected in an effort to result in a break-even position by the end of the period. The payments associated with the ASO benefits translate to monthly deposits made to the ASO account from which all claims expenses during the period are deducted. When the actual claims incurred during the period are less than the cumulative payments to the ASO account (minus administrative expenses), a surplus is returned to the City. When the actual claims incurred during the period are greater than the cumulative payments in the ASO account, this results in a deficit to be paid by the City. Mosey and Mosey has advised that the payments versus usage in the previous benefit period resulted in a surplus of \$158, 571.

Financial/Legal Implications

The current rate renewal was calculated projecting a break-even position and using conservative trending. In order to absorb any fluctuations between the projection and actuals the City has established an ASO reserve (99546R) which has a balance of approximately, \$347,200 as of the writing of the report. As noted above, reconciliation of the ASO, resulted in a surplus of \$158,571 in the previous benefit period. An increase to current rates of 0.1% or \$3,468 per annum will have no significant change to the tax levy.

Corporate Strategic Plan

- Natural North and Near
- Affordable Balanced Growth
- Responsible and Responsive Government
- Economic Prosperity
- Spirited Safe Community

Specific Objectives

Ensure the efficient and effective operations of the city, with particular

consideration to the impact of decisions on the property tax rate.

Ensure continuous improvement of governance and administration.

Options Analysis

Option 1: That Council approve the renewal of the Employee ASO and Pooled Benefits (excepting Accidental Death & Dismemberment [AD & D] coverage) Program with Manulife Financial effective November 1, 2024 and the AD & D coverage with AIG Insurance effective November 1, 2024 with an increase to the current rates of 0.1% or \$3,468.

This is the recommended option.

Option 2: That Council not approve the renewal of the Employee ASO and Pooled Benefits (excepting Accidental Death & Dismemberment [AD & D] coverage) Program with Manulife Financial and the AD & D coverage with AIG Insurance effective November 1, 2024, and proceed to "go to market".

This is not the recommended option.

Recommended Option

That Council approve the renewal of the Employee ASO and Pooled Benefits (excepting Accidental Death & Dismemberment [AD & D] coverage) Program with Manulife Financial effective November 1, 2024 and the AD & D coverage with AIG Insurance effective November 1, 2024 at an increase of 0.1% or \$3,468.

Respectfully submitted,

Name: Wanda Trottier, CHRL

Title: Director, Human Resources

I concur with this report and recommendation

Name: Margaret Karpenko, CPA, CMA

Title: Chief Financial Officer /Treasurer

Personnel designated for continuance:

Name: John Severino, P.Eng., MBA

Title: Chief Administrative Officer