



Municipal Advisory Corporation Inc.
La Corporation Consultative aux Municipalités Inc.

MINUTES

**Board of Directors Meeting
Prince Edard Boardroom
Fredericton Inn, Fredericton, NB
September 29, 2022 @ 10:00 a.m.**

Present: Chris Spear, President
Scott Sparks, Treasurer
Suzanne Coulombe, Director
Claudette MacLean, Director
Natalie Bowen, Director
Gilles Legacy, Director (departed 1:12 p.m.)
Brenda L. Knight, Secretary

Absent: Angèle McCaie, Director
Paul Lang, Vice-President

In Attendance:

Joel Drolet, President, Goguen Champlain Financial Services
Catherine LeBlanc, Goguen Champlain Financial Services

1. Call to Order and Welcome

Chris Spear, President called the meeting to order at 10:10 a.m. and welcomed everyone to the meeting.

2. Approval of Agenda

It was Moved by Gilles and Seconded Claudette by that the agenda for the MAC Board Meeting of September 29, 2022 be approved as amended. **Motion Carried.**



3. Approval of Minutes

March 25, 2022

It was Moved by Suzanne Coulombe, Seconded by Natalie Bowen that the minutes of the meeting of the MAC Board of March 25th 2022 be approved.

Motion Carried

June 15, 2022

It was Moved by Suzanne Coulombe , Seconded by Claudette MacLean that the minutes of the meeting of the MAC Board of June 15th 2022 be approved.

Motion Carried

4. Business Arising From the Minutes

(a) Best Doctors Training Session/Education Days

Best Doctors Training Session promotional material to be sent out to municipalities by Goguen Financial (GF) – will be sent out with Renewal information.

Education Days to be held on the 28th of April 2023 in Moncton, NB. Joel will talk to Chateau Moncton as a possible venue. It was the consensus of the Board that Claudette MacLean and Natalie Bowen will work with Catherine and Joel to discuss potential topics for the Education Days.

5. (a) Financial Report to August 31, 2022

It was moved by Scott Sparks, seconded by Suzanne Coulombe that the SAGE Financial Report to end August 2022 be approved as circulated. **Motion Carried**

6. New Business

(a) Assumption Life – Renewal Report 2023 – Joel Drolet



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Goguen Financial comments Before presentation:

- Canadian Life and Health Assoc states that health insurers paid out more benefits to more people than ever before in 2021
- Goguen Financial deals with many insurance companies – most want a 25% increase in life and dental; 10 – 15% more on disability because of Covid impact still going or aftermath
- \$58 billion in annuities was paid out to retirees – up 26 per cent from the previous years
- Paid out \$250 million in mental illness related claims – up 24% from 2019
- Disability Management – low impact return to work when working (RTW) from home, but considerable impact when RTW at the workplace
- In general claim durations have increased due to closed medical offices and postponed treatments
- The impact will continue to be felt in the coming months/years – mainly for psychological conditions
- Insurers will also need to prepare for post-COVID19 fatigue claims or Long Covid Symptoms
- Challenge with disability is a challenge with all municipalities in Canada
- Few claims for group life insurance benefits due to COVID
- Renewals are between 8 to 12% increase in LTD rates after negotiations vs last year at 15 to 20%

Experience / 2023 Renewal Review

Life Insurance

- 59 groups...2022: 34 groups 10 employees or less; 2021: 36 groups with 10 employees or less

Overall Renewal

- Overall changes: 0.81% 2022/ Overall Changes 2023 2.76%; STD going up 3.35%; LTD up 10.04%
- In Life Insurance in 2020 \$412,340 in premiums; from January 2022 to June 2022 paid \$221,644 in premiums; in Claims from 2020 \$220,000 in premiums; From Jan to June 2022 \$65,000 in claims; loss ratio in 2020 is 51% and from Jan to June 2022 loss ratio is 14%
- Over all Assumption Life (AL) was proposing a -2.84% and GF proposed -2.93%
- Demography Life – 2022 vs 2021 is 0.996%



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- Life rate calculated on 20,000 employees; manual rate is \$0.408; actual rate is \$0.333; increase should be 0% to -10.5%; Decrease in rate of 2.93%
- Renewal Action Analysis (5 Years) 2023 Decrease of -2.93%
- Number of employees: 1,071 employees; Life Insurance Required increase: -2.84%

Accidental Death & Dismemberment

- Premiums: no claims over the past three years
- Negotiated -0.13%
- Overall Renewal Action Analysis (5 years) 2023: 0.13% decrease in rates

Critical Illness

- One time payment into sickness (heart attack, cancer, stroke) if you survive for 30 days you would get a one-time lump payment (benefit) of \$10,000
- No change in rates for 2023

Dependent Life

- Claims: Jan to June 2023 \$10,000; loss ratio Jan to June 2022 105%
- Negotiated: -2.96%
- Decrease of 2.96% for 2023

Short Term Disability

- Jan to June 2022 Premiums: \$29,834; claims: \$33,122; Loss ratio: 111%
- Four municipalities covered for STD benefits: Southeast Regional Service Commission (159), Restigouche RSC (10); Moncton Industrial Development (1), Southwest NB Service Commission (28)
- Negotiated: 10.11%
- Increase of 10.11%

Long Term Disability

- Jan to June 2022 Premiums: \$539,506; Claims: \$303,736 Reserves: \$3,025,831; Loss ratio: 56%; Lost Ration Reserve: 73%
- Negotiated: 9.02%
- Demography 2022 vs 2021: 1.0108% increase – demographic has been very stable
- LTD rate calculated on 10,000 lives; overall increase of 9.02%; no minimum increase; no maximum increase
- MAC justification of Rates LTD: Calculated rate: \$3.881
- Statistics on LTD: Mental & Nervous Disorders is the highest #; musculoskeletal System second highest

Health Insurance

- Health & Dental priced on claims; we pay AL a fee to pay claim on MAC's behalf;



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profit sharing program

- In 2023 target loss ratio according to group size; credibility formula applicable to Health Benefit; Experience based on 18 months; maximum increase of 15%; maximum decrease of -5%
- Health Insurance Experience: Premiums: Jan to June 2022 \$971,051; Claims: \$1,514,830; Annualized Loss Ratio: 78%
- Health Insurance Claims: Hospital Room: Jan to June 2022 355; Vision: \$55,553; Extended Health: \$221,952; Drugs: \$479,556; Travel: 0; total Annualized: \$1,514,830
- Health Insurance Renewal: Overall average decrease: -0.02%
- FPP Status: 53 claimants (34 active) Bayshore - NB coverage

Dental Insurance

- 2023: Target Loss Ratio according to group size; Credibility formula applicable to Dental Benefit
- Experience based on 18 months; maximum increase of 20%; maximum decrease of 0%
- Dental Insurance Experience: Premiums: January to June 2023 \$378,529; Claims: \$330,721; Loss Ratio: 87%
- Dental Insurance Renewal Action Analysis (5 years) 2023: Increase of 4.19%

All Benefits:

- Overall Renewal Action Analysis (5 years): 2023 increase of 1.76%
- Overall (all benefits): 2.76%

Estimated 2023 Retention Program

- Premium January to June: \$1,349,580; Total Claims: (\$1,086,942); Total Retention Charges (\$203,110); Current Stabilization Fund \$355,328; Current Surplus left in Deposit: \$782,944
- This is a summary of the general tendency of experience for the prescribed period. Results must then be interpreted as estimates until the end of the plan year

Pooling Experience Drugs

- Jan 22 to Dec 22: Premiums: \$118,468; Claims: \$0; Difference: \$118,468; Pooling Charge: 6.1%
- Only 1 claimant reached the pooling limit of \$15,000 in 2021
- 6 new claimants for FPP since last renewal
- There is 1 claimant close to reaching the pooling threshold by end of 2022
- Impact of Pooling: Threshold to remain at \$15,000; Estimated Annual Cost: \$118,468



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Premium Holiday

- There will be no premium holiday for 2022

Investment of Surplus

- Invested at 1.45% in 2021
- Stabilization Fund: 0.25%

7. New Business

(a) Review of Food Allowance

Chris Spears advised that the travel allowance increased in the Spring to .61 per kilometre.

It was moved by Claudette MacLean seconded by Scott Sparks that the Board of the Municipal Advisory Corporation follow the CRA for the travel and meal allowances in Canada. **Motion Carried**

(b) Motion to Accept the 2023 Renewal

It was moved by Suzanne Coulombe seconded by Natalie Bowen that the Assumption 2023 Renewal Program be accepted as presented by Goguen Financial.

(c) Meetings Location

It was the consensus of the Committee that the meetings would continue to be held centrally.

Date and Location of Next Meeting

The next board meeting will be held in March of 2023.

8. Adjournment

It was moved by Scott Sparks seconded by Natalie Bowen that the meeting of the MAC Board be adjourned. **Motion Carried**

Respectfully submitted,

Brenda L. Knight