



Insurance Update

November 18, 2009

Saskatchewan Urban Municipalities Association

Group Benefits Rates Effective January 1, 2010

Each year, SUMA negotiates our insurance premium rates with our insurance companies. The new premium rates do not come into effect until January 1st but we finalize them ahead of time so you can more accurately prepare your 2009 budget and update your payroll system. This letter will outline the changes in premium rates and the reasons for those changes.

Some of you have been with the Group Benefits Program for a long time and know how this process works, but others may be new to the Program and will be reading this information for the first time. Also, not all municipalities or employers have the same benefits, so these changes will affect individual groups differently.

How Insurance Companies Calculate Premium Rates

Benefits fall into two categories; pooled benefits or experience rated benefits.

Pooled benefits are traditionally Life Insurance, Accidental Death, Disease and Dismemberment Insurance and Long Term Disability. SUMA's Group Benefits Program members are pooled in with a larger group of employees from other benefit programs or with our own statistics from past years. This allows premium rates for these benefits to remain more stable as changes which would influence them (such as claims payment and changes in ages and more employees in higher risk occupations) are spread over a larger group of people or a longer period of time to lessen the impact.

Experience rated benefits are traditionally Short Term Disability, Extended Health Care, Vision Care and Dental Care. Premium rates are determined by the amount the insurance company pays out in claims plus the expenses they incur to pay those claims. Our Group Benefits Program premium rates are based on the amount that is paid out only to **our members** in a year.

Following are the changes in the premium rates effective January 1, 2010:

Life Insurance	5.0% decrease
Optional Life Insurance	0.0% no change
Accidental Death, Disease & Dismemberment Insurance	0.0% no change
Long Term Disability	5.0% decrease
Short Term Disability	5.0% decrease
Extended Health Care	3.0% decrease
Dental Care	0.0 % no change
Vision Care	0.0 % no change

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