



Summary of the 2019 Annual Report of the Public Service Management Insurance Plan (PSMIP)

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Published by Treasury Board of Canada, Secretariat
90 Elgin, Ottawa, Ontario, K1A 0R5, Canada

Catalogue Number: BT1-57/1E-PDF
ISSN: 3111-0525

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Aussi offert en français sous le titre : Sommaire du rapport annuel 2019 du Régime d'assurance pour les cadres de gestion de la fonction publique (RACGFP)

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What is the PSMIP?

The PSMIP is a group insurance plan (“the Plan”) established by the Treasury Board of Canada. It provides Long-Term Disability (LTD), Life, Accidental Death and Dismemberment (AD&D), and Dependents’ Insurance for federal employees who are excluded from collective bargaining because they are working in managerial or confidential capacities. Executives, parliamentarians, and judges are also covered by the Plan and have distinct benefits. The PSMIP is insured through Industrial Alliance Financial Group. At December 31, 2019, LTD membership was 43,460 representing an increase of 0.3% from the previous year.

Board of Trustees

A Board of Trustees, appointed by the President of the Treasury Board, monitors the financial operations of the Plan and oversees its administration. The members of the Board on December 31, 2019, were:

- Daniel Quan-Watson (Chairperson), Deputy Minister, Indigenous and Northern Affairs Canada
- Simon Kennedy, Deputy Minister, Innovation, Science and Economic Development Canada
- Janet King, Associate Deputy Minister, Public Services and Procurement Canada
- Janine Sherman, Deputy Secretary to the Cabinet, Privy Council Office
- France Pégeot, Executive Vice-President, Canadian Food Inspection Agency

Scope of the Plan

In 2019, all benefits paid under the Plan amounted to \$84.0 million, representing an increase of \$9.0 million from 2018. Of this amount, benefits paid to LTD claimants totaled just over \$66.4 million; an increase of \$5.0 million from 2018. AD&D benefits totaled \$2,500 as in 2018. Life insurance benefits amounted to \$17.4 million in 2019, an increase of \$3.7 million compared to 2018.

Premiums and Benefits

Premiums paid into the Plan during 2019 are shown in the following table and are compared with the amount paid out to claimants or set aside as reserves.

Line of Insurance	Premiums	Claims (and Increases to Reserves)	Ratio of Claims to Premiums
Basic Life (MAIN + EXECUTIVES + MPs + JUDGES)	\$10,368,000	\$8,681,000	84%
Supplementary Life	\$2,360,000	\$2,806,000	119%
Members' AD&D	\$403,000	-\$6,000	-1%
Dependants' Life and AD&D	\$136,000	\$37,000	27%
LTD	\$83,236,000	\$88,901,000	107%
Post Retirement Life Insurance Plan (PRLIP) (EXECUTIVES + MPs + JUDGES)	\$9,569,000	\$5,947,000	62%
Total	\$106,072,000	\$106,367,000	100%

Reserves

When a disability claim is received, sufficient funds are set aside to pay all future monthly benefit installments to the claimant. These funds are referred to as "reserves" and represent a liability under the Plan. As of December 31, 2019, plan reserves totaled \$371.0 million.

Surplus/Deficit

Most of the lines of insurance under the Plan were in a surplus position at year end. The Plan, as a whole, had a surplus of approximately \$222.8 million at year end.

Plan Disbursements

The total amount disbursed by the Plan during the year was \$113.2 million. Of this amount, 83.9% was paid in the form of benefits to plan members and their families, 4.0% was for expenses, and 2.7% was for premium taxes.

Value of Plan to Member

During 2019, employer costs averaged \$1,258 per plan member for disability insurance premiums, \$2,339 for Executive disability insurance, and \$2,775 for Members of Parliament's disability.

Premium Rate Recommendations

There are 17 lines of insurance under the PSMIP which are experience-rated separately and reviewed each year between Industrial Alliance (IA), Treasury Board of Canada Secretariat (TBS) and the Office of the Chief Actuary (OCA). Surpluses are maintained for premium rate stability, however if a surplus becomes too high, rate action may be taken which could result in a premium holiday or a premium reduction. Deficits in the Plan would be addressed through increased premium rates. A joint recommendation from IA, TBS and the OCA is presented to the Board of Trustees for its review and support. Subsequently, TBS forwards the Trustee-approved recommendation to the President of the Treasury Board for final approval.

The President of the Treasury Board approved the following rate actions effective February 1, 2020:

- 11-month premium holiday for Accidental Death & Dismemberment under the Main Plan;

- 11-month premium holiday for Accidental Death & Dismemberment under the Members of Parliament Plan;
- 11-month premium holiday for Basic Life under the Judges Plan;
- Premium rate decrease for Basic Life under the Executive Plan;
- Premium rate decrease for Post-Retirement Life under the Executive Plan;
- Premium rate decrease for Post-Retirement Life under the Members of Parliament Plan; and
- Premium rate decrease for Post-Retirement Life under the Judges Plan.

Further Information

If you have questions about your coverage under the Plan or need general information about the benefits available, please contact your compensation advisor or consult the [Public Service Management Insurance Plan](#).

Date modified: 2021-01-08