



Summary of the 2020 Annual Report of the Public Service Management Insurance Plan (PSMIP)

Published: 2020

© His Majesty the King in Right of Canada,
represented by the President of the Treasury Board 2020,

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

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

This document is available on the Government of Canada website, [Canada.ca](https://www.canada.ca)

This document is available in alternative formats upon request.

Aussi offert en français sous le titre : Sommaire du rapport annuel 2020 du Régime d'assurance pour les cadres de gestion de la fonction publique (RACGFP)

Summary of the 2020 Annual Report of the Public Service Management Insurance Plan

What is the Public Service Management Insurance Plan?

The Public Service Management Insurance Plan (PSMIP) is a group insurance plan established by the Treasury Board. 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 (IA) Financial Group. As of December 31, 2020, LTD membership was approximately 49,000, representing an increase of 13.1% 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, 2020, were as follows:

- Daniel Quan-Watson (Chairperson), Deputy Minister, Crown-Indigenous Relations and Northern Affairs
- Simon Kennedy, Deputy Minister, Innovation, Science and Economic Development Canada
- Janine Sherman, Deputy Secretary to the Cabinet, Privy Council Office
- France Pégeot, Executive Vice-President, Canadian Food Inspection Agency
- François Daigle, Deputy Minister of Justice and Deputy Attorney General of Canada

Scope of the Plan

In 2020, all benefits paid under the Plan amounted to \$82.0 million, representing a decrease of \$2.0 million from 2019. Of, all benefits paid, amounts to LTD claimants totalled \$71.5 million, up from \$66.4 million in 2019, representing an increase of \$5.1 million. AD&D benefits totalled \$10,000 compared to \$2,500 in 2019. Life insurance benefits amounted to \$10.6 million in 2020, a decrease of \$6.8 million compared to 2019.

Premiums and benefits

Premiums paid into the Plan during 2020 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	\$ 10,464,000	\$ 3,606,000	34%
Supplementary Life	\$ 2,630,000	\$ 839,000	32%
Members' AD&D	\$ 686,000	\$ 29,000	4%
Dependants' Life and AD&D	\$ 288,000	\$ 100,000	35%
LTD	\$ 85,882,000	\$ 78,401,000	91%
Post Retirement Life Insurance	\$ 9,071,000	\$ 5,920,000	65%
Total	\$ 109,021,000	\$ 88,895,000	82%

Reserves

When a disability claim is received, sufficient funds are set aside to pay all future monthly benefit instalments to the claimant. These funds are referred to as “reserves” and represent a liability under the Plan. Total reserves increased to \$378 million in 2020 from \$371 million in 2019.

Surplus/deficit

In 2020, the total plan surplus (excluding the Post -Retirement Life Reserve) was \$120 million representing an increase of \$20 million when compared to 2019.

Plan disbursements

The total amount disbursed by the Plan during the year was \$95.1 million. Of this amount, 86.3% was paid in the form of benefits to plan members and their families, 3.8% was for expenses, and 2.7% was for premium taxes.

Premium rate recommendations

There are 17 lines of insurance under the PSMIP that are experience-rated separately and reviewed each year between IA, Financial Group, the 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 that could result in a premium holiday or a premium reduction. Deficits in the Plan would be addressed through increased premium rates. In such case, 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 April 1, 2021:

- 12 month premium holiday for the Main Basic Life Plan
- 12 month premium holiday for the Members of Parliament Basic Life Plan
- Premium reinstatement for the Judges Basic Life Plan
- 12 month premium holiday for the Main Accidental Death and Dismemberment Plan
- 12 month premium holiday for the Members of Parliament Accidental Death and Dismemberment Plan
- 12 month premium holiday for the Main Plan's dependents' coverages

- 12 month premium holiday for the Executive Plan's dependents' coverages

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: 2022-05-27

xx
yy