



Summary of the 2023 Annual Report of the Public Service Management Insurance Plan (PSMIP)

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pour les cadres de gestion de la fonction publique (RACGFP)

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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 dependants' 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, 2023, LTD membership was approximately 54,863, representing an increase of 5.1% 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, 2023, were as follows:

- Daniel Quan-Watson (Chairperson), Deputy Minister, Crown-Indigenous Relations and Northern Affairs Canada
- Simon Kennedy, Deputy Minister, Innovation, Science and Economic Development Canada
- Arun Thangaraj, Deputy Minister, Transport Canada
- Dr. Harpreet Kochhar, President, Public Health Agency of Canada

Scope of the Plan

In 2023, all benefits paid under the plan totaled \$100.0 million, a \$19.4 million increase compared to 2022. Benefits paid to LTD claimants totaled \$86.4 million, an increase from \$63.7 million in 2022.

AD&D benefits totaled \$507,500 compared to \$5,000 in 2022. Life insurance benefits amounted to \$13.0 million in 2023, a decrease of \$3.8 million compared to a year earlier.

Premiums and benefits

Premiums paid into the plan during 2023 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	\$ 12,097,000	\$ 6,196,000	51.22%
Supplementary Life	\$ 3,053,000	\$ 1,714,000	56.14%
Members' AD&D	\$ 688,000	\$ 495,000	71.95%
Dependants' Life and AD&D	\$ 298,000	\$ 120,000	40.27%
LTD	\$ 107,848,000	\$ 89,251,000	82.76%
Post-Retirement Life Insurance Plan	\$ 10,252,000	\$ 5,588,000	54.51%
Total	\$ 134,236,000	\$ 103,364,000	77.00%

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 \$432.7 million in 2023 from \$429.3 million in 2022. LTD reserves decreased by \$1.0 million. Life reserves decreased by \$0.6 million, whereas AD&D reserves remained relatively steady.

Surplus/deficit

In 2023 total plan surplus (excluding the Post-Retirement Life Reserve) increased by \$17.4 million to \$157.1 million from \$139.7 million in 2022. The LTD accumulated surplus at year end 2023 totaled \$132.0 million compared to \$111.2 million in 2022.

Plan disbursements

The total amount disbursed by the plan in 2023 was \$111.3 million. Of this amount, \$100.0 million was paid in the form of benefits to plan members and their families, \$5.0 million was for expenses, and \$2.7 million was for premium taxes. Other expenses included a Catastrophe premium of \$0.2 million and a reserve increase of \$3.4 million.

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 Financial Group, 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, 2024:

- Premium reinstatement and a 20% rate decrease for the Main Supplementary Life Plan
- Premium reinstatement and a 20% rate decrease for the Executive Basic Life Plan
- 12-month premium holiday for the Members of Parliament Basic Life Plan
- 12-month premium holiday for the Main Accidental Death & Dismemberment Plan
- 12-month premium holiday for the Main Plan's Dependents' Coverages
- Premium reinstatement for the Executive Accidental Death & Dismemberment Plan
- 12-month premium holiday for the Executive Plan's Dependents' Coverages
- 12-month premium holiday for the Judges Plan's Dependents' Coverages
- 12-month premium holiday for the Members of Parliament Accidental Death & Dismemberment 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: 2025-02-26

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