



Treasury Board of Canada  
Secretariat

Secrétariat du Conseil du Trésor  
du Canada

Canada

# **2010 Annual Report of the Board of Trustees of the PSMIP**

Published: 2010

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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

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

This document is available in alternative formats upon request.

Aussi offert en français sous le titre : Rapport annuel 2010 du Conseil de fiducie du Régime d'assurance  
pour les cadres de gestion de la fonction publique (RACGFP)

# 2010 Annual Report of the Board of Trustees of the Public Service Management Insurance Plan (PSMIP)

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## What is the PSMIP (Public Service Management Insurance Plan)?

The PSMIP (Public Service Management Insurance Plan) is a group insurance plan established by the Treasury Board of Canada. It provides Long-term Disability (LTD (Long-term Disability)), Life, Accidental Death and Dismemberment (AD&D (Accidental Death and Dismemberment)), 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 (Public Service Management Insurance Plan) is insured through Industrial Alliance Insurance and Financial Services.

# 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, 2010 were:

- **The Chairperson, Ms. Suzanne Vinet, President, Economic Development Agency of Canada for the Regions of Quebec**
- **Michael Wernick, Deputy Minister, Indian and Northern Affairs**
- **Andrew Treusch, Associate Deputy Minister, Public Works and Government Services Canada**
- **Maria Barrados, President, Public Service Commission of Canada**
- **Patricia Hassard, Deputy Secretary, Privy Council Office**

## Scope of the Plan

In 2010 all benefits paid under the plan totalled \$67.2 million. Of this amount, benefits paid to Long Term Disability claimants totalled almost \$52.9 million, life insurance benefits amounted to just under \$14 million and \$267,500 was paid out for Accidental Death and Dismemberment.

In 2010, approximately 52,692 members were covered under the Plan including 36,926 employees excluded from collective bargaining, 8,016 from the executive group and equivalent, 1,065 judges, 408 members of parliament and 6,277 members under Post-retirement life insurance. In addition to Dependents' Insurance, members were insured as estimated below:

<b>Volume of Insurance</b>	<b>Amount</b>
<b>Basic Life</b>	\$4,566,058
<b>Supplementary Life</b>	\$2,030,048
<b>Accidental Death and Dismemberment (AD&amp;D (Accidental Death and Dismemberment))</b>	\$6,973,084
<b>Long-term Disability (LTD (Long-term Disability))</b>	\$4,215,288

<b>Post-retirement Life (PRLIP (Post-retirement Life))</b>	\$259,490
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## Premiums and Benefits

Premiums paid into the Plan during 2010 are shown in the following table and are compared with the amount paid out to claimants or set aside as reserves.

<b>Line of Insurance</b>	<b>Premiums</b>	<b>Claims (and Increases to Reserves)</b>	<b>Ratio of Claims to Premiums</b>
<b>Basic Life</b>	\$13,835,738	\$10,333,730	74.7%
<b>Supplementary Life</b>	\$3,465,454	\$2,631,233	75.9%
<b>Members' AD&amp;D (Accidental Death and Dismemberment)</b>	\$903,742	\$231,326	25.6%
<b>Dependants' Life and AD&amp;D (Accidental Death and Dismemberment)</b>	\$346,111	\$165,811	47.9%
<b>LTD (Long-term Disability)</b>	\$70,763,538	\$85,197,844	120.4%
<b>PRLIP (Post-retirement Life)</b>	\$6,827,040	\$1,673,629	24.5%
<b>Total</b>	<b>\$96,141,623</b>	<b>\$100,233,574</b>	<b>104.3%</b>

## 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." As of December 31, 2010 plan reserves totalled \$343.6 million including life waiver reserves.

## **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 \$67.5 million at year end.

## **Plan Disbursements**

The total amount paid out of the plan during the year was \$70.4 million. Of this amount, 95% was paid in the form of benefits to plan members and their families, 3% was for expenses, and 2% was for premium taxes.

## **Value of Plan to Member**

During 2010, employer costs averaged \$1,145 per plan member for disability insurance premiums, \$2,789 for Executive life and disability insurance, and \$4,996 for Members of Parliament's life and disability. The following table illustrates the 2010 average employer costs per plan member for Long-Term Disability Insurance, Basic Life, Accidental Death and Dismemberment, Dependents, and Post-Retirement Life Insurance.

	Employees Excluded from Collective Bargaining		Executives	Members of Parliament	Judges
Lines of Insurance	Main Plan		100%	100% Government-paid	
	Employee's share	Employer's share	Employer-paid		
<b>LTD (Long-term Disability)</b>	\$202 (15%)	\$1,145 (85%)	\$2,198	\$2,730	Coverage not available
<b>Basic Life, AD&amp;D (Accidental Death and Dismemberment) and Dependants</b>	\$218	\$0	\$591	\$2,266	\$4,343
<b>Supplementary Life</b>	\$160	\$0	Employee paid <sup>1</sup>	Employee paid <sup>1</sup>	Employee paid <sup>1</sup>
<b>Total</b>	\$580	\$1,145	\$2,789	\$4,996	\$4,343
<b>PRLIP (Post-retirement Life)</b>	Coverage not available		\$881	\$1,326	\$4,980

<sup>1</sup> Available data does not permit calculation of a representative average.

## Recommendations Approved by Treasury Board

There are 17 lines of insurance under the PSMIP (Public Service Management Insurance Plan) which are experience-rated separately and reviewed each year between Industrial Alliance (IA (Industrial Alliance)), Treasury Board Secretariat (TBS (Treasury Board Secretariat)) and Office of the Superintendent of Financial

Institutions (OSFI (Office of the Superintendent of Financial Institutions.)). If a surplus occurs, rate action may be taken which could result in a premium holiday, premium reduction or both. Deficits in the plan would be addressed through increased premium rates. A joint recommendation from IA (Industrial Alliance), TBS (Treasury Board Secretariat) and OSFI (Office of the Superintendent of Financial Institutions.) is presented to the Board of Trustees for its review and support. Subsequently, TBS (Treasury Board Secretariat) forwards the recommendation to the President of the Treasury Board for approval.

The President of the Treasury Board approved the following premium decisions to be effective January 1, 2011:

- 10% premium rate decrease for Basic Life under the Executive Plan;
- 45% premium rate decrease for Basic Life under the Judges' Plan;
- 12-month premium holiday for Basic Life under the Main Plan;
- 12-month premium holiday for Supplementary Life;
- 12-month premium holiday for Basic Life under the Executive Plan;
- 12-month premium holiday for Basic Life under the Judges' Plan;
- 12-month premium holiday for Dependants' insurance under the Main Plan;
- 12-month premium holiday for Accidental Death & Dismemberment under the Executive Plan;
- 12-month premium holiday for Dependants' insurance under the Executive Plan;
- 12-month premium holiday for Accidental Death & Dismemberment under the Members' of Parliament 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 visit the [Public Service Management Insurance Plan on the Treasury Board of Canada Secretariat's Web site.](#)

You may also find additional information about your coverage under the Plan in [Your Public Service Pension and Benefits Web Portal](#). This is a one-stop shop for your pension and benefits information.

If you would like to have further information on the general experience and operations of the Plan, please contact:

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Date modified: 2017-01-05