

# BRIEFING

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Item # 7.2.1

**Chief Financial Officer's Briefing to  
Combined Meeting of Council  
2021 May 31**

**ISC: UNRESTRICTED  
C2021-0624**

## **Response to C2020-1081 – Long Term Disability for Members of Council**

### **PURPOSE OF BRIEFING**

The Council Compensation Review Committee (CCRC) presented their Report C2020-1081 at the Combined Meeting of Council on 2020 November 2. During this agenda item the following Motion Arising was adopted:

“That Council directed Administration to explore the possibility of Long Term Disability Insurance for Members of Council.”

### **SUPPORTING INFORMATION**

#### **Current Status**

Currently, Members of Council are not insured for group Long Term Disability (LTD) coverage, with the exception of The Mayor who has an individual LTD policy.

Since 1989, the position of Mayor has had the option to apply for an individual policy and if approved by the insurer, The City would pay 50% of the premium.

The quoted terms of the policy such as the coverage amount, optional riders, and the applicable premiums are determined by the insurer as they are based on applicant's age and submitted medical and financial information.

Upon leaving office, The City continues to pay 50% of the premiums for two years if The Mayor decides to keep the policy, as it is portable. After two years, the Mayor can choose to continue the policy without any reimbursement from The City, or cancel.

#### **Past and Current Situation**

##### *Past Situation*

In 2006, the CCRC report recommended that City Administration investigate the implementation of group LTD coverage for Council Members elected on 2007 October 15. Administration explored several options to determine the feasibility of obtaining coverage. Among these were allowing Council Members into the Municipal Employees Benefit Association of Calgary (MEBAC) plan with Great-West Life (now called Canada Life), obtaining similar group coverage from other group insurance carriers and obtaining individual policies. Coverage was not available through MEBAC as Council Members do not meet the eligibility requirements. Furthermore, coverage was not available from group insurance carriers and the largest insurers that offered individual insurance advised that they did not insure elected officials.

Administration obtained a quote through the Alberta Urban Municipalities Association (AUMA). However, it also included Group Life and Accidental Death and Dismemberment (AD&D) coverage. The quote stipulated that the coverage was mandatory (no opt-outs) and Council Members pay 100% of the LTD premiums. The group package was presented to the Aldermanic

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Office Coordinating Committee on 2008 June 25 and the Committee decided not to proceed further.

## *Current Situation*

### **Group Insurance**

In 2021 February, Administration reached out to two of the largest group insurance companies, Canada Life and Sun Life. Both insurers responded that they do not underwrite LTD for this type of group due to the duration and impermanence of the positions.

Administration also contacted AUMA for a quote. AUMA advised that the landscape has changed since 2007 as the LTD incidence rates have been increasing. They were not prepared to accept the risk of underwriting elected officials for LTD as a stand-alone benefit or included in a group benefit package with Basic Life and AD&D benefits for the same reasons the insurance companies noted.

### **Individual Insurance**

There may be insurers interested in quoting “grouped Disability Insurance” (individual policies). The benefit of “grouped Disability Insurance” is that there are preferential rates and discount fees as the underwriting is done at the same time for all applicants.

It requires all Council Members to individually apply and provide medical and financial information. Both the medical and financial would be underwritten, a process that will take a minimum of 4-6 months for an underwriting decision. Also a minimum of 10 Council Members would need to be approved for the coverage. If less than 10 are approved, no policies would be issued.

There is also an option for each Council Member to apply for an individual policy on their own. Medical and financial information would be required to be submitted in order for the insurer’s underwriters to make a decision to accept or decline the application.

If the new Council would like to explore any of the options outlined above, Administration would suggest that Council convene a Council Compensation Review Committee (CCRC) to review and make recommendations on the matter.

### **ATTACHMENT(S)**

None.