APPENDIX A

Additional information to inform approval of Annual Renewal Of Long Term Disability Plan Report	
Information Requested	**Staff Clarification**
Has the practice of renewing the LTD policy changed?	Past practice: annual renewal finalized in August of each year, and CUPE/ETFO received notice of new rates. No consultation or union approval was required. This year's renewal process was unique due to two reasons: 1) New requirement for Board approval of contracts renewing over $50,000 2) The decision posed to the Board of moving to the EWO plan This resulted in union consultation and a Board report holding back the renewal. The process was further delayed by CUPE labour action.
Can HR staff provide information regarding CUPE LTD plan utilization rates for the last three years?	**MERCER - The LTD plan is rated as a whole, and divisional renewal experience is not currently available.**
Can HR staff provide a trend analysis of CUPE LTD premium percentage increase/decrease over the last several years with our current carrier? What factors account for the significant swings in this data?	**MERCER – Appendix B provides a 7-year renewal rate summary, which reflects the plan's experience.**
Has HR staff asked Mercer (actuarial consultant) to forecast (given current information) the impact on premiums over the next five years if we were to transition into the EWO plan?	We know that the TCDSB will experience a 5% decrease in premiums applied to the next two years. As of September 1, 2021, we have no clarity around what the new rate will look like. We can anticipate that it will be impacted by: - Pooled experience of the participating Boards

	- Actuarial methods to share risk within the EWO plan We have cautioned the Board (as per Mercer's advice) that there is a significant longer-term risk for EWO to raise premiums given our current premium, which is set well below our manual rate of 70%.
How can EWO offer a 5% premium decrease while GWL is offering a 19.6% premium increase?	**MERCER - The +19% (effective Sept 1, 2019 - note, it is higher than +19% when implemented on Dec 1st or Jan 1st), is based on a revised breakeven of the TCDSB plan for next year (based on the prior 5 years of experience) plus appropriate adjustments. As discussed at the November 21, 2019 Regular Board meeting, the calculated position of this renewal from GWL is +35.6%. Mercer was successful in negotiating this down to +19.6% (effective Sept 1, 2019).** **GWL did not provide Mercer with information on how the initial rates were struck for the EWO Plan, nor did GWL respond to our questions on how further rating for the TCDSB would be handled. This future rating lies at the root of our concern as the TCDSB current (and renewal) rates are well below GWL's manual rate for this group, while we suspect the other Boards considering the EWO Plan have current rates that are likely much closer to manual.**
Can HR staff provide a summary of the impact on employee monthly premiums linked to an immediate 5% decrease and a possible 19.6% increase?	On average, when taking into consideration all 23 CUPE employee groups, the immediate 5% decrease would result in a $ 1.80 decrease in monthly premiums for the average worker. The 19.6% increase would result in a $ 6.90 increase in monthly premium for the average worker.

What additional details can HR staff provide about the opportunity costs associated with signing on with the EWO plan and withdrawing from it at the end of the two-year rate guarantee period? Should we transition to the EWO plan, following the two years of reduced premium, we could potentially market our plan if needed to obtain alternate quotes. Would there be any issues with resuming a refund accounting arrangement? How willing would GWL or other carriers be to take this on?	**MERCER - See our comments below with regards to moving to the EWO Plan and then leaving it again on Sept 1, 2021. Most insurers do not react well to this behaviour and it may lead to an inability to move back to Refund arrangement (therefore higher expenses) or higher Risk charges if the insurer is willing to proceed with a refund arrangement.** **MERCER - If you move to the EWO Plan, you become part of a different policy that covers all of the boards participating in the EWO Plan. So when you say market "our" plan, you would be marketing the EWO Plan as a whole (assuming whoever is managing the plan at that time decides to take this action) as the TCDSB plan no longer exists once you move to the EWO Plan (i.e., you either renew your current plan or terminate it and move to the EWO Plan). Not sure if a change in underwriting is doable for TCDSB at the end of the rate guarantee (Sept 1, 2021 - not two years) under the EWO Plan. If you are thinking of breaking out of the EWO Plan after the guarantee period, and returning to a standalone plan, while we believe the insurance market would likely be interested in quoting on TCDSB's standalone LTD business, your actions of the past five years need to be outlined to insurers in the marketing. As we said, while insurers will likely show interest, we are not sure how GWL will respond to this.**
What are the three greatest risks that Mercer has identified associated with joining the EWO plan?	• **Loss of control (currently TCDSB can make decisions on the**

	standalone plan without reference to other Boards), • **Potential future rate increases (it is uncertain how the group will be rated once the guarantee period ends and given the wide gap between what GWL has reported as TCDSB's manual rate and our current rate, future increases could be significant)** • **Inability to revert to the current arrangements (GWL and other insurers will provide terms on a new standalone plan at the time of quote, but these may be different than what is in place today)**
All things considered, why is it advisable to remain with our current provider?	**There are savings available, at least in the short-term, by moving to the EWO plan. However, these may not outweigh the OUTLINED risks for the Board and its plan members.**
What strategic options will we have in one year's time? In two years' time?	**If you join the EWO Plan, it is unclear if TCDSB has any strategic say moving forward as it is not clear how the program will be managed and governed. If we remain under the standalone plan with GWL, we could renew the standalone coverage with GWL for year two. Midway through year one, we could entertain moving to the EWO plan with GWL or take the plan to market on a standalone basis should you wish to do so. Year two options will be contingent on what is done at the end of year one.**