

July 2006

Volume 6, Issue 3

# From the Masthead



Mainstay Insurance Brokerage Inc. Phone: (905)886-9203

## In order to serve you better

To assist you with your employee benefit plan, we are continually updating our website. Located at:

[www.mainstayinsurance.ca](http://www.mainstayinsurance.ca)

The site provides easy access to many insurance company's websites and to the health and dental claim forms you utilize on a regular basis. We have also added links to the log on pages for members (employees) in order to provide quick entry to other websites.

If you use a form that is not on our website and would like it added, please send us an e-mail at:

[feedback@mainstayinsurance.ca](mailto:feedback@mainstayinsurance.ca)

## Did you know..?

Total spending on drugs in Canada is estimated to have reached \$24.8 billion in 2005, an increase of 11% over the previous year. The estimated total drug expenditure per person in Canada for 2005 was \$770, an increase of 10.2% over the previous year.

Drugs continue to be the fastest growing category of health care spending, with drug spending estimated to have reached 17.5% of total health expenditures in 2005, almost double the 9.5% reported in 1985. Since 1997, drugs have accounted for the second-largest share of major categories of health spending, after hospitals.

Courtesy of Canadian Institute for Health Information (CIHI)

## Update your Beneficiary Designation

Employees should review their beneficiary designations regularly and notify their plan administrators of any personal changes that might affect their benefit coverage.

Typically these changes include status changes such as marriage, common law or same sex partners that are co-habiting, the birth or adoption of a child, changes in spousal coverage, a separation or divorce, or the loss of a spouse.

There are also a number of information updates that your Plan administrator makes on your behalf on a regular basis, such as salary changes, the number of hours worked, and class changes (if applicable).

One area that is often neglected is the beneficiary designation. While delegation can be updated whenever you wish it should be reviewed whenever your family situation changes. Upon marriage for example, you may want to change it from a friend, parent or sibling to your new partner. If you have gone through a separation and children are now of legal ages then you might want to consider identifying one

of them directly as your beneficiary.

If you do NOT complete a beneficiary designation form, the life insurance proceeds will be directed to your estate. This is a less than advantageous option as the insurance proceeds may be used to pay final costs and taxes rather than be distributed as you had expected or desired.

In the case of underage minor children, a trustee should ALWAYS be listed. If one is not included then the insurer will hold the life insurance proceeds until the children reach the age of majority and the funds can be legally paid out. This may result in a financial hardship situation for anyone raising the child(ren).

If you wish to split the proceeds of any insurance between beneficiaries, you must ensure that you note the split in a clear manner (e.g. 50% or 1/2 to each). If you wish to add a contingent beneficiary in the event that the original beneficiary predeceases you, please note that beside the person's name.

In some cases employees wish to leave their life insurance proceeds to a church, charity or association. This can be

done but the group that you designate must be the one to contact the insurer at the time of death. As a result, you should inform the group that you have made them the beneficiary and provide details of the policy. The name of the insurer, the policy number, the name of your employer and a contact name and number for your employer is the minimum information they will require. In the event of your death, they can then contact your employer and/or the insurer in order to make the life insurance claim.

You should always consult a lawyer with experience in wills and estate planning to review these issues. It makes sense to have a will prepared (or updated) at the same time you are revising your beneficiary information. By doing so, you can ensure that your wishes are carried out upon your death and that there is no confusion as to who should receive what.

In any of these situations a change of beneficiary form must be completed and the ORIGINAL submitted to the insurer. You can obtain the form from your plan administrator or from the insurer at their website or customer service number.



## Mainstay Insurance Brokerage Inc.

10 Linton Court  
Thornhill, Ontario  
L3T 5M9

PHONE:  
(905) 886-9203

TOLL FREE:  
1-877-624-6789  
1-877-MAINSTY

FAX:  
(905) 707-0216

E-MAIL:  
[inquiries@mainstayinsurance.ca](mailto:inquiries@mainstayinsurance.ca)

WEBSITE:  
[mainstayinsurance.ca](http://mainstayinsurance.ca)

Note: This side of the newsletter is intended for you, the plan administrator. The information on the 'front' is targeted more to your staff and can be copied and distributed for their reference.

### Just in case you were wondering...

"The chronic health problems directly resulting from smoking are a huge drain on our health care system..."

At least 5% of Ontario's health care costs are directly related to harm caused by smoking. That's 5% of around \$30 billion! And that's not including expenditures borne by private drug plans, disability insurers, and the money people pay out of their own pockets."

May 5, 2004 - George Smitherman  
Ontario Minister Of Health and Long-Term Care

This information is provided as a reference to clients of Mainstay Insurance Brokerage Inc. It is not intended as advice. Your situation and the contract provided by your insurer as well as any relevant legislation shall always take precedence. Always obtain appropriate legal, human resource or accounting advice.

## Web Site and Newsletter Aid Plan Administration

In each quarter (January, April, July and October) we publish a newsletter that addresses issues that affect employees. Many plan administrators find it useful to copy and distribute this information for their staff. Information on claims, travel coverage and increasing costs are just some of the issues that we touch on. Past issues are available on our website.

Our web site is constantly evolving to better serve clients. Designed to provide the information plan administrators are looking for, it is also a quick way for your employees to get insurance company claim forms and the phone numbers for customer service inquiries.

In addition, there are a variety of links to provincial health care ministries and Workers Compensation Boards. There are also links to government websites such as tax interpretation bulletins, information on EI, CPP and other services. A number of links lead to medical databases and healthcare information that may also be of use.

We provide a page of broker links and insurance industry information.

From these you can access websites to obtain term or whole life insurance prices or link to sites that quote and sell individual insurance for your part-time or contract staff that can not be covered by your plan.



Visit our site at...  
[www.mainstayinsurance.ca](http://www.mainstayinsurance.ca)

Please provide us feedback on anything you think should be added that would assist you or your staff.

## Plan Administration Liability Coverage

When putting a benefit plan in place for the first time or when renewing one each year, we recommend that every employer have Plan Administrator or Benefits Administration Liability coverage.

This coverage is generally available through the broker that handles your Property and Casualty coverage and is often shown as a rider to your general liability policy. It may already be a part of your current existing policy or be available as an addition at a very low (if any) cost.

This policy is extremely

important as it protects the employer from liability they could face from errors or omissions that can occur in the regular administration of their benefit plan.

Failing to enroll new hires, or to process status changes such as terminations, salary adjustments, changes in dependents status or their coverage, can all result in situations where an employer might find themselves at risk.

An example of this might be failing to enroll a new employee (or to change one from contract or part time to full time status). If

the employee were to have a major health problem (e.g. a life, LTD or catastrophic drug claim) the employer could be held liable, as it was their responsibility or duty of care to enroll the person in the benefit plan at the appropriate time.

If the insurer refused to cover the claim on the grounds that the employee was not enrolled, this liability coverage could protect you.

Please contact your broker for more information, to confirm or to add this benefit to your existing coverage.