JULY 2010
Volume 10, 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

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

Did you know that..?

…employee benefits end with your employment? In general, your benefit coverage terminates the same day your employment does. If you quit or are terminated with notice, your benefits cease as of your last day worked.

If termination occurs with NO notice given, a legislated notice period is required. In these cases, benefit coverage must be extended to the end of the legislated notice period as defined by provincial legislation (typically 1 week per year of service but not longer than 8 weeks total).

Your plan administrator can answer further questions.

Medical Expense Tax Credit (METC) changes

The federal government made a number of changes in the last budget, including one that affects what benefits are eligible as deductions on personal income taxes. The area is the Medical Expense Tax Credit.

This was originally introduced to allow a tax credit for those Canadians with higher expenses for medically necessary services and equipment. These will remain eligible and a full listing can be obtained by searching the web for interpretation Bulletin IT-519r2.

The change is with respect to expenses that are deemed to be purely cosmetic procedures they are no longer eligible expenses. Examples of items impacted include, liposuction, hair replacement, botox injections and teeth whitening.

This is not a definitive list and may be subject to change. Based on this we question if other expenses such as orthodontics or laser eye surgery could be far behind in being deemed cosmetic.

Cosmetic procedures that are required for medical or reconstructive purposes will still qualify for the METC.

How does this affect your group plan?

In most cases it may not have any effect. If you have a plan with a Health Care Spending Account (HSA or HCSA), you may find that certain procedures are no longer eligible.

If you want to be sure that a treatment or service is eligible BEFORE you incur the cost, you can always ask for a pre-determination from the insurer in much the same way you would for dental work.

If you have questions on the METC, speak to your accountant or tax preparer and they can help. If the question is regarding your benefit plan, please contact your insurer.

Traveling to Cuba? YOU NEED TO READ THIS !

Effective May 1st, 2010 the Government of Cuba has announced that all visitors to Cuba MUST have emergency medical coverage upon entry to the country or a Cuban policy will be provided at your expense.

The majority of benefit plans have this built into their plan and as a result it is not necessary to buy additional coverage. The key is to be prepared BEFORE you travel.

Travelers should carry a copy of their wallet card detailing the out of country coverage. An employee booklet can also be useful in proving the coverage exists. A provincial health card and passport should also be carried.

In addition, many of the insurers have provided blanket certificates that you can request to make travel easier.

We also understand that provincial health cards may be accepted as proof of coverage for the Cuban government but remember they will only cover a fraction of the costs of emergency medical costs.

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

WEBSITE:
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…

We are always available to solve any problems you may have with the administration of your benefits plan.

If you have a question on billings, a claim, or information that has been sent in to the insurer (e.g. enrolments, terminations or changes), you can often get a quicker answer by calling the customer service line directly. The numbers are always listed on our website.

How a group insurance broker works

While we regularly speak to prospective clients about how the benefits brokerage system works, we sometimes miss this review for our existing clients.

Group insurers will not deal directly with most businesses and instead deal with brokers who offer advice and guidance to their mutual clients. As such, insurers want the client to pick whom they deal with, and have that broker represent them.

When it comes to shopping the market, the broker takes the data out to multiple insurers to obtain quotes.

That may seem very straightforward (and it is) until another broker becomes involved. When insurers see data from a second broker they assume that the client is not happy with the original broker, so they remove the quote from them and supply the information to the second broker. If the data is the same, the price will be the same regardless of the broker, so there is no need to re-quote (unless incorrect).

This means that your first broker loses control of the quote and must return to you to obtain a letter authorizing them to have the quotes returned to them.

Most of you are familiar with my line that a broker for insurance is much like a real estate broker. You pick the person who you have a good relationship with and who can provide you with good advice, NOT just for the transaction of buying the policy but also for the long-term service.

When it comes to price, asking 3 or 4 brokers, be it for insurance or real estate, will give you the same results for benefits like it will for a house. The price is the price.

Understanding "*Hard*" & "*Soft*" P&C markets

There has been a fair bit of discussion and speculation recently regarding where premiums are heading in the Property & Casualty market.

The signs are that the P&C market is beginning to harden up again. What does that mean? Essentially, it is an environment where options are fewer, capacity is lower, premiums are higher and it becomes "harder" to broker accounts in the market place.

Our industry flows back and forth between what's been dubbed as, "hard" and "soft" markets. Traditionally that cycle occurs (on average) every decade or so. It is also traditional that the commercial market cycles in opposition to the personal lines side of things.

The beginning of this century saw both commercial and personal lines harden at the same time. It was a rough time and most businesses and individuals saw double digit increases in their premiums. While some businesses saw premiums double or triple, others found they could not even get insurance. It was one of the hardest markets we have seen in a hundred years and it happened very fast. The media was all over it and the government was thrown into the mix due to public outrage at what was happening and the threat was that they (Feds) would ride in and save the day. Most people do not realize that the government (FSCO) already controls rates and rules for automobile insurance, but the drastically tight market at that time was affecting the property side of things as well, both personally and commercially.

There was more talk than action and some legislative changes were made to try to control costs on the auto product, but the increased premiums combined with the public's reaction (reduced claims) meant a quick turn around in the cycle and as such, the market quickly softened.

A soft market is one where the insurance companies are making money and so more options and choice are available, capacity is not an issue, premiums are lower and competition is fierce. Once the companies have all undercut one another for market share, the claims begin to exceed premium and the lack of underwriting profit is no longer subsidized by investment revenue and the cycle turns. The social reaction to the hiked premiums is to avoid making claims and so frequency and severity diminish and the cycle softens again.

You should speak to your broker about how to best ride these cycles to avoid the extremes in premium for better short, and long range budget planning!