



Association des retraitées et des retraités
de l'enseignement de la FNEEQ

La Capitale 
Insurance and Financial Services

NEWSLETTER
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AREF INSURANCE COMMITTEE

This Insurance Newsletter was prepared in collaboration with La Capitale.

Dear AREF members,

The decision to limit travel coverage to thirty (30) days on an exceptional basis was made by the AREF Insurance Committee and not by the Insurer.

The Insurance Committee is well aware of all the inconveniences caused to our members by the decision to limit travel coverage to thirty (30) days for destinations with a Government of Canada travel advisory to avoid non-essential travel. We are sorry for this situation and, like you, we hope that things will return to normal as soon as possible.

Many of you contact our secretariat to ask how long this restriction will last. Some also want to know if there will be rebates on insurance premiums. This newsletter answers your questions. You will also find a detailed section at the end of this letter that explains some of the reasons for the Committee's choice.

Premium Rebates –

There will be no premium rebates due to pandemic contingencies.

As it will be explained later in this letter, the Insurance Committee has granted all insured members a 6% discount on their health insurance premium for 2021. We eliminated a \$500,000 deficit that was largely caused by *trip cancellations and other problems related to travel during the pandemic*.

Duration of the 30-day Limit –

This limit is linked to the Canadian government global travel advisories to avoid non-essential travel outside Canada. As long as these advisories are not lifted, the limited travel coverage will also remain.

Should you wish to contact our secretariat about this restriction, please know that you will be invited to visit our website to read all the newsletters that have been published on the subject in the past year.

Information on the situation as of September 2021

Travel Insurance and Trip Cancellation –

The success of the vaccination campaigns and the news about the reopening of the borders certainly bring optimism to many of us who love to travel.

The purpose of this newsletter is to provide some clarification on the coverage offered by our group insurance plan under the current rules.

First, we recommend that our members comply with the Government of Canada travel advisories, as the Insurer cannot guarantee access and quality of medical care abroad.

Your best protection is still to limit your trips. However, if you must travel, make sure you check the requirements of your destination country often. The rules can differ from place to place and change quickly.

Remember that no matter what your situation is, whether it is before purchasing a trip, before leaving, before cancelling or before incurring medical expenses while travelling, it is always strongly recommended to contact CanAssistance.

Here is an update on the latest information regarding our insurance coverage when insured members ARE TRAVELLING:

1. Expenses for mandatory COVID-19 screening tests to return to Canada **are not covered** under travel insurance.
2. Additional expenses incurred while awaiting COVID-19 screening test results **are not covered** (for example, the cost for new plane tickets or changing the return date on the existing ticket, accommodation and living expenses, etc.)

3. If the result of a COVID-19 screening test is positive, **the following expenses are covered** based on the maximum amount under our contract:

- Medical expenses
- Additional expenses incurred to purchase a return ticket, or the cost of modifying your existing ticket, based on the following:
 - o One-way ticket, in economy class*
 - o Flight aboard a commercial airline, on a fixed schedule*
 - o The most direct route to the point of departure*

For members who wish to PLAN A TRIP, we remind you that:

- For destinations with an advisory to avoid non-essential travel* on the departure date, travel insurance coverage for emergency medical expenses is limited to **30 DAYS**.
*Please note that there is still an official **global** advisory to avoid non-essential travel outside Canada.
- If the government travel advisory for your destination is to avoid all travel when you purchase your trip, you are not eligible for trip cancellation **for any reason**.
- If the government travel advisory for your destination is to avoid non-essential travel when you purchase your trip, you are eligible for trip cancellation **only if** the advisory changes to “avoid all travel”. However, you are eligible for the other clauses of the contract.

AREF Insurance Committee is monitoring the situation and will keep you informed of any changes.

We hope you find this information useful and we encourage you to be careful!

For more information, you will find below some of the elements that motivated our decision:

In 2020, La Capitale paid benefits under contract 1011 that exceeded the premiums received by \$501,314. This represents a deficit of over half a million dollars.

This amount, equivalent to 10.2% of the premiums received, was withdrawn by La Capitale from the stabilization fund provided for this purpose. This would have normally required an increase in premiums of more than 25% in 2021, half to replenish the stabilization fund and the rest to avoid a similar deficit again. (The financial agreement with La Capitale provides for a maximum amount of \$985,398 for the stabilization fund, or 20% of participants' premiums. There is currently only \$128,765 left on this fund.)

In other words, monthly premium rates for health insurance **should have been** over \$55 for individual coverage and over \$110 for family coverage. This amounts to increases of at least \$11 or \$22 per month.

However, given the inflation associated with the pandemic, AREF Insurance Committee felt it best to instead **reduce** premiums by 6% in 2021. The amounts on deposit at La Capitale (currently more than 2 million dollars) were used to assume the deficit. The Committee members have therefore chosen to reduce the assets of the members and give them the benefit now, during this more difficult period.

As you can imagine, our insured members will see their assets melt like snow in the sun if we continue like this. Premiums will have to be increased in the future but we have chosen to do it more gradually.

It should also be noted that this choice would not have been possible if AREF's current financial reserves had been reduced by member dividends.

Clermont Lavoie

For AREF's Insurance Committee