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Memo

To: All Members of the Faculty Association (BU # 1 and BU # 2)
Date: April 16, 2007
Subject: Premium renewals for Supplementary Health Care, Disability and Life.

Following BU # 1's negotiated Collective Agreement in the spring of 2006, the Supplementary Health Care and Dental, Long Term Disability and Group Life Insurance plans saw improvements to coverages and changes to cost-sharing as well as changes to the manner in which they are managed. Language in the BU # 2 Collective Agreement assures that these same improvements and changes apply to members in this unit as well. Consult Section D-5 of the BU # 1 Collective Agreement for more details on these changes.

Each spring, the providers of each plan make recommendations for premium rates for the coming year when the plans come up for renewal on May 1. This year, there were recommendations for premium increases for our Supplementary Health Care (+8%) and Dental (+5%) and for our Long Term Disability (+24.8%) plans while there was a recommendation for a premium decrease to our Group Life Insurance (-13.6%) plan.

Presently, both the Supplementary Health Care and Dental and the Long Term Disability plans are reported to have surpluses (premiums in excess of paid claims). In reviewing this situation, among other items, the Association wants to ensure that the level of surplus maintained in each plan is appropriate for the membership. Over the next year, the Association will be engaging in a review of these plans to ensure that they represent the best value proposition for the Association and its members.

In the meantime, for the 2007-2008 year, the Executive Committee has:

- **not approved** the recommended premium increases for the Supplementary Health Care and Dental plan, but rather has approved that the existing surplus be used to cover these premium increases for the next year. (This should still leave the plan with a healthy surplus at the end of the year.)
- **approved** the recommended premium increase for the Long Term Disability plan. (The Employer has advised that there is insufficient surplus in this plan to cover the premium increases for the next year.)

For the typical Member in each of these plans, the effect of these changes should be a net increase on a bi-weekly pay of about \$3.00. You should see changes to only your Long Term Disability and Group Life Insurance premium rates.

Please contact the Association should you have any questions or concerns.