

INFO INSURANCE No. 7

March 3, 2015



New rates in force on April 1, 2015

In its December 2, 2014 economic update, the Couillard government announced changes to various taxes. The tax on auto insurance, for example, went up to 9% from 5% on January 1 of this year.

There is also a new tax on our group insurance (health, dental, disability and life) premiums. The largest part of these premiums – about 88% - is paid back to members in the form of benefits, but some is used to cover various expenses, including taxes that *La Capitale* has to pay to the government. It is these taxes that went up last December – a “temporary” increase, the Couillard government promises. They should start going down as of April 1, 2017 and return to their current level on April 1, 2019. To be followed...

Because of this special measure, *La Capitale* has to revise the rates for all its group insurance plans. The FNEEQ Insurance and Pensions Committee has therefore decided to increase premiums as of April 1, 2015, even though the increase came into effect on December 3, 2014, the day after the economic update. This means that the increase doesn't cover the extra cost accumulated since then. These amounts will be taken into account in the next renewal and treated at the RSA (meeting of participating unions) next fall. The average increase for all premiums is 1.28%.

In the end, when the government taxes insurance companies more, it's actually taxing insured members more. Another austerity measure from the Liberal government!

The rates applicable on April 1, 2015 for the various forms of coverage are available on line at:

http://www.fneeq.qc.ca/en/comites/assurances/Group_Insurance/Leaflet_1008_201504.pdf

If you would like to simulate the effect on your premium of changes to coverage, you can use the premium calculate available on line at:

http://www.fneeq.qc.ca/en/comites/assurances/Group_Insurance/Calculator-1er-avril_2015.xlsx