



# Special ADR Edition

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## *Insurance: FAC versus FNEEQ*

In the debate about benefits of remaining with FAC or joining FNEEQ, Group Insurance occupies a central position. In the discussions we had until now and the comparative documents that have been prepared for us, we seem to have lost sight of the forest for the trees. The question is not which benefits are better right now and by how much, the question is which grouping will be the most beneficial for all Dawson Teachers over the coming years:

The health insurance market consists of three distinct segments, each of which is governed by fundamentally different economics and regulation: large groups, small groups and individuals.<sup>1</sup>

The larger the group size, the easier it is for an insurance company to apply to that group a known frequency of claims in the general population. This is the case simply because a very large group will duplicate more closely the composition of the total population. The fact that we belong to a relatively small group already has a direct impact on our group insurance: for that reason, I am personally insured under my spouse's group insurance plan with FAS (Fédération des Affaires Sociales), a group that has over 70,000 members. Many Dawson teachers have made the same choice.

The actual debate also overlooks the likely evolution of the Canadian Group Insurance industry in the coming years with the increasing pressures of health care costs, progressive or partial privatization of the health care sector and market fragmentation. Observers in the industry argue that consolidation in the industry, not only inevitable, will also bring the convergence of different types of insurance coverage (multiplying the basket of services available) particularly in the employee benefit sector:

The current structure of benefit plans--where coverage is separated into different lines of benefits [...], is not conducive to promoting the overall wellness of the

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<sup>1</sup> Hall, M. 2000, The Geography of Health Insurance Regulation, *Health Affairs*, 19(2); 173

plan member. In the future, there will be a shift to a more integrated model that combines different areas of coverage.<sup>2</sup>

We can imagine in the coming years a group insurance industry offering internet access, such as the one that exist in the banking industry, where group insurance would both be group dependent in terms of risk assessment (average age, claim history, etc...) and open to the expression of individual preferences for different coverage areas. I can only imagine that in such a context, the negotiation position of a group of 3 to 4,000 employees in FAC would be quite different than the negotiation capacity of a group of 14,000 plus in FNEEQ.

Finally, while the present debate looks at the existing policies, the one we adopted in FAC and the one developed without our participation in FNEEQ, I would argue that that is not the real debate. The question is more where do we want to stand in relation to future group insurance negotiations, where will we have the best negotiation position. I would argue that it is with the larger group, with FNEEQ.

Jocelyn Guindon, Geography

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Khemani A. May 2002. The next 25 years: Group insurance. *Benefits Canada*. Toronto: [May 2002](#). 26(5); 53