

Group Benefits Program

2018 Renewal

County Of Hastings, County-Wide Benefit Program Municipality of Tweed



Mosey & Mosey

Benefits Expertise to Ontario's Public Sector

Group Benefits Program

2018 Renewal

County Of Hastings, County-Wide Program

Municipality of Tweed

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Introduction/Executive Summary

Manulife Financial underwrites the County-Wide Program for the participants in the County of Hastings. The group insurance program is scheduled to renew on January 1, 2018.

This report summarizes the originally proposed renewal and the revised renewal negotiated by Mosey & Mosey Benefit Plan Consultants.

Manulife Financial's initial renewal proposal for January 1, 2018 would have resulted in a reduction to the annual premium of approximately \$57,600 or -3.8% for the participating Municipalities combined, and a decrease of approximately \$41,900 or -21.9% for the Municipality Of Tweed.

We are pleased to advise that following our analysis and negotiations with Manulife Financial, the revised renewal position, effective January 1, 2018, results in a reduction to the annual premium of approximately \$129,200 or -8.5% for the participating Municipalities combined, and a reduction of approximately \$50,800 or -26.5% for the Municipality Of Tweed. The negotiated renewal position results in an annual savings of approximately **\$8,900** for the Municipality Of Tweed, compared to Manulife Financial's original renewal proposal.

The renewal premium rate adjustments that have been negotiated by Mosey & Mosey with Manulife Financial on behalf of the participating Municipalities are reasonable and competitive based on the claims experience and are reflective of the premium required to support the plan during the 2017-2018 Policy Year. In this regard, we recommend the Municipality Of Tweed accept the negotiated renewal, effective January 1, 2018.

Please note, in the past, the renewal of the group insurance program has been assessed based on the claims experience for the period September 1st to August 31st. However, in order to accommodate an earlier finalization of the renewal as required by the County and the participating Municipalities, the period upon which future renewals will be assessed is August 1st to July 31st.

For the renewal effective January 1, 2018, to transition between these two periods, the renewal has been assessed based on the period September 1, 2016 to July 31, 2017.

Our report concerning the proposed renewal of the group benefits program for the 2017-2018 Policy Year follows.



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Renewal of the Benefit Program

Manulife Financial presented their initial renewal proposals for the County Of Hastings and for the participating Municipalities under the County-Wide Program with the effective date of the renewal to be January 1, 2018. The initial renewal position, by line of benefit, is outlined below:

Benefit	Initially Proposed Renewal Premium Rate Adjustment Municipalities	Initially Proposed Renewal Premium Rate Adjustment Municipality of Tweed
Life Insurance	35.3% Increase	35.3% Increase
Accidental Death & Dismemberment Insurance	No Change	No Change
Dependent Life Insurance	35.3% Increase	35.3% Increase
Long Term Disability Insurance	4.9% Increase	25.0% Decrease
Weekly Indemnity Insurance	20.0% Decrease	20.0% Decrease
Extended Health Care	16.7% Decrease	26.9% Decrease

The initially proposed premium rate adjustments would have resulted in the following approximate changes to the annual premium:

	Change To Annual Premium	Adjustment
Municipality of Tweed	-\$ 41,900	-21.9%
Municipalities	-\$ 57,600	-3.8%

We are pleased to advise that as a result of our negotiations with Manulife Financial concerning their proposed premium rate adjustments, Manulife Financial has agreed to a revised proposed renewal position for the 2017-2018 Policy Year. This revised renewal position is summarized on the next page:



Benefit	Negotiated Premium Rate Adjustment All Municipalities Combined	Negotiated Premium Rate Adjustment Municipality of Tweed
Life Insurance	27.5% Increase	27.5% Increase
Accidental Death & Dismemberment Insurance	No Change	No Change
Dependent Life Insurance	27.5% Increase	27.5% Increase
Long Term Disability Insurance	2.0% Increase	30.0% Decrease
Weekly Indemnity Insurance	20.0% Decrease	20.0% Decrease
Extended Health Care	21.9% Decrease	32.1% Decrease

The negotiated premium rate adjustments result in the following approximate changes to the annual premium:

	Change To Annual Premium	Adjustment
Municipality of Tweed	-\$ 50,800	-26.5%
Municipalities	-\$ 129,200	-8.5%

Please refer to Exhibit 1 at the end of this report for a summary of the pre-renewal and renewal premium rates, effective **January 1, 2018**.

For the Municipalities, the negotiated renewal results in an **annual savings of approximately \$71,600**, compared to the initially proposed renewal position. For the Municipality of Tweed, the negotiated renewal results in an **annual savings of approximately \$8,900** compared to the proposed renewal.

Our comments concerning the renewal of your group insurance program with Manulife Financial follow.

Partially Pooled And Fully Pooled Benefits

Life Insurance And Dependent Life Insurance

The Life Insurance benefit is underwritten on a partially experience-rated/partially pooled basis. A certain degree of credibility is applied to the claims experience under the Life Insurance benefit and is considered in the renewal calculations.

The overall combined County-Wide Program is considered by Manulife Financial for the purposes of determining the insurer expense levels applied to the plan, as well as the level of credibility applied to the claims experience.

The partially experience-rated/partially pooled method of underwriting the Life Insurance benefit is most appropriate in light of the number of employees insured under the plan, and the annual premium generated. The premium paid for this coverage is relatively low in comparison with the potentially large, but infrequent claims that can occur.





Therefore, it is appropriate to pool the claims experience of the plan with other similar plans. However, due to the size of the Program, the claims experience under the plan is more predictable than that which would be exhibited under a smaller plan, and therefore, a degree of credibility can be applied to this experience.

Manulife has used the most recent 6 years of claims experience for the Life Insurance and Dependent Life Insurance benefits in their renewal calculations. The period under analysis at this renewal is September 1, 2011 to July 31, 2017.

There have been 12 Life Insurance claims and 1 Dependent Life Insurance claim paid under the Program in the 6 year renewal analysis period; the information concerning these claims is provided below:

**Paid Life And Dependent Life Insurance Claims
September 1, 2011 to July 31, 2017**

Gender	Age At Death	Date Of Death	Claim Type	Amount
M	60	June 27, 2013	Employee	\$ 10,000
M	58	August 18, 2013	Employee	10,000
M	59	October 31, 2014	Employee	51,000
M	57	November 28, 2014	Employee	45,000
F	69	March 27, 2015	Spouse	5,000
F	54	September 23, 2016	Employee	91,000
F	58	September 10, 2016	Employee	90,000
F	59	December 16, 2016	Employee	128,000
F	64	January 26, 2017	Employee	91,000
M	67	December 31, 2016	Employee	74,500
F	59	March 11, 2017	Employee	91,000
F	61	March 16, 2017	Employee	88,000
M	63	April 14, 2017	Employee	82,000
				\$ 856,500

In addition to the paid claims, the following are considered in determining the renewal rates:

1. The required reserves for incurred but not reported claims (IBNR reserves). These are the reserves held by the insurer to reflect the liability for claims that have been incurred, but not yet reported to the insurer. In the event of plan termination, the insurer would use these reserves to pay any claims which were incurred prior to the termination of the plan, but which are settled following the termination.
2. Conversion charges. These are the charges assessed against the plan for those individuals who convert their group insurance coverage to an individual policy, following termination of their group coverage. There was one conversion during the 6 year renewal analysis period; the amount of the applicable conversion charge was \$6,950.
3. The Waiver Of Premium Reserves. These reserves are held by the insurer to reflect the liability for the future claim payments to those individuals who are disabled and whose Life Insurance coverage is being continued without further premium payment.

There are currently 37 individuals who have been approved for Waiver Of Premium under the Life Insurance coverage. The information concerning the approved Waiver Of Premium claims and their associated reserves, as at July 31, 2017, is provided on the following page.





Open Waiver Of Premium Claims - Waiver Of Premium Reserves - As At July 31, 2017

Gender	Date Of Birth	Date Of Disability	Life Insurance Benefit Amount	Waiver Of Premium Reserves
M	July 9, 1966	January 8, 2009	\$ 155,000	\$ 43,811
F	June 11, 1962	March 29, 2009	81,000	12,390
F	July 29, 1963	January 4, 2010	68,000	11,773
F	February 23, 1967	July 30, 2010	95,000	16,798
F	August 6, 1960	September 28, 2010	83,000	11,665
F	June 6, 1963	December 14, 2010	106,000	16,858
M	January 17, 1967	January 17, 2011	144,000	41,613
F	August 25, 1955	April 1, 2011	81,000	6,742
M	September 30, 1956	August 12, 2011	184,000	31,257
F	November 25, 1955	July 10, 2012	86,000	13,707
M	May 29, 1959	August 29, 2012	135,000	33,392
F	April 13, 1965	September 18, 2012	86,000	27,463
F	November 4, 1972	April 12, 2013	163,000	59,111
F	January 14, 1962	July 12, 2013	88,000	26,130
F	March 13, 1964	October 29, 2013	88,000	27,987
M	August 30, 1956	January 4, 2014	74,000	14,426
F	December 20, 1969	March 31, 2014	153,000	54,164
M	November 7, 1957	June 25, 2014	156,000	35,924
F	August 1, 1953	September 5, 2014	89,000	5,784
M	October 10, 1956	September 9, 2014	173,000	34,252
F	March 2, 1969	January 29, 2015	90,000	27,783
F	May 2, 1958	March 27, 2015	118,000	27,904
M	May 30, 1972	July 24, 2015	159,000	2,791
F	May 1, 1970	September 9, 2015	159,000	49,543
F	May 21, 1961	October 17, 2015	64,000	16,127
M	June 18, 1957	November 12, 2015	51,000	11,353
M	September 18, 1954	January 26, 2016	146,000	18,837
F	May 17, 1965	January 31, 2016	91,000	28,273
M	September 13, 1962	February 19, 2016	91,000	4,514
F	November 10, 1956	February 24, 2016	91,000	18,755
M	June 10, 1961	May 31, 2016	107,000	31,408
F	October 6, 1959	June 12, 2016	91,000	25,410
F	September 24, 1969	June 28, 2016	98,000	23,790
F	June 24, 1971	July 8, 2016	179,000	52,490
F	November 12, 1965	September 7, 2016	91,000	27,201
M	March 8, 1960	October 17, 2016	165,000	47,378
F	April 11, 1971	February 2, 2017	122,000	32,108
TOTAL - County-Wide Program			\$ 4,201,000	\$ 970,913

The total incurred claims under the plan are determined as the total of the paid claims, adjustment to the IBNR reserve, and the adjustment to the Waiver Of Premium Reserves.

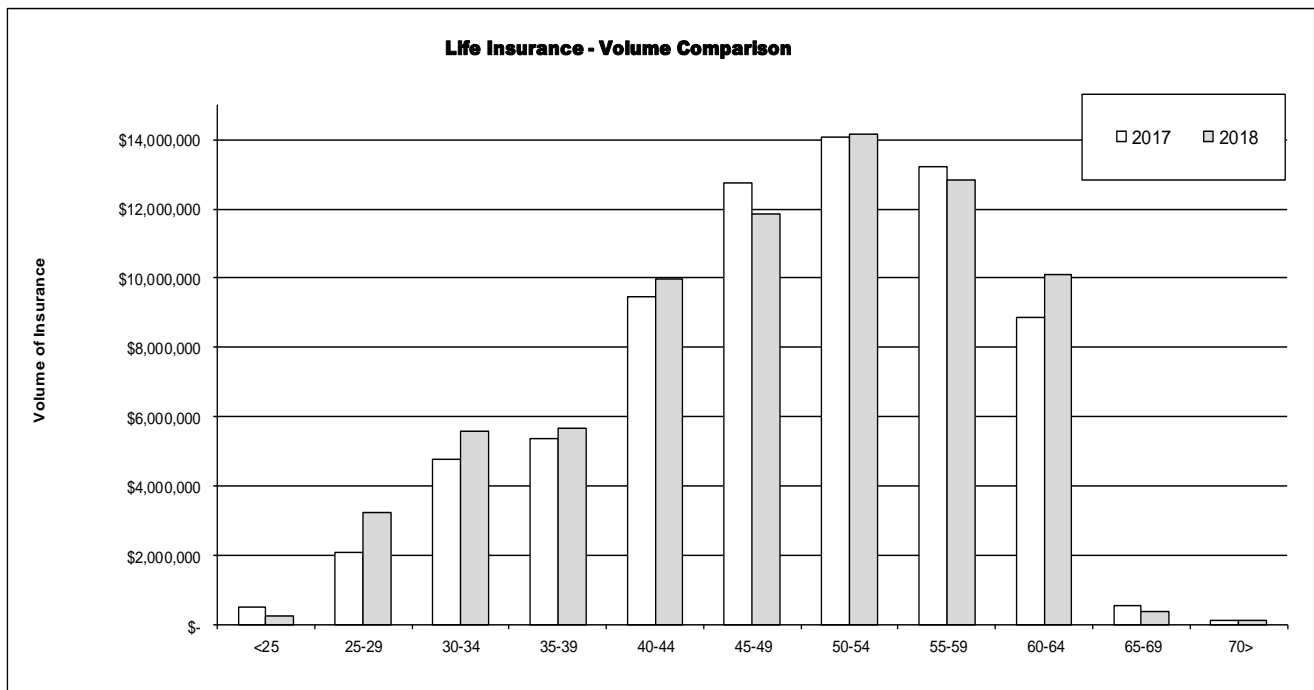




However, as noted previously, only a degree of credibility is applied to the claims experience; the balance of the renewal calculation is based on the demographics (age, sex and volume of insurance) of the insured employees. This information determines the “manual rate” that applies to the group, and represents the pooled portion of the underwriting arrangement.

A comparison of the demographics for the insured employees, as at last year’s renewal and at this year’s renewal, is provided below and on the following page:

Age Band	2018						2017					
	Male		Female		Total		Male		Female		Total	
	Lives	Volume	Lives	Volume	Lives	Volume	Lives	Volume	Lives	Volume	Lives	Volume
<25	11	\$ 110,000	4	\$ 134,000	15	\$ 244,000	13	\$ 422,000	3	\$ 85,000	16	\$ 507,000
25-29	21	1,479,000	17	1,743,000	38	3,222,000	19	1,141,000	10	945,000	29	2,086,000
30-34	26	1,775,000	33	3,828,000	59	5,603,000	28	1,949,000	24	2,840,000	52	4,789,000
35-39	27	2,807,000	26	2,866,000	53	5,673,000	24	2,293,000	28	3,073,000	52	5,366,000
40-44	41	3,505,000	55	6,471,000	96	9,976,000	43	3,715,000	49	5,733,000	92	9,448,000
45-49	52	4,832,000	61	7,005,000	113	11,837,000	55	4,908,000	69	7,840,000	124	12,748,000
50-54	55	4,759,000	85	9,398,000	140	14,157,000	53	4,800,000	87	9,279,000	140	14,079,000
55-59	57	5,212,000	74	7,605,000	131	12,817,000	65	6,170,000	69	7,040,000	134	13,210,000
60-64	71	4,721,000	62	5,379,000	133	10,100,000	60	3,784,000	67	5,097,000	127	8,881,000
65-69	18	340,000	3	30,000	21	370,000	13	516,000	4	40,000	17	556,000
70>	8	80,000	5	50,000	13	130,000	8	80,000	5	50,000	13	130,000
Total	387	\$ 29,620,000	425	\$ 44,509,000	812	\$ 74,129,000	381	\$ 29,778,000	415	\$ 42,022,000	796	\$ 71,800,000
% Change	1.6%	-0.5%	2.4%	5.9%	2.0%	3.2%						





	2017	2018	% Change
Less Than 50			
# Of Employees	365	374	2.5%
Volume	34,944,000	36,555,000	4.6%
% Of Total Volume	48.7%	49.3%	
50 to 65			
# Of Employees	401	404	0.7%
Volume	36,170,000	37,074,000	2.5%
% Of Total Volume	50.4%	50.0%	
Over 65			
# Of Employees	30	34	13.3%
Volume	686,000	500,000	-27.1%
% Of Total Volume	1.0%	0.7%	

The demographic adjustment that occurred to the manual rate since the last renewal (January 1, 2017) is an increase of 2.2%. However, it should be noted, the current manual rate (\$0.464 per \$1,000 of coverage) is significantly higher (43%) than the current composite billed premium rate (\$0.325 per \$1,000 of coverage).

The renewal analysis for the Basic Life and Dependent Life Insurance is provided below:

Life Insurance And Dependent Life Insurance Renewal Analysis

Policy Year	Paid Premium	Adjusted Premium *	Claims Charges
September 1, 2011 to August 31, 2012	\$ 222,627	\$ 263,287	\$ -
September 1, 2012 to August 31, 2013	275,083	270,190	10,000
September 1, 2013 to August 31, 2014	256,330	277,235	10,000
September 1, 2014 to August 31, 2015	239,772	280,533	101,000
September 1, 2015 to August 31, 2016	245,140	286,814	-
September 1, 2016 to July 31, 2017	253,502	268,488	735,500
Total	\$ 1,492,454	\$ 1,646,547	\$ 856,500
Conversion Charges			6,950
Change In IBNR Reserve	As At July 31, 2017		4,703
Change In Waiver Of Premium Reserve	As At July 31, 2017		627,818
Total Claims Cost			\$ 1,495,971
Net Claims Loss Ratio			90.9%
Demographic Adjustment Factor			1.8%
Adjusted Net Claims Loss Ratio			92.5%
Calculated Experience Adjustment			19.3%
Current Rate			\$ 0.325
Experience Adjusted Rate			\$ 0.388
Credibility On Experience Adjustment			65.0%
Calculated Manual Rate			\$ 0.464
Credibility On Manual Adjustment			35.0%
Blended Experience/Manual Adjustment		Calculated Rate	Required Rate
Experience	Credibility 65.0%	\$ 0.388	\$ 0.252
Manual	35.0%	0.464	0.163
Combined			\$ 0.415
Required Adjustment			27.5%

* The Adjusted Premium is the premium that would have been paid based on the current premium rates.





On the basis of their original renewal calculations, Manulife Financial determined that a 35.3% premium rate increase was required to the Basic Life and Dependent Life Insurance premium rates at this renewal. In our analysis, we noted that Manulife Financial had understated the adjusted premium. In addition, Manulife Financial had applied less credibility to the claims experience (and therefore greater credibility to the manual rate) than had been past practice.

When the adjusted premium was revised, and greater credibility was applied to the claims experience (similar to past levels), the revised renewal calculations indicated that the appropriate adjustment at this renewal is a 27.5% increase, as noted in the calculations on the preceding page.

We reviewed this with Manulife Financial and recommended that the Basic Life Insurance and Dependent Life Insurance premium rates increased by the calculated 27.5%. We are pleased to advise that Manulife Financial has agreed with our position.

In this regard, the Basic Life Insurance premium rate for the Municipality Of Tweed will increase 27.5% at the renewal, effective January 1, 2018.

Accidental Death & Dismemberment (AD&D) Insurance

The AD&D Insurance benefit is underwritten on a fully pooled basis by Manulife Financial. Under this arrangement, the premium and claims for the AD&D coverage are combined by Manulife Financial in a pool with this coverage for all similar types of employers, and the premium rates are determined based on the overall claims experience of this pool.

This method of underwriting the AD&D Insurance benefit is most appropriate in light of the nature of this coverage. The premium paid for this coverage is very low in comparison with the potentially large, but infrequent claims that can occur. The extremely random nature of the claims under AD&D Insurance is such that no credibility can be applied to the claims experience of a specific group, but only to the experience of a very large combined pool of similar coverage.

Manulife Financial has advised that there is no change required to the premium rates at this renewal. **In this regard, the AD&D Insurance premium rate for the Municipality Of Tweed will remain unchanged at the renewal, effective January 1, 2018.**

Long Term Disability Insurance

The Long Term Disability Insurance benefit is underwritten on a partially experience-rated/partially pooled basis. A certain degree of credibility is applied to the claims experience under the Long Term Disability Insurance benefit and is considered in the renewal calculations. The overall combined County-Wide Program is considered by Manulife Financial for the purposes of determining the insurer expense levels applied to the plan, as well as the level of credibility applied to the claims experience.

However, the renewal analysis is performed separately for the taxable (employer paid) plans and the non-taxable (fully employee paid) plans, as per the directives from the Canada Revenue Agency (CRA). The Municipality Of Tweed has a non-taxable (employee paid) Long Term Disability Insurance plan.

The partially experience-rated/partially pooled method of underwriting the Long Term Disability Insurance benefit is most appropriate in light of the number of employees insured under the plan, and the annual premium generated. The premium paid for this coverage is relatively low in comparison with the potentially large, but infrequent claims which can occur. Due to the size of the Program, the claims experience is more predictable than that which would be exhibited under a smaller plan, and therefore credibility can be applied to the claims experience.





In the renewal calculations, Manulife Financial only considers the claims experience for the most recent 5 year period and has only considers the disability benefits that have been paid for those individuals who became disabled during this 5 year period. Disability benefits paid to those individuals who became disabled prior to 5 year renewal analysis period and the associated Disabled Life Reserves are excluded from the calculations.

In addition to the paid claims, the following are considered in the claims experience:

1. The reserves for incurred but not reported claims (IBNR reserves). These are the reserves held by the insurer to reflect the liability for claims that have been incurred, but not yet reported to the insurer. In the event of plan termination, the insurer would use these reserves to pay any claims which were incurred prior to the termination of the plan, but which are settled following the termination.
2. The Disabled Life Reserves. These reserves are held by the insurer to reflect the liability for the future claim payments to those individuals who are disabled and are receiving Long Term Disability benefits.

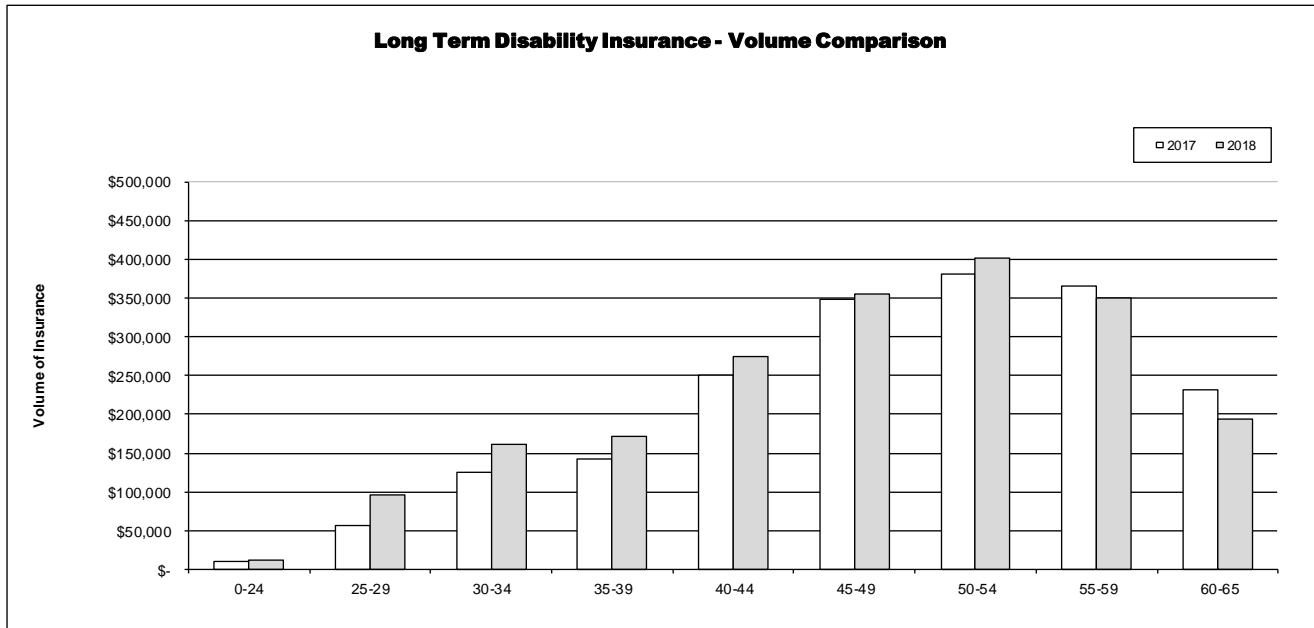
The total incurred claims under the plan are determined as the total of the paid claims, adjustment to the IBNR reserve, and the Disabled Life Reserves for those individuals who became totally disabled within the 5 year analysis period.

However, as noted previously, only a degree of credibility is applied to the claims experience; the balance of the renewal calculation is based on the demographics (ages, sexes and volumes of insurance) of the insured employees. This information determines the "manual rate" that applies to the group, and represents the pooled portion of the underwriting arrangement.

Unlike the claims experience analysis, the demographic analysis is performed in relation to the taxable and non-taxable plans combined. The demographics of the employees insured for Long Term Disability coverage, as at the January 1, 2017 renewal, and as at the January 1, 2018 renewal, are provided in the charts below and on the following page:

Age Band	2018						2017					
	Male		Female		Total		Male		Female		Total	
	Lives	Volume	Lives	Volume	Lives	Volume	Lives	Volume	Lives	Volume	Lives	Volume
0-24	2	\$ 5,164	3	\$ 6,643	5	\$ 11,807	3	\$ 8,127	1	\$ 2,372	4	\$ 10,499
25-29	13	40,063	20	56,373	33	96,436	10	28,484	11	27,570	21	56,054
30-34	18	63,138	31	98,410	49	161,548	17	56,663	20	68,131	37	124,794
35-39	20	80,038	29	90,702	49	170,740	16	65,070	25	78,042	41	143,112
40-44	26	98,819	52	176,271	78	275,090	27	98,664	46	151,359	73	250,023
45-49	38	143,524	64	211,850	102	355,374	36	135,842	66	211,732	102	347,574
50-54	40	144,258	86	256,715	126	400,973	39	141,221	81	240,338	120	381,559
55-59	50	164,501	63	185,033	113	349,534	54	182,081	62	182,640	116	364,721
60-65	29	91,518	37	102,490	66	194,008	33	104,994	46	126,041	79	231,035
Total	236	\$ 831,023	385	\$ 1,184,487	621	\$ 2,015,510	235	\$ 821,146	358	\$ 1,088,225	593	\$ 1,909,371
% Change	0.4%	1.2%	7.5%	8.8%	4.7%	5.6%						





		2017	2018	% Change
Less Than 40	# Of Employees	103	136	32.0%
	Volume	334,459	440,531	31.7%
	% Of Total Volume	17.5%	21.9%	
40 to 49	# Of Employees	175	180	2.9%
	Volume	597,597	630,464	5.5%
	% Of Total Volume	31.3%	31.3%	
50 to 59	# Of Employees	236	239	1.3%
	Volume	746,280	750,507	0.6%
	% Of Total Volume	39.1%	37.2%	
60 to 65	# Of Employees	79	66	-16.5%
	Volume	231,035	194,008	-16.0%
	% Of Total Volume	12.1%	9.6%	

This analysis of the demographics indicates that employees age 50 and over account for 49% of the total number of insured employees, and 47% of the total volume of insurance. We note, this has reduced slightly from the levels exhibited over the past several years.

However, Manulife Financial's analysis of the demographics indicated that a 21% decrease in the manual rate has occurred since the 2017 renewal (-23.2% for the taxable plans and -19.9% for the non-taxable plans). Our analysis of the demographic information indicates that there should have been little change to the manual rate since last year's renewal; the adjustments indicated by Manulife Financial may therefore be the result of changes to their overall manual rating tables.





Non-Taxable Plans

Under the non-taxable plans there are currently 6 open Long Term Disability claims; of these, only one was incurred during the 5 year analysis period, September 1, 2012 to July 31, 2017. A listing of these open claims follows:

Open Long Term Disability Claims - Disabled Life Reserves - As At July 31, 2017

Non-Taxable Plans

Gender	Date Of Birth	Date Of Disability	Monthly Benefit Amount	Disabled Life Reserves
<i>M</i>	<i>July 9, 1966</i>	<i>January 8, 2009</i>	\$ 4,290	\$ 366,966
<i>F</i>	<i>July 29, 1963</i>	<i>January 4, 2010</i>	1,888	117,280
<i>F</i>	<i>August 6, 1960</i>	<i>September 28, 2010</i>	2,291	108,631
<i>F</i>	<i>June 6, 1963</i>	<i>December 14, 2010</i>	2,925	201,239
<i>M</i>	<i>January 17, 1967</i>	<i>January 17, 2011</i>	3,999	335,493
F	September 24, 1969	June 28, 2016	2,225	13,145
TOTAL - County-Wide Program			\$ 17,618	\$ 1,142,755
TOTAL - Considered In Renewal Analysis			\$ 2,225	\$ 13,145

Note, the first five claimants, indicated in italics, were claims incurred prior to the renewal analysis period.

The total of the Disabled Life Reserves being held by Manulife Financial in relation to the one open Long Term Disability claim that was incurred since September 1, 2012 is \$13,145.

While there are currently 6 open Long Term Disability claims under the non-taxable plans, there were a total of 20 paid Long Term Disability claims under the non-taxable plans during this 5 year period; of these 7 were incurred in the renewal analysis period (September 1, 2012 to July 31, 2017).

The total benefits that have been paid under the non-taxable LTD plans during this 5 year period were **\$1,600,106**. The total of the benefits paid to the 7 claimants who became totally disabled during the renewal analysis period is \$204,427. A listing of the paid Long Term Disability claims is provided in Exhibit 2 at the end of this report.

The renewal calculations for the non-taxable plans are outlined on the following page:





Long Term Disability Insurance Renewal Analysis - Non-Taxable Plans

Policy Year	Paid Premium	Adjusted Premium	Claims Charges (By Year Of Incurral)
September 1, 2012 to August 31, 2013	\$ 331,996	\$ 280,817	\$ -
September 1, 2013 to August 31, 2014	289,855	236,705	51,639
September 1, 2014 to August 31, 2015	277,707	231,524	72,256
September 1, 2015 to August 31, 2016	222,949	164,878	80,532
September 1, 2016 to July 31, 2017	118,319	102,366	-
Interest Credit on Premium		62,882	
Total	\$ 1,240,826	\$ 1,079,172	\$ 204,427
Interest Charge on Claims			5,738
IBNR Reserve	As At July 31, 2017		43,126
Litigation Reserve	As At July 31, 2017		218,874
Disabled Life Reserve	As At July 31, 2017		13,145
Total Incurred Claims Cost			\$ 485,310
Adjusted Incurred Loss Ratio			45.0%
Demographic Adjustment To Claims Experience			-1.0%
Adjusted Net Claims Loss Ratio			44.6%
Calculated Experience Adjustment			-40.0%
Credibility On Experience Adjustment			72.0%
Calculated Manual Adjustment			-19.9%
Credibility On Manual Adjustment			28.0%
Blended Experience/Manual Adjustment		Calculated Adjustment	Required Rate Adjustment
Experience	<u>Credibility</u> 72.0%	-40.0%	-28.8%
Manual	28.0%	-19.9%	-5.6%
Combined			-34.4%
Required Adjustment			-34.4%

The overall renewal adjustment originally calculated by Manulife Financial was a reduction of 25.0%.

In our analysis of the renewal calculations, we noted that Manulife Financial had understated the adjusted premium; when the correct adjusted premium (as indicated in the above calculations) is applied, the required renewal adjustment is a reduction of 34.4%. We recommended, on this basis, that a 35% premium rate reduction should be applied at this renewal.

Manulife Financial, however, noted that due to the small size of the non-taxable plans, that even the addition of one new claim could significantly impact the claims experience. In addition, Manulife noted that the premium rates for the non-taxable plans had been reduced by 30% at the renewal effective January 1, 2017. In this regard, Manulife Financial advised that the maximum reduction they would apply at this renewal is a reduction of 30.0%.

The Long Term Disability Insurance premium rates for the Municipality of Tweed will be reduced by 30.0% effective January 1, 2018.





Experience Rated Benefits

Underwriting Arrangements

The Weekly Indemnity and Extended Health Care benefits are underwritten by Manulife Financial on a non-refund, prospectively experience-rated basis.

Under this underwriting arrangement, the liability of the participating Consortium members is limited to the payment of the applicable premiums for the coverage. There is no annual accounting of the financial results under the plan during the previous policy year, or the determination of a surplus or deficit position.

In this regard, if the premiums paid during the past policy year were not sufficient to fund the claims paid during the policy year plus the associated expenses and reserves, the resulting loss remains the liability of the insurer; the insurer is not provided the opportunity under this underwriting arrangement to recover any loss that is generated. Conversely, if the premiums paid during the past policy year were in excess of those required for the paid claims, associated expenses and reserves, the insurer retains any such excess.

The financial review that is performed under the plan at each renewal is limited to determining the premiums that are required during the next policy year in order to adequately fund the anticipated plan costs during such policy year. The plan costs are the following:

1. The eligible claims paid under the plan.
2. The adjustment required to the reserves for incurred but not reported claims (IBNR reserves). These reserves represent the insurer's on-going outstanding liability under the plan for eligible claims which have been incurred but which have not yet been reported for settlement. In the event that the plan should terminate, these reserves would be used to fund those claims incurred prior to the date of termination but which are submitted for settlement following the termination.

The IBNR reserves were established at the first renewal of the plan. At each subsequent renewal, the amount of these reserves is adjusted to reflect the current claiming trends under the plan.

3. The administration expenses associated with the plan. These expenses include the charges made by the insurer for general and claims administration, commissions paid to Mosey & Mosey Benefit Plan Consultants and the applicable premium taxes paid to the provincial government. The level of these administration expenses is typically identified as the "target loss ratio".

The amount of the anticipated claims during the next policy year is determined based on the claims experience during the past policy year, (the past 3 years for the weekly indemnity benefit), for the Extended Health Care benefit, this claims experience is adjusted to reflect any expected increases resulting from inflation and increases in utilization (typically identified as "trend").

In order to protect the plan costs against the impact of any unusual claiming levels, a pooling arrangement has been included. Under this pooling arrangement:

1. If an individual (employee or dependent) should incur Extended Health Care claims in Canada which exceed \$15,000 during any policy year, the amount of the claims in excess of \$15,000 are removed from the claims experience for the purposes of the renewal determination.
2. If an individual should incur any Extended Health Care claims outside Canada, the full amount of such claims are removed from the claims experience for the renewal determination purposes.



Manulife Financial applies as part of their expenses a pooling charge for this arrangement. Manulife Financial has advised that at the renewal effective January 1, 2018, the pooling charge is 23.4% of paid premium. This charge is not reflective of the claims experience for the County Wide Program under the pooling arrangement, but rather is reflective of general changes Manulife Financial has implemented in relation to their pooling charges, and the active/retiree composition of the group.

The renewal premium rate adjustments are determined as follows:

1. In regards to the Weekly Indemnity benefit, for the participating Municipalities, the renewal premium rate adjustments are determined on a combined basis for the participating Municipalities. The claims experience is only applied a limited degree of credibility, however, due to the small size of the Weekly Indemnity plan for the Municipalities. The balance of the premium rate renewal adjustment determined on the basis of the demographics of the insured employees.

In addition, some consideration is applied to the specific claims experience for each of the groups and the applied adjustment may be modified accordingly.

2. In regards to the Extended Health Care benefit, for the participating Municipalities, the renewal premium rate adjustments are determined on a "blended" basis, with 50% of the renewal premium rate adjustment determined on the basis of the specific group's own claims experience, and 50% of the renewal premium rate adjustment determined on the basis of the overall combined claims experience for the participating Municipalities.

OHIP+ Ontario Provincial Drug Coverage For Children And Youth

Effective January 1, 2018, the Ontario government will provide a new provincial prescription drug program, officially titled "OHIP+: Children and Youth Pharmacare", for dependent children age 24 and under. OHIP's new drug program will cover the cost of many medications for all Ontarians 24 years of age and under based on the same drugs eligible under the Ontario Drug Benefit (ODB) formulary. Enrollment in OHIP+ will be automatic for children and youth with OHIP eligibility.

Since the OHIP+ program will be the first payor of medications for dependents age 24 and under starting January 1, 2018, the parent and/or your dependent child will need to present their health card number to the pharmacist to determine if the drug is eligible or not under the OHIP+ program. If the drug is eligible, that medication will be provided at no cost. There will be no out of pocket costs (i.e. deductibles or co-payments).

We note, Manulife Financial in their renewal calculations has applied an OHIP+ adjustment to the paid claims, equal to a reduction of 7.16% of paid claims. This was determined by Manulife Financial based on their review of the actual paid claims during the period September 1, 2016 to July 31, 2017 for the combined participating Municipalities, and the amount of the claims that would have instead been paid under the new OHIP+ program.

Renewal Adjustment Determination

Weekly Indemnity Insurance

The participants under the Weekly Indemnity Insurance are the Municipality Of Tweed, and the Management & Professional Employees (Class A) of the Central Hastings Family Health Team.

The renewal premium rate adjustments under the Weekly Indemnity benefit, as previously noted, are determined on a combined basis for the participating Municipalities. The claims experience is only applied a degree of credibility, however, with the balance of the premium rate renewal adjustment determined on the basis of the demographics of the insured employees.



In addition, some consideration is applied to the specific claims experience for each of the groups and the applied adjustment may be modified accordingly.

Manulife Financial considers the claims experience for a three year period for the Weekly Indemnity benefit, on a weighted basis with greater weighting applied to the most recent claims experience.

The three year claims experience for the Municipality Of Tweed is outlined below:

Period	Paid Premiums	Paid Claims	Paid Loss Ratio
Sept 1, 2016 to July 31, 2017	\$ 21,170	\$ 9,681	45.7%
Sept 1, 2015 to Aug 31, 2016	18,329	12,195	66.5%
Sept 1, 2014 to Aug 31, 2015	14,397	18,214	126.5%
Total	\$ 53,896	\$ 40,090	74.4%

The three year combined claims experience for the Municipalities is outlined below:

Period	Paid Premiums	Paid Claims	Paid Loss Ratio	Weighting
Sept 1, 2016 to July 31, 2017	\$ 24,582	\$ 9,681	39.4%	50.0%
Sept 1, 2015 to Aug 31, 2016	23,309	16,511	70.8%	25.0%
Sept 1, 2014 to Aug 31, 2015	19,249	18,214	94.6%	25.0%
Weighted Totals	\$ 17,103	\$ 9,394	54.9%	

On the basis of this claims experience and the current employee demographics, Manulife Financial proposed that a 20.0% premium rate decrease be applied to the Weekly Indemnity premium rate, effective January 1, 2018.

Our analysis suggested that the current Weekly Indemnity benefit premium rates could be reduced by 30% at the renewal; we reviewed this with Manulife Financial, however, they were unwilling to apply a greater premium rate reduction at this renewal, noting that due to the small size of the Plan, one or two claims could exceed the paid premium.

In this regard, the Weekly Indemnity Insurance premium rate for the Municipality Of Tweed will reduce 20.0% at the renewal, effective January 1, 2018.

Extended Health Care

The renewal premium rate adjustments for the Extended Health Care benefit, as previously noted, are determined on a "blended" basis, with 50% of the renewal premium rate adjustment determined on the basis of the specific group's own claims experience, and 50% of the renewal premium rate adjustment determined on the basis of the overall combined claims experience for the participating Municipalities.

The Municipality of Tweed benefits from their participation in the County-Wide Program as a result of the preferred/exclusive underwriting arrangements that have been negotiated by Mosey & Mosey with Manulife Financial for the County-Wide Program. The specifics of these arrangements include lower insurer expense levels. The expense level applied by Manulife Financial is 15.0%, as a result of participating in the County-Wide Program. In comparison, the level of insurer expense levels that would typically be applied for the Municipality of Tweed on a stand-alone basis would be in the range of 16% to 19%.





On the basis of their original renewal calculations, Manulife Financial proposed the following premium rate adjustments for the Municipality of Tweed at the renewal:

- Under the Extended Health Care benefit, an adjustment of -26.9%.

We analyzed the adjustments proposed by Manulife Financial, and determined that the trend factors applied by Manulife Financial in their calculations were conservative. In this regard, we recommended to Manulife Financial that the following premium rate adjustments be applied:

- Under the Extended Health Care benefit, an adjustment of -32.1%.

We are pleased to advise that Manulife Financial has agreed with our revised position, and our recommended adjustments as noted above are to be implemented effective January 1, 2018.

The renewal calculations specific to the Municipality of Tweed are outlined in Exhibit 2 at the end of this report.

Summary

The renewal premium rate adjustments that have been negotiated by Mosey & Mosey with Manulife Financial on behalf of the Municipality of Tweed are reasonable and competitive based on the claims experience and are reflective of the premium required to support the plan during the 2017-2018 Policy Year. In this regard, we recommend the Municipality of Tweed accept the negotiated renewal, which results in an adjustment of -26.5% for all benefits combined effective January 1, 2018.



3

Claims Analysis

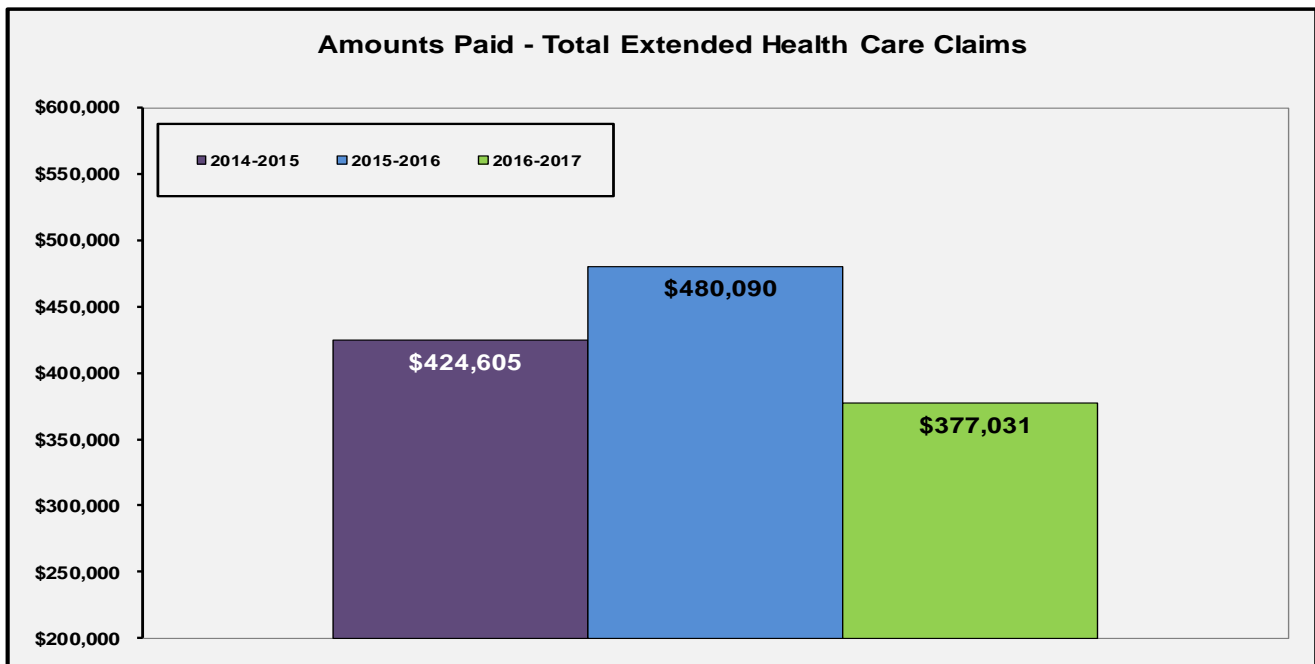
In conjunction with the renewal, we have reviewed the claims under the Extended Health Care benefit, for the 2016-2017 Policy Year (September 1, 2016 to July 31, 2017) focusing on the break-down of the claims to determine if there were any unusual claiming trends being exhibited under the plans. For comparative purposes, the claims for the two previous Policy Years have also been provided.

Note, for comparison purposes for the previous Policy Years, the amounts of the paid claims for the 2016-2017 Policy Year have been pro-rated from the actual 11 months to 12 months.

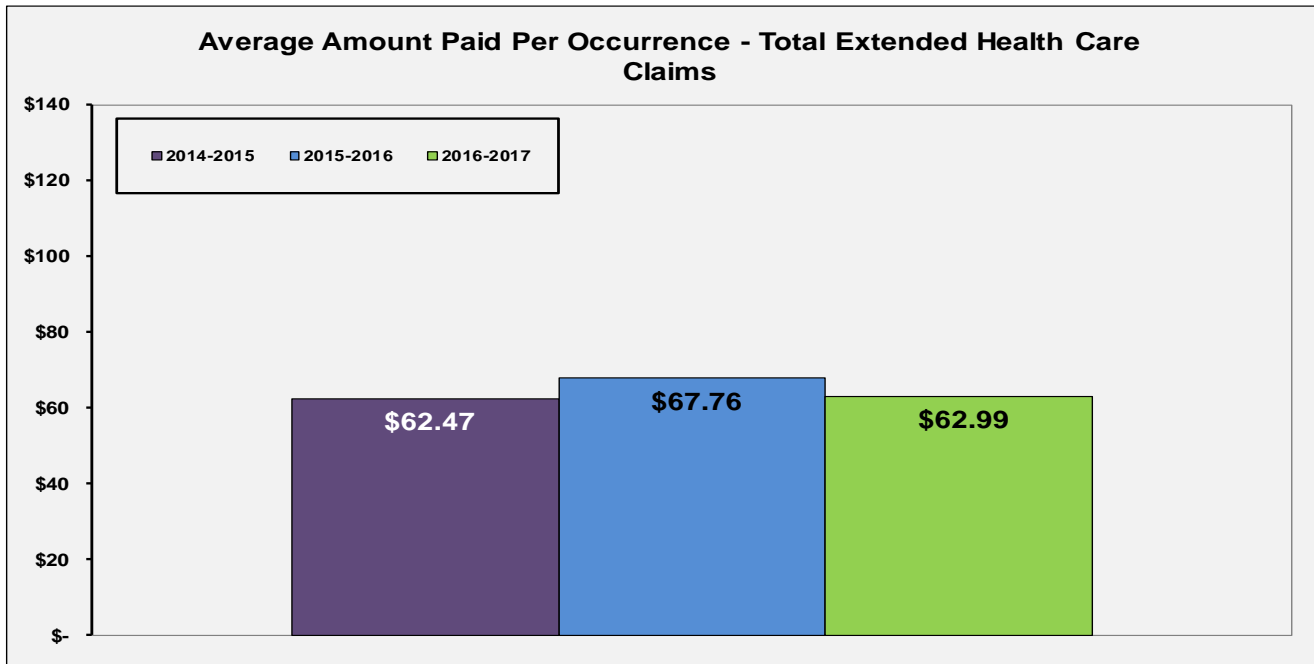
The information presented is for all the participating Municipalities combined.

Extended Health Care

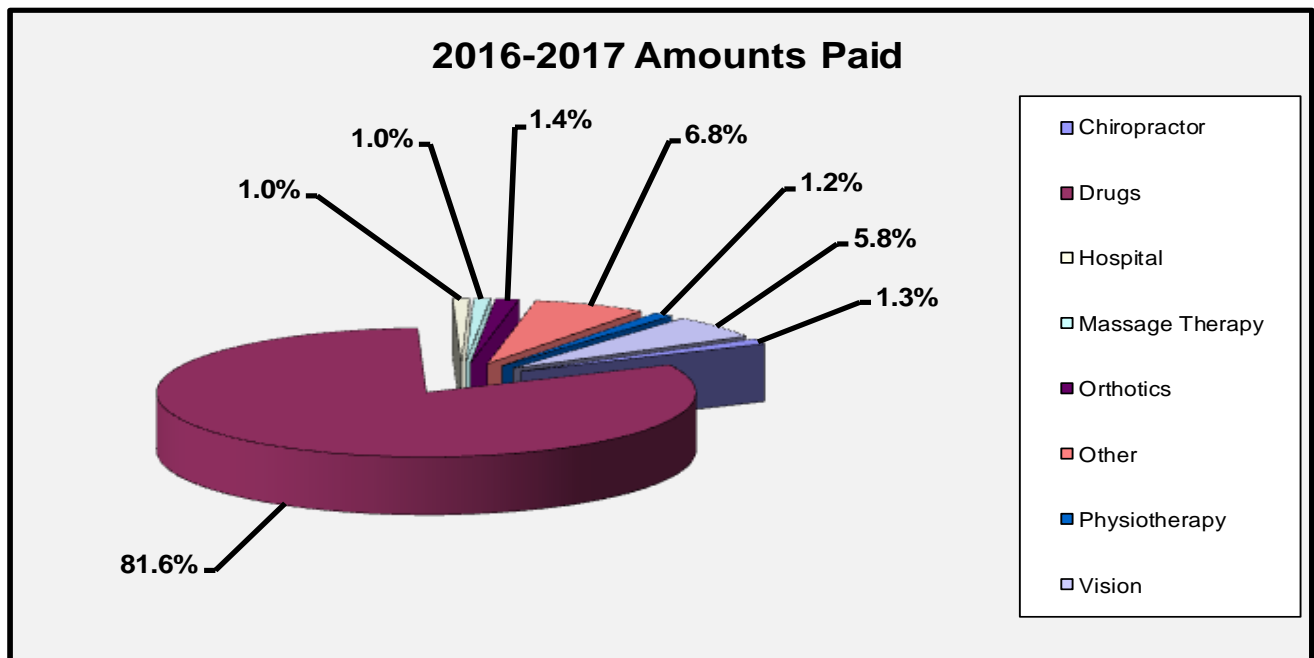
The aggregate Extended Health Care claims for the participating Municipalities combined decreased by approximately 22% in the 2016-2017 Policy Year, when compared to the claims level in the 2015-2016 Policy Year.



The average amount paid per occurrence for the Extended Health Care claims decreased during the 2016-2017 Policy Year (by approximately 7% to \$62.99), as illustrated on the following page. The number of occurrences also decreased in the 2016-2017 Policy Year, by approximately 16%.

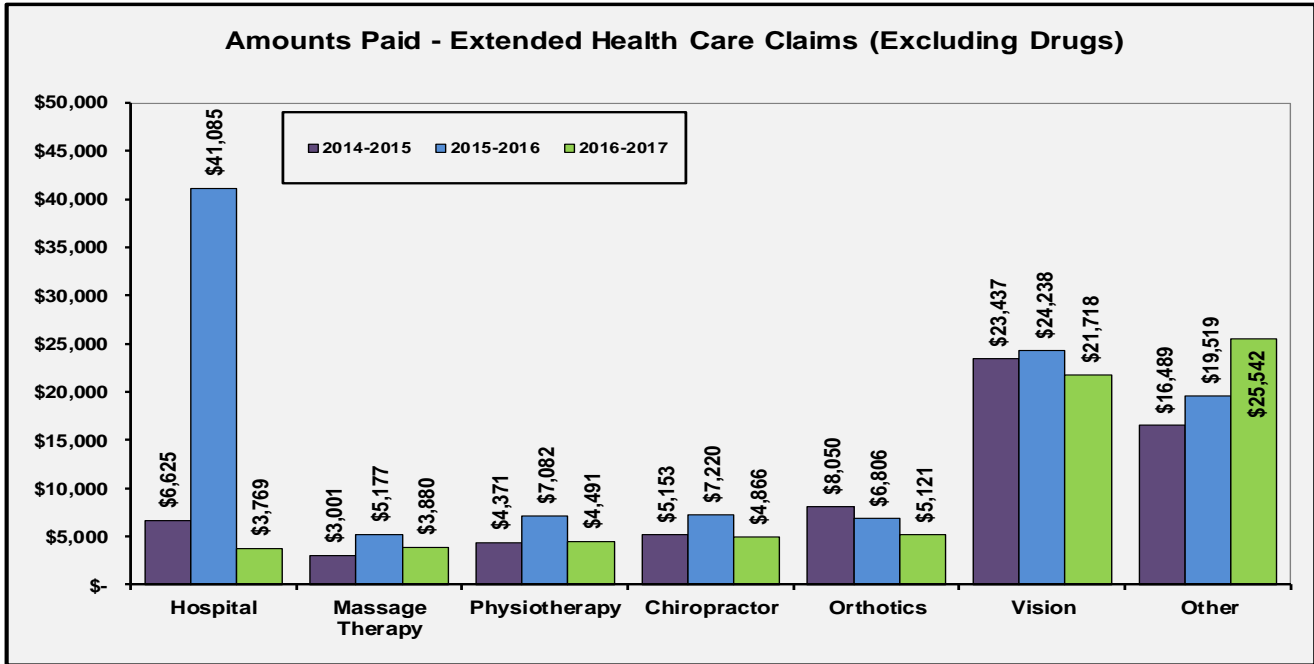


A breakdown of the Extended Health Care claims by expense type in the 2016-2017 Policy Year is provided below:

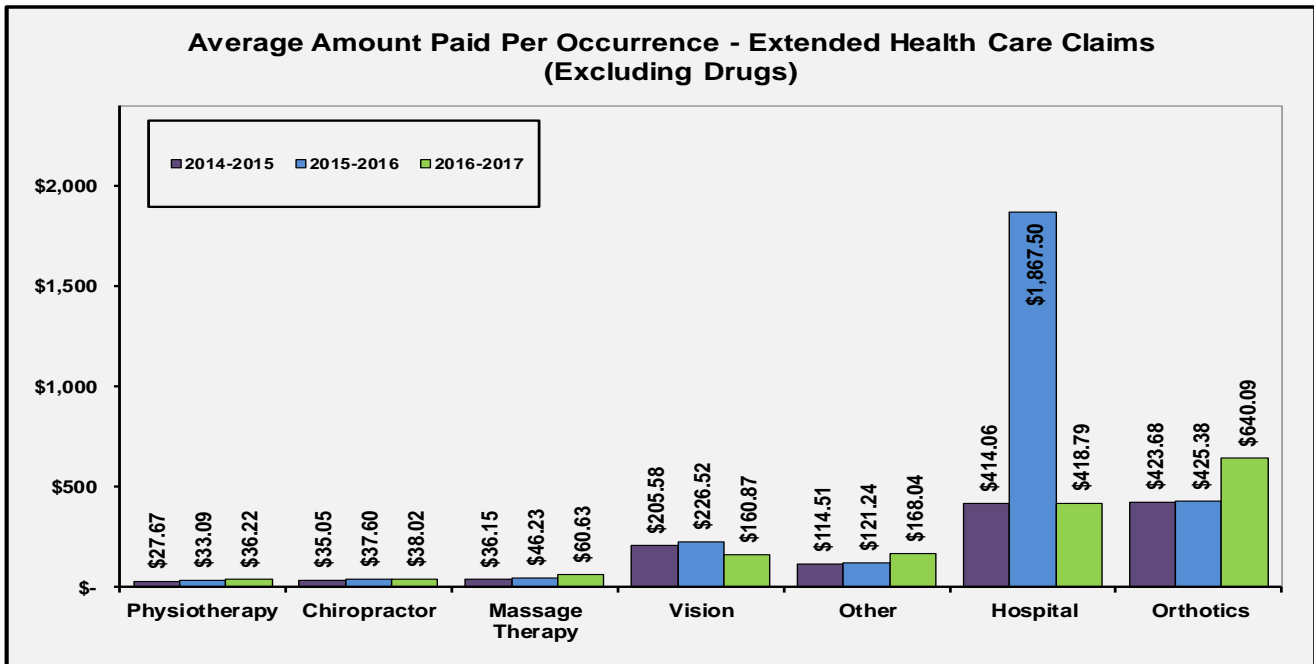


A comparison of the amounts paid for each claim type in each of the three Policy Years is provided on the following page:





The average amount paid per occurrence for the Extended Health Care benefit claim types in each of the three Policy Years is illustrated below:



Significant reductions occurred under the following Extended Health Care benefit claim types during the 2016-2017 Policy Year:





1. Drug claims. These claims decreased by approximately \$61,300 or 17% in the 2016-2017 Policy Year. Drugs are discussed in greater detail in the next section.
2. Hospital claims. The amount paid for Hospital room and board decreased by approximately \$37,300 or 91% in the 2016-2017 Policy Year.

This decreased claims level for Hospital claims was due to a combination of a reduction in the average amount paid per claim (approximately 78% lower than the previous year) and fewer Hospital claims (approximately 59% fewer claims than in the 2015-2016 Policy Year).
3. Physiotherapy claims. The paid claims for these services decreased by approximately \$2,600 or 37% in the 2016-2017 Policy Year. This lower paid claims level was due entirely to fewer Physiotherapy claims in the 2016-2017 Policy Year (approximately 42% fewer claims) while the average amount paid per claim increased by approximately 10%.
4. Vision Care claims. The amount paid for Vision Care claims decreased approximately \$2,500 or 10% in the 2016-2017 Policy Year. This decrease in the paid claims was due entirely to a decrease in the average amount paid per claim (approximately 29% lower than in the 2015-2016 Policy Year), while the number of claims increased by approximately 26% from the previous year.
5. Chiropractor claims. The paid claims for Chiropractors' Services decreased by approximately \$2,400 or 33% in the 2016-2017 Policy Year. This reduction was due entirely to fewer claims for these services (approximately 33% fewer claims than in the previous year), while the average amount paid per claim increased approximately 1%.
6. Orthotics claims. The paid claims for these items reduced by approximately \$1,700 or 25% in the 2016-2017 Policy Year. This reduction was due entirely to fewer Orthotics claims in the 2016-2017 Policy Year (approximately 50% fewer claims) while the average amount paid per claim increased by approximately 51%.
7. Massage Therapy claims. The Massage Therapy paid claims decreased by approximately \$1,300 or 25% in the 2016-2017 Policy Year. The decrease in the paid claims for these services was due entirely to a reduction in the number of claims (approximately 43% lower than the preceding year) while the average amount paid per claim increased by approximately 31%.

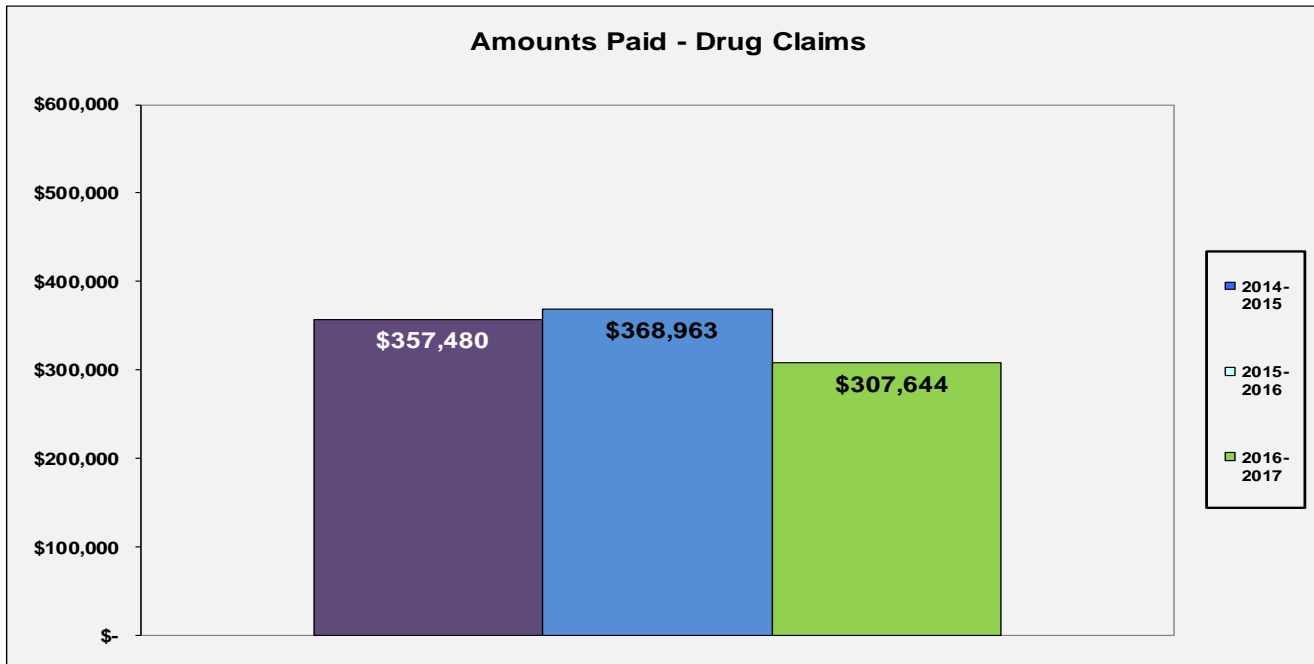
Partially offsetting these decreased paid claims was an increase in the paid claims for "Other" Extended Health Care services and supplies claims. The amount paid for these claims was approximately \$6,000 or 31% higher in the 2016-2017 Policy Year than in the previous year. This higher claims level was due entirely to an increase in the average amount paid per claim (approximately 39% higher than the previous year), while the number of claims reduced by approximately 6%.

There do not appear to be any unusual claiming trends occurring under the overall plan for the participating Municipalities.

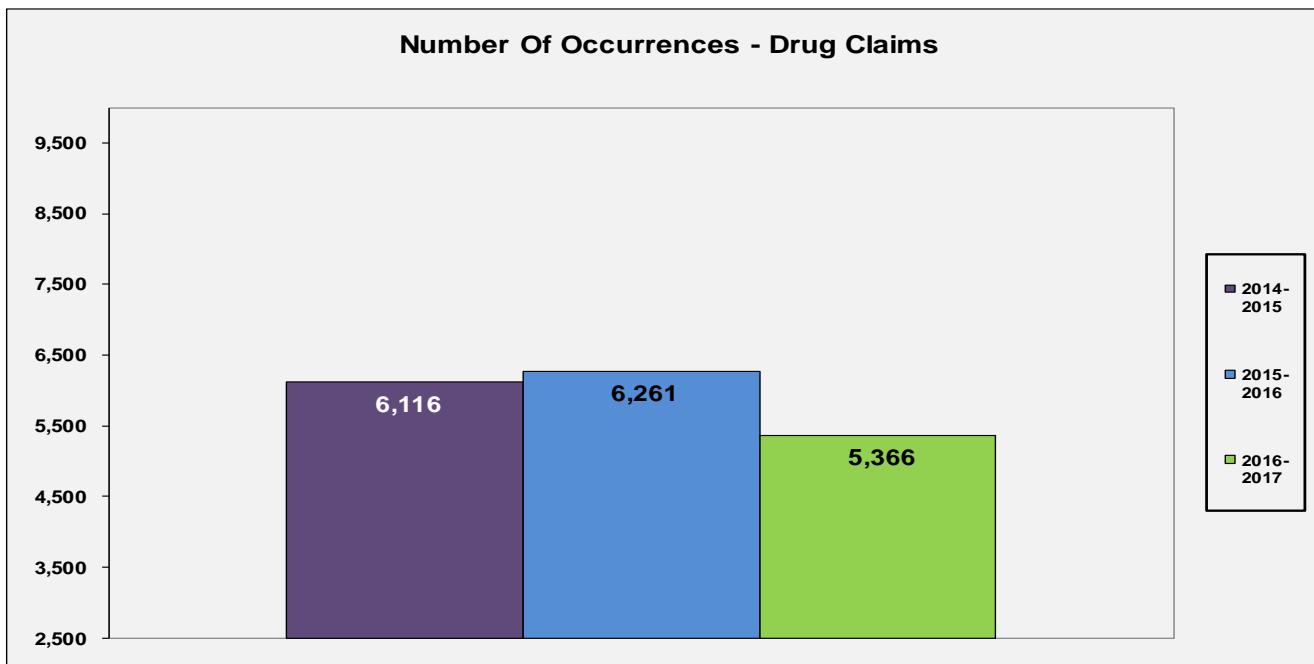
Drugs

The Drug claims represent the majority of the total Extended Health Care claims under the overall plan for the participating Municipalities (approximately 82% of the total Extended Health Care claims during the 2016-2017 Policy Year). The total paid Drug claims in the 2016-2017 Policy Year reduced by approximately 17% in comparison with the total paid claims in the 2015-2016 Policy Year.



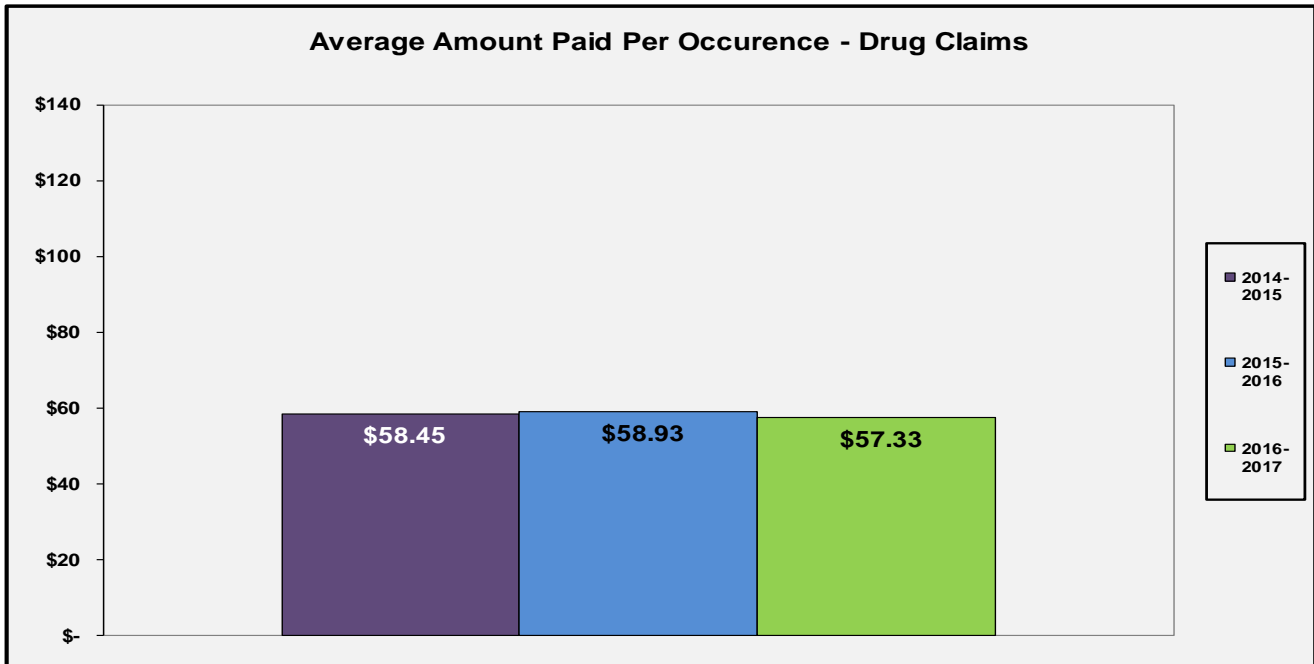


This decreased paid claims level for the Drug claims was a result primarily of fewer Drug claims (approximately 14% fewer claims than in the 2015-2016 Policy Year).

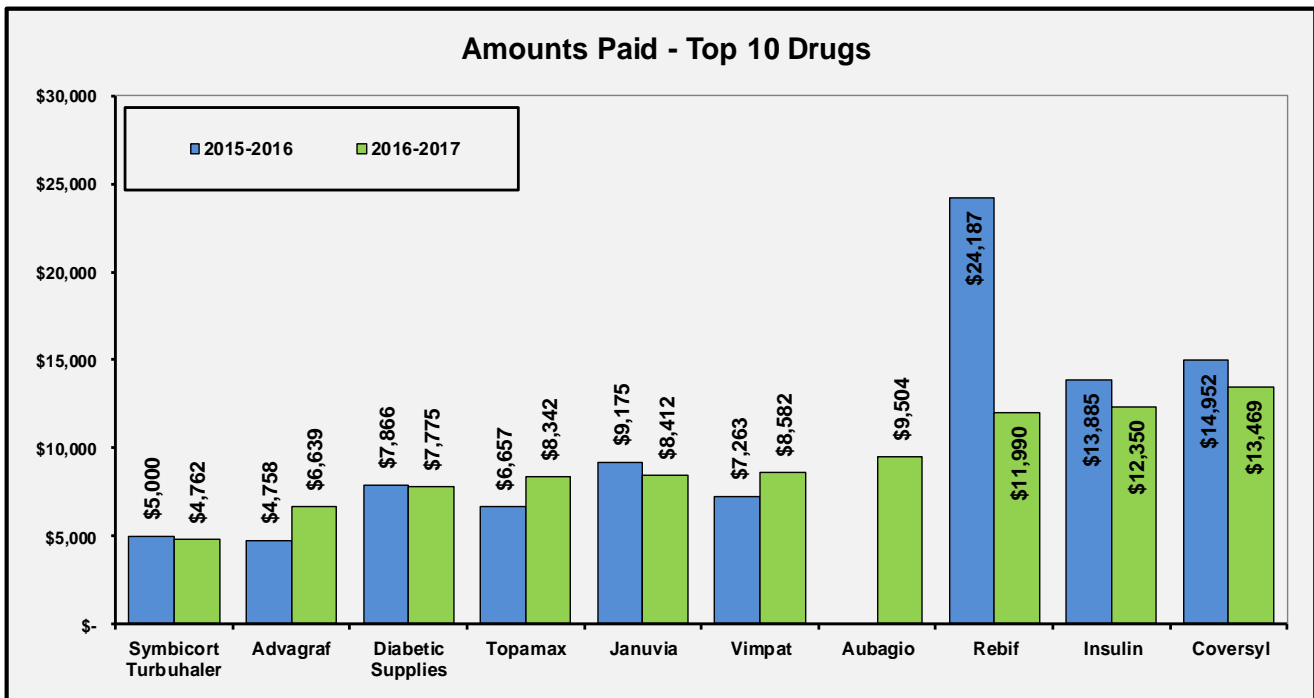


In comparison, the average amount paid per claim reduced by approximately 3% in the 2016-2017 Policy Year, from that in the 2015-2016 Policy Year, as illustrated on the next page:





The table below compares the amounts paid for the top 10 drugs under the overall plan for the participating Municipalities during the 2016-2017 Policy Year and during the 2015-2016 Policy Year.





The table below summarizes the amounts paid for the top 25 drugs under the overall plan for the participating Municipalities during the 2016-2017 Policy Year and during the 2015-2016 Policy Year.

Drug	Common Indication	2015-2016 Policy Year			2016-2017 Policy Year			One-Year Change
		Amount Paid	Percent	Rank	Amount Paid	Percent	Rank	
Coversyl	High Blood Pressure	\$ 14,952.19	4.1%	4	\$ 13,469.00	4.4%	1	-9.9%
Insulin	Diabetes	13,884.86	3.8%	5	12,349.68	4.0%	2	-11.1%
Rebif	Multiple Sclerosis	24,186.61	6.6%	1	11,990.25	3.9%	3	-50.4%
Aubagio	Multiple Sclerosis				9,504.24	3.1%	4	
Vimpat	Neurological Disorders	7,263.16	2.0%	8	8,581.79	2.8%	5	+18.2%
Januvia	Diabetes	9,174.98	2.5%	6	8,411.89	2.7%	6	-8.3%
Topamax	Neurological Disorders	6,656.55	1.8%	10	8,342.44	2.7%	7	+25.3%
Diabetic Supplies	Diabetes	7,865.89	2.1%	7	7,774.55	2.5%	8	-1.2%
Advagraf	Organ Transplant	4,758.13	1.3%	12	6,638.65	2.2%	9	+39.5%
Symbicort Turbuhaler	Asthma / COPD	4,999.90	1.4%	11	4,762.34	1.5%	10	-4.8%
Advair Diskus	Asthma / COPD	7,175.57	1.9%	9	4,708.24	1.5%	11	-34.4%
Invokana	Diabetes				4,524.67	1.5%	12	
Nexium	Ulcer / Reflux	4,196.14	1.1%	14	4,100.02	1.3%	13	-2.3%
Androgel	Hormone Replacement	2,921.69	0.8%	22	3,799.89	1.2%	14	+30.1%
Janumet	Diabetes	3,747.99	1.0%	16	3,739.57	1.2%	15	-0.2%
Eylea	Eye Disease, Macular Degeneration				3,616.54	1.2%	16	
Dexilant	Ulcer / Reflux	2,978.82	0.8%	21	3,503.63	1.1%	17	+17.6%
Lyrica	Neurological Disorders				3,078.00	1.0%	18	
Movantik	Gastrointestinal				3,003.16	1.0%	19	
Vimovo	NSAIDs - Pain and Inflammation				2,933.92	1.0%	20	
Eliquis	Cardiovascular Disease				2,734.44	0.9%	21	
Pristiq	Depression	3,002.26	0.8%	19	2,489.54	0.8%	22	-17.1%
Concerta	Attention Deficit Disorder	2,980.17	0.8%	20	2,400.49	0.8%	23	-19.5%
Victoza	Diabetes	3,732.61	1.0%	17	2,261.66	0.7%	24	-39.4%
Olmotec	High Blood Pressure				2,242.63	0.7%	25	





The drug for which the highest amount was paid during the 2016-2017 Policy Year was Coversyl, a drug used in the treatment of high blood pressure. The amount paid for this drug represented approximately 4% of the total drug claims for the 2016-2017 Policy Year.

The top 25 drugs for the 2016-2017 Policy Year included:

- Four drugs for the treatment of diabetes, plus insulin and diabetic supplies (Januvia, Invokana, Janumet and Victoza, ranked #6, #12, #15 and #24 respectively, with insulin ranked #2 and diabetic supplies ranked #8).
- Two drugs for the treatment of high blood pressure (Coversyl and Olmetec, ranked #1 and #25 respectively).
- Two drugs for the treatment of Multiple Sclerosis (MS) (Rebif and Aubagio, ranked #3 and #4 respectively).
- Two drugs for the treatment of epilepsy (Vimpat and Topamax, ranked #5 and #7 respectively).
- Two drugs used for the treatment of asthma and chronic obstructive pulmonary disease (COPD) (Symbicort Turbuhaler and Advair Diskus, ranked #10 and #11 respectively).
- Two drugs for the treatment of ulcers and gastroesophageal reflux disease (GERD) (Nexium and Dexilant, ranked #13 and #17 respectively).
- One drug used to prevent rejection of a transplanted organ (Advagraf, ranked #9).
- One drug used to treat men who have testosterone deficiency (Androgel, ranked #14).
- One drug used in the treatment of "wet" age-related macular degeneration (Eylea, ranked #16).
- One drug used in the treatment of neuropathic pain associated with diabetic peripheral neuropathy (pain from damaged nerves due to diabetes) and postherpetic neuralgia (persisting pain following healing of the rash due to shingles) (Lyrica, ranked #18).
- One drug used in the treatment of constipation caused by prescription opioids (Movantik, ranked #19).
- One drug used in the treatment of the symptoms of osteoarthritis (OA), rheumatoid arthritis (RA), and ankylosing spondylitis (Vimovo, ranked #20).
- One drug used for the prevention of blood clots for people who have had total hip replacement or knee replacement surgery (Eliquis, ranked #21).
- One drug used in the treatment of depression (Pristiq, ranked #22).
- One drug for the treatment of attention deficit hyperactivity disorder (ADHD) (Concerta, ranked #23).

Detailed on the following page are the common uses for the top drugs by amount paid for the 2016-2017 Policy Year.





Drug/Item	Common Use
Advagraf	prevention of the body's rejection of an allogeneic (from a donor) transplanted kidney, liver or heart
Advair Diskus	treatment of asthma
Androgel	treatment of men who have testosterone deficiency
Aubagio	treatment of relapsing forms of multiple sclerosis (MS)
Concerta	treatment of attention deficit hyperactivity disorder (ADHD)
Coversyl	treatment of high blood pressure
Dexilant	proton pump inhibitor to treat and maintain healing of gastroesophageal reflux disease (GERD) and ulcers
Eliquis	prevention of blood clots for people who have had total hip replacement or knee replacement surgery
Eylea	treatment of "wet" age-related macular degeneration
Invokana	treatment of type 2 diabetes
Janumet	treatment of type 2 diabetes
Januvia	treatment of type 2 diabetes
Lyrica	treatment of neuropathic pain associated with diabetic peripheral neuropathy (pain from damaged nerves due to diabetes) and postherpetic neuralgia (persisting pain following healing of the rash due to shingles)
Movantik	treatment of constipation caused by prescription opioids
Nexium	proton pump inhibitor to treat and maintain healing of gastroesophageal reflux disease (GERD) and ulcers
Olmotec	treatment of high blood pressure
Pristiq	antidepressant
Rebif	treatment of relapsing forms of multiple sclerosis (MS)
Symbicort Turbuhaler	treatment of asthma and a lung disease known as chronic obstructive pulmonary disease (COPD), which includes chronic bronchitis and emphysema
Topamax	treatment of epilepsy and prevention of migraine headaches
Victoza	treatment of type 2 diabetes
Vimovo	treatment of the symptoms of osteoarthritis (OA), rheumatoid arthritis (RA), and ankylosing spondylitis
Vimpat	treatment of partial-onset seizures in adults with epilepsy

A review of the top 25 drugs for the 2016-2017 Policy Year indicates four unusual drugs, as follow:

- Rebif
- Aubagio
- Advagraf
- Eylea

Otherwise, the drugs used are typical of a middle-aged employee population. We note, none of the drugs in the top 25 are generic drugs.





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Exhibit 1

Summary Of Renewal Premium Costs





THE COUNTY OF HASTINGS, COUNTY-WIDE PROGRAM

All Municipalities Combined

Renewal Effective January 1, 2018

Benefit	Current Cost		Negotiated Renewal Cost	
	<u>Volume</u>	<u>Monthly Premium</u>	<u>Monthly Premium</u>	<u>Adjustment</u>
Basic Life Insurance	17,124,500	\$ 7,362.79	\$ 9,388.88	27.5%
Basic AD&D Insurance	17,104,500	684.18	684.18	0.0%
Dependent Life Insurance	51	103.83	132.39	27.5%
Long Term Disability Insurance	533,747	28,296.88	28,865.35	2.0%
Weekly Indemnity Insurance	16,344	2,332.38	1,865.39	-20.0%
Extended Health Care				
Single	25	3,324.87	2,597.99	
Family	182	65,850.62	51,454.03	-21.9%
Dental				
Single	21	1,059.79	1,146.66	
Family	157	16,932.33	19,045.83	12.2%
TOTAL MONTHLY PREMIUM - ALL BENEFITS		\$ 125,947.67	\$ 115,180.70	
TOTAL ANNUAL PREMIUM - ALL BENEFITS		\$ 1,511,372.04	\$ 1,382,168.40	
Variance			\$ (129,203.64)	-8.5%



**THE COUNTY OF HASTINGS, COUNTY-WIDE PROGRAM**
Municipality Of TweedManulife Group No. 31915
Renewal Effective January 1, 2018

Benefit	Current Cost			Negotiated Renewal Cost		
	<u>Volume</u>	<u>Unit Rate</u>	<u>Monthly Premium</u>	<u>Unit Rate</u>	<u>Monthly Premium</u>	<u>Adjustment</u>
Basic Life Insurance	2,657,000	\$ 0.336	\$ 892.75	\$ 0.428	\$ 1,137.20	27.5%
Basic AD&D Insurance	2,657,000	0.040	106.28	0.040	106.28	0.0%
Dependent Life Insurance	27	2.036	54.97	2.596	70.09	27.5%
Long Term Disability Insurance	71,363	3.287	2,345.70	2.301	1,642.06	-30.0%
Weekly Indemnity Insurance	14,554	1.408	2,049.20	1.126	1,638.78	-20.0%
Extended Health Care						
Single	4	148.60	594.40	100.90	403.60	
Family	24	413.84	9,932.16	281.00	6,744.00	-32.1%
TOTAL MONTHLY PREMIUM - ALL BENEFITS			\$ 15,975.46	\$ 11,742.01		
TOTAL ANNUAL PREMIUM - ALL BENEFITS			\$ 191,705.52	\$ 140,904.12		
Variance				\$ (50,801.40) -26.5%		





Mosey&Mosey

Exhibit 2

Premium Rate Adjustment Calculations
Extended Health Care Benefit





THE COUNTY OF HASTINGS, COUNTY-WIDE PROGRAM
Renewal Calculation For Participating Municipalities
Based On 50%-50% Blending Of Pool And Individual Experience

Extended Health Care

	Pool	Municipality Of Tweed
Paid Premium	\$ 707,900	\$ 99,291
A Adjusted Premium ¹	742,052	106,672
B Paid Claims	345,613	37,328
C Pooled Claims Credit ²	(11,453)	-
D OHIP+ Adjustment	(24,747)	(2,673)
E IBNR Reserve Adjustment ³	(2,036)	(2,574)
F Total Incurred Claims (B+C+D+E)	307,377	32,081
G Incurred Loss Ratio (F÷A)	41.5%	30.0%
H Trend Factor ⁴	17.00%	17.00%
I Projected Incurred Loss Ratio (G x [1+H])	48.6%	35.1%
J Pooling Charge ⁵	23.4%	23.4%
K Target Loss Ratio ⁶	85.0%	85.0%
L Required Premium Rate Adjustment (I÷(K-J))-1	-21.1%	-43.1%
Blended Adjustment		-32.1%

Notes:

- 1 Premium for the Municipality Of Tweed for the period September 1, 2016 to December 31, 2016 was adjusted to reflect the 23.5% renewal increase applied to the Extended Health Care premium rates effective January 1, 2017.
- 2 There were \$11,453 in paid Extended Health Care claims for individuals under the overall Program who exceeded the \$15,000 per year pooling limit; there were no pooled claims applicable to the Municipality Of Tweed. The amount of these excess claims has been applied as a pooled claims credit, reducing the claims charged against the overall Program.
- 3 IBNR Reserves determined as 8.5% of paid Extended Health Care Claims.
- 4 The actual annual inflation/utilization trend utilized is 12.0%. Industry standards range from 11.0% to 14.0% per annum. In accordance with industry standards, the inflationary/utilization trend has been adjusted to 17.0% to reflect the five month lag time from the end of the claims experience review period and the effective date of the renewal. The inflationary/utilization trend applied by all insurers results from the introduction and release new high cost medications and prescription drugs entering the marketplace, the expected increase in utilization due to an aging workforce, and the increased utilization of health services in general.
- 5 The Stop-Loss Charge is 23.4% of paid premium. The Stop-Loss Arrangement pools all in-Canada Extended Health Care claims incurred by any one individual which exceed \$15,000 in a policy year, and pools (from the first dollar) all out-of-Canada Extended Health Care claims.
- 6 Target Loss Ratio determined based on Insurer Expenses of 15.0% of paid premium.
- 7 The Blended Adjustment is determined as 50% of the Required Premium Rate Adjustment for the Pool, and 50% of the Required Premium Rate Adjustment determined based on the specific group's own claims experience.





Mosey&Mosey

Exhibit 3

Plan Summaries





Municipality of Tweed

All Eligible Town Employees	
LIFE INSURANCE	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
Benefit amount	1.5 x annual earnings
Minimum	\$20,000
Overall / Non-Evidence Maximum	\$200,000
Termination age	Age 65 or earlier retirement
AD&D	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
Benefit amount	Equal to Basic Life
Minimum	\$20,000
Overall / Non-Evidence Maximum	\$200,000
Termination age	Age 65 or earlier retirement
DEPENDENT LIFE	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
Benefit amount	Spouse \$5,000 - Child \$2,500
Termination age	Age 65 or earlier retirement
SHORT TERM DISABILITY	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
Benefit amount	66.67% of weekly earnings
Overall / Non-Evidence Maximum	\$600
Elimination period	0 days accident/7 days sickness
Maximum benefit period	17 weeks
Termination age	Age 65 or earlier retirement
LONG TERM DISABILITY	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
Benefit Amount	66.67% of monthly earnings
Overall / Non-Evidence Maximum	\$4,000
Elimination Period	119 days
Maximum Benefit Period	to age 65
Definition of Disability	2 year own occupation, thereafter any occupation
Termination age	Age 65 less qualifying period or earlier retirement
EXTENDED HEALTH CARE	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
Deductible	\$10 Single / \$20 Family per calendar year
Reimbursement	100%
Vision Care	\$200 per 24 consecutive months
Eye Examinations	\$75 per 24 consecutive months
Hearing Aids	No Coverage
Hospital	Semi Private & Private
Private Duty Nursing	720 hours per calendar year
Drug Plan Description	Pay direct - Prescribed drugs
- Limitations	Fertility drugs \$15,000 per lifetime
- Exclusions	Smoking cessation, Anti-obesity, IUD's & ED drugs
Chiropractor	No Coverage
Osteopath, Podiatrist/Chiropodist & Naturopath	No Coverage
Speech Pathologist	\$200 per calendar year
Physiotherapist	\$12.20 per visit
Massage	\$7 per visit to a maximum of 12 per calendar year
Clinical Psychologist	\$35 initial visit, \$20 per subsequent hour to a maximum of \$200 per calendar year
Modifications and adjustments to stock-item footwear	Reasonable & Customary
Orthopaedic Shoes or Boots	Reasonable & Customary
Custom-Molded Orthotics	2 pairs per calendar year
Medical Equip. & Supplies	Covered
Termination age	Age 65 or earlier retirement
DELUXE TRAVEL	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
Benefit Maximum	\$1,000,000
Trip Duration	60 Days
Termination age	Age 65 or earlier retirement
DENTAL	<i>Manulife Policy 31915 - Class 600 - Plan TE</i>
	No Coverage



**Municipality of Tweed**

Reeve & Members of Council	
LIFE INSURANCE	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
Benefit amount	\$20,000
Minimum	N/A
Overall / Non-Evidence Maximum	\$20,000
Termination age	Age 65
AD&D	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
Benefit amount	Equal to Basic Life
Minimum	N/A
Overall / Non-Evidence Maximum	\$20,000
Termination age	Age 65
DEPENDENT LIFE	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
Benefit amount	Spouse \$5,000 - Child \$2,500
Termination age	Age 65
SHORT TERM DISABILITY	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
Benefit amount	No Coverage
Overall / Non-Evidence Maximum	
Elimination period	
Maximum benefit period	
Termination age	
LONG TERM DISABILITY	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
Benefit Amount	No Coverage
Overall / Non-Evidence Maximum	
Elimination Period	
Maximum Benefit Period	
Definition of Disability	
Termination age	
EXTENDED HEALTH CARE	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
Deductible	\$10 Single / \$20 Family per calendar year
Reimbursement	100%
Vision Care	\$200 per 24 consecutive months
Eye Examinations	\$75 per 24 consecutive months
Hearing Aids	No Coverage
Hospital	Semi Private & Private
Private Duty Nursing	720 hours per calendar year
Drug Plan Description	Pay direct - Prescribed drugs
- Limitations	Fertility drugs \$15,000 per lifetime
- Exclusions	Smoking cessation, Anti-obesity, IUD's & ED drugs
Chiropractor	No Coverage
Osteopath, Podiatrist/Chiropracist & Naturopath	No Coverage
Speech Pathologist	\$200 per calendar year
Physiotherapist	\$12.20 per visit
Massage	\$7 per visit to a maximum of 12 per calendar year
Clinical Psychologist	\$35 initial visit, \$20 per subsequent hour to a maximum of \$200 per calendar year
Modifications and adjustments to stock-item footwear	Reasonable & Customary
Orthopaedic Shoes or Boots	Reasonable & Customary
Custom-Molded Orthotics	2 pairs per calendar year
Medical Equip. & Supplies	Covered
Termination age	Age 65
DELUXE TRAVEL	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
Benefit Maximum	\$1,000,000
Trip Duration	60 Days
Termination age	Age 65
DENTAL	<i>Manulife Policy 31915 - Class 602 - Plan TC</i>
	No Coverage





Municipality of Tweed

Volunteer Firefighters

LIFE INSURANCE	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
Benefit amount	\$20,000
Minimum	N/A
Overall / Non-Evidence Maximum	\$20,000
Termination age	Age 65
AD&D	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
Benefit amount	Equal to Basic Life
Minimum	N/A
Overall / Non-Evidence Maximum	\$20,000
Termination age	Age 65
DEPENDENT LIFE	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
Benefit amount	No Coverage
Termination age	
SHORT TERM DISABILITY	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
Benefit amount	No Coverage
Overall / Non-Evidence Maximum	
Elimination period	
Maximum benefit period	
Termination age	
LONG TERM DISABILITY	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
Benefit Amount	No Coverage
Overall / Non-Evidence Maximum	
Elimination Period	
Maximum Benefit Period	
Definition of Disability	
Termination age	
EXTENDED HEALTH CARE	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
Deductible	No Coverage
Reimbursement	
Vision Care	
Eye Examinations	
Hearing Aids	
Hospital	
Private Duty Nursing	
Drug Plan Description	
- Limitations	
- Exclusions	
Chiropractor	
Osteopath, Podiatrist/Chiropodist & Naturopath	
Speech Pathologist	
Physiotherapist	
Massage	
Clinical Psychologist	
Modifications and adjustments to stock-item footwear	
Orthopaedic Shoes or Boots	
Custom-Molded Orthotics	
Medical Equip. & Supplies	
Termination age	
DELUXE TRAVEL	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
Benefit Maximum	No Coverage
Trip Duration	
Termination age	
DENTAL	<i>Manulife Policy 31915 - Class 601 - Plan TF</i>
	No Coverage

