

RENEWAL REVIEW

Harbourline Industries — All other employees, St. John's

Benefits review · Canada Life · Policy H-500417 · Effective January 01, 2027

Harbourline Industries — All other employees, St. John's · 94 covered members · August 01, 2025 - July 31, 2026.

Summary

A review, not a bill. Nothing here needs a signature today.

+12.2%	The ask \$37,887 → \$42,499 / mo · \$55,344 more a year
94	Members
83%	Target loss ratio
\$17,300	Pooled out pooled below the \$25,000 large-claim level
7.5%	Pooling charge

In this review

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1 Every class and division, side by side

On health, drugs, dental, vision and short-term disability, asked \$48,850 a year more than these claims support.

	MEMBERS	PREMIUM A YEAR	ASK	LOSS RATIO TARGET 83%	ASKED VS CLAIMS
Whole plan one policy	500	\$2,764,642	+12.1%	88%	+\$157,454
BY CLASS · THE CARRIER APPLIES ONE INCREASE TO ALL THREE					
Owners	6	\$93,863	+12.3%	not shown	—
Executives	34	\$389,110	+11.8%	107.4%	-\$52,081
All other employees	460	\$2,281,669	+12.1%	83.9%	+\$225,992
BY DIVISION · THE SAME RATES, DIFFERENT CLAIMS					
Halifax Head office	200	\$1,186,437	+12%	85.9%	+\$74,628
Moncton Manufacturing plant	200	\$1,051,640	+12.1%	91.7%	+\$41,984
St. John's Distribution	100	\$526,565	+12.1%	85.3%	+\$40,842

"Asked vs claims" is the carrier's ask on the experience-rated lines against what this slice's own trended claims support at the target loss ratio. A plus is money asked for that the slice's claims do not justify.

2 The reconciliation — health, drugs, dental, vision and short-term disability

Health, drugs, dental, vision and short-term disability are the lines the carrier prices at least partly on your own claims, so they are the only lines a claims argument can move. Employee Term Life, AD&D, Dependent Life, Long Term Disability and Contact are not priced on your claims. They are listed beneath

at the carrier's ask, and the two together are the whole-plan figure of \$509,987/yr.

\$442,412 the carrier's ask on health, drugs, dental, vision and short-term disability, per year — +13.3% · \$36,868/mo · 86.7% of the \$509,987 whole-plan ask

\$393,562 the premium your health, drugs, dental, vision and short-term disability claims support — our independent analysis · +0.8%

Built from \$286,637 of claims on those lines: trended forward at the market norm for these lines (8.8% a year) over 1.42 years to the middle of the coming plan year, converted to premium at your 83% target loss ratio, then weighted line by line to your own experience against the carrier's own manual rate for each line, at the weights the carrier states (95.4% and +5.8% claims-weighted across the lines). The step from claims to premium is the carrier's admin, commissions and margin.

\$48,850 above what your health, drugs, dental, vision and short-term disability claims support at the market trend — the gap to examine · 11% of the health, drugs, dental, vision and short-term disability ask

The carrier is asking \$48,850/yr more than your health, drugs, dental, vision and short-term disability claims support at the market trend (8.8% a year), and \$50,739 more than even its own 8.4% trend would justify. The pages below walk through where that gap comes from and what we do about it — nothing here is accepted as-is.

Outside the reconciliation, carried at the carrier's ask: Employee Term Life (\$30,551/yr), AD&D (\$4,404/yr), Dependent Life (\$2,158/yr), Long Term Disability (\$26,007/yr), Contact (\$4,456/yr) — priced on demographics, volume or a flat fee, not on this group's claims. With that added back the letter's whole-plan ask is \$509,987/yr (+12.2% overall).

3 What the carrier keeps

The 83% target loss ratio already gives the carrier **17% of every premium dollar** for administration, commissions and margin. What a renewal asks above that is the carrier's view of next year: its trend and, where it does not rate the group fully on its own claims, its manual rate. This is what each number would keep, against this year's claims, held flat.

ON HEALTH, DRUGS, DENTAL, VISION AND SHORT-TERM DISABILITY, PER YEAR	PREMIUM	CLAIMS	CARRIER KEEPS	SHARE
Last year, premium at today's rates	\$390,312	\$286,637	\$103,675	26.6%
The renewal	\$442,412	\$286,637	\$155,775	35.2%

The renewal raises the carrier's share of your health, drugs, dental, vision and short-term disability premium from 26.6% to 35.2%, 18.2 points above the carrier's own target if claims hold at last year's level; whatever next year's trend adds comes out of that. The reconciliation above grants the carrier a market trend for the whole horizon; this table grants it none. The negotiation lives between the two.

4 What's driving it — trended adjusted loss ratio

Short Term Disability	69.4%
Health	69%
Drug	81.9%
Dental	98%
Vision	74.1%

The dashed line is the 83% target — anything above it is costing you rate.

\$17,300 pooled below the \$25,000 large-claim level

\$17,300 was pooled, which is below the \$25,000 large-claim level — so it did not come from a claim that pierced that level. Check the pooling table for an out-of-country or first-dollar arrangement. The pooling charge is 7.5%. Lowering the pooling level would not have caught this, and it raises the pooling charge, which is priced off the level. Confirm the current charge against what the carrier quotes at the next level up before treating the level as a lever.

One therapeutic class is 19% of drug spend

This therapy accounts for \$16,673 of drug spend — 19%, concentrated in an estimated 2–6 claimants. Chronic and non-discretionary: it is a forecasting input rather than something to design out.

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One therapeutic class is 16% of drug spend

This therapy accounts for \$14,040 of drug spend — 16%, concentrated in a small number of claimants. No formulary change reduces this materially — the levers are prior authorisation, a biosimilar pathway, or pooling.

One therapeutic class is 15% of drug spend

This therapy accounts for \$13,163 of drug spend — 15%. Chronic and non-discretionary: it is a forecasting input rather than something to design out.

5 On target overall — the optional trims

Your claims run **under the carrier's target overall** (82% against 83%), so nothing is proposed as a package. Dental (98%) runs above it on its own. The changes below are still real, derived from your plan's own design and your claims rather than a catalog. Switch one on to see what it would do to next renewal's starting position. None of them is needed; they are here because being on target is a good time to decide what you would do if that changed.

NEXT RENEWAL'S STARTING POSITION, WITH THE CHANGES ON

82% loss ratio going into next renewal — 82% with no changes, target 83%

—
Switch a change on to see the effect.

CHANGE	ESTIMATED SAVING	INCLUDED
Dental recall 6 → 9 months Trims routine spend at the hygienist. In plain terms: A recall is the routine cleaning and check-up. Many offices book every 6 months out of habit; for most healthy adults, 9 months is clinically ordinary. This changes how often the plan pays for routine visits — anything a dentist flags as needed is still covered.	\$4,704–\$10,584 a year	Not in the total
Hold to the prior-year dental fee guide Trims fee inflation; usually invisible to members. <i>Assumes the plan reimburses at the current-year fee guide.</i> In plain terms: Each province's dental association publishes a fee guide every year, and prices creep up with it. Holding reimbursement to the prior year's guide means the plan does not automatically absorb this year's increase. Most dentists bill at the current guide, so a member may see a small balance — typically a few dollars a visit — where the plan once covered the whole amount.	\$2,352–\$7,056 a year	Not in the total
Dental annual maximum \$1,500 → \$1,000 Affects only heavy dental years — most members never reach the cap. In plain terms: The most the plan will pay for dental work per person per year. Lowering it touches only the heaviest dental years — most members never come near the ceiling.	\$2,352–\$7,056 a year	Not in the total

CHANGE	ESTIMATED SAVING	INCLUDED
Introduce a \$25/\$50 health deductible No deductible today — first dollars are the cheapest to share. In plain terms: The first dollars of claims each year that a member covers before the plan starts paying — the same idea as a car insurance deductible, at a much smaller size (\$25 single / \$50 family). It mostly changes habits around very small claims.	\$1,880–\$4,700 a year	Not in the total
Managed drug formulary Tiered formulary with step therapy on high-cost classes — the structural drug lever. <i>Assumes the plan is on an open formulary today; range pending the prescription drug report.</i> In plain terms: On an open formulary the plan pays for whichever drug is prescribed. A managed formulary is a preferred list: where several drugs do the same job, the plan covers the best-priced one first, and steps up to costlier options when the doctor confirms they're needed. The same conditions get treated — the plan just stops paying premium prices by default.	\$4,778–\$14,333 a year	Not in the total
Mandatory generic substitution One therapeutic class is 19% of drug spend. Reimburse at the generic price unless no-substitution is medically required — largely invisible to members. <i>Range pending the prescription drug report.</i> In plain terms: Most brand-name drugs have a chemically identical generic version at a fraction of the price. This sets the plan to pay the generic price by default. Members still get the brand when the doctor writes that substitution isn't appropriate — or by paying the small difference themselves.	\$3,185–\$9,555 a year	Not in the total

Prior authorization on specialty drugs

\$3,185–\$12,740 a year

Not in the total

Guards the tail: specialty drugs are the fastest-growing part of drug spend, and one claimant can outweigh a year of ordinary prescriptions.

Assumes the plan does not already require prior authorization; at the \$25,000 pooling level much of a specialty claimant's cost is paid by the pool, not the plan, so less of this reaches the plan's own claims; range pending the prescription drug report.

In plain terms: A handful of specialty drugs can cost more than everything else on the plan combined. Prior authorization means the carrier confirms one of those prescriptions is the right fit before it starts paying. For almost everyone this changes nothing at all, because almost nobody is on one of these drugs. A member who is prescribed one waits on an approval step, and the plan is protected from the largest single surprise a drug plan can produce.

Dispensing-fee cap

\$1,593–\$7,963 a year

Not in the total

Steers volume to lower-fee pharmacies without cutting coverage.

Assumes the plan has no dispensing-fee cap today; range pending the prescription drug report.

In plain terms: Every prescription includes a pharmacy service fee on top of the drug itself, and it varies by store — a few dollars at some pharmacies, over \$12 at others. A cap sets the most the plan reimburses for that fee; members using pricier pharmacies can switch, or cover the difference.

Combined paramedical maximum (ceiling today: \$2,500/member)

\$2,594–\$6,485 a year

Not in the total

Massage Therapist alone is 32% of paramedical spend; one shared cap replaces 5 per-practitioner caps.

In plain terms: Paramedical covers massage, physiotherapy, chiropractic and similar services, each usually with its own yearly maximum. Lowering those maximums trims the heaviest users; most members never come near them.

Vision \$200 / 24 months → 36 months

\$1,913–\$3,347 a year

Not in the total

Small but clean.

In plain terms: The vision benefit is an allowance for glasses or contacts that renews on a cycle. Raising or lowering the dollar amount changes how much a member gets toward a pair; stretching the cycle, say from every 24 months to every 36, keeps the amount intact and changes how often they can claim it. Nobody loses the benefit either way.

Not proposed for this plan: Health coinsurance step to 90% — already at 80% — this step does not exist on your plan;
Health coinsurance step to 80% — already at 80% — no further cost-share step worth taking.

What we still need from you

- **The prescription drug report** — a Top DIN listing or the carrier's drug claims report. It turns the drug ranges above into analysis of this plan's own prescriptions.

None of these decisions are due today. We run the carrier, the paperwork, and the staff communications end to end.

6 The renewal, line by line

Every benefit, what you pay today against the renewal. The renewal column is the carrier's ask as this report states it. Nothing in it has been negotiated yet.

BENEFIT	LIVES / VOL.	CURRENT / MO	RENEWAL / MO	CHANGE
POOLED BENEFITS				
Employee Term Life	11,468,000	\$2,454	\$2,546	+3.7%
AD&D	11,468,000	\$367	\$367	+0%
Dependent Life	58	\$180	\$180	+0%
Long Term Disability	318,715	\$1,989	\$2,167	+9%
Short Term Disability	73,550	\$4,229	\$4,737	+12%
Contact	94	\$371	\$371	+0%
Pooled benefits subtotal		\$9,590	\$10,368	+8.1%
HEALTHCARE				
Single	36	\$1,346	\$1,555	+15.5%
Couple	22	\$1,646	\$1,901	+15.5%
Family	36	\$3,501	\$4,043	+15.5%
Healthcare subtotal		\$6,493	\$7,499	+15.5%
DRUGS				
Single	36	\$2,225	\$2,603	+17%
Couple	22	\$2,719	\$3,181	+17%

BENEFIT	LIVES / VOL.	CURRENT / MO	RENEWAL / MO	CHANGE
Family	36	\$5,784	\$6,768	+17%
Drugs subtotal		\$10,728	\$12,553	+17%
DENTAL				
Single	36	\$2,074	\$2,271	+9.5%
Couple	22	\$2,534	\$2,775	+9.5%
Family	36	\$5,391	\$5,904	+9.5%
Dental subtotal		\$9,999	\$10,949	+9.5%
VISION				
Single	36	\$223	\$234	+5%
Couple	22	\$273	\$286	+5%
Family	36	\$580	\$609	+5%
Vision subtotal		\$1,076	\$1,130	+5%
Total		\$37,887	\$42,499	+12.2%

The experience behind it

The carrier's trended loss ratio by benefit — the claims figure its own working rates on, carried forward to next year, against premium. Anything over the 83% target is running above what it's priced for. Credibility is how much of your own result the carrier uses.

BENEFIT	TRENDED LOSS RATIO	CREDIBILITY
Short Term Disability	69.4%	60%
Health	69%	100%
Drug	81.9%	100%
Dental	98%	100%
Vision	74.1%	100%

7 The road ahead, with your selections

Every saving above has an operational half — what actually changes for your staff. This list follows the switches: flip a change off and its consequences leave with it.

Nothing selected — the plan design stays exactly as it is, and next renewal starts from the position above.

Every change is communicated to staff before it takes effect — we draft the notice, file the carrier amendment, and take the questions.

8 The cushion already in place

Claims above \$25,000 a year (per person, per family, or per employee and separately for dependents, as the contract sets it) are pooled across the carrier's whole book, not carried by your plan alone. About \$17,300 was pooled out this period, and the figures above are already net of it. It sits below the \$25,000 threshold, so it did not come from a claim that pierced this pool — see the pooling note above for what it was.

9 What happens next

ACTION	WHEN
We check the carrier's math on this renewal letter The letter is in hand and this review is our line-by-line check of it — the pooling, the trend factor, the credibility. Anything that does not reconcile is the first thing we take back to the carrier.	Done: this review
We negotiate before anything is accepted The trend factor and the credibility behind the increase are negotiated, not fixed. If the number stays high, phasing it across the year is on the table.	Upcoming — at the renewal letter (expected about Oct 18, 2026)
Turn on regular experience monitoring Get experience on the tightest cadence the carrier will produce, quarterly where it offers it, so a benefit crossing a threshold is caught while the window is still open and there's time to act, not reconstructed at renewal when it's already locked.	Now
Implement amendments + member communication Roll out the agreed plan-design changes and brief members on what changed and why, especially any new or lower maximum. Clear communication means members hear the why before they reach it — it protects trust; it doesn't make a lower maximum not a takeaway.	Upcoming — at renewal (Jan 1, 2027)
