Your brokerage

RENEWAL REVIEW

Harbourline Industries — St. John's

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

100 covered members · September 01, 2025 - August 31, 2026.

Prepared by Your brokerage · November 2026

Summary

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

This reviews the renewal taking effect 1 February 2027, which has not started yet. The figures below are the incoming year's.

+12.1%	The ask $43,880 → $49,211 / mo · $63,962 more a year
100	Members
83%	Target loss ratio
$17,300	Pooled out pooling level $25,000
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 $40,842 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

The carrier is asking $40,842/yr more than your health, drugs, dental, vision and short-term disability claims support at our assumed market trend (≈ 8.9% a year). The pages below walk through where that gap comes from and what we do about it — nothing here is accepted as-is.

The carrier's ask on health, drugs, dental, vision and short-term disability, per year, against what the same claims support. These are the lines priced at least partly on your own claims, so the only ones a claims argument can move. That is 86.3% of the $590,528 whole-plan ask.

Today's premium on these lines



$449,335



How we got $468,564, what your health, drugs, dental, vision and short-term disability claims support

1. Start from $341,247 of claims on those lines, already at today's exposure by Canada Life's adjusted premium at today's rates.
2. Trend forward at our assumed market trend for these lines (≈ 8.9% a year, our assumption, not a figure from the letter) over 1.42 years to the middle of the coming plan year.
3. Convert to premium at your 83% target loss ratio. The step from claims to premium is the carrier's admin, commissions and margin.
4. Weight each line on the credibility the carrier states for it: 95.8% on your own experience across the lines, blended by claims, and the rest on the carrier's own manual rate for each line, which across the lines sits a claims-weighted +5.8% from what you pay today.
5. **$468,564** a year is the premium these claims support (+4.3% on today's).

Outside the reconciliation, carried at the carrier's ask: Employee Term Life ($37,917/yr), AD&D ($5,466/yr), Dependent Life ($2,344/yr), Long Term Disability ($30,655/yr), Contact ($4,740/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 $590,528/yr (+12.1% overall).

3 Where the renewal should land

The ask is $40,842 a year above what the health, drugs, dental, vision and short-term disability claims support at our assumed market trend (≈ 8.9% a year), our figure, so that is where an appeal should land. Each figure is shown as asked and with the plan changes switched on in this review; the changes come out of the claims the carrier rates, at the same loss ratio, and the pooled lines carry across at the ask.

	PER MONTH	PER YEAR	VS TODAY
What you pay today	$43,880	$526,565	—
The carrier's ask as written	$49,211	$590,528	+12.1%
The ask, with your plan changes	$47,237	$566,839	+7.6%
Where an appeal should land what the claims support	$45,807	$549,686	+4.4%
The appeal, with your plan changes	$43,991	$527,896	+0.3%

4 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	$449,335	$341,247	$108,088	24.1%
The renewal	$509,406	$341,247	$168,159	33%

The renewal raises the carrier's share of your health, drugs, dental, vision and short-term disability premium from 24.1% to 33%, 16 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 our assumed market trend for the whole horizon; this table grants it none. The negotiation lives between the two.

5 What's driving it — trended adjusted loss ratio

Short Term Disability	69.4%
Health	75.5%
Drug	85%
Dental	100.1%
Vision	77.3%

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

One therapeutic class is 19% of drug spend

This therapy accounts for $19,586 of drug spend — 19%, concentrated in an estimated 2–7 claimants. Chronic and non-discretionary: it is a forecasting input rather than something to design out.

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$17,300 in large claims already pooled out

The large-claim pool absorbed $17,300 this period: the part of claims above the $25,000 level. The pooling charge is 7.5%. Ask the carrier whether that claim is still running: up to $25,000 a year of a continuing large claim stays in the experience-rated portion. A lower level strips more of a large-claim spike off it, but the pooling charge rises with it — ask the carrier to price both before moving.

6 Where this is heading

Next year's expected claims against **today's premium**. The gap to the target is what the renewal's increase is priced to close; plan changes close it from the other side, by lowering the claims. The figure below is where it starts, before any of the changes on the following pages.

No changes, at today's premium	85.3%

target 83% · −$15,869 / yr in claims About $15,869 a year comes out of the experience the carrier rates before the next renewal is priced. A modelled figure, not a quote: each change at a point inside its range, stacked so no claim is counted twice. It assumes none of these is in place today, and the drug figures are pending the prescription drug report. Any the plan already has should come out of the total.

7 Getting the plan back on track

These are the usual changes for a plan of this size and shape, priced on **your own claims**. Without the plan booklet on file, each assumes the plan does not already have it — the table below shows which are counted. The drug figures are shares of your drug claims, pending the prescription drug report. The package below is sized against the gap to target; the trims underneath are real but small, there for when you want them.

CHANGE	ESTIMATED SAVING	INCLUDED
Dental recall to every 9 months Trims routine spend at the hygienist. *Assumes recall is every 6 months today; routine exams and cleanings are 30–40% of dental claims, an assumed typical mix rather than this plan's own by type of service.* **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.	$13,598–$18,131 a year	In the total

More trims (5)

CHANGE	ESTIMATED SAVING	INCLUDED
Hold to the prior-year dental fee guide Trims fee inflation; usually invisible to members. *Assumes the plan reimburses at the current-year fee guide.* **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.	$4,079–$6,799 a year	Not in the total
Managed drug formulary Tiered formulary with step therapy on high-cost classes — the structural drug lever. *Assumes the plan is on an open formulary today; range pending the prescription drug report.* **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.	$3,718–$11,154 a year	Not in the total

CHANGE	ESTIMATED SAVING	INCLUDED
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. *Assumes generic substitution is not already mandatory; range pending the prescription drug report.* **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.	$2,479–$7,436 a year	Not in the total
Prior authorization on specialty drugs 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.	$2,479–$9,914 a year	Not in the total
Dispensing-fee cap 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.	$1,239–$6,196 a year	Not in the total

Changes that reach the same claims are never both on by default, and switched on together each counts only on the claims the other leaves, so no saving is counted twice.

What we still need from you

- **The benefits booklet.** It confirms what the plan already has, so each change above can drop the assumption it carries, and it prices what cannot be priced without it: combine / reduce paramedical maximums, trim the vision allowance, reduce the dental annual maximum, introduce a health deductible and health coinsurance step-down.
- **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.

8 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	14,233,000	$3,046	$3,160	+3.7%
AD&D	14,233,000	$455	$455	+0%
Dependent Life	63	$195	$195	+0%
Long Term Disability	375,680	$2,344	$2,555	+9%
Contact	100	$395	$395	+0%
Pooled benefits subtotal		**$6,436**	**$6,760**	**+5%**
EXPERIENCE-RATED BENEFITS				
Short Term Disability	81,050	$4,660	$5,220	+12%
HEALTHCARE				
Single	37	$1,450	$1,675	+15.5%
Couple	23	$1,854	$2,141	+15.5%
Family	40	$4,697	$5,425	+15.5%
Healthcare subtotal		**$8,001**	**$9,241**	**+15.5%**

BENEFIT	LIVES / VOL.	CURRENT / MO	RENEWAL / MO	CHANGE
DRUGS				
Single	37	$2,323	$2,718	+17%
Couple	23	$2,915	$3,411	+17%
Family	40	$6,910	$8,085	+17%
Drugs subtotal		**$12,148**	**$14,214**	**+17%**
DENTAL				
Single	37	$2,167	$2,372	+9.5%
Couple	23	$2,720	$2,979	+9.5%
Family	40	$6,431	$7,042	+9.5%
Dental subtotal		**$11,318**	**$12,394**	**+9.5%**
VISION				
Single	37	$240	$252	+5%
Couple	23	$306	$321	+5%
Family	40	$771	$810	+5%
Vision subtotal		**$1,317**	**$1,383**	**+5%**
Total		**$43,880**	**$49,211**	**+12.1%**

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	75.5%	100%
Drug	85%	100%
Dental	100.1%	100%
Vision	77.3%	100%

Life non-evidence maximum: $400,000 in force, $600,000 available — members above $400,000 need medical evidence; ask whether the higher NEM applies.

9 The road ahead, with your selections

Every saving above has an operational half — what actually changes for your staff.

- **Dental recall to every 9 months**
  Routine cleanings move to every 9 months. The dental office books on the plan's schedule once told — one line in the member notice covers it.

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

10 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. This period about **$17,300** was absorbed by that pooling — the figures above are already net of it.

11 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.	Now: the letter is in hand
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 (Feb 1, 2027)

12 If you self-insured

What paying the health, drugs, dental, vision and short-term disability claims yourself would cost beside the insured renewal: a budget built from this group's own claims, **not a quote**. The other lines stay insured at the carrier's ask either way. Every charge below is named with where it came from; change one to see the budget move.

Administration fee
% of claims
assumed: a standard assumption, not quoted for this group
Pooling / stop-loss charge
% of claims
assumed: a standard assumption, not quoted for this group
Claims fluctuation margin
% of claims
assumed: a standard assumption, not quoted for this group

	AT OUR ASSUMED MARKET TREND, ≈ 8.88% (A GUIDE)	AT THE CARRIER'S LINE TRENDS, 8.54% BLENDED BY CLAIMS
Projected claims	$385,066	$383,360
Administration fee	$38,507	$38,336
Pooling / stop-loss charge	$38,507	$38,336
Claims fluctuation margin	$38,507	$38,336
Taxes	$0	$0
Self-insured budget	$500,587	$498,368
Other lines, insured either way	$81,122	$81,122
Whole plan, self-insured	$581,709	$579,490
Whole plan, insured renewal	$590,528	$590,528
Self-insured against the renewal, a year	−$8,819	−$11,038

- A claims-based ASO budget for health, drugs, dental, vision and short-term disability, built from this group's own claims: $341,247 a year, annualised and brought to today's group. A budget, not a quote: no carrier has priced this group's claims.
- Projected at our assumed market trend of ≈ 8.88% a year over 1.42 years, as a guide and not a basis: $385,066. At the carrier's blended trend of 8.54%: $383,360.
- Administration fee: 10% of claims (assumed: a standard assumption, not quoted for this group).

- Pooling / stop-loss charge: 10% of claims (assumed: a standard assumption, not quoted for this group).
- Claims fluctuation margin: 10% of claims (assumed: a standard assumption, not quoted for this group).
- Taxes: no provincial tax; the administration fee carries GST of 5% only where no stop-loss is bought from the administrator: an administrator carrying the stop-loss supplies exempt financial services (CRA Policy Statement P-136R). The province is not stated: only the federal GST is charged on the fee where it applies, and any provincial tax is still to come.
- The other lines stay insured at the carrier's ask either way: $81,122 a year.

Three ways to pay for it

The same claims and charges, paid three ways. What changes is how the money moves during the year, and who carries a bad one. A bad year is claims over the projection by the fluctuation margin.

	STRAIGHT ASO	BUDGETED ASO	REFUND ACCOUNTING
How it is paid	The claims as they are paid, plus the charges	A level **$41,531** a month	The insured premium, **$509,406** a year
Paid during the year	$462,080	$498,368	$509,406
Year end, claims as projected	Nothing to settle	+$36,288 surplus	+$37,138 surplus
Year end, a bad year	Paid as it happens: $508,287	−$9,919 deficit	−$9,069 deficit
Who carries a deficit	The plan, as the claims are paid	The plan: carried into next year's deposits, owed if it leaves	Carried against later surpluses; the contract says whether it is owed on leaving

- Straight ASO: the plan pays its own claims as they are paid, plus the insurer's administration and pooling charges. Cash moves with the claims; there is nothing to settle at year end.
- Budgeted ASO: the plan pays a level deposit each month, the budget above at the carrier's trend, and the year is settled against what it actually cost. A surplus comes back or is held as a reserve; a deficit is the plan's own.
- Refund accounting: an insured plan that shares its good years. The group pays the insured premium; at year end a surplus over the claims, the insurer's administration and pooling charges, its risk charge (2% of premium, assumed) and the premium tax is refunded, often after part is held back as a claims reserve.