

BENEFITS *BY* DESIGN

CGIB CHIP PLAN RENEWAL

| 2026 REVIEW AND ANALYSIS





CGIB CHIP PLAN RENEWAL REVIEW

RENEWAL DATE: SEPTEMBER 1, 2026

Number of total groups that are part of this year's block renewal = 83

Current loss ratio = 91.4%

Target loss ratio = 77.1% (75.8% Last Year)

As the block approaches its fifth renewal, the pool has preformed above target this year after several renewals below target. There were 19 new groups (with 9 groups terminating), expanding CGIB by 29 net lives to 748. Of these individuals, there was a greater increase in non-pharmacare participants with those individuals increasing to 84.1% of CGIB compared to 80.9% last year. This participant growth, which includes a notable boost in both couple & family participants, has, along with the small rate increase last year, resulted in a 15.26% increase in premium this year. Given the continued growth of CGIB, TLR has been increased 1.3% from 75.8% last year to 77.1% this year.

Paid claims rose again this year, although the increase was well above the amount that would be expected based on CGIB's demographic growth and our standard trend factors. They increased \$64,245.14 or +57.24% from the previous year. With that, the loss ratio increased 25.3% from 66.1% last year to 91.4% in the current year, putting it 15.6% above target.

The number of pooled claims has also increased since last year from \$51,643.71 to \$60,088.27 (+16.35%) with an increase in the number of pooled claimants as well. However, given the significant increase in claims on the block, the pooled claims now equal 34% of total claims paid compared to 46% last year. There also continues to be numerous groups across CGIB with high loss ratios that haven't exceeded the pooling threshold. The number of these groups have increased considerably from last year. Additionally, some of these groups only include limited claims for ongoing, higher cost drugs that are new to the plan in the last few months which are expected to result in higher claim amounts across the full renewal period.

Nevertheless, there are quite a few positives found in the CGIB block this year:

- The continued push for a common renewal date for CGIB groups has seen the number of groups set to renew September 1, 2026, increase to 30.1% this year compared to the 22.2% of the block that renewed September 1, 2025.
 - Additionally, with the new groups added to CGIB this year, 36.1% of the current groups are set to renew September 1, 2027, helping increase the effectiveness of any rate changes moving forward.
- While Quebec participants increased from 0.28% last year to 0.67% in the current year, the impact of QDIPC charges on the rates is down from the previous year given the overall block growth.
- We were able to negotiate a -12.5% decrease to our travel rates this year with GreenShield.
- While the block's IBNR remains at 7.58%, 98.48% of claims on the block were drug claims, and given that as well as the nature of the CGIB product, can consider a lower functional IBNR based on the data available to provide a more positive projection of claims moving forward.
- And while we're never happy to see groups terminate, the terminated groups from CGIB had significant negative impacts on the overall CGIB experience.

Given the above, and with consideration of the previous more positive experience of the CGIB block, we feel that while the renewal methodology is calculating an increase of +35.9% (+23.7% with the travel & QDIPC decreases) that the block will operate closer to TLR next year with a 9.87% increase. While this is a sizable increase, it involves a more positive projection from where the block is currently performing and attempts to help ensure stable block pricing moving forward as CGIB continues to grow.

This would impact the rates as follows:

New Pharmacare Rates

Single = \$16.44 (\$1.48 increase)

Couple = \$23.61 (\$2.12 increase)

Family = \$36.64 (\$3.29 increase)

New Non-Pharmacare Rates

Single = \$26.95 (\$2.42 increase)

Couple = \$47.34 (\$4.25 increase)

Family = \$66.75 (\$6.00 increase)

These rates will become the rates for all new groups entering the pool. They will also become the renewal rates for all existing groups renewing between September 2026 – August 2027.



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In order to streamline the renewal process, all new groups that join the block will have a September renewal date, to renew alongside the pool. This will result in the below rate guarantee periods for new groups.

Effective Date	STD, CI, EHC Renewal	Rate Guarantee (Months)	Life, AD&D, LTD Renewal	Rate Guarantee (months)
Aug-26	Sep-27	13	Sep-28	25
Sep-26	Sep-27	12	Sep-28	24
Oct-26	Sep-27	11	Sep-28	23
Nov-26	Sep-27	10	Sep-28	22
Dec-26	Sep-28	21	Sep-29	33
Jan-27	Sep-28	20	Sep-29	32
Feb-27	Sep-28	19	Sep-29	31
Mar-27	Sep-28	18	Sep-29	30
Apr-27	Sep-28	17	Sep-29	29
May-27	Sep-28	16	Sep-29	28
Jun-27	Sep-28	15	Sep-29	27
Jul-27	Sep-28	14	Sep-29	26



CGIB CHIP PLAN RENEWAL ANALYSIS

RENEWAL DATE: SEPTEMBER 1, 2026

Extended Health	
Weighted Premium ¹	\$199,886.03
Weighted Paid Claims ²	\$176,481.50
Change in Reserves	\$4,871.98
Incurred Claims ³	\$181,353.48
Incurred Loss Ratio	90.7%
Inflated Incurred Claims ⁴	\$209,402.82
Loss Ratio (Inflated)	104.8%
Credibility	100%
Calculated Rate Change	+35.9%
Implemented Rate Change w/Travel ⁵	+9.87%

Travel Rates		
Type	Current	Renewal
Single	\$5.43	\$4.75
Family	\$10.36	\$9.07

Pharmacare Rates		
Type	Current	Renewal
Single	\$14.96	\$16.44
Couple	\$21.49	\$23.61
Family	\$33.35	\$36.64

Non-Pharmacare Rates		
Type	Current	Renewal
Single	\$24.53	\$26.95
Couple	\$43.09	\$47.34
Family	\$60.75	\$66.75

Premium and Claims History			
Date	Premium	Paid Claims	Paid Loss Ratio
May 1, 2025 – April 30, 2026	\$199,886.03	\$176,481.50	91.4%
May 1, 2024 – April 30, 2025	\$173,416.88	\$112,236.36	66.1%
May 1, 2023 – April 30, 2024	\$135,412.53	\$95,132.06	72.1%

Renewal Factors	
IBNR	7.58%
Inflation & Utilization	11.60%
Applied Trend Factor	15.47%
Target Loss Ratio ¹	77.1%
Stop-Loss Charge ¹	20.54%

\$60,088.27 in claims removed due to In Canada Pooling (over the \$10,000 pooling threshold)

1. Premiums and Target Loss Ratios do not include In Canada Pooling & Out of Country charges (EHC only) or Premium Taxes. Travel rates are \$4.75 single and \$9.07 family.
2. Paid Claims do not include In Canada claims exceeding \$10k per participant or any Out of Country claims.
3. Incurred claims equal paid claims plus a claims reserve established to pay claims that are incurred but not yet reported. The reserve is calculated based on paid claims.
4. Incurred claims are multiplied by the inflation factor to estimate next year's claims.
5. Rates may vary slightly due to rounding.