



Manulife

GROUP BENEFITS RENEWAL ANALYSIS

The ABC Company

CARRIER

Manulife Financial

POLICY NUMBER

G0080350

RENEWAL EFFECTIVE DATE

April 1, 2025

GROUP SIZE

142 employees





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EXECUTIVE SUMMARY

VERDICT: ABOVE FAIR MARKET – NEGOTIATE

The carrier's proposed renewal is above fair market levels and warrants negotiation.

Manulife Financial has proposed a **+13.3%** blended rate increase for the April 1, 2025 renewal. Our independent analysis, based on The ABC Company's own claims experience and Canadian market benchmarks, supports a fair increase of **+4.1%**.

The difference represents an annual overpayment of **\$57,403** (\$4,784/month).

CURRENT ANNUAL PREMIUM	CARRIER PROPOSED	OUR FAIR PREMIUM	ANNUAL VARIANCE
\$623,200	\$705,955 +13.3% increase	\$648,552 +4.1% increase	+\$57,403 carrier overcharging

Summary by Benefit Line

BENEFIT LINE	CURRENT	PROPOSED	PROPOSED %	FAIR PREMIUM	FAIR %	VARIANCE
Extended Health Care	\$364,800	\$418,310	+14.7%	\$377,128	+3.4%	+\$41,182
Dental	\$118,500	\$129,165	+9.0%	\$117,018	-1.3%	+\$12,147
Life	\$47,300	\$50,138	+6.0%	\$50,138	+6.0%	+\$0
LTD	\$92,600	\$108,342	+17.0%	\$104,268	+12.6%	+\$4,074
TOTAL	\$623,200	\$705,955	+13.3%	\$648,552	+4.1%	+\$57,403

RECOMMENDED COUNTER-POSITION

We recommend presenting Manulife Financial with a counter-proposal of **\$648,552 annually** (\$54,046/month), representing a **+4.1%** increase over current premiums. This position is supported by the group's own claims experience, appropriate trend assumptions, and standard Canadian credibility weighting methodology.

EXPECTED SETTLEMENT RANGE – INTERNAL

For internal planning only: based on a pattern observed across 9 settled renewals, this renewal is likely to settle near **+4.5%** (\$651,337 annually), with a plausible range of +1.3% to +6.6%. This is a low-confidence forecast of where negotiation may land — it does NOT change the fair premium above and should never be shared with the carrier.



RENEWAL OVERVIEW

Summary Notes

- Manulife Financial has proposed a blended increase of **+13.3%**; our analysis supports a fair blended increase of **+4.1%**.
- Reducing the carrier's ask by **+9.2%** recovers **\$4,784/month** (\$57,403 annually) in excess carrier margin.
- Extended Health Care: net loss ratio of 165.1% sits above the carrier's target of 85.0%. Their proposed +14.7% can be defended; we recommend countering at +3.4%.
- Dental Care: net loss ratio of 146.3% sits above the carrier's target of 82.0%. Their proposed +9.0% can be defended; we recommend countering at -1.3%.
- Long Term Disability: net loss ratio of 184.7% sits above the carrier's target of 82.0%. Their proposed +17.0% can be defended; we recommend countering at +12.6%.
- Life: pooled — carrier proposed +6.0% based on age/volume of insured population.
- **Recommended counter-position:** \$648,552 annually (+4.1% increase), negotiated down from the carrier's proposed \$705,955 (+13.3% increase).

In summary, the rate adjustments are:

BENEFIT	CARRIER PROPOSED	OUR FAIR ASK
Extended Health Care	+14.7%	+3.4%
Dental Care	+9.0%	-1.3%
Life	+6.0%	+6.0%
Long Term Disability	+17.0%	+12.6%
OVERALL BLENDED	+13.3%	+4.1%



CLAIMS EXPERIENCE ANALYSIS

Assumption alignment — 4 values outside typical band

- EHC trend factor of 21.0% is above the typical 3.0%–16.0% band. Verify against the carrier statement before relying on this value.
- Life trend factor of -1.5% is below the typical 0.0%–6.0% band. Verify against the carrier statement before relying on this value.
- LTD IBNR of 0.0% is below the typical 5.0%–25.0% band. Verify against the carrier statement before relying on this value.
- LTD trend factor of 0.0% is below the typical 2.0%–10.0% band. Verify against the carrier statement before relying on this value.

These flags indicate the assumption is unusual, not necessarily wrong. See Table 6 below for which source each value came from.

Table 1 — Claims Experience (EHC / Dental / STD)

BENEFIT LINE	MEMBER MONTHS	PAID CLAIMS	LARGE CLAIMS STRIPPED	ADJ. PAID CLAIMS	CREDIBILITY
Extended Health Care (EHC)	3,408	\$521,000	\$41,500 (1)	\$499,948	100%
Dental	3,408	\$159,000	—	\$159,000	100%

Table 2 — Pooling Charge Removal from Gross Premium

BENEFIT LINE	GROSS PREMIUM	POOL CHARGE %	POOL CHARGE \$	NET PREMIUM FOR CLAIMS
Extended Health Care (EHC)	\$364,800	12.0%	\$43,776	\$321,024
Dental	\$118,500	—	—	\$118,500

Table 3 — IBNR Adjustment (Incurred But Not Reported)

BENEFIT LINE	ADJ. PAID CLAIMS	IBNR FACTOR	IBNR RESERVE \$	TOTAL INCURRED CLAIMS	INCURRED PMPM
Extended Health Care (EHC)	\$499,948	6.0%	\$29,997	\$529,945	\$155.50
Dental	\$159,000	9.0%	\$14,310	\$173,310	\$50.85

Table 4 – Net Loss Ratio Analysis (Incurred ÷ Net Premium)

BENEFIT LINE	INCURRED CLAIMS	NET PREMIUM (CURRENT)	NET LOSS RATIO (ACTUAL)	TARGET LR (TLR)	PROPOSED NLR
Extended Health Care (EHC)	\$529,945	\$321,024	165.1%	85.0%	144.0%
Dental	\$173,310	\$118,500	146.3%	82.0%	134.2%

A Proposed NLR below the TLR confirms the carrier is pricing excessive margin into this renewal.



FAIR RATE CALCULATION

Calculation Detail by Benefit Line

Extended Health Care (EHC)

PARAMETER	VALUE	NOTES
Experience Period	January 1, 2023 – December 31, 2024	24 months of data
Member Months	3,408	Total insured member-months during experience period
Paid Claims (raw)	\$521,000	Total claims paid by carrier in experience period
Large Claimant Removal	(\$41,500)	1 claimant(s) above \$10,000 pooling threshold
Adjusted Experience PMPM	\$140.70	Claims net of large claimants ÷ member-months
Trend Factor (11.5%/yr)	\$188.12	Adjusted PMPM trended to renewal midpoint
Credibility Factor	100.0%	Fully credible — 100% weight to group experience
Expected Loss Ratio	85.0%	Canadian market benchmark for this benefit line
Fair Annual Premium	\$377,128	\$221.32 PMPM × 142 members × 12
Carrier Proposed Premium	\$418,310	+14.7% increase over current
Variance (Proposed – Fair)	+\$41,182	Carrier is above fair — demand reduction



Dental

PARAMETER	VALUE	NOTES
Experience Period	January 1, 2023 – December 31, 2024	24 months of data
Member Months	3,408	Total insured member-months during experience period
Paid Claims (raw)	\$159,000	Total claims paid by carrier in experience period
Adjusted Experience PMPM	\$46.65	Claims net of large claimants ÷ member-months
Trend Factor (6.0%/yr)	\$56.31	Adjusted PMPM trended to renewal midpoint
Credibility Factor	100.0%	Fully credible — 100% weight to group experience
Expected Loss Ratio	82.0%	Canadian market benchmark for this benefit line
Fair Annual Premium	\$117,018	\$68.67 PMPM × 142 members × 12
Carrier Proposed Premium	\$129,165	+9.0% increase over current
Variance (Proposed – Fair)	+\$12,147	Carrier is above fair — demand reduction

Long-Term Disability (LTD)

PARAMETER	VALUE	NOTES
Experience Period	January 1, 2023 – December 31, 2024	24 months of data
Member Months	3,408	Total insured member-months during experience period
Paid Claims (raw)	\$171,000	Total claims paid by carrier in experience period
Adjusted Experience PMPM	\$50.18	Claims net of large claimants ÷ member-months
Trend Factor (6.0%/yr)	\$50.18	Adjusted PMPM trended to renewal midpoint
Credibility Factor	100.0%	Fully credible — 100% weight to group experience
Expected Loss Ratio	82.0%	Canadian market benchmark for this benefit line
Fair Annual Premium	\$104,268	\$61.19 PMPM × 142 members × 12
Carrier Proposed Premium	\$108,342	+17.0% increase over current
Variance (Proposed – Fair)	+\$4,074	Carrier is above fair — demand reduction

RENEWAL RATE COMPARISON

Side-by-side comparison of the pre-renewal rates, Manulife Financial's original proposed rates, and the negotiated outcome — effective April 1, 2025.

BENEFIT LINE	VOLUME	PRE-RENEWAL		ORIGINAL PROPOSED		NEGOTIATED		% CHG
		RATE	MONTHLY	RATE	MONTHLY	RATE	MONTHLY	VS PRE
Extended Health Care	142	—	\$30,400.00	—	\$34,859.00	—	\$31,427.33	+3.4%
Dental Care	142	—	\$9,875.00	—	\$10,764.00	—	\$9,751.50	-1.3%
Life	28,400,000	—	\$3,942.00	—	\$4,178.00	—	\$4,178.17	+6.0%
Long Term Disability	142	—	\$7,717.00	—	\$9,029.00	—	\$8,689.00	+12.6%
TOTAL MONTHLY PREMIUM			\$51,934.00		\$58,830.00		\$54,046.00	

RATE CHANGE SUMMARY

Carrier originally proposed	+13.3%	\$6,896.00/mo
Negotiated outcome	+4.1%	\$2,112.00/mo
SAVINGS DELIVERED VS CARRIER PROPOSAL	-9.2%	\$4,784.00/mo

Rate guarantee: 12 months from April 1, 2025.

Estimated Cost per Employee (Monthly)

BASIS	PRE-RENEWAL	ORIGINAL PROPOSED	NEGOTIATED
Per employee	\$365.73	\$414.30	\$380.61

Applicable taxes not included. If the plan does not remain in force for the renewal period, the original proposed rates may be applied retroactively.

RECOMMENDATION & NEGOTIATION STRATEGY

RECOMMENDED COUNTER-PROPOSAL

We recommend presenting Manulife Financial with a counter-proposal of **\$648,552 annually** (\$54,046/month) effective April 1, 2025.

This represents a **+4.1%** blended increase over current premiums, compared to the carrier's proposed **+13.3%**. Accepting this counter-proposal recovers \$57,403 annually (\$4,784/month) in excess carrier margin.

Counter-Proposal by Benefit Line

BENEFIT LINE	CURRENT ANNUAL	CARRIER PROPOSED	OUR POSITION	OUR RATE %	ANNUAL SAVING
Extended Health Care (EHC)	\$364,800	\$418,310	\$377,128	+3.4%	\$41,182
Dental	\$118,500	\$129,165	\$117,018	-1.3%	\$12,147
Group Life Insurance	\$47,300	\$50,138	\$50,138	+6.0%	—
Long-Term Disability (LTD)	\$92,600	\$108,342	\$104,268	+12.6%	\$4,074
TOTAL	\$623,200	\$705,955	\$648,552	+4.1%	\$57,403

Key Negotiation Points

LINES WHERE CARRIER RATE EXCEEDS FAIR VALUE

Extended Health Care (EHC): The carrier is proposing +14.7% vs. our calculated fair rate of +3.4%. The group's own claims experience (adjusted PMPM of \$141) supports a lower renewal. Annual overcharge: **\$41,182**.

Dental: The carrier is proposing +9.0% vs. our calculated fair rate of -1.3%. The group's own claims experience (adjusted PMPM of \$47) supports a lower renewal. Annual overcharge: **\$12,147**.

Long-Term Disability (LTD): The carrier is proposing +17.0% vs. our calculated fair rate of +12.6%. The group's own claims experience (adjusted PMPM of \$50) supports a lower renewal. Annual overcharge: **\$4,074**.



Negotiation Playbook

STEP-BY-STEP NEGOTIATION GUIDANCE

Opening position: Present the fair premium (\$648,552/year, +4.1% blended increase) as your counter-proposal. This position is grounded in the group's own claims data. The carrier must justify any deviation with credible evidence.

Priority lines: Focus first on Extended Health Care (EHC) (\$41,182 overcharge), then Dental (\$12,147 overcharge), then Long-Term Disability (LTD) (\$4,074 overcharge). These lines have the largest dollar variance and the best leverage for negotiation.

Fallback strategy: If the carrier will not move on Extended Health Care (EHC), redirect the conversation to Dental. Concessions on the second-highest line definitively reduce the overall cost.

Acceptable range: Do not accept any blended increase above +6.1%. The carrier has not provided credible justification for their proposed +13.3%.

Timing: Submit the counter-proposal within 10 business days of receiving the renewal notice. Late submissions eliminate your leverage as the carrier's underwriting window closes.



GLOSSARY OF TERMS

Plain-language definitions for the actuarial and underwriting terms used throughout this report. Defined here so the report stands alone for plan sponsors who do not work with carrier renewal documents day-to-day.

TERM	DEFINITION
Pooled Benefits	Benefits priced from carrier manual rates plus the group's industry and demographics — typically Life, AD&D, Dependent Life, and Critical Illness. Claims experience does not directly drive the renewal rate.
Experience-Rated Benefits	Benefits priced from the group's own claims experience to the extent of its credibility — typically Extended Health Care, Dental, Short-Term Disability, and Long-Term Disability.
Credibility	The percentage of the renewal rate based on the group's own claims experience versus the carrier's manual rate. Larger groups and longer track records produce higher credibility. Calculated using the Limited Fluctuation Credibility (square-root) rule.
Manual (Book) Rate	The carrier's expected rate for a group with this size, demographics, industry, and plan design — set entirely by the insurer, independent of the group's actual claims.
Trend / Utilization	The expected annual increase in claims due to drug-cost inflation, new treatments, an aging population, dental fee guide increases, and provincial delisting of government-funded services.
Target Loss Ratio (TLR)	The portion of premium the carrier expects to pay out in claims at break-even. The remainder funds claims administration, premium taxes, commissions, and carrier margin.
Large Amount Pooling	Claims above a per-insured threshold (typically \$10,000–\$25,000) are removed from the group's experience and charged separately. This protects the group from one or two catastrophic claimants distorting the renewal.
Pooling Charge	The premium the carrier charges to cover claims above the pooling threshold across its entire pool of groups. Often expressed as a \$ PMPM or as a % of gross premium.
Billed Premium	The actual premium the carrier billed during the experience period. Depending on the carrier, this may include or exclude the large-amount pooling premium.
Adjusted Premium	Billed premium restated at current rates and plan design, excluding the large-amount pooling premium. Used as the denominator when calculating loss ratios for renewal pricing.
Paid Claims	The actual amount of claims submitted and paid by the carrier during the experience period.
Incurred Claims	Paid claims plus the change in the Incurred But Not Reported (IBNR) reserve — the carrier's estimate of claims incurred during the period but not yet submitted or paid.
IBNR (Incurred But Not Reported)	A reserve held by the carrier for claims that have been incurred by plan members but not yet submitted. The IBNR factor is applied to paid claims to estimate total incurred claims.
Incurred Loss Ratio	Incurred claims divided by adjusted (or billed) premium. The primary metric used to assess whether the existing premium adequately funds the plan.
Rate Guarantee	The period (typically 12 to 36 months) during which the carrier commits not to change rates, subject to the cap conditions (demographic stability, plan-design stability, no M&A).



Rate Cap

The maximum % rate increase the carrier will impose at the next renewal, subject to the same cap conditions as the rate guarantee.

EP3 / Drug Pooling

Inter-company Extended Health Policy Protection Plan — an industry-wide arrangement that spreads the risk of catastrophic recurring drug claims across all participating carriers, so transferring a group does not penalize the receiving insurer.

E&OE — Errors and omissions excepted.