



PROPOSAL 2010-36

Group Benefits

SEALED PROPOSALS marked clearly as to the contents, will be received by the undersigned until:

12:00 noon, Friday, July 23, 2010

The City of Cambridge is seeking proposals for their group employee benefits program, including group life, AD&D, long term disability, health and dental benefits for approximately 600 full-time employees.

The Terms of Reference, along with various attachments that contain pertinent information, is being provided to known companies that are capable of bidding on this service. Anyone who has not been e-mailed a proposal document can contact City of Cambridge staff listed to request more information.

Five copies of your submission are required for distribution to the Selection Committee.

For questions on submitting your proposal, contact Denise Hellyer, Senior Buyer at 519.740.4637, ext. 4515 or via e-mail at hellyerd@cambridge.ca

Tenders, Quotations and Proposals are to be dropped off at Purchasing Services Counter, 50 Dickson Street, 4th Floor. Submissions received in Purchasing after the closing time will NOT be accepted. The onus is on the bidder to ensure that the bid is received in the proper location and before the closing time.

Tenders, Quotations and Proposals can now be viewed and/or downloaded from our website. Bid results will be posted, when applicable, on the website after opening.

http://www.cambridge.ca/cs_corporate/purchasing_tenders_list.php?

LOWEST OR ANY PROPOSAL NOT NECESSARILY ACCEPTED

John Avery, CPPB

Manager of Purchasing and Inventory

**REQUEST FOR A GROUP BENEFITS
PROPOSAL**

**THE CORPORATION OF
THE CITY OF CAMBRIDGE**

Prepared by March4th Benefit Strategies

March4th1@mac.com

July 2010

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*******Confidentiality Notice*******

This Request for a Proposal and its electronic document attachments contain confidential information. This information is intended solely for the use by the individual or entity to which it is addressed for purposes of submitting a proposal. If you have received this information in error or your firm does not intend to submit a proposal, please notify the sender immediately and arrange for the prompt destruction of the material and any accompanying attachments.

The Corporation of the City of Cambridge

SECTION 1 - GROUP EMPLOYEE BENEFIT SPECIFICATIONS

1) Background

The City of Cambridge is part of the Region of Waterloo in south western Ontario. It is home to over 130,000 citizens and has experienced significant recent growth. This trend is expected to continue with growth to a projected 180,000+ citizens anticipated within the next 20 years.

Solid employment opportunities, affordable housing and reasonable property and business taxes have contributed to the remarkable growth. Along with the cities of Kitchener- Waterloo, Cambridge forms the technological triangle. Principal employers include companies such as Toyota, Com Dev International, and Babcock & Wilcox to name a few. The City of Cambridge has over 600 employees.

The Public Sector Employer Employee Benefit plan for Non-Union and Union employees has been insured and administered by Manulife since 2003 (prior to 2003 the Life & AD&D benefits only were insured by Manulife). The current AD&D underwriter is Industrial Alliance. The benefits are being marketed at this time as the plan has not been marketed in ten years, and to ascertain the competitiveness of the renewal rates. It is important to note that the City of Cambridge has a strong working relationship with Manulife and is very happy with the services provided by Manulife.

You are asked to quote on current benefits without any changes. The current plan renewed January 1, 2010. Consulting services are provided by March4th Benefit Strategies (David Mogg) The current plan includes active and retired employees and several benefit schedules. A full proposal or a written response declining to quote is requested by **Friday July 23, 2010, 12:00 (noon)**. Questions should be directed by email to Denise Hellyer, Senior Buyer, hellyerd@cambridge.ca

2) Benefits

Benefits include Basic Life, Optional Life, Supplemental Life (self-insured), Accidental Death & Dismemberment, Long Term Disability, Health and Dental plus Deluxe Travel. Employees are not covered for all benefits (see plan details).

3) Funding/ Contributions

The Life and LTD benefits are insured although renewal rates for each benefit are calculated using a credibility formula. The formula includes a weighting of the claims and reserves versus premium experience over several years plus the manual rates. The Supplemental Life benefit of \$2,500 or \$5,000 is self-funded.

Health and Dental benefits are self-funded on an ASO basis. The Health Benefit includes insured Stop Loss coverage at \$25,000 per individual claimant per policy year. The Deluxe Travel coverage is also insured. The City pays 100% of the cost for all benefits except Dental.

4) **Contact, Consultants and Selection Process**

Contact concerning any aspect of this RFP is to be with Denise Hellyer at The City, hellyerd@cambridge.ca.

The consulting services are provided by David Mogg, March4th Benefit Strategies, (march4th1@mac.com) with technical support from Leslie McGlade (l.mcglade@hotmail.com).

The consultants will analyze the submissions, while the selection of the carrier will be the responsibility of the City's Selection Committee; with representation from Finance, Human Resources and Payroll.

The EVALUATION CRITERIA include;

- Service
- Price
- Administrative Support
- Communication
- Wellness and
- Innovation to complement the City's long term strategy for employee benefits.

The Selection Committee will strive to make a decision based on the submissions; but, if required, reserves the right to conduct interviews at a time and date to be determined.

5) Commissions

All current benefits exclude commissions. Please quote without commissions.

SECTION 2 – BENEFITS, EXPERIENCE & RATES

1) Health (H), Dental (D), & Deluxe Travel(DT) Policy & Classes (see contract for details)

Description	Number	Class	Benefit
Active Non-union, Mayor , Council<65	2180	1A	H, D, DT
Council 65+	2180	1H	H
Retiree N-u, retire prior to Mar 22.2004	2180	2A	H,D
Retiree N-u after Mar 22/04 under 65	2180	2B	H, D
Active CUPE 1882	74006	1A	H,D,DT
CUPE 1882 Retiree before Mar 22, 2004	74006	2A	H,D
CUPE 1882 Retiree after Mar 2004, <65	74006	3A	H,D
Active CUPE 32	74008	1A	H,D
CUPE 32 Retiree before Feb 5, 2004	74008	2A	H,D
CUPE 32 Retiree after Feb 2004, <65	74008	3B	H,D
Active Firefighters	74010	1A	H,D,DT
Firefighters Retiree before July 11, 2007	74010	2A	H,D
Firefighters Retiree hired after July 11 2007, <65	74010	1D	H,D
Retiree Amal. Transit Union 1608	74012	5A	H,D
Active Librarians	74014	1A	H,D,DT
Librarian Retiree before May 1, 2004	74014	1B	H,D
Librarian Retiree after hired after May 2004, <65	74014	1C	H,D
Permanent P/T Librarian	74014	1D	H,D

2) Basic Life (BL), Optional Life (OL), Supplemental Life (SL) and Long Term Disability (LTD) Policy and Classes, (see contract for details)

Description	Number	Class	Benefit
Active Non-union, Mayor , Council<65	74401	1A	BL, OL, LTD
Active CUPE 1882, hire prior to Aug 1, 2006 (No COLA)	74401	1B	BL,LTD
Active CUPE 32	74401	1C	BL,LTD
Active Firefighter	74401	1D	BL,LTD

Active CUPE 1882, hire after Aug 1, 2006 (COLA)	74401	1E	BL, LTD
Elected Member Council <65	74401	1G	BL,LTD
Elected Member Council 65+	74401	1H	SL
Retired Firefighter hire July 11/2007 <65	74401	1J	SL
Retired Non-union prior Mar 22, 2004	74421	1A	SL
Retired Non-union after Mar 22, 2004	74421	1B	SL
Retired CUPE 1882 prior Mar 22, 2004	74421	2A	SL
Retired CUPE 1882 after Mar 22, 2004	74421	3B	SL
Retired CUPE 32 prior Feb 5, 2004	74421	3A	SL
Retired CUPE 32 after Feb 5, 2004	74421	4B	SL
Retired Firefighters prior July 11, 2007	74421	4A	SL
Retired ATU 1608	74421	5A	SL
Active Librarians	74405	1A	BL, LTD
Retired Librarians before May 1, 2004	74405	1B	SL
Retired Librarians after May 1, 2004 < 65	74405	1C	SL

3) Renewal Rate Summary- Insured Rates

(Volumes Sept 2009) are listed below

Benefit	Volume	Current Rate	Renewal Rate	Monthly Premium
Life (592 ees)	72,697,000	.305/1000	.305/1000	\$22,172.59
Opt. Life (2 ees)	200,000	Age Banded	Age Banded	\$33.80
LTD				
Union (434 ees)	1,500,929	1.85/100	2.12/100	\$31,848.96
Non-Union (146 ees)	596,227	1.45/100	1.66/100	\$ 9,916.15

Deluxe Travel				
Single	59	1.50	2.35	\$138.65
Family	386	3.00	4.91	\$1895.26

Optional Life Rates per \$1,000

Age	Male		Female	
	Smoker	Non-Smoker	Smoker	Non-Smoker
0 - 29	0.08	0.06	0.04	0.03
30 - 34	0.09	0.06	0.06	0.04
35 - 39	0.12	0.08	0.08	0.06
40 - 44	0.21	0.12	0.15	0.10
45 - 49	0.36	0.19	0.21	0.13
50 - 54	0.58	0.30	0.28	0.18
55 - 59	0.92	0.51	0.42	0.28
60 - 64	1.25	0.77	0.66	0.48

4) Plan Schedule Life & Disability Summary

For full details please see booklets and contract (copies attached).

Active Non-Union including Mayor (# 74001- 1A)	
Life	2x max 500,000 , NEM 465,000 Term retire or 65
Opt Life	Units \$10,000 max \$150,000 or B+O 650,000, Term retire or 65
LTD	70% max \$10,000 taxable, to age 65 119 day EP, COLA 50% to 5%
Elected council members (# 74001- 1G)- coverage ceases term ends	
Life	2x max 500,000 , NEM 465,000 Term retire or 65
LTD	70% \$10,000 tax, two year, benefit 119 day EP, COLA 50% to 5%
Retired council member > age 65 (# 74001- 1H)	
Life	\$,5000
Retired non-union before Mar 22, 04,> age 65 (# 74421- 1A)	
Life	Supplemental Retiree Life \$5,000
Retired non-union after Mar 22, 04,< age 65 (# 74421- 1B)	
Life	Supplemental Retiree Life \$5,000 Term age 65
Active CUPE 1882 hire prior Aug1/06 (# 74001- 1B)	
Life	2x max 465,000 Term retire or 65
LTD	70% \$5,400 age 65 SIC,EI or 119 day, taxable
Active CUPE 1882 hire after Aug1/06 (# 74001- 1E)	
Life	2x max 465,000 Term retire or 65
LTD	70% \$5,400 age 65, SLC,EI or 119 day, taxable COLA 50% to 5%
Retiree CUPE 1882 before Mar 22, 04, (# 74421- 2A)	
Life	Supplemental Retiree Life \$2,000
Retiree CUPE 1882 after Mar 22, 04,< age 65 (# 74421- 3B)	
Life	Supplemental Retiree Life 2,000 Term age 65
Active CUPE 32 hire prior Aug1/06 (# 74401- 1C)	
Life	2x max 465,000 Term retire or 65
LTD	70% \$5,000 age 65, SLC,EI or 119 day, taxable
Retiree CUPE 32 retire prior Feb 5, 04, (# 74421- 3A)	
Life	Supplemental Retiree Life 2,500
Retiree CUPE 32 retire after Feb 5, 04 <65 (# 74421- 4B)	
Life	Supplemental Retiree Life 2,500

Active Firefighters (# 74001- 1D)	
Life	2x max 500,000 , NEM 465,000 Term retire or age 60
LTD	70% \$7,000, age 60 , SLC,EI or 119 day, taxable
Retiree Amalgamated Transit Union, (# 74421- 5A)	
Life	Supplemental Retiree Life 2,500
Active Librarians (# 74405- 1A)	
Life	2x max 465,000 Term retire or 65
LTD	70% \$3,500 age 65, SLC,EI or 119 day, taxable
Retiree Librarian prior to May 1, 04, (# 74405- 1B)	
Life	Supplemental Retiree Life 5,000
Retiree Librarian prior to May 1, 04, under age 65 (# 74405- 1C)	
Life	Supplemental Retiree Life 5,000
Retiree Firefighter after July 11,07 < age 65, (# 74001- 1J)	
Life	Supplemental Retiree Life 5,000
LTD 2 year own occ, Waiver of premium, 85% all-source, 3/12 pre-ex clause, Recurrent disability benefit, Return to Work subsidy benefit	

Note: AD&D 2 x salary, enhanced schedule see contract for details

5) Plan Schedule Health & Dental Summary

For full details please see booklets and contract (copies attached

Policy 2180 Standard plan (class 1A Health only) **Health 100%**

Hearing Aids \$3,000/ 3year \$150/3year test combined \$3,000/year
 Vision \$425/ 24 months or 48 (no new script), \$75 exam/ 24 months
 Pres. Drug –dispensing fee greater \$9.50 or 50% actual
 No smoking cessation, anti-obesity or erectile dysfunction
 Semi-private Hospital
 Major medical supplies & services- see policy
 Paramedical services- varies by procedure/class see contract
 Health Service Navigator- Research, second opinion & medical co-ordination

Deluxe Travel- 100% \$1,000,000 60 days trip Term age 65/ retire

Dental A Basic-100% unlimited, B Major 70% \$2,500 cal. yr, Ortho 60% \$2,500 per lifetime, combined all Dental services maximum **\$3,000 cal year**, coverage terms age 65/retire
 Current fee guide minus one year

Retirees before March 22/04 have Health & Dental (2A), those early retirees who retire after March 22/ 04 (2B) have Health and Dental to age 65

Survivor Health and Dental- 6 or 12 months

Policy 74006 CUPE 1882 Active- same as Policy 2180 Retiree Health& Dental coverage (2A) and (3B) early retirees Health & Dental coverage to age 65 only

Policy 74006 CUPE 1882 Active- same as Policy 2180 Retiree Health& Dental coverage (2A) and (3B) early retirees Health & Dental coverage to age 65 only

Policy 74008 CUPE 32- Active same as Policy 2180 except \$4,000/3 year Hearing Aids \$400/2 year test, Dental 70% Major \$3,000/yr Ortho \$3,250/lifetime, combined Dental all service maximum \$2,000/ cal year, and Class 2A retiree prior to Feb 5/04 Dental ceases at age 65, Class 2B retire after Feb 5/04 Health and Dental cease age 65

Policy 74010 Firefighters- Active same as Policy 2180 except \$2,000/3 year Hearing Aids no test, No dispensing fee limit Dental Blue Cross plan see details Class 2B retiree prior to July 11/07 Dental coverage ceases at age 65

Policy 74012 Amalgamated Transit Union 1608 retirees same as Policy 2180 except \$800/36 months hearing aids, no test, \$250/24 months or 48 months Vision, \$7.50 or 50% dispensing fee maximum, Dental Major 60% \$1,500 lifetime, Ortho 60% \$2,000 lifetime, Dental combined cal year axiom \$1,500. Dental terminates age 65

Policy 74014 Librarians same as policy 2180 except 1B retirees before May 1/04 Major \$3,000/year, combined Dental maximum \$2,500 year. Dental terminates age 65 and IC retirees after May 1/04 Health and Dental terminate age 65

Policy 74016 Permanent Part-time librarians see policy for details of coverage

6) **Data**

Data is included for the three policies (insured benefits). See attached.

7) **Underwriting Considerations**

- a) Confirm that your quotation does not deviate from the specifications. Otherwise, any deviations should be explained in detail. Please do not refer to your standard proposal pages.
- b) No insurance of a member shall be invalidated by reason of the Administrator's failure due to a clerical error, to do all things necessary to maintain such member's insurance in full force and effect. Please confirm that if you are the selected carrier, you will be responsible for all benefits that might be lost as a result of a change in carrier.
- c) Please advise as to the date on which the terms of your proposal are no longer binding.
- d) In the event that all covered benefits are not placed with one carrier, please advise if, there any benefits that you would be prepared to underwrite on their own; and what is the impact on your quoted rates if you are awarded one benefit?
- e) Confirm if you have made a marketing investment and that you will not be recovering this investment. Also please advise how much you reduced quoted rates by when calculating renewal rates.
- f) The proposed effective date is November1, 2010. Please confirm how long you are prepared to guarantee Life and LTD rates. The client would like to have a renewal date of January 1st, if possible.
- g) **Both the AD&D contract and the Deluxe Travel contract are being looked at as part of union negotiations. We will advise details of any changes when available.**

8) **Premium Rates & Credibility**

- a) Outline your required premium rates for Basic Life, Optional Life, Long Term Disability and Deluxe Travel (Health OOC). How long are rates guaranteed for?
- b) On the Life and LTD benefits please provide the credibility formula you will use at each renewal. Please indicate if you will use manual rates when calculating renewal rates and what percentage by year will be assigned to experience and what percentage to manual?
- c) Are you prepared to use current experience when setting future renewal rates (assuming experience was used when setting quoted rates)? If you are prepared to use current experience how will this impact your renewal credibility formula?
- d) Please advise expenses (target loss ratios) used in calculating the experience rate for Life and LTD?
- e) What are your current manual rates on Life and on LTD?
- f) What is your formula for Waiver of premium reserves on Life and IBNR reserves on Life and on LTD?
- g) What is the total Waiver of Premium and IBNR reserve on Life and the IBNR and DLR reserve on LTD that you used to calculate quoted rates?
- h) Describe, in detail, the actuarial basis for establishing the Disabled Life Reserves, including assumptions for interest and morbidity, discount rates, termination and integration.
- i) Please also provide separately the reserve per \$100 of monthly benefit for females and males at the following ages at disability and duration of disability in years:

Age at Disability	Duration of Disability					
	<u>3 mos</u>	<u>9 mos</u>	<u>12 mos</u>	<u>36 mos</u>	<u>60 mos</u>	<u>120 mos</u>
Age 20						
Age 25						
Age 30						
Age 35						
Age 47						
Age 52						
Age 57						
Age 62						

- j) How much credibility was given to claims experience for Employee Life, Optional Life, and LTD in setting the rates quoted?
- k) The current Health Benefit includes insured Stop Loss coverage at \$25,000 per individual (each family member) per policy year. Please advise (as a % of paid claims) what your rate is for pooling Health claims above \$25,000. Premiums for Out-of-Canada Deluxe Travel emergency medical costs should be quoted as part of the insured premium you charge for Deluxe Travel.

Large Health claims (2)	Total claim	Amount paid over \$25,000
January 1, 2008 to December 31, 2008	\$36,315	\$11,315
January 1, 2008 to December 31, 2008	\$49,141	\$24,141
Total	\$85,456	\$35,456

Large Health claims (2)	Total claim	Amount paid over \$25,000
January 1, 2009 to December 31, 2009	\$31,734	\$ 6,734
January 1, 2009 to December 31, 2009	\$37,421	\$12,421
Total	\$69,155	\$19,155

Pooled Rates	Stop Loss Health	Ou of Country travel
January 1, 2009	2.10%	\$1.50 single \$3.00 family
January 1, 2010	1.90%	\$2.35 single \$4.91 family

Health & Dental- Paid claims Sept 1/08 to Aug 31/09, Total = \$2,284,670

#	DRUGS	EHC	SP	Vision	Dental	% OF Total
010	337,620	60,710	777	39,318	190,333	27.52%
008	296,394	84,232	4,995	35,763	145,873	24.83%
180	214,227	92,192	10,015	40,051	192,158	24.01%
006	191,953	73,503	0	33,548	140,640	19.24%
014	42,181	10,506	0	5,088	33,480	3.99%
012	6,706	1,215	0	1,192	0	0.40%

Covered Members as Sept 1, 2009

Policy	74010	74008	2180	74006	74014	74012
Health						
Single	21	53	23	35	9	10
Family	183	181	157	139	40	41
Dental						
Single	14	43	17	28	9	9
Family	154	147	127	127	33	33

Health and Dental claims by calendar year to December 31, 2009

Health	Paid Premium	Paid Claims
January 1, 2005 to December 31, 2005	\$1,458,966	\$1,265,545
January 1, 2006 to December 31, 2006	\$1,558,018	\$1,413,996
January 1, 2007 to December 31, 2007	ASO Arrears	\$1,514,013
January 1, 2008 to December 31, 2008	ASO Arrears	\$1,619,361
January 1, 2009 to December 31, 2009	ASO Arrears	\$1,594,259
total	\$3,016,984	\$7,407,174

Dental	Paid Premium	Paid Claims
January 1, 2005 to December 31, 2005	\$621,087	\$579,221
January 1, 2006 to December 31, 2006	\$672,365	\$611,454
January 1, 2007 to December 31, 2007	ASO Arrears	\$609,249
January 1, 2008 to December 31, 2008	ASO Arrears	\$677,647
January 1, 2009 to December 31, 2009	ASO Arrears	\$735,276
total	\$1,293,452	\$3,212,847

Volume Comparison

2010 Life	Male			Female			2009 Life	Male			Female		
Under 25	6	508000	2	161000		4	301000	1	83000				
25-29	26	2743000	5	512000		25	2418000	6	654000				
30-34	34	4326000	23	2599000		41	5086000	20	2253000				
35-39	52	6430000	13	1425000		44	5262000	12	1261000				
40-44	42	5597000	33	3803000		40	5527000	37	4308000				
45-49	74	9912000	28	3261000		72	9588000	29	3300000				
50-54	79	10520000	36	4271000		82	10533000	35	3804000				
55-59	62	8113000	43	4976000		60	8074000	36	4233000				
60-64	22	3060000	15	1385000		22	3090000	16	1552000				
65-69	0	0	0	0		0	0	0	0				
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>				
	397	51209000	198	22393000		390	49879000	192	21448000				

2010 LTD	Male			Female			2009 LTD	Male			Female		
Under 25	6	14703	2	4652		4	8761	1	2411				
25-29	26	79595	5	14867		25	70165	6	19013				
30-34	34	126716	23	75476		41	147755	20	65413				
35-39	52	186878	13	41359		44	153087	12	36638				
40-44	42	163771	33	110546		40	161773	37	124456				
45-49	73	289126	28	93825		71	279405	29	95849				
50-54	79	306835	36	122037		82	309024	35	108787				
55-59	62	243342	43	143372		60	242499	36	122103				
60-64	22	86402	15	40213		22	86380	16	44979				
65-69	0	0	0	0		0	0	0	0				
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>				
	396	1497368	198	646347		389	1458849	192	619649				

11) Life, LTD & AD&D Rate History

Date	Apr 04	Apr 05	Apr 06	Jan 07	Jan 09	Jan 10
Life Union Per \$1,000	0.28	0.28	0.28	0.305	0.305	0.305
Life non-union per \$1,000	0.28	0.28	0.28	0.305	0.305	0.305
LTD union Per \$100	2.141	1.820	1.820	1.700	1.850	2.120
LTD non-union per \$100	2.141	1.820	1.420	1.330	1.450	1.660
AD&D	0.028	0.028	0.028	0.028	0.028	0.028

12) Financial reporting

- a) Please provide details of your minimum capital solvency ratio.
- b) Please include copies of monthly, quarterly & annual reports
- c) Please provide a sample renewal analysis report
- d) Please provide a sample ASO reconciliation report (monthly & annual)
- e) Please include a sample underwriting (renewal) agreement
- f) Please advise standard preparation times for policies, service contracts, policy amendments, renewal rate analysis and calculations, financial statement and terminal accounting
- g) Please advise location of the LTD claims office?
- h) Please describe your claims process, turn-around time, quality control and audit procedures? Will you provide customized claim forms? Is the cost included in the rates quoted? If not please provide details.
- i) Are you prepared to allow an independent audit of Health and Dental claims? Please describe your rehabilitation philosophy/ procedures on LTD? Is there a booklet credit available? Do rates quoted include of preparation and/or the cost of booklets?
- j) Please advise if you are agreeable to an audit of LTD claims at the client's expense?
- k) Will you allow an independent LTD claims audit?

13) Wellness

The City of Cambridge is very interested in Wellness Products and Services. Please advise what you can offer in detail. Please provide wellness website and marketing materials that describe your offerings. Please outline any fees that apply to your products and services.

Attached to and forming part of Policy Number 119-3606

ACCIDENTAL DEATH, DISMEMBERMENT AND SPECIFIC LOSS INDEMNITY

If, within 12 months of the date of the accident, Injury results in any of the following losses, the Company will pay for Loss of or permanent and total Loss of Use of:

Life	The Principal Sum
Both Hands	The Principal Sum
Both Feet	The Principal Sum
Entire Sight of Both Eyes	The Principal Sum
One Hand and One Foot	The Principal Sum
One Hand and the Entire Sight of One Eye	The Principal Sum
One Foot and the Entire Sight of One Eye	The Principal Sum
Speech and Hearing in Both Ears	The Principal Sum
One Arm	Three-Quarters of the Principal Sum
One Leg	Three-Quarters of the Principal Sum
One Hand	Two-Thirds of the Principal Sum
One Foot	Two-Thirds of the Principal Sum
Entire Sight of One Eye	Two-Thirds of the Principal Sum
Speech or Hearing in Both Ears	Two-Thirds of the Principal Sum
Thumb and Index Finger of Either Hand	One-Third of the Principal Sum
Four Fingers of Either Hand	One-Third of the Principal Sum
Hearing in One Ear	One-Third of the Principal Sum
All Toes of One Foot	One-Quarter of the Principal Sum

PARALYSIS BENEFITS

Quadriplegia (complete paralysis of both upper and lower limbs)	Two Times the Principal Sum ✓
Paraplegia (complete paralysis of both lower limbs)	Two Times the Principal Sum ✓
Hemiplegia (complete paralysis of upper and lower limbs of one side of body)	Two Times the Principal Sum ✓

Indemnity provided under this part for all losses sustained by an Insured Person as the result of any one accident will not exceed the following:

- (a) With the exception of Quadriplegia, Paraplegia and Hemiplegia, the Principal Sum;
- (b) With respect to Quadriplegia, Paraplegia, and Hemiplegia, two times the Principal Sum or the Principal Sum if loss of life occurs within 90 days after the date of the accident.

In no event will indemnity payable for all losses under this part exceed, in the aggregate, two times the Principal Sum as the result of the same accident.

REPATRIATION BENEFIT

If an Injury sustained by an Insured Person results in loss of life and indemnity becomes payable in accordance with the terms of this policy, the Company will pay the reasonable and necessary expenses actually incurred for the transportation of the body to the city of Residence, including the preparation of the body for such transportation, subject to a maximum of \$10,000.00.

Attached to and forming part of Policy Number 119-3606

IDENTIFICATION BENEFIT

If an Injury sustained by an Insured Person results in loss of life, and indemnity for such loss becomes payable in accordance with the terms of this policy, whose body requires identification, the Company will pay the reasonable and necessary expenses actually incurred by a Member of the Immediate Family for:

- (a) lodging and board while en route and/or during the stay in the city or town where the body is located (not to exceed a maximum duration of three consecutive nights);
- (b) transportation by the most direct route from his normal place of Residence to such location and return to his normal place of Residence,

provided the body is located not less than 150 kilometres from the said Member of the Immediate Family's normal place of Residence and the identification of the body is required by the police or a similar law enforcement agency having authority over such matters.

Payment will not be made for ordinary living, travelling or clothing expenses, other than stated above. If transportation occurs in a vehicle or device other than one operated under the license for the conveyance of passengers for hire, then reimbursement of transportation expenses will be limited to a maximum of \$0.20 per kilometre travelled.

The maximum amount payable under this part is \$5,000.00 for all such expenses.

SPOUSAL RETRAINING BENEFIT

If an Injury sustained by an Insured Person results in loss of life and indemnity becomes payable in accordance with the terms of this policy, the Company will pay the reasonable and necessary expenses actually incurred within three years from the date of such accident by the Spouse of the Insured Person who engages in a formal occupational training program in order to become specifically qualified for active employment in an occupation for which he would not otherwise have sufficient qualifications, not to exceed in the aggregate \$10,000.00 for all such expenses. Payment will not be made for room, board, or other ordinary living, travelling or clothing expenses.

In the event the Insured Person's Spouse does satisfy the requirements indicated above, such Spouse will be deemed the beneficiary with respect to benefits payable under this part.

EDUCATION BENEFIT

If an Injury sustained by an Insured Person results in loss of life within 12 months of the date of accident, the Company will pay the Education Benefit stated below for each of the Insured Person's Dependent Children, who are enrolled as full-time students:

- (a) in a School for Higher Learning above the secondary school level as defined, in the province, territory or country of Residence; or
- (b) at the secondary school level but who enroll as full-time students in a School for Higher Learning within 12 months after the date of death of the Insured Person.

The Education Benefit is equal to the reasonable and necessary expenses actually incurred, subject to five percent of the Insured Person's Principal Sum to a maximum of \$5,000.00, for each year the Dependent Child described above continues his education on a full-time basis in a School for Higher Learning, but not to exceed four years, which must run consecutively, with respect to any one Dependent Child.

Attached to and forming part of Policy Number 119-3606

EDUCATION BENEFIT (Continued)

The benefit will be paid each year immediately upon receipt of satisfactory proof that the child is enrolled as a full-time student in a School for Higher Learning, but payment will not be made for expenses incurred prior to the death of the Insured Person, nor for room, board or other ordinary living, travelling or clothing expenses.

In the event the Insured Person's Dependent Child does satisfy the requirements indicated above, such child will be deemed the beneficiary with respect to benefits payable under this part.

If, at the time of loss, the Insured Person has no Dependent Children eligible for the Education Benefit, the Company shall pay an additional amount of \$2,500.00 to the designated beneficiary.

DAY CARE BENEFIT

If an Injury sustained by an Insured Person results in loss of life within 12 months of the date of accident, the Company will pay the Day Care Benefit stated below for each of the Insured Person's Dependent Children, under 13 years of age who:

- (a) are enrolled in a legally licensed Day Care Centre on the date of such loss; or
- (b) enroll in a legally licensed Day Care Centre within 12 months after the date of death of the Insured Person.

The Day Care Benefit is equal to the reasonable and necessary expenses actually incurred, subject to five percent of the Insured Person's Principal Sum to a maximum of \$5,000.00, for each year the Dependent Child described above is enrolled in a legally licensed Day Care Centre, but not to exceed four years, which must run consecutively, with respect to any one Dependent Child.

The benefit will be paid each year immediately upon receipt of satisfactory proof that the Dependent Child is enrolled in a legally licensed Day Care Centre, but payment will not be made for expenses incurred prior to the death of the Insured Person, nor for room, board or other ordinary living, travelling or clothing expenses.

In the event the Insured Person's Dependent Child does satisfy the requirements indicated above, the Day Care Benefit will be payable to the surviving Spouse if the Spouse has custody of the Dependent Child. If there is no surviving Spouse or the Dependent Child does not reside with the Spouse, benefits payable under this part will then be paid to the Dependent Child's legally appointed guardian.

"Dependent Child" includes a child (or children of a multiple birth) who is born within nine months of the Insured Person's date of loss, provided such child was conceived prior to the date of loss of the Insured Person.

SEAT BELT BENEFIT

If, due to a vehicular accident, Injury results in a loss payable to an Insured Person under the part titled "Accidental Death, Dismemberment and Specific Loss Indemnity", the Insured Person's amount of Principal Sum will be increased by 10% if, at the time of the accident, the Insured Person was driving or riding in a Vehicle and wearing a properly fastened Seat Belt.

The driver of the Vehicle must hold a current and valid driver's license of a rating authorizing him to operate such Vehicle and neither be intoxicated nor under the influence of drugs, unless such drugs are taken as prescribed by a Physician, at the time of the accident. "Intoxicated" and "under the influence of drugs" are as defined by the local jurisdiction where the accident occurs.

Due proof of Seat Belt use must be provided as part of the written proof of Loss.

Attached to and forming part of Policy Number 119-3606

FAMILY TRANSPORTATION BENEFIT

If, following an Injury which results in a Loss payable under the part titled "Accidental Death, Dismemberment and Specific Loss Indemnity" of this policy, an Insured Person is confined as an inpatient in a Hospital located from a point of not less than 150 kilometres from his normal place of Residence and such Insured Person is under the Regular Care and Attendance of a Physician, the Company will pay the reasonable and necessary expenses actually incurred by any Member of the Immediate Family for accommodation/lodging in the vicinity of the Hospital where the Insured Person is confined and transportation by the most direct route from the normal place of Residence of the Member of the Immediate Family to the confined Insured Person and return to the normal place of Residence of such Member of the Immediate Family.

Payment will not be made for board or other ordinary living, travelling or clothing expenses. If transportation occurs in a vehicle or device other than one operated under a license for the conveyance of passengers for hire, then reimbursement of transportation expenses will be limited to a maximum of \$0.20 per kilometre travelled.

The maximum amount payable under this part is \$10,000.00 for all such expenses.

REHABILITATION BENEFIT

If an Injury sustained by an Insured Person results in a Loss payable under the part titled "Accidental Death, Dismemberment and Specific Loss Indemnity", and such Injury requires that the Insured Person undergo special training in order to be qualified to engage in a special occupation in which he would not have engaged except for such Injury, the Company will pay the reasonable and necessary expense incurred for such training by the Insured Person within two years of the date of the accident, subject to a maximum of \$10,000.00 as the result of any one accident.

Payment will not be made for room, board, or other ordinary living, travelling or clothing expenses.

HOME ALTERATION AND VEHICLE MODIFICATION BENEFIT

If an Injury sustained by an Insured Person does not cause loss of life, but results in a Loss for which indemnity becomes payable under the part titled "Accidental Death, Dismemberment and Specific Loss Indemnity", and such Insured Person is subsequently required to use a wheelchair to be ambulatory, the Company will pay the reasonable and necessary expenses actually incurred within three years of the date of the accident causing such Loss for:

- (a) the cost of alterations to the Insured Person's principal Residence; and/or
- (b) the cost of modifications to one motor vehicle utilized by the Insured Person, when such modifications are approved by the provincial vehicle licensing authorities where required for the purpose of making them wheelchair accessible.

Payment by the Company for the total of all expenses incurred by or for any Insured Person is subject to a maximum of \$10,000.00 as the result of any one accident.

Attached to and forming part of Policy Number 119-3606

WAIVER OF PREMIUM

In the event an Insured Person becomes totally disabled and his waiver of premium claim is accepted and approved under the Policyholder's current Group Life Policy, then premiums payable under this policy will be waived as of the same date the claim is accepted and approved by the Group Life Policy Underwriter until one of the following occurs, whichever is earlier:

- (a) the date the Insured Person ceases to be totally disabled;
- (b) the termination of this policy;
- (c) the date the Insured Person reaches 65 years of age.

The Company reserves the right to request proof of total disability or any continuance thereof from time to time as the Company may reasonably require. Failure to provide proof satisfactory to the Company may result in termination of this Waiver of Premium benefit.

The coverage, which is continued under this benefit, will be subject to the terms and provisions of this policy in effect as of the date of commencement of disability, including any provision providing for reductions in Principal Sum.

Notwithstanding anything contained to the contrary in this policy, in no event will benefits payable for any Loss which occurs while coverage is being continued under this benefit exceed the Principal Sum that would have been payable to the Insured Person at the date of commencement of disability.

CONTINUATION OF COVERAGE

Coverage under this policy may be continued for an Insured Person during any approved leave of absence, temporary lay-off, disability, maternity or parental leave, provided payment of premium is continued. Coverage as provided under this benefit will terminate at 12:01 am Standard Time:

- (a) with respect to any approved leave of absence, temporary lay-off, maternity or parental leave, on the first day of the month following the completion of a 12 month period that started on the date such approved leave of absence, temporary lay-off or maternity leave began or on the date the Insured Person returns to work in any capacity, whichever is earlier. Extensions of coverage for periods in excess of 12 months may be granted, provided written request is submitted by the Policyholder to the Company.
- (b) with respect to any approved disability leave, on the date the Insured Person reaches 65 years of age, qualifies under a Waiver of Premium benefit or returns to work in any capacity, whichever is earlier.

The coverage which is continued under this benefit will be subject to the terms and provisions of this policy in effect as of the date of commencement of the leave, including any provision providing for reductions in Principal Sum.

Notwithstanding anything contained to the contrary in this policy, in no event will benefits payable for any Loss which occurs while coverage is being continued under this benefit exceed the Principal Sum that would have been payable to the Insured Person at the date of commencement of the leave.

Attached to and forming part of Policy Number 119-3606

COORDINATION OF BENEFITS

With respect to the benefits listed below, the total maximum payable in combination with the similar benefit maximum provided under any other policy issued to the Policyholder by the Company, for an Insured Person, will not exceed the actual expenses incurred or the maximum amount of benefit provided, whichever is less:

Repatriation Benefit
Identification Benefit
Spousal Retraining Benefit
Education Benefit

Day Care Benefit
Family Transportation Benefit
Rehabilitation Benefit
Home Alteration & Vehicle Modification Benefit

AGGREGATE LIMIT OF INDEMNITY

The aggregate limit of indemnity stated in Section 3 of the Schedule is the limit of indemnity for which the Company will be liable under this policy for all losses arising out of any one aircraft accident. In the event said limit of indemnity for any one aircraft accident is insufficient to pay the full amount of indemnity for each Insured Person, then the amount payable for each Insured Person will be in the proportion that the limit of indemnity for any one aircraft accident bears to the total amount of insurance that would have been payable except for such limit of indemnity.

LIMITED AIR TRAVEL COVERAGE

Insurance provided under this policy includes Injury sustained in consequence of riding as a passenger, and not as a pilot or crew member, in, boarding or alighting from, or being struck by, or making a forced landing with or from (a) any aircraft having a current and valid Airworthiness Certificate and which is operated by a person holding a current and valid pilot's license of a rating authorizing him to pilot such aircraft, or (b) any transport-type aircraft operated by the Canadian Armed Forces or by the similar air transport service of any duly constituted governmental authority of the recognized government of any nation anywhere in the world, provided the aircraft is not being used for test or experimental purposes.

Notwithstanding (a) and (b) above, this policy excludes Injury sustained while and in consequence of riding as a passenger, pilot, operator or member of the crew, in or on, boarding or alighting from or being struck by or making a forced landing with or from any aircraft owned, operated or leased by the Policyholder.

EXCLUSIONS AND LIMITATIONS

This policy does not cover loss, fatal or non-fatal, caused by or resulting from:

- (a) declared or undeclared war or any act thereof;
- (b) active full-time service in the armed forces of any country;
- (c) suicide or any attempt thereat or intentionally self-inflicted Injury, while sane or insane;
- (d) Injury sustained in consequence of riding as a passenger or otherwise in any vehicle or device for aerial navigation, except as provided in the part titled "Limited Air Travel Coverage".

Attached to and forming part of Policy Number 119-3606

PROVISION REGARDING QUEBEC RESIDENTS

This policy does not provide coverage to those persons who reside and are employed in the province of Quebec and to whom the Policyholder does not offer a drug plan as required by the Quebec Act respecting prescription drug insurance.

EXPOSURE AND DISAPPEARANCE

If, as the result of an accident, an Insured Person is unavoidably exposed to the elements and if, as a result of such exposure and within 12 months after the date of the accident, the Insured Person suffers a loss for which indemnity would otherwise have been payable hereunder, such loss will be deemed to be the result of Injury.

Where, due to the accidental wrecking, sinking or disappearance of a conveyance in which an Insured Person was riding, the Insured Person disappears, and if the body of the Insured Person is not found within 12 months after the date of such wrecking, sinking or disappearance, it will be presumed, subject to there being no evidence to the contrary and subject to all other terms and conditions of the policy, that the Insured Person suffered loss of life as a result of Injury.

EFFECTIVE DATE OF INSURANCE OF AN INSURED PERSON

Each person who is eligible for insurance under this policy shall become an Insured Person on the later of:

- (a) the effective date of this policy;
- (b) the date he becomes an eligible person, as specified in Section 1 of the Schedule.

TERMINATION OF POLICY

This policy may be terminated by the Company or by the Policyholder by one giving to the other 30 days' notice in writing of such intention to terminate, delivered personally or sent by registered mail to

the latest address of the Company or the Policyholder, as the case may be and thereupon, the policy will cease on the expiration of such 30 days.

This policy may be terminated by the Company forthwith provided such cancellation is given in writing, delivered personally or sent by registered mail to the latest address of the Policyholder in the event of failure by the Policyholder to remit premiums to the Company as and when due.

TERMINATION OF INSURANCE OF AN INSURED PERSON

Insurance with respect to each Insured Person will immediately terminate on the earliest of the following dates:

- (a) the date this policy is terminated;
- (b) the premium due date if the Policyholder fails to pay the required premium for an Insured Person, except as the result of an inadvertent error;
- (c) the premium due date coinciding with or immediately following the date an Insured Person reaches 60 years of age in respect to Class 4; 65 years of age in respect to Classes 1, 2, 3, 5, 6, & 7;
- (d) the premium due date next following the date an Insured Person ceases to be associated with the Policyholder in a capacity making such person eligible for insurance hereunder.