

MARKET VIEW TREND SURVEY

As of September 1, 2011 - Release 1.0

Introduction to Public Summary

Fraser Group conducts an extensive survey among its clients every quarter to identify the assumed rate of annual claims trend used in experience rating group policyholders.

This brief public summary is based on this proprietary research.

Participating Insurance Carriers

Assumption Life
Co-operators Life
Desjardins Financial Security
Empire Life
Equitable Life
Great-West Life
Green Shield
Industrial-Alliance Group

Manulife
Medavie Blue Cross
Pacific Blue Cross
SSQ
Standard Life
Sun Life

Trend Factors

The reported factors show the assumed annual rate of claim cost increase from a 12 month Experience Period to a 12 month Pricing Period with no intervening lag period.

However, since there is normally a lag between the Experience Period to the proposed Pricing Period, most carriers will gross up the annual factor to reflect this lag in actual renewal calculations.

For dental, the reported values assume that coverage has been in effect for 5 years and include total inflation including fee guide change and any utilization impact.

The tables below present the range of most commonly reported factors (from the 10th to 90th percentile). Extreme values, both high and low, are excluded.

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Medical (including Hospital, Drugs, Paramedical and Out of Canada)

<i>Location</i>	<i>Low End of Range</i>	<i>High End of Range</i>
Nova Scotia	10.4%	15.1%
Quebec	12.0%	15.1%
Ontario	12.0%	15.3%
Manitoba	12.0%	15.3%
Saskatchewan	12.0%	15.3%
Alberta	12.0%	15.3%
British Columbia	12.0%	15.3%

Dental (excluding orthodontia)

<i>Location</i>	<i>Low End of Range</i>	<i>High End of Range</i>
Nova Scotia	7.2%	8.8%
Quebec	7.1%	8.5%
Ontario	7.0%	8.6%
Manitoba	7.6%	9.8%
Saskatchewan	7.5%	9.5%
Alberta	7.6%	10.7%
British Columbia	7.0%	8.5%

Caveat

Trend factors are only one component of an experience rating process. Individual carriers can legitimately differ in their determination of appropriate trend factors depending on how they handle other pricing components such as credibility or large claim pooling and their practice with respect to negotiating required rate increases. Carriers may also experience different levels of trend based on differences in business mix by region or by industry.