

May, 2015

Dear Valued Client,

### Your Health Plan 2015-2016

2015 is the 25th anniversary of Colonial Medical. We are proud of the accomplishments that we have made in this short time period. We have grown from a small local insurer to the region's largest health insurer, protecting over 50,000 lives and writing health insurance premium in excess of \$220 million. Our successful growth is mainly attributed to our commitment to offering quality health insurance products supported by excellent service. This means that you are covered by an insurance company that is providing you health cover that ensures you have the peace of mind knowing that you have the best protection to cover your most important asset "Your health".

Colonial continues to work hard to ensure that healthcare premiums are kept at affordable prices, and that we give you access and choice to the best healthcare that your premiums can buy in these challenging times.

However, as a health insurer there are factors that are outside of our control that impact the premium rates. This year, as you are aware, the renewal rates were delayed by a month, and will be effective June 1<sup>st</sup>, 2015 instead of May 1<sup>st</sup>. This is due to the fact that the Ministry of Health was delayed in releasing the Standard Hospital Benefit (SHB) premium and Mutual Reinsurance Fund (MRF) rate. To date the Government HIP rate still has not been released, but we have made the decision not to delay any further and are releasing renewal rates. We apologize for any inconvenience caused, but the delay has been due to factors outside of our control.

The health industry in Bermuda continues to be challenged by increasing healthcare costs. This is evidenced by the renewal increases in the base health plan legislated by the Government of Bermuda.

- The MRF tax has increased from \$29.18 per insured per month in 2014/15 to \$63.74 per insured per month in 2015/16. Please note that the MRF is a mandatory tax that is collected on health insurance premiums and paid to Government.
- The SHB premium has increased from \$301.85 in 2014/15 to \$338.07 in 2015/16 an overall increase of 12% inclusive of the Government tax.

We continue to see an expansion in local services as the Bermuda Hospitals Board (BHB) and local providers continue to enhance services. BHB are facing challenges in covering the costs of the new hospital and this ultimately has an impact on healthcare premiums.

It is financially challenging for a hospital facility servicing a population of 60,000 to support the costs of certain services as those facilities that are providing the same level of services to populations of several million people.

This is all taking place during a difficult economic period when the budgets of businesses and the Government are tested by shortfalls in revenue. Despite all this, at Colonial, our aim continues to be providing you with the best service and care for your premium dollar.

Our core principal values are: Flexibility, Choice, Ease of Access and Affordability.

### Value – the best care at the best price

Premier Health, your insurance plan, continues to offer an improved benefits package year after year, and we continue to grow by adding substantial numbers to our membership. This growth means better value for you and your colleagues and families and gives Colonial increased leverage for access to improved levels of care, both at home and overseas. While we continue to grow, we remain focused on delivering what really counts: the best available health care at the best possible price. This is achieved by continued investment in technology, administrative cost controls and superior access to discounts when services are needed overseas.

Premier Health remains the most flexible and responsive plan in the market providing exceptional choice, benefits and value. We continue to provide you with health coverage without any annual limitations, caps or reductions in benefits, along with the security of knowing you are protected from financial loss at a time when you are at your most vulnerable.

### Enhanced service and support

We continue to strengthen our service and administration infrastructure and have staffing in place to ensure that we provide excellent service at the time that you need it most.

- Dedicated account managers ensure that we are proactive in resolving any queries that you may have in administering your company's health plan
- Online access for our members and their Providers of health care
- Concierge style services for members who need to access service overseas
- Assistance with travel arrangements including direct advance payment for airline tickets
- Qualified Nurses who can assist with education and prevention guidance for chronic illnesses
- Corporate Wellness programs customised to the needs of your organization
- Disease Management programs to assist members in effectively managing their care, therefore reducing claims costs and absences from work
- Consult-A-Doctor service when in the USA
- US Pharmacy program

### Enhancements for 2015

- Effective April 1<sup>st</sup>, we upgraded our USA network. You now have access to the Aetna Signature Administrators' PPO network – one of the USA's most complete network solutions which gives you access to more than 1,100,000 participating physicians and ancillary providers, including 8,000 hospitals
- Enhanced functionality on the web portal; ability to file a claim, submit benefit queries
- Virgin Pulse Express wellness program available for all members
- Electronic Reimbursement for local medical service providers

Coming shortly:

- On line enrollment
- Electronic Reimbursement direct to bank accounts for members

Further information on all services is available in our booklet entitled *PremierHealth – your health plan 2015-2016* along with the updated *Premier Health Schedule of Benefits 2015-2016*.

As a reminder we do have the flexibility of offering the following optional benefits:

- Executive Physicals
- Vision cover including Lasik Eye Surgery
- Dental Plans with higher annual maximums
- Unlimited lifetime maximums
- Group Life and Disability Insurance
- Individual health plans
- Retiree Plans for employers who want to extend coverage to long service staff

### Giving you the care you deserve

Colonial is committed to delivering value with your health plan when it really matters most. We are able to balance the need for the finest care with a reasonable allocation of premium income to expenses while maintaining our long-term focus on value and the responsible provision of services. Your health plan remains extremely competitive and reassuringly capable.

Ultimately, we assure you that we continue to focus on controlling costs on behalf of you, the employers and employees of Bermuda, to make sure that you receive access to the best available care at the best possible price. The global downturn has increased scrutiny of health premiums, especially value. "Value" is measured by service, coverage and benefits. Value is our priority.

If you have any concerns or questions regarding your 2015 renewal, please do not hesitate to contact one of the following representatives or your dedicated account manager:

- Ron Spencer - ext 3648
- Lisa Burrows - ext 3149
- Colleen Taylor - ext 3205

We recognize that you have choices with your health plan. Your continued patronage is very important to us. We look forward to maintaining our health plan partnership with you and your colleagues.

Please do not hesitate to contact me directly if you have any concerns.

Yours sincerely,

Naz Farrow

Chief Operating Officer - Health