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CAIP Memorandum

December 17, 2015

To all CAIP members,

Re: Program changes effective February 1, 2016

Please note that effective February 1st, 2016 the following changes to the CAIP program will take effect. As done in the past, in view of the numerous renewal dates with the various Sport organizations, the changes will be phased into effect as the "In Canada" renewals occur during the year. For example, if a renewal is August 1, 2016 the old program is in effect until that date and then the renewal will be based on the new program.

In Canada insurance

<u>Level of insurance</u>	<u>Current rates</u>	<u>New annual rates per person</u>
Bronze	\$65	\$125
Silver	\$200	\$270
Gold	\$285	\$440
500 plus	\$35	\$35

Outside Canada Insurance

Per trip	\$30 per week	\$35 per week
30 day Individual Annual Plan (IAP)	\$180 per year	\$210 per year
60 day Individual Annual Plan (IAP)	\$300 per year	\$350 per year

Policy enhancements regarding the Outside of Canada insurance

- CAIP is currently set up that in order to have outside of Canada insurance, the member has to be enrolled in the In Canada insurance. We are removing this requirement and the outside of Canada insurance can now be purchased separately and independent of the In Canada insurance.
- The insurance coverage will now be Outside Province / Canada and not just outside Canada.
- As a result of the above, the outside Canada insurance will now be referred to as "Travel Medical Insurance"
- The medical reimbursement expense benefit will increase from \$500,000 to \$1,000,000
- With respect to the sport organizations that have Group Annual Plans (GAP), these sport organizations can now include athletes, coaches, managers and officials in their GAP insurance without the person having to be insured in the In Canada insurance. The sport organization will have to advise us of the names to be insured, so we can enter these names in the data base and these members will have to be included in the year end travel report.

The last premium increases occurred in 2007 for the outside Canada insurance and 2009 for the In Canada insurance. The last three years have shown a dramatic increase in the number of paid claims from 4,200 in 2013 to 6,100 in 2014 and an estimate of over 7,000 paid claims for 2015. Consequently, the claims being paid out are far exceeding the premium income. Overuse coverage continues to account for at least 70% of all paid In Canada claims and there has been a distinct spike in paid outside Canada claims. We have had extensive negotiations with SSQ insurance company and after reviewing numerous statistics, we had to agree on the above rate increases and policy changes, so we can continue to offer the level of insurance protection that is available in CAIP to the Canadian Sport community.

The In Canada insurance provides the insurance coverage for various medical and therapy treatments for the athletes as result of sport accidents and includes the all important "Overuse" coverage for chronic injuries sustained by the athletes. "Overuse" still remains the most popular and sought after benefit amongst Canadian athletes, as evident by the number of claims now being processed by the insurance company.

We are noticing that more and more Canadian athletes and other Canadians are paying increasingly careful attention to their travel medical insurance needs and are no longer taking this insurance for granted. In the last couple of years, there have been a number of instances involving athletes and other Canadians that have had medical claims outside of Canada and consequently found themselves not insured or not insured properly. With over 30 years experience, CAIP has been successfully insuring Canadian athletes while travelling abroad. We have always covered the athletes 24 hours a day while they are outside Canada and of course while they are doing their sport. We are proud to say that we have never had a situation where an insured member was not properly insured when a claim occurred. Canadians are realizing that if they do not have the proper insurance in force, they can find themselves in serious financial burden for medical bills they are not able to pay.

We understand that the new rates represent a substantial increase and we did not take having to implement these increases lightly. While the CAIP program has been realizing increased popularity and growth, unfortunately, the growth has not been at the same pace as the claims usage. Since 1982, CAIP has been providing the highest level of insurance protection which has been specifically designed for Canadian athletes. We have never wavered from our original commitment to provide the same level of insurance coverage at the same rates to all Canadian athletes regardless of their sporting activity.

Lastly, please be advised that we are in the process of restructuring our company to form two companies. Armstrong-McCready inc and M Kirsch Financial Services. The CAIP program will now be owned and managed by M Kirsch Financial Services. We are working to amend the CAIP web site and all documents to reflect this change. We are trying to make this transition as seamless as possible and we will keep you informed with the progress.

Please do not hesitate to contact me should you have any questions or you wish to discuss these changes in more detail.

Sincerely,

Michael Kirsch