CHEIRON

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Actuarial Update for Industry and Local 338 Welfare Fund

Stop Loss Options

Prepared for the Board of Trustees

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March 30, 2026

Cheiron Renewal Process for Stop Loss

- Reviewed initial Tokio Marine rate proposal of 24% for the same terms with $175,000 attachment point and no lasers
- Compared to other market options with other carriers which offered higher premium rates for the same coverage (higher rates by $90k)
- Explored other stop loss attachment points and associated premiums
- Negotiated Tokio Marine to reduce their proposed rate to 19% (received Friday last week)

Original Premiums Tokio Marine – 24% Increase

- Originally, Tokio Marine requested a 24% increase:

TOKIO MARINE HCC

Stop Loss Proposal for: Industry and Local 338 Welfare Fund

Effective Dates: 04/01/2026 – 03/31/2027

Quoted for: Cheiron

Proposal Number: 2-1492616

Proposal Valid Through: 04/01/2026

401 Edgewater Place, Suite 400
Wakefield, MA 01880
Telephone: (781) 224-4300
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Underwriter:
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Marketing Representative:
Paul Arizin
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INDIVIDUAL STOP LOSS COVERAGE

Plan Description		Option 1	Option 2	Option 3
Coverages		Medical, Rx Card	Medical, Rx Card	Medical, Rx Card
Annual Specific Deductible per Individual		$ 175,000	$ 200,000	$ 250,000
Contract Basis		12/18	12/18	12/18
Lifetime Reimbursement		Unlimited	Unlimited	Unlimited
Maximum Contract Period Reimbursement		Unlimited	Unlimited	Unlimited
Rate(s) Per Month	Enrollment			
Composite	107	$ 227.52	$ 199.58	$ 152.97
Estimated Contract Period Premium		$ 292,136	$ 256,261	$ 196,413
Rate(s) include Commission of		0.00 %	0.00 %	0.00 %

OVERALL COST SUMMARY

Plan Description	Option 1	Option 2	Option 3
Total Annual Fixed Cost	$ 292,136	$ 256,261	$ 196,413
Maximum Annual Liability	$ 292,136	$ 256,261	$ 196,413

Reduced Premiums Tokio Marine – 19% Increase

- Cheiron negotiated a lower increase as below:

Effective Dates: 04/01/2026 – 03/31/2027

Quoted for: Cheiron

Proposal Number: 3-1493077

FINAL

Facsimile: (781) 245-1042

Underwriter:
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INDIVIDUAL STOP LOSS COVERAGE

Plan Description		Option 1	Option 2	Option 3
Coverages		Medical, Rx Card	Medical, Rx Card	Medical, Rx Card
Annual Specific Deductible per Individual		$ 175,000	$ 200,000	$ 250,000
Contract Basis		12/18	12/18	12/18
Lifetime Reimbursement		Unlimited	Unlimited	Unlimited
Maximum Contract Period Reimbursement		Unlimited	Unlimited	Unlimited
Rate(s) Per Month	Enrollment			
Composite	107	$ 218.36	$ 193.96	$ 148.72
Estimated Contract Period Premium		$ 280,374	$ 249,045	$ 190,956
Rate(s) include Commission of		0.00 %	0.00 %	0.00 %

OVERALL COST SUMMARY

Plan Description	Option 1	Option 2	Option 3
Total Annual Fixed Cost	$ 280,374	$ 249,045	$ 190,956
Maximum Annual Liability	$ 280,374	$ 249,045	$ 190,956

Summary of Tokio Marine Options for Stop Loss Coverage

The Trustees can opt to stay with the same attachment point of $175,000 per claim or can consider a higher attachment point, either $200,000 or $250,000 as below. Estimated current premiums are about **$235,000** with the attachment point of $175,000 per claim. All include both medical and Rx claims.

Estimated Annual Premium for the Fund: Effective 4/1/2026

Coverage Terms for Stop Loss	Reduced Rates for Annual Stop Loss Premium
Current terms with $175,000 attachment point:	$280,000 (19% increase)
Increase attachment point to $200,000/claim:	$249,000 (Premium Savings of $31,000 from current terms)
Increase attachment point to $250,000/claim:	$191,000 (Premium Savings of $89,000 from current terms)

Commentary on Options

- Current premiums are **$235,000**. We recommend that the fund either:
- ❑ Stay with Option 1 the current attachment of $175,000/claim at $280,000 in annual premium, or
- ❑ Consider Option 2 or Option 3 to increase the attachment point to either $200,000 or $250,000 per claim, at $249,000 in annual premium or $191,000 in annual premium respectively.

Option 3 is a competitive price and means that if there is one claim between $175k and $250k ($75,000), the premium savings would be ($11,000). If there are two claims between $175k and $250k, then it would have been better to stay with the Option 1, the current coverage. For perspective, the Fund to date has had very few high-cost claims. In fact, for the last 3 years, there was just one person between $175k and $250k—in the prior year (4/1/2024 – 2/28/2025).

Next Steps

- Advise Cheiron of the preferred option and authorize to bind in contract for the 4/1/2026 to 3/31/2027 year
- Cheiron will notify the carrier Tokio Marine and Associated will adjust premiums to the new rates
- Signed contracts will follow

Required Disclosures

The purpose of this presentation is to assist the Industry and Local 338 Welfare Fund (the "Fund") in assessing the ongoing financial status of the fund and providing a wholistic view of emerging experience. It is intended for the exclusive use of the Fund. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

In preparing our presentation, we relied on information (some oral and some written) supplied by the Fund, as well its administrators and business partners. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

In projecting results, we have smoothened experience using a 50/50 weighting of the last two years of experience; final projections will reflect the final methodology as we gather additional information.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

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Principal Consulting Actuary