



**CANADIAN
PACIFIC**

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September 1st, 2009

Dear Sirs,

This letter is to inform you of upcoming rate changes pertaining to your members' employee paid optional life insurance benefit that will be effective January 1, 2010.

As you know, CPR had a rate guarantee for the optional life provision with our insurance provider Manulife from 2004 to December 31, 2006 and effective 2007, rates have been subject to yearly rate renewals dependent on the actual claims experience of the union group.

Manulife has analyzed the 2009 claims experience of the union group and determined that a decrease is warranted based on the actual claims incurred from January 1, 2005 to April 30, 2009. Over this period, the premiums collected totaled approximately \$561,000 while there were claims for approximately \$379,000. Consequently, premiums in 2010 will decrease in comparison to the rates that were in place for 2009 by 10%.

In real terms, for example, a non-smoking male aged 45 – 49 with an actual average volume of optional life insurance of \$200,000 would have his monthly premium decrease from \$33.16 to \$29.84 a decrease of \$3.32/month.

A non-smoking male aged 50 - 54 with an actual average volume of optional life insurance of \$160,000 would have his monthly premium decrease from \$50.10 to \$45.09 a decrease of \$5.01/month.

For more details, please see the attached tables which show rates according to age bands, gender and smoker status.

Yours truly,

John Bairaktaris
 Director Labour Relations
 Canadian Pacific



Optional Life Insurance

Employee & Spouse (per \$10,000)

Age Band	2009				2010			
	<i>(Monthly rates per \$10,000)</i>				<i>(Monthly rates per \$10,000)</i>			
	Male		Female		Male		Female	
	Smoker	Non Smoker	Smoker	Non Smoker	Smoker	Non Smoker	Smoker	Non Smoker
	\$	\$	\$	\$	\$	\$	\$	\$
Under 25	\$ 1.145	0.573	0.451	0.271	1.031	0.516	0.406	0.244
25-29	1.188	0.594	0.506	0.303	1.069	0.535	0.455	0.272
30-34	1.188	0.594	0.506	0.303	1.069	0.535	0.455	0.272
35-39	1.282	0.640	0.781	0.468	1.154	0.576	0.703	0.421
40-44	1.902	0.950	1.163	0.696	1.712	0.855	1.047	0.627
45-49	3.317	1.658	1.944	1.167	2.985	1.492	1.750	1.050
50-54	6.262	3.131	3.268	1.961	5.636	2.818	2.941	1.765
55-59	10.674	5.337	5.303	3.182	9.607	4.803	4.773	2.864
60-64	15.453	7.726	8.445	5.067	13.908	6.953	7.601	4.560