

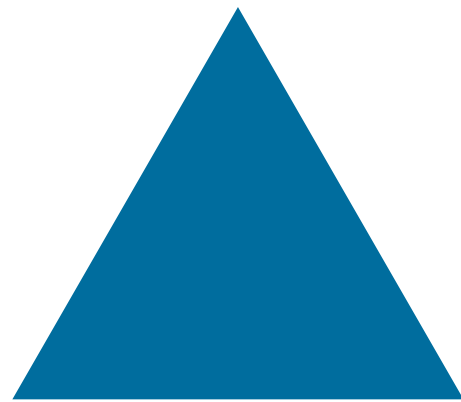
HEALTH WEALTH CAREER

FINANCIAL ACCOUNTING REPORT

GOVERNMENT OF YUKON

FOR THE PERIOD OF APRIL 1, 2016 TO MARCH 31, 2017

13 JULY 2017



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1

EXECUTIVE SUMMARY

The purpose of this report is to summarize the financial results of the Government of Yukon's group insurance plan with Great-West Life for the period of April 1, 2016 to March 31, 2017 along with our review of these results.

The following table summarizes the benefits covered in this report and the corresponding underwriting arrangement.

BENEFIT	UNDERWRITING ARRANGEMENT
Basic life	Non-Refund
Accidental death and dismemberment ("AD&D")	Non-Refund
Optional life	Non-Refund
Dependent life	Non-Refund
Dependent accidental death and dismemberment	Non-Refund
Long term disability	Refund accounting with durational pooling
Extended health care	Administrative Services Only
Dental care	Administrative Services Only

HIGHLIGHTS

The highlights of the 12-month period of April 1, 2016 to March 31, 2017 include the following:

- There were basic life claims paid totalling \$232,887 and one dependent life claim totalling \$5,000. There were no AD&D, no optional life or dependent AD&D claims incurred in this period.
- The refund long term disability benefit plan resulted in a plan year surplus of \$1,602,963. This amount was transferred to the Refund Deposit Account ("RDA"). After the transfer, the ending balance of the long term disability plan was \$0 as at March 31, 2017.
- As at March 31, 2017, the closing balance in the refund CFR is \$1,480,260 and it is 100% funded.
- As at March 31, 2017 the RDA had a balance of \$3,663,735.

- Extended health claims (net of pooled claims), plus expenses and taxes totalled \$8,339,427 and the Government of Yukon paid \$7,336,979 in extended health deposits for the period of April 1, 2016 to March 31, 2017. As a result, the ending balance as at March 31, 2017 was a deficit of \$1,002,448. For your information, \$548,944 of extended health claims were pooled during this period.
- Dental claims, expenses and taxes totalled \$3,828,563 and the Government of Yukon paid \$3,512,069 in dental care deposits. As a result, the ending balance as at March 31, 2017 was a deficit of \$316,494.

BALANCE OF REPORT

No formal financial accounting is prepared for the benefits underwritten on a non-refund basis. However, for your information, we have included paid premium and claims information for these benefits in Section 2.

Section 3 of this report summarizes the financial results of the long term disability (“LTD”) benefit, which is underwritten on a refund accounting basis. Great-West Life prepared a formal financial accounting covering the period of April 1, 2016 to March 31, 2017 based on the terms outlined in the Government of Yukon’s Financial Agreement with Great-West Life. Based on our review, we find Great-West Life’s revised financial accounting report accurately reflects the financial position of the long term disability plan as at March 31, 2017.

For the Administrative Services Only (“ASO”) benefits, we completed a financial reconciliation of the extended health and dental plans for the period of April 1, 2016 to March 31, 2017. This reconciliation is provided in Section 4 along with a summary of the Government of Yukon’s claiming trends over the last 10 plan years.

Appendix A includes a listing of the *Basic Life Waiver of Premium* claimants as at March 31, 2017. Appendix B includes *Detailed Long Term Disability Claimant Listing* showing the experience-rated disabled life reserves established by Great-West Life at March 31, 2017.

NEXT STEPS

We will meet with the Government of Yukon to discuss the results of this financial report in detail.

Please note that our assessments provided are based solely on costs. Mercer does not guarantee or make representations in regard to, and expressly disclaims responsibility for, the financial condition of underwriters whose bids it analyzes or with which it arranges clients' insurance.

This report uses data and/or documentation that have been supplied to us by or on behalf of the client. We have not independently verified the accuracy or completeness of it except to the extent required by generally accepted professional standards and practices. Mercer will not be held responsible for any liability arising from the use of incomplete, inaccurate or not up-to-date data or documentation.

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2 NON-REFUND BENEFITS

The basic life, accidental death and dismemberment (“AD&D”), optional life, Global Medical Assistance (“GMA”), dependent life and dependent AD&D benefits are underwritten on a non-refund basis. A non-refund arrangement is fully insured and there is no formal accounting of premium and claims. The insurer assumes the full risk that actual claims may exceed premium. On the other hand, no refunds are generated if premium exceeds claims.

Although Great-West Life does not prepare a formal financial reconciliation of the non-refund benefits, the following table summarizes paid premium and claims experience reported by Great-West Life for the period of April 1, 2016 to March 31, 2017:

INSURED BENEFIT	PREMIUM *	CLAIMS *
Basic life ¹	\$637,111	\$232,887
Accidental death and dismemberment	\$48,274	\$0
Optional life	\$136,781	\$0
Dependent life	\$14,625	\$5,000
Dependent accidental death and dismemberment ²	\$0	\$0
Global Medical Assistance (GMA)	\$26,666	\$328
Total	\$863,457	\$238,218

*Rounding applies.

¹ Includes premium paid for the post-retirement life benefit.

² Dependent AD&D premium is included in dependent life premium.

Great-West Life reported two basic life claims totalling \$232,887 for the 12-month period ending March 31, 2017. We note that one of these claims incurred in the prior period and was partially paid and accounted for in last year’s financial report. There was an additional \$17,887 related to this claim that was not reported last year and is reflected in the above table. Great-West Life reported a second claim for \$215,000.

There was one claim for dependent life in the amount of \$5,000 and GMA claims totalling \$328 paid in the same period. There were no optional life or dependent AD&D claims during the period.

Appendix A provides a detailed listing of open basic life waiver of premium claims as of March 31, 2017. As of this date, there were 13 approved claims. The waiver of premium reserves established for the open claims totalled \$375,423 as at March 31, 2017.

3

LONG TERM DISABILITY BENEFIT

UNDERWRITING ARRANGEMENT

The LTD benefit is underwritten on a refund accounting basis. Effective November 1, 2013, the long term disability benefit transitioned to Great-West Life from Sun Life. Any claimants disabled before November 1, 2013 remain the liability of Sun Life after plan termination. This financial accounting report addresses the financial results and claimants with Great-West Life only.

Under a refund arrangement, a formal financial accounting is completed at plan year-end and the Government of Yukon shares in the financial results with Great-West Life. Premiums are compared to plan costs, which include incurred claims, disabled life reserves (“DLR”) and expenses. If premiums are less than plan costs, a deficit is declared and is carried forward to be offset by future surpluses. If premiums exceed plan costs, a surplus is declared and is used to offset any deficit carried forward or fund any required reserves, such as the claims fluctuation reserve (“CFR”) or is available for refund to the plan sponsor. If the plan terminates, the insurer remains liable for claims incurred prior to the termination date and also remains responsible for any deficit that has been carried forward (i.e., the insurer will not attempt to recover any deficit from the plan sponsor after the plan termination date). However, any surplus that exists when the final accounting is completed is refunded to the plan sponsor.

Under the refund pooling agreement with Great-West Life, a five-year durational pooling arrangement applies to claimants with a date of disability on or after November 1, 2013. The durational pooling arrangement limits the Government of Yukon’s risk by limiting the period of time (five years in this case) that incurred claims (paid claims and reserves) are included in the annual financial accounting. Once the five year time period has passed, the claim is fully pooled and is not included in the Government of Yukon’s financial accounting. As a result, the financial accounting for the current period includes claims incurred November 1, 2013 to March 31, 2017. Given that the LTD benefit has been insured by Great-West Life for less than five years, no claims are pooled yet.

FINANCIAL REVIEW METHODOLOGY

We reviewed Great-West Life’s financial report for the period of April 1, 2016 to March 31, 2017 to validate the following:

- Opening balance of reserves and deposit funds;
- Total premium paid compared to the monthly payment information provided by the Government of Yukon;

- Expenses charged against the plan are calculated according to the Financial Agreement;
- Reserves for incurred but not reported claims, as well as reserves for current disabled employees, are calculated according to the Financial Agreement; and
- Interest rates used and interest calculated are in accordance with the Financial Agreement.

We reviewed Great-West Life's financial report based on the terms outlined in the Government of Yukon's current Financial Agreement with Great-West Life. In our review, we did not notice any discrepancies.

We find Great-West Life's revised financial accounting report accurately reflects the financial position of the long term disability plan as at March 31, 2017. We have used these amounts reported by Great-West Life in the reconciliation below.

FINANCIAL RESULTS

For the period of April 1, 2016 to March 31, 2017, there was an in-year surplus of \$1,602,963. This surplus has been transferred to the RDA as the CFR is completely funded to cover volatility in future claims. The in-year ending balance after the transfer is \$0. The table below outlines the financial results of the long term disability benefit for the period April 1, 2016 to March 31, 2017:

LONG TERM DISABILITY BENEFIT - FINANCIAL RESULTS FOR THE PERIOD OF APRIL 1, 2016 TO MARCH 31, 2017*			
A.	Premium		
	• Total billed premium	\$10,429,104	
	• Pooling charge	\$4,463,657	
	• Refund billed premium		\$5,965,447
B.	Claims		
	• Paid claims	\$2,473,742	
	• Pooled claims	\$0	
	• Experience-rated claims		\$2,473,742
C.	Experience-rated Incurred But Not Reported (IBNR) reserve		
	• Beginning reserves	\$2,299,041	
	• Ending reserves	\$2,144,315	
	• Change in IBNR reserve		(\$154,725)
D.	Experience-rated Disabled Life Reserves (DLR)		
	• Beginning reserves	\$5,308,450	
	• Ending reserves	\$6,999,209	
	• Change in DLR		\$1,690,759
E.	Total experience-rated claims charge (B + C + D)		\$4,009,776

LONG TERM DISABILITY BENEFIT - FINANCIAL RESULTS FOR THE PERIOD OF APRIL 1, 2016 TO MARCH 31, 2017*

F.	Expenses		\$464,522
G.	Interest		
	• Interest on reserves	\$104,106	
	• Interest on cash flow	\$7,708	
	• Net interest		\$111,814
H.	Plan year surplus/(deficit) (A – E – F + G)		\$1,602,963
I.	Closing balance		
	• Plan-year surplus (H)	\$1,602,963	
	• Transfer to Claims Fluctuation Reserve	\$0	
	• Transfer to Refund Deposit Account	(\$1,602,963)	
	• Closing balance at March 31, 2017		\$0
J.	Claims Fluctuation Reserve (CFR)		
	• Beginning balance at April 1, 2016	\$1,637,668	
	• Transfer to RDA	(\$169,691)	
	• Interest	\$12,283	
	• Closing Balance at March 31, 2017		\$1,480,260
K.	Refund Deposit Account (RDA)		
	• Beginning balance at April 1, 2016	\$1,843,920	
	• Deposit received at February 23, 2017	\$42,541	
	• Interest	\$4,260	
	• Transfer from CFR	\$169,691	
	• Transfer from plan year surplus	\$1,602,963	
	• Closing balance at March 31, 2017		\$3,663,735

*Rounding applies.

A. Premium

Great-West Life reported \$10,429,104 in total paid premium during the financial period of April 1, 2016 to March 31, 2017.

The total premium amount includes pooling charges of \$4,463,657 or 42.8% of total premium. In exchange for this pooling charge, Great-West Life pools long term disability claims that exceed 60 monthly payments or five years in duration.

The refund billed premium, which equals the total premium net of pooling charges, was \$5,965,447 for the 12-month financial period.

B. Claims

Paid claims totalled \$2,473,742 during the period of April 1, 2016 to March 31, 2017. Under the current durational pooling arrangement, disability claims incurred over five years ago would be pooled by Great-West Life and not charged against the plan's experience. No claims were pooled in the current financial period. As such, \$2,473,742 was included in the financial accounting as experience-rated claims.

A detailed listing of paid claims during the period of April 1, 2016 to March 31, 2017 is provided in Appendix B.

C. Incurred But Not Reported (IBNR) Claim Reserve

An incurred but not reported ("IBNR") claim reserve is established by Great-West Life to account for claims that have been incurred but not yet submitted. Great-West Life's required experience-rated IBNR level is calculated as the refund billed premium for the last month of the policy year, annualized, multiplied by a factor. As defined in the Financial Agreement, this IBNR factor is calculated to be approximately 0.33, based on the elimination period under the plan. A 5.0% expense factor is also applied to the reserve to account for Great-West Life's expenses to adjudicate these claims after termination.

The experience-rated IBNR reserve was \$2,299,041 at the beginning of the current financial year and was \$2,144,315 as at March 31, 2017. The change in IBNR reserve included in the financial accounting is therefore a decrease of \$154,725 over the 12-month period.

D. Disabled Life Reserves (DLR)

Disabled Life Reserves are established by Great-West Life to cover expected future benefit payments to long term disability claimants in the event of plan termination. The reserves are calculated using actuarial assumptions and the demographics of specific claimants. Great-West Life will use the reserve to make benefits payments for claims incurred before the plan termination date until the claimant recovers or reaches the termination age. A 5.0% expense factor is also applied to the reserve to account for Great-West Life's expenses to adjudicate these claims after termination.

Overall, Great-West Life is holding a DLR as at March 31, 2017 of \$19,829,814. For the purpose of the refund financial accounting, only the experience-rated DLR is taken into consideration. The experience-rated DLR represents reserves for the remainder of each claimant's first five years of payments (with an actuarial factor for potential recovery from disability and death during that period). The remainder of the DLR is the pooled reserves which Great-West Life is holding to potentially pay claims until the claimant reaches age 65.

The experience-rated DLR was \$6,999,209 as of March 31, 2017. The beginning DLR at April 1, 2016 was \$5,308,450. The change in DLR over the 12-month period is an increase of \$1,690,759.

A listing of the experience-rated DLRs established at March 31, 2017 is provided in Appendix B.

E. Total Experience-Rated Claims Charge

Paid claims, plus the changes in the experience-rated IBNR reserves and experience-rated DLR represent the total experience-rated claims charge assessed by Great-West Life. For the period of April 1, 2016 to March 31, 2017, the total claims charge was \$4,009,776.

F. Expenses

Typically, Great-West Life's expense charges for administering the long term disability benefit are negotiated on an annual basis. As negotiated in the 2016 renewal for the period of April 1, 2016 to March 31, 2017 the expenses are as follows:

EXPENSE	FORMULA	AMOUNT*
General administration	0.45% of refund billed premium	\$26,845
Claims administration	\$1,200 per new claim	\$58,800
	\$650 per declined claim	\$9,750
	\$550 per ongoing claim	\$33,550
Profit	0.40% of refund billed premium	\$23,862
Risk	0.80% of refund billed premium	\$47,724
Premium tax	Varies by province ¹	\$88,327
Rehabilitation and other costs	Medical Vouchers	\$3,550
	Travel	\$41
	Internal Rehabilitation	\$56,414
	External Rehabilitation	\$74,583
	Internal Medical Coordination	\$3,110
	External Medical Coordination	\$1,503
	Independent Medical Exams	\$25,314
	Functional Capacity Evaluation	\$11,665
Total		\$464,522

*Rounding applies.

¹ For the period of April 1, 2016 to March 31, 2017, the estimated average premium tax is approximately 2.0247%.

In the period of April 1, 2016 to March 31, 2017, Great-West Life charged \$464,522 in expenses against the plan.

G. Interest

Interest on Reserves

Great-West Life credits interest on the experience-rated long term disability claims reserves at the beginning of the financial period. The IBNR reserve at April 1, 2016 was \$2,299,041 and interest earned was \$25,381 based on a rate of 1.104%. The DLR was \$5,308,450 at April 1, 2016 and the interest earned was \$78,724 based on a rate of 1.483%. Total interest paid on reserves was \$104,106.

The interest rate applicable to the IBNR reserves is the average monthly declared valuation rate for the prior financial year. The valuation rate is determined based on the average asset yield that can be earned on the portfolio of fixed income assets backing the liabilities of the disability claims. The interest rate applicable to IBNR reserves is declared to be 1.021% for the next financial year (i.e., April 1, 2017 to March 31, 2018).

The interest rate applicable to the DLR is the average reserve weighted valuation rate (ARWVR) as defined in the Agreement. This rate is declared to be 1.264% for the next financial year.

Interest on Cash Flow

Great-West Life credits interest on premium and charges interest on claims, expenses and premium taxes.

The interest rate applicable to the premiums is the average monthly declared valuation rate for the current financial year. For the current financial period of April 1, 2016 to March 31, 2017, the applicable interest rate on premiums is declared to be 1.021%.

The interest rate applicable to the claims and retention charges is the average reserve weighted valuation rate (ARWVR) as defined in the Agreement. The applicable interest rate on retention charges for the current financial period of April 1, 2016 to March 31, 2017 is 1.483%.

Interest was credited and charged as follows:

CASH FLOW	INTEREST CREDIT / (CHARGE) *
Premium	\$28,662
Claims	(\$17,509)
Retention (including premium taxes)	(\$3,444)
Total	\$7,708

*Rounding applies.

Net Interest

Net interest is the sum of interest on reserves (i.e., \$104,106) and on cash flow (i.e., interest credit of \$7,708). The net interest for the period is a credit of \$111,814.

H. Plan Year Balance

The plan year balance is the result of the refund billed premium and net interest credited less total experience-rated claims charges and expenses. The balance for the period is a surplus of \$1,602,963.

The in-year surplus was the result of improved claims incidence. Since inception with Great-West Life, they have reported a decrease in the claim incidence from approximately 16 claims per 1,000 employees to 10 claims per 1,000 employees (based on information provided at the annual

renewal). As a result of the improved experience a 15% decrease to the LTD rate was negotiated at the April 1, 2017 renewal and will flow through the 2017/2018 financial results.

I. Closing Balance

After the \$1,602,963 plan year surplus was transferred into the refund deposit account, the closing balance as at March 31, 2017 is \$0.

J. Claims Fluctuation Reserve (CFR)

The CFR is funded by plan year surpluses over time and the target CFR level is 25% of annual refund billed premium. Using the refund billed premium for the period of April 1, 2016 to March 31, 2017 and adjusting for interest earned on the opening balance,, the target CFR level is \$1,480,260. At the beginning of the period, the CFR had a balance of \$1,637,668.

Great-West Life credited interest of \$12,283 on the opening CFR balance, using the one-year standard rate of 0.750%. The target one-year rate is the average one-year GIC rates from the five major banks, less a provision for Great-West Life's tax obligations.

The closing balance of the CFR as at March 31, 2017 is \$1,480,260. The CFR is 100% funded at the end of the financial period.

K. Refund Deposit Account (RDA)

Once the CFR is 100% funded, any remaining surplus is transferred into the RDA. At the beginning of the period, the RDA had a balance of \$1,843,920. Great-West Life paid \$4,620 in interest on this amount. In addition, the in-year surplus of \$1,602,963 was transferred into the RDA as well as a transfer from the CFR of \$169,691 and a deposit from the Government of Yukon on February 23, 2017 of \$42,541. The closing balance of the RDA as at March 31, 2017 is \$3,663,735.

As part of the April 1, 2017 renewal, Great-West Life indicated that the LTD refund plan was trending to result in a significant plan year surplus, Given the amount of funds expected to be in the RDA, the Joint Management Committee (JMC) made a decision to suppress the negotiated LTD rate and use a lower LTD rate to pay Great-West Life. The remaining portion of the premium owing will be withdrawn from the RDA each month. As such, the balance in the RDA is expected to decrease over the next plan year (April 1, 2017 to March 31, 2018) by approximately \$1,300,000.

4

ADMINISTRATIVE SERVICES ONLY BENEFITS

The extended health care (“EHC”) and dental care benefits are underwritten on an Administrative Services Only (“ASO”) basis. This is a non-insured arrangement where the Government of Yukon assumes full financial liability for eligible claims incurred under the extended health care and dental care plans (up to the stop-loss pooling level for extended health) and pays a fee to Great-West Life to provide claim adjudication and payment services. The expense charges for these services are reviewed each year at the annual renewal.

EXTENDED HEALTH CARE

Financial Results

The following table provides a detailed summary of the activity of the extended health care ASO plan for the April 1, 2016 to March 31, 2017 period:

EXTENDED HEALTH CARE – APRIL 1, 2016 TO MARCH 31, 2017*	
Paid deposits	\$7,336,979
Paid claims net of pooled claims	(\$7,311,390)
Great-West Life expenses	
General administration	(\$28,514)
Claims administration	(\$241,276)
Profit charge	(\$33,632)
Pooling charge	(\$719,968)
Adjustment**	(\$725)
Total expenses	(\$1,024,115)
Tax	(\$3,922)
Total disbursements (Paid claims + Expenses + Tax)	(\$8,339,427)
Balance over the April 1, 2016 to March 31, 2017 Period	(\$1,002,448)

*Rounding applies.

**Paid expenses reported by Great-West Life differed from Mercer’s calculated expenses by \$1,092 for both health and dental. We prorated the adjustment to health and dental based on the allocation of health and dental claims.

During the 12-month period ending March 31, 2017, deposits paid by the Government of Yukon for the extended health care benefit totalled \$7,336,979 while disbursements for claims (net of pooled

claims), Great-West Life expenses and tax totalled \$8,339,427. For your information, \$548,944 of claims were pooled during the same period. The ending balance as at March 31, 2017 is a deficit of \$1,002,448.

Great-West Life Expenses

The following table summarizes the extended health pooling charge and other ASO expense charges for the period of April 1, 2016 to March 31, 2017.

EHC EXPENSE	APRIL 1, 2016 TO MARCH 31, 2017
General administration	0.39% of paid claims net of pooled claims
Claims handling	3.30% of paid claims net of pooled claims
Profit	0.46% of paid claims net of pooled claims
Pooling charge	10.68% of paid claims net of pooled claims and excluding vision claims

Pooling Charge

During the period of April 1, 2016 to March 31, 2017, the extended health care plan had a pooling arrangement where extended health claims (including prescription drugs and out-of-country medical claims, but excluding vision) greater than \$25,000 per person per year are pooled and not charged against the plan.

In exchange of the pooling protection, Great-West Life charges a fee as a percentage of the paid claims. The specific pooling charge for the financial period under review is detailed in the table above.

As mentioned earlier, \$548,944 of claims were pooled by Great-West Life during the financial period and not charged against the ASO plan. This compares to \$651,240 in pooled claims during the last financial period of April 1, 2015 to March 31, 2016. We note that in the current period approximately 26% of the pooled claims are for retirees although retirees only make up 23% of plan members (active and retirees combined).

Tax

The following table outlines the premium tax and sales tax applicable to self-insured extended health plans in the provinces of Newfoundland, Ontario and Quebec. Self-insured extended health plans in other provinces are not subject to these taxes. These taxes are only applied to claims incurred by the residents of these provinces.

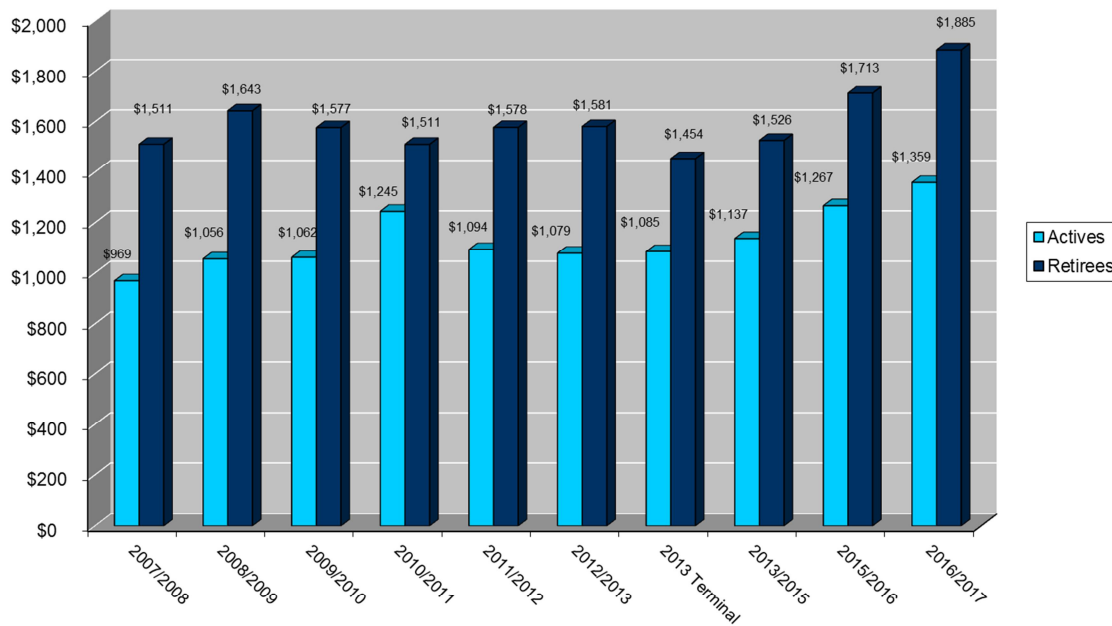
PROVINCE	PREMIUM TAX	SALES TAX
Newfoundland	5.0%*	N/A
Ontario	2.0%	8.0%
Quebec	3.48%	9.0%

* Effective July 1, 2016, the premium tax rate for Newfoundland increased from 4.0% to 5.0%

Trend

During the 12-month period from April 1, 2016 to March 31, 2017, average extended health claims per retiree increased by approximately 10% to \$1,885 from \$1,713 in the previous financial period. Similarly, average extended health claims per active employee increased by approximately 7% from \$1,267 to \$1,359. The chart below summarizes the claiming trend over the past 10 financial periods, for both active employees and retirees.

Please note that the extended health trend information includes pooled claims. For your information, the average extended health claims per retiree excluding pooled claims was \$1,770 during the most recent financial period (up 16% from last period). For actives, the average extended health non-pooled claims were \$1,259 during the same period (up 9% from last period).



Note, the 2013 Terminal and the 2013/2015 periods were not 12 months; the average claims cost for these two periods were annualized for comparison purposes.

DENTAL CARE

Financial Results

The following table provides a detailed summary of the financial activity of the dental care ASO plan for the period of April 1, 2016 to March 31, 2017:

DENTAL CARE – APRIL 1, 2016 TO MARCH 31, 2017*	
Paid deposits	\$3,512,069
Paid claims	(\$3,711,159)
Great-West Life expenses	
General administration	(\$14,474)
Claims administration	(\$83,501)
Profit charge	(\$17,071)
Adjustment**	(\$368)
Total expenses	(\$115,414)
Tax	(\$1,991)
Total disbursements (Paid claims + Expenses + Tax)	(\$3,828,563)
Balance over the April 1, 2016 to March 31, 2017 Period	(\$316,494)

*Rounding applies.

**Paid expenses reported by Great-West Life differed from Mercer's calculated expenses by \$1,092 for both health and dental. We prorated the adjustment to health and dental based on the allocation of health and dental claims.

During the 12-month period ending March 31, 2017, deposits paid by the Government of Yukon for the dental care benefit totalled \$3,512,069 while total disbursements including claims and expenses amounted to \$3,828,563. The ending balance as of March 31, 2017 is a deficit of \$316,494.

Great-West Life Expenses

Dental ASO expense charges for the period of April 1, 2016 to March 31, 2017 are outlined in the following table.

DENTAL EXPENSE	APRIL 1, 2016 TO MARCH 31, 2017
General administration	0.39% of paid claims
Claims handling	2.25% of paid claims
Profit	0.46% of paid claims

Tax

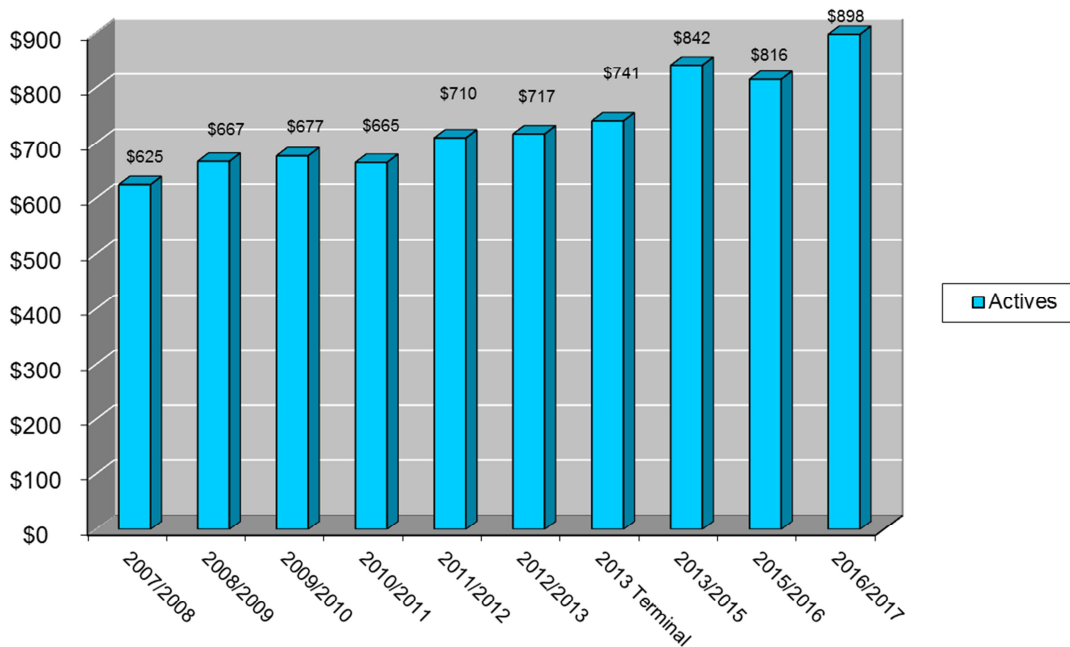
The following table outlines the premium tax and sales tax applicable to self-insured dental plans in the provinces of Newfoundland, Ontario and Quebec. Self-insured dental plans in other provinces are not subject to such taxes. These taxes are only applied to claims incurred by the residents of these provinces.

PROVINCE	PREMIUM TAX	SALES TAX
Newfoundland	5.0%*	N/A
Ontario	2.0%	8.0%
Quebec	3.48%	9.0%

* Effective July 1, 2016, the premium tax rate for Newfoundland increased from 4.0% to 5.0%

Trend

During the 12-month period from April 1, 2016 to March 31, 2017, the average dental claims per active employee increased by approximately 10% to \$898 from \$816 in the previous financial period. The following chart summarizes the claiming trend over the past 10 financial periods, for active employees.



Note, the 2013 Terminal and the 2013/2015 periods were not 12 months; the average claims cost for these two periods were annualized for comparison purposes.

ASO BANK BALANCE

As confirmed by the Government of Yukon, the balance in the ASO bank account with Great-West Life was \$2,209,763 as at March 31, 2016 and reduced to \$1,056,177 as at March 31, 2017, which is a reduction of approximately \$1,154,000. A decrease in the ASO bank account balance was expected as the calculated increase to the 2016/2017 health and dental deposit rates were not fully implemented. Effective April 1, 2016, a 12% increase was calculated for the dental deposit rates overall, but the rates were only increased by 8%. Similarly, an 18% increase to the extended health care rates was calculated, but the rates were only increased by 12%. These adjustments were expected to draw down the bank balance by approximately \$492,000.

As illustrated earlier in this section, the dental benefit resulted in an in-year deficit of approximately \$316,500 and the extended health benefit resulted in an in-year deficit of \$1,002,500. This resulted in a combined in-year deficit of approximately \$1,319,000. This differs from the reduction in the ASO bank balance by approximately \$165,000. We note that the bank balance fluctuates during the month and earns interest, which partially accounts for this difference. The remaining difference is due to the transfer of the balance from the Dental ASO Trust in October 2016, as recommended by JMC.

The overall ASO deficit in 2016/2017 is higher than expected (\$1,319,000 versus a projected deficit of \$492,000). In reviewing the claims experience the additional deficit was primarily driven by health where we observed higher than expected increases in claims for ambulance and out-of-country emergency, but given the nature of these claims a fluctuation in claims activity is not uncommon. We also observed higher than expected increases in claims for paramedical practitioners, specifically physiotherapy and acupuncture. Regarding dental, we observed higher than expected claims in minor restorative and dentures & bridges categories.

Effective April 1, 2017 the Government of Yukon decided to implement the full calculated increase to the extended health care and dental deposit rates. As such, the deposit rates are no longer artificially reduced to draw down the ASO bank account.

APPENDIX A

BASIC LIFE WAIVER OF PREMIUM LISTING

Government of Yukon Great-West Life - Policy No.166509 Basic Life Waiver of Premium Claimant Listing at March 31, 2017

Division	Status	Gender	Date of Disability	Date of Birth	Age at March 31, 2017	Face Amount at March 31, 2017	Total Reserve at April 1, 2016	Total Reserve at March 31, 2017
2	A	F	03-Sep-2016	08-May-1962	54.9	100,000	0	17,399
2	A	F	20-Nov-2014	09-Sep-1956	60.6	225,000	0	25,785
2	T	F	28-Oct-2015	12-Dec-1989	27.3	86,000	6,290	0
2	A	F	17-Jun-2016	14-Sep-1968	48.5	221,000	0	36,392
2	A	F	14-Apr-2016	10-Apr-1953	64.0	200,000	0	10,821
2	A	M	12-Apr-2014	13-Nov-1953	63.4	254,000	29,288	21,836
2	A	M	18-Apr-2015	28-Oct-1967	49.4	300,000	80,356	87,786
2	T	F	25-Oct-2014	27-May-1961	55.8	98,000	16,548	0
2	A	F	27-Sep-2016	23-Apr-1974	42.9	215,000	0	31,465
3	A	F	01-Mar-2014	28-Apr-1972	44.9	69,000	12,245	14,327
3	T	F	26-Nov-2015	08-Dec-1958	58.3	77,000	11,978	0
3	A	F	01-Jun-2016	29-Mar-1959	58.0	82,000	0	13,230
3	A	F	03-Oct-2016	30-Nov-1965	51.3	122,000	0	20,721
3	T	F	08-Oct-2015	07-Dec-1966	50.3	65,000	10,415	0
42	A	M	24-Sep-2016	02-Dec-1970	46.3	164,000	0	39,461
42	A	M	28-May-2015	18-Aug-1966	50.6	112,000	29,830	32,444
42	A	M	04-Aug-2014	03-Oct-1956	60.5	125,000	25,719	23,756
Total	17					2,515,000	222,669	375,423

Note: Rounding may apply. The listing above does not include those approved by Sun Life under the previous group benefit contract before it was terminated on October 31, 2013.

A = Approved
 P = Pending
 T = Terminated

APPENDIX B

DETAILED LONG TERM DISABILITY CLAIMANT LISTING

Government of Yukon
Great-West Life - Policy No. 166509
Disabled Life Reserve Listing at March 31, 2017

* Sorted by Pooled date

Division	Status	Date of Disability	Date of First Payment	Pooled Date*	Age at March 31, 2017	Experience Rated Claims (\$)**	Pooled Claims (\$)	Refund Reserve at		Pooled Reserve at	
								April 1, 2016 (\$)	March 31, 2017 (\$)	April 1, 2016 (\$)	March 31, 2017 (\$)
3	A	16-Dec-2013	09-May-2014	09-May-2019	54.4	38,148.34		91,758	83,031	204,289	285,601
1	T	12-Feb-2014	14-May-2014	14-May-2019	55.3	20,796.51		66,276	0	131,586	0
3	A	01-Mar-2014	31-May-2014	31-May-2019	44.9	44,066.86		96,216	108,106	379,065	679,083
1	A	13-Mar-2014	12-Jun-2014	12-Jun-2019	33.0	19,958.19		114,026	115,919	560,260	954,970
1	T	09-Apr-2014	21-Jun-2014	21-Jun-2019	64.4	16,258.74		71,825	0	0	0
1	A	18-Mar-2014	17-Jul-2014	17-Jul-2019	53.5	16,646.83		0	116,657	0	402,112
1	A	24-Mar-2014	22-Jul-2014	22-Jul-2019	55.7	15,979.84		60,158	48,557	95,091	120,242
1	A	01-May-2014	01-Aug-2014	01-Aug-2019	62.8	42,680.86		110,287	95,706	0	0
1	A	26-May-2014	26-Aug-2014	26-Aug-2019	39.9	38,852.86		82,377	87,773	362,540	619,713
1	A	31-May-2014	30-Aug-2014	30-Aug-2019	64.3	41,526.15		58,545	28,239	0	0
1	T	31-May-2014	30-Aug-2014	30-Aug-2019	52.8	(109.36)		0	0	0	0
1	A	26-Jun-2014	25-Sep-2014	25-Sep-2019	49.9	41,598.39		80,917	91,323	191,358	392,752
1	A	27-May-2014	26-Sep-2014	26-Sep-2019	56.8	28,723.67		68,294	69,214	84,809	132,843
1	A	29-May-2014	28-Sep-2014	28-Sep-2019	57.8	60,729.03		0	132,918	0	225,868
1	T	08-Jul-2014	07-Oct-2014	07-Oct-2019	54.1	20,280.87		101,651	0	188,955	0
1	A	18-Jun-2014	17-Oct-2014	17-Oct-2019	54.4	33,980.12		84,460	82,457	153,564	227,902
2	A	12-Apr-2014	23-Oct-2014	23-Oct-2019	63.4	83,867.62		175,964	137,874	0	0
1	A	30-Jul-2014	29-Oct-2014	29-Oct-2019	50.2	15,154.74		37,410	11,391	96,833	45,731
3	A	10-Aug-2014	09-Nov-2014	09-Nov-2019	28.9	9,191.60		0	104,006	0	730,812
1	T	13-Aug-2014	12-Nov-2014	12-Nov-2019	62.6	22,506.89		87,097	0	0	0
1	A	27-Aug-2014	26-Nov-2014	26-Nov-2019	62.9	37,572.45		88,080	73,677	0	0
1	A	05-Sep-2014	05-Dec-2014	05-Dec-2019	61.3	23,068.11		142,897	95,824	34,455	33,766
2	T	25-Oct-2014	13-Dec-2014	13-Dec-2019	55.8	0.00		85,947	0	114,588	0
1	A	24-Jun-2014	15-Dec-2014	15-Dec-2019	62.0	50,772.96		123,935	168,539	8,954	17,505
1	T	16-Sep-2014	16-Dec-2014	16-Dec-2019	58.0	106.94		0	0	0	0
1	A	16-Sep-2014	16-Dec-2014	16-Dec-2019	39.1	53,198.48		111,226	117,215	424,747	719,392
1	A	01-Nov-2014	31-Jan-2015	31-Jan-2020	55.9	62,072.85		147,514	135,640	166,768	232,669
1	A	05-Nov-2014	05-Feb-2015	05-Feb-2020	61.9	30,098.51		152,460	99,468	10,349	9,828
1	A	14-Oct-2014	13-Feb-2015	13-Feb-2020	61.6	24,821.71		68,408	62,579	7,988	10,605
42	A	04-Aug-2014	15-Feb-2015	15-Feb-2020	60.5	89,171.53		215,788	231,135	73,978	115,878
1	T	20-Nov-2014	19-Feb-2015	19-Feb-2020	55.4	17,812.35		39,838	0	54,078	0
2	A	20-Nov-2014	19-Feb-2015	19-Feb-2020	60.6	39,567.66		0	196,579	0	97,313
1	T	21-Nov-2014	20-Feb-2015	20-Feb-2020	42.4	30,544.66		121,728	0	323,393	0
1	A	02-Oct-2014	01-Mar-2015	01-Mar-2020	44.9	54,972.57		0	69,525	0	315,448
1	T	03-Dec-2014	04-Mar-2015	04-Mar-2020	46.4	1,971.52		77,634	0	209,671	0
1	A	04-Dec-2014	05-Mar-2015	05-Mar-2020	57.7	32,145.19		128,948	86,688	115,203	112,983
1	T	30-Oct-2014	07-Mar-2015	07-Mar-2020	61.7	2,720.53		176,088	0	19,548	0
1	T	05-Jan-2015	06-Apr-2015	06-Apr-2020	38.8	5,355.23		106,006	0	365,301	0
1	A	31-Jan-2015	03-May-2015	03-May-2020	55.8	32,708.70		104,584	106,723	123,416	183,029
1	A	11-Jan-2015	12-May-2015	12-May-2020	61.8	50,257.40		153,390	111,459	2,792	2,882
1	A	16-Feb-2015	18-May-2015	18-May-2020	41.4	40,986.43		86,103	88,042	272,127	430,546
2	A	18-Apr-2015	18-Jul-2015	18-Jul-2020	49.4	93,856.05		204,691	202,727	351,267	530,109
1	A	01-May-2015	31-Jul-2015	31-Jul-2020	52.0	0.00		0	0	0	0
1	T	11-Apr-2015	14-Aug-2015	14-Aug-2020	63.8	8,674.55		37,692	0	0	0

Division	Status	Date of Disability	Date of First Payment	Pooled Date*	Age at March 31, 2017	Experience Rated Claims (\$)**	Pooled Claims (\$)	Refund Reserve at		Pooled Reserve at	
								April 1, 2016 (\$)	March 31, 2017 (\$)	April 1, 2016 (\$)	March 31, 2017 (\$)
1	T	26-May-2015	25-Aug-2015	25-Aug-2020	50.7	5,382.85		0	0	0	0
42	A	28-May-2015	27-Aug-2015	27-Aug-2020	50.6	65,808.36		137,007	145,306	206,546	331,105
1	A	29-May-2015	28-Aug-2015	28-Aug-2020	53.1	49,313.93		110,129	120,237	157,103	250,194
1	A	13-Jun-2015	12-Sep-2015	12-Sep-2020	46.6	11,742.78		98,799	14,149	212,450	46,083
1	A	18-Jun-2015	17-Sep-2015	17-Sep-2020	48.5	0.00		0	0	0	0
2	D	08-Oct-2014	08-Oct-2015	08-Oct-2020	58.5	0.00		234,641	0	128,890	0
1	T	15-Jul-2015	14-Oct-2015	14-Oct-2020	65.7	10,145.64		9,861	0	0	0
1	A	03-Aug-2015	02-Nov-2015	02-Nov-2020	49.5	115.53		0	0	0	0
2	T	26-Aug-2015	25-Nov-2015	25-Nov-2020	49.9	3,557.23		56,257	0	95,109	0
1	T	01-Sep-2015	01-Dec-2015	01-Dec-2020	39.6	4,969.51		56,009	0	136,812	0
1	T	04-Sep-2015	04-Dec-2015	04-Dec-2020	55.2	(57.57)		0	0	0	0
3	T	12-Sep-2015	12-Dec-2015	12-Dec-2020	51.6	27,710.48		88,605	0	123,775	0
1	A	22-Jul-2015	18-Dec-2015	18-Dec-2020	57.1	63,122.06		144,536	131,578	104,853	133,940
1	D	25-Sep-2015	25-Dec-2015	25-Dec-2020	42.0	0.00		0	0	0	0
1	T	28-Sep-2015	28-Dec-2015	28-Dec-2020	55.4	11,592.66		94,807	0	76,343	0
3	T	08-Oct-2015	07-Jan-2016	07-Jan-2021	50.3	20,834.35		69,643	0	102,202	0
1	T	19-Oct-2015	18-Jan-2016	18-Jan-2021	65.0	34,566.87		14,386	0	0	0
1	T	08-May-2015	27-Jan-2016	27-Jan-2021	64.8	32,325.63		66,823	0	0	0
2	T	28-Oct-2015	27-Jan-2016	27-Jan-2021	27.3	4,653.60		23,305	0	49,666	0
1	A	06-Nov-2015	05-Feb-2016	05-Feb-2021	57.9	66,076.09		114,677	181,026	55,377	126,085
1	T	21-Nov-2015	20-Feb-2016	20-Feb-2021	57.1	2,241.07		58,855	0	34,398	0
3	D	26-Nov-2015	25-Feb-2016	25-Feb-2021	58.3	0.00		86,201	0	36,351	0
1	D	28-Nov-2015	27-Feb-2016	27-Feb-2021	33.1	0.00		0	0	0	0
1	D	02-Dec-2015	02-Mar-2016	02-Mar-2021	31.1	0.00		17,842	0	34,342	0
1	D	03-Dec-2015	03-Mar-2016	03-Mar-2021	55.7	0.00		65,849	0	49,068	0
1	A	08-Nov-2015	16-Apr-2016	16-Apr-2021	50.1	49,976.68		0	130,556	0	230,104
1	T	18-Jan-2016	18-Apr-2016	18-Apr-2021	40.7	9,304.21		0	0	0	0
1	D	02-Feb-2016	04-May-2016	04-May-2021	47.9	0.00		0	0	0	0
1	A	21-Jan-2016	08-May-2016	08-May-2021	41.7	52,500.24		0	130,091	0	402,862
1	T	08-Feb-2016	09-May-2016	09-May-2021	29.2	17,482.52		0	0	0	0
1	A	09-Feb-2016	10-May-2016	10-May-2021	59.4	15,254.94		0	51,222	0	14,521
42	T	03-Feb-2016	13-May-2016	13-May-2021	56.3	14,036.36		0	0	0	0
1	T	24-Feb-2016	25-May-2016	25-May-2021	50.3	2,959.99		0	0	0	0
1	A	19-Oct-2015	01-Jun-2016	01-Jun-2021	61.9	36,231.22		0	106,970	0	0
1	T	16-Apr-2016	03-Jun-2016	03-Jun-2021	48.1	16,794.75		0	0	0	0
42	T	05-Nov-2015	04-Jun-2016	04-Jun-2021	56.5	16,943.30		0	0	0	0
1	T	04-Nov-2015	14-Jun-2016	14-Jun-2021	62.5	28,717.50		0	0	0	0
1	T	16-Mar-2016	15-Jun-2016	15-Jun-2021	35.1	2,088.05		0	0	0	0
1	A	16-Mar-2016	16-Jun-2016	16-Jun-2021	60.6	37,448.99		0	141,304	0	5,132
1	A	29-Mar-2016	28-Jun-2016	28-Jun-2021	52.5	3,866.88		0	0	0	0
1	A	24-Apr-2016	24-Jul-2016	24-Jul-2021	63.3	36,478.17		0	73,659	0	0
1	A	25-Apr-2016	25-Jul-2016	25-Jul-2021	45.0	44,559.04		0	144,231	0	354,343
1	T	25-Apr-2016	25-Jul-2016	25-Jul-2021	55.4	1,687.19		0	0	0	0
1	A	26-Apr-2016	26-Jul-2016	26-Jul-2021	50.6	16,700.61		0	58,165	0	100,103
1	T	30-Apr-2016	01-Aug-2016	01-Aug-2021	43.3	12,981.38		0	0	0	0

Division	Status	Date of Disability	Date of First Payment	Pooled Date*	Age at March 31, 2017	Experience Rated Claims (\$)**	Pooled Claims (\$)	Refund Reserve at		Pooled Reserve at	
								April 1, 2016 (\$)	March 31, 2017 (\$)	April 1, 2016 (\$)	March 31, 2017 (\$)
1	A	07-May-2016	06-Aug-2016	06-Aug-2021	31.9	49.97		0	144	0	432
1	A	29-May-2016	28-Aug-2016	28-Aug-2021	32.0	15,792.76		0	52,436	0	163,490
2	A	17-Jun-2016	16-Sep-2016	16-Sep-2021	48.5	0.00		0	158,500	0	299,369
1	A	19-Sep-2016	17-Sep-2016	17-Sep-2021	58.5	6,469.47		0	52,436	0	15,614
1	A	19-Dec-2015	17-Sep-2016	17-Sep-2021	61.3	18,161.54		0	100,241	0	0
2	A	14-Apr-2016	22-Sep-2016	22-Sep-2021	64.0	35,123.93		0	61,580	0	0
1	D	25-Jun-2016	24-Sep-2016	24-Sep-2021	32.7	0.00		0	0	0	0
1	T	01-Jul-2016	30-Sep-2016	30-Sep-2021	29.4	3,666.27		0	0	0	0
1	A	03-Nov-2016	10-Oct-2016	10-Oct-2021	55.0	0.00		0	69,322	0	51,384
1	A	09-Feb-2016	10-Oct-2016	10-Oct-2021	34.8	30,020.87		0	85,805	0	212,428
1	D	15-Jul-2016	14-Oct-2016	14-Oct-2021	59.1	0.00		0	0	0	0
1	D	19-Jul-2016	18-Oct-2016	18-Oct-2021	42.4	0.00		0	0	0	0
1	A	25-Jul-2016	24-Oct-2016	24-Oct-2021	34.6	7,156.79		0	72,477	0	209,510
1	A	01-Aug-2016	31-Oct-2016	31-Oct-2021	48.3	0.00		0	79,345	0	142,463
1	T	09-Apr-2016	08-Nov-2016	08-Nov-2021	48.3	7,419.57		0	0	0	0
1	A	23-Aug-2016	22-Nov-2016	22-Nov-2021	52.7	18,354.76		0	105,906	0	128,299
1	A	09-Dec-2016	02-Dec-2016	02-Dec-2021	51.4	0.00		0	36,661	0	40,415
1	A	03-Sep-2016	03-Dec-2016	03-Dec-2021	57.3	18,995.76		0	132,206	0	60,052
1	D	10-Jan-2017	03-Dec-2016	03-Dec-2021	51.1	0.00		0	0	0	0
2	A	27-Sep-2016	27-Dec-2016	27-Dec-2021	42.9	21,259.45		0	123,721	0	276,619
2	D	28-Sep-2016	28-Dec-2016	28-Dec-2021	38.6	0.00		0	0	0	0
1	D	04-Oct-2016	03-Jan-2017	03-Jan-2022	59.3	0.00		0	0	0	0
2	A	03-Sep-2016	04-Jan-2017	04-Jan-2022	54.9	8,724.00		0	69,241	0	57,654
1	A	08-Oct-2016	07-Jan-2017	07-Jan-2022	55.7	6,305.55		0	74,778	0	47,172
1	A	07-Sep-2016	07-Jan-2017	07-Jan-2022	43.9	14,891.42		0	73,416	0	127,752
1	A	18-Oct-2016	17-Jan-2017	17-Jan-2022	57.0	0.00		0	120,784	0	57,163
42	A	24-Sep-2016	19-Jan-2017	19-Jan-2022	46.3	19,114.00		0	185,485	0	293,029
1	A	24-Oct-2016	23-Jan-2017	23-Jan-2022	37.1	0.00		0	69,743	0	170,526
1	A	23-Nov-2016	22-Feb-2017	22-Feb-2022	40.3	2,829.69		0	38,724	0	82,044
1	A	23-Nov-2016	22-Feb-2017	22-Feb-2022	52.4	0.00		0	81,550	0	76,573
1	A	29-Nov-2016	28-Feb-2017	28-Feb-2022	48.3	4,132.00		0	65,957	0	85,165
1	A	18-Sep-2016	03-Mar-2017	03-Mar-2022	27.9	0.00		0	63,875	0	154,165
1	A	03-Oct-2016	04-Mar-2017	04-Mar-2022	51.3	7,098.00		0	148,140	0	180,312
1	A	05-Dec-2016	06-Mar-2017	06-Mar-2022	40.6	0.00		0	60,831	0	117,459
3	A	01-Jun-2016	08-Mar-2017	08-Mar-2022	58.0	4,768.00		0	160,041	0	55,024
1	A	14-Dec-2016	15-Mar-2017	15-Mar-2022	42.6	0.00		0	68,379	0	102,438
1	D	15-Sep-2015			58.8	0.00		0	0	0	0
1	D	25-Jun-2016			58.7	0.00		0	0	0	0
1	D	05-Dec-2016			43.1	0.00		0	0	0	0
1	D	09-Mar-2016			40.5	0.00		0	0	0	0
1	D	26-Jun-2016			30.8	0.00		0	0	0	0
1	D	09-Mar-2016			43.1	0.00		0	0	0	0
Total:						\$2,473,742	\$0	\$5,308,450	\$6,999,209	\$6,730,258	\$12,830,605

Note: Rounding may apply. The listing above does not include those approved by Sun Life under the

* The pooled date is calculated by Mercer as five years after the first payment date for open claims.

** Experience rated claims over the 12 month period from April 1, 2016 to March 31, 2017.

A = Approved
D = Declined
T = Terminated

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