



Case Study

Spring 2022

Group & Health Finance & Valuation,
Canada Exam

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Case Study – Group & Health Finance & Valuation Exam

Introduction

In this case study, you are the President at the Skyfall Actuarial Consulting firm (Skyfall or Firm). The case study will outline the characteristics of the Firm and provide details regarding the various current clients and prospective clients of Skyfall.

All numbers found in this case study are for illustrative purposes only and are not representative of true costs or actual relationships. Any similarities with actual company results are coincidental. Plan design and plan limitations for a given plan year may not be in compliance with current year guidance, regulations, or laws.

Firm Description

Skyfall is a medium-sized consulting firm that was founded in London, Texas and provides actuarial services to life and health insurance companies, state and federal regulatory agencies, and employers. The Firm's staff consists of over 50 actuaries that are located in the United States. The firm employs several actuarial students, who assist in daily tasks and client management. Skyfall is committed to the development and training of future actuaries, and this can be seen in the level of training and types of projects that actuarial students assist with.

Additionally, Skyfall has a location in London, Ontario, which provides actuarial services to clients, employers and insurance carriers in Canada. The Canadian office consists of over 25 actuaries that are located throughout Canada.

The Firm's areas of expertise include:

- Individual and Small Group Major Medical Plans
- Large Group Major Medical Plans
- Medicare Advantage and Part D Plans
- Medicaid Plans
- Retiree Health Benefit Plans
- Group Disability Plans
- Individual and Small Group Dental Plans
- Large Group Dental Plans
- Group Life
- Group Long-Term Care.

The corporate goal is to provide affordable and quality actuarial services to its clients to ensure that they have the tools to be successful in their business endeavors. Skyfall aims to build long-lasting client relationships and strives to provide excellent services for its clients. Due to its size, the Firm caters to individual client's unique needs and aims to exceed the client's expectations.

Skyfall's Clients

Quantum Health Insurance Company (Quantum)

Quantum Health Insurance Company provides individual and small group coverage to its policyholders. Since its inception, Quantum has provided health care services to individuals and small groups and actively seeks to improve the overall health of its members. Skyfall's services include the development and pricing of its products, regulatory compliance guidance, and valuation services.

Individual and Small Group Major Medical Plans

Quantum is actively selling individual and small group health insurance products in most states in the US. Quantum offers various benefit plan design structures; some of which are compliant with the Affordable Care Act (ACA). The products are sold through brokers and agents.

Quantum offers several types of major medical plans, such as HMOs, PPOs, and High Deductible Health Plans (HDHP), and some are still available for new business, while others are not. The closed block (no longer actively sold) is called Quantum Legacy III. The products that are actively being sold are the HMO and PPO products that are ACA-compliant.

Skyfall has been the opining actuary for Quantum and has been calculating the reserves for all blocks of business. The following exhibits are various tables used in the last reserve calculation exercise. The Company provided the paid claims data incurred between July Year 3 and December Year 4 with paid data through December Year 4. These exhibits are various steps in the reserve calculation process.

Exhibit 1 - Monthly Claims Experience																				
Quantum Legacy III - Individual																				
		Paid Month																	Total	
		Jul-Year 3	Aug-Year 3	Sep-Year 3	Oct-Year 3	Nov-Year 3	Dec-Year 3	Jan-Year 4	Feb-Year 4	Mar-Year 4	Apr-Year 4	May-Year 4	Jun-Year 4	Jul-Year 4	Aug-Year 4	Sep-Year 4	Oct-Year 4	Nov-Year 4		Dec-Year 4
Incurred Month	Jul-Year 3	31,000	725,000	590,000	217,000	152,000	38,000	23,000	20,000	24,000	11,000	10,000	2,000	0	0	0	0	0	0	1,843,000
	Aug-Year 3	0	54,000	652,000	749,000	246,000	80,000	17,000	16,000	12,000	19,000	14,000	7,000	5,000	0	0	0	0	0	1,871,000
	Sep-Year 3	0	0	56,000	763,000	965,000	338,000	74,000	33,000	34,000	14,000	9,000	3,000	4,000	5,000	0	0	0	0	2,298,000
	Oct-Year 3	0	0	0	44,000	755,000	920,000	287,000	31,000	61,000	44,000	12,000	3,000	2,000	8,000	18,000	0	0	0	2,185,000
	Nov-Year 3	0	0	0	0	43,000	844,000	1,035,000	214,000	160,000	67,000	14,000	19,000	9,000	19,000	8,000	4,000	0	0	2,436,000
	Dec-Year 3	0	0	0	0	0	47,000	725,000	668,000	216,000	75,000	16,000	11,000	1,000	5,000	5,000	11,000	2,000	0	1,782,000
	Jan-Year 4	0	0	0	0	0	0	31,000	625,000	591,000	258,000	290,000	23,000	8,000	7,000	39,000	6,000	1,000	9,000	1,888,000
	Feb-Year 4	0	0	0	0	0	0	0	19,000	483,000	398,000	97,000	42,000	15,000	16,000	46,000	9,000	1,000	5,000	1,131,000
	Mar-Year 4	0	0	0	0	0	0	0	0	19,000	810,000	521,000	156,000	50,000	15,000	16,000	33,000	2,000	7,000	1,629,000
	Apr-Year 4	0	0	0	0	0	0	0	0	0	34,000	367,000	383,000	226,000	137,000	29,000	50,000	13,000	13,000	1,252,000
	May-Year 4	0	0	0	0	0	0	0	0	0	0	23,000	432,000	432,000	405,000	133,000	32,000	17,000	15,000	1,489,000
	Jun-Year 4	0	0	0	0	0	0	0	0	0	0	0	29,000	306,000	306,000	338,000	138,000	188,000	16,000	1,321,000
	Jul-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	43,000	349,000	375,000	283,000	76,000	40,000	1,166,000
Aug-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	42,000	451,000	453,000	200,000	84,000	1,230,000	
Sep-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	73,000	527,000	568,000	232,000	1,400,000	
Oct-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	37,000	383,000	560,000	980,000	
Nov-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	66,000	803,000	869,000	
Dec-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	499,000	499,000	
	Total	31,000	779,000	1,298,000	1,773,000	2,161,000	2,267,000	2,192,000	1,626,000	1,600,000	1,730,000	1,373,000	1,110,000	1,101,000	1,314,000	1,531,000	1,583,000	1,517,000	2,283,000	27,269,000

Exhibit 1 (con't) - Monthly Claims Experience																				
HMO - Individual (ACA-Compliant)																				
		Paid Month																	Total	
		Jul-Year 3	Aug-Year 3	Sep-Year 3	Oct-Year 3	Nov-Year 3	Dec-Year 3	Jan-Year 4	Feb-Year 4	Mar-Year 4	Apr-Year 4	May-Year 4	Jun-Year 4	Jul-Year 4	Aug-Year 4	Sep-Year 4	Oct-Year 4	Nov-Year 4		Dec-Year 4
Incurred Month	Jul-Year 3	14,000	321,000	299,000	102,000	49,000	19,000	9,000	9,000	6,000	5,000	14,000	1,000	0	0	0	0	0	0	848,000
	Aug-Year 3	0	32,000	427,000	364,000	177,000	50,000	15,000	12,000	7,000	15,000	13,000	3,000	1,000	0	0	0	0	0	1,116,000
	Sep-Year 3	0	0	21,000	276,000	389,000	128,000	30,000	14,000	9,000	6,000	4,000	4,000	1,000	5,000	0	0	0	0	887,000
	Oct-Year 3	0	0	0	13,000	240,000	301,000	94,000	9,000	23,000	16,000	6,000	1,000	1,000	3,000	4,000	0	0	0	711,000
	Nov-Year 3	0	0	0	0	14,000	312,000	354,000	67,000	74,000	27,000	6,000	7,000	4,000	11,000	5,000	2,000	0	0	883,000
	Dec-Year 3	0	0	0	0	0	17,000	331,000	312,000	100,000	17,000	7,000	5,000	3,000	1,000	4,000	7,000	1,000	0	805,000
	Jan-Year 4	0	0	0	0	0	0	14,000	304,000	295,000	125,000	162,000	11,000	3,000	4,000	21,000	4,000	1,000	5,000	949,000
	Feb-Year 4	0	0	0	0	0	0	0	13,000	297,000	277,000	67,000	15,000	7,000	3,000	9,000	10,000	1,000	4,000	703,000
	Mar-Year 4	0	0	0	0	0	0	0	0	11,000	450,000	292,000	84,000	25,000	7,000	6,000	14,000	8,000	3,000	900,000
	Apr-Year 4	0	0	0	0	0	0	0	0	0	18,000	220,000	244,000	151,000	113,000	16,000	33,000	16,000	10,000	821,000
	May-Year 4	0	0	0	0	0	0	0	0	0	0	13,000	241,000	250,000	254,000	72,000	12,000	11,000	10,000	863,000
	Jun-Year 4	0	0	0	0	0	0	0	0	0	0	0	19,000	183,000	213,000	237,000	103,000	140,000	8,000	903,000
	Jul-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	28,000	246,000	280,000	208,000	58,000	28,000	848,000
Aug-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	27,000	317,000	346,000	151,000	49,000	890,000	
Sep-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	41,000	324,000	352,000	153,000	870,000	
Oct-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18,000	205,000	339,000	562,000	
Nov-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70,000	882,000	952,000	
Dec-Year 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	470,000	470,000	
	Total	14,000	353,000	747,000	755,000	869,000	827,000	847,000	740,000	822,000	956,000	804,000	635,000	657,000	887,000	1,012,000	1,081,000	1,014,000	1,961,000	14,981,000

Exhibit 2 - Monthly Claims Experience				
PPO - Individual (ACA-Compliant)				
		Paid Claims		Paid
		Through Dec Year 4	Enrollment	PMPM
Incurred Month	Jul-Year 3	409,000	1,980	206.57
	Aug-Year 3	491,000	1,980	247.98
	Sep-Year 3	382,000	1,860	205.38
	Oct-Year 3	294,000	1,620	181.48
	Nov-Year 3	362,000	1,620	223.46
	Dec-Year 3	347,000	1,620	214.20
	Jan-Year 4	403,000	1,620	248.77
	Feb-Year 4	289,000	2,040	141.67
	Mar-Year 4	371,000	2,100	176.67
	Apr-Year 4	357,000	2,040	175.00
	May-Year 4	370,000	2,040	181.37
	Jun-Year 4	400,000	2,100	190.48
	Jul-Year 4	371,000	2,100	176.67
Aug-Year 4	395,000	2,100	188.10	
Sep-Year 4	376,000	2,280	164.91	
Oct-Year 4	246,000	2,280	107.89	
Nov-Year 4	203,000	2,400	84.58	
Dec-Year 4	102,000	2,640	38.64	
	Total	6,168,000		

Exhibit 3 - Enrollment - Individual				
Month	Quantum Legacy III	HMO (ACA - Compliant)	PPO (ACA - Compliant)	
Jul-Year 3	11,100	4,000	1,980	
Aug-Year 3	11,700	3,800	1,980	
Sep-Year 3	11,400	3,750	1,860	
Oct-Year 3	11,400	3,750	1,620	
Nov-Year 3	11,400	3,750	1,620	
Dec-Year 3	11,400	4,050	1,620	
Jan-Year 4	11,800	4,100	1,620	
Feb-Year 4	11,800	4,050	2,040	
Mar-Year 4	12,000	4,100	2,100	
Apr-Year 4	12,000	4,150	2,040	
May-Year 4	12,700	4,200	2,040	
Jun-Year 4	12,700	4,150	2,100	
Jul-Year 4	11,700	4,450	2,100	
Aug-Year 4	11,900	4,450	2,100	
Sep-Year 4	12,100	4,600	2,280	
Oct-Year 4	12,300	4,850	2,280	
Nov-Year 4	12,300	4,850	2,400	
Dec-Year 4	12,500	4,600	2,640	

Exhibit 4 - Percent of Ultimate Losses by Lag Month													
Quantum Legacy III - Small Group													
		Lag Month											
		1	2	3	4	5	6	7	8	9	10	11	12
Incurred Month	Jul-Year 3	0.016	0.465	0.694	0.804	0.910	0.924	0.934	0.944	0.963	0.969	0.999	1.000
	Aug-Year 3	0.036	0.356	0.835	0.922	0.953	0.964	0.969	0.977	0.977	0.993	0.998	1.000
	Sep-Year 3	0.026	0.447	0.783	0.879	0.916	0.933	0.966	0.973	0.979	0.989	0.992	1.000
	Oct-Year 3	0.029	0.445	0.790	0.959	0.946	0.957	0.971	0.980	0.982	0.986	0.993	1.000
	Nov-Year 3	0.029	0.397	0.856	0.904	0.948	0.962	0.966	0.975	0.980	0.985	0.994	1.000
	Dec-Year 3	0.041	0.451	0.739	0.880	0.957	0.967	0.971	0.974	0.980	0.989	0.999	1.000
	Jan-Year 4	0.027	0.416	0.711	0.836	0.947	0.964	0.970	0.979	0.990	0.994	0.994	1.000
	Feb-Year 4	0.017	0.422	0.758	0.809	0.865	0.880	0.911	0.988	0.998	0.999	1.000	
	Mar-Year 4	0.006	0.483	0.739	0.876	0.905	0.920	0.946	0.973	0.997	1.000		
	Apr-Year 4	0.040	0.411	0.592	0.755	0.923	0.948	0.980	0.998	1.000			
May-Year 4	0.030	0.413	0.705	0.865	0.970	0.987	0.993	1.000					

Exhibit 4 (con't) - Percent of Ultimate Losses by Lag Month													
HMO - Small Group (ACA-Compliant)													
		Lag Month											
		1	2	3	4	5	6	7	8	9	10	11	12
Incurred Month	Jul-Year 3	0.017	0.375	0.740	0.862	0.931	0.961	0.973	0.984	0.991	0.998	0.999	1.000
	Aug-Year 3	0.025	0.385	0.727	0.889	0.948	0.959	0.971	0.978	0.995	0.997	0.999	1.000
	Sep-Year 3	0.023	0.306	0.760	0.932	0.966	0.980	0.986	0.992	0.995	0.995	0.999	1.000
	Oct-Year 3	0.019	0.329	0.780	0.891	0.927	0.963	0.986	0.991	0.992	0.993	0.995	1.000
	Nov-Year 3	0.013	0.350	0.763	0.841	0.928	0.967	0.973	0.984	0.987	0.993	0.995	1.000
	Dec-Year 3	0.020	0.426	0.836	0.946	0.973	0.986	0.994	0.993	0.994	0.994	0.999	1.000
	Jan-Year 4	0.012	0.316	0.628	0.768	0.950	0.960	0.964	0.966	0.991	0.994	0.995	1.000
	Feb-Year 4	0.017	0.445	0.797	0.908	0.937	0.950	0.954	0.978	0.991	0.992	1.000	
	Mar-Year 4	0.015	0.517	0.858	0.938	0.967	0.976	0.979	0.995	0.996	1.000		
	Apr-Year 4	0.022	0.275	0.630	0.818	0.896	0.920	0.968	0.985	1.000			
May-Year 4	0.013	0.266	0.558	0.870	0.956	0.971	0.988	1.000					

Exhibit 5 - Age-to-Age Factors												
PPO - Small Group (ACA-Compliant)												
Incurred Month	Lag Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Jul-Year 3	12.039	1.655	1.299	1.090	1.114	1.013	1.004	1.027	1.014	1.116	1.003	-
Aug-Year 3	12.231	2.112	1.199	1.200	1.015	1.013	1.020	1.002	1.026	1.037	1.057	-
Sep-Year 3	23.283	1.894	1.191	1.190	1.020	1.021	1.014	1.011	1.028	1.044	1.037	-
Oct-Year 3	5.845	1.593	1.171	1.183	1.025	1.031	1.013	1.001	1.014	1.070	1.078	-
Nov-Year 3	11.674	2.469	1.806	1.033	1.086	1.004	1.050	1.001	1.109	1.026	1.071	-
Dec-Year 3	12.605	1.516	1.163	1.117	1.093	1.022	1.002	1.004	1.032	1.056	1.005	-
Jan-Year 4	14.917	1.581	1.121	1.240	1.022	1.004	1.031	1.025	1.026	1.019	1.048	-
Feb-Year 4	17.920	1.936	1.173	1.115	1.014	1.022	1.124	1.029	1.024	1.031	-	-
Mar-Year 4	42.812	1.940	1.152	1.011	1.017	1.004	1.005	1.009	1.005	-	-	-
Apr-Year 4	7.140	2.985	1.104	1.174	1.021	1.031	1.009	1.008	-	-	-	-
May-Year 4	5.167	1.936	1.301	1.106	1.258	1.046	1.009	-	-	-	-	-

****Quantum Email 1****

From: Dominic Greene <DGreene@quantum.com>
To: You <JB007@Skyfall.com>
Sent: April 20, Year 5
Subject: Year 4 YE Financial Statements

We have finished our financial statements. I have enclosed several of the key pages.
Let me know if you have any questions.

Dominic

Enclosures:

Exhibit 6 - Financial Statements			
Income Statement			
(In thousands)		For the Years Ending December 31,	
Revenue		Year 4	Year 3
Premiums		85,128	94,429
Individual HMO		22,637	18,257
Individual PPO		6,407	5,377
Individual Grandfathered		18,780	32,298
<i>Total Individual</i>		47,823	55,932
Small Group HMO		14,860	11,750
Small Group PPO		7,699	6,013
Small Group Grandfathered		14,747	20,734
<i>Total Small Group</i>		37,305	38,497
Administrative fees Income		32	22
Miscellaneous income		1,703	1,889
<i>Total operating revenue</i>		86,863	96,340
Net investment income		1,340	1,079
Total Revenues		\$ 88,203	\$ 97,419
Expenses			
Benefit expense		71,916	76,845
Individual HMO		19,500	14,372
Individual PPO		5,574	4,799
Individual Grandfathered		15,860	25,950
<i>Total Individual</i>		40,934	45,120
Small Group HMO		11,363	9,354
Small Group PPO		6,164	4,820
Small Group Grandfathered		13,455	17,551
<i>Total Small Group</i>		30,983	31,725
Commissions		1,541	757
General insurance expenses		9,534	10,293
Insurance taxes, licenses, and fees, excluding federal income tax		1,703	1,889
Write-in		752	576
Total expenses		\$ 85,446	\$ 90,359
Income before income tax expense		2,757	7,059
Income tax expense		937	2,400
Net Income		\$ 1,820	\$ 4,659

Exhibit 6 (continued) - Financial Statements		
Balance Sheet		
<i>(In thousands)</i>		
Assets	December 31, Year 4	December 31, Year 3
Current Assets		
Cash and cash equivalents	11,931	11,308
Bonds	2,535	2,695
Real Estate	2,835	2,748
Investment income due and accrued	201	159
Premium Receivables	13	11
Other receivables	995	995
Other	1,712	1,712
Electronic data processing equipment	859	859
<i>Total current assets</i>	<i>21,081</i>	<i>20,487</i>
Long-term investments	17,505	17,831
Net property, plant, and equipment	906	880
Goodwill	151	163
Other intangible assets	395	396
Other noncurrent assets	253	245
Total Assets	\$ 40,291	\$ 40,002
Liabilities and Shareholder's Equity		
Liabilities		
Current Liabilities:		
Policy liabilities:		
Accident and health contracts	9,535	9,478
Reserves for future policy benefits	59	59
Other policyholder liabilities	201	202
<i>Total policy liabilities</i>	<i>9,795</i>	<i>9,739</i>
Unearned Income	82	81
Accounts payable and accrued expenses	3,129	3,299
Current portion of long-term debt	67	84
Other current liabilities	1,594	1,594
<i>Total current liabilities</i>	<i>14,667</i>	<i>14,797</i>
Drafts outstanding	533	632
Payable for securities	655	938
Remittances	3,102	2,987
Other noncurrent liabilities	815	787
Total Liabilities	19,772	20,141
Shareholder's Equity		
Common capital stock	6,500	6,500
Retained earnings	13,597	12,951
Unassigned funds (surplus)	422	410
Total Shareholder's Equity	20,519	19,861
Total Liabilities and Owner's Equity	\$ 40,291	\$ 40,002

Living Daylights Life and Health Insurance Company (Living Daylights)

Living Daylights Life and Health Insurance Company is a client who provides group coverage to its Canadian policyholders. Since its inception, Living Daylights has been providing services within Canada and actively seeks to provide a variety of plans to meet their policyholders needs while pooling the risk across an increasing number of members.

Skyfall Canada services include the pricing and development of its products, regulatory compliance guidance, and valuation services as the Appointed Actuary.

Supplemental Medical Plans

Living Daylights provides supplemental health benefits not covered by provincial medical plans to various companies within Canada. The summary of key benefit provisions provided by each of the plans is outlined in Exhibit 1 below:

Exhibit 1 - Benefits				
	Basic	Enhanced 1	Enhanced 2	Enhanced 3
Prescription Drug Coverage	70% (\$1,000 annual OOP max)*	70% (\$1,000 annual OOP max)*	75% (\$1,000 annual OOP max)*	90% (\$1,000 annual OOP max)*
Hospital Room				
Semi-Private	Not covered	100% (\$150/day max)	100% (\$150/day max)	100% (\$150/day max)
Private	Not covered	Not covered	100% (\$200/day max)	100% (\$200/day max)
Paramedical Coverage	80% (\$200 per calendar year per practitioner max)	90% (\$500 per calendar year per practitioner max)	90% (\$500 per calendar year per practitioner max)	100% (\$1,000 per calendar year per practitioner max)
Emergency Out of Country Coverage	60 travel days (\$1,000,000 annual max)	180 travel days (\$1,000,000 annual max)	180 travel days (\$1,000,000 annual max)	180 travel days (\$1,000,000 annual max)
Vision Coverage	Not covered	100% (\$300 per 24 months max)	100% (\$300 per 24 months max)	100% (\$300 per 24 months max)
Dental Coverage				
Preventive & Basic	80%	80%	100%	100%
Major	Not covered	50%	50%	50%
Orthodontic	Not covered	Not covered	50% (\$2,000 lifetime max)	50% (\$3,500 lifetime max)

* OOP max = Out-of-pocket maximum

Living Daylights has faced many challenges throughout the years but most challenging is the increased cost of prescription drugs and rising dental costs. There are currently no incentives in place for choosing generic over brand name drugs and there is currently no maximum annual or lifetime caps set for dental coverage, except for orthodontic coverage.

Exhibit 2 - Annual Trend Data						
Category	Year 1 -Year 2		Year 2 -Year 3		Year 3 -Year 4	
	Utilization	Cost	Utilization	Cost	Utilization	Cost
Prescription Drug	5.0%	2.0%	4.1%	3.9%	1.2%	2.4%
Dental & Ortho	7.3%	3.0%	5.1%	1.5%	4.4%	1.5%
Vision	3.2%	1.9%	2.9%	1.2%	3.0%	1.5%
Emergency OOC Coverage	3.1%	4.7%	2.7%	1.1%	1.6%	1.8%
Other Medical	6.7%	3.5%	6.3%	-0.6%	3.5%	2.1%

The Financial Statements for Living Daylights are seen in Exhibit 3.

Exhibit 3 - Financial Statements			
Living Daylights (In thousands)			Income Statement For the Years Ending December 31,
Revenue		Year 4	Year 3
Premiums		\$7,660	\$7,223
Other revenue		1,542	1,254
<i>Total operating revenue</i>		<i>9,202</i>	<i>8,477</i>
Net investment income		351	546
Net realized gains (losses) on investments		321	423
Total Revenues		\$9,874	\$9,446
Expenses			
Benefit expense		\$5,193	\$5,921
Commissions		1,149	1,083
General and administrative expense		735	587
Premium Taxes		153	144
Interest Expense		50	45
Amortization of other intangible assets		298	287
Total Expenses		\$7,579	\$8,068
Income before income tax expense		2,295	1,378
Income tax expense		1,251	1,253
Net Income		\$1,044	\$125

Exhibit 3 - Financial Statements (continued)		
Living Daylights	Balance Sheet	
(In thousands)		
Assets	December 31, Year 4	December 31, Year 3
Current Assets		
Cash and cash equivalents	\$1,729	\$2,210
Investments available-for-sale, at fair value		
Fixed maturity securities (amortized cost)	9,564	8,456
Equity securities	1,835	1,515
Accrued investment income	159	149
Premium Receivables	3,858	3,748
Other receivables	995	897
Other current assets	1,712	1,829
Assets held for sale	859	901
<i>Total Current Assets</i>	<i>\$20,711</i>	<i>\$19,705</i>
Long-term investments	\$2,102	\$2,055
Net property, plant, and equipment	1,811	1,729
Goodwill	1,423	2,012
Other intangible assets	5,005	3,025
Other noncurrent assets	458	299
Total Assets	\$31,510	\$28,825
Liabilities and Shareholder's Equity		
Liabilities		
Current Liabilities		
Policy Liabilities:		
Claims Payable	\$1,232	\$1,354
Reserves for future policy benefits	2,082	2,180
<i>Total Policy Liabilities</i>	<i>\$3,314</i>	<i>\$3,534</i>
Unearned Income	811	875
Accounts payable and accrued expenses	3,299	2,975
Short-term borrowings	856	701
Other current liabilities	1,594	1,647
<i>Total Current Liabilities</i>	<i>\$9,874</i>	<i>\$9,732</i>
Long-term debt, less current portion	5,468	4,868
Deferred tax liabilities, net	2,987	2,857
Other noncurrent liabilities	1,442	1,556
Total Liabilities	\$19,771	\$19,013
Shareholder's Equity		
Paid-in capital - Common Stock	\$5,416	\$3,215
Retained earnings	6,323	6,597
Total Shareholder's Equity	\$11,739	\$9,812
Total Liabilities and Owner's Equity	\$31,510	\$28,825

Casino Royale Health & Life Insurance Company (Royale Health)

Large Group Products/Administrative Services Only

Royale Health offers coverage options for large group employers, including fully insured options and administrative services only (ASO) options. Health coverage plan options offered by Royale Health include medical and prescription plans, which are marketed primarily through agents and brokers. Royale Health has been successful in establishing its own preferred provider networks in the Midwestern states and has the second largest market share in the large group market of the Midwest Region. The medical plan portfolio includes PPO plans and qualified high deductible health plans (HDHP), which can be combined with a Health Savings Account (HSA). Royale Health also administers Health Reimbursement Arrangements (HRA) offered by employers. Royale Health's Board has expressed interest in expanding the company into new product markets. Royale Health has recently participated in preliminary discussions with a Canadian company, Pinewood Insurance Company about a potential merger.

****Royale Health Email 1****

From: Le Chiffre <lechiffre@RoyaleHealth.com>
To: You <JB007@Skyfall.com>
Sent: March 9, Year 5
Subject: Potential Merger

I have been approached by the CEO of Pinewood Insurance Company (Pinewood), located in Canada, for a possible merger. They are interested in expanding into the U.S., and we could gain from their product expertise. While we do have some overlap in product offerings, Pinewood has experience in some additional markets that we have no experience with.

As you can imagine, this potential merger is highly confidential. As we begin to explore this opportunity, I would like your help through the due diligence and, if necessary, negotiations of this possible merger. I have attached Pinewood's financial information for your review. To provide you with some background, I have also summarized below some of the information on Pinewood that I have thus far:

Pinewood is a large insurance company operating exclusively in Canada. Its corporate vision is similar to ours: to be a leader in the insurance industry, to earn a competitive return for its stockholders, to offer good value to its policyholders while operating in a financially sustainable way, and to attract and retain valuable employees.

Pinewood's primary product offerings include:

- Supplemental medical benefits.
- Group life,
- Disability insurance, and
- Ancillary products, including dental and vision.

Pinewood employs 2,000 people throughout Canada. From what I have gathered so far, Pinewood seems to have a strong reputation in their markets. However, they are interested in growing into other markets and possibly internationally.

I have attached Pinewood's financial information for your review. Please let me know what additional information you think we should seek out.

Thanks,
Le Chiffre

Exhibit 1 - Year 4 Annual Report			
Pinewood Insurance Company		Consolidated Statement of Operations	
(In thousands, except per share data)		For the Years Ending December 31,	
Revenue	Year 4	Year 3	Year 2
Premium Income			
Supplemental Medical	4,023	3,784	3,129
Group Life	5,888	6,071	6,211
Disability	2,572	3,420	5,280
Ancillary Products	1,234	967	957
Administrative fees Income	2,553	3,118	3,011
Other revenue	-	-	-
<i>Total operating revenue</i>	<i>16,270</i>	<i>17,360</i>	<i>18,588</i>
Net investment income	3,178	5,348	5,707
Net realized gains (losses) on investments	-	-	-
Total Revenues	\$19,448	\$22,708	\$24,295
Expenses			
Benefit expense			
Supplemental Medical	3,359	3,123	2,583
Group Life	3,592	3,946	3,913
Disability	1,517	2,120	3,326
Ancillary Products	963	725	794
Commissions	1,941	2,233	2,671
General and administrative expense	4,084	4,315	4,859
Premium Taxes	274	285	312
Interest Expense	350	323	345
Amortization of other intangible assets	265	274	260
Total Expenses	\$16,345	\$17,344	\$19,063
Income before income tax expense	3,103	5,364	5,232
Income tax expense	621	1,073	1,046
Net Income	\$2,482	\$4,291	\$4,186

Net income per share

Basic	\$2.66	\$4.33	\$3.73
Diluted	\$2.70	\$4.73	\$3.84

Average Exchange Rates*

U.S. dollars	0.74	0.76	0.80
Euro	0.69	0.67	0.66

* e.g., on 12/31/Year 2, \$1 Can = \$0.80 US

Exhibit 1 - Year 4 Annual Report (continued)		
Pinewood Insurance Company	Consolidated Balance Sheet	
(In thousands)		
Assets	December 31, Year 4	December 31, Year 3
Current Assets		
Cash and cash equivalents	\$9,880	\$8,770
Premium Receivables	8	8
Investments available-for-sale, at fair value		
Fixed maturity securities (amortized cost)	1,169	1,097
Equity securities	256	242
Other invested assets, current	693	722
Other receivables	827	745
Income taxes receivable	53	54
Net due from subsidiaries	867	1,197
Securities lending collateral	583	854
Deferred tax assets, net	250	248
Other current assets	1	1
Total Current Assets	\$14,587	\$13,938
Long-term investments		
Fixed maturity securities	\$534	\$234
Equity securities	\$6	\$7
Other invested assets, long-term	\$456	\$495
Property and equipment, net	4	3
Deferred tax assets, net, non-current	234	227
Investment in subsidiaries	5,544	3,456
Other noncurrent assets	114	37
Total Assets	\$21,479	\$18,397
Liabilities and Shareholder's Equity	December 31, Year 4	December 31, Year 3
Liabilities		
Actuarial and Policy Liabilities	\$8,230	\$7,564
Amounts on deposit	678	876
Deferred Gains	4	5
Long-term debt	345	456
Other Liabilities	795	856
Total Liabilities	\$10,052	\$9,757
Shareholder's Equity		
Preferred stock	0	0
Common stock	5	5
Additional paid-in capital	326	109
Retained earnings	1,865	1,777
Accumulated Income	9,231	6,749
Total Shareholder's Equity	\$11,427	\$8,640
Total Liabilities and Owner's Equity	\$21,479	\$18,397

****Royale Health Email 2****

From: Le Chiffre <lechiffre@RoyaleHealth.com>
To: You <JB007@Skyfall.com>
Sent: March 17, Year 5
Subject: Royale Health Financial Information

Hi – I have attached our latest financial information for this past year. Also of note, Royale Health had 444,902,956 common/preferred shares outstanding at YE Year 4. Our current tax rate is 21.0%.

Please let me know if you need anything else or need help finding anything.

Thanks,
Le Chiffre

Exhibit 2 - Financial Statements		
Royale Life Insurance Company		Income Statement
(In thousands)		For the Years Ending December 31,
Revenue	Year 4	Year 3
Premiums	\$66,599	\$57,686
Administrative fees Income	5,050	4,152
Other revenue	45	79
<i>Total operating revenue</i>	<i>71,694</i>	<i>61,917</i>
Net investment income	749	755
Net realized gains (losses) on investments	321	423
Total Revenues	\$72,764	\$63,095
Expenses		
Benefit expense	\$57,230	\$49,252
Commissions	1,541	1,591
General and administrative expense	9,246	8,143
Premium Taxes	1,332	1,154
Interest Expense	752	598
Amortization of other intangible assets	298	287
Total Expenses	\$70,399	\$61,025
Income before income tax expense	2,365	2,070
Income tax expense	1,251	1,253
Net Income	\$1,114	\$817

Exhibit 2 - Financial Statements (continued)		
Royale Life Insurance Company	Balance Sheet	
(In thousands)		
Assets	December 31, Year 4	December 31, Year 3
Current Assets		
Cash and cash equivalents	\$1,729	\$2,210
Investments available-for-sale, at fair value		
Fixed maturity securities (amortized cost)	16,950	15,913
Equity securities	1,835	1,515
Accrued investment income	159	149
Premium Receivables	3,858	3,748
Other receivables	995	897
Other current assets	1,712	1,829
Assets held for sale	859	901
Total Current Assets	\$28,097	\$27,162
Long-term investments	\$2,102	\$2,055
Net property, plant, and equipment	1,811	1,729
Goodwill	15,971	15,942
Other intangible assets	7,931	7,955
Other noncurrent assets	458	299
Total Assets	\$56,370	\$55,142
Liabilities and Shareholder's Equity	December 31, Year 4	December 31, Year 3
Liabilities		
Current Liabilities		
Policy Liabilities:		
Medical claims payable	\$6,058	\$6,095
Reserves for future policy benefits	59	55
Other policyholder liabilities	2,023	2,125
Total Policy Liabilities	\$8,140	\$8,275
Unearned Income	811	875
Accounts payable and accrued expenses	3,299	2,975
Short-term borrowings	389	212
Current portion of long-term debt	467	489
Other current liabilities	1,594	1,647
Total Current Liabilities	\$14,700	\$14,473
Long-term debt, less current portion	11,253	12,121
Reserves for future policy benefits, noncurrent	655	661
Deferred tax liabilities, net	2,987	2,857
Other noncurrent liabilities	787	895
Total Liabilities	\$30,382	\$31,007
Shareholder's Equity		
Paid-in capital - Common Stock	\$12,094	\$11,976
Retained earnings	13,513	11,950
Accumulate other comprehensive income	381	209
Total Shareholder's Equity	\$25,988	\$24,135
Total Liabilities and Owner's Equity	\$56,370	\$55,142

The Thunderball Corporation (Thunderball)

The Thunderball Corporation is a large insurance company operating in the United States and Canada. The corporate vision is to be a comprehensive provider of long term insurance products. Thunderball seeks to offer competitive products earning reasonable return for stockholders while growing at a financially sustainable rate. Thunderball offers Group Long-Term Disability, Group Life, and Group and Individual Long-Term Care.

Long-Term Disability

Thunderball has experienced steady growth in Long-Term Disability sales. The following tables show the reserve factors for various ages and durations. Tables 1 & 2 are the newest tables created by the internal team, and Tables 3 & 4 are the tables that have been used for many years.

Exhibit 1 - Claim Reserve Factors											
\$3,000 Indexed Gross Monthly Benefit to Age 65, Reserves per \$1 Benefit, No Diagnosis, Three Month Elimination Period, 24 Month Own Occupation Period, 5.0% Discount Rate											
Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female
27	4	24.70	27.90	35	4	34.22	37.74	43	4	40.68	42.48
27	9	42.20	46.40	35	9	53.96	58.00	43	9	59.66	61.74
27	18	60.60	64.90	35	18	71.40	77.06	43	18	74.16	78.54
27	27	70.10	74.50	35	27	79.62	86.02	43	27	80.02	85.24
27	48	100.60	105.20	35	48	103.08	111.04	43	48	94.04	100.74
27	60	106.10	110.20	35	60	106.26	114.04	43	60	94.24	100.78
28	4	25.89	29.13	36	4	35.41	38.97	44	4	41.36	42.86
28	9	43.67	47.85	36	9	55.43	59.45	44	9	60.12	61.88
28	18	61.95	66.42	36	18	72.75	78.58	44	18	74.17	78.28
28	27	71.29	75.94	36	27	80.81	87.46	44	27	79.69	84.63
28	48	100.91	105.93	36	48	103.39	111.77	44	48	92.43	98.78
28	60	106.12	110.68	36	60	106.28	114.52	44	60	92.23	98.41
29	4	27.08	30.36	37	4	36.60	40.20	45	4	42.04	43.24
29	9	45.14	49.30	37	9	56.90	60.90	45	9	60.58	62.02
29	18	63.30	67.94	37	18	74.10	80.10	45	18	74.18	78.02
29	27	72.48	77.38	37	27	82.00	88.90	45	27	79.36	84.02
29	48	101.22	106.66	37	48	103.70	112.50	45	48	90.82	96.82
29	60	106.14	111.16	37	60	106.30	115.00	45	60	90.22	96.04
30	4	28.27	31.59	38	4	37.28	40.58	46	4	42.72	43.62
30	9	46.61	50.75	38	9	57.36	61.04	46	9	61.04	62.16
30	18	64.65	69.46	38	18	74.11	79.84	46	18	74.19	77.76
30	27	73.67	78.82	38	27	81.67	88.29	46	27	79.03	83.41
30	48	101.53	107.39	38	48	102.09	110.54	46	48	89.21	94.86
30	60	106.16	111.64	38	60	104.29	112.63	46	60	88.21	93.67
31	4	29.46	32.82	39	4	37.96	40.96	47	4	43.40	44.00
31	9	48.08	52.20	39	9	57.82	61.18	47	9	61.50	62.30
31	18	66.00	70.98	39	18	74.12	79.58	47	18	74.20	77.50
31	27	74.86	80.26	39	27	81.34	87.68	47	27	78.70	82.80
31	48	101.84	108.12	39	48	100.48	108.58	47	48	87.60	92.90
31	60	106.18	112.12	39	60	102.28	110.26	47	60	86.20	91.30
32	4	30.65	34.05	40	4	38.64	41.34	48	4	42.58	42.95
32	9	49.55	53.65	40	9	58.28	61.32	48	9	59.79	60.36
32	18	67.35	72.50	40	18	74.13	79.32	48	18	71.50	74.47
32	27	76.05	81.70	40	27	81.01	87.07	48	27	75.32	79.03
32	48	102.15	108.85	40	48	98.87	106.62	48	48	82.39	87.22
32	60	106.20	112.60	40	60	100.27	107.89	48	60	80.29	84.91
33	4	31.84	35.28	41	4	39.32	41.72	49	4	41.76	41.90
33	9	51.02	55.10	41	9	58.74	61.46	49	9	58.08	58.42
33	18	68.70	74.02	41	18	74.14	79.06	49	18	68.80	71.44
33	27	77.24	83.14	41	27	80.68	86.46	49	27	71.94	75.26
33	48	102.46	109.58	41	48	97.26	104.66	49	48	77.18	81.54
33	60	106.22	113.08	41	60	98.26	105.52	49	60	74.38	78.52
34	4	33.03	36.51	42	4	40.00	42.10	50	4	40.94	40.85
34	9	52.49	56.55	42	9	59.20	61.60	50	9	56.37	56.48
34	18	70.05	75.54	42	18	74.15	78.80	50	18	66.10	68.41
34	27	78.43	84.58	42	27	80.35	85.85	50	27	68.56	71.49
34	48	102.77	110.31	42	48	95.65	102.70	50	48	71.97	75.86
34	60	106.24	113.56	42	60	96.25	103.15	50	60	68.47	72.13

Exhibit 2 - Claim Reserve Factors											
\$3,000 Indexed Gross Monthly Benefit to Age 65, Reserves per \$1 Benefit, No Diagnosis, Six Month Elimination Period, 24 Month Own Occupation Period, 5.0% Discount Rate											
Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female
27	7	40.80	45.30	35	7	52.24	56.50	43	7	57.74	60.02
27	9	45.80	50.20	35	9	57.40	61.80	43	9	62.46	65.00
27	18	62.30	66.80	35	18	72.94	78.72	43	18	75.30	79.84
27	27	74.60	79.20	35	27	83.40	90.16	43	27	82.54	88.10
27	48	100.60	105.20	35	48	103.08	111.04	43	48	94.04	100.74
27	60	106.10	110.20	35	60	106.26	114.04	43	60	94.24	100.78
28	7	42.23	46.70	36	7	53.67	57.90	44	7	58.18	60.14
28	9	47.25	51.65	36	9	58.85	63.25	44	9	62.82	65.05
28	18	63.63	68.29	36	18	74.27	80.21	44	18	75.25	79.53
28	27	75.70	80.57	36	27	84.50	91.53	44	27	82.03	87.30
28	48	100.91	105.93	36	48	103.39	111.77	44	48	92.43	98.78
28	60	106.12	110.68	36	60	106.28	114.52	44	60	92.23	98.41
29	7	43.66	48.10	37	7	55.10	59.30	45	7	58.62	60.26
29	9	48.70	53.10	37	9	60.30	64.70	45	9	63.18	65.10
29	18	64.96	69.78	37	18	75.60	81.70	45	18	75.20	79.22
29	27	76.80	81.94	37	27	85.60	92.90	45	27	81.52	86.50
29	48	101.22	106.66	37	48	103.70	112.50	45	48	90.82	96.82
29	60	106.14	111.16	37	60	106.30	115.00	45	60	90.22	96.04
30	7	45.09	49.50	38	7	55.54	59.42	46	7	59.06	60.38
30	9	50.15	54.55	38	9	60.66	64.75	46	9	63.54	65.15
30	18	66.29	71.27	38	18	75.55	81.39	46	18	75.15	78.91
30	27	77.90	83.31	38	27	85.09	92.10	46	27	81.01	85.70
30	48	101.53	107.39	38	48	102.09	110.54	46	48	89.21	94.86
30	60	106.16	111.64	38	60	104.29	112.63	46	60	88.21	93.67
31	7	46.52	50.90	39	7	55.98	59.54	47	7	59.50	60.50
31	9	51.60	56.00	39	9	61.02	64.80	47	9	63.90	65.20
31	18	67.62	72.76	39	18	75.50	81.08	47	18	75.10	78.60
31	27	79.00	84.68	39	27	84.58	91.30	47	27	80.50	84.90
31	48	101.84	108.12	39	48	100.48	108.58	47	48	87.60	92.90
31	60	106.18	112.12	39	60	102.28	110.26	47	60	86.20	91.30
32	7	47.95	52.30	40	7	56.42	59.66	48	7	57.91	58.67
32	9	53.05	57.45	40	9	61.38	64.85	48	9	62.05	63.10
32	18	68.95	74.25	40	18	75.45	80.77	48	18	72.35	75.50
32	27	80.10	86.05	40	27	84.07	90.50	48	27	76.85	80.85
32	48	102.15	108.85	40	48	98.87	106.62	48	48	82.39	87.22
32	60	106.20	112.60	40	60	100.27	107.89	48	60	80.29	84.91
33	7	49.38	53.70	41	7	56.86	59.78	49	7	56.32	56.84
33	9	54.50	58.90	41	9	61.74	64.90	49	9	60.20	61.00
33	18	70.28	75.74	41	18	75.40	80.46	49	18	69.60	72.40
33	27	81.20	87.42	41	27	83.56	89.70	49	27	73.20	76.80
33	48	102.46	109.58	41	48	97.26	104.66	49	48	77.18	81.54
33	60	106.22	113.08	41	60	98.26	105.52	49	60	74.38	78.52
34	7	50.81	55.10	42	7	57.30	59.90	50	7	54.73	55.01
34	9	55.95	60.35	42	9	62.10	64.95	50	9	58.35	58.90
34	18	71.61	77.23	42	18	75.35	80.15	50	18	66.85	69.30
34	27	82.30	88.79	42	27	83.05	88.90	50	27	69.55	72.75
34	48	102.77	110.31	42	48	95.65	102.70	50	48	71.97	75.86
34	60	106.24	113.56	42	60	96.25	103.15	50	60	68.47	72.13

Exhibit 3 - Claim Reserve Factors											
\$3,000 Indexed Gross Monthly Benefit to Age 65, Reserves per \$1 Benefit, No Diagnosis, Three Month Elimination Period, 24 Month Own Occupation Period, 5.0% Discount Rate											
Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female
27	4	44.40	47.20	35	4	52.80	55.52	43	4	58.50	60.54
27	9	68.70	76.00	35	9	76.22	82.72	43	9	78.52	83.32
27	18	95.00	110.80	35	18	98.28	111.12	43	18	94.36	103.40
27	27	108.30	127.50	35	27	109.34	124.62	43	27	101.26	111.72
27	48	127.50	146.40	35	48	121.34	136.00	43	48	105.34	114.92
27	60	133.70	151.10	35	60	123.54	137.10	43	60	103.96	112.72
28	4	45.45	48.24	36	4	53.85	56.56	44	4	59.10	61.03
28	9	69.64	76.84	36	9	77.16	83.56	44	9	78.59	83.14
28	18	95.41	110.84	36	18	98.69	111.16	44	18	93.57	102.10
28	27	108.43	127.14	36	27	109.47	124.26	44	27	99.87	109.69
28	48	126.73	145.10	36	48	120.57	134.70	44	48	102.93	111.84
28	60	132.43	149.35	36	60	122.27	135.35	44	60	101.12	109.24
29	4	46.50	49.28	37	4	54.90	57.60	45	4	59.70	61.52
29	9	70.58	77.68	37	9	78.10	84.40	45	9	78.66	82.96
29	18	95.82	110.88	37	18	99.10	111.20	45	18	92.78	100.80
29	27	108.56	126.78	37	27	109.60	123.90	45	27	98.48	107.66
29	48	125.96	143.80	37	48	119.80	133.40	45	48	100.52	108.76
29	60	131.16	147.60	37	60	121.00	133.60	45	60	98.28	105.76
30	4	47.55	50.32	38	4	55.50	58.09	46	4	60.30	62.01
30	9	71.52	78.52	38	9	78.17	84.22	46	9	78.73	82.78
30	18	96.23	110.92	38	18	98.31	109.90	46	18	91.99	99.50
30	27	108.69	126.42	38	27	108.21	121.87	46	27	97.09	105.63
30	48	125.19	142.50	38	48	117.39	130.32	46	48	98.11	105.68
30	60	129.89	145.85	38	60	118.16	130.12	46	60	95.44	102.28
31	4	48.60	51.36	39	4	56.10	58.58	47	4	60.90	62.50
31	9	72.46	79.36	39	9	78.24	84.04	47	9	78.80	82.60
31	18	96.64	110.96	39	18	97.52	108.60	47	18	91.20	98.20
31	27	108.82	126.06	39	27	106.82	119.84	47	27	95.70	103.60
31	48	124.42	141.20	39	48	114.98	127.24	47	48	95.70	102.60
31	60	128.62	144.10	39	60	115.32	126.64	47	60	92.60	98.80
32	4	49.65	52.40	40	4	56.70	59.07	48	4	59.59	61.03
32	9	73.40	80.20	40	9	78.31	83.86	48	9	76.27	79.76
32	18	97.05	111.00	40	18	96.73	107.30	48	18	87.38	93.83
32	27	108.95	125.70	40	27	105.43	117.81	48	27	91.06	98.32
32	48	123.65	139.90	40	48	112.57	124.16	48	48	89.77	96.07
32	60	127.35	142.35	40	60	112.48	123.16	48	60	86.09	91.72
33	4	50.70	53.44	41	4	57.30	59.56	49	4	58.28	59.56
33	9	74.34	81.04	41	9	78.38	83.68	49	9	73.74	76.92
33	18	97.46	111.04	41	18	95.94	106.00	49	18	83.56	89.46
33	27	109.08	125.34	41	27	104.04	115.78	49	27	86.42	93.04
33	48	122.88	138.60	41	48	110.16	121.08	49	48	83.84	89.54
33	60	126.08	140.60	41	60	109.64	119.68	49	60	79.58	84.64
34	4	51.75	54.48	42	4	57.90	60.05	50	4	56.97	58.09
34	9	75.28	81.88	42	9	78.45	83.50	50	9	71.21	74.08
34	18	97.87	111.08	42	18	95.15	104.70	50	18	79.74	85.09
34	27	109.21	124.98	42	27	102.65	113.75	50	27	81.78	87.76
34	48	122.11	137.30	42	48	107.75	118.00	50	48	77.91	83.01
34	60	124.81	138.85	42	60	106.80	116.20	50	60	73.07	77.56

Exhibit 4 - Claim Reserve Factors											
\$3,000 Indexed Gross Monthly Benefit to Age 65, Reserves per \$1 Benefit, No Diagnosis,											
Six Month Elimination Period, 24 Month Own Occupation Period, 5.0% Discount Rate											
Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female	Age	Duration (Months)	Male	Female
27	7	67.80	74.40	35	7	76.44	82.48	43	7	78.36	82.70
27	9	74.40	82.90	35	9	82.16	89.62	43	9	82.78	88.18
27	18	96.90	113.10	35	18	100.02	113.18	43	18	95.58	104.80
27	27	111.60	130.90	35	27	111.76	126.98	43	27	102.50	112.80
27	48	127.50	146.40	35	48	121.34	136.00	43	48	105.34	114.92
27	60	133.70	151.10	35	60	123.54	137.10	43	60	103.96	112.72
28	7	68.88	75.41	36	7	77.52	83.49	44	7	78.32	82.40
28	9	75.37	83.74	36	9	83.13	90.46	44	9	82.56	87.66
28	18	97.29	113.11	36	18	100.41	113.19	44	18	94.71	103.40
28	27	111.62	130.41	36	27	111.78	126.49	44	27	100.95	110.60
28	48	126.73	145.10	36	48	120.57	134.70	44	48	102.93	111.84
28	60	132.43	149.35	36	60	122.27	135.35	44	60	101.12	109.24
29	7	69.96	76.42	37	7	78.60	84.50	45	7	78.28	82.10
29	9	76.34	84.58	37	9	84.10	91.30	45	9	82.34	87.14
29	18	97.68	113.12	37	18	100.80	113.20	45	18	93.84	102.00
29	27	111.64	129.92	37	27	111.80	126.00	45	27	99.40	108.40
29	48	125.96	143.80	37	48	119.80	133.40	45	48	100.52	108.76
29	60	131.16	147.60	37	60	121.00	133.60	45	60	98.28	105.76
30	7	71.04	77.43	38	7	78.56	84.20	46	7	78.24	81.80
30	9	77.31	85.42	38	9	83.88	90.78	46	9	82.12	86.62
30	18	98.07	113.13	38	18	99.93	111.80	46	18	92.97	100.60
30	27	111.66	129.43	38	27	110.25	123.80	46	27	97.85	106.20
30	48	125.19	142.50	38	48	117.39	130.32	46	48	98.11	105.68
30	60	129.89	145.85	38	60	118.16	130.12	46	60	95.44	102.28
31	7	72.12	78.44	39	7	78.52	83.90	47	7	78.20	81.50
31	9	78.28	86.26	39	9	83.66	90.26	47	9	81.90	86.10
31	18	98.46	113.14	39	18	99.06	110.40	47	18	92.10	99.20
31	27	111.68	128.94	39	27	108.70	121.60	47	27	96.30	104.00
31	48	124.42	141.20	39	48	114.98	127.24	47	48	95.70	102.60
31	60	128.62	144.10	39	60	115.32	126.64	47	60	92.60	98.80
32	7	73.20	79.45	40	7	78.48	83.60	48	7	75.68	78.68
32	9	79.25	87.10	40	9	83.44	89.74	48	9	79.06	82.91
32	18	98.85	113.15	40	18	98.19	109.00	48	18	88.19	94.73
32	27	111.70	128.45	40	27	107.15	119.40	48	27	91.44	98.51
32	48	123.65	139.90	40	48	112.57	124.16	48	48	89.77	96.07
32	60	127.35	142.35	40	60	112.48	123.16	48	60	86.09	91.72
33	7	74.28	80.46	41	7	78.44	83.30	49	7	73.16	75.86
33	9	80.22	87.94	41	9	83.22	89.22	49	9	76.22	79.72
33	18	99.24	113.16	41	18	97.32	107.60	49	18	84.28	90.26
33	27	111.72	127.96	41	27	105.60	117.20	49	27	86.58	93.02
33	48	122.88	138.60	41	48	110.16	121.08	49	48	83.84	89.54
33	60	126.08	140.60	41	60	109.64	119.68	49	60	79.58	84.64
34	7	75.36	81.47	42	7	78.40	83.00	50	7	70.64	73.04
34	9	81.19	88.78	42	9	83.00	88.70	50	9	73.38	76.53
34	18	99.63	113.17	42	18	96.45	106.20	50	18	80.37	85.79
34	27	111.74	127.47	42	27	104.05	115.00	50	27	81.72	87.53
34	48	122.11	137.30	42	48	107.75	118.00	50	48	77.91	83.01
34	60	124.81	138.85	42	60	106.80	116.20	50	60	73.07	77.56

Another Day, Inc. (Another Day)

Another Day is a company headquartered in Toronto, Ontario with employees and locations across Canada. Over the past several years, it has experienced rapid growth and now offers benefit coverage to 1,500 active employees and 350 retirees. Its benefit plan (both active and retiree) is fully insured on a non-refund basis, with Another Day fully subsidizing the premiums.

Another Day has employed Skyfall Canada to assist with the design and pricing of its active and retiree benefit plans as well as the preparation of its financial statements for the post-retirement benefit plan.

A summary of the active benefit plan and applicable premium rates is provided in Exhibit 1 below:

Exhibit 1:

Benefit	Coverage Level	Monthly Rate
Basic Life Insurance	2 times annual salary up to \$500,000	\$0.463 per \$1,000
Basic AD&D	Matches Basic Life Insurance volume	\$0.030 per \$1,000
Short Term Disability	75% of weekly salary up to \$1,000 Taxable plan 3 day elimination period 26 week benefit period	\$0.660 per \$10
Long Term Disability	66.67% of monthly salary up to \$5,000 Taxable plan, 26 week elimination period	\$2.550 per \$100
Extended Health Care		\$85/single; \$187/family
-Drugs	90% with \$1,000 employee out-of-pocket maximum	
-Paramedical Practitioners	100%; \$500 per practitioner per year	
-Hospital	100% semi-private room	
-Vision	100%; \$200 per 12 months	
-Emergency Out-of-Country	60 day maximum, \$1,000,000 lifetime maximum	
-Other Supplies and Services	100%	
Dental		\$54/single; \$119/family
-Basic	100%, \$2,500 annual maximum (combined with major)	
-Major	50%, \$2,500 annual maximum (combined with basic)	
-Orthodontics	50%; \$1,500 lifetime maximum	
Health Spending Account	\$500 per year Credit carryforward provision	Paid as Incurred

Note: All benefits terminate at the earlier of retirement or age 65

A summary of the retiree benefit plan and applicable premium rates is provided in Exhibit 2 below:

Exhibit 2:

Benefit	Coverage Level	Monthly Rate
Basic Life Insurance	Flat \$15,000	\$0.463 per \$1,000
Extended Health Care		\$85/single; \$187/family
- Drugs	90% with \$1,000 out-of-pocket maximum	
- Paramedical Practitioners	100%; \$500 per practitioner per year	
- Hospital	100% semi-private room	
- Vision	100%; \$200 per 12 months	
- Emergency Out-of-Country	60 day maximum, \$1,000,000 lifetime maximum	
- Other Supplies and Services	100%	

Benefits terminate upon death of the retiree with a 24 month extension for surviving spouses. Further, only active employees with a minimum of 5 years of continuous service are eligible at or after age 55.

Summaries of the employees and retirees of Another Day are provided in Exhibit 3 and Exhibit 4 below.

Exhibit 3:

Active Data						
Employee Information				Headcount		
Age	Years of Service	Annual Salary	Single	Family	Total	
25	4	\$50,000	175	50	225	✓
35	13	\$65,000	100	300	400	✓
45	23	\$80,000	50	375	425	✓
53	1	\$85,000	5	10	15	✓
55	30	\$100,000	50	275	325	✓
57	3	\$90,000	5	5	10	✓
65	32	\$105,000	35	40	75	✓
75	35	\$110,000	20	5	25	✓
			440	1,060	1,500	

Average Family Size: 2.3

Exhibit 4:

Retiree Data				
Retiree Information		Headcount		
Age (years)	Years Since Retirement	Single	Family	Total
55	0	50	100	150
60	4	37	33	70
65	8	33	30	63
70	12	30	14	44
75	16	21	2	23
		171	179	350

Average Family Size: 2.0

A summary of Extended Health Care claims experience for both actives and retirees over the period Year 3 to Year 5 can be found in Exhibit 5 below:

Exhibit 5: Extended Health Care Claims Experience

Active Claims Experience

Calendar Year	Year 2	Year 3	Year 4
Total Paid Claims (Including Pooled)	\$ 977,000	\$ 1,512,000	\$ 2,286,000
Total Pooled Claims	\$ 77,000	\$ 185,000	\$ 190,000
Number of Covered Employees			
- Single	225	350	440
- Family	475	700	1060

Premium rates have been held unchanged over the past three years.

Administrative Expenses and Taxes: 12% of paid claims

Pooling Charge: 5.5% of paid claims

Pooling Arrangement: Large Amount Pooling of claims in excess of \$25,000 (inside and outside) per covered individual.

Retiree Claims Experience

Calendar Year	Year 2	Year 3	Year 4
Total Paid Claims (Including Pooled)			
- Under 65	\$ 427,000	\$ 457,000	\$ 507,000
- 65 and Over	\$ 77,000	\$ 88,000	\$ 113,000
Total Pooled Claims			
- Under 65	\$ 12,000	\$ 43,000	\$ 35,000
- 65 and Over	\$ -	\$ -	\$ 5,000
Number of Covered Employees			
- Under 65			
- Single	71	75	87
- Family	116	123	133
- 65 and Over			
- Single	55	67	84
- Family	33	35	46

Premium rates have been held unchanged over the past three years.

Administrative Expenses and Taxes: 12% of paid claims

Pooling Charge: 5.5% of paid claims

Pooling Arrangement: Large Amount Pooling of claims in excess of \$25,000 (inside and outside) per covered individual.

****Another Day Email 1****

From: You <JB007@Skyfall.com>
To: Mike Green <mgreen@AnotherDay.com>
Sent: March 17, Year 5
Subject: Ontario Employer Health Tax (EHT).

Hi – As requested, please find below the information regarding the Ontario Employer Health Tax (EHT):

Ontario Payroll (Total Remuneration)	Rate
Up to \$200,000.00	0.98%
\$200,000.01 to \$230,000.00	1.101%
\$230,000.01 to \$260,000.00	1.223%
\$260,000.01 to \$290,000.00	1.344%
\$290,000.01 to \$320,000.00	1.465%
\$320,000.01 to \$350,000.00	1.586%
\$350,000.01 to \$380,000.00	1.708%
\$380,000.01 to \$400,000.00	1.829%
Over \$400,000.00	1.95%

Please let me know if you need anything else or need help finding anything.

Thanks!