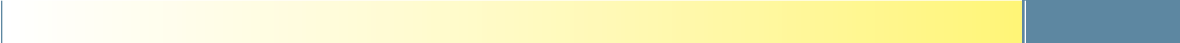


Discussion and Analysis

CLAIMS ADMINISTRATION—LONG TERM DISABILITY

The Board of Trustees has outsourced its claims administration to Manulife Financial, which provides a high level of quality service to the Plan.

On a quarterly basis, the Claims Administrator's performance is reviewed and measured by a scorecard to ensure adherence to mutually agreed upon standards. The scorecard process allows for validation of all findings and is signed off by both the Plan and the Claims Administrator. The scorecard specifically measures claims service, response time, rehabilitation services, accuracy, quality assurance, and account management.

- 
- ✓ The service standard to adjudicate new claims was met 100% of the time
 - ✓ The service standard to remit applications for CPP disability benefits was met 100% of the time
 - ✓ The service standard to pre-screen all newly approved claims for rehabilitation services was met 100% of the time
 - ✓ The service standard to complete a rehabilitation action plan was met 100% of the time
 - ✓ The service standard to review case management and rehabilitation plans was met 100% of the time
 - ✓ The service standard to communicate decisions on a timely basis was met 100% of the time
 - ✓ The service standard to communicate clearly and succinctly was met 95% of the time
 - ✓ The service standard to review new evidence for appealed decisions on a timely basis was met 96% of the time

* Based on a randomly reviewed sample
Source: NSPS LTD Plan Trust Fund

While no one factor is totally responsible for the positive claims experience, it is clear that consistent and timely claims administration played a large role in improved outcomes for claimants and improved claims experience for the claimants and the Plan.

Discussion and Analysis

CLAIMS ADMINISTRATION—LONG TERM DISABILITY

The following table shows the number of active LTD claims for the past five years.

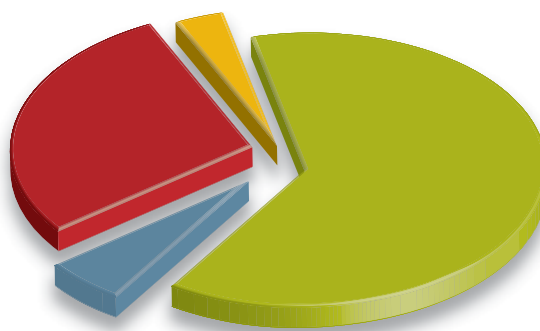
YEAR END	2005	2006	2007	2008	2009
# of Claims	649	646	602	578	547

Source: Manulife Financial

Active LTD claims by employer as at December 31, 2009.

■ Province of Nova Scotia	62.9%
■ Capital District Health Authority	5.5%
■ Employers with less than 10 claims	28.3%
■ Nova Scotia Community College	3.3%

Source: Manulife Financial



LTD claims activity for 2009 with comparative figures for 2008 shown below.

	2008	2009	% CHANGE
Active Claims as at Jan 1	602	578	-4.0%
Approved Claims	98	116	18.4%
Minus Claims Resolved	122	147	20.5%
Active Claims as at Dec 31	578	547	-5.1%

Source: Manulife Financial

LTD claims are resolved for a number of reasons, including return to work, retirement, and death. Detailed below is the breakdown of the resolved claims.

	2008	2009
Return to Work	43	63
Change of Definition*	8	2
Death	15	16
Retirement/Benefit Expiry	45	54
Other Reason	11	12
TOTAL CLAIMS RESOLVED	122	147

* Disabled from own-occupation, but not any occupation

Source: Manulife Financial

Discussion and Analysis

CLAIMS ADMINISTRATION—LONG TERM DISABILITY

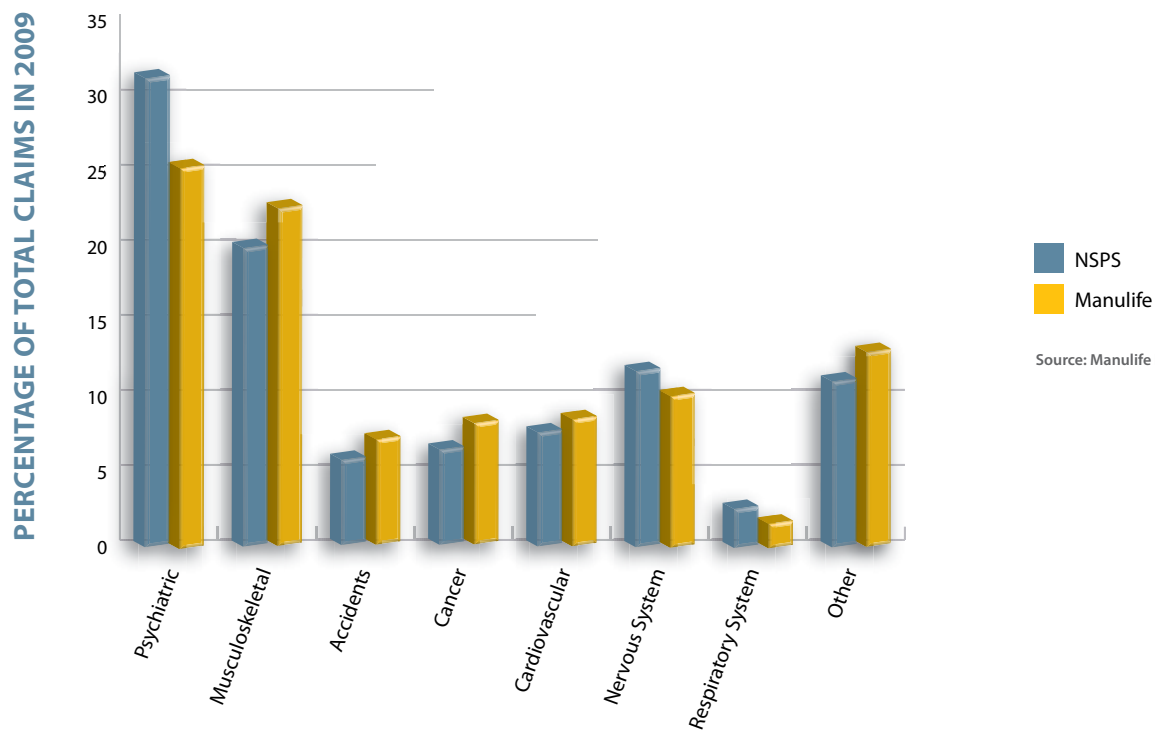
The Plan devotes considerable resources towards achieving a successful return to work (RTW) rate. In 2009, of the 147 cases resolved, 63 successfully returned to work with their own employer.

Below is a table showing the 2009 LTD rehabilitation resolution percentages for claimants who participated in rehabilitation.

REHABILITATION OUTCOME	2008	2009
RTW - Own Employer	39.2%	55.9%
RTW - Other Employer	1.0%	0.0%
Job Ready	12.7%	9.0%
Assessed, ill-suited candidate	47.1%	35.1%
Retired	0.0%	0.0%
	100.0%	100.0%

Source: Manulife Financial

The following graph shows the distribution of diagnoses by major category for the total number of LTD claims as at the 2009 year end. Also shown are corresponding percentages for Manulife's client base.



Source: Manulife Financial