



**NEW BRUNSWICK RISK SHARING POOL**

**NOVEMBER 2017 OPERATIONAL REPORT**

**ACTUARIAL HIGHLIGHTS**

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**ACTUARIAL HIGHLIGHTS**  
**RSP NEW BRUNSWICK**  
**OPERATIONAL REPORT**  
**NOVEMBER 2017**

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## 1 Summary

### 1.1 Valuation Schedule (Fiscal Year 2018)

The November 2017 Operational Report leverages actuarial assumptions consistent with last month (that is, it does not reflect the results of an updated valuation). The table immediately below summarizes the implemented valuations and future scheduled valuations for fiscal year 2018.

NEW BRUNSWICK RISK SHARING POOL FISCAL YEAR 2018 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Sep. 30, 2017 (completed)	1.74% mfad: 25 bp	Oct. 2017	updated valuation (roll forward): accident year 2017 loss ratio increased 1.1 points to 73.5%; discount rate increased by 57 basis points; no change to selected margins for adverse deviations
Dec. 31, 2017	% mfad: bp	Mar. 2018	update valuation:
Mar. 31, 2018	% mfad: bp	May 2018	update valuation (roll forward):
Jun. 30, 2018	% mfad: bp	Aug. 2018	update valuation:
Sep. 30, 2018	% mfad: bp	Oct. 2018	update valuation (roll forward):

Under the proposed schedule for fiscal year 2018, the “off-half” valuation quarters ending March 31, 2018 and September 30, 2018 would not reflect a full valuation update of assumptions, but would rather “roll-forward” key assumptions from the previous valuation.

### 1.2 Appointed Actuary and Hybrid Actuarial Services Model

Liam McFarlane of Ernst & Young LLP is Facility Association’s Appointed Actuary (effective as of June 1, 2013).

Facility Association operates under a “hybrid” model in relation to the management and provision of actuarial services. Under this model, actuarial services are performed by both Facility Association’s internal staff and its external actuarial consulting firm. The hybrid model approach maximizes the efficiency of resource allocation while providing access to additional expertise and capacity as needed.

### 1.3 Consideration of Recent Legal Decisions and Changes in Legislation / Regulation

Consideration and assessment of potential impacts of legal decisions and changes in legislation / regulation constitutes a regular part of the valuation process. Descriptions of some of the more recent changes are provided below. There have been no significant changes in these descriptions since last month’s Highlights.

The **Supreme Court of Canada** rendered its judgment on **Saadati v Moorhead (2017 SCC 28, rendered on Jun 2, 2017)**. Saadati was involved in a collision in July of 2005 in British Columbia and sued the at-fault driver for damages. According to the Supreme Court decision, “*The trial judge found that the ... accident caused S[aadati] psychological injuries, including personality change and cognitive difficulties. ...and awarded S[aadati] \$100,000 for non-pecuniary damages.*” The trial decision was appealed to the BC Court of Appeal where the trial’s \$100,000 non-pecuniary award was dismissed. The Supreme Court upheld the \$100,000 non-pecuniary award, determining:

- “*A finding of legally compensable mental injury need not rest, in whole or in part, on the claimant proving a recognized psychiatric injury.*”
- “*...a trier of fact adjudicating a claim of mental injury is not concerned with diagnosis, but with symptoms and their effects.*”
- “*Expert evidence can assist in determining whether or not a mental injury has been shown, but where psychiatric diagnosis is unavailable, it remains open to a trier of fact to find on other evidence adduced by the claimant that he or she has proven on a balance of probabilities the occurrence of mental injury.*”

At the current time, no adjustments have been made to our valuation estimates or views based on the judgment as rendered, but we continue to review and consider the implications of the judgment.

#### **1.4 Harmonized Sales Tax**

There have been no changes to this section since last month’s Highlights.

In the fiscal 2016-17 provincial budget released February 2, 2016, the New Brunswick Finance Minister announced a 2 percentage point increase in the provincial component of the harmonized sales tax (“HST”) **effective July 1st, 2016** increasing the combined HST rate in the province from 13% to 15%.

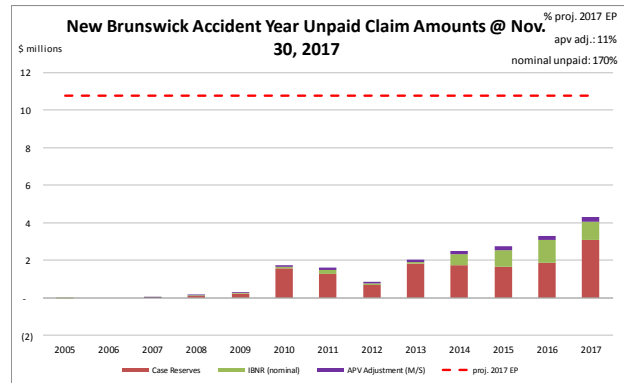
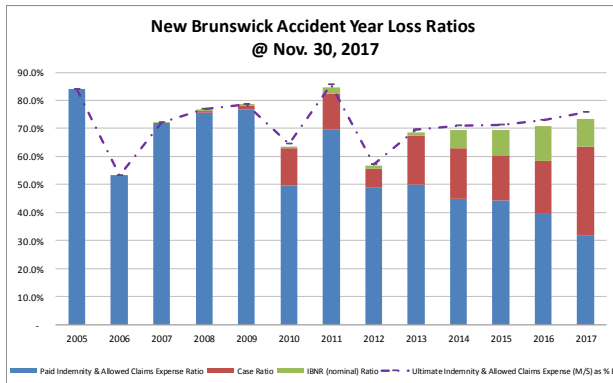
An adjustment for the HST rate increase was included in the updated loss cost trend structures selected using NB PPV Industry 2016-2 data, impacting the selected a priori loss ratios, however, no specific adjustments have been made to the valuation assumptions from the current valuation (September 30, 2017).

#### **1.5 Current Provision Summary**

The charts at the top of the next page show the current levels of claim liabilities<sup>1</sup> booked by accident year. The left chart displays life-to-date payments, case reserves, IBNR, and the total including actuarial present value adjustments against accident year earned premium. The right chart shows the associated dollar amounts for the components of the claim liabilities and the current projected amount of 2017 full year earned premium (the red hash-mark line) to provide some perspective.

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<sup>1</sup>Claim liabilities refer to provision for unpaid indemnity and allowed claims expenses. Allowed claims expenses are first party legal and other expenses as listed in the RSP Claims Guide. Claims expenses paid through the member company expense allowance are NOT included in this discussion.



"M/S" refers to "Member Statement" values – that is, actuarial present value adjustments at the selected discount rate.

The current actuarial present value adjustments balance (\$1.2 million – see table immediately below) represents 11% of the earned premium projected for the full year 2017 (see the upper right corner of the right chart above). If our current estimates of the nominal unpaid amounts prove to match actual claims payments, the actuarial present value adjustments will be released into the net operating result over future periods.

claim liabilities (\$'000s)

	amt	%
case	13,936	71.5%
ibnr	4,372	22.4%
M/S apv adjust.	1,180	6.1%
<b>M/S total</b>	<b>19,488</b>	<b>100.0%</b>

The table to the left breaks down the Member Statement (M/S) claim liabilities total into component parts, showing that the majority of the claim liabilities is in case reserves for this pool. Approximately 51% of the IBNR balance relates to accident years 2016 and 2017 (see Exhibit B). Approximately 76% of the M/S

claim liabilities are related to accident years 2013-2017 inclusive (i.e. the most recent 5 accident years), and approximately 0% is related to accident years 2007 and prior (i.e. prior to the most recent 10 accident years).

The tables immediately below summarize the premium liabilities and the total policy liabilities.

premium liabilities (\$'000s)

	amt	%
unearned prem	6,547	126.8%
prem def/(dpac)	(1,646)	(31.9%)
M/S apv adjust.	262	5.1%
<b>M/S total</b>	<b>5,163</b>	<b>100.0%</b>

policy liabilities (\$'000s)

	amt	%
claim	18,308	74.3%
premium	4,901	19.9%
M/S apv adjust.	1,442	5.8%
<b>M/S total</b>	<b>24,651</b>	<b>100.0%</b>

## 2 Activity During the Month of November 2017

### 2.1 Recorded Premium and Claims Activity

The table at the top of the next page summarizes the extent to which premiums and claims amounts recorded during the month differ from projections reflected in the prior month's Operational Report<sup>2</sup>.

<sup>2</sup>There may be rounding differences in values in this document compared with the associated Bulletin and/or Operational Report.

*New Brunswick RSP Actual vs Projected Summary: Recorded Transaction Amounts (\$ thousands)*

Accident Year	Earned Premium		Paid Indemnity & Allowed Claims Expense		Case increase / (decrease)		Recorded increase / (decrease)	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
Prior	-	-	115	5	(195)	(110)	(80)	(105)
2015	-	-	14	(88)	6	99	20	11
2016	3	3	12	(112)	107	176	119	64
2017	966	(13)	279	(72)	610	335	890	262
<b>TOTAL</b>	<b>969</b>	<b>(10)</b>	<b>421</b>	<b>(267)</b>	<b>528</b>	<b>499</b>	<b>949</b>	<b>233</b>

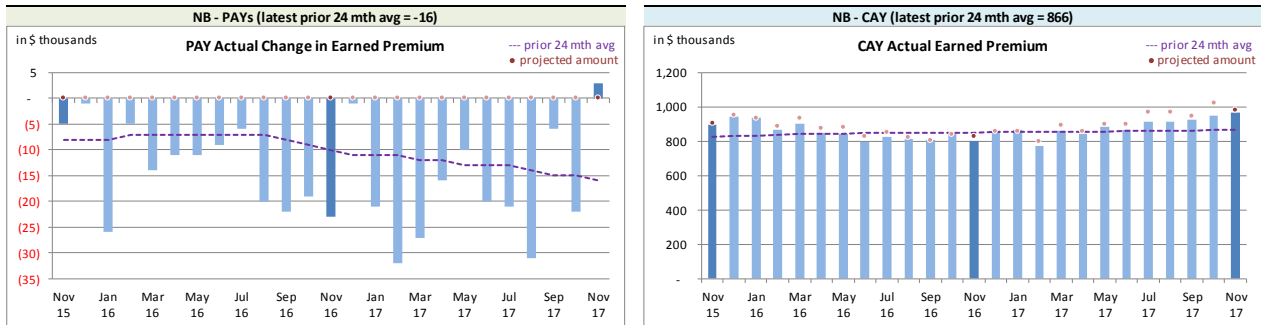
(Recorded transaction amounts exclude IBNR & other actuarial provisions)

Claims transaction activity is generally volatile and changes from one month to the next are anticipated due to this natural “process variance” (i.e. random variation), and this is particularly true where volumes are low as found in this RSP. Each month, the projection variances are reviewed for signs of projection bias and to identify potential ways to reduce the level of the variance. Commentary from our review is provided in the sub-sections that follow.

### 2.1.a Actual vs. Projected (AvsP): Earned Premium

The tables immediately below show actual **earned premium**<sup>3</sup> activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

#### New Brunswick RSP Actual **Earned Premium** by Calendar Month



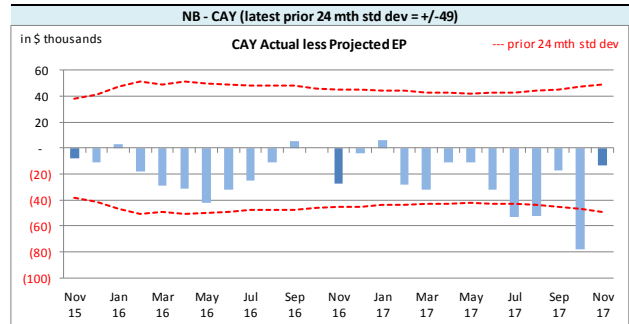
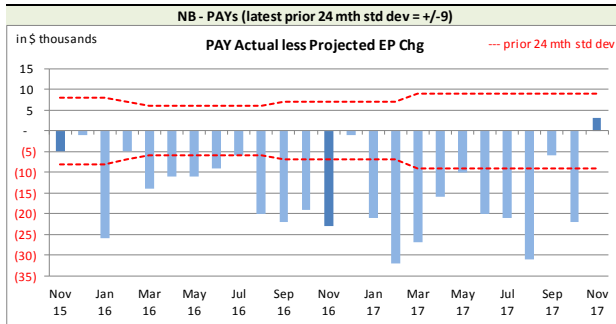
**Earned premium** changes during a given calendar month in relation to prior accident years tend to be at modest levels, although relatively high levels seem to occur in January each year. The heightened prior accident years’ activity for recent months is related to ineligible risks being removed from the RSP based on findings of the FA internal audit team with respect to recent audits.

The associated variance between the actual changes and the projections from the previous month are shown in the charts at the top of the next page. **Earned premium** change projections are all attributed to the current accident year as the projection upload does not accept **earned premium** changes for other accident years. We do not see this limitation as being significant for our purposes, but it does mean that the actual less projection variance will equal the actual **earned premium**

<sup>3</sup>Premium is earned on a daily basis based on the transaction term measured in days. As a result, months with 31 days earned relatively more than those with 30 days, and February earns the least.

change in relation to prior accident years.

*New Brunswick RSP Actual vs. Projected Summary: Earned Premium Variances by Calendar Month*



On Latest \$ thousands		
Earned Premium	PAYS	CAY
Mthly Avg EP Chg (prior 24 mths)	(16)	866
std dev	9	49
A-P <> std dev	18	3
% <> std dev	72.0%	12.0%
norm <> std dev	31.7%	31.7%

We project **earned premium** changes from known unearned premium and projected written premium levels, but upload the total projections as current accident year (CAY). This process has generated prior accident years' (PAYS) bias<sup>4</sup>, with actuals generally lower than our projections. However, the magnitude is not high relative to

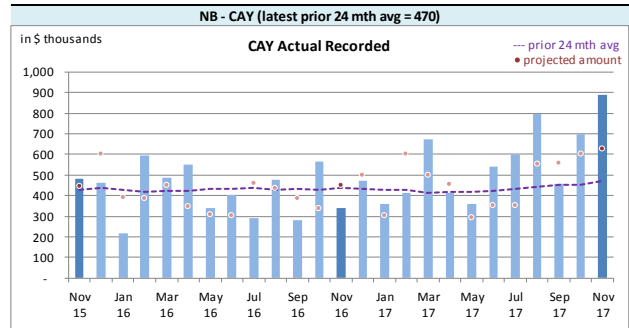
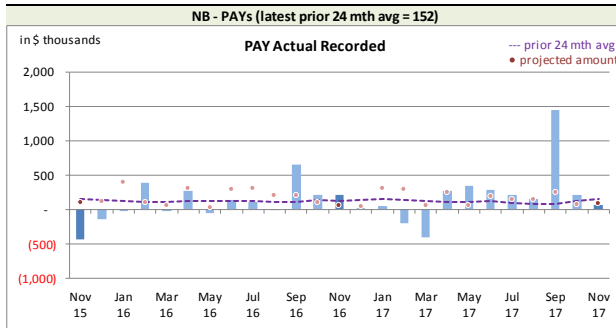
monthly premium, and the CAY variances are within the prior 24-month standard deviation more often than indicated by a normal distribution (see left table above). In addition to the PAYS' bias, the CAY has also shown bias, with actuals being generally lower than projected. Starting with the August 2016 projections, we have modified our projections processes in an attempt to account for CAY bias. Over time, we may consider other projection approaches to narrow monthly variance levels further, but it is not currently deemed a priority. Projection variances have also been exacerbated by written premium variances, where our projections, based on information provided by larger RSP users, have been proven to be too high (July variance of \$449 thousand, August variance of \$336 thousand, September variance of \$453 thousand, October variance of \$638 thousand, November variance of \$269 thousand).

**2.1.b AvsP: Recorded Indemnity & Allowed Claims Expense**

The charts at the top of the next page show actual **recorded** activity (**paid** and case reserve changes), in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month's actual compares with the average amount of the preceding 24 calendar months.

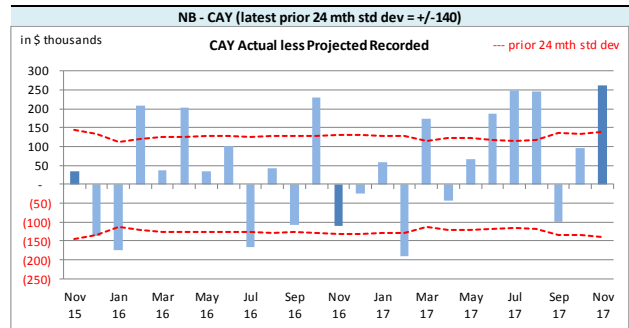
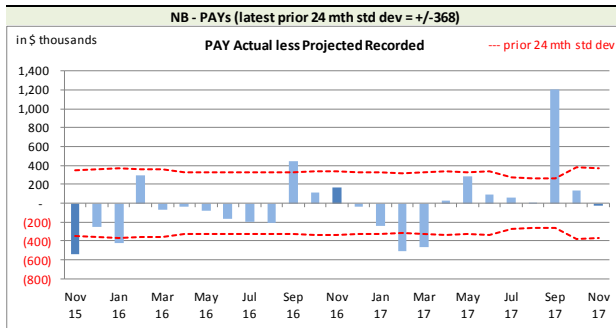
<sup>4</sup>The PAYS' variances will show bias as the projection upload forces all earned premium projections to be attributed to the CAY.

*New Brunswick RSP Actual Recorded by Calendar Month*



**Recorded** activity variances from the previous month’s projections are shown in the charts immediately below, including the “prior 24-month standard deviation” levels to show how the variances from projection compare with historical standard deviations.

*New Brunswick RSP Actual vs Projected Summary: Recorded Variances by Calendar Month*



On Latest \$ thousands			
	<b>Recorded</b>	PAYs	CAY
Mthly Avg Recorded (prior 24 mths)		152	470
std dev		368	140
A-P <> std dev		6	12
% <> std dev		24.0%	48.0%
norm <> std dev		31.7%	31.7%

With respect to **recorded** indemnity & allowed claims expense activity, caution must be exercised in reviewing the variances as this is a small pool and single claim transactions that are normal course for the business may look “unusual” and generate relatively “significant” variances that in nominal value terms are not that

significant. The prior accident years’ (PAYs) **recorded** variances (left chart above) have fallen outside one standard deviation of the overall period 24% of the time, suggesting the projection process has performed better than simply projecting from the preceding 24-month average.

The current accident year (CAY) **recorded** variances (right chart above), with 44% outside of one standard deviation, suggests the projection process has performed worse than projecting simply on a 24-month average, and we note that CAY variances have been outside of the band in 4 of the last 6 months, and for 7 of the last 14 months.

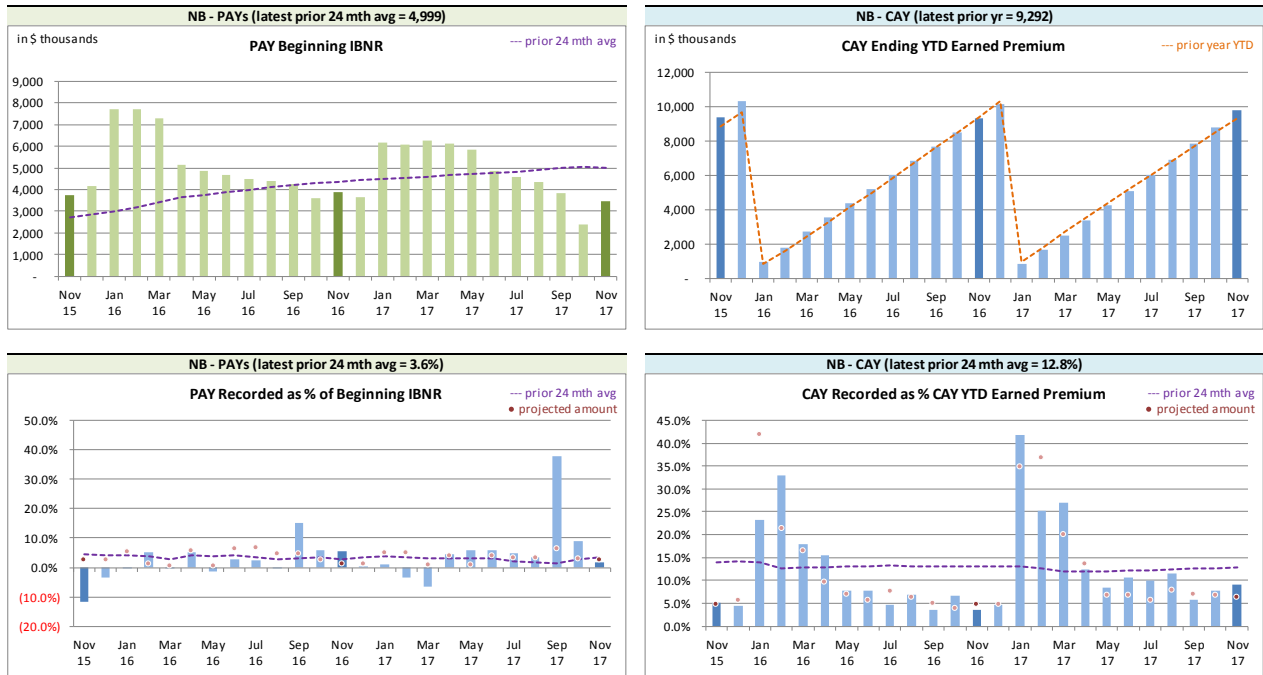
The CAY variance was outside of one standard deviation. The activity was reviewed and confirmed, with the variance attributed to process variance.

The method for establishing IBNR adjusts automatically for changes in **earned premium** and **recorded** claims activity level (see sections 2.2 and 3).



We have included, for reference, additional charts immediately below related to levels influencing **recorded** activity. Note in particular the increase in the level of PAYs beginning IBNR over the months. Part of this will be as a response to valuations and showing up as a beginning IBNR change one month after the valuation is implemented (i.e. April, June, September, and November).

*New Brunswick RSP Levels that influence<sup>5</sup> Recorded activity by Calendar Month*



We track beginning prior accident years’ IBNR as **recorded** activity “comes out of” IBNR. Changes in the prior accident years’ beginning IBNR (see upper left chart above) occur for several possible reasons:

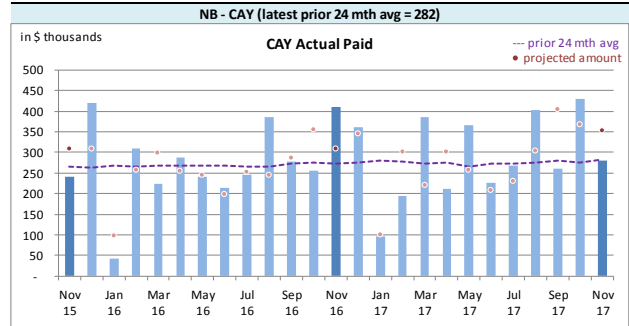
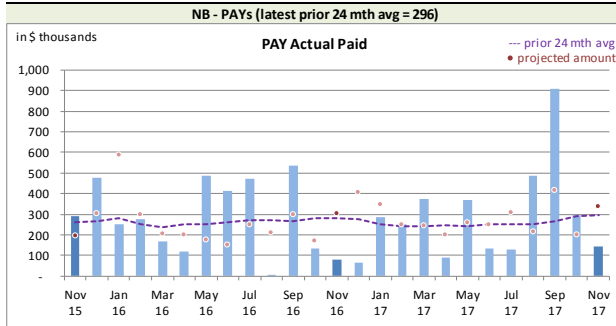
- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a current accident year becomes a prior accident year (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of prior accident years’ ultimate (will show up as a beginning IBNR change one month after the valuation is implemented, i.e. the change will generally show in April, June, September, and November).

**2.1.c AvsP: Paid Indemnity & Allowed Claims Expense**

The charts at the top of the next page show actual **paid** activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

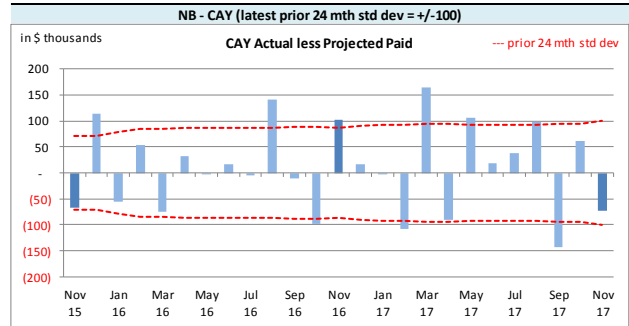
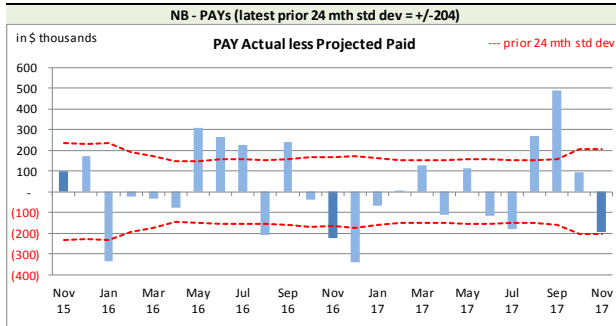
<sup>5</sup>Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned premium), deriving year-to-date recorded as selected ultimate less IBNR. In both cases, the ratio selection is based on our review of the more recent recorded activity and recent AvsP analyses.

*New Brunswick RSP Actual **Paid** activity by Calendar Month*



**Paid** activity variances from the previous month’s projections are shown in the charts below, including the “prior 24-month standard deviation” levels to show how the variances from projection compare with historical standard deviations.

*New Brunswick RSP Actual vs Projected Summary: **Paid** Variances by Calendar Month*



On Latest \$ thousands			
	<b>Paid</b>	PAYs	CAY
Mthly Avg Paid (prior 24 mths)		296	282
std dev		204	100
A-P <> std dev		11	9
% <> std dev		44.0%	36.0%
norm <> std dev		31.7%	31.7%

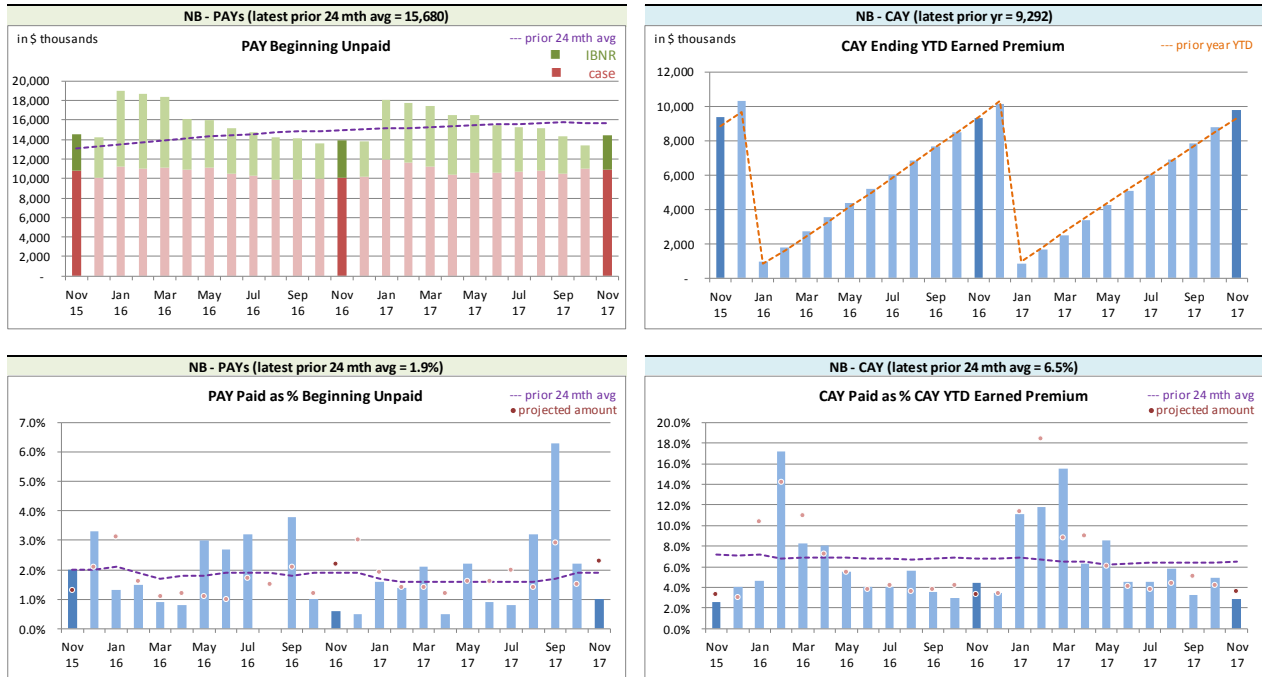
With respect to **paid** indemnity & allowed claims expense, caution must be exercised in reviewing the variances as this is a small pool, and single claim transactions that are normal course for the business may look “unusual” and generate relatively “significant” variances that in nominal value terms are not that significant. That said,

the prior accident years’ (PAYs) **paid** variances (left chart above) do not seem to indicate bias. At 44%, the percentage of months with variances outside of the experience period’s standard deviation suggests the projection process has performed worse than projecting simply on average values.

The current accident year (CAY) **paid** variances (right above) do not appear to show bias, but at 36%, the percentage of months with variances falling outside of the experience period’s standard deviation suggests the projection process has performed no better than simply projecting a 24-month average.

We have included, for reference, additional charts at the top of the next page related to levels influencing **paid** activity.

*New Brunswick RSP Levels that influence<sup>6</sup> Paid activity by Calendar Month*



We track beginning prior accident years’ unpaid balance (case and IBNR) as **paid** activity “comes out of” the unpaid balance. Changes in the prior accident years’ beginning unpaid balance (see upper left chart above) occur for several possible reasons:

- to offset actual **paid** activity (may reduce case or IBNR or both);
- the annual switchover as a current accident year becomes a prior accident year (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of prior accident years’ ultimate (will show up as a beginning unpaid balance change one month after the valuation is implemented, i.e. the change will generally show in April, June, September, and November).

**2.2 Actuarial Provisions**

An “ultimate loss ratio matching method” (described in section 3) was used to determine the month’s IBNR<sup>7</sup>, and factors were applied to the nominal unpaid claims liability (case plus IBNR) to determine the discount amount (shown as a negative value to indicate its impact of reducing the liability) and the Provisions for Adverse Deviations. The loss ratios and the factors used to determine the current month’s provisions and projections were based on the applicable valuation. The table at the top of the next page summarizes variances in provisions included in the

<sup>6</sup>Our paid projections for the prior accident years are based on selected ratios of paid to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date paid to year-to-date selected ultimate indemnity (i.e. selected LR x earned premium). In both cases, the ratio selection is based on our review of the more recent recorded activity and recent AvsP analyses.

<sup>7</sup>For ease of discussion, “IBNR” is used in place of “provisions for incurred but not recorded (IBNR) and development”.

November 2017 Operational Report and the associated one-month projections from last month’s Report.

*New Brunswick RSP Actual vs Projected Summary: IBNR and APV Amounts (\$ thousands)*

Table 02

Accident Year	IBNR		actuarial present value adjustments				IBNR + actuarial present value adjustments	
	Actual	Actual less Projected	Discount Amount		Provisions for Adverse Deviations		Actual	Actual less Projected
			Actual	Actual less Projected	Actual	Actual less Projected		
Prior	1,232	105	(304)	(1)	875	2	1,803	106
2015	910	(11)	(122)	(4)	303	9	1,091	(6)
2016	1,251	(62)	(170)	(6)	365	14	1,446	(54)
2017	979	(272)	(235)	(3)	468	6	1,212	(269)
<b>TOTAL</b>	<b>4,372</b>	<b>(240)</b>	<b>(831)</b>	<b>(14)</b>	<b>2,011</b>	<b>31</b>	<b>5,552</b>	<b>(223)</b>

The IBNR provision is \$0.2 million lower than projected from last month, counterbalancing the recorded claims activity and adjusting for the earned premium variance impacts indicated in section 2.1.

Exhibit G shows the accident year IBNR amount change from last month to this month broken down into:

- (i) the change projected last month;
- (ii) the additional change due to variances in earned premium (because we apply a loss ratio to earned premium in determining ultimate level) and/or recorded claims (as IBNR is calculated as ultimate less recorded) differences; and
- (iii) the additional change due to valuation implementation impacts (as applicable)

The variances associated with (ii) above are discussed in sections 2.1.a and 2.1.b.

The table at the top of the next page summarizes the variances in the provisions for deferred policy acquisition cost asset included in the November 2017 Operational Report and the one-month projections from last month’s Report. This RSP is in a deferred policy acquisition cost asset position (shown as a negative amount) prior to and after actuarial present value adjustments. Actuarial present value adjustments decrease the asset value as the adjustments increase the expected future policy obligations (costs) associated with the unearned premium. The variances noted are mainly driven by the unearned premium variance.

*New Brunswick RSP Actual vs Projected Summary: Premium Deficiency / (DPAC) Amounts (\$ thousands)*

Table 03

	Premium Deficiency / (Deferred Policy Acquisition Costs)		actuarial present value adjustments		Premium Deficiency / (DPAC) including actuarial present value adjustments	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
balance:	(1,646)	64	262	(11)	(1,384)	53
balance as % unearned premium:	(25.1%)	-	4.0%	-	(21.1%)	-
actual unearned premium:	6,547					
less projected:	(259)					

### 3 Ultimate Loss Ratio Matching Method

An “ultimate loss ratio matching method” continues to be applied to the current month and two projected months shown in the Operational Reports, with IBNR determined by accident year as follows:

- (a) Earned premium to-date
- (b) Ultimate loss<sup>8</sup> ratio per latest valuation
- (c) Estimated ultimate incurred = (a) x (b)
- (d) Recorded indemnity & allowed claims expense to-date
- (e) IBNR = (c) – (d)

### 4 Calendar Year-to-Date Results

The table at the top of the next page summarizes the calendar year-to-date results for indemnity & allowed claims expenses<sup>9</sup>, including IBNR.

In calculating the amounts as percentages of earned premium, the calendar year-to-date earned premium has been used, which includes not only the earned premium associated with the current accident year, but also earned premium adjustments related to prior accident years. Specifically, the current accident year (CAY) ratio in the table is 75.1% rather than 73.5% (the valuation ultimate ratio for accident year 2017), as the calendar year-to-date earned premium includes prior accident year earned premium adjustments. (Note that the ratios in this table may differ slightly from those shown in the New Brunswick RSP Summary of Operations due to rounding.)

<sup>8</sup>“Loss” here refers to indemnity and allowed claims expenses, but does not include the claims expense allowance included in member company overall expense allowances (“Expense Allowance” in the Operational Report).

<sup>9</sup>Allowed claims expenses are first party legal and other expenses as listed in the RSP Claims Guide. Claims expenses paid through the member company expense allowance are NOT included in this analysis.

*New Brunswick RSP Calendar Year-to-Date Indemnity & Allowed Claims Expense Summary (\$ thousands)*

Table 04	YTD Nominal Values		YTD actuarial present value adjustment		YTD Total		Change from Prior Month YTD	
	Amount	% EP	Amount	% EP	Amount	% EP	Amount	LR pts
PAYs	(337)	(3.5%)	(902)	(9.4%)	(1,239)	(13.0%)	(3)	1.4%
CAY	7,178	75.1%	233	2.4%	7,411	77.5%	735	(0.2%)
TOTAL	6,841	71.5%	(669)	(7.0%)	6,172	64.5%	731	1.2%

(“% EP” based on 2017 calendar year-to-date earned premium; ratios may not total due to rounding)

The prior accident years (PAYs) changes from last month are due to the release of the actuarial present value adjustments with claims payments and due to valuation implementation. The loss ratio change year-to-date reflects not only changes in the prior accident year levels, but also the increase in the calendar year-to-date earned premium with an additional month’s earned premium.

For the current accident year (CAY), changes in the year-to-date total reflects the additional month’s exposure and regular changes to actuarial present value adjustments as the year ages.

## 5 Current Operational Report – Additional Exhibits

Section 6 provides exhibits pertaining to the actuarial provisions reflected in the current month’s Operational Report.

IBNR (including actuarial present value adjustments) presented in section 6, Exhibit A, were derived on a discounted basis, and therefore reflect the time value of money and include an explicit provision for adverse deviations in accordance with accepted actuarial practice in Canada.

IBNR presented in section 6, Exhibit B, does NOT include any actuarial present value adjustments. The “Total IBNR” from this exhibit is shown in the Operational Report as “Undiscounted IBNR”.

The ultimate loss ratios detailed in section 6, Exhibit B, refer to the estimates derived on the basis of various actuarial methodologies applied to the experience of the New Brunswick Risk Sharing Pool for the purposes of the most recent quarterly valuation. As discussed in section 3, IBNR reflected in the current month’s Operational Report was derived as the difference between the estimated ultimate for the claims amount (i.e. earned premium x ultimate loss ratio) and the associated current recorded amounts (life-to-date payments plus current case reserves).

## 6 EXHIBITS

The exhibits listed below are provided on the pages that follow:

- EXHIBIT A IBNR for Member Sharing – includes Actuarial Present Value Adjustments
- EXHIBIT B IBNR
- EXHIBIT C Premium Liabilities
- EXHIBIT D Projected Year-end Policy Liabilities
- EXHIBIT E Discount Rate & Margins for Adverse Deviations
- EXHIBIT F Interest Rate Sensitivity
- EXHIBIT G Components of IBNR Change During Month

**EXHIBIT A**
**IBNR for Member Sharing – includes Actuarial Present Value Adjustments**

TABLE EXHIBIT A

		Amounts in \$000s					
IBNR + M/S actuarial present value adjustments		Accident Year	Actual Oct. 2017	Actual Nov. 2017	Projected Dec. 2017	Projected Jan. 2018	Projected Dec. 2018
	2005		(2)	(2)	(2)	(2)	(2)
	2006		-	-	-	-	-
	2007		22	22	22	22	11
	2008		75	75	74	71	38
	2009		77	77	76	73	42
	2010		175	175	173	173	121
	2011		171	319	316	310	180
discount rate	2012		184	157	156	155	92
1.74%	2013		259	222	217	219	149
	2014		767	758	751	709	486
interest rate margin	2015		1,112	1,091	1,068	1,061	830
25 basis pts	2016		1,563	1,446	1,415	1,420	1,187
	2017		1,367	1,212	1,436	1,264	1,099
	2018		-	-	-	322	1,786
	<b>TOTAL</b>		<b>5,770</b>	<b>5,552</b>	<b>5,702</b>	<b>5,797</b>	<b>6,019</b>
	Change			(218)	150	95	

*Please see Exhibit G, page 1 for Components of Change during Current Month*

**EXHIBIT B**
**IBNR**

TABLE EXHIBIT B

Amounts in \$000s

IBNR	Ultimate Loss Ratio	Accident Year	Actual Oct. 2017	Actual Nov. 2017	Projected Dec. 2017	Projected Jan. 2018	Projected Dec. 2018
	84.0%	2005	(2)	(2)	(2)	(2)	(2)
	53.2%	2006	-	-	-	-	-
	72.2%	2007	21	21	21	20	9
	76.8%	2008	64	64	63	61	29
	78.6%	2009	58	58	57	55	26
	63.4%	2010	59	59	58	56	26
	84.7%	2011	67	215	213	207	96
	56.6%	2012	132	105	104	101	48
	68.4%	2013	133	99	98	95	46
	69.4%	2014	620	613	607	565	362
	69.4%	2015	930	910	892	865	656
	71.0%	2016	1,368	1,251	1,226	1,214	1,002
	73.5%	2017	1,158	979	1,186	1,020	886
	72.1%	2018	-	-	-	286	1,443
		<b>TOTAL</b>	<b>4,608</b>	<b>4,372</b>	<b>4,523</b>	<b>4,543</b>	<b>4,627</b>
		Change		(236)	151	20	

Please see Exhibit G, page 2 for Components of Change during Current Month



## EXHIBIT C

## Premium Liabilities

TABLE EXHIBIT C

	Amounts in \$000s				
	Actual Oct. 2017	Actual Nov. 2017	Projected Dec. 2017	Projected Jan. 2018	Projected Dec. 2018
Premium Liabilities					
(1) unearned premium (UP)	6,584	6,547	6,472	6,373	8,966
FOR MEMBER SHARING					
(2) expected future costs ratio {% of (1)}	79.1%	78.9%	78.6%	78.7%	79.8%
(3) expected future costs {(1) x (2)}	5,207	5,163	5,089	5,013	7,154
(4) premium deficiency / (deferred policy acquisition cost)	(1,377)	(1,384)	(1,383)	(1,360)	(1,812)
Excluding Actuarial Present Value Adjustments					
(5) expected future costs ratio {% of (1)}	75.0%	74.9%	74.6%	74.7%	75.7%
(6) expected future costs {(1) x (5)}	4,941	4,901	4,831	4,758	6,791
(7) premium deficiency / (deferred policy acquisition cost)	(1,643)	(1,646)	(1,641)	(1,615)	(2,175)

**EXHIBIT D**
**Projected Year-end Policy Liabilities**

The table below presents the projected policy liabilities as at December 31, 2017, broken down by component.

New Brunswick		Projected Balances as at Dec. 31, 2017 (\$000s)									
ending 2017		nominal values			actuarial present value adjustments (apvs)						TOTAL
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL	
2005	-	(2)	(2)	-	-	-	-	-	-	(2)	
2006	-	-	-	-	-	-	-	-	-	-	
2007	-	21	21	(1)	-	2	-	2	1	22	
2008	79	63	142	(4)	1	14	-	14	11	153	
2009	198	57	255	(7)	1	26	(1)	25	19	274	
2010	1,566	58	1,624	(50)	8	162	(5)	157	115	1,739	
2011	1,263	213	1,476	(46)	6	148	(5)	143	103	1,579	
2012	676	104	780	(27)	4	78	(3)	75	52	832	
2013	1,788	98	1,886	(72)	9	189	(7)	182	119	2,005	
2014	1,709	607	2,316	(93)	14	232	(9)	223	144	2,460	
2015	1,579	892	2,471	(119)	15	294	(14)	280	176	2,647	
2016	1,780	1,226	3,006	(165)	21	352	(19)	333	189	3,195	
PAYs (sub-total):	10,638	3,337	13,975	(584)	79	1,497	(63)	1,434	929	14,904	
CAY (2017)	3,163	1,186	4,349	(252)	35	496	(29)	467	250	4,599	
claims liabilities:	13,801	4,523	18,324	(836)	114	1,993	(92)	1,901	1,179	19,503	
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL*	
premium liabilities:	6,472	(1,641)	4,831	(178)	23	429	(16)	413	258	5,089	
*Total may not be sum of parts, as apvs apply to future costs within UPR											
policy liabilities:			23,155	(1,014)	137	2,422	(108)	2,314	1,437	24,592	

## EXHIBIT E

## Discount Rate &amp; Margins for Adverse Deviations

The tables below present selected margins for adverse development by coverage (the total is a weighted average, based on the unpaid claims projection for December 31, 2017 from the valuation), followed by the selected discount rate and the associated margin for investment income.

## Selected Claims Development MfADs (Sep. 30, 2017)

Accident Year	Third Party Liability	Accident Benefits	Other Coverages	Total
2005	10.0%	10.0%	10.0%	10.0%
2006	10.0%	10.0%	10.0%	10.0%
2007	10.0%	10.0%	10.0%	10.0%
2008	10.0%	10.0%	10.0%	10.0%
2009	10.0%	10.0%	10.0%	10.0%
2010	10.0%	10.0%	10.0%	10.0%
2011	10.0%	10.0%	10.0%	10.0%
2012	10.0%	10.0%	10.0%	10.0%
2013	10.0%	10.0%	10.0%	10.0%
2014	10.0%	10.0%	7.5%	10.0%
2015	12.4%	10.0%	6.3%	11.9%
2016	12.4%	10.0%	6.2%	11.7%
2017	12.3%	10.0%	5.7%	11.4%
2018	11.7%	10.0%	5.1%	9.2%
prem liab	11.7%	10.0%	5.1%	9.2%

discount rate: 1.74%  
 margin (basis points): 25

EXHIBIT F

Interest Rate Sensitivity

The tables below present sensitivity to the member statement claims liability as projected to Dec. 31, 2017 from the latest valuation date (projections in exhibits A to D are also to Dec. 31, 2017, but are based on more up-to-date information). We have included both the most recent valuation selection (1.74%), the prior valuation assumption (1.17%) and the prior fiscal year end valuation assumption (0.52%) for comparative purposes. A 25 basis point margin for investment return adverse deviation is used in all scenarios presented.

\$ Format: \$000s

AY	Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2017 projected Unpaid							
	0.74%	1.24%	1.74%	2.24%	2.74%	3.24%	1.17%	0.52%
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	20	20	20	20	20	20	20	21
2008	138	137	136	135	134	133	137	139
2009	246	244	242	240	238	236	244	246
2010	1,452	1,439	1,426	1,414	1,401	1,389	1,441	1,458
2011	1,600	1,586	1,572	1,558	1,544	1,531	1,588	1,607
2012	801	793	785	777	770	762	794	805
2013	1,994	1,972	1,950	1,929	1,908	1,888	1,975	2,004
2014	2,382	2,354	2,327	2,301	2,275	2,250	2,358	2,395
2016	3,336	3,282	3,229	3,178	3,128	3,080	3,289	3,361
2017	4,892	4,807	4,727	4,647	4,571	4,497	4,819	4,930
Total	19,540	19,274	19,018	18,767	18,522	18,285	19,311	19,662
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

AY	Dollar Impact Relative to Valuation Assumption							
	0.74%	1.24%	1.74%	2.24%	2.74%	3.24%	1.17%	0.52%
Total	522	256	-	(251)	(496)	(733)	293	644
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

AY	Percentage Impact Relative to Valuation Assumption							
	0.74%	1.24%	1.74%	2.24%	2.74%	3.24%	1.17%	0.52%
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	5.0%
2008	1.5%	0.7%	-	(0.7%)	(1.5%)	(2.2%)	0.7%	2.2%
2009	1.7%	0.8%	-	(0.8%)	(1.7%)	(2.5%)	0.8%	1.7%
2010	1.8%	0.9%	-	(0.8%)	(1.8%)	(2.6%)	1.1%	2.2%
2011	1.8%	0.9%	-	(0.9%)	(1.8%)	(2.6%)	1.0%	2.2%
2012	2.0%	1.0%	-	(1.0%)	(1.9%)	(2.9%)	1.1%	2.5%
2013	2.3%	1.1%	-	(1.1%)	(2.2%)	(3.2%)	1.3%	2.8%
2014	2.4%	1.2%	-	(1.1%)	(2.2%)	(3.3%)	1.3%	2.9%
2016	3.3%	1.6%	-	(1.6%)	(3.1%)	(4.6%)	1.9%	4.1%
2017	3.5%	1.7%	-	(1.7%)	(3.3%)	(4.9%)	1.9%	4.3%
Total	2.7%	1.3%	-	(1.3%)	(2.6%)	(3.9%)	1.5%	3.4%
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

EXHIBIT G

Page 1 of 2

Components of Member Statement IBNR (i.e. “Discounted”) Change During Month

RSP		New Brunswi						M/S IBNR - in \$000s
AccountCode Desc		IBNR - Discou						
AccYear	Values							
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation	Sum of Total Change	Sum of % Total Change	Sum of Current Month Final Amount	
2005	(2)	-	-	-	-	-	(2)	
2006	-	-	-	-	-	-	-	
2007	22	-	-	-	-	-	22	
2008	75	(1)	1	-	-	-	75	
2009	77	(1)	1	-	-	-	77	
2010	175	(2)	2	-	-	-	175	
2011	171	(1)	149	-	148	86.5%	319	
2012	184	(1)	(26)	-	(27)	(14.7%)	157	
2013	259	(2)	(35)	-	(37)	(14.3%)	222	
2014	767	(23)	14	-	(9)	(1.2%)	758	
2015	1,112	(15)	(6)	-	(21)	(1.9%)	1,091	
2016	1,563	(63)	(54)	-	(117)	(7.5%)	1,446	
2017	1,367	114	(269)	-	(155)	(11.3%)	1,212	
<b>Grand Total</b>	<b>5,770</b>	<b>5</b>	<b>(223)</b>	<b>-</b>	<b>(218)</b>	<b>(3.8%)</b>	<b>5,552</b>	

EXHIBIT G

Components of IBNR (i.e. “Undiscounted”) Change During Month

RSP		New Brunswick						IBNR - in \$000s
AccountCode Desc		IBNR - Undiscounted						
AccYear	Values							Sum of Current Month Final Amount
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation	Sum of Total Change	Sum of % Total Change		
2005	(2)	-	-	-	-	-	(2)	
2006	-	-	-	-	-	-	-	
2007	21	-	-	-	-	-	21	
2008	64	(1)	1	-	-	-	64	
2009	58	(1)	1	-	-	-	58	
2010	59	(1)	1	-	-	-	59	
2011	67	(1)	149	-	148	220.9%	215	
2012	132	(1)	(26)	-	(27)	(20.5%)	105	
2013	133	(1)	(33)	-	(34)	(25.6%)	99	
2014	620	(19)	12	-	(7)	(1.1%)	613	
2015	930	(9)	(11)	-	(20)	(2.2%)	910	
2016	1,368	(55)	(62)	-	(117)	(8.6%)	1,251	
2017	1,158	93	(272)	-	(179)	(15.5%)	979	
<b>Grand Total</b>	<b>4,608</b>	<b>4</b>	<b>(240)</b>	<b>-</b>	<b>(236)</b>	<b>(5.1%)</b>	<b>4,372</b>	