



NOVA SCOTIA RISK SHARING POOL

NOVEMBER 2019 OPERATIONAL REPORT

ACTUARIAL HIGHLIGHTS

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ACTUARIAL HIGHLIGHTS

RSP NOVA SCOTIA

OPERATIONAL REPORT

NOVEMBER 2019

TABLE OF CONTENTS

1	Summary.....	2
1.1	Valuation Schedule (Fiscal Year 2019).....	2
1.2	Appointed Actuary and Hybrid Actuarial Services Model.....	2
1.3	Consideration of Recent Legal Decisions and Changes in Legislation / Regulation	3
1.4	Current Provision Summary	3
2	Activity During the Month of November 2019.....	4
2.1	Recorded Premium and Claims Activity	4
2.1.a	Actual vs. Projected (AvsP): Earned Premium.....	5
2.1.b	AvsP: Recorded Indemnity & Allowed Claims Expense	6
2.1.c	AvsP: Paid Indemnity & Allowed Claims Expense	9
2.2	Actuarial Provisions.....	11
3	Ultimate Loss Ratio Matching Method.....	12
4	Calendar Year-to-Date Results.....	12
5	Current Operational Report – Additional Exhibits	13
6	EXHIBITS	13

1 Summary

Key Points

- (a) The month’s claims activities were generally lower than the associated projections from last month. We have generally attributed this to process variance.

1.1 Valuation Schedule (Fiscal Year 2019)

The November 2019 Operational Report leverages actuarial assumptions consistent with last month (that is, it does not reflect the results of an updated valuation). The table below summarizes the implemented valuations for fiscal year 2019.

NOVA SCOTIA RISK SHARING POOL FISCAL YEAR 2019 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Sep. 30, 2018 (completed)	2.28% mfad 25 bp	Oct. 2018	updated valuation (roll forward): accident year 2018 loss ratio <u>decreased</u> 0.7 points to 92.9%; discount rate <u>increased</u> 42 basis points; no change to selected margins for adverse deviations
Dec. 31, 2018 (completed)	1.93% mfad 25 bp	Mar. 2019	updated valuation: accident year 2019 loss ratio <u>decreased</u> 0.2 points to 96.3%; discount rate <u>decreased</u> 35 basis points; no change to selected margins for adverse deviations
Mar. 31, 2019 (completed)	1.43% mfad 25 bp	May 2019	updated valuation (roll forward): accident year 2019 loss ratio <u>increased</u> 1.4 points to 97.7%; discount rate <u>decreased</u> 50 basis points; no change to selected margins for adverse deviations
Jun. 30, 2019 (completed)	1.41% mfad 25 bp	Aug. 2019	updated valuation: accident year 2019 loss ratio <u>decreased</u> 0.9 points to 96.8%; discount rate <u>decreased</u> 2 basis points; selected margins for adverse deviations were updated
Sep. 30, 2019 (completed)	1.46% mfad 25 bp	Oct. 2019	update valuation (roll forward) : accident year 2019 loss ratio <u>increased</u> 1.0 points to 97.8%; discount rate <u>increased</u> 5 basis points; no change to selected margins for adverse deviations

Under the proposed schedule for fiscal year 2019, the “off-half” valuation quarters ending March 31, 2019 and September 30, 2019 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

Mr. Cosimo Pantaleo of Ernst & Young LLP (EY) has assumed the Appointed Actuary’s role effective as of October 24, 2019, from Liam McFarlane (the Appointed Actuary from June 1, 2013), due to Mr.

McFarlane’s departure from EY.

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 / Regulation¹

There have been no changes in these descriptions since last month’s Highlights.

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.

The **Nova Scotia Court of Appeal** confirmed, in a unanimous decision released on **January 18, 2019** in relation to **Sparks v Holland (2019 NSCA 3)**, that future Canada Pension Plan (CPP) disability benefits are deductible from future income loss awards in motor-vehicle accident claims in that province. Sparks sustained injuries as a result of a motor vehicle accident in Nova Scotia and sought damages for personal injuries and loss of income. The decision supported an earlier decision (*Tibbets v Murphy, 2017 NSCA 35*) that both past and future CPP disability benefits are deductible under section 133A of the Insurance Act.

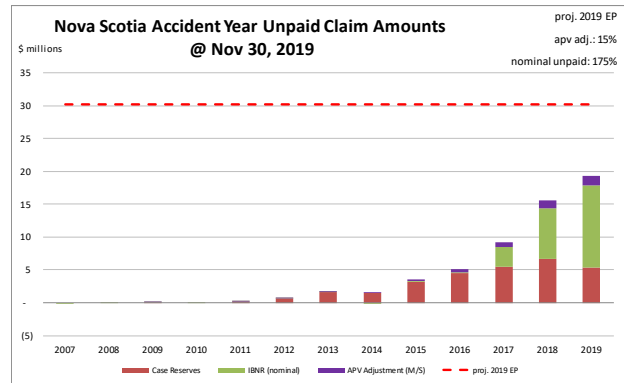
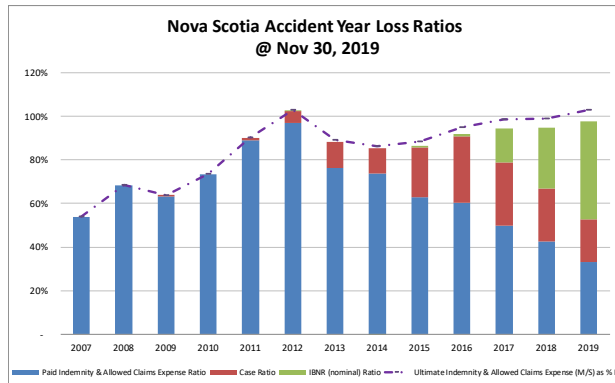
At the current time, no adjustments have been made to our valuation estimates as a result of this decision.

1.4 Current Provision Summary

The charts at the top of the next page show the current levels of claim liabilities² 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 2019 full year earned premium (the red hash-mark line) to provide some perspective.

¹This url to a pdf is to a helpful guide on how bills become laws: <https://www.ola.org/sites/default/files/common/how-bills-become-law-en.pdf>.

²Claim 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 (\$4.4 million – see table below) represents 15% of the earned premium projected for the full year 2019 (see the upper right corner of the right chart at the bottom of the previous page). 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	29,435	51.4%
ibnr	23,436	40.9%
M/S apv adjust.	4,422	7.7%
M/S total	57,293	100.0%

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 for this RSP is in case reserves. Approximately 86% of the IBNR balance relates to accident years 2018 and 2019 (see Exhibit B). Approximately 92% of the M/S total claim

liabilities are related to accident years 2015-2019 inclusive (i.e. the most recent 5 accident years) and less than 1% is related to accident years 2009 and prior (i.e. prior to the most recent 10 accident years).

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

premium liabilities (\$000s)

	amt	%
unearned prem	18,491	93.9%
prem def/(dpac)	(28)	(0.1%)
M/S apv adjust.	1,229	6.2%
M/S total	19,692	100.0%

policy liabilities (\$000s)

	amt	%
claim	52,871	68.7%
premium	18,463	24.0%
M/S apv adjust.	5,651	7.3%
M/S total	76,985	100.0%

2 Activity During the Month of November 2019

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 Report³.

³There may be rounding differences in values in this document compared with the associated Bulletin and/or Operational Report.

Nova Scotia RSP Actual vs Projected Summary: Recorded Transaction Amounts (\$ thousands)

Table 01 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	(0)	(0)	114	(75)	(191)	(7)	(77)	(82)
2017	(2)	(2)	107	(151)	(347)	(225)	(240)	(376)
2018	(4)	(4)	133	(302)	(45)	80	88	(222)
2019	2,652	(27)	989	(213)	68	(547)	1,057	(760)
TOTAL	2,646	(33)	1,343	(742)	(515)	(698)	828	(1,440)

(Recorded transaction amounts exclude IBNR & other actuarial provisions)

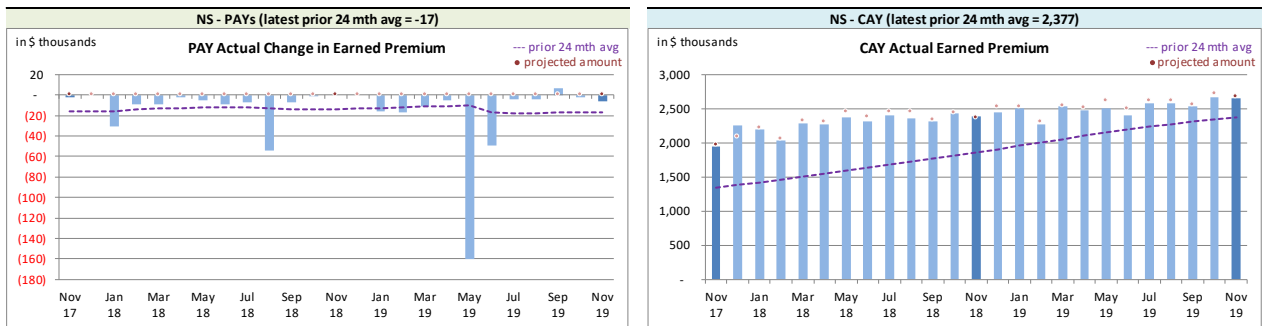
It is unusual to see actual earned premium transactions affecting prior accident years by this time in the calendar year – the prior accident years changes in the month reflect activity undertaken by a member reflecting recent audit findings.

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 charts below show actual **earned premium**⁴ 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.

Nova Scotia RSP Actual Earned Premium by Calendar Month



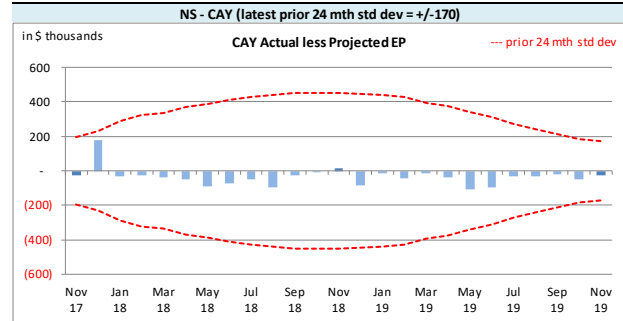
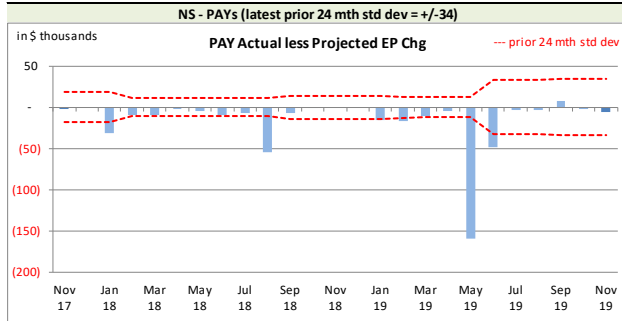
Earned premium changes during a given calendar month in relation to prior accident years tend to be at modest levels, although relatively high levels generally occur at the beginning of each year.

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

⁴Premium 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.

mean that the actual less projection variance will equal the actual **earned premium** change in relation to prior accident years.

*Nova Scotia 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)	(17)	2,377
std dev	34	170
A-P <> std dev	6	-
% <> std dev	24.0%	0.0%
norm <> std dev	31.7%	31.7%
performance vs 24-mth avg:	better	better

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) bias⁵, with actuals generally lower than projected, although the magnitude is not high relative to monthly premium. In addition to the PAYS’ bias, the CAY

has also shown bias⁶, with actuals being generally lower than projected, and we have modified our projections processes in response. Over time, we may consider other projection approaches to narrow monthly variance levels further, but it is not currently deemed a priority.

Readers will note the significant widening of the CAY standard deviation band, reflecting volume increases and the impact as those increases are earned.

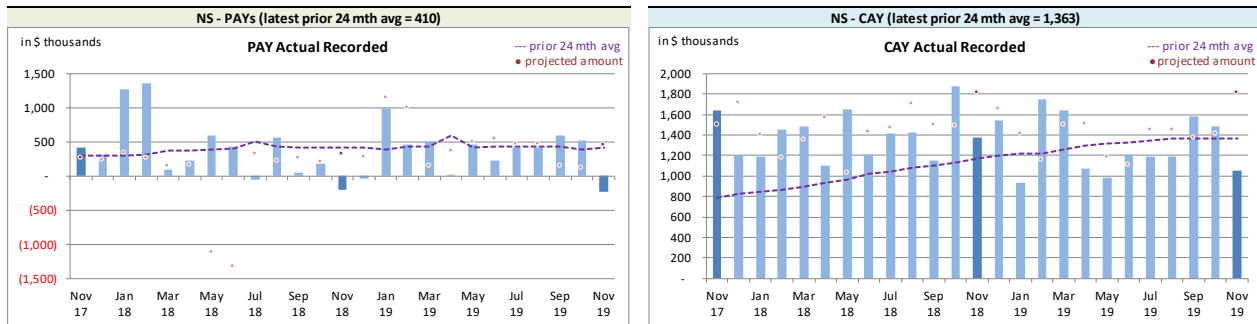
2.1.b AvsP: Recorded Indemnity & Allowed Claims Expense

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.

⁵The PAYS’ variances will show bias as the projection upload forces all earned premium projections to be attributed to the CAY.

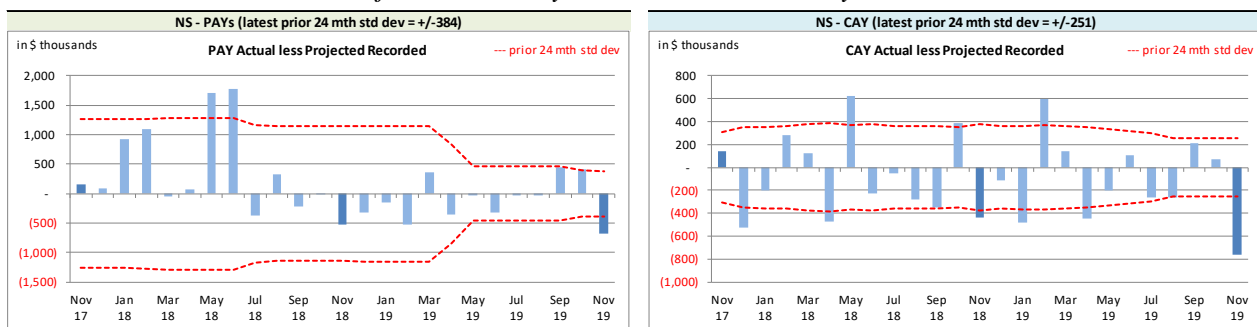
⁶We measure bias based on a 95% confidence range for a binominal distribution with trials based on the range being considered (25 in this case) and 50% probability of success. The rolling 25-month CAY variances at November 2019 has only 2 months where the actuals were higher than projected, and as the 95% confidence range is 8 to 17, bias continues to be indicated.

Nova Scotia RSP Actual **Recorded** by Calendar Month



Recorded 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.

Nova Scotia RSP Actual vs Projected Summary: **Recorded** Variances by Calendar Month



On Latest \$ thousands			
Recorded	PAYS	CAY	
Mthly Avg Recorded (prior 24 mths)	410	1,363	
std dev	384	251	
A-P <> std dev	4	10	
% <> std dev	16.0%	40.0%	
norm <> std dev	31.7%	31.7%	
performance vs 24-mth avg:	better	worse	

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 in relative or overall terms. That said, 16% of prior

accident years’ (PAYS) **recorded** variances over the last 25 calendar months have fallen outside of one standard deviation of the actual **recorded** amounts (see table above), suggesting the projection process has performed better than simply projecting the prior 24-month average amount (assuming it follows a normal distribution). Bias has not been indicated at a 95% confidence level on a rolling 25-month basis (11 of 25 variances are positive).

The PAYS **recorded** variance was outside of the one standard deviation band this month (see left chart above). The activity was reviewed and verified, and attributed to process variance.

The current accident year (CAY) **recorded** variances fell outside of one standard deviation 40% of the time over the last 25 calendar months (see table above), suggesting that the projection process has performed worse than simply projecting the prior 24-month average amount. We are considering ways to improve our projection process as a result, but efforts so far have fallen short (although rapid growth

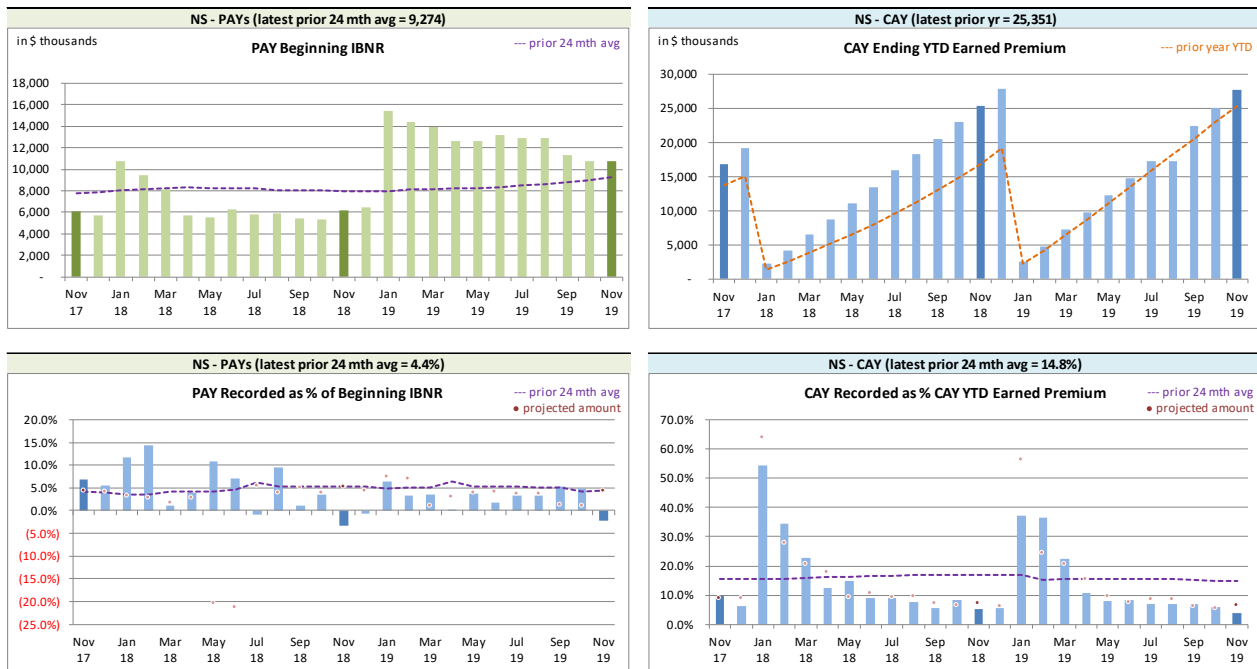
may be hampering our projection capabilities). Bias has not been indicated at a 95% confidence level on a rolling 25-month basis (10 of 25 variances are positive).

The CAY **recorded** variance was outside of the one standard deviation band this month (see right chart at the bottom of the previous page). The activity was reviewed and verified, and 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 below related to levels influencing **recorded** activity. Note in particular the increase in the level of PAY beginning IBNR. 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), and part will also reflect the maturity level of the RSP.

Nova Scotia RSP Levels that influence⁷ Recorded activity by Calendar Month



We track PAY beginning IBNR as **recorded** activity comes out of IBNR. Changes in the PAY beginning IBNR (see left chart above) occur for several possible reasons:

- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a CAY becomes a PAY (occurs in January); and

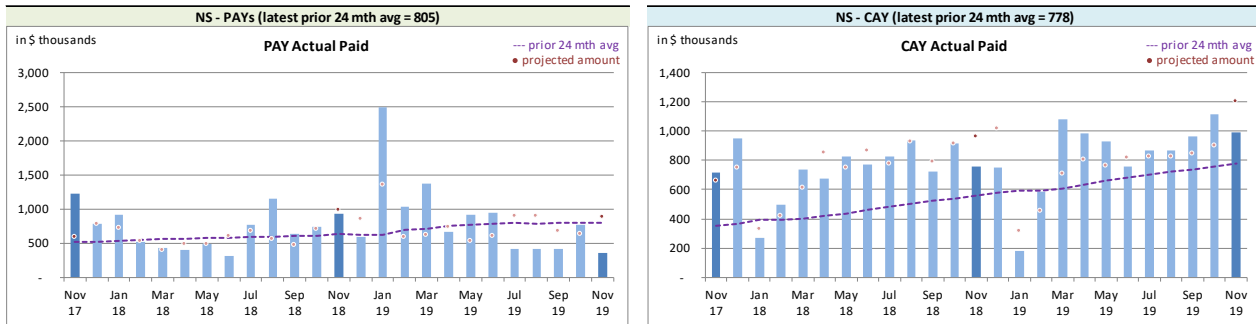
⁷Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned 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.

- when a new valuation is implemented, where the valuation resulted in changes to the selection of PAYS’ ultimates (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

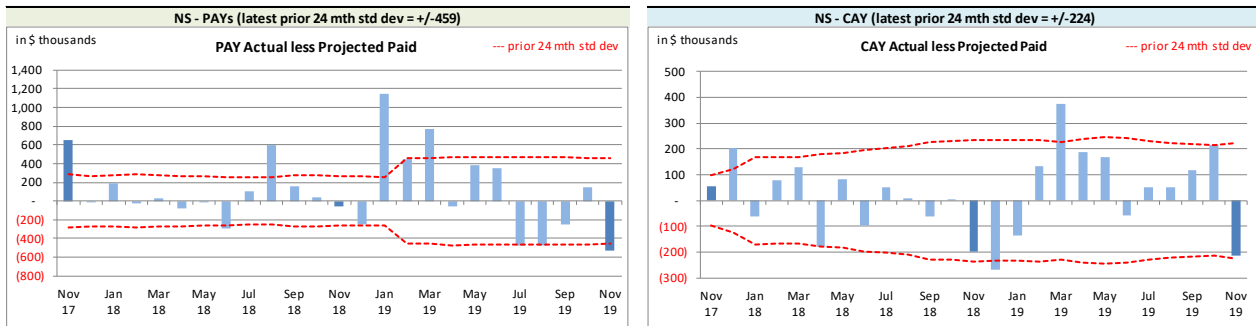
The charts below show actual **paid** activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

Nova Scotia RSP Actual Paid by activity 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.

Nova Scotia RSP Actual vs Projected Summary: Paid Variances by Calendar Month



On Latest \$ thousands			
	Paid	PAYS	CAY
Mthly Avg Paid (prior 24 mths)		805	778
std dev		459	224
A-P <> std dev		8	4
% <> std dev		32.0%	16.0%
norm <> std dev		31.7%	31.7%
performance vs 24-mth avg:		no better	better

With respect to **paid** 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 in relative or overall terms. That said, 32% of the prior accident

years’ (PAYS) variances over the last 25 calendar months have fallen outside of one standard deviation of the actual **paid** amounts (see table on above), suggesting the projection process has performed no better than simply projecting the prior 24-month average amount (assuming it follows a normal distribution). Bias has not been indicated at a 95% confidence level on a rolling 25-month basis (13

of 25 variances are positive).

The PAYs **paid** variance was outside of the one standard deviation band this month (see left chart at the bottom of the previous page). The activity was reviewed and verified, and attributed to process variance.

The current accident year (CAY) **paid** variances fell outside of one standard deviation 16% of the time over the last 25 calendar months (see table above), suggesting that the projection process has performed better than simply projecting the prior 24-month average amount. Bias has not been indicated at a 95% confidence level on a rolling 25-month basis (16 of 25 variances are positive).

We have included, for reference, additional charts below related to levels influencing **paid** activity. Both case and IBNR increases contribute to the increase of PAY beginning unpaid. This is somewhat expected, given the maturity level of the RSP.

Nova Scotia RSP Levels that influence⁸ Paid activity by Calendar Month



We track the PAY beginning unpaid balance (case and IBNR) as **paid** activity comes out of the unpaid balance. Changes in the PAY 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 CAY becomes a PAY (occurs in January); and

⁸Our 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.

- when a new valuation is implemented, where the valuation resulted in changes to the selection of PAYS’ ultimates (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 IBNR⁹, 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 below summarizes variances in provisions included in this month’s Operational Report and the associated one-month projections from last month’s Report.

Nova Scotia 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	314	82	(294)	(1)	1,340	8	1,360	89
2017	2,952	374	(280)	(5)	1,044	18	3,716	387
2018	7,659	219	(561)	(12)	1,801	38	8,899	245
2019	12,511	734	(806)	(9)	2,178	22	13,883	747
TOTAL	23,436	1,409	(1,941)	(27)	6,363	86	27,858	1,468

The IBNR provision is \$1.4 million higher 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 premium deficiency liability / (deferred policy acquisition cost asset) included this month’s 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 value) prior to actuarial present value adjustments and in a

⁹For ease of discussion, “IBNR” is used in place of “provisions for incurred but not recorded (IBNR) and development”.

premium deficiency position (shown as a positive value) after actuarial present value adjustments. Actuarial present value adjustments increase the liability 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.

Nova Scotia 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:	(28)	(44)	1,229	21	1,201	(23)
balance as % unearned premium:	(0.2%)	(0.3%)	6.6%	0.1%	6.5%	(0.2%)
actual unearned premium:	18,491					
less projected:	326					

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 loss¹⁰ 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 expenses¹¹, 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 98.7% rather than 97.8% (the valuation ultimate ratio for accident year 2019), 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 Nova Scotia RSP Summary of Operations due to rounding.)

¹⁰“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).

¹¹Allowed 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.

Nova Scotia 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	112	0.4%	307	1.1%	419	1.5%	(37)	(0.3%)
CAY	27,109	98.7%	1,372	5.0%	28,481	103.7%	2,717	(0.1%)
TOTAL	27,221	99.1%	1,679	6.1%	28,900	105.2%	2,680	(0.5%)

("EP" based on 2019 calendar year-to-date earned premium; ratios may not total due to rounding)

In general, prior accident years (PAYs) changes from last month are due to the release of the actuarial present value adjustments with claims payments, except when valuations are implemented. The loss ratio change year-to-date in Table 04 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 Nova Scotia 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. 2019	Actual Nov. 2019	Projected Dec. 2019	Projected Jan. 2020	Projected Dec. 2020
	2007	(1)	(1)	(1)	(1)	(1)
	2008	2	2	2	2	2
	2009	10	10	10	12	11
	2010	4	4	4	4	4
	2011	14	15	15	20	18
	2012	36	87	86	76	68
	2013	136	135	133	122	107
discount rate 1.46%	2014	117	114	112	107	91
	2015	338	362	343	340	294
	2016	637	632	616	619	485
interest rate margin 25 basis pts	2017	3,488	3,716	3,515	3,400	2,507
	2018	9,002	8,899	8,581	8,268	5,836
	2019	12,223	13,883	14,626	13,999	10,241
	2020	-	-	-	1,653	13,680
	TOTAL	26,006	27,858	28,042	28,621	33,343
	Change		1,852	184	579	

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. 2019	Actual Nov. 2019	Projected Dec. 2019	Projected Jan. 2020	Projected Dec. 2020
	53.9%	2007	(1)	(1)	(1)	(1)	(1)
	68.3%	2008	2	2	2	2	2
	63.8%	2009	5	5	5	5	5
	73.4%	2010	4	4	4	4	4
	90.2%	2011	5	6	6	6	6
	102.5%	2012	(19)	32	32	32	30
	88.1%	2013	3	2	2	2	2
	85.2%	2014	(5)	(8)	(8)	(8)	(8)
	86.4%	2015	72	101	100	99	85
	92.0%	2016	171	171	169	161	119
	94.4%	2017	2,714	2,952	2,775	2,636	1,844
	94.6%	2018	7,750	7,659	7,353	6,985	4,788
	97.8%	2019	10,974	12,511	13,138	12,481	9,013
	98.6%	2020	-	-	-	1,456	11,995
		TOTAL	21,675	23,436	23,577	23,860	27,884
		Change		1,761	141	283	

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

EXHIBIT C
Premium Liabilities

TABLE EXHIBIT C

Premium Liabilities	Amounts in \$000s				
	Actual	Actual	Projected	Projected	Projected
	Oct. 2019	Nov. 2019	Dec. 2019	Jan. 2020	Dec. 2020
(1) unearned premium (UP)	18,227	18,491	17,703	16,911	16,858
FOR MEMBER SHARING					
(2) expected future costs ratio {% of (1)}	106.4%	106.5%	106.9%	106.6%	110.3%
(3) expected future costs {(1) x (2)}	19,399	19,692	18,917	18,026	18,598
(4) premium deficiency / (deferred policy acquisition cost)	1,172	1,201	1,214	1,115	1,740
Excluding Actuarial Present Value Adjustments					
(5) expected future costs ratio {% of (1)}	99.8%	99.8%	100.2%	99.9%	103.4%
(6) expected future costs {(1) x (5)}	18,188	18,463	17,738	16,900	17,436
(7) premium deficiency / (deferred policy acquisition cost)	(39)	(28)	35	(11)	578

EXHIBIT D

Projected Year-end Policy Liabilities

The table below presents the projected policy liabilities as at December 31, 2019, broken down by component.

Nova Scotia		Projected Balances as at Dec. 31, 2019 (\$000s)										
ending 2019		nominal values			actuarial present value adjustments (apvs)							
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL		
2007	-	(1)	(1)	-	-	-	-	-	-	(1)		
2008	-	2	2	-	-	-	-	-	-	2		
2009	67	5	72	(2)	-	7	-	7	5	77		
2010	-	4	4	-	-	-	-	-	-	4		
2011	139	6	145	(6)	1	15	(1)	14	9	154		
2012	682	32	714	(18)	3	71	(2)	69	54	768		
2013	1,638	2	1,640	(36)	7	164	(4)	160	131	1,771		
2014	1,495	(8)	1,487	(30)	4	149	(3)	146	120	1,607		
2015	2,992	100	3,092	(71)	12	309	(7)	302	243	3,335		
2016	4,362	169	4,531	(122)	18	566	(15)	551	447	4,978		
2017	5,455	2,775	8,230	(272)	49	996	(33)	963	740	8,970		
2018	6,883	7,353	14,236	(555)	100	1,751	(68)	1,683	1,228	15,464		
PAYs (sub-total):	23,713	10,439	34,152	(1,112)	194	4,028	(133)	3,895	2,977	37,129		
CAY (2019)	6,270	13,138	19,408	(873)	155	2,310	(104)	2,206	1,488	20,896		
claims liabilities:	29,983	23,577	53,560	(1,985)	349	6,338	(237)	6,101	4,465	58,025		
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL*		
premium liabilities:	17,703	35	17,738	(611)	105	1,746	(61)	1,685	1,179	18,917		
*Total may not be sum of parts, as apvs apply to future costs within UPR												
policy liabilities:			71,298	(2,596)	454	8,084	(298)	7,786	5,644	76,942		

EXHIBIT E

Discount Rate & 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, 2019 from the valuation), followed by the selected discount rate and the associated margin for investment income.

Selected Claims Development MfADs (Sep. 30,
2019)

Accident Year	Third Party Liability Margins	Accident Benefits Margins	Other Coverages Margins	Total Margins
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%	10.0%	10.0%
2015	10.0%	10.0%	9.3%	10.0%
2016	12.5%	10.0%	12.5%	12.5%
2017	12.5%	10.0%	10.4%	12.1%
2018	12.5%	10.0%	12.5%	12.3%
2019	12.4%	10.0%	5.5%	11.9%
2020	11.9%	10.0%	5.1%	10.0%
<u>prem liab</u>	<u>11.9%</u>	<u>10.0%</u>	<u>5.1%</u>	<u>10.0%</u>

discount rate: 1.46%
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, 2019 from the latest valuation date (projections in exhibits A to D are to Dec. 31, 2019, and are based on more up-to-date information). We have included the most recent valuation selection (1.46%), the prior valuation assumption (1.41%) and the prior fiscal year end valuation assumption (2.28%) for comparative purposes. A 25 basis point margin for investment return adverse deviation is used in all scenarios presented.

\$ Format: \$000s

Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2019 projected Unpaid								
AY	0.46%	0.96%	1.46%	1.96%	2.46%	2.96%	1.41%	2.28%
2007	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	70	70	69	68	68	67	69	68
2010	-	-	-	-	-	-	-	-
2011	148	146	144	142	141	139	144	141
2012	799	793	786	779	773	766	786	775
2013	1,499	1,488	1,477	1,466	1,455	1,445	1,478	1,459
2014	1,270	1,261	1,253	1,244	1,236	1,228	1,253	1,239
2015	3,693	3,663	3,635	3,606	3,579	3,552	3,637	3,589
2016	5,061	5,013	4,966	4,920	4,874	4,830	4,970	4,890
2017	9,113	9,008	8,907	8,807	8,710	8,615	8,916	8,745
2018	15,680	15,467	15,261	15,061	14,866	14,674	15,282	14,935
2019	21,561	21,222	20,894	20,576	20,267	19,964	20,927	20,377
Total	58,894	58,131	57,392	56,669	55,969	55,280	57,462	56,218
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

Dollar Impact Relative to Valuation Assumption								
AY	0.46%	0.96%	1.46%	1.96%	2.46%	2.96%	1.41%	2.28%
Total	1,502	739	-	(723)	(1,423)	(2,112)	70	(1,174)
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

Percentage Impact Relative to Valuation Assumption								
AY	0.46%	0.96%	1.46%	1.96%	2.46%	2.96%	1.41%	2.28%
2007	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	-
2009	1.4%	1.4%	-	(1.4%)	(1.4%)	(2.9%)	-	(1.4%)
2010	-	-	-	-	-	-	-	-
2011	2.8%	1.4%	-	(1.4%)	(2.1%)	(3.5%)	-	(2.1%)
2012	1.7%	0.9%	-	(0.9%)	(1.7%)	(2.5%)	-	(1.4%)
2013	1.5%	0.7%	-	(0.7%)	(1.5%)	(2.2%)	0.1%	(1.2%)
2014	1.4%	0.6%	-	(0.7%)	(1.4%)	(2.0%)	-	(1.1%)
2015	1.6%	0.8%	-	(0.8%)	(1.5%)	(2.3%)	0.1%	(1.3%)
2016	1.9%	0.9%	-	(0.9%)	(1.9%)	(2.7%)	0.1%	(1.5%)
2017	2.3%	1.1%	-	(1.1%)	(2.2%)	(3.3%)	0.1%	(1.8%)
2018	2.7%	1.3%	-	(1.3%)	(2.6%)	(3.8%)	0.1%	(2.1%)
2019	3.2%	1.6%	-	(1.5%)	(3.0%)	(4.5%)	0.2%	(2.5%)
Total	2.6%	1.3%	-	(1.3%)	(2.5%)	(3.7%)	0.1%	(2.0%)
	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 Nova Scotia
AccountCode Desc IBNR - Discou

M/S IBNR - in \$000s

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
2007	(1)	-	-	-	-	-	(1)
2008	2	-	-	-	-	-	2
2009	10	-	-	-	-	-	10
2010	4	-	-	-	-	-	4
2011	14	-	1	-	1	7.1%	15
2012	36	-	51	-	51	141.7%	87
2013	136	(2)	1	-	(1)	(0.7%)	135
2014	117	(2)	(1)	-	(3)	(2.6%)	114
2015	338	(9)	33	-	24	7.1%	362
2016	637	(9)	4	-	(5)	(0.8%)	632
2017	3,488	(159)	387	-	228	6.5%	3,716
2018	9,002	(348)	245	-	(103)	(1.1%)	8,899
2019	12,223	913	747	-	1,660	13.6%	13,883
Grand Total	26,006	384	1,468	-	1,852	7.1%	27,858

EXHIBIT G

Page 2 of 2

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

RSP Nova Scotia
AccountCode Desc IBNR - Undiscounted

IBNR - in \$000s

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
2007	(1)	-	-	-	-	-	(1)
2008	2	-	-	-	-	-	2
2009	5	-	-	-	-	-	5
2010	4	-	-	-	-	-	4
2011	5	-	1	-	1	20.0%	6
2012	(19)	1	50	-	51	(268.4%)	32
2013	3	-	(1)	-	(1)	(33.3%)	2
2014	(5)	-	(3)	-	(3)	60.0%	(8)
2015	72	(1)	30	-	29	40.3%	101
2016	171	(5)	5	-	-	-	171
2017	2,714	(136)	374	-	238	8.8%	2,952
2018	7,750	(310)	219	-	(91)	(1.2%)	7,659
2019	10,974	803	734	-	1,537	14.0%	12,511
Grand Total	21,675	352	1,409	-	1,761	8.1%	23,436