



ONTARIO RISK SHARING POOL

DECEMBER 2016 OPERATIONAL REPORT

ACTUARIAL HIGHLIGHTS

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ACTUARIAL HIGHLIGHTS
RSP ONTARIO
OPERATIONAL REPORT
DECEMBER 2016

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1 Summary

1.1 Valuation Schedule (Fiscal Year 2016)

The December 2016 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 2017.

| ONTARIO RISK SHARING POOL FISCAL YEAR 2017 – SCHEDULE OF VALUATIONS | | | |
|--|----------------------------------|---------------------------|---|
| Valuation Date | Discount Rate (per annum) | Operational Report | Description of Changes |
| Sep. 30, 2016 (completed) | 0.62% mfad: 25 bp | Oct. 2016 | updated valuation (roll forward): accident year 2016 loss ratio increased 0.8 points to 119.2%; discount rate decreased by 6 basis points; no change to selected margins for adverse deviations |
| Dec. 31, 2016 | | Mar. 2017 | update valuation: |
| Mar. 31, 2017 | | May 2017 | update valuation (roll forward): |
| Jun. 30, 2017 | | Aug. 2017 | update valuation: |
| Sep. 30, 2017 | | Oct. 2017 | update valuation (roll forward): |

Under the proposed schedule for fiscal year 2017, the “off-half” valuation quarters ending March 31, 2017 and September 30, 2017 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 / Regulation¹

Consideration and assessment of potential impacts of legal decisions and changes in legislation /

¹How bills become laws in Ontario is described in detail in the publication: <http://www.ontla.on.ca/lao/en/media/laointernet/pdf/bills-and-lawmaking-background-documents/how-bills-become-law-en.pdf>.

regulation constitutes a regular part of the valuation process. Descriptions of some of the more recent changes are provided below.

Ontario Bill 15 (Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014) was introduced into the Legislature by the Minister of Finance on July 15, 2014 and received Royal Assent on November 20, 2014. Bill 15 includes various amendments and provisions such as moving the Ontario Automobile Dispute Resolution System (DRS) for statutory accident benefits from the Financial Services Commission of Ontario to the Ministry of the Attorney General (Licence Appeal Tribunal), regulation of the Tow and Storage Industry (amendments to the Consumer Protection Act and Repair and Storage Liens Act), regulations related to licensing of insurance agents and adjusters, changes the applicable interest rate applied to overdue payments in the Statutory Accident Benefits Schedule (SABS), and changes to the prejudgment interest rate on general damages for non-pecuniary loss from the rate as set out in the Courts of Justice Act to rates linked to market conditions. With the most recent valuation (September 30, 2016), reform adjustments (originally introduced with the June 30, 2015 valuation) specifically related to changes in the non-pecuniary prejudgment interest provision calculation impacting the bodily injury coverage and the applicable interest rate applied to overdue payments in the SABS impacting the accident benefits coverage, were included with the updated industry trend analysis (completed using industry data as at December 31, 2015), impacting the selection of ultimates.

Ontario Bill 91 (Building Ontario Up Act (Budget Measures), 2015) was introduced into the Legislature by the Minister of Finance on April 23, 2015 and received Royal Assent on June 4, 2015. Bill 91 announced a number of amendments to regulations made under the Insurance Act, including: updating the Catastrophic Impairment Definition and changes to the standard benefit level under the Statutory Accident Benefits Schedule (SABS); restrictions on insurance premium increases and lowering of the maximum interest rate charged on monthly auto insurance premium payments; and adjustments to the monetary threshold beyond which the tort deductible does not apply to reflect inflation (adjustments to reflect inflation in the associated tort deductible were undertaken via an update to regulation 461/96). On August 26, 2015, the Ontario government filed Ontario regulations 250/15 and 251/15 implementing reforms set out in Bill 91. With the most recent valuation (September 30, 2016), reform adjustments (originally introduced with the September 30, 2015 valuation) specifically related to changes in the tort threshold and deductibles impacting the bodily injury coverage and changes to the SABS impacting the bodily injury and accident benefits coverages, were included with the updated industry trend analysis (completed using industry data as at December 31, 2015) and nominal valuation estimates, impacting the selection of ultimates.

1.4 Ontario RSP Bodily Injury Case Reserve summary

As indicated in the previous section, reform adjustments, specifically related to changes in the non-pecuniary prejudgment interest provisions in **Ontario Bill 15** and the changes in the tort threshold and deductibles in **Ontario Bill 91** impacting the third party liability - bodily injury coverage for accident year 2015 and subsequent, was included with the updated Ontario Private Passenger Vehicle industry trend analysis (completed using industry data as at December 31, 2015).

In the recent Ontario Divisional Court decision in Carr v. Modi (November 18, 2016; 2016 ONSC

7255), the court of appeal ruled that the change to prejudgment interest for non-pecuniary losses² from a set level of 5% to the level that applies to pecuniary losses is a matter of substantive law, not procedural, and is presumed not to have retroactive effect (i.e. indexed prejudgment interest rates applies only to accidents where notification was provided to the insurer on or after January 1, 2015). FA's current view is consistent with this Ontario Divisional Court decision, and no adjustments have been made to the provisions for accident years 2014 and prior as a result.

In addition to the above, there have also been multiple conflicting Ontario Superior Court decisions in relation to the application of the changes in the tort threshold and deductibles: *Cobb v. Long Estates* (November 13, 2015), *Vickers v. Palacious* (December 8, 2015) and *Corbett v. Odorico* (March 22, 2016). In the first, the judge ruled that the changes to the tort threshold and deductibles were substantive in nature such that the defendant was not entitled to apply the higher deductible, whereas in the second and third, the judges concluded the deductible change is procedural on the grounds that the cap on damages and the statutory deductible were implemented to achieve particular policy objectives and therefore applied retroactively (i.e. applies to all open claims). FA's current view, consistent with the latter two judgments, is that the changes to the applicable tort threshold and deductibles are applied on a settlement date basis. With the current valuation (as at September 30, 2016), no additional reform adjustment was included as we have assumed the retroactive impact of this product reform change has been fully reflected in outstanding case reserves.

Recognizing that individual members may interpret these results differently, we have included a table at the top of the next page displaying the current levels of Ontario RSP Third Party Liability – Bodily Injury Case Reserves (as at December 31, 2015) by accident year as well as projected average duration, from accident date to projected settlement date, from the December 31, 2015 valuation paid emergence projection model. No attempt has been made to distinguish case reserves held for pecuniary versus non-pecuniary losses, nor in estimating the amount of prejudgment interest, if any, is included in the case reserve estimates.

²**Pecuniary** awards are defined on the Ontario Attorney General's website as "Damages that can be measured in money (i.e., special damages)" with special damages further defined as "Damages intended to compensate a plaintiff for a quantifiable monetary loss. Examples of such losses include: lost earnings, medical bills, and repair costs." In contrast, **non-pecuniary** awards defined as "Damages that cannot be measured in money, but nevertheless are compensated for with money (i.e., general damages)" with general damages further defined as "Damages for non-monetary losses suffered by a plaintiff. These damages are not capable of exact quantification. Examples of such losses suffered include pain, suffering, and disfigurement."

ON RSP (Amounts in \$000s; as at Dec. 31, 2015)

| AY | Curr BI Case | avg yrs to Dec 2015 | projected avg # yrs to settlement | projected avg duration |
|--------------|----------------|---------------------|-----------------------------------|------------------------|
| 1993 | - | 22.5 | - | - |
| 1994 | - | 21.5 | - | - |
| 1995 | - | 20.5 | - | - |
| 1996 | 168 | 19.5 | 2.6 | 22.1 |
| 1997 | - | 18.5 | - | - |
| 1998 | - | 17.5 | - | - |
| 1999 | - | 16.5 | - | - |
| 2000 | - | 15.5 | - | - |
| 2001 | - | 14.5 | - | - |
| 2002 | - | 13.5 | - | - |
| 2003 | 38 | 12.5 | 6.4 | 18.9 |
| 2004 | - | 11.5 | 6.9 | 18.4 |
| 2005 | 70 | 10.5 | 7.4 | 17.9 |
| 2006 | 640 | 9.5 | 4.8 | 14.3 |
| 2007 | 2,012 | 8.5 | 3.1 | 11.6 |
| 2008 | 5,983 | 7.5 | 2.6 | 10.1 |
| 2009 | 11,116 | 6.5 | 2.4 | 8.9 |
| 2010 | 24,857 | 5.5 | 2.5 | 8.0 |
| 2011 | 26,424 | 4.5 | 2.3 | 6.8 |
| 2012 | 40,771 | 3.5 | 2.4 | 5.9 |
| 2013 | 54,426 | 2.5 | 2.7 | 5.2 |
| 2014 | 45,063 | 1.5 | 3.3 | 4.8 |
| 2015 | 29,944 | 0.5 | 4.1 | 4.6 |
| TOTAL | 241,512 | 3.2 | 2.9 | 6.0 |

In the above table, the column “projected avg duration” is an estimate of the number of years from claim occurrence³ to claim settlement, via summing the average number of years from claim occurrence to December 31, 2015 (3rd column) and from December 31, 2015 to settlement (4th column).

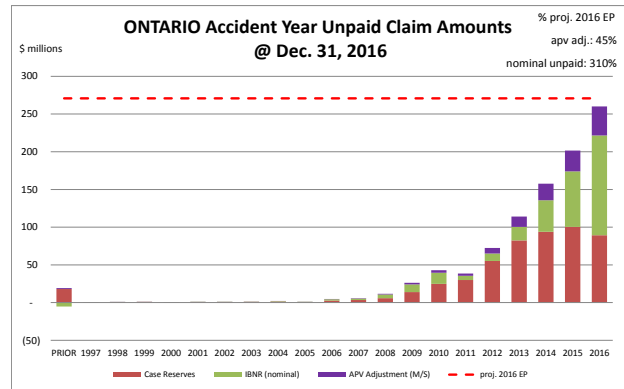
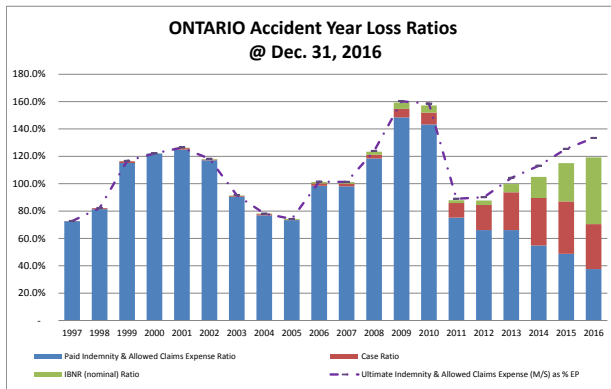
1.5 Current Provision Summary

The charts at the top of the next page show the current levels of claim liabilities⁴ booked by accident year⁵. 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 2016 full year earned premium (the red hash-mark line) to provide some perspective.

³Prejudgment interest in Ontario applies to the period from the date the claim is reported, not from the time of occurrence. We have provided the latter to allow actuarial judgment to be applied in estimating the lag between occurrence and reporting.

⁴Claim 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.

⁵The loss ratio chart has been limited to show the most recent 20 accident years; the unpaid provision chart has been limited to show the most recent 20 accident years, and show all accident years older than 20 years collectively as “PRIOR”.



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

The current actuarial present value adjustments provision for claims liabilities (\$121.2 million – see table below) represents 45% of the earned premium projected for the full year 2016 (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 | 525,853 | 54.8% |
| ibnr | 312,850 | 32.6% |
| M/S apv adjust. | 121,151 | 12.6% |
| M/S total | 959,854 | 100.0% |

The table to the left breaks down the Member Statement (M/S) claim liabilities total into component parts, indicating case reserves represent the largest portion. Approximately 66% of the IBNR balance relates to accident years 2015 and 2016 (see Exhibit B). Approximately 84% of the M/S total claim liabilities are related to accident years 2012-2016 inclusive (i.e. the most recent 5 accident years), and approximately 3% is related to accident years 2006 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 | 186,130 | 74.7% |
| prem def/(dpac) | 33,020 | 13.3% |
| M/S apv adjust. | 30,024 | 12.0% |
| M/S total | 249,174 | 100.0% |

policy liabilities (\$000s)

| | amt | % |
|------------------|------------------|---------------|
| claim | 838,703 | 69.4% |
| premium | 219,150 | 18.1% |
| M/S apv adjust. | 151,175 | 12.5% |
| M/S total | 1,209,028 | 100.0% |

2 Activity During the Month of December 2016

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 Report⁶.

⁶There may be rounding differences in values in this document compared with the associated Bulletin and/or Operational Report.

Ontario 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 | 0 | 0 | 12,960 | 6,551 | (12,458) | (7,362) | 501 | (812) |
| 2014 | (3) | (3) | 2,786 | (677) | (1,022) | 1,134 | 1,764 | 457 |
| 2015 | (6) | (6) | 3,112 | (2,201) | (553) | 2,474 | 2,559 | 273 |
| 2016 | 28,074 | 560 | 12,855 | 2,849 | 9,257 | (744) | 22,111 | 2,105 |
| TOTAL | 28,065 | 551 | 31,712 | 6,522 | (4,776) | (4,498) | 26,936 | 2,024 |

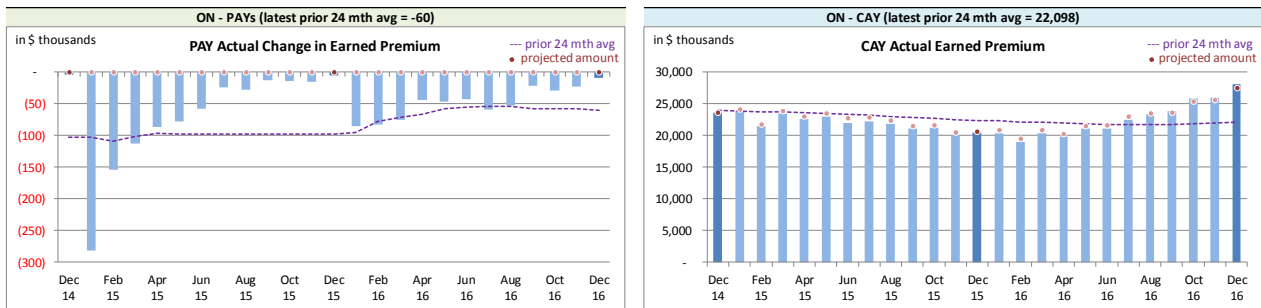
(Recorded transaction amounts exclude IBNR & other actuarial provisions)

Claims transaction activity is generally volatile and changes from one month to the next are anticipated due to this natural “process variance”. 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 immediately below show actual **earned premium**⁷ 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.

Ontario RSP Actual **Earned Premium** by Calendar Month

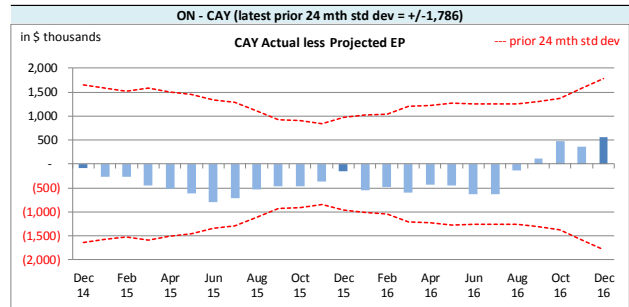
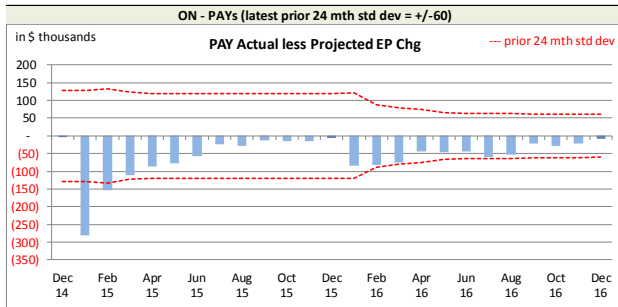


Earned premium changes during a given calendar month in relation to prior accident years tend to be at modest levels (note the different scales in the charts above), although relatively high levels generally occur at the beginning of each year.

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

⁷Premium 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.

Ontario 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) | (60) | 22,098 |
| std dev | 60 | 1,786 |
| A-P <> std dev | 2 | - |
| % <> std dev | 8.0% | 0.0% |
| norm <> std dev | 31.7% | 31.7% |

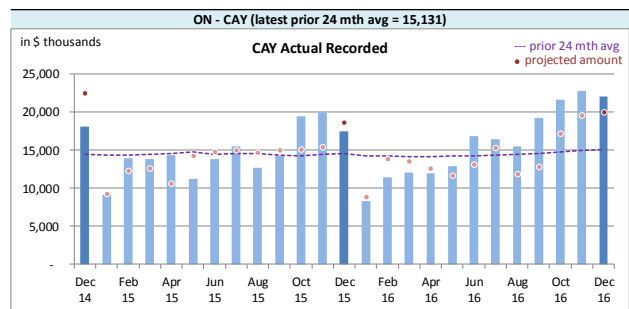
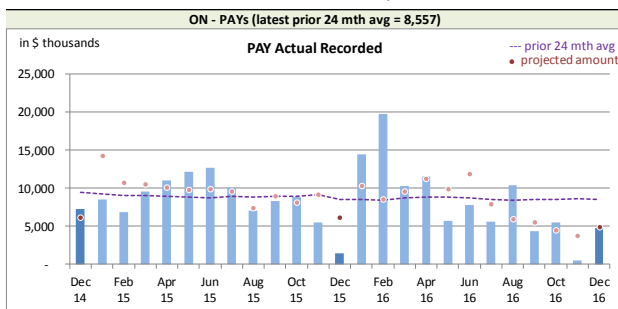
We project **earned premium** changes from known unearned premium and projected written premium levels, but upload the total projections as current accident year (CAY). This process has generated prior accident years' bias⁸, with actuals generally lower than projected. However, the magnitude is not high relative to

monthly premium, and the variances are within the prior 24-month standard deviation for monthly earned premium more often than indicated by a normal distribution (see table above). In addition to the prior accident years' 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, although this may have overcompensated for the original bias. Over time, we may consider other projection approaches to narrow monthly variance levels further, but it is not currently deemed a priority.

2.1.b AvsP: Recorded Indemnity & Allowed Claims Expense

Actual **recorded** activity (**paid** and case reserve changes) over the last 25-month period is shown in the charts immediately below, including the "prior 24-month average" level.

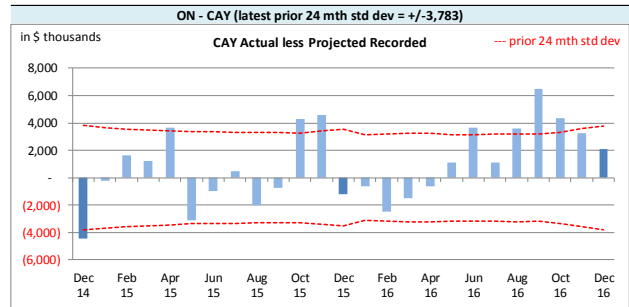
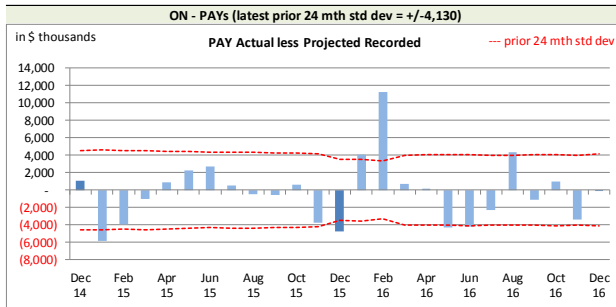
Ontario RSP Actual Recorded by Calendar Month



Recorded activity variances from the previous month's projections are shown in the charts at the top of the next page, including the "prior 24-month standard deviation" levels.

⁸The prior accident years (PAYs) variances will show bias as the projection upload forces all earned premium projections to be attributed to the current accident year.

Ontario RSP Actual vs Projected Summary: Recorded Variances by Calendar Month



| On Latest \$ thousands | | | |
|------------------------------------|-----------------|--------|-----|
| | Recorded | PAYs | CAY |
| Mthly Avg Recorded (prior 24 mths) | 8,557 | 15,131 | |
| std dev | 4,130 | 3,783 | |
| A-P <> std dev | 7 | 8 | |
| % <> std dev | 28.0% | 32.0% | |
| norm <> std dev | 31.7% | 31.7% | |

With respect to **recorded** indemnity & allowed claims expense, 28% of the prior accident years' (PAYs) variances (left chart above) were outside of one standard deviation over the period, suggesting the projection process has performed not much better than simply projecting the prior 24-month average amount. We note that the

ratio of PAYs' **recorded** activity relative to beginning IBNR has been below the average of the preceding 24-months for most of those months where our projections have been too high (see bottom left chart at top of next page). We continue to investigate to understand the implications to our projections and make adjustments accordingly.

The current accident year (CAY) **recorded** variances (right chart above) fell outside of one standard deviation 32% of the time over the entire period, suggesting that the projection process performs no better than simply projecting the prior 24-month average amount. While we see no evidence of systemic bias in the variances, this is the eighth consecutive month where our projection was below the actual CAY **recorded** amount. Of these, four variances were outside the one standard deviation band. The CAY **recorded** during the month as a percentage of the year-to-date **earned premium** chart on the next page does show consistently higher ratios during 2016 than 2015 and 2014. This is also occurring in relation to the **paid-to-ytd-earned premium** ratio (next section). In fact, looking at results over the last 8 years, the averages of monthly ratios for recorded and paid to year-to-date earned premium have been on the rise generally since 2012, as is evident in the table below (showing the average monthly ratios up to December each year). Note in particular that the average of the monthly paid ratios so far in 2016 is the highest level since 2010.

CAY avg of mthly ratios for yr

| as at | Rec'd | yr-on-yr chg | Paid | yr-on-yr chg |
|----------|-------|--------------|------|--------------|
| Dec 2009 | 18.5% | | 7.0% | |
| Dec 2010 | 23.2% | 4.7% | 8.0% | 1.0% |
| Dec 2011 | 11.5% | (11.7%) | 5.0% | (3.0%) |
| Dec 2012 | 11.4% | (0.1%) | 4.6% | (0.4%) |
| Dec 2013 | 12.0% | 0.6% | 5.1% | 0.5% |
| Dec 2014 | 13.7% | 1.7% | 5.9% | 0.8% |
| Dec 2015 | 14.4% | 0.7% | 6.4% | 0.5% |
| Dec 2016 | 15.8% | 1.4% | 7.6% | 1.2% |

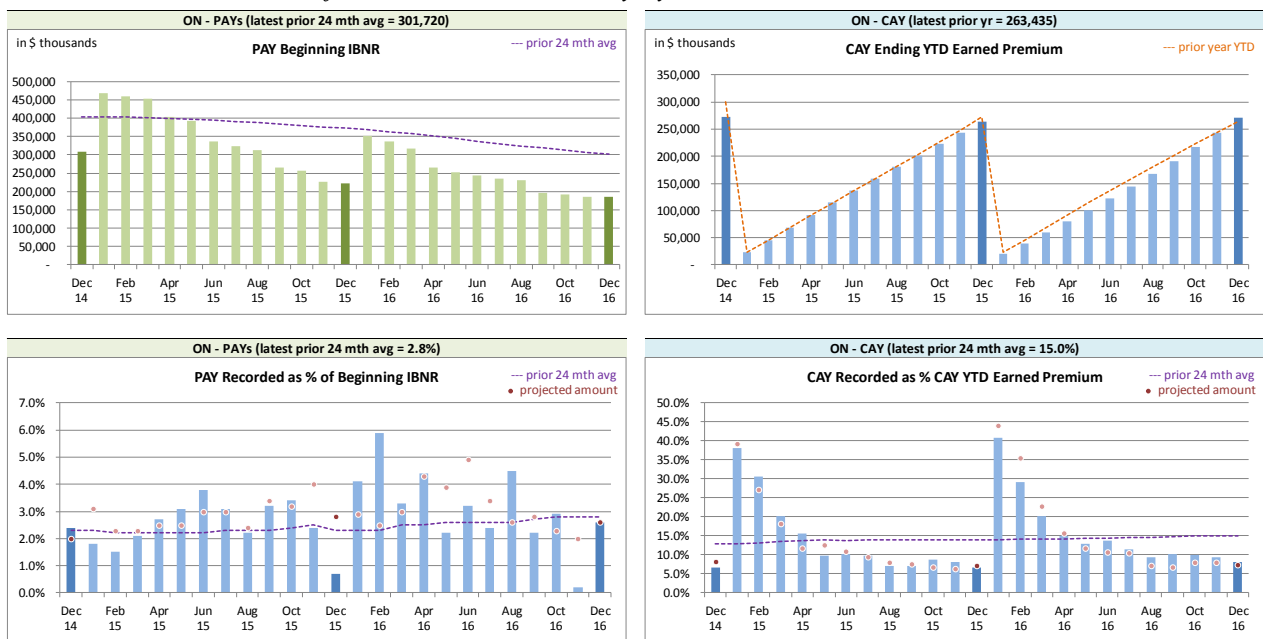
This may be signalling an actual increase in claim amounts generally, or simply signalling a change

in the pattern of **recorded** / **paid** activity, or belated impacts of rate decreases (reducing **earned premium** level per loss cost level). The CAY **recorded** activity will be monitored to determine if this is an ongoing trend.

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 reduction in the level of PAY beginning IBNR over the months, 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).

Ontario RSP Levels that influence⁹ 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:

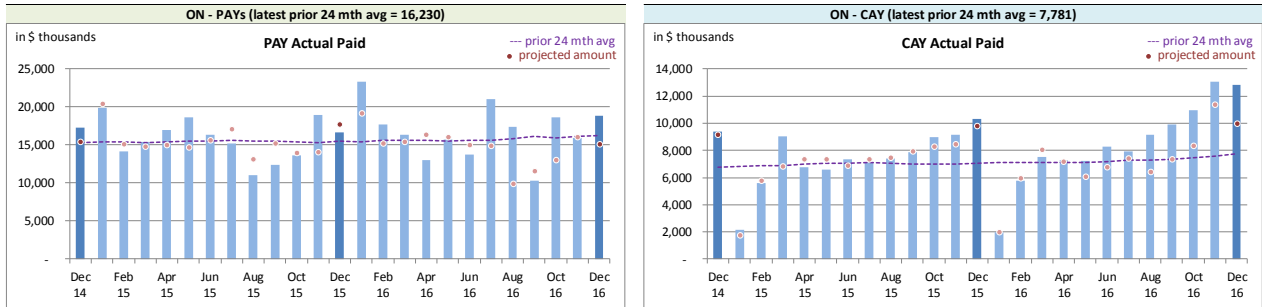
- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a current accident year becomes a prior accident year (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of prior accident years’ ultimate (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).

⁹Our 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.

2.1.c AvsP: Paid Indemnity & Allowed Claims Expense

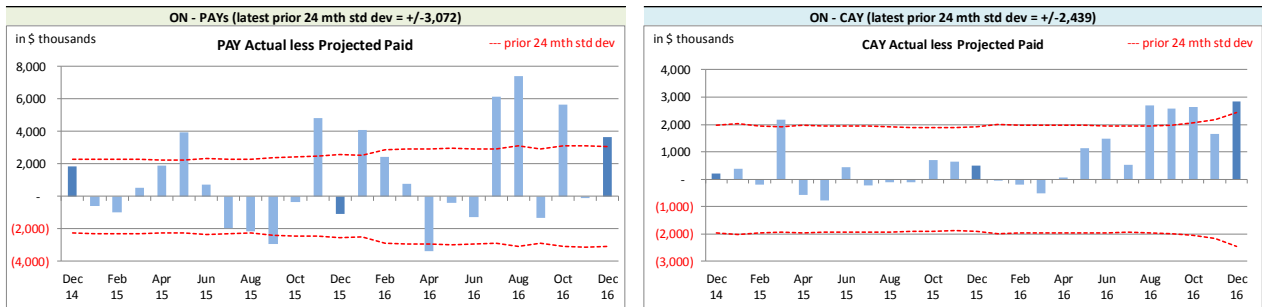
The charts immediately below show actual **paid** activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

*Ontario RSP Actual **Paid** activity by Calendar Month*



The charts immediately below show the actual less projected **paid** variances for the last 25 calendar months, along with bands for the “prior 24-month standard deviations” to show how the variances from projection compare with historical standard deviations.

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



| On Latest \$ thousands | | |
|--------------------------------|--------|-------|
| Paid | PAYS | CAY |
| Mthly Avg Paid (prior 24 mths) | 16,230 | 7,781 |
| std dev | 3,072 | 2,439 |
| A-P <> std dev | 9 | 5 |
| % <> std dev | 36.0% | 20.0% |
| norm <> std dev | 31.7% | 31.7% |

With respect to **paid** indemnity & allowed claims expense, 36% of the prior accident years’ (PAYS) variances (left chart above) over the last 25 calendar months have fallen outside of one standard deviation, suggesting the projection process has performed worse than projecting simply based on the preceding 24-month

average. There does not appear to be evidence of bias.

The PAY **paid** variance for the current month was outside the one standard deviation band. The activity was reviewed and confirmed, with the variance attributed to process variance.

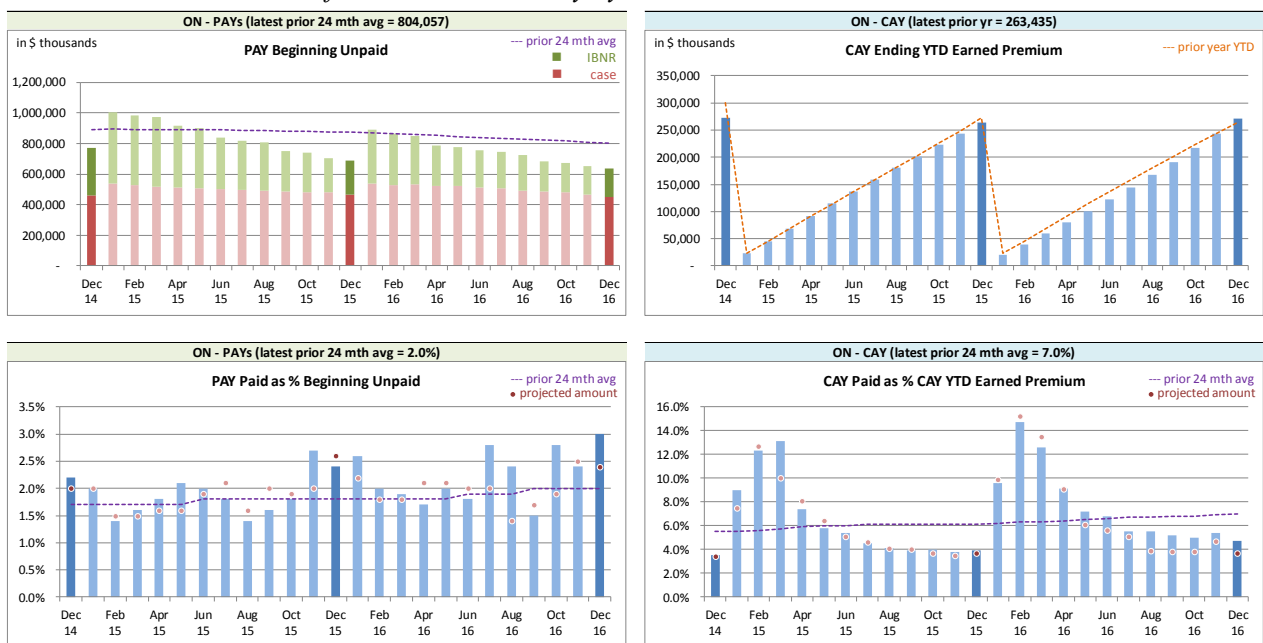
The current accident year (CAY) **paid** variances (right chart above) has shown eight consecutive months where actuals have been higher than projected, four of which were also outside the one standard deviation band. The bottom right chart in the middle of the next page shows that the rolling 24-month ratio of CAY **paid** to ytd **earned premium** has been increasing, which adds to the difficulty in projecting **paid**s. We have made adjustments to our assumption selections in an attempt

to account for these issues, but recognize, as discussed in the previous section, that the results may be signalling a change in paid patterns, a change in claims levels in general, or the impact of rate changes.

The CAY **paid** variance for the current month was outside the one standard deviation band for the fourth time in the past five months. The activity was reviewed and confirmed, with the variance attributed to process variance, although as discussed, there may be some other underlying cause that we have not yet taken into account. As with the CAY **recorded** activity, we will monitor for a change in the pattern of **paid** activity.

We have included, for reference, additional charts immediately below related to levels influencing **paid** activity.

Ontario RSP Levels that influence¹⁰ 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

¹⁰Our 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.

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) is used to determine the month’s IBNR¹¹, and factors are 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 projections and actuals were based on the applicable valuation. The table immediately below summarizes variances in provisions included in the December 2016 Operational Report and the associated one-month projections from last month’s Report.

Ontario RSP Actual vs Projected Summary: IBNR and APV Amounts (\$ thousands)

| Accident Year | actuarial present value adjustments | | | | | | | |
|---------------|-------------------------------------|-----------------------|-----------------|-----------------------|-----------------------------------|-----------------------|--|-----------------------|
| | IBNR | | Discount Amount | | Provisions for Adverse Deviations | | IBNR + actuarial present value adjustments | |
| | Actual | Actual less Projected | Actual | Actual less Projected | Actual | Actual less Projected | Actual | Actual less Projected |
| Prior | 65,186 | 812 | (5,998) | 117 | 38,995 | (854) | 98,183 | 75 |
| 2014 | 41,794 | (461) | (2,307) | (11) | 24,299 | 121 | 63,786 | (351) |
| 2015 | 73,637 | (280) | (3,306) | (42) | 30,917 | 390 | 101,248 | 68 |
| 2016 | 132,233 | (1,437) | (4,653) | 46 | 43,204 | (426) | 170,784 | (1,817) |
| TOTAL | 312,850 | (1,366) | (16,264) | 110 | 137,415 | (769) | 434,001 | (2,025) |

The IBNR provision is \$1.4 million lower than projected, 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 the premium deficiency amounts included in the December 2016 Operational Report and the one-month projections from last month’s Report. This RSP is in a premium deficiency position (shown as a positive amount) prior to and 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. Variances are mainly driven by the unearned premium variance.

¹¹For ease of discussion, “IBNR” is used in place of “provisions for incurred but not recorded (IBNR) and development”.

Ontario 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: | 33,020 | 1,581 | 30,024 | 1,427 | 63,044 | 3,008 |
| balance as % unearned premium: | 17.7% | - | 16.1% | - | 33.9% | - |
| actual unearned premium: | 186,130 | | | | | |
| less projected: | 8,852 | | | | | |

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 loss¹² 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 expenses¹³, including IBNR.

In calculating the amounts as percentages of earned premium, the calendar year-to-date earned premium has been used, which includes 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 119.4% rather than 119.2% (the valuation ultimate ratio for accident year 2016), 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 Ontario RSP Summary of Operations due to rounding.)

Ontario 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 | (70,534) | (26.0%) | (36,400) | (13.4%) | (106,934) | (39.5%) | (2,382) | 3.6% |
| CAY | 323,542 | 119.4% | 38,551 | 14.2% | 362,093 | 133.7% | 37,050 | (0.2%) |
| TOTAL | 253,008 | 93.4% | 2,151 | 0.8% | 255,159 | 94.2% | 34,667 | 3.4% |

(“% EP” based on 2016 calendar year-to-date earned premium; ratios may not total due to rounding)

¹²“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).

¹³Allowed 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.

The prior accident years (PAYs) changes from last month are due to the release of the actuarial present value adjustments with claims payments. 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, 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 presented in section 6, Exhibit B, refer to the estimates derived on the basis of various actuarial methodologies applied to the experience of the Ontario Risk Sharing Pool for the purposes of the most recent quarterly valuation. As discussed in section 3, IBNR 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 | | | | |
|---------------|--|-------------------|----------------|----------------|----------------|----------------|
| | | Actual | Actual | Projected | Projected | Projected |
| | | Nov. 2016 | Dec. 2016 | Jan. 2017 | Feb. 2017 | Dec. 2017 |
| Accident Year | IBNR + M/S actuarial present value adjustments | | | | | |
| prior | | 459 | (3,973) | (3,834) | (3,757) | (3,074) |
| 1997 | | (20) | (19) | (18) | (18) | (14) |
| 1998 | | 87 | 87 | 86 | 85 | 73 |
| 1999 | | 142 | 140 | 139 | 138 | 114 |
| 2000 | | 73 | 73 | 72 | 71 | 61 |
| 2001 | | 312 | 312 | 309 | 304 | 247 |
| 2002 | | 446 | 446 | 440 | 432 | 352 |
| 2003 | | 580 | 580 | 572 | 560 | 457 |
| 2004 | | 920 | 920 | 905 | 887 | 725 |
| 2005 | | 996 | 996 | 981 | 961 | 784 |
| 2006 | | 2,087 | 2,122 | 2,065 | 2,022 | 1,653 |
| 2007 | | 2,506 | 2,514 | 2,438 | 2,389 | 1,953 |
| 2008 | | 5,594 | 5,838 | 5,685 | 5,572 | 4,553 |
| 2009 | | 12,572 | 12,356 | 12,082 | 11,840 | 9,673 |
| 2010 | | 17,428 | 18,137 | 17,776 | 17,420 | 14,233 |
| 2011 | discount rate 0.62% | 8,204 | 8,749 | 8,532 | 8,375 | 6,844 |
| 2012 | | 17,748 | 17,277 | 16,744 | 16,445 | 13,435 |
| 2013 | | 29,975 | 31,628 | 30,779 | 29,991 | 24,502 |
| 2014 | interest rate margin 25 basis pts | 66,006 | 63,786 | 62,533 | 61,282 | 50,072 |
| 2015 | | 104,309 | 101,248 | 98,975 | 96,278 | 71,515 |
| 2016 | | 155,845 | 170,784 | 163,973 | 155,266 | 82,918 |
| 2017 | | - | - | 29,287 | 52,178 | 250,860 |
| TOTAL | | 426,269 | 434,001 | 450,521 | 458,721 | 531,936 |
| Change | | | 7,732 | 16,520 | 8,200 | |

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 Nov. 2016 | Actual Dec. 2016 | Projected Jan. 2017 | Projected Feb. 2017 | Projected Dec. 2017 |
|------|------------------------|------------------|---------------------|---------------------|------------------------|------------------------|------------------------|
| | - | prior | (750) | (5,171) | (5,067) | (4,966) | (4,061) |
| | 72.7% | 1997 | (32) | (31) | (30) | (29) | (24) |
| | 82.1% | 1998 | 23 | 23 | 23 | 23 | 23 |
| | 116.5% | 1999 | 61 | 61 | 60 | 59 | 49 |
| | 122.1% | 2000 | 66 | 66 | 65 | 64 | 54 |
| | 126.3% | 2001 | 224 | 224 | 220 | 216 | 176 |
| | 118.1% | 2002 | 361 | 361 | 354 | 347 | 283 |
| | 91.5% | 2003 | 476 | 476 | 466 | 457 | 373 |
| | 78.1% | 2004 | 768 | 768 | 753 | 738 | 603 |
| | 74.1% | 2005 | 914 | 914 | 896 | 878 | 716 |
| | 101.3% | 2006 | 1,752 | 1,787 | 1,751 | 1,716 | 1,402 |
| | 101.1% | 2007 | 2,075 | 2,084 | 2,042 | 2,001 | 1,636 |
| | 123.5% | 2008 | 4,695 | 4,944 | 4,845 | 4,748 | 3,880 |
| | 159.3% | 2009 | 10,485 | 10,328 | 10,121 | 9,919 | 8,105 |
| | 157.3% | 2010 | 13,920 | 14,816 | 14,520 | 14,230 | 11,627 |
| | 87.9% | 2011 | 5,114 | 5,725 | 5,610 | 5,498 | 4,493 |
| | 87.7% | 2012 | 9,810 | 9,994 | 9,794 | 9,598 | 7,842 |
| | 99.6% | 2013 | 15,725 | 17,817 | 17,372 | 16,851 | 13,767 |
| | 105.0% | 2014 | 43,562 | 41,794 | 40,958 | 40,139 | 32,796 |
| | 115.0% | 2015 | 76,203 | 73,637 | 71,796 | 69,642 | 49,752 |
| | 119.2% | 2016 | 120,880 | 132,233 | 126,283 | 118,706 | 57,332 |
| | 117.5% | 2017 | - | - | 23,772 | 42,138 | 195,053 |
| | | TOTAL | 306,332 | 312,850 | 326,604 | 332,973 | 385,877 |
| | | Change | | 6,518 | 13,754 | 6,369 | |

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

EXHIBIT C

Premium Liabilities

TABLE EXHIBIT C

| | Amounts in \$000s | | | | |
|--|---------------------|---------------------|------------------------|------------------------|------------------------|
| | Actual Nov. 2016 | Actual Dec. 2016 | Projected Jan. 2017 | Projected Feb. 2017 | Projected Dec. 2017 |
| Premium Liabilities | | | | | |
| (1) unearned premium (UP) | 180,945 | 186,130 | 180,234 | 175,866 | 196,665 |
| FOR MEMBER SHARING | | | | | |
| (2) expected future costs ratio {% of (1)} | 134.1% | 133.9% | 133.9% | 134.0% | 139.5% |
| (3) expected future costs {(1) x (2)} | 242,731 | 249,174 | 241,318 | 235,591 | 274,424 |
| (4) premium deficiency / (deferred policy acquisition cost) | 61,787 | 63,044 | 61,084 | 59,725 | 77,759 |
| Excluding Actuarial Present Value Adjustments | | | | | |
| (5) expected future costs ratio {% of (1)} | 118.0% | 117.7% | 117.8% | 117.8% | 122.7% |
| (6) expected future costs {(1) x (5)} | 213,483 | 219,150 | 212,240 | 207,204 | 241,356 |
| (7) premium deficiency / (deferred policy acquisition cost) | 32,539 | 33,020 | 32,006 | 31,338 | 44,691 |

EXHIBIT D

Projected Year-end Policy Liabilities

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

| Ontario | | Projected Balances as at Dec. 31, 2017 (\$000s) | | | | | | |
|--|------------------|---|------------------|-----------------|--|------------------|----------------|------------------|
| ending 2017 | | nominal values | | | actuarial present value adjustments (apvs) | | | |
| Acc Yr | Case | IBNR | Total Unpaid | discount | investment PfAD | development PfAD | Total apvs | TOTAL |
| prior | 14,289 | (4,085) | 10,204 | (34) | 14 | 1,017 | 997 | 11,201 |
| 1998 | 549 | 23 | 572 | (9) | 3 | 56 | 50 | 622 |
| 1999 | 692 | 49 | 741 | (13) | 5 | 73 | 65 | 806 |
| 2000 | 11 | 54 | 65 | (1) | 1 | 7 | 7 | 72 |
| 2001 | 687 | 176 | 863 | (22) | 9 | 84 | 71 | 934 |
| 2002 | 572 | 283 | 855 | (25) | 10 | 84 | 69 | 924 |
| 2003 | 710 | 373 | 1,083 | (35) | 14 | 105 | 84 | 1,167 |
| 2004 | 1,006 | 603 | 1,609 | (55) | 21 | 156 | 122 | 1,731 |
| 2005 | 194 | 716 | 910 | (34) | 14 | 88 | 68 | 978 |
| 2006 | 2,138 | 1,402 | 3,540 | (145) | 57 | 339 | 251 | 3,791 |
| 2007 | 2,634 | 1,636 | 4,270 | (158) | 64 | 411 | 317 | 4,587 |
| 2008 | 4,628 | 3,880 | 8,508 | (247) | 94 | 826 | 673 | 9,181 |
| 2009 | 10,920 | 8,105 | 19,025 | (476) | 190 | 1,854 | 1,568 | 20,593 |
| 2010 | 19,511 | 11,627 | 31,138 | (716) | 280 | 3,042 | 2,606 | 33,744 |
| 2011 | 23,599 | 4,493 | 28,092 | (646) | 253 | 2,744 | 2,351 | 30,443 |
| 2012 | 43,297 | 7,842 | 51,139 | (1,074) | 409 | 6,258 | 5,593 | 56,732 |
| 2013 | 64,997 | 13,767 | 78,764 | (1,418) | 551 | 11,602 | 10,735 | 89,499 |
| 2014 | 73,712 | 32,796 | 106,508 | (1,704) | 639 | 18,341 | 17,276 | 123,784 |
| 2015 | 85,387 | 49,752 | 135,139 | (2,297) | 946 | 23,114 | 21,763 | 156,902 |
| 2016 | 88,565 | 57,332 | 145,897 | (2,772) | 1,021 | 27,337 | 25,586 | 171,483 |
| PAYs (sub-total): | 438,098 | 190,824 | 628,922 | (11,881) | 4,595 | 97,538 | 90,252 | 719,174 |
| CAY (2017) | 125,701 | 195,053 | 320,754 | (6,736) | 2,566 | 59,977 | 55,807 | 376,561 |
| claims liabilities: | 563,799 | 385,877 | 949,676 | (18,617) | 7,161 | 157,515 | 146,059 | 1,095,735 |
| | Unearned Premium | Premium Deficiency / (DPAC) | Total Provision | discount | investment PfAD | development PfAD | Total apvs | TOTAL* |
| premium liabilities: | 196,665 | 44,691 | 241,356 | (4,336) | 1,686 | 35,718 | 33,068 | 274,424 |
| *Total may not be sum of parts, as apvs apply to future costs within UPR | | | | | | | | |
| policy liabilities: | | | 1,191,032 | (22,953) | 8,847 | 193,233 | 179,127 | 1,370,159 |

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, 2016 from the valuation), followed by the selected discount rate and the associated margin for investment income.

| Accident Year | Selected Claims Development MfADs (Sep. 30, 2016) | | | Total |
|---------------|---|-------------------|-----------------|-------|
| | Third Party Liability | Accident Benefits | Other Coverages | |
| 1994 | 10.0% | 10.0% | 10.0% | 10.0% |
| 1995 | 10.0% | 10.0% | 10.0% | 10.0% |
| 1996 | 10.0% | 10.0% | 10.0% | 10.0% |
| 1997 | 10.0% | 10.0% | 10.0% | 10.0% |
| 1998 | 10.0% | 10.0% | 10.0% | 10.0% |
| 1999 | 10.0% | 10.0% | 10.0% | 10.0% |
| 2000 | 10.0% | 10.0% | 10.0% | 10.0% |
| 2001 | 10.0% | 10.0% | 10.0% | 10.0% |
| 2002 | 10.0% | 10.0% | 10.0% | 10.0% |
| 2003 | 10.0% | 10.0% | 10.0% | 10.0% |
| 2004 | 10.0% | 10.0% | 10.0% | 10.0% |
| 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% | 9.5% | 10.0% |
| 2010 | 10.0% | 10.0% | 9.6% | 10.0% |
| 2011 | 10.0% | 10.0% | 9.9% | 10.0% |
| 2012 | 12.5% | 12.5% | 11.7% | 12.5% |
| 2013 | 15.0% | 15.0% | 14.4% | 15.0% |
| 2014 | 17.5% | 17.5% | 16.3% | 17.5% |
| 2015 | 17.4% | 17.5% | 15.3% | 17.4% |
| 2016 | 19.1% | 20.0% | 7.1% | 19.1% |
| 2017 | 20.0% | 20.0% | 20.0% | 20.0% |
| prem liab | 15.0% | 20.0% | 5.3% | 15.1% |

discount rate: 0.62%
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, 2016 from the latest valuation date (projections in exhibits A to D are to Dec. 31, 2017 and based on more up-to-date information). We have included both the current valuation selection (0.62%), the prior valuation assumption (0.68%) and the prior fiscal year end valuation assumption (0.98%) 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, 2016 projected Unpaid | | | | | | | | |
|--|----------------|---------------------|----------------|----------------|----------------|----------------|----------------------|--------------------------|
| AY | 0.12% | 0.62% | 1.12% | 1.62% | 2.12% | 2.62% | 0.68% | 0.98% |
| 2001 & prior | 16,519 | 16,393 | 16,229 | 16,071 | 15,915 | 15,763 | 16,373 | 16,276 |
| 2002 | 1,166 | 1,142 | 1,113 | 1,085 | 1,057 | 1,031 | 1,139 | 1,121 |
| 2003 | 1,478 | 1,447 | 1,407 | 1,369 | 1,332 | 1,297 | 1,442 | 1,418 |
| 2004 | 2,265 | 2,213 | 2,146 | 2,083 | 2,023 | 1,965 | 2,204 | 2,164 |
| 2005 | 1,248 | 1,216 | 1,176 | 1,138 | 1,102 | 1,068 | 1,211 | 1,187 |
| 2006 | 4,568 | 4,462 | 4,329 | 4,203 | 4,084 | 3,971 | 4,446 | 4,366 |
| 2007 | 5,853 | 5,747 | 5,612 | 5,485 | 5,365 | 5,251 | 5,730 | 5,649 |
| 2008 | 11,489 | 11,313 | 11,093 | 10,884 | 10,686 | 10,497 | 11,286 | 11,153 |
| 2009 | 27,216 | 26,831 | 26,349 | 25,893 | 25,457 | 25,041 | 26,773 | 26,483 |
| 2010 | 44,761 | 44,131 | 43,340 | 42,589 | 41,872 | 41,184 | 44,035 | 43,560 |
| 2011 | 38,838 | 38,332 | 37,691 | 37,079 | 36,500 | 35,942 | 38,253 | 37,866 |
| 2012 | 75,177 | 74,324 | 73,241 | 72,203 | 71,214 | 70,265 | 74,190 | 73,533 |
| 2013 | 120,266 | 119,057 | 117,544 | 116,085 | 114,676 | 113,322 | 118,864 | 117,957 |
| 2014 | 156,053 | 154,358 | 152,224 | 150,206 | 148,231 | 146,328 | 154,091 | 152,817 |
| 2015 | 204,199 | 201,736 | 198,627 | 195,622 | 192,743 | 189,967 | 201,352 | 199,483 |
| 2016 | 266,318 | 262,777 | 258,376 | 254,121 | 250,046 | 246,074 | 262,239 | 259,576 |
| Total | 977,414 | 965,479 | 950,497 | 936,116 | 922,303 | 908,966 | 963,628 | 954,609 |
| | curr - 50 bp | curr val assumption | curr + 50bp | curr + 100bp | curr + 150bp | curr + 200bp | prior val assumption | prior fyr end assumption |

| Dollar Impact Relative to Valuation Assumption | | | | | | | | |
|--|---------------|---------------------|-----------------|-----------------|-----------------|-----------------|----------------------|--------------------------|
| AY | 0.12% | 0.62% | 1.12% | 1.62% | 2.12% | 2.62% | 0.68% | 0.98% |
| Total | 11,935 | - | (14,982) | (29,363) | (43,176) | (56,513) | (1,851) | (10,870) |
| | curr - 50 bp | curr val assumption | curr + 50bp | curr + 100bp | curr + 150bp | curr + 200bp | prior val assumption | prior fyr end assumption |

| Percentage Impact Relative to Valuation Assumption | | | | | | | | |
|--|--------------|---------------------|---------------|---------------|---------------|---------------|----------------------|--------------------------|
| AY | 0.12% | 0.62% | 1.12% | 1.62% | 2.12% | 2.62% | 0.68% | 0.98% |
| 2001 & prior | 0.8% | - | (1.0%) | (2.0%) | (2.9%) | (3.8%) | (0.1%) | (0.7%) |
| 2002 | 2.1% | - | (2.5%) | (5.0%) | (7.4%) | (9.7%) | (0.3%) | (1.8%) |
| 2003 | 2.1% | - | (2.8%) | (5.4%) | (7.9%) | (10.4%) | (0.3%) | (2.0%) |
| 2004 | 2.3% | - | (3.0%) | (5.9%) | (8.6%) | (11.2%) | (0.4%) | (2.2%) |
| 2005 | 2.6% | - | (3.3%) | (6.4%) | (9.4%) | (12.2%) | (0.4%) | (2.4%) |
| 2006 | 2.4% | - | (3.0%) | (5.8%) | (8.5%) | (11.0%) | (0.4%) | (2.2%) |
| 2007 | 1.8% | - | (2.3%) | (4.6%) | (6.6%) | (8.6%) | (0.3%) | (1.7%) |
| 2008 | 1.6% | - | (1.9%) | (3.8%) | (5.5%) | (7.2%) | (0.2%) | (1.4%) |
| 2009 | 1.4% | - | (1.8%) | (3.5%) | (5.1%) | (6.7%) | (0.2%) | (1.3%) |
| 2010 | 1.4% | - | (1.8%) | (3.5%) | (5.1%) | (6.7%) | (0.2%) | (1.3%) |
| 2011 | 1.3% | - | (1.7%) | (3.3%) | (4.8%) | (6.2%) | (0.2%) | (1.2%) |
| 2012 | 1.1% | - | (1.5%) | (2.9%) | (4.2%) | (5.5%) | (0.2%) | (1.1%) |
| 2013 | 1.0% | - | (1.3%) | (2.5%) | (3.7%) | (4.8%) | (0.2%) | (0.9%) |
| 2014 | 1.1% | - | (1.4%) | (2.7%) | (4.0%) | (5.2%) | (0.2%) | (1.0%) |
| 2015 | 1.2% | - | (1.5%) | (3.0%) | (4.5%) | (5.8%) | (0.2%) | (1.1%) |
| 2016 | 1.3% | - | (1.7%) | (3.3%) | (4.8%) | (6.4%) | (0.2%) | (1.2%) |
| Total | 1.2% | - | (1.6%) | (3.0%) | (4.5%) | (5.9%) | (0.2%) | (1.1%) |
| | curr - 50 bp | curr val assumption | curr + 50bp | curr + 100bp | curr + 150bp | curr + 200bp | 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 **Ontario**
AccountCode Desc **IBNR - Discour**

M/S IBNR - in \$000s

| AccYear | Values | | 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 |
|--------------------|----------------------------------|-------------------------|-------------------------------------|---|---------------------|-----------------------|-----------------------------------|
| | Sum of Prior Month Actual Amount | Sum of Projected Change | | | | | |
| prior | 459 | (10) | (4,422) | - | (4,432) | (965.6%) | (3,973) |
| 1997 | (20) | 1 | - | - | 1 | (5.0%) | (19) |
| 1998 | 87 | (2) | 2 | - | - | - | 87 |
| 1999 | 142 | (3) | 1 | - | (2) | (1.4%) | 140 |
| 2000 | 73 | (1) | 1 | - | - | - | 73 |
| 2001 | 312 | (5) | 5 | - | - | - | 312 |
| 2002 | 446 | (8) | 8 | - | - | - | 446 |
| 2003 | 580 | (12) | 12 | - | - | - | 580 |
| 2004 | 920 | (17) | 17 | - | - | - | 920 |
| 2005 | 996 | (20) | 20 | - | - | - | 996 |
| 2006 | 2,087 | (42) | 77 | - | 35 | 1.7% | 2,122 |
| 2007 | 2,506 | (50) | 58 | - | 8 | 0.3% | 2,514 |
| 2008 | 5,594 | (113) | 357 | - | 244 | 4.4% | 5,838 |
| 2009 | 12,572 | (251) | 35 | - | (216) | (1.7%) | 12,356 |
| 2010 | 17,428 | (348) | 1,057 | - | 709 | 4.1% | 18,137 |
| 2011 | 8,204 | (165) | 710 | - | 545 | 6.6% | 8,749 |
| 2012 | 17,748 | (355) | (116) | - | (471) | (2.7%) | 17,277 |
| 2013 | 29,975 | (600) | 2,253 | - | 1,653 | 5.5% | 31,628 |
| 2014 | 66,006 | (1,869) | (351) | - | (2,220) | (3.4%) | 63,786 |
| 2015 | 104,309 | (3,129) | 68 | - | (3,061) | (2.9%) | 101,248 |
| 2016 | 155,845 | 16,756 | (1,817) | - | 14,939 | 9.6% | 170,784 |
| Grand Total | 426,269 | 9,757 | (2,025) | - | 7,732 | 1.8% | 434,001 |

EXHIBIT G

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

RSP **Ontario**
AccountCode Desc **IBNR - Undiscounted**

IBNR - in \$000s

| AccYear | Values | | | | Sum of Total Change | Sum of % Total Change | 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 | | | |
| prior | (750) | 14 | (4,435) | - | (4,421) | 589.5% | (5,171) |
| 1997 | (32) | 1 | - | - | 1 | (3.1%) | (31) |
| 1998 | 23 | - | - | - | - | - | 23 |
| 1999 | 61 | (1) | 1 | - | - | - | 61 |
| 2000 | 66 | (1) | 1 | - | - | - | 66 |
| 2001 | 224 | (4) | 4 | - | - | - | 224 |
| 2002 | 361 | (7) | 7 | - | - | - | 361 |
| 2003 | 476 | (10) | 10 | - | - | - | 476 |
| 2004 | 768 | (15) | 15 | - | - | - | 768 |
| 2005 | 914 | (18) | 18 | - | - | - | 914 |
| 2006 | 1,752 | (35) | 70 | - | 35 | 2.0% | 1,787 |
| 2007 | 2,075 | (42) | 51 | - | 9 | 0.4% | 2,084 |
| 2008 | 4,695 | (94) | 343 | - | 249 | 5.3% | 4,944 |
| 2009 | 10,485 | (210) | 53 | - | (157) | (1.5%) | 10,328 |
| 2010 | 13,920 | (278) | 1,174 | - | 896 | 6.4% | 14,816 |
| 2011 | 5,114 | (102) | 713 | - | 611 | 11.9% | 5,725 |
| 2012 | 9,810 | (196) | 380 | - | 184 | 1.9% | 9,994 |
| 2013 | 15,725 | (315) | 2,407 | - | 2,092 | 13.3% | 17,817 |
| 2014 | 43,562 | (1,307) | (461) | - | (1,768) | (4.1%) | 41,794 |
| 2015 | 76,203 | (2,286) | (280) | - | (2,566) | (3.4%) | 73,637 |
| 2016 | 120,880 | 12,790 | (1,437) | - | 11,353 | 9.4% | 132,233 |
| Grand Total | 306,332 | 7,884 | (1,366) | - | 6,518 | 2.1% | 312,850 |