



**ONTARIO RISK SHARING POOL**

**JULY 2017 OPERATIONAL REPORT**

**ACTUARIAL HIGHLIGHTS**

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**ACTUARIAL HIGHLIGHTS**  
**RSP ONTARIO**  
**OPERATIONAL REPORT**  
**JULY 2017**

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## 1 Summary

### 1.1 Valuation Schedule (Fiscal Year 2017)

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

<b>ONTARIO RISK SHARING POOL FISCAL YEAR 2017 – SCHEDULE OF VALUATIONS</b>			
<b>Valuation Date</b>	<b>Discount Rate (per annum)</b>	<b>Operational Report</b>	<b>Description of Changes</b>
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 (completed)	1.12% mfad: 25 bp	Mar. 2017	updated valuation: accident year 2016 loss ratio increased 0.5 points to 119.7%; accident year 2017 loss ratio increased 0.4 points to 117.9%; discount rate increased by 50 basis points; no change to selected margins for adverse deviations
Mar. 31, 2017 (completed)	1.04% mfad: 25 bp	May 2017	updated valuation (roll forward): accident year 2017 loss ratio increased 0.7 points to 118.6%; discount rate decreased by 8 basis points; no change to selected margins for adverse deviations
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 / Regulation<sup>1</sup>

Consideration and assessment of potential impacts of legal decisions and changes in legislation / regulation constitutes a regular part of the valuation process. Descriptions of some of the more recent changes are provided below (there have been no changes in these descriptions since last month's Highlights, other than a minor editorial change in the Saadati v. Moorhead narrative).

**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 (March 31, 2017), 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 June 30, 2016), 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 (March 31, 2017), 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 June 30, 2016) and nominal valuation estimates, impacting the selection of ultimates.

The **Supreme Court of Canada** rendered its judgment on **Saadati v Moorhead (2017 SCC 28, rendered on Jun 2, 2017)**. Saadati was involved in a collision in July of 2005 in British Columbia and sued the at-fault driver for damages. According to the Supreme Court decision, "*The trial judge*

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<sup>1</sup>How 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>.

found that the ... accident caused S[aadati] psychological injuries, including personality change and cognitive difficulties. ...and awarded S[aadati] \$100,000 for non-pecuniary damages.” The trial decision was appealed to the BC Court of Appeal where the trial’s \$100,000 non-pecuniary award was dismissed. The Supreme Court upheld the \$100,000 non-pecuniary award, determining:

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

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

#### 1.4 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 June 30, 2016).

In the 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 losses<sup>2</sup> 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. Palacios (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

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<sup>2</sup>**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.”

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 March 31, 2017), 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 below displaying the current levels of Ontario RSP Third Party Liability – Bodily Injury Case Reserves (as at December 31, 2016) by accident year as well as projected average duration, from accident date to projected settlement date, from the December 31, 2016 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.

**ON RSP** (Amounts in \$000s; as at Dec. 31, 2016)

AY	Curr BI Case	avg yrs to Dec 2016	projected avg # yrs to settlement	projected avg duration
[1]	[2]	[5]	[6]	[7]
1993	-	23.5	-	-
1994	-	22.5	-	-
1995	-	21.5	-	-
1996	168	20.5	2.0	22.5
1997	-	19.5	-	-
1998	-	18.5	-	-
1999	-	17.5	-	-
2000	-	16.5	-	-
2001	-	15.5	-	-
2002	-	14.5	-	-
2003	8	13.5	6.0	19.5
2004	-	12.5	-	-
2005	50	11.5	7.4	18.9
2006	123	10.5	8.0	18.5
2007	907	9.5	5.2	14.7
2008	2,289	8.5	1.7	10.2
2009	6,856	7.5	1.7	9.2
2010	14,342	6.5	2.1	8.6
2011	15,171	5.5	2.0	7.5
2012	27,936	4.5	2.0	6.5
2013	44,461	3.5	2.2	5.7
2014	44,176	2.5	2.6	5.1
2015	44,279	1.5	3.1	4.6
2016	29,519	0.5	3.9	4.4
<b>TOTAL</b>	<b>230,285</b>	<b>3.2</b>	<b>2.6</b>	<b>5.8</b>

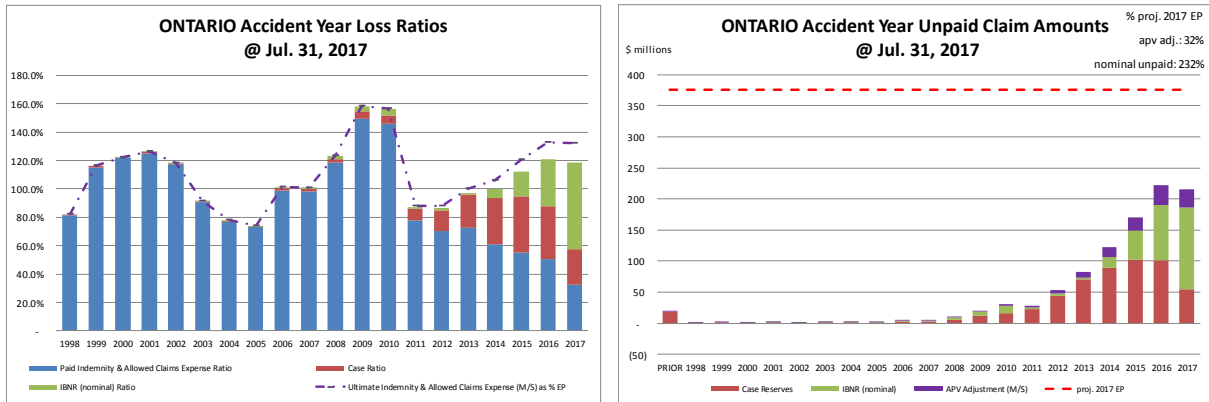
In the above table, the column referenced as [7] (“projected avg duration”) is an estimate of the number of years from claim occurrence<sup>3</sup> to claim settlement, via summing the average number of

<sup>3</sup>Prejudgment 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.

years from claim occurrence to December 31, 2016 (column [5]) and from December 31, 2016 to settlement (column [6]).

**1.5 Current Provision Summary**

The charts below show the current levels of claim liabilities<sup>4</sup> booked by accident year<sup>5</sup>. The left chart displays life-to-date payments, case reserves, IBNR, and the total including actuarial present value adjustments against accident year earned premium. The right chart shows the associated dollar amounts for the components of the claim liabilities and the current projected amount of 2017 full year earned premium (the red hash-mark line) to provide some perspective.



*“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 (\$121.7 million – see table below) represents 32% of the earned premium projected for the full year 2017 (see the upper right corner of the right chart above). If our current estimates of the nominal unpaid amounts prove to match actual claims payments, the actuarial present value adjustments will be released into the net operating result over future periods.

claim liabilities (\$000s)	amt	%
case	545,561	55.0%
ibnr	324,544	32.7%
M/S apv adjust.	121,715	12.3%
<b>M/S total</b>	<b>991,820</b>	<b>100.0%</b>

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 68% of the IBNR balance relates to accident years 2016 and 2017 (see Exhibit B). Approximately 82% of the M/S total claim liabilities are related to accident

years 2013-2017 inclusive (i.e. the most recent 5 accident years), and approximately 4% is related to accident years 2007 and prior (i.e. prior to the most recent 10 accident years).

<sup>4</sup>Claim liabilities refer to provision for unpaid indemnity and allowed claims expenses. Allowed claims expenses are first party legal and other expenses as listed in the RSP Claims Guide. Claims expenses paid through the member company expense allowance are NOT included in this discussion.

<sup>5</sup>The 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”.

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

premium liabilities (\$000s)			policy liabilities (\$000s)		
	amt	%		amt	%
unearned prem	205,972	74.0%	claim	870,105	68.5%
prem def/(dpac)	42,136	15.1%	premium	248,108	19.5%
M/S apv adjust.	30,172	10.8%	M/S apv adjust.	151,887	12.0%
M/S total	278,280	100.0%	M/S total	1,270,100	100.0%

## 2 Activity During the Month of July 2017

### 2.1 Recorded Premium and Claims Activity

The table below summarizes the extent to which premiums and claims amounts recorded during the month differ from projections reflected in the prior month’s Operational Report<sup>6</sup>.

*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	2	2	8,955	1,170	(9,131)	(2,552)	(176)	(1,382)
2015	(3)	(3)	1,652	(2,855)	(585)	2,525	1,067	(330)
2016	(302)	(302)	2,529	(3,273)	646	858	3,175	(2,415)
2017	33,426	(162)	13,864	1,211	7,363	(2,244)	21,227	(1,033)
TOTAL	33,123	(465)	27,001	(3,747)	(1,707)	(1,413)	25,294	(5,159)

(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

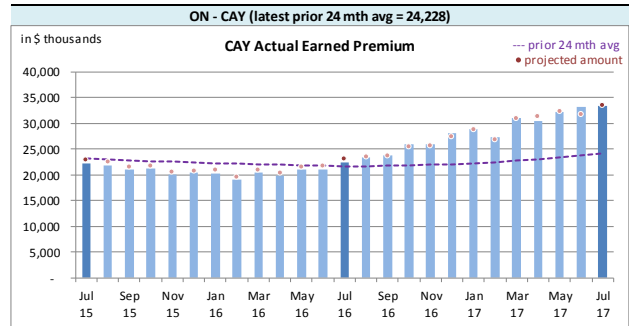
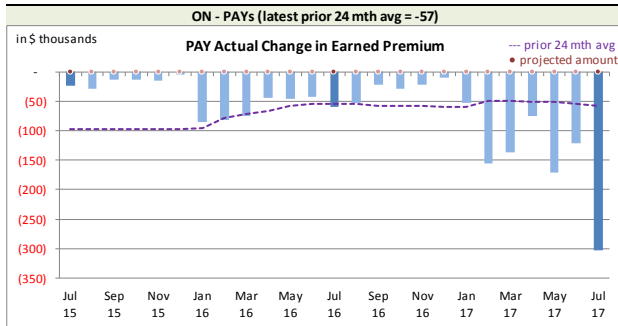
The charts at the top of the next page show actual **earned premium**<sup>7</sup> activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

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

<sup>7</sup>Premium is earned on a daily basis based on the transaction term measured in days. As a result, months with 31 days earned relatively more than those with 30 days, and February earns the least.



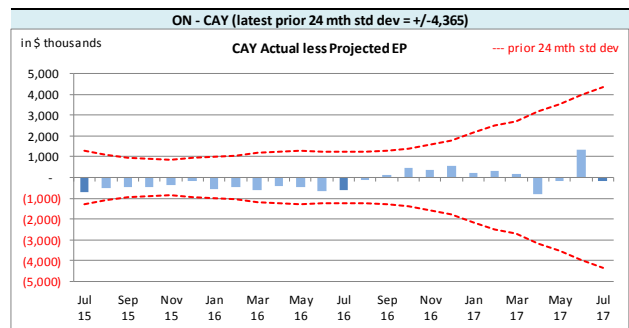
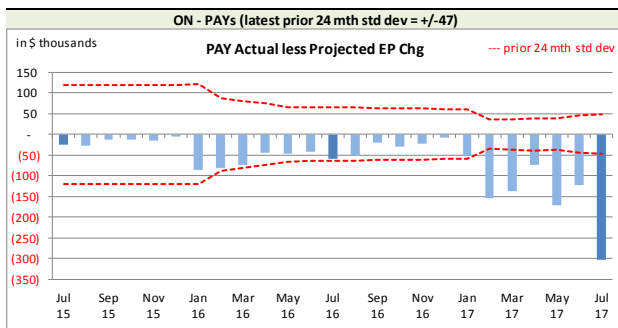
*Ontario RSP Actual Earned Premium by Calendar Month*



**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.

We have noted and have been investigating the unusually high level of PAYs earned premium activity so far in 2017, particularly with respect to one member and we are in discussions with that member to better understand the causes of the changes.

*The associated variance between the actual changes and the projections from the previous month are shown in the charts below. **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. Ontario RSP Actual vs. Projected Summary: **Earned Premium** Variances by Calendar Month*



On Latest \$ thousands		
<b>Earned Premium</b>	PAYs	CAY
Mthly Avg EP Chg (prior 24 mths)	(57)	24,228
std dev	47	4,365
A-P <> std dev	6	-
% <> std dev	24.0%	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' (PAYs) bias<sup>8</sup>, 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 and to the left). In addition to the PAYs' bias, the CAY had also shown bias up until August 2016, with actuals being

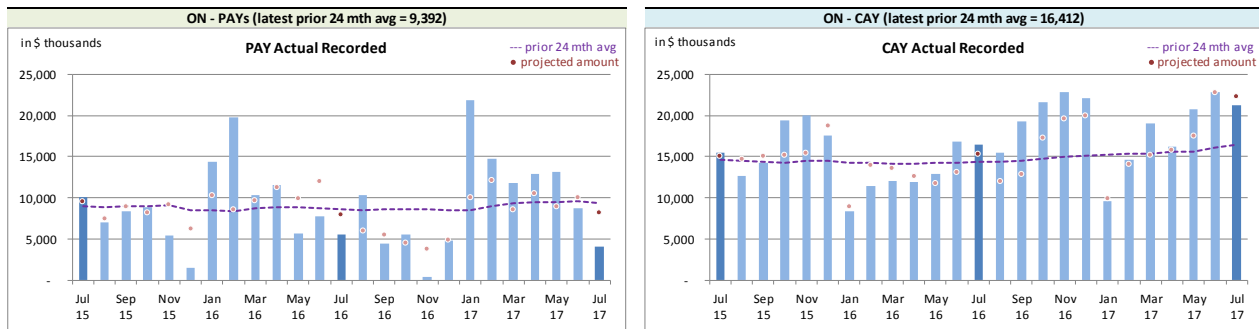
<sup>8</sup>The PAYs' variances will show bias as the projection upload forces all earned premium projections to be attributed to the CAY.

generally lower than projected. Starting with the August 2016 projections, we have modified our projections processes in an attempt to account for CAY bias. Over time, we may consider other projection approaches to narrow monthly variance levels further, but it is not currently deemed a priority.

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

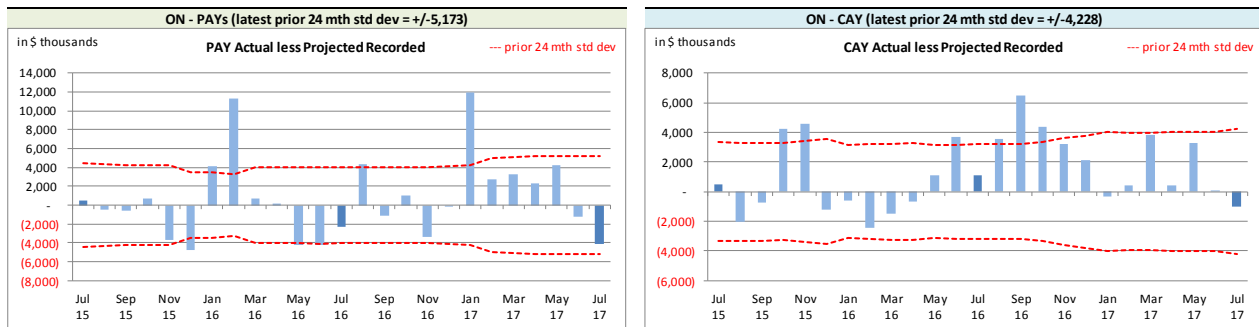
The charts immediately below show actual **recorded** activity (**paid** and case reserve changes), in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

*Ontario 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.

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



	On Latest \$ thousands	
	<b>Recorded</b>	
	PAYs	CAY
Mthly Avg Recorded (prior 24 mths)	9,392	16,412
std dev	5,173	4,228
A-P <> std dev	7	6
% <> std dev	28.0%	24.0%
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 little better than simply projecting the prior 24-month average amount.

The current accident year (CAY) **recorded** variances (right chart above) fell outside of one standard deviation 24% of the time over the entire period, suggesting that the projection process performs somewhat better than simply projecting the prior 24-month average amount. There does appear to

be evidence of some bias as thirteen times in the past fifteen months our projections were below the actual CAY **recorded** amount. Among these thirteen months, 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** table below does show consistently higher ratios during 2016 than 2015. This is also occurring in relation to the **paid-to-ytd-earned premium** ratio (next section).

In fact, 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 tables below. These tables show, in each row, the average monthly ratio for each calendar year. That is, each row in the left table (as at Dec) provides the average of the 12 monthly-ratios (i.e. Jan, Feb, ... Dec) for that row's calendar year, whereas each row in the right table (as at July) provides the average of the 7 monthly ratios (i.e. Jan-July) for that row's calendar year.

With respect to the left table (average of 12 months to Dec for each year), the 2016 average **recorded** ratio at 15.8% and the **paid** ratio at 7.6% were both at their highest levels since 2010. For the right table (average of 7 months to July for each year), the average ratios for 2016 were up from 2015 for both **recorded** and **paid**, and although the 2017 ratios are both down in relation to 2016, they remain at “elevated” levels compared with the ratios for the 3 calendar years immediately following the 2010 reforms.

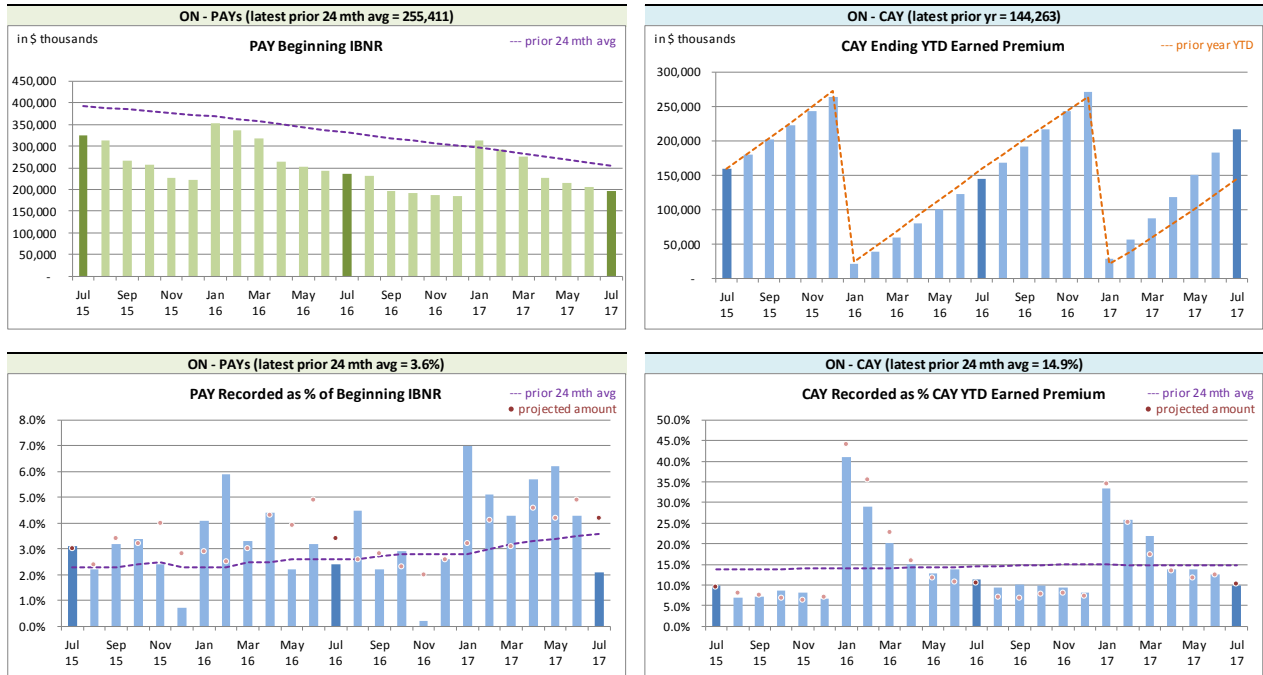
CAY avg of mthly ratios for yr					CAY avg of mthly ratios for yr				
as at	Rec'd	yr-on-yr chg	Paid	yr-on-yr chg	as at	Rec'd	yr-on-yr chg	Paid	yr-on-yr chg
Dec 2009	18.5%		7.0%		Jul 2009	23.2%		8.0%	
Dec 2010	23.2%	4.7%	8.0%	1.0%	Jul 2010	29.6%	6.4%	9.0%	1.0%
Dec 2011	11.5%	(11.7%)	5.0%	(3.0%)	Jul 2011	15.1%	(14.5%)	6.2%	(2.8%)
Dec 2012	11.4%	(0.1%)	4.6%	(0.4%)	Jul 2012	14.6%	(0.5%)	5.7%	(0.5%)
Dec 2013	12.0%	0.6%	5.1%	0.5%	Jul 2013	15.5%	0.9%	6.2%	0.5%
Dec 2014	13.7%	1.7%	5.9%	0.8%	Jul 2014	18.3%	2.8%	7.5%	1.3%
Dec 2015	14.4%	0.7%	6.4%	0.5%	Jul 2015	19.2%	0.9%	8.2%	0.7%
Dec 2016	15.8%	1.4%	7.6%	1.2%	Jul 2016	20.5%	1.3%	9.4%	1.2%
					Jul 2017	18.7%	(1.8%)	9.3%	(0.1%)

These ratios may be signalling an actual increase in claim amounts generally, signalling a change in the pattern of **recorded** / **paid** activity, or signalling 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 at the top of the next page 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 influence<sup>9</sup> Recorded activity by Calendar Month*



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

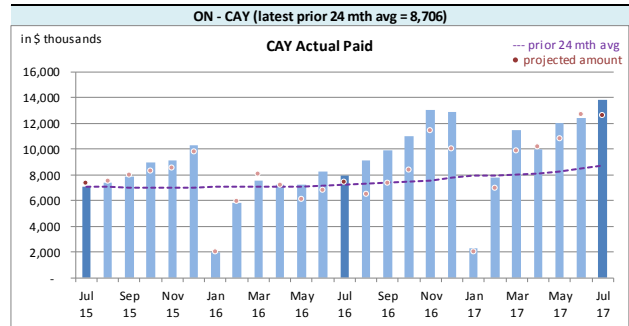
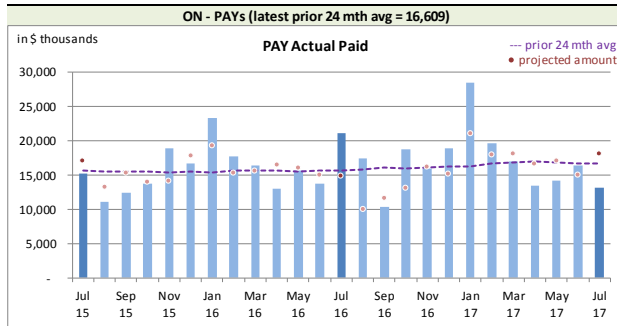
- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a current accident year becomes a prior accident year (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of prior accident years’ ultimate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

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

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

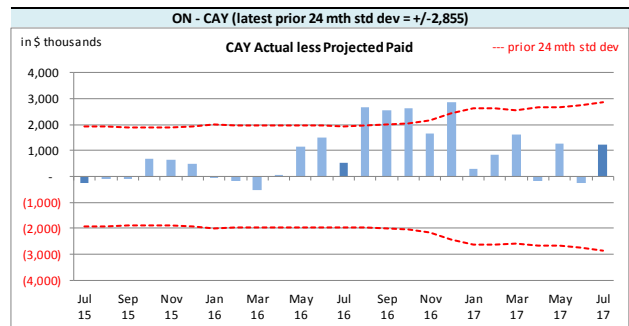
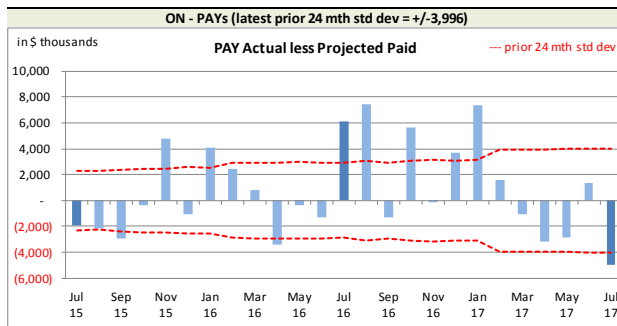
<sup>9</sup>Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned premium), deriving year-to-date recorded as selected ultimate less IBNR. In both cases, the ratio selection is based on our review of the more recent recorded activity and recent AvsP analyses.

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



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

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



On Latest \$ thousands		
<b>Paid</b>	PAYs	CAY
Mthly Avg Paid (prior 24 mths)	16,609	8,706
std dev	3,996	2,855
A-P <> std dev	10	4
% <> std dev	40.0%	16.0%
norm <> std dev	31.7%	31.7%

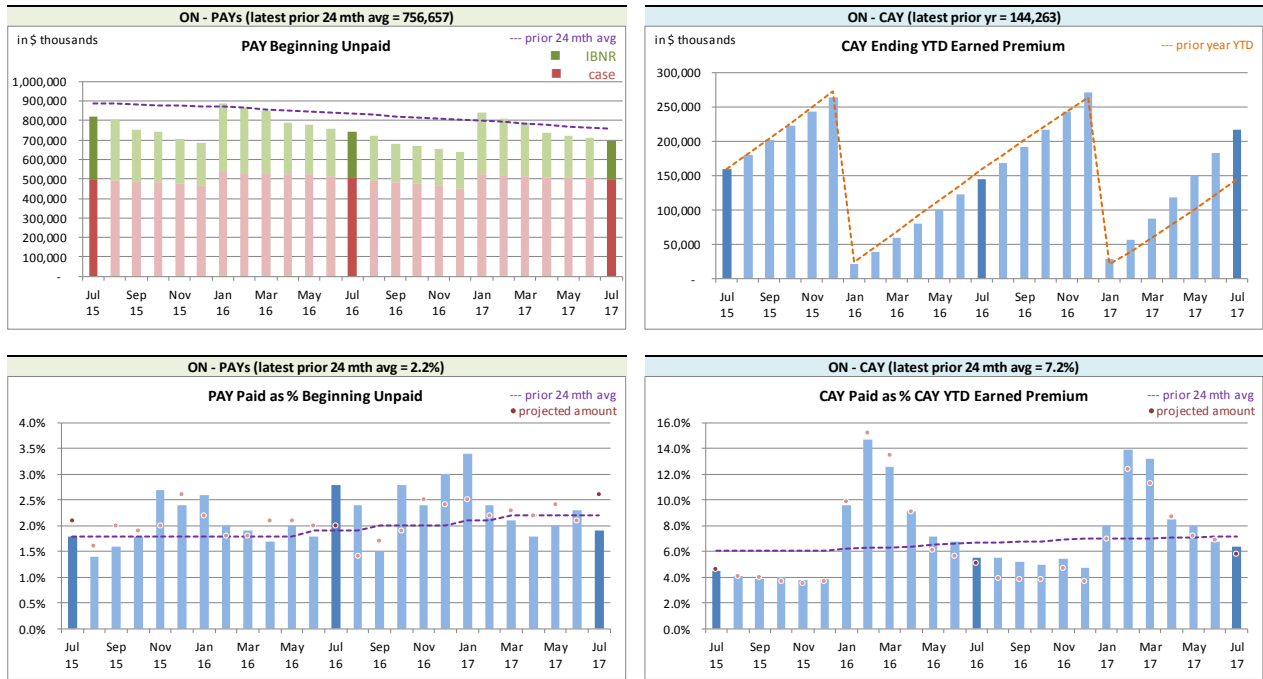
With respect to **paid** indemnity & allowed claims expense, 40% of the prior accident years’ (PAYs) variances (left chart above) over the last 25 calendar months have fallen outside of one standard deviation, suggesting the projection process has performed worse than projecting simply based on the preceding 24-month average.

There does appear to be some evidence of bias, with actuals coming in higher than our projections (of the 10 occurrences where the variance was outside of a standard deviation, 7 had actuals higher than our projection). Efforts to address this bias seem to be working.

The current accident year (CAY) **paid** variances (right chart above) has shown actuals have been higher than projected for fourteen of the past sixteen months, four of which were also outside the one standard deviation band. The bottom right chart at the top 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** activity. 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.

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

*Ontario RSP Levels that influence<sup>10</sup> Paid activity by Calendar Month*



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

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

**2.2 Actuarial Provisions**

An “ultimate loss ratio matching method” (described in section 3) is used to determine the month’s IBNR<sup>11</sup>, 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

<sup>10</sup>Our paid projections for the prior accident years are based on selected ratios of paid to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date paid to year-to-date selected ultimate indemnity (i.e. selected LR x earned premium). In both cases, the ratio selection is based on our review of the more recent recorded activity and recent AvsP analyses.

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

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 July 2017 Operational Report and the associated one-month projections from last month's Report.

*Ontario 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	57,064	1,385	(10,504)	41	48,325	(99)	94,885	1,327
2015	45,508	326	(4,160)	(80)	26,312	505	67,660	751
2016	89,626	2,051	(5,906)	(90)	38,070	581	121,790	2,542
2017	132,346	841	(6,345)	47	35,923	(270)	161,924	618
TOTAL	324,544	4,603	(26,915)	(82)	148,630	717	446,259	5,238

The IBNR provision is \$4.6 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 the premium deficiency amounts included in the July 2017 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. The variances noted are mainly driven by the unearned premium variance.

*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:	42,136	(175)	30,172	(118)	72,308	(293)
balance as % unearned premium:	20.5%	-	14.6%	-	35.1%	-
actual unearned premium:	205,972					
less projected:	(779)					

### 3 Ultimate Loss Ratio Matching Method

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

- (a) Earned premium to-date
- (b) Ultimate loss<sup>12</sup> ratio per latest valuation
- (c) Estimated ultimate incurred = (a) x (b)
- (d) Recorded indemnity & allowed claims expense to-date
- (e) IBNR = (c) – (d)

### 4 Calendar Year-to-Date Results

The table at the top of the next page summarizes the calendar year-to-date results for indemnity & allowed claims expenses<sup>13</sup>, 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 119.2% rather than 118.6% (the valuation ultimate ratio for accident year 2017), as the calendar year-to-date earned premium includes prior accident year earned premium adjustments. (Note that the ratios in this table may differ slightly from those shown in the Ontario RSP Summary of Operations due to rounding.)

<sup>12</sup>“Loss” here refers to indemnity and allowed claims expenses, but does not include the claims expense allowance included in member company overall expense allowances (“Expense Allowance” in the Operational Report).

<sup>13</sup>Allowed claims expenses are first party legal and other expenses as listed in the RSP Claims Guide. Claims expenses paid through the member company expense allowance are NOT included in this analysis.



*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	(33,232)	(15.4%)	(29,014)	(13.5%)	(62,246)	(28.9%)	(2,066)	4.1%
CAY	256,654	119.2%	29,578	13.7%	286,232	132.9%	43,728	(0.1%)
TOTAL	223,422	103.7%	564	0.3%	223,986	104.0%	41,662	4.0%

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

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

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

## 5 Current Operational Report – Additional Exhibits

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

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

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

The ultimate loss ratios 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
		Jun. 2017	Jul. 2017	Aug. 2017	Sep. 2017	Dec. 2017
IBNR + M/S actuarial present value adjustments	Accident Year					
	prior	60	220	218	213	205
	1998	77	77	75	75	71
	1999	54	54	53	53	48
	2000	72	72	71	70	66
	2001	208	209	205	201	189
	2002	284	284	279	273	257
	2003	554	554	542	532	502
	2004	720	719	705	691	651
	2005	816	814	797	781	737
	2006	1,721	1,694	1,660	1,627	1,531
	2007	2,268	2,217	2,173	2,130	2,005
	2008	4,578	4,673	4,580	4,489	4,224
	2009	8,274	8,456	8,287	8,121	7,643
	2010	14,788	15,030	14,730	14,434	13,584
	2011	5,452	5,470	5,361	5,253	4,944
discount rate	2012	9,103	9,270	9,085	8,903	8,379
1.04%	2013	12,127	12,095	11,763	11,528	10,849
	2014	34,515	32,977	32,148	31,506	29,654
interest rate margin	2015	68,979	67,660	65,852	64,311	58,099
25 basis pts	2016	125,818	121,790	116,665	111,778	91,360
	2017	139,423	161,924	184,571	204,693	237,307
	<b>TOTAL</b>	<b>429,891</b>	<b>446,259</b>	<b>459,820</b>	<b>471,662</b>	<b>472,305</b>
	Change		16,368	13,561	11,842	

*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 Jun. 2017	Actual Jul. 2017	Projected Aug. 2017	Projected Sep. 2017	Projected Dec. 2017
	-	prior	(1,539)	(1,341)	(1,315)	(1,288)	(1,210)
	82.1%	1998	23	23	23	23	23
	116.4%	1999	(8)	(8)	(8)	(8)	(8)
	122.1%	2000	66	66	65	64	61
	126.2%	2001	144	145	142	139	130
	118.3%	2002	244	244	239	234	220
	91.5%	2003	477	477	467	458	431
	78.0%	2004	622	622	610	598	563
	74.0%	2005	770	768	753	738	695
	101.3%	2006	1,538	1,516	1,486	1,456	1,370
	101.0%	2007	2,065	2,028	1,987	1,947	1,833
	123.1%	2008	4,002	4,100	4,018	3,938	3,706
	158.0%	2009	6,920	7,157	7,014	6,874	6,470
	156.2%	2010	12,697	12,992	12,732	12,477	11,742
	87.3%	2011	3,642	3,684	3,610	3,538	3,330
	86.6%	2012	4,366	4,642	4,549	4,458	4,196
	97.1%	2013	2,567	2,968	2,909	2,851	2,683
	100.0%	2014	18,289	16,981	16,472	16,143	15,194
	112.0%	2015	46,579	45,508	44,143	42,819	37,871
	120.7%	2016	93,165	89,626	85,145	80,888	64,318
	118.6%	2017	113,930	132,346	150,936	167,450	187,717
		<b>TOTAL</b>	<b>310,559</b>	<b>324,544</b>	<b>335,977</b>	<b>345,797</b>	<b>341,335</b>
		Change		13,985	11,433	9,820	

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

## EXHIBIT C

## Premium Liabilities

TABLE EXHIBIT C

	Amounts in \$000s				
	Actual Jun. 2017	Actual Jul. 2017	Projected Aug. 2017	Projected Sep. 2017	Projected Dec. 2017
Premium Liabilities					
(1) unearned premium (UP)	208,759	205,972	198,963	197,328	185,103
FOR MEMBER SHARING					
(2) expected future costs ratio {% of (1)}	134.7%	135.1%	135.6%	136.2%	138.4%
(3) expected future costs {(1) x (2)}	281,102	278,280	269,838	268,799	256,262
(4) premium deficiency / (deferred policy acquisition cost)	72,343	72,308	70,875	71,471	71,159
Excluding Actuarial Present Value Adjustments					
(5) expected future costs ratio {% of (1)}	120.1%	120.5%	120.9%	121.4%	123.4%
(6) expected future costs {(1) x (5)}	250,622	248,108	240,580	239,653	228,475
(7) premium deficiency / (deferred policy acquisition cost)	41,863	42,136	41,617	42,325	43,372

**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	17,111	(1,210)	15,901	(203)	47	1,571	1,415	17,316
1998	598	23	621	(16)	4	60	48	669
1999	767	(8)	759	(23)	5	74	56	815
2000	11	61	72	(3)	1	7	5	77
2001	785	130	915	(38)	9	88	59	974
2002	388	220	608	(28)	7	58	37	645
2003	817	431	1,248	(62)	14	119	71	1,319
2004	1,110	563	1,673	(92)	22	158	88	1,761
2005	181	695	876	(53)	12	83	42	918
2006	2,434	1,370	3,804	(255)	61	355	161	3,965
2007	2,217	1,833	4,050	(267)	61	378	172	4,222
2008	5,195	3,706	8,901	(427)	98	847	518	9,419
2009	10,692	6,470	17,162	(618)	137	1,654	1,173	18,335
2010	13,953	11,742	25,695	(848)	206	2,484	1,842	27,537
2011	19,937	3,330	23,267	(838)	209	2,243	1,614	24,881
2012	39,439	4,196	43,635	(1,440)	349	5,274	4,183	47,818
2013	62,674	2,683	65,357	(1,765)	392	9,539	8,166	73,523
2014	80,914	15,194	96,108	(2,499)	577	16,382	14,460	110,568
2015	97,796	37,871	135,667	(3,799)	950	23,077	20,228	155,895
2016	95,855	64,318	160,173	(4,965)	1,121	30,886	27,042	187,215
PAYs (sub-total):	452,874	153,618	606,492	(18,239)	4,282	95,337	81,380	687,872
CAY (2017)	125,144	187,717	312,861	(10,637)	2,503	57,724	49,590	362,451
<b>claims liabilities:</b>	<b>578,018</b>	<b>341,335</b>	<b>919,353</b>	<b>(28,876)</b>	<b>6,785</b>	<b>153,061</b>	<b>130,970</b>	<b>1,050,323</b>
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
<b>premium liabilities:</b>	185,103	43,372	228,475	(6,385)	1,368	32,804	27,787	256,262
*Total may not be sum of parts, as apvs apply to future costs within UPR								
<b>policy liabilities:</b>			<b>1,147,828</b>	<b>(35,261)</b>	<b>8,153</b>	<b>185,865</b>	<b>158,757</b>	<b>1,306,585</b>

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, 2017 from the valuation), followed by the selected discount rate and the associated margin for investment income.

Accident Year	Selected Claims Development MfADs (Mar. 31, 2017)			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	8.8%	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%	10.0%	10.0%
2010	10.0%	10.0%	10.0%	10.0%
2011	10.0%	10.0%	9.8%	10.0%
2012	12.5%	12.5%	11.6%	12.5%
2013	15.0%	15.0%	14.5%	15.0%
2014	17.5%	17.5%	16.8%	17.5%
2015	17.5%	17.5%	16.3%	17.5%
2016	19.9%	20.0%	14.7%	19.9%
2017	19.1%	20.0%	6.8%	19.1%
2018	20.0%	20.0%	20.0%	20.0%
prem liab	14.6%	20.0%	5.3%	14.8%

discount rate: 1.04%  
margin (basis points): 25

**EXHIBIT F**
**Interest Rate Sensitivity**

The tables below present sensitivity to the member statement claims liability as projected to Dec. 31, 2017 from the latest valuation date (projections in exhibits A to D are also to Dec. 31, 2017, but are based on more up-to-date information). We have included the current valuation selection (1.04%), the prior valuation assumption (1.12%) and the prior fiscal year end valuation assumption (0.62%) for comparative purposes. A 25 basis point margin for investment return adverse deviation is used in all scenarios presented.

\$ Format: \$000s

AY	Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2017 projected Unpaid							
	0.54%	1.04%	1.54%	2.04%	2.54%	3.04%	1.12%	0.62%
2002 & prior	17,793	17,641	17,492	17,347	17,202	17,066	17,619	17,768
2003	1,340	1,307	1,275	1,245	1,216	1,188	1,302	1,334
2004	1,855	1,805	1,757	1,711	1,667	1,625	1,797	1,847
2005	1,001	971	943	916	890	865	967	996
2006	4,191	4,054	3,925	3,800	3,682	3,570	4,033	4,169
2007	3,965	3,837	3,717	3,602	3,493	3,390	3,817	3,944
2008	7,035	6,872	6,717	6,569	6,430	6,298	6,846	7,009
2009	16,777	16,481	16,201	15,933	15,680	15,440	16,434	16,728
2010	29,867	29,391	28,937	28,503	28,091	27,697	29,318	29,791
2011	23,481	23,073	22,686	22,315	21,959	21,621	23,011	23,414
2012	41,922	41,252	40,614	40,003	39,421	38,862	41,149	41,811
2013	68,522	67,616	66,743	65,914	65,105	64,334	67,474	68,367
2014	106,204	104,888	103,633	102,412	101,231	100,087	104,680	105,990
2015	153,604	151,524	149,513	147,576	145,700	143,882	151,198	153,269
2016	206,556	203,431	200,371	197,420	194,593	191,851	202,912	206,059
2017	380,192	373,912	367,837	361,975	356,360	350,918	372,896	379,149
<b>Total</b>	<b>1,064,305</b>	<b>1,048,055</b>	<b>1,032,361</b>	<b>1,017,241</b>	<b>1,002,720</b>	<b>988,694</b>	<b>1,045,453</b>	<b>1,061,645</b>
	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	curr + 200bp	prior val assumption	prior fyr end assumption

AY	Dollar Impact Relative to Valuation Assumption							
	0.54%	1.04%	1.54%	2.04%	2.54%	3.04%	1.12%	0.62%
<b>Total</b>	<b>16,250</b>	<b>-</b>	<b>(15,694)</b>	<b>(30,814)</b>	<b>(45,335)</b>	<b>(59,361)</b>	<b>(2,602)</b>	<b>13,590</b>
	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	curr + 200bp	prior val assumption	prior fyr end assumption

AY	Percentage Impact Relative to Valuation Assumption							
	0.54%	1.04%	1.54%	2.04%	2.54%	3.04%	1.12%	0.62%
2002 & prior	0.9%	-	(0.8%)	(1.7%)	(2.5%)	(3.3%)	(0.1%)	0.7%
2003	2.5%	-	(2.4%)	(4.7%)	(7.0%)	(9.1%)	(0.4%)	2.1%
2004	2.8%	-	(2.7%)	(5.2%)	(7.6%)	(10.0%)	(0.4%)	2.3%
2005	3.1%	-	(2.9%)	(5.7%)	(8.3%)	(10.9%)	(0.4%)	2.6%
2006	3.4%	-	(3.2%)	(6.3%)	(9.2%)	(11.9%)	(0.5%)	2.8%
2007	3.3%	-	(3.1%)	(6.1%)	(9.0%)	(11.6%)	(0.5%)	2.8%
2008	2.4%	-	(2.3%)	(4.4%)	(6.4%)	(8.4%)	(0.4%)	2.0%
2009	1.8%	-	(1.7%)	(3.3%)	(4.9%)	(6.3%)	(0.3%)	1.5%
2010	1.6%	-	(1.5%)	(3.0%)	(4.4%)	(5.8%)	(0.2%)	1.4%
2011	1.8%	-	(1.7%)	(3.3%)	(4.8%)	(6.3%)	(0.3%)	1.5%
2012	1.6%	-	(1.5%)	(3.0%)	(4.4%)	(5.8%)	(0.2%)	1.4%
2013	1.3%	-	(1.3%)	(2.5%)	(3.7%)	(4.9%)	(0.2%)	1.1%
2014	1.3%	-	(1.2%)	(2.4%)	(3.5%)	(4.6%)	(0.2%)	1.1%
2015	1.4%	-	(1.3%)	(2.6%)	(3.8%)	(5.0%)	(0.2%)	1.2%
2016	1.5%	-	(1.5%)	(3.0%)	(4.3%)	(5.7%)	(0.3%)	1.3%
2017	1.7%	-	(1.6%)	(3.2%)	(4.7%)	(6.1%)	(0.3%)	1.4%
<b>Total</b>	<b>1.6%</b>	<b>-</b>	<b>(1.5%)</b>	<b>(2.9%)</b>	<b>(4.3%)</b>	<b>(5.7%)</b>	<b>(0.2%)</b>	<b>1.3%</b>
	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	curr + 200bp	prior val assumption	prior fyr end assumption

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

RSP		Ontario						M/S IBNR - in \$000s
AccountCode Desc		IBNR - Discou						
AccYear	Values							
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation	Sum of Total Change	Sum of % Total Change	Sum of Current Month Final Amount	
prior	60	1	159	-	160	266.7%	220	
1998	77	(1)	1	-	-	-	77	
1999	54	-	-	-	-	-	54	
2000	72	(1)	1	-	-	-	72	
2001	208	(4)	5	-	1	0.5%	209	
2002	284	(5)	5	-	-	-	284	
2003	554	(12)	12	-	-	-	554	
2004	720	(13)	12	-	(1)	(0.1%)	719	
2005	816	(17)	15	-	(2)	(0.2%)	814	
2006	1,721	(34)	7	-	(27)	(1.6%)	1,694	
2007	2,268	(44)	(7)	-	(51)	(2.2%)	2,217	
2008	4,578	(86)	181	-	95	2.1%	4,673	
2009	8,274	(165)	347	-	182	2.2%	8,456	
2010	14,788	(295)	537	-	242	1.6%	15,030	
2011	5,452	(92)	110	-	18	0.3%	5,470	
2012	9,103	(225)	392	-	167	1.8%	9,270	
2013	12,127	(268)	236	-	(32)	(0.3%)	12,095	
2014	34,515	(852)	(686)	-	(1,538)	(4.5%)	32,977	
2015	68,979	(2,070)	751	-	(1,319)	(1.9%)	67,660	
2016	125,818	(6,570)	2,542	-	(4,028)	(3.2%)	121,790	
2017	139,423	21,883	618	-	22,501	16.1%	161,924	
<b>Grand Total</b>	<b>429,891</b>	<b>11,130</b>	<b>5,238</b>	<b>-</b>	<b>16,368</b>	<b>3.8%</b>	<b>446,259</b>	



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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	(1,539)	31	167	-	198	(12.9%)	(1,341)
1998	23	-	-	-	-	-	23
1999	(8)	-	-	-	-	-	(8)
2000	66	(1)	1	-	-	-	66
2001	144	(3)	4	-	1	0.7%	145
2002	244	(5)	5	-	-	-	244
2003	477	(10)	10	-	-	-	477
2004	622	(12)	12	-	-	-	622
2005	770	(15)	13	-	(2)	(0.3%)	768
2006	1,538	(31)	9	-	(22)	(1.4%)	1,516
2007	2,065	(41)	4	-	(37)	(1.8%)	2,028
2008	4,002	(80)	178	-	98	2.4%	4,100
2009	6,920	(138)	375	-	237	3.4%	7,157
2010	12,697	(254)	549	-	295	2.3%	12,992
2011	3,642	(73)	115	-	42	1.2%	3,684
2012	4,366	(131)	407	-	276	6.3%	4,642
2013	2,567	(77)	478	-	401	15.6%	2,968
2014	18,289	(366)	(942)	-	(1,308)	(7.2%)	16,981
2015	46,579	(1,397)	326	-	(1,071)	(2.3%)	45,508
2016	93,165	(5,590)	2,051	-	(3,539)	(3.8%)	89,626
2017	113,930	17,575	841	-	18,416	16.2%	132,346
<b>Grand Total</b>	<b>310,559</b>	<b>9,382</b>	<b>4,603</b>	<b>-</b>	<b>13,985</b>	<b>4.5%</b>	<b>324,544</b>