



ONTARIO RISK SHARING POOL

OCTOBER 2016 OPERATIONAL REPORT

ACTUARIAL HIGHLIGHTS

Related Bulletin: [F16-089 Ontario RSP October 2016 Operational Report](#)

Related Quarterly Valuation Highlights:

[Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at September 30, 2016](#)

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ACTUARIAL HIGHLIGHTS
RSP ONTARIO
OPERATIONAL REPORT
OCTOBER 2016

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1 Summary

1.1 Valuation Schedule (Fiscal Year 2016)

The October 2016 Operational Report incorporates the results of an updated valuation (as at September 30, 2016) – the impact of the implementation of the valuation is discussed in section 1.2. The table immediately below summarizes the implemented valuations and future scheduled valuations for fiscal year 2016.

ONTARIO RISK SHARING POOL			
FISCAL YEAR 2016 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Sep. 30, 2015 (completed)	0.98% mfad: 25 bp	Oct. 2015	updated valuation (roll forward): accident year 2015 loss ratio decreased 5.7 points to 116.8%; discount rate decreased by 21 basis points; no change to selected margins for adverse deviations
Dec. 31, 2015 (completed)	0.90% mfad: 25 bp	Mar. 2016	updated valuation: accident year 2015 loss ratio decreased 1.3 points to 115.5%; accident year 2016 loss ratio decreased 3.6 points to 117.0%; discount rate decreased by 8 basis points; no change to selected margins for adverse deviations
Mar. 31, 2016 (completed)	0.81% mfad: 25 bp	May 2016	updated valuation (roll forward): accident year 2016 loss ratio decreased 0.7 points to 116.3%; discount rate decreased by 9 basis points; no change to selected margins for adverse deviations
Jun. 30, 2016 (completed)	0.68% mfad: 25 bp	Aug. 2016	updated valuation: accident year 2016 loss ratio increased 2.1 points to 118.4%; discount rate decreased by 13 basis points; selected claims development margins for adverse deviations were updated
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 117.3%; discount rate decreased by 6 basis points; no change to selected margins for adverse deviations

Under the proposed schedule for fiscal year 2016, the “off-half” valuation quarters ending March 31, 2016 and September 30, 2016 would not reflect a full valuation update of assumptions, but would rather “roll-forward” key assumptions from the previous valuation.

1.2 New Valuation

A valuation of the Ontario Risk Sharing Pool (“RSP”) as at September 30, 2016 has been completed since last month’s Operational Report and the results of that valuation have been incorporated into this month’s Report. The valuation was completed by the Facility Association’s internal actuarial

group in conjunction with, and approved by, the appointed actuary, under the hybrid model for actuarial services. Additional detail will be provided in an “Actuarial Highlights – Quarterly Valuation” report to be posted to the FA website at the same time as this report.

The valuation implementation impact is summarized in the tables immediately below.

Summary of Impact (\$000s) of Implementing Result of Valuation as at September 30, 2016¹

Ontario	unfav / (fav) for the month and ytd					
	IMPACT in \$000s from changes in:					
	ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	(1,068)	(180)	(1,248)	1,215	-	(33)
CAY	1,739	121	1,860	436	-	2,296
Prem Def	377	(906)	(529)	234	-	(295)
TOTAL	1,048	(965)	83	1,885	-	1,968

As indicated in the table above, the incorporation of the new valuation had an estimated **\$2.0 million unfavourable impact** on the month’s net result from operations, adding an estimated 0.9 points (see table immediately below) to the **year-to-date Combined Operating Ratio** to end at **131.0%**.

Summary of Impact (% YTD EP) of Implementing Result of Valuation as at September 30, 2016

Ontario	ytd EP 216,806 (actual)					
	IMPACT unfav / (fav) as % ytd EP from changes in:					
	ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	(0.5%)	(0.1%)	(0.6%)	0.6%	-	-
CAY	0.8%	0.1%	0.9%	0.2%	-	1.1%
Prem Def	0.2%	(0.4%)	(0.2%)	0.1%	-	(0.1%)
TOTAL	0.5%	(0.4%)	-	0.9%	-	0.9%

The impact of the nominal changes is shown in column [1] of the two preceding summary tables. The change in the selected nominal ultimates was unfavourable by \$1.0 million overall. This reflects the impact attributable to the change in the selected ultimate loss ratio (i.e. for each accident year, it is the product of life-to-date earned premium for the accident year and the change in the selected ultimate loss ratio).

The prior accident years overall showed a \$1.1 million favourable variance with the implementation and the total favourable impact is 0.2% of the prior accident years’ nominal unpaid balance of

¹In these tables, “PAYs” refers to prior accident years, “CAY” refers to the current accident year, and “Prem Def” refers to the provision for premium deficiency or the deferred policy acquisition asset (as applicable). “Nominal” refers to changes excluding any actuarial present value adjustments, whereas “apv adj.” refers to actuarial present value adjustments.

The columns under the heading “ults & payout patterns” reflect the impact of changes in the valuation selected ultimates and claims payment patterns (i.e. based on unchanged selection of discount rates and margins for adverse deviation). The column “dsct rate” reflects the impact of the change in the selected discount rate and the column “margins” reflects the impact of any changes in selected margins for adverse deviations.

\$671.8 million determined at the end of last month (September 2016).

The current accident year and premium deficiency impacts are a result of the changes in the selected loss ratios for accident years **2016** (up 0.8 points from 118.4% to **119.2%**) and **2017** (down 0.2 points from 117.5% to **117.3%**).

The impacts related to actuarial present value adjustments are split into the impact prior to any change in the selected discount rate and margin changes (at the level they were selected i.e. coverage and accident half-year), the impact of then updating the discount rate, and finally the impact of any changes to the margins (at the level they were selected). The changes in actuarial present value adjustments are shown in the summary tables in columns [2], [4], and [5].

Column [2] recognizes that changing the nominal selections also changed the unpaid estimates (including changes to the relative mix by government line, which had an impact on the weighted-average margins for adverse deviations or “MfADs”). It also reflects the fact that we updated the projected emergence of claims payments, resulting in a change in the projected cash flows. These changes generated a favourable change of \$1.0 million in the actuarial present value adjustments, prior to any changes in the selected discount rate and/or MfADs.

Claims payment emergence patterns were updated and cash flows were reviewed against the selected risk-free yield curve, derived from Government of Canada benchmark bond yields monthly series using values for September 2016. Column [4] accounts for the change in the **discount rate** selected (decreased 6 basis points to **0.62%**), indicating an unfavourable impact of \$1.9 million. The impact *related only to claims liabilities* (i.e. PAYs plus CAY) was \$1.7 million at October 2016 (projected \$1.7 million impact at December 31, 2016) – this compares to the \$1.6 million change one would estimate as the impact by interpolation using the interest rate sensitivity table provided in last month’s Actuarial Highlights.

Column [5] accounts for any changes to selected MfADs. The selected **investment rate MfAD** was **left unchanged at 25 basis points** and the selected **claims development MfADs** at the coverage and accident year level were **left unchanged** as well.

Consideration was given to recent legal decisions and changes in legislation / regulation as noted above and outlined in section 1.4.

1.3 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.

1.4 Consideration of Recent Legal Decisions and Changes in Legislation / Regulation²

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.

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 current valuation, 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 current valuation, 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.

1.5 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

²How 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>.

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).

There have been two conflicting Ontario Superior Court decisions in relation to the application of prejudgment interest provisions: *Carillo v. Rizzo* (April 15, 2015) and *El-Khodr v. Lackie et al* (July 28, 2015). In the first, the judge ruled that the change to prejudgment interest for non-pecuniary losses³ from a set level of 5% to the level that applies to pecuniary losses applies retroactively (i.e. applies to all open claims), whereas in the second, the judge ruled that the change applies only to claims where notification was provided to the insurer on or after January 1, 2015. FA's current view is that the second judgment supersedes the first, 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 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.

³**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 occurrence⁴ 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).

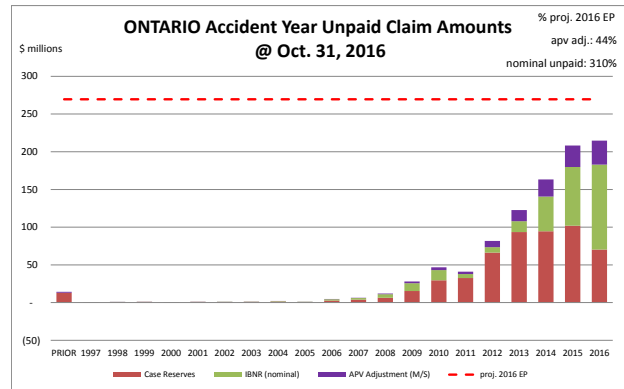
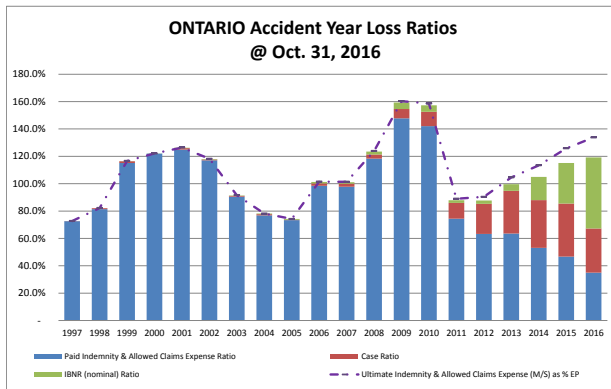
1.6 Current Provision Summary

The charts at the top of the next page show the current levels of claim liabilities⁵ booked by accident year⁶. 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.

⁴Prejudgment 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.

⁵Claim 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.

⁶The 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 (\$118.8 million – see table below) represents 44% 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	536,320	56.2%
ibnr	298,657	31.3%
M/S apv adjust.	118,807	12.5%
M/S total	953,784	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 64% of the IBNR balance relates to accident years 2015 and 2016 (see Exhibit B). Approximately 83% 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)			policy liabilities (\$000s)		
	amt	%		amt	%
unearned prem	171,858	74.4%	claim	834,977	70.5%
prem def/(dpac)	31,283	13.5%	premium	203,141	17.1%
M/S apv adjust.	27,832	12.0%	M/S apv adjust.	146,639	12.4%
M/S total	230,973	100.0%	M/S total	1,184,757	100.0%

2 Activity During the Month of October 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 Report⁷.

⁷There 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)

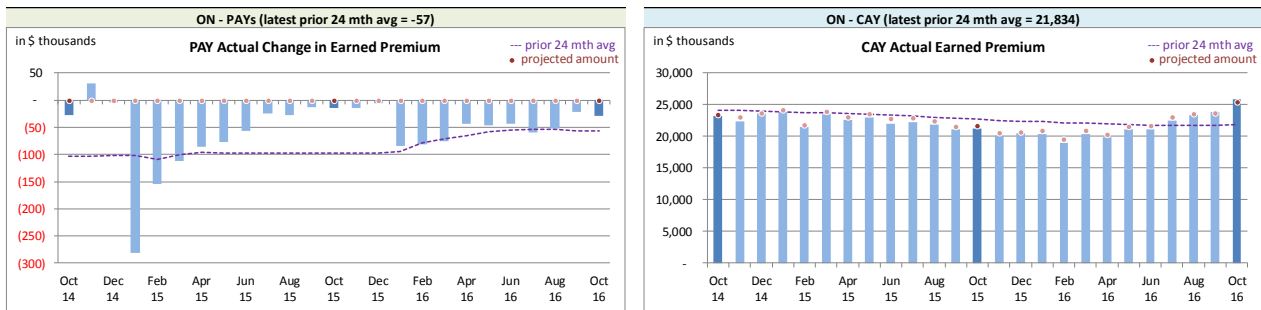
Table 01 Accident Year	Earned Premium		Paid Indemnity & Allowed Claims Expense		Case increase / (decrease)		Recorded increase / (decrease)	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
Prior	(0)	(0)	13,837	7,377	(11,963)	(6,751)	1,874	626
2014	(9)	(9)	2,107	(817)	272	1,899	2,378	1,081
2015	(20)	(20)	2,729	(905)	(1,457)	220	1,272	(685)
2016	25,880	471	10,975	2,633	10,643	1,722	21,618	4,355
TOTAL	25,851	442	29,647	8,287	(2,505)	(2,910)	27,142	5,377

(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**⁸ 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.

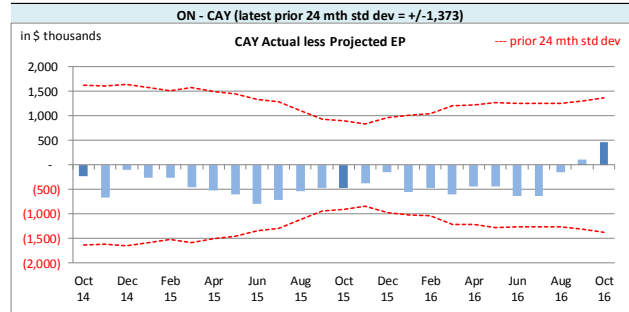
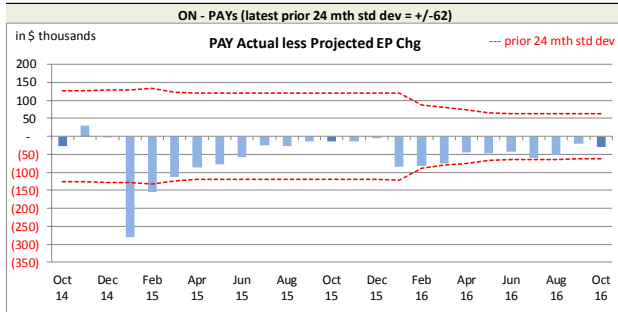
Ontario RSP Actual Earned Premium by Calendar Month


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.

⁸Premium 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)	(57)	21,834
std dev	62	1,373
A-P <> std dev	2	-
% <> std dev	8.0%	0.0%
norm <> std dev	31.7%	31.7%

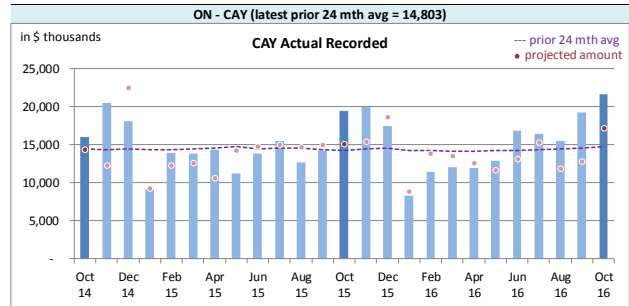
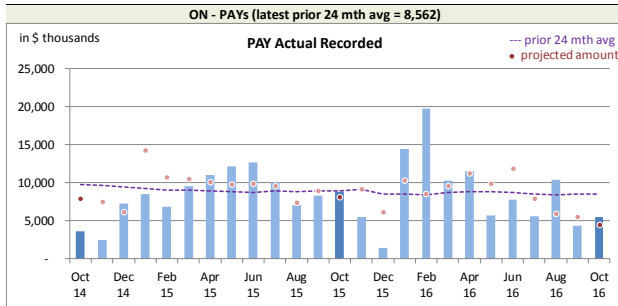
We project **earned premium** changes from known unearned premium and projected written premium levels, but upload the total projections as current accident year (CAY). This process has generated bias⁹, with actuals generally lower than projected. However, the magnitude is not high relative to monthly 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). Starting with the August 2016 projections, we have modified our projections processes in an attempt to account for bias in the current process. 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.

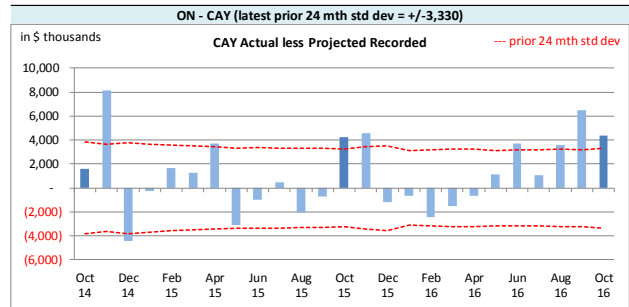
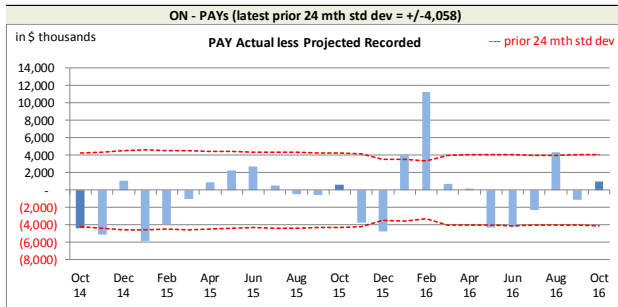
*Ontario RSP Actual **Recorded** by Calendar Month*



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.

⁹The 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)	8,562	14,803	
std dev	4,058	3,330	
A-P <> std dev	9	9	
% <> std dev	36.0%	36.0%	
norm <> std dev	31.7%	31.7%	

With respect to **recorded** indemnity & allowed claims expense, 36% 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 worse 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 36% 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 sixth 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 comparable results at October each year). Note in particular that the average of the monthly paid ratios so far in 2016 is the highest level since 2010 (which was pre-2010 reform).

CAY avg of mthly ratios for yr

as at	Rec'd	Paid
Oct 2009	20.1%	7.4%
Oct 2010	25.6%	8.3%
Oct 2011	12.6%	5.4%
Oct 2012	12.4%	5.0%
Oct 2013	13.0%	5.5%
Oct 2014	14.9%	6.4%
Oct 2015	15.7%	7.0%
Oct 2016	17.3%	8.1%

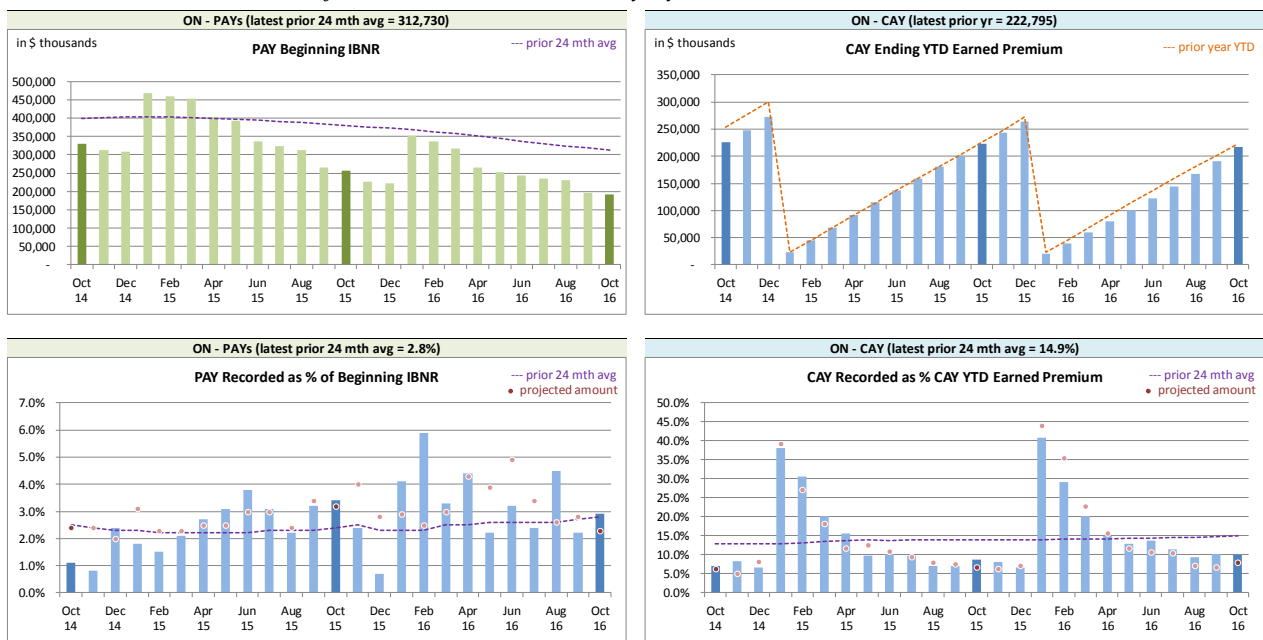
This may be signalling an actual increase in claim amounts generally, or simply signalling a change in the pattern of **recorded** / **paid** activity, or belated impacts of rate decreases (reducing **earned premium** level per loss cost level). The CAY **recorded** activity will be monitored to determine if this is an ongoing trend.

The CAY **recorded** 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, although, as discussed above, there may be evidence of changes in recording patterns (recorded during month as a percentage of year-to-date **earned premium** – see chart lower right chart below).

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 influence¹⁰ 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);

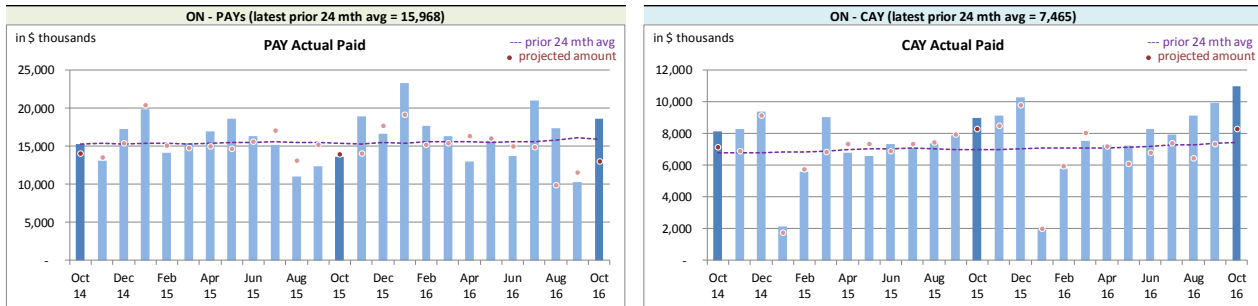
¹⁰Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned 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.

- 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

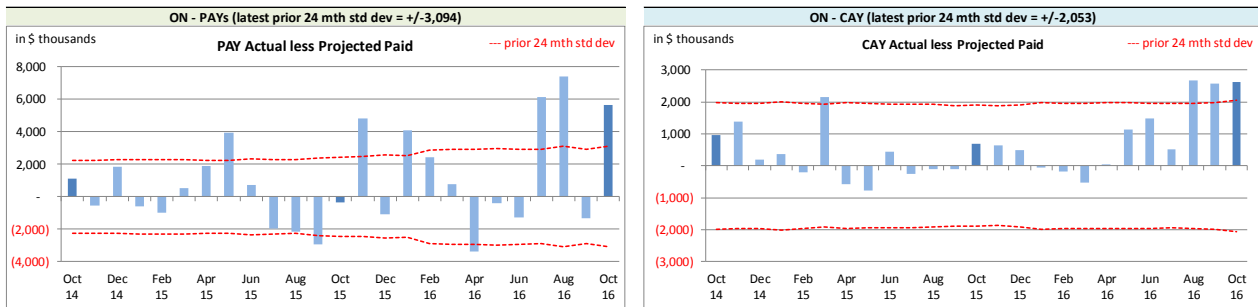
The charts immediately below show actual **paid** activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

*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)	15,968	7,465
std dev	3,094	2,053
A-P <> std dev	8	4
% <> std dev	32.0%	16.0%
norm <> std dev	31.7%	31.7%

With respect to **paid** indemnity & allowed claims expense, 32% 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 little better 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

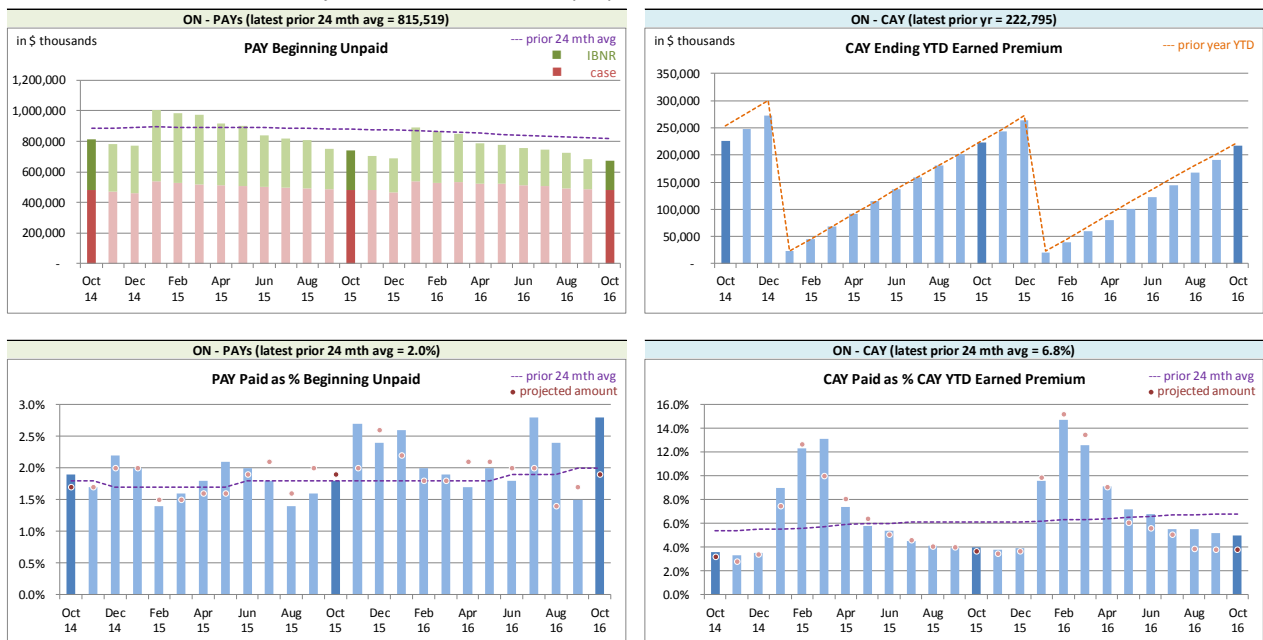
activity was reviewed and confirmed, with the variance attributed to process variance.

The current accident year (CAY) **paid** variances (right chart at bottom of previous page) has shown six consecutive months where actuals have been higher than projected, three of which were also outside the one standard deviation band. The bottom right chart below 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 third consecutive month. 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 influence¹¹ 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:

¹¹Our 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.

- 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 IBNR¹², 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 October 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)

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	62,229	1,038	(6,458)	532	42,131	(762)	97,902	808
2014	45,954	(4,613)	(2,390)	332	25,164	(295)	68,728	(4,576)
2015	77,755	1,452	(3,415)	324	31,935	182	106,275	1,958
2016	112,719	(2,059)	(3,843)	374	35,683	(175)	144,559	(1,860)
TOTAL	298,657	(4,182)	(16,106)	1,562	134,913	(1,050)	417,464	(3,670)

The IBNR provision is \$4.2 million lower than projected, counterbalancing the recorded claims activity and adjusting for the earned premium variance impacts indicated in section 2.1, and due to the valuation implementation.

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

- the change projected last month;
- 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
- 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.

¹²For ease of discussion, “IBNR” is used in place of “provisions for incurred but not recorded (IBNR) and development”.

The table immediately below summarizes the variances in the provisions for the premium deficiency amounts included in the October 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 and due to the valuation implementation.

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:	31,283	1,193	27,832	78	59,115	1,271
balance as % unearned premium:	18.2%	0.2%	16.2%	(0.4%)	34.4%	(0.2%)
actual unearned premium:	171,858					
less projected:	4,529					

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 loss¹³ 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 expenses¹⁴, 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 119.5% 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.)

¹³“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).

¹⁴Allowed 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	(70,500)	(32.5%)	(32,033)	(14.8%)	(102,533)	(47.3%)	(2,489)	5.1%
CAY	259,071	119.5%	31,840	14.7%	290,911	134.2%	36,333	0.9%
TOTAL	188,571	87.0%	(193)	(0.1%)	188,378	86.9%	33,845	6.0%

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

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

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 and due to the valuation implementation.

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					
IBNR + M/S actuarial present value adjustments		Accident Year	Actual Sep. 2016	Actual Oct. 2016	Projected Nov. 2016	Projected Dec. 2016	Projected Dec. 2017
prior			1,195	1,185	1,160	1,136	931
1997			(22)	(21)	(21)	(20)	(14)
1998			86	88	86	85	72
1999			165	167	163	158	129
2000			73	73	72	71	58
2001			310	312	307	301	237
2002			587	468	459	449	354
2003			424	580	568	557	441
2004			825	921	903	886	697
2005			833	991	971	951	751
2006			1,925	2,133	2,090	2,049	1,596
2007			3,336	2,456	2,407	2,357	1,829
2008			5,724	5,534	5,424	5,315	4,143
2009			11,342	12,619	12,366	12,119	9,485
2010			17,907	17,207	16,863	16,525	12,968
discount rate		2011	9,493	8,560	8,390	8,247	6,439
0.62%		2012	15,720	15,427	15,118	14,851	11,523
		2013	29,084	29,202	28,473	27,903	21,791
interest rate margin		2014	75,065	68,728	67,239	65,674	51,553
25 basis pts		2015	106,846	106,275	103,865	101,649	71,676
		2016	129,844	144,559	158,857	177,042	83,830
		2017	-	-	-	-	205,372
TOTAL			410,762	417,464	425,760	438,305	485,861
Change				6,702	8,296	12,545	

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 Sep. 2016	Actual Oct. 2016	Projected Nov. 2016	Projected Dec. 2016	Projected Dec. 2017
	-	prior	(19)	(34)	(34)	(34)	(34)
	72.7%	1997	(34)	(33)	(32)	(31)	(24)
	82.1%	1998	23	23	23	23	23
	116.5%	1999	84	83	81	79	64
	122.1%	2000	66	66	65	64	52
	126.3%	2001	224	224	220	216	169
	118.1%	2002	496	383	375	367	288
	91.5%	2003	334	476	466	457	359
	78.1%	2004	679	768	753	738	579
	74.1%	2005	764	909	891	873	686
	101.3%	2006	1,611	1,795	1,759	1,724	1,353
	101.1%	2007	2,823	1,982	1,942	1,903	1,494
	123.5%	2008	4,807	4,618	4,526	4,435	3,481
	159.3%	2009	9,277	10,460	10,251	10,046	7,883
	157.3%	2010	14,219	13,593	13,321	13,055	10,244
	87.9%	2011	6,107	5,346	5,239	5,160	4,050
	87.7%	2012	7,288	7,209	7,065	6,959	5,462
	99.6%	2013	13,690	14,361	14,002	13,722	10,768
	105.0%	2014	51,864	45,954	45,035	44,134	34,632
	115.0%	2015	78,260	77,755	76,200	74,676	50,196
	119.2%	2016	101,956	112,719	123,681	138,402	58,449
	117.5%	2017	-	-	-	-	156,183
		TOTAL	294,519	298,657	305,829	316,968	346,357
		Change		4,138	7,172	11,139	

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

EXHIBIT C

Premium Liabilities

TABLE EXHIBIT C

	Amounts in \$000s				
	Actual Sep. 2016	Actual Oct. 2016	Projected Nov. 2016	Projected Dec. 2016	Projected Dec. 2017
Premium Liabilities					
(1) unearned premium (UP)	161,320	171,858	175,300	172,124	181,343
FOR MEMBER SHARING					
(2) expected future costs ratio {% of (1)}	134.7%	134.4%	134.1%	133.9%	139.5%
(3) expected future costs {(1) x (2)}	217,296	230,973	235,159	230,422	253,049
(4) premium deficiency / (deferred policy acquisition cost)	55,977	59,115	59,859	58,298	71,706
Excluding Actuarial Present Value Adjustments					
(5) expected future costs ratio {% of (1)}	118.1%	118.2%	118.0%	117.7%	122.7%
(6) expected future costs {(1) x (5)}	190,514	203,141	206,822	202,656	222,555
(7) premium deficiency / (deferred policy acquisition cost)	29,195	31,283	31,522	30,532	41,212

EXHIBIT D

Projected Year-end Policy Liabilities

The table below presents the projected policy liabilities as at December 31, 2016, broken down by component.

Ontario		Projected Balances as at Dec. 31, 2016 (\$000s)							
ending 2016		nominal values			actuarial present value adjustments (apvs)				
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL	
prior	12,624	(34)	12,590	(126)	50	1,246	1,170	13,760	
1997	153	(31)	122	(2)	1	12	11	133	
1998	683	23	706	(13)	5	70	62	768	
1999	859	79	938	(21)	8	92	79	1,017	
2000	13	64	77	(2)	1	8	7	84	
2001	844	216	1,060	(31)	13	103	85	1,145	
2002	685	367	1,052	(34)	14	102	82	1,134	
2003	867	457	1,324	(45)	17	128	100	1,424	
2004	1,250	738	1,988	(74)	30	192	148	2,136	
2005	241	873	1,114	(46)	18	106	78	1,192	
2006	2,647	1,724	4,371	(162)	66	421	325	4,696	
2007	3,847	1,903	5,750	(167)	63	558	454	6,204	
2008	6,232	4,435	10,667	(267)	107	1,040	880	11,547	
2009	14,719	10,046	24,765	(570)	223	2,420	2,073	26,838	
2010	28,407	13,055	41,462	(954)	373	4,051	3,470	44,932	
2011	31,204	5,160	36,364	(764)	291	3,560	3,087	39,451	
2012	63,663	6,959	70,622	(1,271)	494	8,669	7,892	78,514	
2013	89,341	13,722	103,063	(1,649)	618	15,212	14,181	117,244	
2014	88,802	44,134	132,936	(2,260)	931	22,869	21,540	154,476	
2015	95,292	74,676	169,968	(3,229)	1,190	29,012	26,973	196,941	
PAYs (sub-total):	442,373	178,566	620,939	(11,687)	4,513	89,871	82,697	703,636	
CAY (2016)	83,684	138,402	222,086	(4,664)	1,777	41,527	38,640	260,726	
claims liabilities:	526,057	316,968	843,025	(16,351)	6,290	131,398	121,337	964,362	
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*	
premium liabilities:	172,124	30,532	202,656	(3,641)	1,416	29,991	27,766	230,422	
policy liabilities:			1,045,681	(19,992)	7,706	161,389	149,103	1,194,784	

*Total may not be sum of parts, as apvs apply to future costs within UPR

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, 2016 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

AY	Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2016 projected Unpaid							
	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

AY	Dollar Impact Relative to Valuation Assumption							
	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

AY	Percentage Impact Relative to Valuation Assumption							
	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

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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 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	1,195	(25)	6	9	(10)	(0.8%)	1,185
1997	(22)	-	1	-	1	(4.5%)	(21)
1998	86	(1)	1	2	2	2.3%	88
1999	165	(3)	3	2	2	1.2%	167
2000	73	(1)	1	-	-	-	73
2001	310	(6)	5	3	2	0.6%	312
2002	587	(13)	13	(119)	(119)	(20.3%)	468
2003	424	(8)	8	156	156	36.8%	580
2004	825	(17)	105	8	96	11.6%	921
2005	833	(16)	2	172	158	19.0%	991
2006	1,925	(38)	56	190	208	10.8%	2,133
2007	3,336	(65)	(238)	(577)	(880)	(26.4%)	2,456
2008	5,724	(109)	(104)	23	(190)	(3.3%)	5,534
2009	11,342	(228)	264	1,241	1,277	11.3%	12,619
2010	17,907	(358)	484	(826)	(700)	(3.9%)	17,207
2011	9,493	(208)	747	(1,472)	(933)	(9.8%)	8,560
2012	15,720	(314)	273	(252)	(293)	(1.9%)	15,427
2013	29,084	(503)	(3,243)	3,864	118	0.4%	29,202
2014	75,065	(1,761)	(963)	(3,613)	(6,337)	(8.4%)	68,728
2015	106,846	(2,529)	802	1,156	(571)	(0.5%)	106,275
2016	129,844	16,575	(4,156)	2,296	14,715	11.3%	144,559
Grand Total	410,762	10,372	(5,933)	2,263	6,702	1.6%	417,464

EXHIBIT G

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	(19)	-	(15)	-	(15)	78.9%	(34)
1997	(34)	1	-	-	1	(2.9%)	(33)
1998	23	-	-	-	-	-	23
1999	84	(2)	1	-	(1)	(1.2%)	83
2000	66	(1)	1	-	-	-	66
2001	224	(4)	4	-	-	-	224
2002	496	(10)	10	(113)	(113)	(22.8%)	383
2003	334	(7)	7	142	142	42.5%	476
2004	679	(14)	103	-	89	13.1%	768
2005	764	(15)	2	158	145	19.0%	909
2006	1,611	(32)	52	164	184	11.4%	1,795
2007	2,823	(56)	(243)	(542)	(841)	(29.8%)	1,982
2008	4,807	(96)	(93)	-	(189)	(3.9%)	4,618
2009	9,277	(186)	249	1,120	1,183	12.8%	10,460
2010	14,219	(284)	511	(853)	(626)	(4.4%)	13,593
2011	6,107	(122)	761	(1,400)	(761)	(12.5%)	5,346
2012	7,288	(146)	369	(302)	(79)	(1.1%)	7,209
2013	13,690	(274)	(2,346)	3,291	671	4.9%	14,361
2014	51,864	(1,297)	(1,091)	(3,522)	(5,910)	(11.4%)	45,954
2015	78,260	(1,957)	663	789	(505)	(0.6%)	77,755
2016	101,956	12,822	(3,798)	1,739	10,763	10.6%	112,719
Grand Total	294,519	8,320	(4,853)	671	4,138	1.4%	298,657