

ONTARIO RISK SHARING POOL

MARCH 2022 OPERATIONAL REPORT

ACTUARIAL HIGHLIGHTS

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ACTUARIAL HIGHLIGHTS**RSP ONTARIO****OPERATIONAL REPORT****MARCH 2022**

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1 Summary

Note to members: this is the quarterly Actuarial Highlights we will release going forward to replace the monthly Actuarial Highlights. The next report will be available for reporting month May 2022 in July 2022, in line with the valuation implementation schedule. Please contact us with any questions or concerns in regards to this matter.

1.1 Valuation Schedule (Fiscal Year 2022)

The March 2022 Operational Report incorporates the results of an updated valuation (as at December 31, 2021) – the impact of the implementation of the valuation is discussed in section 1.2. The following table summarizes the valuation implementations scheduled for fiscal year 2022.

ONTARIO RISK SHARING POOL FISCAL YEAR 2021 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Sep. 30, 2021 (completed)	0.88% mfad ¹ 25 bp	Oct. 2021	update valuation (roll-forward): accident year 2021 loss ratio <u>decreased</u> 2.5 points to 90.6%; discount rate <u>increased</u> 9 basis points; no change to selected margins for adverse deviations
Dec. 31, 2021 (completed)	1.11% mfad 25 bp	Mar. 2022	update valuation: accident year 2021 loss ratio <u>decreased</u> 4.0 points to 86.6 % and accident year 2022 loss ratio <u>increased</u> 9.3 points to 122.0 %; discount rate <u>increased</u> 23 basis points; no change to selected margins for adverse deviations
Mar. 31, 2022	% mfad -- bp	May. 2022	update valuation (roll-forward):
Jun. 30, 2022	% mfad -- bp	Aug. 2022	update valuation:
Sep. 30, 2022	% mfad -- bp	Oct. 2022	update valuation (roll-forward):

Under the proposed schedule for fiscal year 2022, the off-half valuation quarters ending March 31, 2022 and September 30, 2022 would not reflect a full valuation update of assumptions, but would rather roll-forward key assumptions from the previous valuation.

¹ The selected interest rate margin is limited to reducing the selected discount rate to 0%; the approach is that if the net impact is negative, the discount rate will be capped at 0%.

1.2 New Valuation

A valuation of the Ontario Risk Sharing Pool (“RSP”) as at December 31, 2021 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.

The valuation implementation impact is summarized in the following two tables, where the abbreviations PAYs refers to prior accident years, CAY refers to the current accident year (2022), and “Prem Def” refers to premium deficiency / deferred acquisition costs impacts.

Summary of Impact (\$000s) of Implementing Result of Valuation as at Dec.31, 2021²

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	(23,720)	(840)	(24,560)	(5,851)	-	(30,411)
CAY	9,944	1,471	11,415	(778)	-	10,637
Prem Def	22,664	3,399	26,063	(1,860)	-	24,203
TOTAL	8,888	4,030	12,918	(8,489)	-	4,429

As indicated in the preceding table, the incorporation of the new valuation had an estimated **\$4.4 million unfavourable impact** on the month’s net result from operations, adding an estimated 4.2 points (see following table) to the **year-to-date Combined Operating Ratio** to end at **160.1%**. The unfavourable impact is due to increase in the current year projected ultimate loss ratio, partially offset by favourable development from prior years.

Summary of Impact (% YTD EP) of Implementing Result of Valuation as at Dec. 31, 2021

Ontario	ytd EP 105,788 (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	(22.4%)	(0.8%)	(23.2%)	(5.5%)	-	(28.7%)
CAY	9.4%	1.4%	10.8%	(0.7%)	-	10.1%
Prem Def	21.4%	3.2%	24.6%	(1.8%)	-	22.9%
TOTAL	8.4%	3.8%	12.2%	(8.0%)	-	4.2%

²In 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.

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 **favourable by \$8.9 million** overall. This reflects the impact attributable to the changes in the selected ultimate loss ratios (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 **PAYs** overall showed a **\$23.7 million favourable** nominal variance or 2.9% of the PAYs nominal unpaid balance of \$826.0 million determined at the end of last month (February 2022), due to favourable valuation impacts. The key changes to prior years were the valuation methods update to incorporate more of the favourable loss experience from the 2020-2021 period, and inclusion of a new Covid-19 expected loss ratio adjustment factor reducing the Ontario expected loss ratios during the 2021-H2 period.

The **CAY** and premium deficiency impacts are a result of the change in the selected loss ratios for accident year **2022** (increased 9.0 points to 122.0%). This change is due to higher expected claims frequency as we enter the post-pandemic period, as well as projected premium growth expected to lag the loss cost growth.

The impacts related to actuarial present value (“apv”) adjustments are split into the impact prior to any change in the selected discount rate and selected margins for adverse deviations or “MfADs” (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 MfADs (at the level they were selected). The changes in actuarial present value adjustments are shown in the preceding 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 coverage, which had an impact on the weighted-average 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 an unfavourable change of \$4.0 million in the actuarial present value adjustments, prior to any changes in the selected discount rate and/or MfADs.

Updated projected cash flows were reviewed against the selected risk-free yield curve, derived from Government of Canada benchmark bond yields monthly series using values for December 2021. Column [4] accounts for the change in the **discount rate** selected (increased 23 basis points to **1.11%**), indicating a favourable impact of \$8.5 million. The impact *related only to claims liabilities* (i.e. PAYs plus CAY) was \$6.6 million at February 2022 – this compares to the \$6.1 million change one would estimate as the impact by interpolation using the interest rate sensitivity table provided in last quarter’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 also left unchanged (as per our usual practice, development margins are reviewed with the June 30 valuation).

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

The Annual General Meeting of the members of Facility Association (“FA”) appointed Mr. Cosimo Pantaleo as the Appointed Actuary at its meeting on March 4, 2021.

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 / Regulation³

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

Consideration and assessment of potential impacts of legal decisions and changes in legislation / regulation constitutes a regular part of the valuation process. Descriptions of some of the more recent changes (i.e. within the last five years) are provided below.

In **Tomec v Economical Mutual Insurance Company (2019 ONCA 882)**, the Ontario Court of Appeal set aside the Divisional Court judicial review and decision of the Licence and Appeal Tribunal to deny enhanced housekeeping and attendant care benefits. The unanimous panel concluded that the rule of discoverability applied to s. 281.1(1) of the Insurance Act and to s. 51(1) of the old Statutory Accident Benefits Schedule such that the two-year limitation period to dispute benefits could not run before an insured was determined to be catastrophically impaired (CAT). On June 4th, 2020, the Supreme Court of Canada dismissed the insurer's application to appeal the Ontario Court of Appeal's decision in this matter. At the current time, no adjustments have been made to our valuation estimates as a result of this decision, however, we will continue to monitor and reassess with the next valuation.

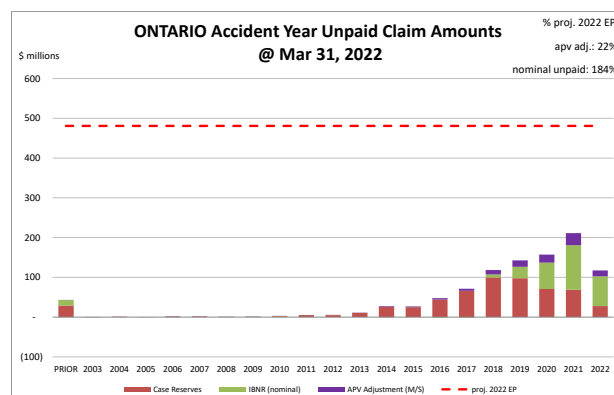
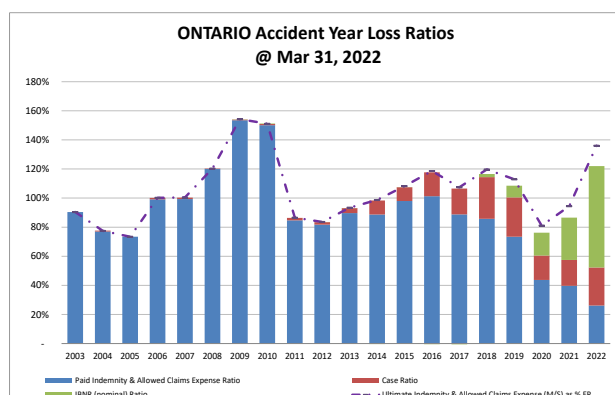
1.5 Current Provision Summary

The following charts show the current levels of claim liabilities⁴ booked by accident year⁵. The left chart displays life-to-date payments, case reserves, IBNR, and the total including actuarial present value adjustments against accident year earned premium. The right chart shows the associated dollar amounts for the components of the claim liabilities and the current projected amount of 2022 full year earned premium (the red hash-mark line) to provide some perspective.

³This url to a pdf is to a helpful guide on how bills become laws: <https://www.ola.org/sites/default/files/common/how-bills-become-law-en.pdf>.

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

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



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

The current actuarial present value adjustments provision for claims liabilities (\$106.8 million – see the following table) represents 28% of the earned premium projected for the full year 2022 (see the upper right corner of the preceding chart on the right). 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	583,194	58.8%
ibnr	301,059	30.4%
M/S apv adjust.	106,843	10.8%
M/S total	991,096	100.0%

The table to the left breaks down the Member Statement (M/S) claim liabilities total into component parts, showing that the majority of the claim liabilities for this RSP is in case reserves. Approximately 62% of the IBNR balance relates to accident years 2021 and 2022 (see Exhibit B).

Approximately 75% of the M/S total claim liabilities are related to accident years 2018-2022 inclusive (i.e. the most recent 5 accident years), and approximately 6% is related to accident years 2012 and prior (i.e. prior to the most recent 10 accident years).

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

premium liabilities (\$000s)

	amt	%
unearned prem	244,021	73.3%
prem def/(dpac)	54,577	16.4%
M/S apv adjust.	34,190	10.3%
M/S total	332,788	100.0%

policy liabilities (\$000s)

	amt	%
claim	884,253	66.8%
premium	298,598	22.6%
M/S apv adjust.	141,033	10.7%
M/S total	1,323,884	100.0%

2 Activity since previous valuation implementation

2.1 Recorded Premium and Claims Activity

The following table summarizes the extent to which premiums and claims amounts recorded since the prior implementation differ from the prior projection.

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

AY Group	Share Year	Share Month	Actual Earned Premium (000s)	Actual minus Projected Earned Premium (000s)	Actual Paid Claims (000s)	Actual minus Projected Paid Claims (000s)	Actual Recorded Claims (000s)	Actual minus Projected Recorded Claims (000s)
PAY	2021	November	(99)	(99)	16,029	3,545	10,013	2,982
		December	(25)	(25)	20,632	7,683	5,061	(470)
	2022	January	(408)	(408)	27,696	9,733	17,252	4,073
		February	(285)	(285)	20,089	1,694	9,332	525
		March	(146)	(146)	20,320	(898)	11,568	2,384
PAY Total			(963)	(963)	104,766	21,757	53,226	9,494
CAY	2021	November	32,264	(2,719)	14,972	7,198	22,879	(2,578)
		December	34,531	1,165	17,363	4,200	27,874	5,528
	2022	January	35,375	135	1,882	(2,090)	10,206	(1,708)
		February	33,119	593	8,824	4,278	18,870	8,414
		March	38,440	1,143	17,317	8,470	26,814	11,896
CAY Total			173,729	317	60,358	22,056	106,643	21,552
Grand Total			172,766	(646)	165,124	43,813	159,869	31,046

(Recorded transaction amounts exclude IBNR & other actuarial provisions)

Note that claims transaction activity is generally volatile and changes from one month to the next are anticipated due to this natural “process variance” (i.e. random variation). Each month, the projection variances are reviewed for signs of projection bias and to identify potential ways to reduce the level of the variance. The variances are also reviewed as part of the quarterly valuation process, as an indicator of changes in the claims development process or potential bias in ultimate claims estimates.

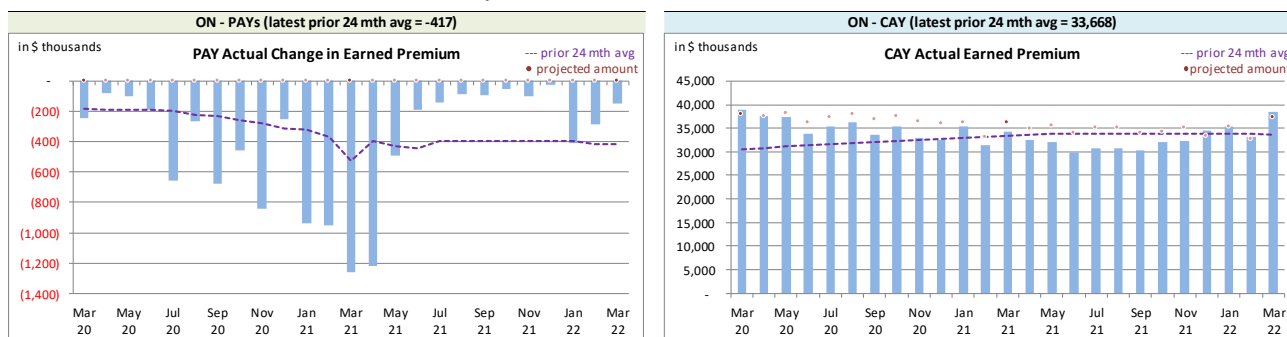
More detailed analysis and commentary on actual vs. projected for the most recent reporting months is provided below.

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

The following charts show actual **earned premium**⁶ 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.

⁶Premium 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



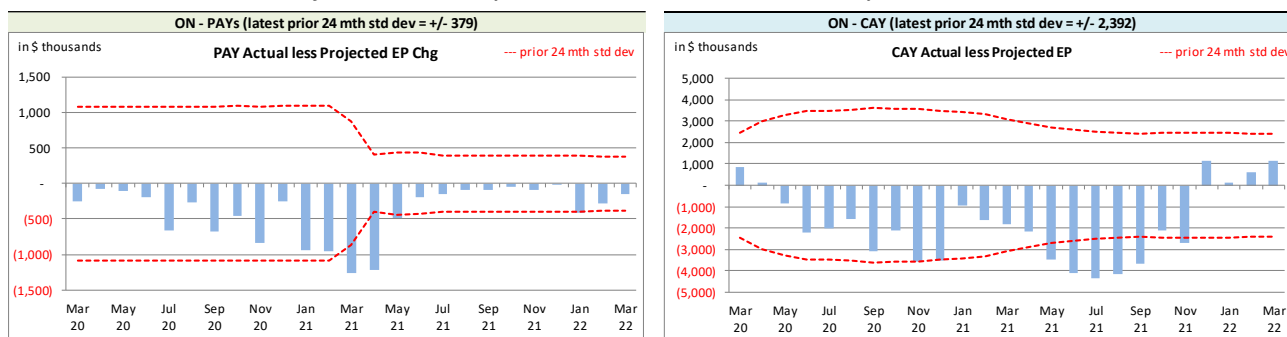
Earned premium changes during a given calendar month in relation to prior accident years tend to be at modest levels (note the different scales in the preceding charts), although relatively high levels generally occur at the beginning of each year.

On Latest \$ thousands			
	Earned Premium	PAYs	CAY
Mthly Avg EP Chg (prior 24 mths)	(417)	379	33,668
std dev		379	2,392
A-P <> std dev		4	7
% <> std dev		16.0%	28.0%
norm <> std dev		31.7%	31.7%
performance vs 24-mth avg:	better		no better

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



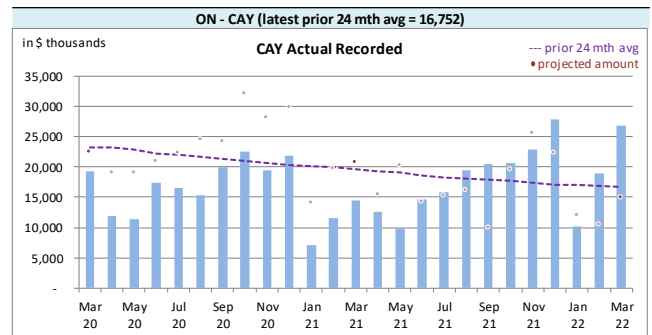
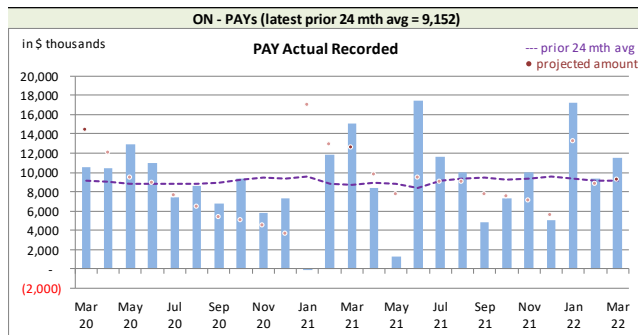
We project **earned premium** changes from known unearned premium balances and projected written premium levels, but upload the total projections as current accident year (CAY). This process has generated prior accident years' (PAYs) bias⁷, with actuals generally lower than projected, although the magnitude is not high relative to monthly premium. Readers will also note the significant fluctuations in the CAY standard deviation band, reflecting significant volume changes and the impact as those changes were earned.

⁷The PAYs' variances will show bias as the projection upload forces all earned premium projections to be attributed to the CAY.

2.1.b AvsP: Recorded Indemnity & Allowed Claims Expense

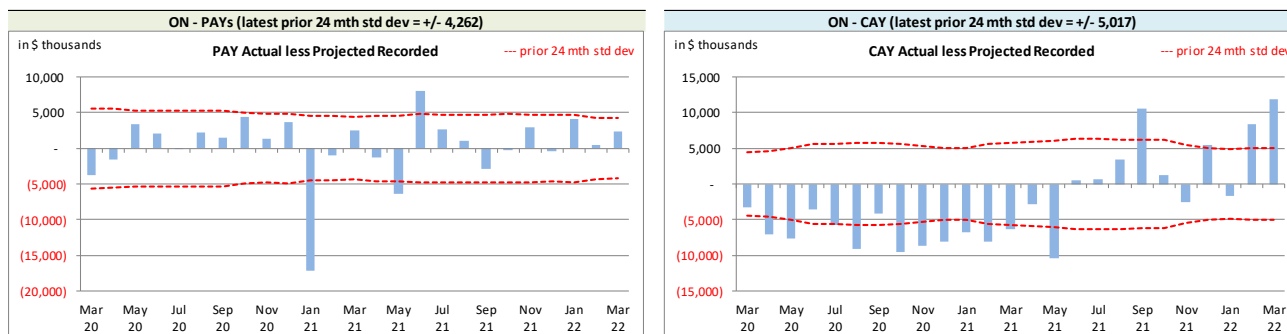
The following charts show actual **recorded** activity (**paid** and **case reserve** changes), in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

Ontario RSP Actual **Recorded** by Calendar Month



Recorded activity variances from the previous month’s projections are shown in the following charts, 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



With respect to **recorded** indemnity & allowed claims expense, 12% of the prior accident years' (PAYs)

On Latest \$ thousands			
	Recorded	PAYs	CAY
Mthly Avg Recorded (prior 24 mths)		9,152	16,752
std dev		4,262	5,017
A-P <> std dev		3	15
% <> std dev		12.0%	60.0%
norm <> std dev		31.7%	31.7%
performance vs 24-mth avg:		better	worse

variances over the last 25 calendar months have fallen outside of one standard deviation of the actual **recorded** amounts (see table on left), suggesting the projection process has performed better than simply projecting the prior 24-month average amount (assuming it follows a normal distribution). Bias⁸ has not been indicated at a 95% confidence level on a rolling 25-month basis (15 of

25 variances were positive).

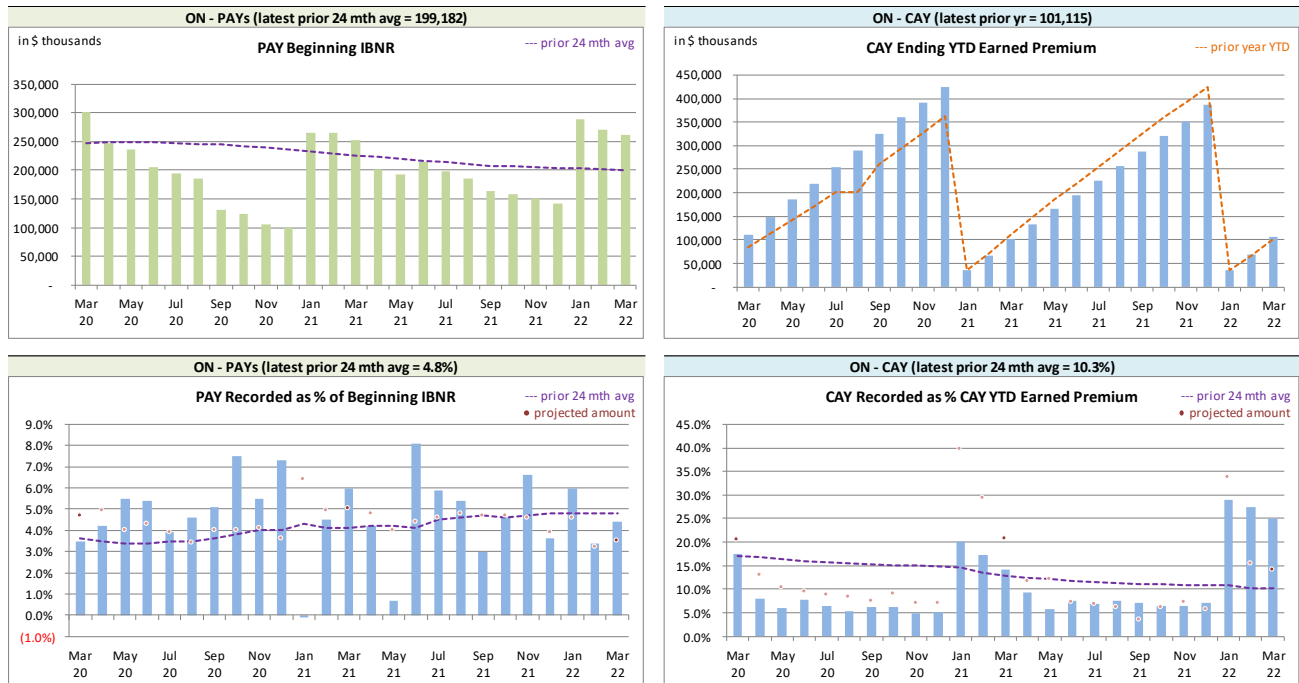
The current accident year (CAY) **recorded** variances (preceding table on the left) fell outside of one standard deviation 60% of the time over the last 25 calendar months suggesting that the projection process has performed worse than simply projecting the prior 24-month average amount. Bias has been indicated at a 95% confidence level on a rolling 25-month basis (8 of 25 variances were positive).

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, the following additional charts 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 a valuation is implemented (i.e. April, June, September, and November).

⁸ For the binomial distribution with 25 trials and an assumed 50% success probability, the 95% confidence range is 8 to 17 successes. That is, favourable or unfavourable counts of 0 to 7 or 18 to 25 out of 25 outcomes would suggest bias.

Ontario RSP Levels that influence⁹ Recorded activity by Calendar Month



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

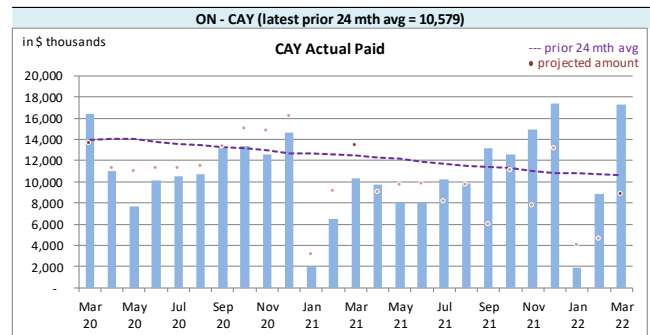
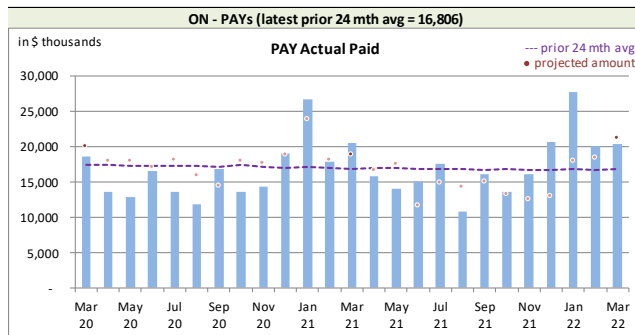
- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a CAY becomes a PAY (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of PAYs' ultimates (will show up as a beginning IBNR change one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

2.1.c AvsP: Paid Indemnity & Allowed Claims Expense

The following charts 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.

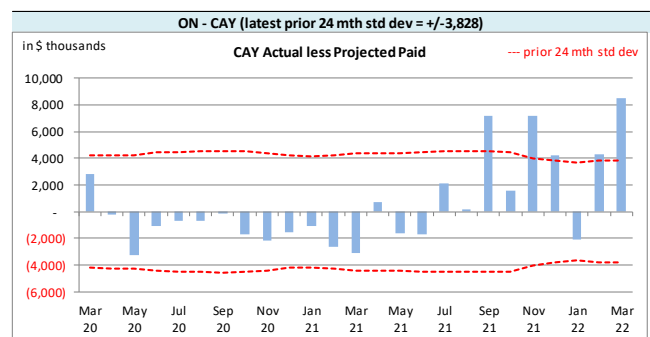
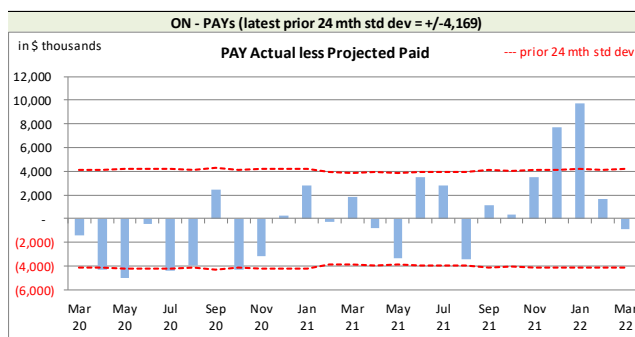
⁹Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned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

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



Paid activity variances from the previous month's projections are shown in the following charts, 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



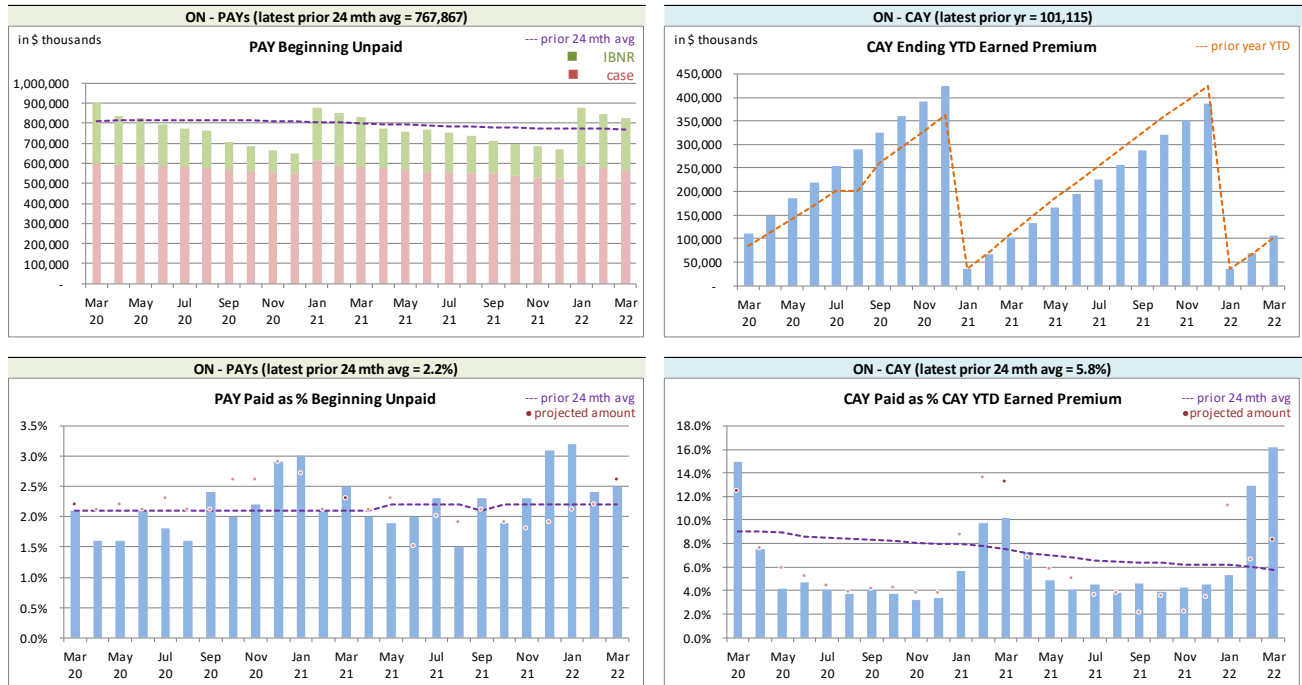
On Latest \$ thousands			
	Paid	PAYS	CAY
Mthly Avg Paid (prior 24 mths)		16,806	10,579
std dev		4,169	3,828
A-P <> std dev		6	5
% <> std dev		24.0%	20.0%
norm <> std dev		31.7%	31.7%
performance vs 24-mth avg:		better	better

With respect to **paid** indemnity & allowed claims expense, 24% of the prior accident years' (PAYS) variances over the last 25 calendar months have fallen outside of one standard deviation of the actual **paid** amounts (see table on left), suggesting the projection process has performed better than simply projecting the prior 24-month average amount (assuming it follows a normal distribution). Bias has not been indicated at a 95% confidence level on a rolling 25-month basis (12 of 25 variances are positive).

The current accident year (CAY) **paid** variances fell outside of one standard deviation 20% of the time over the last 25 calendar months (preceding table on the left), suggesting the projection process has performed better than simply projecting the prior 24-month average amount. Bias has not been indicated at a 95% confidence level on a rolling 25-month basis (10 of 25 variances are positive).

We have included, for reference, the following charts related to levels influencing **paid** activity.

Ontario RSP Levels that influence¹⁰ Paid activity by Calendar Month



We track the PAY beginning unpaid balance (case and IBNR) as **paid** activity comes out of the unpaid balance. Changes in the PAY beginning unpaid balance (see upper left of the preceding group of charts) occur for several possible reasons:

- to offset actual **paid** activity (May reduce case or IBNR or both);
- the annual switchover as a CAY becomes a PAY (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of PAYs' ultimates (will show up as a beginning unpaid balance change one month after the valuation is implemented, i.e. the change will generally show in April, June, September, and November).

2.2 Actuarial Provisions

An ultimate loss ratio matching method (described in section 3) is used to determine each month's IBNR¹¹, and factors are applied to the nominal unpaid claims liability (case plus IBNR) to determine the discount amount (shown as a negative value to indicate its impact of reducing the liability) and the Provisions for Adverse Deviations. The loss ratios and the factors used to determine the projections and actuals were based on the applicable valuation.

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

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

Exhibit G shows the accident year IBNR amount change from the prior valuation implementation month broken down into:

- (i) the change in projections;
- (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)

3 Ultimate Loss Ratio Matching Method

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

- (a) Earned premium to-date
- (b) Ultimate loss¹² ratio per latest valuation
- (c) Estimated ultimate incurred = (a) x (b)
- (d) Recorded indemnity & allowed claims expense to-date
- (e) IBNR = (c) – (d)

4 Calendar Year-to-Date Results

The following table summarizes the calendar year-to-date results for indemnity & allowed claims expenses¹³, including IBNR.

In calculating the amounts as percentages of earned premium, the calendar year-to-date earned premium has been used, which includes earned premium associated with the current accident year but also earned premium adjustments related to prior accident years. Specifically, the current accident year (CAY) ratio in the table is 123.0% rather than 122.0% (the valuation ultimate ratio for accident year 2022), 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.)

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

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

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	(24,474)	(23.1%)	(15,380)	(14.5%)	(39,854)	(37.6%)	(32,997)	(27.5%)
CAY	130,459	123.0%	15,017	14.2%	145,476	137.1%	57,987	8.1%
TOTAL	105,985	99.9%	(363)	(0.3%)	105,622	99.6%	24,989	(19.3%)

("% EP" based on 2021 calendar year-to-date earned premium; ratios may not total due to rounding)

In general, prior accident years (PAYs) changes from last month are due to the release of the actuarial present value adjustments with claims payments, except when valuations are implemented. The loss ratio change year-to-date in Table 04 reflects not only changes in the prior accident year levels, but also the increase in the calendar year-to-date earned premium with an additional month's earned premium, and the impact of valuation implementation.

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, and the impact of 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 Feb. 2022	Actual Mar. 2022	Projected Apr. 2022	Projected May. 2022	Projected Jun. 2022	Projected Jul. 2022	Projected Aug. 2022	Projected Dec. 2022
	prior	17,268	14,212	13,968	12,847	12,464	12,330	11,882	11,390
	2003	16	15	15	14	14	14	14	15
	2004	(11)	(19)	(19)	(14)	(13)	(13)	(12)	(12)
	2005	(43)	(43)	(42)	(39)	(38)	(38)	(37)	(37)
	2006	252	60	60	59	58	56	54	47
	2007	(222)	140	137	131	127	125	122	113
	2008	82	64	63	60	57	56	55	53
	2009	1,317	609	599	554	538	531	512	491
	2010	1,495	851	838	776	754	744	718	685
	2011	318	343	338	325	318	309	301	276
	2012	947	557	545	513	500	491	475	443
	2013	994	966	947	908	886	866	843	774
	2014	1,796	934	911	937	923	886	878	755
	2015	4,396	2,147	2,101	2,038	1,992	1,941	1,897	1,723
	2016	1,600	2,224	2,173	2,188	2,148	2,072	2,044	1,792
discount rate 1.11%	2017	194	3,176	3,102	3,142	3,087	2,973	2,939	2,561
	2018	20,961	18,584	17,993	17,432	16,878	16,320	15,600	12,649
	2019	48,834	44,721	43,475	42,280	41,104	39,944	38,905	32,231
interest rate margin 25 basis pts	2020	98,472	86,438	82,363	80,130	77,940	75,850	71,820	54,436
	2021	164,215	142,337	137,023	130,936	125,844	120,918	117,037	103,523
	2022	58,413	89,586	122,342	158,449	193,097	230,046	268,361	421,568
	TOTAL	421,294	407,902	428,932	453,666	478,678	506,421	534,408	645,476
Change			(13,392)	21,030	24,734	25,012	27,743	27,987	

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

EXHIBIT B

IBNR

TABLE EXHIBIT B

	Amounts in \$000s								
Ultimate Loss Ratio	Accident Year	Actual Feb. 2022	Actual Mar. 2022	Projected Apr. 2022	Projected May. 2022	Projected Jun. 2022	Projected Jul. 2022	Projected Aug. 2022	Projected Dec. 2022
-	prior	13,423	13,799	13,566	12,454	12,079	11,957	11,515	11,059
90.4%	2003	14	14	14	13	13	13	13	13
77.5%	2004	(81)	(82)	(81)	(74)	(72)	(71)	(68)	(64)
73.4%	2005	(43)	(43)	(42)	(39)	(38)	(38)	(37)	(37)
100.1%	2006	125	(39)	(38)	(35)	(34)	(34)	(33)	(33)
100.3%	2007	(322)	36	35	32	31	31	30	30
120.3%	2008	44	33	32	29	28	28	27	27
154.2%	2009	1,188	539	530	487	472	467	450	433
151.1%	2010	1,300	729	717	658	638	632	609	585
86.5%	2011	56	86	85	78	76	75	72	68
83.5%	2012	651	330	324	297	288	285	274	262
93.2%	2013	364	311	306	281	273	270	260	248
98.0%	2014	55	(832)	(818)	(751)	(728)	(721)	(694)	(666)
107.5%	2015	2,378	219	215	197	191	189	182	174
117.3%	2016	(2,057)	(1,192)	(1,172)	(1,076)	(1,044)	(1,034)	(996)	(956)
106.0%	2017	(5,157)	(1,984)	(1,950)	(1,790)	(1,736)	(1,719)	(1,655)	(1,590)
116.5%	2018	9,155	7,398	7,176	6,961	6,752	6,549	6,123	4,423
108.5%	2019	31,928	28,774	27,911	27,074	26,262	25,474	24,710	19,704
76.3%	2020	75,969	66,286	62,574	60,697	58,876	57,110	53,398	37,549
86.6%	2021	132,920	112,108	107,399	101,814	97,131	92,663	89,234	77,538
122.0%	2022	48,116	74,569	102,618	133,779	162,761	193,625	225,609	352,640
	TOTAL	310,026	301,059	319,401	341,086	362,219	385,751	409,023	501,407
	Change		(8,967)	18,342	21,685	21,133	23,532	23,272	

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

EXHIBIT C

Premium Liabilities

TABLE EXHIBIT C

	Amounts in \$000s							
Premium Liabilities	Actual Feb. 2022	Actual Mar. 2022	Projected Apr. 2022	Projected May. 2022	Projected Jun. 2022	Projected Jul. 2022	Projected Aug. 2022	Projected Dec. 2022
(1) unearned premium (UP)	238,483	244,021	245,819	248,957	254,164	261,456	271,260	283,911
FOR MEMBER SHARING								
(2) expected future costs ratio {% of (1)}	126.4%	136.4%	136.5%	136.7%	136.9%	137.2%	137.5%	138.9%
(3) expected future costs {(1) x (2)}	301,331	332,788	335,562	340,287	347,955	358,657	372,916	394,323
(4) premium deficiency / (deferred policy acquisition cost)	62,848	88,767	89,743	91,330	93,791	97,201	101,656	110,412
Excluding Actuarial Present Value Adjustments								
(5) expected future costs ratio {% of (1)}	113.0%	122.4%	122.5%	122.6%	122.8%	123.1%	123.4%	124.6%
(6) expected future costs {(1) x (5)}	269,447	298,598	301,085	305,326	312,206	321,809	334,602	353,810
(7) premium deficiency / (deferred policy acquisition cost)	30,964	54,577	55,266	56,369	58,042	60,353	63,342	69,899

EXHIBIT D

Projected Year-end Policy Liabilities

The table below presents the projected policy liabilities as at December 31, 2022, broken down by component.

Ontario	Projected Balances as at Dec. 31, 2022 (\$000s)									
ending 2022	nominal values			actuarial present value adjustments (apvs)						
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL
prior	23,365	11,059	34,424	(3,519)	753	3,449	(352)	3,097	331	34,755
2003	5	13	18	-	-	2	-	2	2	20
2004	781	(64)	717	(23)	5	72	(2)	70	52	769
2005	35	(37)	(2)	-	-	-	-	-	-	(2)
2006	1,352	(33)	1,319	(59)	13	132	(6)	126	80	1,399
2007	1,479	30	1,509	(77)	17	151	(8)	143	83	1,592
2008	452	27	479	(25)	6	48	(3)	45	26	505
2009	763	433	1,196	(71)	16	120	(7)	113	58	1,254
2010	1,731	585	2,316	(150)	33	232	(15)	217	100	2,416
2011	3,897	68	3,965	(214)	46	397	(21)	376	208	4,173
2012	4,022	262	4,284	(279)	60	428	(28)	400	181	4,465
2013	8,256	248	8,504	(366)	79	850	(37)	813	526	9,030
2014	20,915	(666)	20,249	(683)	147	2,025	(68)	1,957	1,421	21,670
2015	19,884	174	20,058	(517)	112	2,006	(52)	1,954	1,549	21,607
2016	35,457	(956)	34,501	(792)	173	3,446	(79)	3,367	2,748	37,249
2017	53,186	(1,590)	51,596	(1,133)	248	5,149	(113)	5,036	4,151	55,747
2018	74,427	4,423	78,850	(1,785)	392	9,842	(223)	9,619	8,226	87,076
2019	79,749	19,704	99,453	(2,513)	552	14,864	(376)	14,488	12,527	111,980
2020	77,279	37,549	114,828	(3,227)	709	19,966	(561)	19,405	16,887	131,715
2021	77,907	77,538	155,445	(4,986)	1,094	30,867	(990)	29,877	25,985	181,430
PAYs (sub-total):	484,942	148,767	633,709	(20,419)	4,455	94,046	(2,941)	91,105	75,141	708,850
CAY (2022)	117,546	352,640	470,186	(14,863)	3,258	83,162	(2,629)	80,533	68,928	539,114
claims liabilities:	602,488	501,407	1,103,895	(35,282)	7,713	177,208	(5,570)	171,638	144,069	1,247,964
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL*
premium liabilities:	283,911	69,899	353,810	(9,467)	2,074	49,225	(1,319)	47,906	40,513	394,323
*Total may not be sum of parts, as apvs apply to future costs within UPR										
policy liabilities:			1,457,705	(44,749)	9,787	226,433	(6,889)	219,544	184,582	1,642,287

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, 2022 from the valuation), followed by the selected discount rate and the associated margin for investment income.

Accident Year	Selected Claims Development MfADs			
	Third Party Liability	Accident Benefits	Other Coverages	Total
	Margins	Margins	Margins	Margins
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%	10.0%	10.0%
2012	10.0%	10.0%	10.0%	10.0%
2013	10.0%	10.0%	10.0%	10.0%
2014	10.0%	10.0%	10.0%	10.0%
2015	10.0%	10.0%	8.9%	10.0%
2016	10.0%	10.0%	8.6%	10.0%
2017	10.0%	10.0%	7.0%	10.0%
2018	12.5%	12.5%	11.9%	12.5%
2019	14.9%	15.0%	11.5%	14.9%
2020	17.4%	17.5%	12.6%	17.4%
2021	19.8%	20.0%	13.5%	19.9%
2022	17.4%	20.0%	5.9%	17.7%
prem liab	13.9%	20.0%	5.2%	13.9%

discount rate: 1.11%

margin (basis points): 25

*prem liabilities as at 2021m12

EXHIBIT F
Interest Rate Sensitivity

The tables below present sensitivity to the member statement claims liability as projected to Dec. 31, 2022 from the latest valuation date (projections in exhibits A to D are to Dec. 31, 2022, and are based on more up-to-date information). We have included the most recent valuation selection (1.11%), the prior valuation assumption (0.88%) and the prior fiscal year end valuation assumption (0.26%) for comparative purposes. A 25 basis point margin for investment return adverse deviation is used in all scenarios presented.

Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2022 projected Unpaid								
AY	0.11%	0.61%	1.11%	1.61%	2.11%	2.61%	0.88%	0.26%
2004 & prior	47,323	45,629	43,466	41,424	39,496	37,675	44,445	47,219
2004	920	910	897	884	871	858	903	920
2005	41	41	40	39	39	38	40	41
2006	1,685	1,659	1,625	1,592	1,560	1,529	1,641	1,684
2007	1,893	1,860	1,817	1,775	1,735	1,697	1,836	1,891
2008	653	641	625	610	596	582	632	652
2009	1,940	1,900	1,848	1,798	1,751	1,705	1,872	1,938
2010	2,275	2,224	2,158	2,095	2,035	1,977	2,188	2,272
2011	4,445	4,362	4,255	4,153	4,056	3,963	4,303	4,440
2012	5,028	4,914	4,768	4,629	4,497	4,371	4,834	5,021
2013	6,159	6,067	5,948	5,835	5,728	5,625	6,002	6,153
2014	16,432	16,239	15,991	15,755	15,530	15,315	16,104	16,420
2015	17,260	17,106	16,907	16,716	16,532	16,355	16,998	17,251
2016	31,536	31,286	30,962	30,649	30,345	30,052	31,110	31,520
2017	50,681	50,299	49,800	49,316	48,846	48,390	50,027	50,658
2018	88,315	87,625	86,729	85,858	85,010	84,185	87,138	88,268
2019	112,043	111,058	109,789	108,555	107,355	106,188	110,368	111,969
2020	133,344	132,032	130,352	128,720	127,133	125,590	131,119	133,237
2021	181,832	179,775	177,161	174,622	172,157	169,762	178,354	181,653
2022	361,116	357,021	351,821	346,779	341,890	337,146	354,193	360,761
Total	1,064,001	1,051,738	1,036,062	1,020,923	1,006,292	992,145	1,043,205	1,063,046
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

Dollar Impact Relative to Valuation Assumption								
AY	0.11%	0.61%	1.11%	1.61%	2.11%	2.61%	0.88%	0.26%
Total	27,938	15,676	-	(15,140)	(29,770)	(43,917)	7,143	26,984
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

Percentage Impact Relative to Valuation Assumption								
AY	0.05%	0.55%	1.05%	1.55%	2.05%	2.55%	0.81%	0.22%
2004 & prior	8.9%	5.0%	0.0%	-4.7%	-9.1%	-13.3%	2.3%	8.6%
2004	2.6%	1.5%	0.0%	-1.5%	-2.9%	-4.3%	0.7%	2.6%
2005	3.1%	1.7%	0.0%	-1.7%	-3.4%	-5.0%	0.8%	3.0%
2006	3.7%	2.1%	0.0%	-2.0%	-4.0%	-5.9%	1.0%	3.6%
2007	4.2%	2.4%	0.0%	-2.3%	-4.5%	-6.6%	1.1%	4.1%
2008	4.4%	2.5%	0.0%	-2.4%	-4.7%	-6.9%	1.1%	4.3%
2009	5.0%	2.8%	0.0%	-2.7%	-5.3%	-7.7%	1.3%	4.8%
2010	5.4%	3.1%	0.0%	-2.9%	-5.7%	-8.4%	1.4%	5.3%
2011	4.5%	2.5%	0.0%	-2.4%	-4.7%	-6.9%	1.1%	4.4%
2012	5.5%	3.1%	0.0%	-2.9%	-5.7%	-8.3%	1.4%	5.3%
2013	3.5%	2.0%	0.0%	-1.9%	-3.7%	-5.4%	0.9%	3.4%
2014	2.8%	1.5%	0.0%	-1.5%	-2.9%	-4.2%	0.7%	2.7%
2015	2.1%	1.2%	0.0%	-1.1%	-2.2%	-3.3%	0.5%	2.0%
2016	1.9%	1.0%	0.0%	-1.0%	-2.0%	-2.9%	0.5%	1.8%
2017	1.8%	1.0%	0.0%	-1.0%	-1.9%	-2.8%	0.5%	1.7%
2018	1.8%	1.0%	0.0%	-1.0%	-2.0%	-2.9%	0.5%	1.8%
2019	2.1%	1.2%	0.0%	-1.1%	-2.2%	-3.3%	0.5%	2.0%
2020	2.3%	1.3%	0.0%	-1.3%	-2.5%	-3.7%	0.6%	2.2%
2021	2.6%	1.5%	0.0%	-1.4%	-2.8%	-4.2%	0.7%	2.5%
2022	2.6%	1.5%	0.0%	-1.4%	-2.8%	-4.2%	0.7%	2.5%
Total	2.7%	1.5%	0.0%	-1.5%	-2.9%	-4.2%	0.7%	2.6%
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

EXHIBIT G

Page 1 of 2

Components of Member Statement IBNR (i.e. “Discounted”) Change
(November 2021 to March 2022)

RSP Ontario

AccountCode Desc IBNR - Discounted

M/S IBNR - in \$000s

AccYear	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	17,211	(1,789)	1,676	(3,024)	(3,137)	(18.2%)	14,073
2002	(50)	7	(7)	-	-	-	(50)
2003	15	(1)	1	(1)	(1)	(6.7%)	15
2004	(11)	4	(9)	(7)	(12)	109.1%	(19)
2005	(43)	3	(3)	-	-	-	(43)
2006	249	(21)	16	(192)	(197)	(79.1%)	60
2007	(328)	34	62	367	463	(141.2%)	140
2008	264	(19)	(177)	(6)	(202)	(76.5%)	64
2009	697	(108)	741	(733)	(100)	(14.3%)	609
2010	950	(110)	639	(640)	(111)	(11.7%)	851
2011	543	(40)	(159)	(4)	(203)	(37.4%)	343
2012	828	(86)	224	(369)	(231)	(27.9%)	557
2013	324	(63)	753	29	719	221.9%	966
2014	2,059	(190)	6	(770)	(954)	(46.3%)	934
2015	2,824	(293)	2,235	(2,415)	(473)	(16.7%)	2,147
2016	3,222	(223)	(635)	9	(849)	(26.4%)	2,224
2017	6,277	(210)	(5,481)	2,697	(2,994)	(47.7%)	3,176
2018	26,065	(3,795)	(3,430)	(443)	(7,668)	(29.4%)	18,584
2019	59,133	(9,559)	(4,825)	(260)	(14,644)	(24.8%)	44,721
2020	107,135	(18,795)	6,858	(9,218)	(21,155)	(19.7%)	86,438
2021	173,595	2,122	(17,774)	(15,431)	(31,083)	(17.9%)	142,337
2022	-	96,764	(17,815)	10,637	89,586	-	89,586
Grand Total	400,959	63,632	(37,104)	(19,774)	6,754	1.7%	407,713

EXHIBIT G

Page 2 of 2

Components of IBNR (i.e. “Undiscounted”) Change
(November 2021 to March 2022)

RSP Ontario
AccountCode Desc IBNR - Undiscounted

IBNR - in \$000s

AccYear	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	13,585	(1,420)	1,334	402	316	2.3%	13,901
2002	(51)	7	(7)	-	-	-	(51)
2003	14	(1)	1	-	-	-	14
2004	(78)	9	(13)	-	(4)	5.1%	(82)
2005	(43)	3	(3)	-	-	-	(43)
2006	127	(12)	10	(164)	(166)	(130.7%)	(39)
2007	(468)	45	97	362	504	(107.7%)	36
2008	211	(14)	(164)	-	(178)	(84.4%)	33
2009	547	(94)	758	(672)	(8)	(1.5%)	539
2010	742	(94)	649	(568)	(13)	(1.8%)	729
2011	232	(15)	(131)	-	(146)	(62.9%)	86
2012	480	(57)	209	(302)	(150)	(31.3%)	330
2013	(407)	(1)	719	-	718	(176.4%)	311
2014	(40)	(14)	35	(813)	(792)	1,980.0%	(832)
2015	78	(86)	2,590	(2,363)	141	180.8%	219
2016	(989)	141	(344)	-	(203)	20.5%	(1,192)
2017	(181)	335	(4,751)	2,613	(1,803)	996.1%	(1,984)
2018	13,221	(2,055)	(3,768)	-	(5,823)	(44.0%)	7,398
2019	41,074	(7,636)	(5,024)	360	(12,300)	(29.9%)	28,774
2020	83,744	(16,978)	6,675	(7,155)	(17,458)	(20.8%)	66,286
2021	142,783	(1,673)	(13,582)	(15,420)	(30,675)	(21.5%)	112,108
2022	-	81,118	(16,493)	9,944	74,569	-	74,569
Grand Total	294,581	51,508	(31,203)	(13,776)	6,529	2.2%	301,110