

ONTARIO RISK SHARING POOL

MAY 2021 OPERATIONAL REPORT

ACTUARIAL HIGHLIGHTS

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ACTUARIAL HIGHLIGHTS

RSP ONTARIO

OPERATIONAL REPORT

MAY 2021

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1 Summary

- 1) Recorded activities since last valuation implementation were significantly lower than projected, primarily driven by the activity in the month of May; this activity was reviewed and attributed to the reserving methodology change of one member company group.
- 2) 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 August 2021 in September 2021, 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 2021)

The May 2021 Operational Report incorporates the results of an updated valuation (as at March 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 2021.

ONTARIO RISK SHARING POOL FISCAL YEAR 2021 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Sep. 30, 2020 (completed)	0.26% mfad ¹ 25 bp	Oct. 2020	update valuation (roll-forward): accident year 2020 loss ratio <u>d</u> ecreased 5.0 points to 90.4 %; discount rate <u>d</u> ecreased 3 basis points; no change to selected margins for adverse deviations
Dec. 31, 2020 (completed)	0.32% mfad 25 bp	Mar. 2021	update valuation: accident year 2020 loss ratio <u>d</u> ecreased 9.6 points to 80.8 % and accident year 2021 loss ratio <u>d</u> ecreased 4.8 points to 108.9 %; discount rate <u>i</u> ncreased 6 basis points; no change to selected margins for adverse deviations
Mar. 31, 2021 (completed)	0.77% mfad 25 bp	May 2021	update valuation (roll-forward): accident year 2021 loss ratio <u>d</u> ecreased 2.4 points to 106.5%; discount rate <u>i</u> ncreased 46 basis points; no change to selected margins for adverse deviations
Jun. 30, 2021	% mfad -- bp	Aug. 2021	update valuation:
Sep. 30, 2021	% mfad -- bp	Oct. 2021	update valuation (roll-forward):

Under the proposed schedule for fiscal year 2021, the off-half valuation quarters ending

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%.

March 31, 2021 and September 30, 2021 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 March 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 (2021), and “Prem Def” refers to premium deficiency / deferred acquisition costs impacts.

Summary of Impact (\$000s) of Implementing Result of Valuation as at Mar.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	25,070	3,018	28,088	(11,479)	-	16,609
CAY	(3,979)	(556)	(4,535)	(2,170)	-	(6,705)
Prem Def	(3,528)	103	(3,425)	(2,376)	-	(5,801)
TOTAL	17,563	2,565	20,128	(16,025)	-	4,103

As indicated in the preceding table, the incorporation of the new valuation had an estimated **\$4.1 million unfavourable impact** on the month’s net result from operations, adding an estimated 2.5 points (see following table) to the **year-to-date Combined Operating Ratio** to end at **106.1%**.

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

Ontario	ytd EP 160,936 (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	15.6%	1.9%	17.5%	(7.1%)	-	10.3%
CAY	(2.5%)	(0.3%)	(2.8%)	(1.3%)	-	(4.2%)
Prem Def	(2.2%)	0.1%	(2.1%)	(1.5%)	-	(3.6%)
TOTAL	10.9%	1.6%	12.5%	(10.0%)	-	2.5%

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 **unfavourable by \$17.6 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 **\$25.1 million unfavourable** nominal variance or 3.3% of the PAYs nominal unpaid balance of \$758.6 million determined at the end of last month (April 2021), driven by **unfavourable** claims development and an adjustment to IBNR for latent accident benefits claims. The main driver of PAY change was from the latent Accident Benefit IBNR adjustment of \$13.9 million to reflect the potential emergence of claims arising from AY 1994 to AY 1996.

The CAY and premium deficiency impacts are a result of the change in the selected loss ratios for accident year **2021** (**decreased** 2.4 points to 106.5%). This change is driven by lower than expected claims costs year to date, as claims frequency continues to be reduced as a result of the ongoing COVID-19 pandemic.

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 government line, 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 \$2.6 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 March 2021. Column [4] accounts for the change in the **discount rate** selected (**increased** 46 basis points to **0.77%**), indicating a favourable impact of \$16.0 million. The impact *related only to claims liabilities* (i.e. PAYs plus CAY) was \$13.6 million at May 2021 – this compares to the \$13.1 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 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.

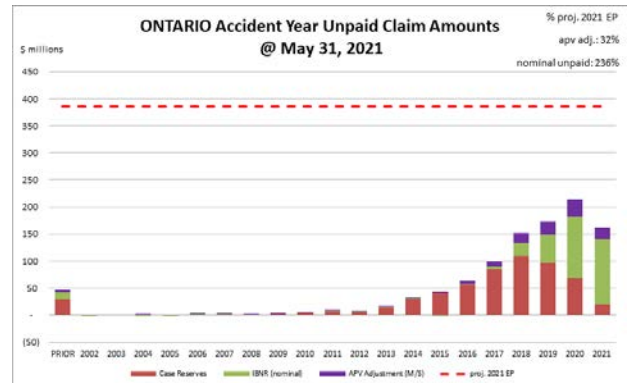
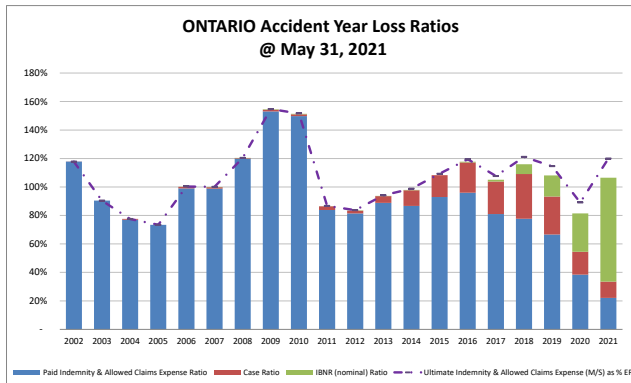
1.5 Current Provision Summary

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 2021 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.

claim liabilities (\$000s)

	amt	%
case	572,931	55.5%
ibnr	336,289	32.6%
M/S apv adjust.	123,449	12.0%
M/S total	1,032,669	100.0%

The current actuarial present value adjustments provision for claims liabilities (\$132.4 million – see the following table) represents 32% of the earned premium projected for the full year 2021 (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.

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 70% of the IBNR balance relates to accident years 2020 and 2021 (see Exhibit B). Approximately 78% of the M/S total claim liabilities are related to accident years 2017-2021 inclusive (i.e. the most recent 5 accident years), and approximately 7% is related to accident years 2011 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	175,634	82.2%
prem def/(dpac)	14,906	7.0%
M/S apv adjust.	23,116	10.8%
M/S total	213,656	100.0%

policy liabilities (\$000s)

	amt	%
claim	909,220	73.0%
premium	190,540	15.3%
M/S apv adjust.	146,565	11.8%
M/S total	1,246,325	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 during 2021 Q1 differ from projections at the end of 2020 Q4.

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	April	(1,216)	(1,216)	15,843	(760)	8,355	(1,333)
		May	(493)	(493)	14,066	(3,357)	1,288	(6,388)
PAY Total			(1,709)	(1,709)	29,909	(4,117)	9,643	(7,721)
CAY	2021	April	32,608	(2,175)	9,739	694	12,621	(2,831)
		May	32,072	(3,489)	8,047	(1,596)	9,804	(10,482)
CAY Total			64,680	(5,664)	17,786	(902)	22,425	(13,313)
Grand Total			62,971	(7,373)	47,695	(5,019)	32,068	(21,034)

(Recorded transaction amounts exclude IBNR & other actuarial provisions)

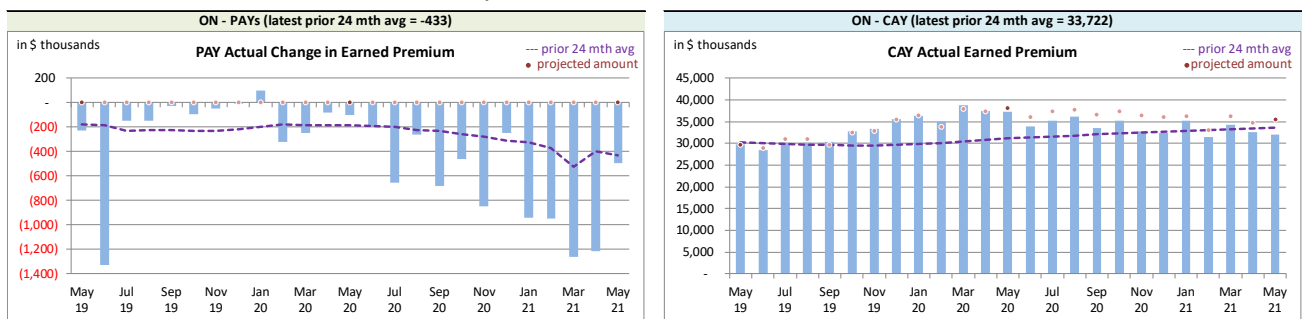
Note that claims transaction activity is generally volatile and changes from one month to the next are anticipated due to this natural “process variance” (i.e. random variation). Each month, the projection variances are reviewed for signs of projection bias and to identify potential ways to reduce the 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.

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.

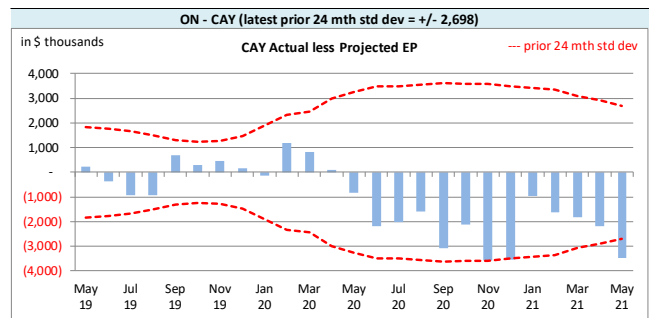
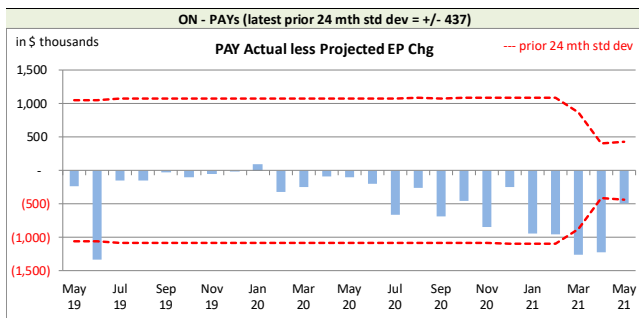
⁶Premium is earned on a daily basis based on the transaction term measured in days. As a result, months with 31 days earned relatively more than those with 30 days, and February earns the least.

On Latest \$ thousands		
Earned Premium	PAYs	CAY
Mthly Avg EP Chg (prior 24 mths)	(433)	33,722
std dev	437	2,698
A-P <> std dev	4	2
% <> std dev	16.0%	8.0%
norm <> std dev	31.7%	31.7%
performance vs 24-mth avg:	better	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

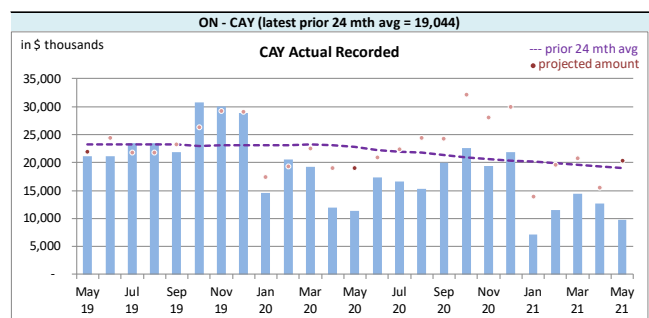
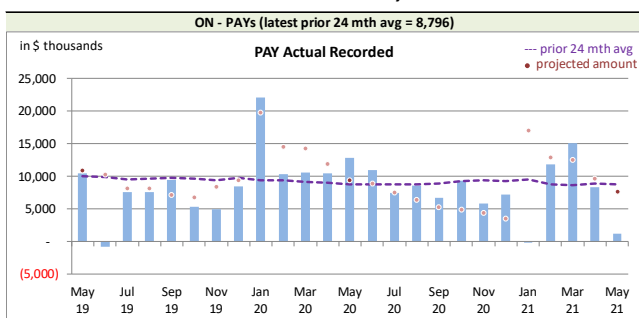


We project **earned premium** changes from known unearned premium balances and projected written premium levels, but upload the total projections as current accident year (CAY). This process has generated prior accident years’ (PAYs) bias⁷, with actuals generally lower than projected, although the magnitude 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.

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

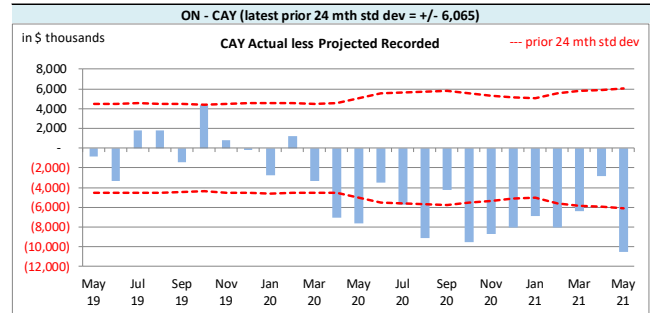
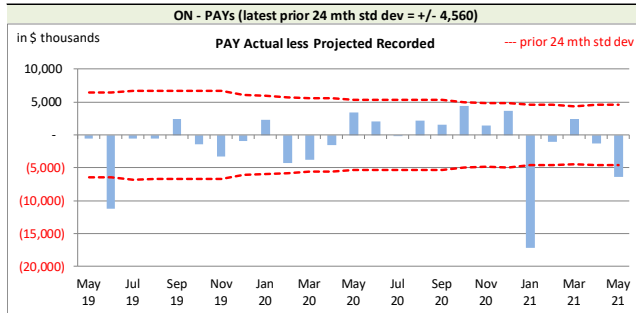


Recorded activity variances from the previous month’s projections are shown in the following charts,

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

including the “prior 24-month standard deviation” levels to show how the variances from projection compare with historical standard deviations.

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



On Latest \$ thousands		
Recorded	PAYs	CAY
Mthly Avg Recorded (prior 24 mths)	8,796	19,044
std dev	4,560	6,065
A-P <> std dev	3	11
% <> std dev	12.0%	44.0%
norm <> std dev	31.7%	31.7%
performance vs 24-mth avg:	better	worse

With respect to **recorded** indemnity & allowed claims expense, 12% of the prior accident years’ (PAYs) 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 (10 of 25 variances were positive).

The PAY **recorded** variance was outside of the one standard deviation band this month (see preceding chart on the left). The lower than projected recorded activity was reviewed, and attributed to the reserving methodology change of one member company group.

The current accident year (CAY) **recorded** variances (preceding table on the left) fell outside of one standard deviation 44% 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 (5 of 25 variances were positive).

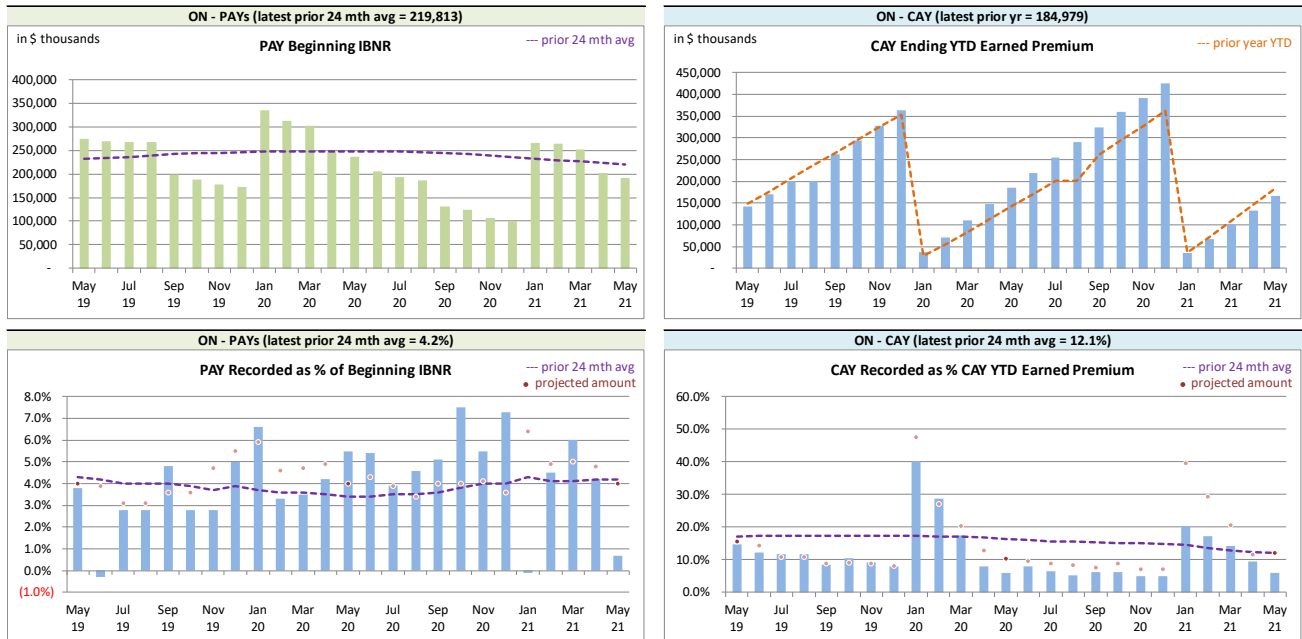
The CAY **recorded** variance was outside of the one standard deviation band this month (see preceding chart on the right). The lower than projected recorded activity was reviewed, and attributed to the reserving methodology change of one member company group.

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:

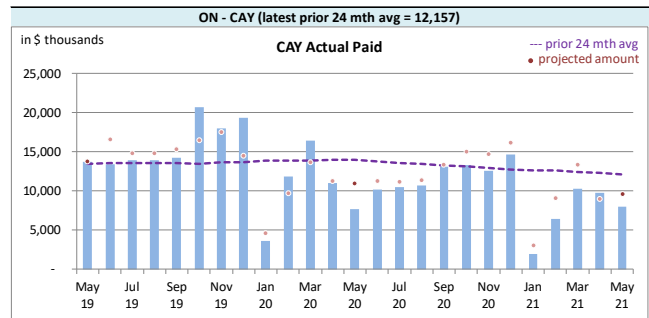
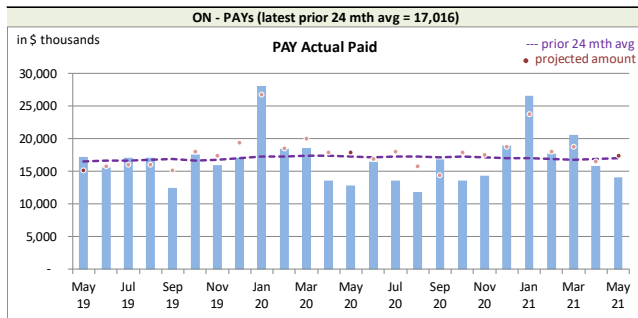
- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a CAY becomes a PAY (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of PAYs’ ultimates (will show up as a beginning IBNR change one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

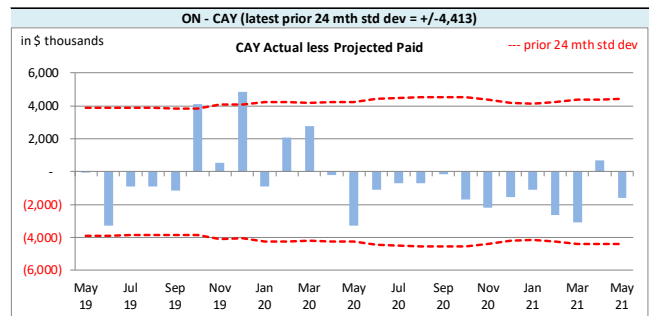
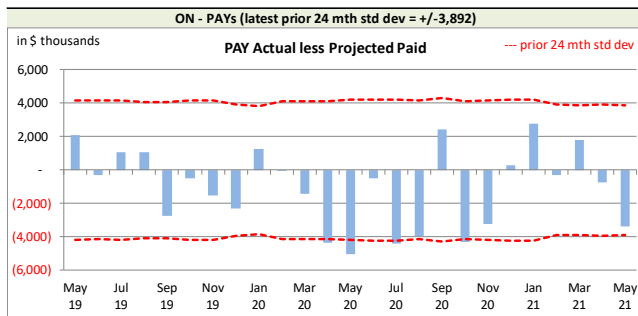
⁹Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned 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)	17,016	12,157
std dev	3,892	4,413
A-P <> std dev	4	2
% <> std dev	16.0%	8.0%
norm <> std dev	31.7%	31.7%
performance vs 24-mth avg:	better	better

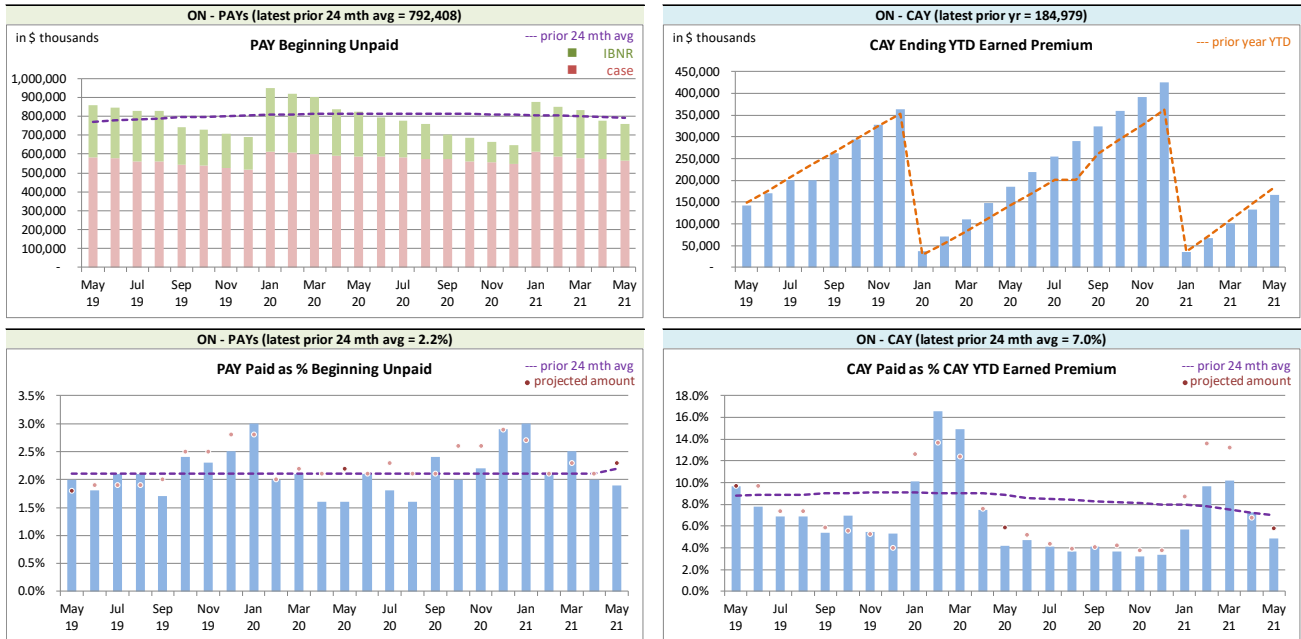
With respect to **paid** indemnity & allowed claims expense, 16% of the prior accident years’ (PAYs) variances over the last 25 calendar months have fallen outside of one standard deviation of the actual **paid** amounts (see table on left), suggesting the projection process has performed better than 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 (8 of 25 variances are positive).

The current accident year (CAY) **paid** variances fell outside of one standard deviation 8% 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 been indicated at a 95% confidence level on a rolling 25-month basis (6 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.

Exhibit G shows the accident year IBNR amount change from the prior valuation implementation

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”.

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 109.7% rather than 106.5% (the valuation ultimate ratio for accident year 2021), as the calendar year-to-date earned premium includes prior accident year earned premium adjustments. (Note that the ratios in this table may differ slightly from those shown in the Ontario RSP Summary of Operations due to rounding.)

Ontario RSP Calendar Year-to-Date Indemnity & Allowed Claims Expense Summary (\$ thousands)

Table 04	YTD Nominal Values		YTD actuarial present value adjustment		YTD Total		Change from Prior Month YTD	
	Amount	% EP	Amount	% EP	Amount	% EP	Amount	LR pts
PAYs	(13,705)	(8.5%)	(27,818)	(17.3%)	(41,523)	(25.8%)	14,123	17.2%
CAY	176,571	109.7%	22,385	13.9%	198,956	123.6%	32,909	(4.8%)
TOTAL	162,866	101.2%	(5,433)	(3.4%)	157,433	97.8%	47,032	12.5%

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

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

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

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 Apr. 2021	Actual May. 2021	Projected Jun. 2021	Projected Jul. 2021	Projected Aug. 2021	Projected Sep. 2021	Projected Oct. 2021	Projected Dec. 2021	
	prior		2,906	17,692	17,050	16,553	16,131	15,921	15,213	14,343
2002		(50)	(50)	(48)	(47)	(46)	(46)	(44)	(42)	
2003		16	16	15	15	15	15	14	13	
2004		14	(4)	(3)	(2)	(2)	(2)	(2)	(1)	
2005		132	(43)	(41)	(40)	(39)	(39)	(37)	(35)	
2006		362	313	303	295	290	285	273	257	
2007		387	491	473	460	447	441	423	400	
2008		545	514	495	480	468	462	441	414	
2009		1,209	1,095	1,055	1,023	998	986	941	887	
2010		1,681	1,526	1,470	1,427	1,390	1,373	1,311	1,236	
2011		1,694	775	752	730	714	700	677	641	
2012		1,747	1,291	1,247	1,211	1,180	1,163	1,115	1,053	
2013		2,149	1,356	1,320	1,285	1,257	1,230	1,193	1,132	
2014		3,057	2,923	2,849	2,772	2,713	2,655	2,578	2,446	
2015		1,938	2,427	2,390	2,330	2,289	2,224	2,190	2,089	
discount rate 0.77%		2016	3,315	6,334	6,170	6,005	5,875	5,753	5,582	5,296
		2017	15,282	14,623	14,337	13,858	13,477	13,158	12,660	11,624
		2018	40,335	42,092	40,946	39,824	39,045	37,534	35,808	32,835
interest rate margin 25 basis pts		2019	80,101	77,049	74,460	72,528	71,145	68,346	65,585	60,247
		2020	146,642	145,877	140,221	134,733	129,688	126,491	122,518	115,505
		2021	120,337	143,441	169,562	191,696	202,842	211,370	219,162	228,333
		TOTAL	423,799	459,738	475,023	487,136	489,877	490,020	487,601	478,673
	Change		35,939	15,285	12,113	2,741	143	(2,419)		

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 Apr. 2021	Actual May. 2021	Projected Jun. 2021	Projected Jul. 2021	Projected Aug. 2021	Projected Sep. 2021	Projected Oct. 2021	Projected Dec. 2021
-	prior	30	13,903	13,347	12,946	12,596	12,470	11,845	11,139
117.8%	2002	(51)	(51)	(49)	(48)	(47)	(47)	(45)	(43)
90.4%	2003	14	14	13	13	13	13	12	11
77.5%	2004	(73)	(75)	(72)	(70)	(68)	(67)	(64)	(60)
73.4%	2005	116	(43)	(41)	(40)	(39)	(39)	(37)	(35)
100.2%	2006	180	178	171	166	162	160	152	142
100.0%	2007	176	343	329	319	310	307	292	275
120.4%	2008	441	441	423	410	399	395	375	352
154.6%	2009	896	886	851	825	803	795	755	710
151.5%	2010	1,238	1,239	1,189	1,153	1,122	1,111	1,055	992
86.5%	2011	949	314	301	292	284	281	267	251
83.6%	2012	1,080	857	823	798	776	768	730	687
93.7%	2013	711	306	294	285	277	274	260	244
97.9%	2014	127	574	551	534	520	515	489	460
108.0%	2015	(1,892)	(857)	(823)	(798)	(776)	(768)	(730)	(687)
117.7%	2016	(2,281)	1,359	1,305	1,266	1,232	1,220	1,159	1,090
105.0%	2017	3,797	4,682	4,495	4,360	4,273	4,230	4,018	3,626
116.0%	2018	20,849	24,151	23,185	22,489	22,039	20,937	19,890	17,950
108.1%	2019	54,329	53,515	51,374	49,833	48,836	46,394	44,074	39,776
81.4%	2020	111,233	113,497	108,163	103,188	98,648	95,886	92,434	86,523
106.5%	2021	99,914	121,056	142,963	161,261	168,430	173,129	176,970	178,543
	TOTAL	291,783	336,289	348,792	359,182	359,790	357,964	353,901	341,946
	Change		44,506	12,503	10,390	608	(1,826)	(4,063)	

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 Apr. 2021	Actual May. 2021	Projected Jun. 2021	Projected Jul. 2021	Projected Aug. 2021	Projected Sep. 2021	Projected Oct. 2021	Projected Dec. 2021
(1) unearned premium (UP)	184,045	175,634	176,576	182,641	191,467	210,080	223,471	241,829
FOR MEMBER SHARING								
(2) expected future costs ratio {% of (1)}	124.3%	121.6%	122.8%	124.1%	125.6%	127.1%	128.7%	131.9%
(3) expected future costs {(1) x (2)}	228,811	213,656	216,802	226,746	240,432	267,031	287,529	318,925
(4) premium deficiency / (deferred policy acquisition cost)	44,766	38,022	40,226	44,105	48,965	56,951	64,058	77,096
Excluding Actuarial Present Value Adjustments								
(5) expected future costs ratio {% of (1)}	109.9%	108.5%	109.5%	110.7%	112.0%	113.4%	114.7%	117.6%
(6) expected future costs {(1) x (5)}	202,341	190,540	193,346	202,213	214,418	238,139	256,417	284,416
(7) premium deficiency / (deferred policy acquisition cost)	18,296	14,906	16,770	19,572	22,951	28,059	32,946	42,587

EXHIBIT D

Projected Year-end Policy Liabilities

The table below presents the projected policy liabilities as at December 31, 2021, broken down by component.

Ontario		Projected Balances as at Dec. 31, 2021 (\$000s)								
ending 2021		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	25,166	11,139	36,305	(541)	160	3,638	(53)	3,585	3,204	39,509
2002	54	(43)	11	-	-	1	-	1	1	12
2003	8	11	19	-	-	2	-	2	2	21
2004	823	(60)	763	(21)	6	76	(2)	74	59	822
2005	33	(35)	(2)	-	-	-	-	-	-	(2)
2006	1,468	142	1,610	(58)	18	161	(6)	155	115	1,725
2007	1,531	275	1,806	(72)	23	181	(7)	174	125	1,931
2008	577	352	929	(40)	13	93	(4)	89	62	991
2009	2,081	710	2,791	(131)	42	279	(13)	266	177	2,968
2010	2,996	992	3,988	(199)	64	399	(20)	379	244	4,232
2011	6,238	251	6,489	(324)	97	649	(32)	617	390	6,879
2012	4,999	687	5,686	(262)	85	569	(26)	543	366	6,052
2013	12,184	244	12,428	(447)	137	1,243	(45)	1,198	888	13,316
2014	25,298	460	25,758	(747)	232	2,576	(75)	2,501	1,986	27,744
2015	34,214	(687)	33,527	(738)	235	3,353	(74)	3,279	2,776	36,303
2016	48,327	1,090	49,417	(939)	297	4,942	(94)	4,848	4,206	53,623
2017	68,499	3,626	72,125	(1,226)	361	9,016	(153)	8,863	7,998	80,123
2018	93,001	17,950	110,951	(2,108)	666	16,643	(316)	16,327	14,885	125,836
2019	90,343	39,776	130,119	(2,733)	911	22,771	(478)	22,293	20,471	150,590
2020	75,909	86,523	162,432	(3,736)	1,137	32,324	(743)	31,581	28,982	191,414
PAYs (sub-total):	493,749	163,403	657,152	(14,322)	4,484	98,916	(2,141)	96,775	86,937	744,089
CAY (2021)	132,870	178,543	311,413	(7,162)	2,491	55,743	(1,282)	54,461	49,790	361,203
claims liabilities:	626,619	341,946	968,565	(21,484)	6,975	154,659	(3,423)	151,236	136,727	1,105,292
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL*
premium liabilities:	241,829	42,587	284,416	(5,110)	1,703	38,611	(695)	37,916	34,509	318,925
										*Total may not be sum of parts, as apvs apply to future costs within UPR
policy liabilities:			1,252,981	(26,594)	8,678	193,270	(4,118)	189,152	171,236	1,424,217

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, 2021 from the valuation), followed by the selected discount rate and the associated margin for investment income.

Accident Year	Selected Claims Development MfADs (Mar. 31, 2021)			Total Margins
	Third Party Liability	Accident Benefits	Other Coverages	
	Margins	Margins	Margins	
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%	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%	10.0%	10.0%
2016	10.0%	10.0%	10.0%	10.0%
2017	12.5%	12.5%	12.5%	12.5%
2018	15.0%	15.0%	15.0%	15.0%
2019	17.4%	17.5%	16.8%	17.5%
2020	19.8%	20.0%	14.7%	19.9%
2021	17.3%	20.0%	6.0%	17.9%
2022	12.7%	20.0%	5.2%	13.6%
prem liab	12.7%	20.0%	5.2%	13.6%

discount rate: 0.77%
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, 2021 from the latest valuation date (projections in exhibits A to D are to Dec. 31, 2021, and are based on more up-to-date information). We have included the most recent valuation selection (0.77%), the prior valuation assumption (0.31%) 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.

\$ Format: \$000s

AY	Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2021 projected Unpaid							
	0.00%	0.27%	0.77%	1.27%	1.77%	2.27%	0.31%	0.26%
2003 & prior	38,811	38,779	38,394	38,017	37,643	37,282	38,747	38,787
2004	976	974	957	940	923	907	973	974
2005	68	68	67	65	64	63	68	68
2006	1,888	1,885	1,840	1,796	1,755	1,714	1,881	1,886
2007	2,312	2,307	2,246	2,189	2,133	2,080	2,302	2,308
2008	1,163	1,160	1,127	1,096	1,067	1,038	1,157	1,161
2009	3,498	3,489	3,381	3,279	3,181	3,087	3,480	3,491
2010	4,785	4,771	4,613	4,463	4,320	4,184	4,758	4,775
2011	6,845	6,825	6,599	6,385	6,181	5,988	6,806	6,831
2012	6,234	6,218	6,030	5,854	5,685	5,527	6,202	6,222
2013	12,382	12,356	12,065	11,791	11,530	11,283	12,332	12,364
2014	21,619	21,584	21,167	20,773	20,399	20,045	21,549	21,593
2015	29,580	29,542	29,114	28,707	28,321	27,949	29,508	29,552
2016	45,664	45,614	45,055	44,523	44,011	43,519	45,568	45,631
2017	84,662	84,571	83,627	82,717	81,842	80,998	84,494	84,592
2018	126,562	126,391	124,837	123,350	121,885	120,483	126,265	126,441
2019	155,579	155,345	153,241	151,248	149,281	147,396	155,178	155,388
2020	184,132	183,792	180,977	178,250	175,618	173,065	183,540	183,849
2021	276,286	275,810	271,714	267,791	264,008	260,343	275,487	275,895
Total	1,003,046	1,001,481	987,051	973,234	959,847	946,951	1,000,295	1,001,808
	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	0.00%	0.27%	0.77%	1.27%	1.77%	2.27%	0.31%	0.26%
Total	15,995	14,430	-	(13,817)	(27,204)	(40,100)	13,244	14,757
	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	0.00%	0.27%	0.77%	1.27%	1.77%	2.27%	0.31%	0.26%
2003 & prior	1.1%	1.0%	-	(1.0%)	(2.0%)	(2.9%)	0.9%	1.0%
2004	2.0%	1.8%	-	(1.8%)	(3.6%)	(5.2%)	1.7%	1.8%
2005	1.5%	1.5%	-	(3.0%)	(4.5%)	(6.0%)	1.5%	1.5%
2006	2.6%	2.4%	-	(2.4%)	(4.6%)	(6.8%)	2.2%	2.5%
2007	2.9%	2.7%	-	(2.5%)	(5.0%)	(7.4%)	2.5%	2.8%
2008	3.2%	2.9%	-	(2.8%)	(5.3%)	(7.9%)	2.7%	3.0%
2009	3.5%	3.2%	-	(3.0%)	(5.9%)	(8.7%)	2.9%	3.3%
2010	3.7%	3.4%	-	(3.3%)	(6.4%)	(9.3%)	3.1%	3.5%
2011	3.7%	3.4%	-	(3.2%)	(6.3%)	(9.3%)	3.1%	3.5%
2012	3.4%	3.1%	-	(2.9%)	(5.7%)	(8.3%)	2.9%	3.2%
2013	2.6%	2.4%	-	(2.3%)	(4.4%)	(6.5%)	2.2%	2.5%
2014	2.1%	2.0%	-	(1.9%)	(3.6%)	(5.3%)	1.8%	2.0%
2015	1.6%	1.5%	-	(1.4%)	(2.7%)	(4.0%)	1.4%	1.5%
2016	1.4%	1.2%	-	(1.2%)	(2.3%)	(3.4%)	1.1%	1.3%
2017	1.2%	1.1%	-	(1.1%)	(2.1%)	(3.1%)	1.0%	1.2%
2018	1.4%	1.2%	-	(1.2%)	(2.4%)	(3.5%)	1.1%	1.3%
2019	1.5%	1.4%	-	(1.3%)	(2.6%)	(3.8%)	1.3%	1.4%
2020	1.7%	1.6%	-	(1.5%)	(3.0%)	(4.4%)	1.4%	1.6%
2021	1.7%	1.5%	-	(1.4%)	(2.8%)	(4.2%)	1.4%	1.5%
Total	1.6%	1.5%	-	(1.4%)	(2.8%)	(4.1%)	1.3%	1.5%
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

EXHIBIT G

Components of Member Statement IBNR (i.e. “Discounted”) Change
(April 2021 to May 2021)

RSP Ontario
AccountCode Desc IBNR - Discounted M/S IBNR - in \$000s

AccYear	Sum of Beginning Balance	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	3,009	(152)	29	14,806	14,683	488.0%	17,692
2002	(50)	3	(3)	-	-	-	(50)
2003	16	(1)	1	-	-	-	16
2004	14	-	(2)	(16)	(18)	(128.6%)	(4)
2005	132	(8)	8	(175)	(175)	(132.6%)	(43)
2006	364	(17)	12	(46)	(51)	(14.0%)	313
2007	390	(18)	176	(57)	101	25.9%	491
2008	547	(27)	25	(31)	(33)	(6.0%)	514
2009	1,239	(60)	18	(102)	(144)	(11.6%)	1,095
2010	1,818	(86)	(50)	(156)	(292)	(16.1%)	1,526
2011	1,475	(80)	(360)	(260)	(700)	(47.5%)	775
2012	1,769	(88)	139	(529)	(478)	(27.0%)	1,291
2013	2,003	(104)	138	(681)	(647)	(32.3%)	1,356
2014	2,988	(149)	90	(6)	(65)	(2.2%)	2,923
2015	2,335	(98)	(396)	586	92	3.9%	2,427
2016	2,580	(156)	2,258	1,652	3,754	145.5%	6,334
2017	16,339	(1,138)	102	(680)	(1,716)	(10.5%)	14,623
2018	42,838	(2,942)	(121)	2,317	(746)	(1.7%)	42,092
2019	84,111	(6,321)	(717)	(24)	(7,062)	(8.4%)	77,049
2020	151,382	(10,706)	5,190	11	(5,505)	(3.6%)	145,877
2021	92,953	50,965	6,228	(6,705)	50,488	54.3%	143,441
Grand Total	408,252	28,817	12,765	9,904	51,486	12.6%	459,738

EXHIBIT G

Components of IBNR (i.e. “Undiscounted”) Change
(April 2021 to May 2021)

RSP **Ontario**
AccountCode Desc **IBNR - Undiscounted** IBNR - in \$000s

AccYear	Sum of Beginning Balance	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	126	(4)	(106)	13,887	13,777	10,934.1%	13,903
2002	(51)	3	(3)	-	-	-	(51)
2003	14	(1)	1	-	-	-	14
2004	(73)	4	(6)	-	(2)	2.7%	(75)
2005	116	(6)	6	(159)	(159)	(137.1%)	(43)
2006	181	(9)	6	-	(3)	(1.7%)	178
2007	178	(9)	174	-	165	92.7%	343
2008	441	(22)	22	-	-	-	441
2009	924	(45)	7	-	(38)	(4.1%)	886
2010	1,373	(64)	(70)	-	(134)	(9.8%)	1,239
2011	724	(45)	(365)	-	(410)	(56.6%)	314
2012	1,000	(53)	212	(302)	(143)	(14.3%)	857
2013	552	(34)	87	(299)	(246)	(44.6%)	306
2014	38	(5)	(1)	542	536	1,410.5%	574
2015	(1,552)	92	(447)	1,050	695	(44.8%)	(857)
2016	(3,253)	124	2,337	2,151	4,612	(141.8%)	1,359
2017	4,566	(380)	122	374	116	2.5%	4,682
2018	22,842	(1,976)	(210)	3,495	1,309	5.7%	24,151
2019	57,780	(5,409)	(658)	1,802	(4,265)	(7.4%)	53,515
2020	115,356	(9,525)	5,137	2,529	(1,859)	(1.6%)	113,497
2021	77,024	40,866	7,145	(3,979)	44,032	57.2%	121,056
Grand Total	278,306	23,502	13,390	21,091	57,983	20.8%	336,289