



**ONTARIO RISK SHARING POOL**

**MAY 2020 OPERATIONAL REPORT**

**ACTUARIAL HIGHLIGHTS**

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**ACTUARIAL HIGHLIGHTS****RSP ONTARIO****OPERATIONAL REPORT****MAY 2020**

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## 1 Summary

### Key Points

- (a) The 2020 Q1 valuation was completed and implemented into the results this month, with a \$19.6 million favourable impact, or 1.4% of beginning policy liabilities (policy liabilities ended at \$1,359 million) and 10.6 points of year-to-date earned premium; the updated valuation loss ratios include an initial assessment of the incurred impacts associated with the COVID-19 pandemic;
- (b) The month’s Current Accident Year claims activities were lower than projected; the activity was reviewed and attributed to a reduction in written premium and physical damage claims experience further to the projection adjustment made last month in relation to the COVID-19 pandemic; and
- (c) May’s premium projections have been updated to reflect the most recent information provided by certain members. Updated claims assumptions are derived from the 2020 Q1 valuation; May’s reported claims projections include an additional 10% decrease in Current Accident Year reported claims activity - reducing the projected reported activity over the next 2 months and spreading over the remainder of the year, reflecting a shift in Current Accident Year claims reporting and emergence patterns due to the COVID-19 pandemic impact.

### 1.1 Valuation Schedule (Fiscal Year 2020)

The May 2020 Operational Report incorporates the results of an updated valuation (as at March 31, 2020) – 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 2020.

<b>ONTARIO RISK SHARING POOL FISCAL YEAR 2020 – SCHEDULE OF VALUATIONS</b>			
<b>Valuation Date</b>	<b>Discount Rate (per annum)</b>	<b>Operational Report</b>	<b>Description of Changes</b>
Sep. 30, 2019 (completed)	1.41% mfad 25 bp	Oct. 2019	updated valuation (roll forward): accident year 2019 loss ratio <u>d</u> ecreased 0.7 points to 122.3%; discount rate <u>i</u> ncreased 1 basis point; no change to selected margins for adverse deviations
Dec. 31, 2019 (completed)	1.58% mfad 25 bp	Mar. 2020	update valuation: accident year 2019 loss ratio <u>d</u> ecreased 5.8 points to 116.5%; accident year 2020 loss ratio <u>d</u> ecreased 5.7 points to 119.5 %; discount rate <u>i</u> ncreased 17 basis points; no change to selected margins for adverse deviations
Mar. 31, 2020 (completed)	0.66% mfad 25 bp	May 2020	update valuation (partial roll-forward): accident year 2020 loss ratio <u>d</u> ecreased 7.8 points to 111.7 %; discount rate <u>d</u> ecreased 92 basis points; no change to selected margins for adverse deviations

ONTARIO RISK SHARING POOL FISCAL YEAR 2020 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Jun. 30, 2020	% mfad -- bp	Aug. 2020	update valuation
Sep. 30, 2020	% mfad -- bp	Oct. 2020	update valuation (roll-forward)

Under the proposed schedule for fiscal year 2020, the off-half valuation quarters ending March 31, 2020 and September 30, 2020 would not reflect a full valuation update of assumptions, but would rather roll-forward key assumptions from the previous valuation. However, with disruption in the insurance environment from the COVID-19 pandemic, the current valuation (quarter ending March 31, 2020) includes a partial update of key assumptions to reflect this impact. Other assumptions are rolled-forward from the previous valuation.

## 1.2 New Valuation

A valuation of the Ontario Risk Sharing Pool (“RSP”) as at March 31, 2020 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 (2020), and Prem Def refers to premium deficiency / deferred acquisition costs impacts.

### *Summary of Impact (\$000s) of Implementing Result of Valuation as at Mar. 31, 2020<sup>1</sup>*

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	(18,057)	(2,125)	(20,182)	22,741	-	2,559
CAY	(14,428)	(1,756)	(16,184)	4,951	-	(11,233)
Prem Def	(14,987)	(1,678)	(16,665)	5,780	-	(10,885)
<b>TOTAL</b>	<b>(47,472)</b>	<b>(5,559)</b>	<b>(53,031)</b>	<b>33,472</b>	<b>-</b>	<b>(19,559)</b>

<sup>1</sup>In 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”

As indicated in the preceding table, the incorporation of the new valuation had an estimated **\$19.6 million favourable impact** on the month’s net result from operations, subtracting an estimated 10.6 points (see following table) to the **year-to-date Combined Operating Ratio** to end at **105.9%**

*Summary of Impact (% YTD EP) of Implementing Result of Valuation as at Mar. 31, 2020*

Ontario	ytd EP 184,330 (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	(9.8%)	(1.2%)	(10.9%)	12.3%	-	1.4%
CAY	(7.8%)	(1.0%)	(8.8%)	2.7%	-	(6.1%)
Prem Def	(8.1%)	(0.9%)	(9.0%)	3.1%	-	(5.9%)
<b>TOTAL</b>	<b>(25.8%)</b>	<b>(3.0%)</b>	<b>(28.8%)</b>	<b>18.2%</b>	<b>-</b>	<b>(10.6%)</b>

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 \$47.5 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 **\$18.1 million favourable** nominal variance or 2.2% of the PAYs nominal unpaid balance of \$823.3 million determined at the end of last month (April 2020), driven by favourable claims development and updates to a priori loss ratios to include more recent data and updated trends. While the valuation implementation impact does differ from the valuation changes themselves (as they apply to different periods), the valuation result by government line provides insight into the relative PAYs nominal changes. As per following table, the primary changes were in relation to Accident Benefits across multiple PAYs.

*Valuation as at Mar. 31, 2020 – PAYs Nominal Changes by Government Line*

Ontario RSP - valuation changes in selected ultimate (favourable) / unfavourable during Quarter				
Accident Year	Third Party Liability	Accident Benefits	Other Coverages	Total
<b>2015 &amp; Prior</b>	1,965	(7,752)	46	(5,741)
<b>2016</b>	331	(2,100)	205	(1,564)
<b>2017</b>	(1,214)	(676)	67	(1,823)
<b>2018</b>	(2,412)	(2,649)	(110)	(5,171)
<b>2019</b>	(3,054)	(4,561)	3,611	(4,004)
<b>TOTAL</b>	<b>(4,384)</b>	<b>(17,738)</b>	<b>3,819</b>	<b>(18,303)</b>

The CAY and premium deficiency impacts are a result of the change in the selected loss ratios for

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.

accident year **2020** (decreased 7.8 points to 111.7 %) and accident year **2021** (decreased 2.5 points to 119.5 %).

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 a favourable change of \$5.6 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 2020. Column [4] accounts for the change in the **discount rate** selected (decreased 92 basis points to **0.66%**), indicating an unfavourable impact of \$33.5 million. The impact *related only to claims liabilities* (i.e. PAYs plus CAY) was \$27.7 million at May 2020 – this compares to the \$29.3 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).

#### COVID-19 impact

The current valuation includes a nominal \$18.8M favourable AY2020 adjustment related to the COVID-19 pandemic impact. This adjustment reflects a 30% reduction in a priori loss ratios for short-tailed physical damage coverages over the mid-March to end-of-June period.

Consideration of the impact of the COVID-19 pandemic was discussed with the FA Actuarial Committee and FA Audit & Risk Committee and included input and discussion with Industry stakeholders and uncertainties associated with the current RSP reporting environment, including:

- Limited experience as of Q1
- Potential delayed reporting
- Changes in claims frequency and severity
- Correlations between short-tailed coverages and long-tailed coverages
- Changes in premium volume due to refund/non-renewal/reduction in coverages
- Changes in member’s participation in the Risk Sharing Pools

Given the uncertainties associated with the current RSP reporting environment, this adjustment will be revisited with the 2020 Q2 (June) valuation, which we anticipate will be implemented in the August 2020 Operational Report.

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**

Mr. Cosimo Pantaleo of Ernst & Young LLP (EY) was appointed as Actuary by the FA Board at its February 18, 2020 meeting.

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 / Regulation<sup>2</sup>**

There have been no changes in these descriptions since last month's Highlights, other than updated references to reflect the new valuation.

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.

**Ontario Bill 91** (Building Ontario Up Act (Budget Measures), 2015) was introduced into the Legislature by the Minister of Finance on April 23, 2015 and **received Royal Assent on June 4, 2015**. Bill 91 announced a number of amendments to regulations made under the Insurance Act, including: updating the Catastrophic Impairment Definition and changes to the standard benefit level under the Statutory Accident Benefits Schedule (SABS); restrictions on insurance premium increases and lowering of the maximum interest rate charged on monthly auto insurance premium payments; and adjustments to the monetary threshold beyond which the tort deductible does not apply to reflect inflation (adjustments to reflect inflation in the associated tort deductible were undertaken via an update to regulation 461/96). On August 26, 2015, the Ontario government filed Ontario regulations 250/15 and 251/15 implementing reforms set out in Bill 91. With the most recent valuation (March 31, 2020), reform adjustments (originally introduced with the September 30, 2015 valuation) specifically related to changes to the SABS impacting the bodily injury and accident benefits coverages, were included with the updated industry trend analysis (completed using industry data as at June 30, 2019), impacting the selection of ultimates.

### **1.5 Harmonized Sales Tax Class Action - Ontario**

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

Since the end of October 2018, class action lawsuits have been brought against multiple insurers related to HST and limits / sub-limits of benefits per the Statutory Accident Benefits Schedule and FSCO's Professional Services Guideline as part of claims settlement practices in Ontario.

At the current time, no adjustments have been made to our valuation estimates, but in conjunction with FA's Appointed Actuary, FA management continues to review and consider the implications of the

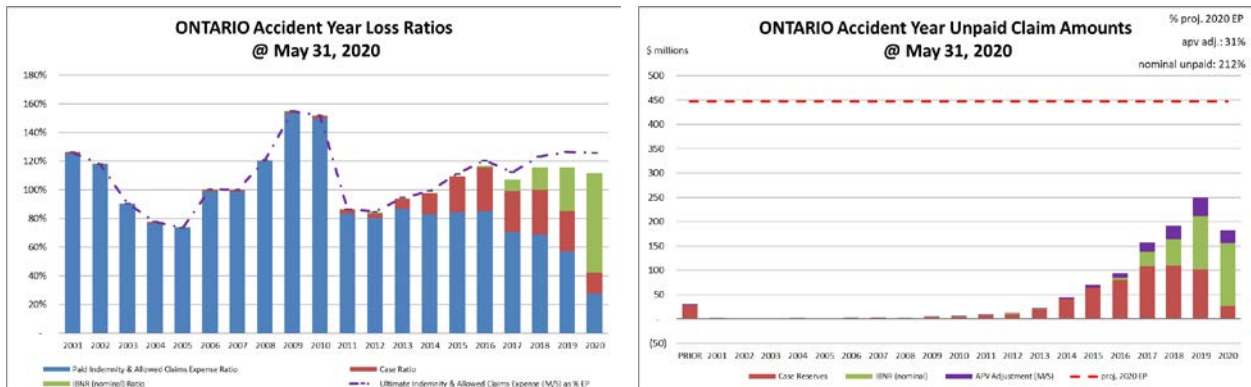
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<sup>2</sup>This url to a pdf is to a helpful guide on how bills become laws: <https://www.ola.org/sites/default/files/common/how-bills-become-law-en.pdf>.

potential outcomes related to the class action lawsuits. Please contact Aidan Chen at [achen@facilityassociation.com](mailto:achen@facilityassociation.com) if you need further information.

### 1.6 Current Provision Summary

The following charts show the current levels of claim liabilities<sup>3</sup> booked by accident year<sup>4</sup>. The left chart displays life-to-date payments, case reserves, IBNR, and the total including actuarial present value adjustments against accident year earned premium. The right chart shows the associated dollar amounts for the components of the claim liabilities and the current projected amount of 2020 full year earned premium (the red hash-mark line) to provide some perspective.



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

The current actuarial present value adjustments provision for claims liabilities (\$136.1 million – see the following table) represents 31% of the earned premium projected for the full year 2020 (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	614,104	56.6%
ibnr	334,050	30.8%
M/S apv adjust.	136,080	12.6%
M/S total	1,084,234	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 71.4% of the IBNR balance relates to accident years 2019 and 2020 (see Exhibit B). Approximately 81% of the M/S total claim

liabilities are related to accident years 2016-2020 inclusive (i.e. the most recent 5 accident years), and approximately 5% is related to accident years 2010 and prior (i.e. prior to the most recent 10 accident years).

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

<sup>3</sup>Claim liabilities refer to provision for unpaid indemnity and allowed claims expenses. Allowed claims expenses are first party legal and other expenses as listed in the RSP Claims Guide. Claims expenses paid through the member company expense allowance are NOT included in this discussion.

<sup>4</sup>The loss ratio chart has been limited to show the most recent 20 accident years; the unpaid provision chart has been limited to show the most recent 20 accident years, and show all accident years older than 20 years collectively as "PRIOR".



premium liabilities (\$000s)			policy liabilities (\$000s)		
	amt	%		amt	%
unearned prem	216,342	78.8%	claim	948,154	69.8%
prem def/(dpac)	28,522	10.4%	premium	244,864	18.0%
M/S apv adjust.	29,581	10.8%	M/S apv adjust.	165,661	12.2%
<b>M/S total</b>	<b>274,445</b>	<b>100.0%</b>	<b>M/S total</b>	<b>1,358,679</b>	<b>100.0%</b>

## 2 Activity During the Month of May 2020

### 2.1 Recorded Premium and Claims Activity

The following table summarizes the extent to which premiums and claims amounts recorded during the month differ from projections reflected in the prior month’s Operational Report<sup>5</sup>.

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

Accident Year	Earned Premium		Paid Indemnity & Allowed Claims Expense		Case increase / (decrease)		Recorded increase / (decrease)	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
Prior	(16)	(16)	7,722	(3,399)	(3,411)	5,552	4,311	2,153
2018	(17)	(17)	2,954	(162)	1,138	1,663	4,093	1,502
2019	(70)	(70)	2,219	(1,471)	2,271	1,266	4,490	(205)
2020	37,293	(836)	7,678	(3,273)	3,652	(4,372)	11,331	(7,645)
<b>TOTAL</b>	<b>37,190</b>	<b>(939)</b>	<b>20,574</b>	<b>(8,304)</b>	<b>3,650</b>	<b>4,108</b>	<b>24,224</b>	<b>(4,196)</b>

(Recorded transaction amounts exclude IBNR & other actuarial provisions)

Claims transaction activity is generally volatile and changes from one month to the next are anticipated due to this natural “process variance” (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. Commentary from our review is provided in the sub-sections that follow.

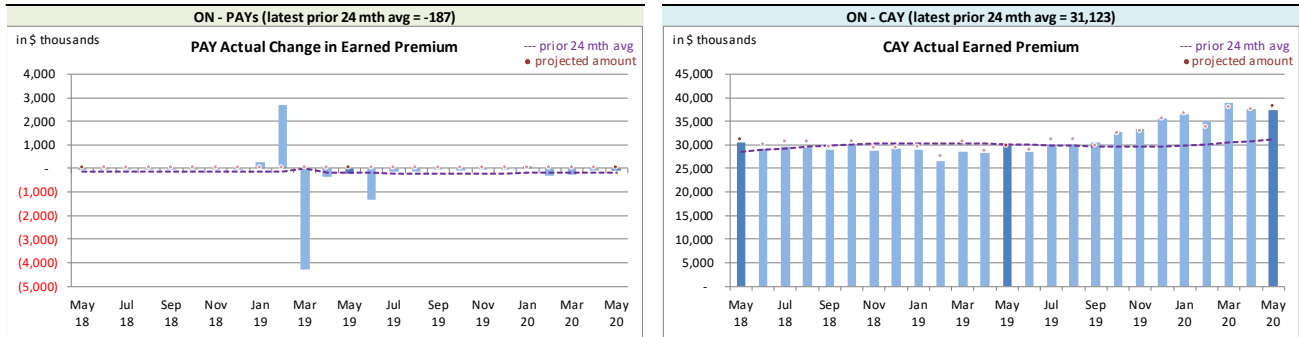
#### 2.1.a Actual vs. Projected (AvsP): Earned Premium

The following charts show actual **earned premium**<sup>6</sup> activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

<sup>5</sup>There may be rounding differences in values in this document compared with the associated Bulletin and/or Operational Report.

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

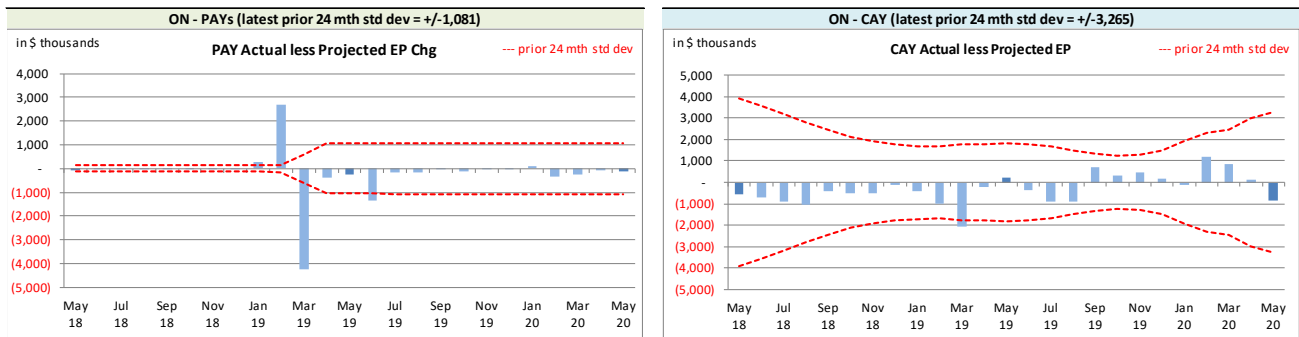
### Ontario RSP Actual Earned Premium by Calendar Month



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

The associated variance between the actual changes and the projections from the previous month are shown in the charts below. **Earned premium** change projections are all attributed to the current accident year as the projection upload does not accept **earned premium** changes for other accident years. We do not see this limitation as being significant for our purposes, but it does mean that the actual less projection variance will equal the actual **earned premium** change in relation to prior accident years.

### Ontario RSP Actual vs. Projected Summary: **Earned Premium** Variances by Calendar Month



On Latest \$ thousands		
<b>Earned Premium</b>	PAYs	CAY
Mthly Avg EP Chg (prior 24 mths)	(187)	31,123
std dev	1,081	3,265
A-P <> std dev	4	1
% <> std dev	16.0%	4.0%
norm <> std dev	31.7%	31.7%
performance vs 24-mth avg:	better	better

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) bias<sup>7</sup>, 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.

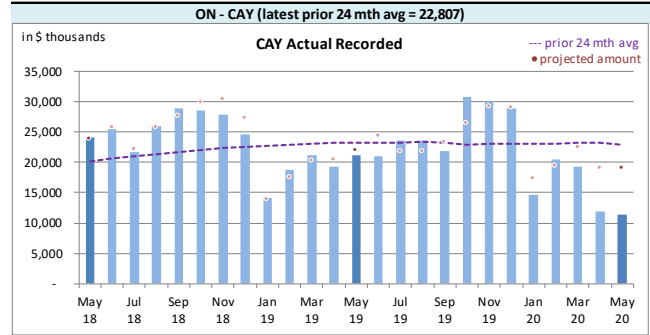
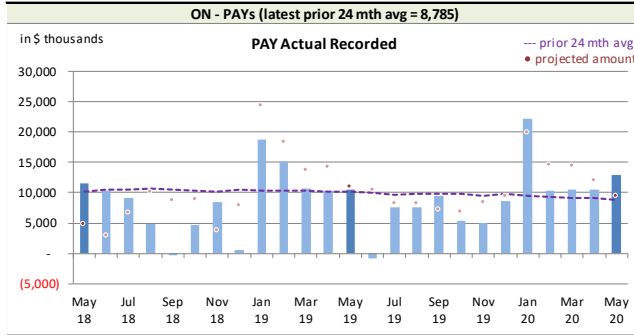
the CAY standard deviation band, reflecting significant volume changes and the impact as those changes were earned.

<sup>7</sup>The 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

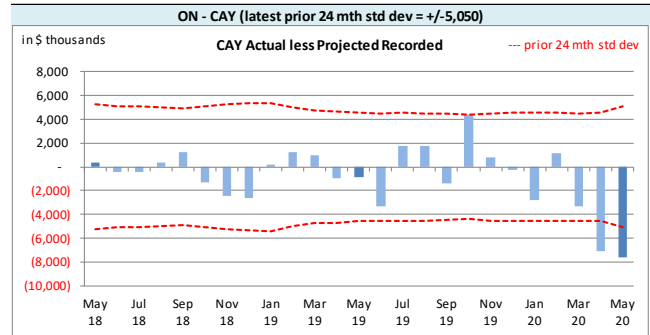
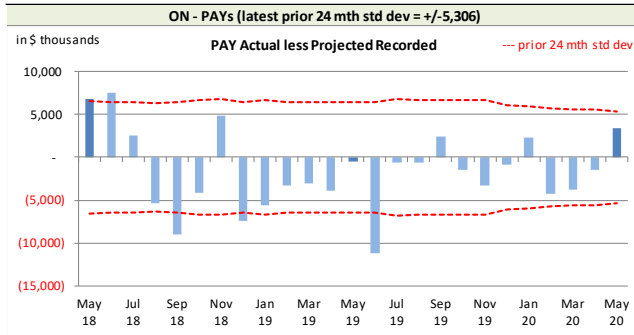
The following charts below show actual **recorded** activity (**paid** and **case reserve** changes), in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

*Ontario RSP Actual Recorded by Calendar Month*



**Recorded** activity variances from the previous month’s projections are shown in the 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*



On Latest \$ thousands			
Recorded	PAYs	CAY	
Mthly Avg Recorded (prior 24 mths)	8,785	22,807	
std dev	5,306	5,050	
A-P <> std dev	5	2	
% <> std dev	20.0%	8.0%	
norm <> std dev	31.7%	31.7%	
performance vs 24-mth avg:	better	better	

With respect to **recorded** indemnity & allowed claims expense, 20% 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). Bias<sup>8</sup> has been indicated at a 95% confidence level on a rolling 25-month basis (7 of 25 variances were positive), and on a lagging 12-month basis, bias is indicated (3 of latest 12 variances have been positive; we have made some adjustments to address this, but so far without success).

The current accident year (CAY) **recorded** variances (preceding chart on the left) fell outside of one

<sup>8</sup> 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.

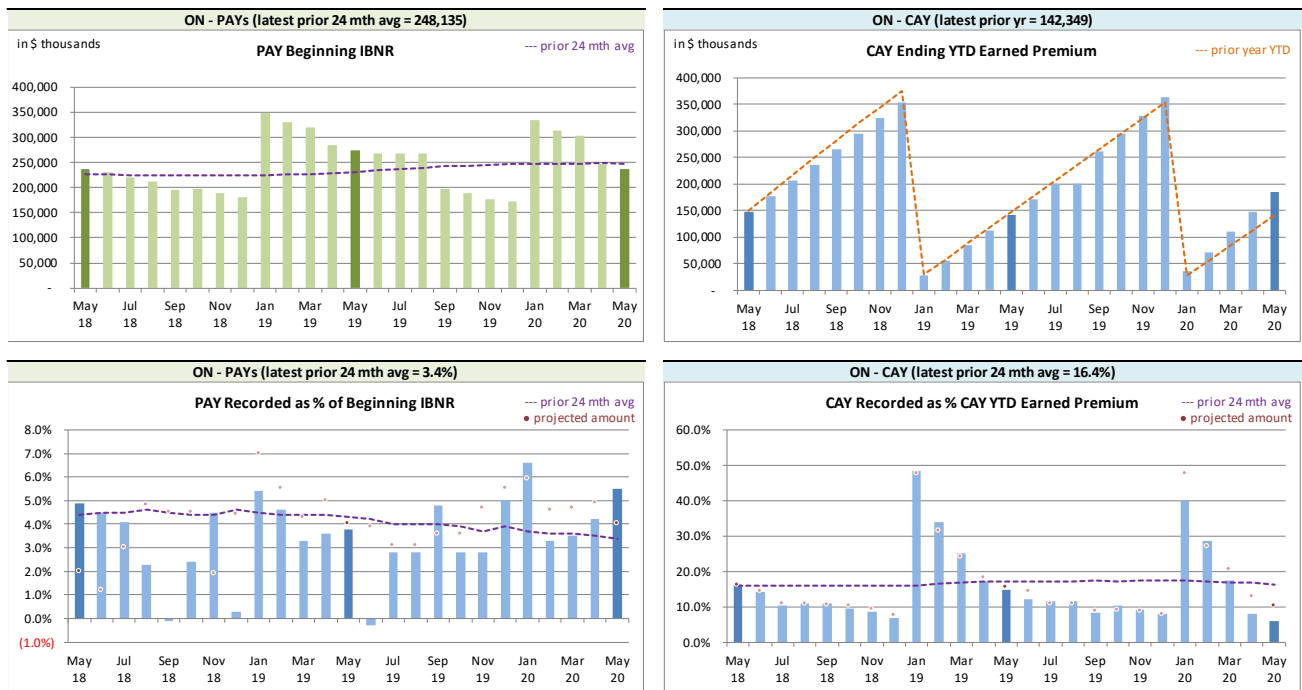
standard deviation 8% of the time over the last 25 calendar months suggesting that the projection process has performed better than simply projecting the prior 24-month average amount. Bias has not been indicated at a 95% confidence level on a rolling 25-month basis (11 of 25 variances were positive).

The CAY **recorded** variance was outside of the one standard deviation band this month (see preceding chart on the right). The significant lower than projected recorded activity was reviewed, and attributed to a reduction in written premium and physical damage claims experience in the month further to the projection adjustment made last month in relation to COVID-19 pandemic. The current month's projection of future **recorded** activity is based on updated assumptions under the new valuation (as at March 31, 2020) which includes key assumptions updated to reflect the COVID-19 impact.

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).

*Ontario RSP Levels that influence<sup>9</sup> 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 chart above) occur for several possible reasons:

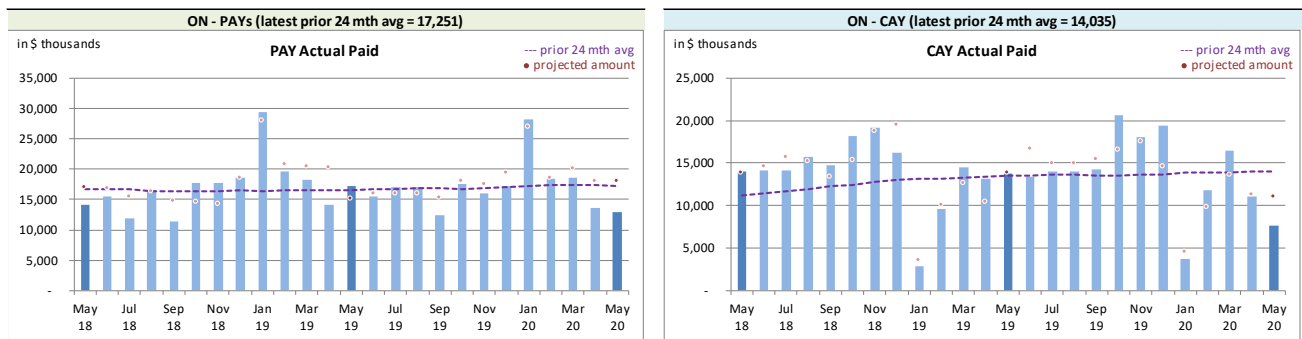
<sup>9</sup>Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR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

- 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

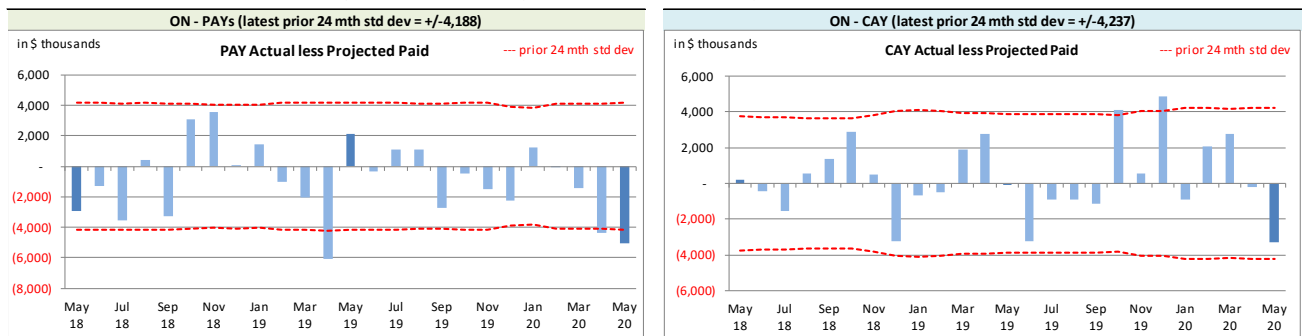
The following charts show actual **paid** activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

*Ontario RSP Actual Paid activity by Calendar Month*



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

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



On Latest \$ thousands			
	Paid	PAYs	CAY
Mthly Avg Paid (prior 24 mths)		17,251	14,035
std dev		4,188	4,237
A-P <> std dev		3	2
% <> std dev		12.0%	8.0%
norm <> std dev		31.7%	31.7%
performance vs 24-mth avg:		better	better

With respect to **paid** indemnity & allowed claims expense, 12% 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 (9 of 25 variances are positive).

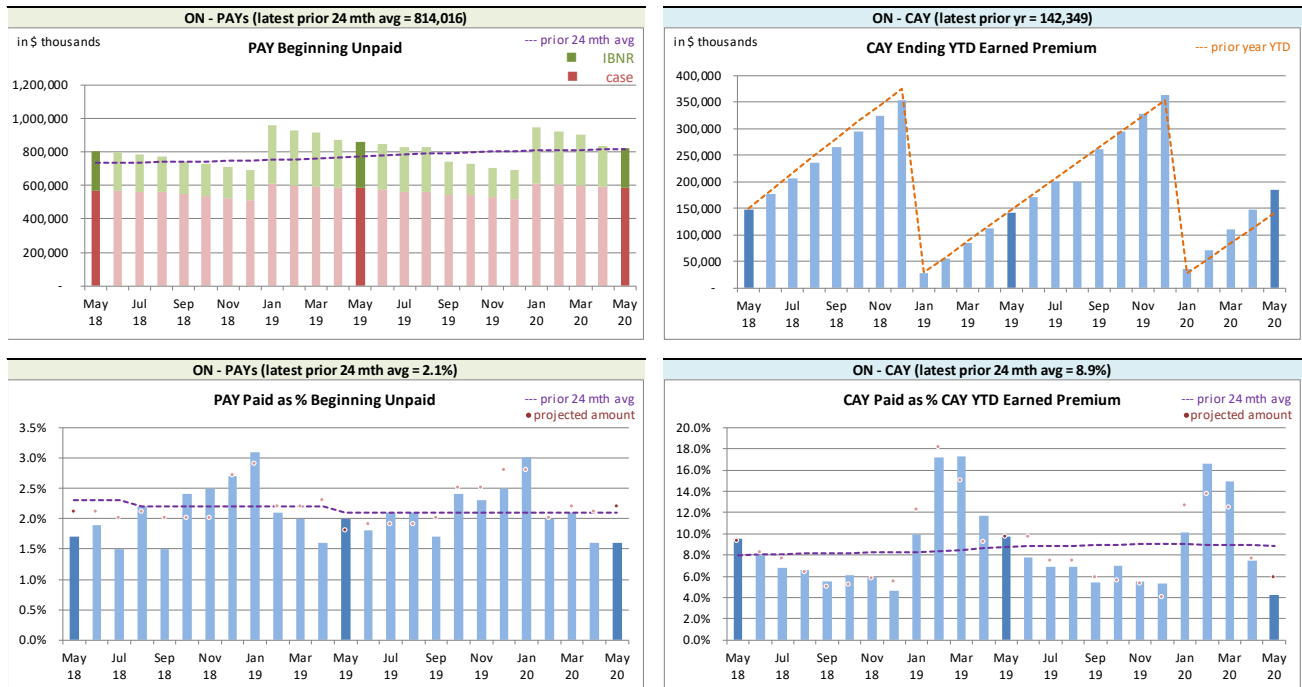
The PAY **paid** variance was outside of the one standard deviation band this month (see preceding chart on the left). The activity was reviewed and confirmed, and attributed to process variance.

The current accident year (CAY) **paid** variances fell outside of one standard deviation 8% of the time over the last 25 calendar months (preceding chart 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 (12 of 25 variances are positive).

As discussed with respect to projected CAY recorded claims activity, the current month’s projection of future **paid** activity is based on updated assumptions under the new valuation (as at March 31, 2020) which includes key assumptions updated to reflect COVID-19 impact.

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

*Ontario RSP Levels that influence<sup>10</sup> 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 chart above) 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

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

- 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 the month’s IBNR<sup>11</sup>, and factors are applied to the nominal unpaid claims liability (case plus IBNR) to determine the discount amount (shown as a negative value to indicate its impact of reducing the liability) and the Provisions for Adverse Deviations. The loss ratios and the factors used to determine the projections and actuals were based on the applicable valuation.

The following table summarizes variances in provisions included in this month’s Operational Report and the associated one-month projections from last month’s Report.

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

Table 02

Accident Year	IBNR		actuarial present value adjustments				IBNR + actuarial present value adjustments	
	Actual	Actual less Projected	Discount Amount		Provisions for Adverse Deviations		Actual	Actual less Projected
			Actual	Actual less Projected	Actual	Actual less Projected		
Prior	40,125	(11,696)	(7,667)	10,246	52,610	761	85,068	(689)
2018	55,386	(6,789)	(2,802)	3,997	29,348	(228)	81,932	(3,020)
2019	109,539	(3,140)	(4,230)	5,584	42,728	731	148,037	3,175
2020	129,000	(7,782)	(3,119)	4,781	29,212	(1,280)	155,093	(4,281)
<b>TOTAL</b>	<b>334,050</b>	<b>(29,407)</b>	<b>(17,818)</b>	<b>24,608</b>	<b>153,898</b>	<b>(16)</b>	<b>470,130</b>	<b>(4,815)</b>

The IBNR provision is \$29.4 million lower than projected from last month, counterbalancing the recorded claims activity and adjusting for the earned premium variance impacts indicated in section 2.1, and due to the valuation implementation.

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

- (i) the change projected last month;
- (ii) the additional change due to variances in earned premium (because we apply a loss ratio to earned premium in determining ultimate level) and/or recorded claims (as IBNR is calculated as ultimate less recorded) differences; and
- (iii) the additional change due to valuation implementation impacts (as applicable)

The variances associated with (ii) above are discussed in sections 2.1.a and 2.1.b.

The following table summarizes the variances in the provisions for premium deficiency liability / (deferred policy acquisition cost asset) included in this month’s Operational Report and the one-month projections from last month’s Report. This RSP is in a premium deficiency position (shown as a positive amount) prior to and after actuarial present value adjustments. Actuarial present value

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

adjustments increase the liability value as the adjustments increase the expected future policy obligations (costs) associated with the unearned premium. The variances noted are mainly driven by the unearned premium variance, and due to the valuation implementation.

*Ontario RSP Actual vs Projected Summary: Premium Deficiency / (DPAC) Amounts (\$ thousands)*

Table 03

	Premium Deficiency / (Deferred Policy Acquisition Costs)		actuarial present value adjustments		Premium Deficiency / (DPAC) including actuarial present value adjustments	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
balance:	28,522	(16,100)	29,581	3,445	58,103	(12,655)
balance as % unearned premium:	13.2%	(6.9%)	13.7%	1.9%	26.9%	(5.0%)
actual unearned premium:	216,342					
less projected:	(5,580)					

### 3 Ultimate Loss Ratio Matching Method

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

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

### 4 Calendar Year-to-Date Results

The following table summarizes the calendar year-to-date results for indemnity & allowed claims expenses<sup>13</sup>, including IBNR.

In calculating the amounts as percentages of earned premium, the calendar year-to-date earned premium has been used, which includes earned premium associated with the current accident year but also earned premium adjustments related to prior accident years. Specifically, the current accident year (CAY) ratio in the table is 112.1% rather than 111.7% (the valuation ultimate ratio for accident year 2020), as the calendar year-to-date earned premium includes prior accident year earned premium adjustments. (Note that the ratios in this table may differ slightly from those shown in the Ontario RSP Summary of Operations due to rounding.)

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

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



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

Table 04	YTD Nominal Values		YTD actuarial present value adjustment		YTD Total		Change from Prior Month YTD	
	Amount	% EP	Amount	% EP	Amount	% EP	Amount	LR pts
PAYs	(63,571)	(34.5%)	5,036	2.7%	(58,535)	(31.8%)	1,061	8.7%
CAY	206,622	112.1%	26,093	14.2%	232,715	126.2%	38,292	(5.9%)
TOTAL	143,050	77.6%	31,129	16.9%	174,179	94.5%	39,353	2.9%

(“% EP” based on 2020 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 due to the 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 due to the valuation implementation.

**5 Current Operational Report – Additional Exhibits**

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

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

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

The ultimate loss ratios presented in section 6, Exhibit B, refer to the estimates derived on the basis of various actuarial methodologies applied to the experience of the Ontario Risk Sharing Pool for the purposes of the most recent quarterly valuation. As discussed in section 3, IBNR in the current month’s Operational Report was derived as the difference between the estimated ultimate for the claims amount (i.e. earned premium x ultimate loss ratio) and the associated current recorded amounts (life-to-date payments plus current case reserves).

## **6 EXHIBITS**

The exhibits listed below are provided on the pages that follow:

- EXHIBIT A IBNR for Member Sharing – includes Actuarial Present Value Adjustments
- EXHIBIT B IBNR
- EXHIBIT C Premium Liabilities
- EXHIBIT D Projected Year-end Policy Liabilities
- EXHIBIT E Discount Rate & Margins for Adverse Deviations
- EXHIBIT F Interest Rate Sensitivity
- EXHIBIT G Components of IBNR Change During Month

**EXHIBIT A**

**IBNR for Member Sharing – includes Actuarial Present Value Adjustments**

TABLE EXHIBIT A

		Amounts in \$000s				
IBNR + M/S actuarial present value adjustments	Accident Year	Actual Apr. 2020	Actual May. 2020	Projected Jun. 2020	Projected Jul. 2020	Projected Dec. 2020
	prior	1,744	2,619	2,550	2,476	2,166
	2001	48	(235)	(219)	(203)	(170)
	2002	70	74	70	66	55
	2003	15	16	15	14	11
	2004	108	149	143	135	118
	2005	135	129	122	114	95
	2006	423	526	499	472	404
	2007	431	191	184	178	157
	2008	828	743	701	660	559
	2009	2,405	1,274	1,205	1,137	968
	2010	2,164	1,932	1,827	1,723	1,467
	2011	708	1,410	1,347	1,282	1,103
	2012	2,829	3,036	2,881	2,728	2,329
	2013	1,889	2,188	2,116	2,040	1,772
	2014	6,423	3,340	3,261	3,171	2,781
discount rate	2015	4,398	5,279	5,163	5,027	4,413
0.66%	2016	13,400	13,208	12,747	12,310	10,284
	2017	50,776	49,189	47,564	46,231	38,017
interest rate margin	2018	87,961	81,932	79,212	77,149	64,189
25 basis pts	2019	150,114	148,037	142,530	137,321	118,399
	2020	128,132	155,093	179,320	204,283	241,814
	<b>TOTAL</b>	<b>455,001</b>	<b>470,130</b>	<b>483,238</b>	<b>498,314</b>	<b>490,931</b>
	Change		15,129	13,108	15,076	

*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. 2020	Actual May. 2020	Projected Jun. 2020	Projected Jul. 2020	Projected Dec. 2020
	-	prior	(111)	61	58	55	45
	125.8%	2001	9	(293)	(275)	(257)	(218)
	117.9%	2002	63	63	59	55	46
	90.4%	2003	14	14	13	12	9
	77.6%	2004	61	61	57	53	45
	73.5%	2005	129	116	109	102	85
	100.3%	2006	365	359	337	315	266
	99.9%	2007	386	33	31	29	26
	120.5%	2008	807	644	604	565	477
	154.8%	2009	2,371	996	934	874	738
	151.7%	2010	2,123	1,538	1,443	1,351	1,140
	86.3%	2011	506	779	731	684	578
	84.4%	2012	2,412	2,131	1,999	1,871	1,579
	93.9%	2013	983	468	439	411	347
	97.9%	2014	3,987	(134)	(126)	(118)	(100)
	109.0%	2015	187	(414)	(388)	(363)	(307)
	116.8%	2016	5,414	3,584	3,441	3,338	2,776
	107.2%	2017	34,273	30,119	28,914	28,047	22,388
	115.6%	2018	64,766	55,386	53,171	51,576	41,168
	115.6%	2019	117,374	109,539	104,610	100,007	84,116
	111.7%	2020	110,193	129,000	148,377	168,204	189,951
		<b>TOTAL</b>	<b>346,312</b>	<b>334,050</b>	<b>344,538</b>	<b>356,811</b>	<b>345,155</b>
		Change		(12,262)	10,488	12,273	

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

**EXHIBIT C**
**Premium Liabilities**

TABLE EXHIBIT C

	Amounts in \$000s				
	Actual Apr. 2020	Actual May. 2020	Projected Jun. 2020	Projected Jul. 2020	Projected Dec. 2020
Premium Liabilities					
(1) unearned premium (UP)	222,828	216,342	216,362	216,734	244,550
FOR MEMBER SHARING					
(2) expected future costs ratio {% of (1)}	131.7%	126.9%	127.5%	128.4%	134.2%
(3) expected future costs {(1) x (2)}	293,495	274,445	275,927	278,335	328,092
(4) premium deficiency / (deferred policy acquisition cost)	70,667	58,103	59,565	61,601	83,542
Excluding Actuarial Present Value Adjustments					
(5) expected future costs ratio {% of (1)}	120.0%	113.2%	113.8%	114.6%	119.7%
(6) expected future costs {(1) x (5)}	267,288	244,864	246,186	248,334	292,727
(7) premium deficiency / (deferred policy acquisition cost)	44,460	28,522	29,824	31,600	48,177

**EXHIBIT D**
**Projected Year-end Policy Liabilities**

The table below presents the projected policy liabilities as at December 31, 2020, broken down by component.

Ontario		Projected Balances as at Dec. 31, 2020 (\$000s)								
ending 2020		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	23,767	45	23,812	(381)	150	2,389	(37)	2,352	2,121	25,933
2001	765	(218)	547	(10)	4	55	(1)	54	48	595
2002	57	46	103	(2)	1	10	-	10	9	112
2003	8	9	17	-	-	2	-	2	2	19
2004	850	45	895	(23)	9	89	(2)	87	73	968
2005	48	85	133	(4)	1	13	-	13	10	143
2006	1,556	266	1,822	(62)	24	182	(6)	176	138	1,960
2007	1,763	26	1,789	(66)	25	179	(7)	172	131	1,920
2008	685	477	1,162	(46)	17	116	(5)	111	82	1,244
2009	2,621	738	3,359	(148)	57	336	(15)	321	230	3,589
2010	3,618	1,140	4,758	(209)	81	476	(21)	455	327	5,085
2011	6,458	578	7,036	(253)	99	704	(25)	679	525	7,561
2012	8,180	1,579	9,759	(303)	107	976	(30)	946	750	10,509
2013	17,175	347	17,522	(456)	175	1,752	(46)	1,706	1,425	18,947
2014	34,025	(100)	33,925	(712)	271	3,393	(71)	3,322	2,881	36,806
2015	53,766	(307)	53,459	(909)	374	5,346	(91)	5,255	4,720	58,179
2016	63,008	2,776	65,784	(987)	395	8,223	(123)	8,100	7,508	73,292
2017	91,071	22,388	113,459	(1,702)	567	17,019	(255)	16,764	15,629	129,088
2018	101,790	41,168	142,958	(2,430)	858	25,018	(425)	24,593	23,021	165,979
2019	104,207	84,116	188,323	(3,766)	1,507	37,288	(746)	36,542	34,283	222,606
PAYs (sub-total):	515,418	155,204	670,622	(12,469)	4,722	103,566	(1,906)	101,660	93,913	764,535
CAY (2020)	119,970	189,951	309,921	(6,198)	2,479	56,716	(1,134)	55,582	51,863	361,784
claims liabilities:	635,388	345,155	980,543	(18,667)	7,201	160,282	(3,040)	157,242	145,776	1,126,319
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL*
premium liabilities:	244,550	48,177	292,727	(4,384)	1,753	38,575	(579)	37,996	35,365	328,092
*Total may not be sum of parts, as apvs apply to future costs within UPR										
policy liabilities:			1,273,270	(23,051)	8,954	198,857	(3,619)	195,238	181,141	1,454,411

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, 2020 from the valuation), followed by the selected discount rate and the associated margin for investment income.

Selected Claims Development MfADs (Mar. 31, 2020)

Accident Year	Third Party Liability Margins	Accident Benefits Margins	Other Coverages Margins	Total Margins
1993	10.0%	10.0%	10.0%	10.0%
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	9.1%	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%	9.8%	10.0%
2015	10.0%	10.0%	9.8%	10.0%
2016	12.5%	12.5%	12.4%	12.5%
2017	15.0%	15.0%	15.0%	15.0%
2018	17.5%	17.5%	16.9%	17.5%
2019	19.8%	20.0%	14.4%	19.8%
2020	17.9%	20.0%	6.2%	18.3%
2021	12.5%	20.0%	5.2%	13.2%
prem liab	12.5%	20.0%	5.2%	13.2%

discount rate: 0.66%  
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, 2020 from the latest valuation date (projections in exhibits A to D are to Dec. 31, 2020, and are based on more up-to-date information). We have included the most recent valuation selection (0.66%), the prior valuation assumption (1.58%) and the prior fiscal year end valuation assumption (1.41%) 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, 2020 projected Unpaid							
	0.00%	0.16%	0.66%	1.16%	1.66%	2.16%	1.58%	1.41%
2002 & prior	27,702	27,693	27,408	27,075	26,749	26,432	26,802	26,911
2003	62	62	61	60	59	58	59	60
2004	1,149	1,148	1,129	1,107	1,086	1,065	1,089	1,097
2005	234	234	229	224	219	214	220	222
2006	2,258	2,256	2,207	2,150	2,095	2,043	2,104	2,123
2007	2,293	2,291	2,237	2,174	2,114	2,057	2,124	2,144
2009	4,202	4,198	4,080	3,945	3,817	3,695	3,837	3,880
2010	5,602	5,597	5,441	5,263	5,094	4,934	5,121	5,178
2011	7,281	7,275	7,110	6,920	6,742	6,573	6,770	6,830
2012	9,494	9,487	9,298	9,082	8,877	8,684	8,909	8,978
2013	16,531	16,520	16,244	15,925	15,624	15,339	15,672	15,773
2014	30,010	29,997	29,587	29,114	28,669	28,245	28,739	28,890
2015	48,391	48,374	47,858	47,264	46,699	46,159	46,790	46,981
2016	69,836	69,805	69,140	68,367	67,630	66,919	67,742	67,996
2017	129,677	129,609	128,349	126,883	125,465	124,092	125,695	126,161
2018	170,219	170,118	168,248	166,105	164,028	162,014	164,336	165,035
2019	219,429	219,247	216,454	213,263	210,168	207,201	210,653	211,706
2020	339,806	339,543	335,169	330,106	325,253	320,602	326,067	327,664
<b>Total</b>	<b>1,085,738</b>	<b>1,085,014</b>	<b>1,071,770</b>	<b>1,056,502</b>	<b>1,041,819</b>	<b>1,027,715</b>	<b>1,044,167</b>	<b>1,049,081</b>
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

AY	Dollar Impact Relative to Valuation Assumption							
	0.00%	0.16%	0.66%	1.16%	1.66%	2.16%	1.58%	1.41%
<b>Total</b>	<b>13,968</b>	<b>13,244</b>	<b>-</b>	<b>(15,268)</b>	<b>(29,951)</b>	<b>(44,055)</b>	<b>(27,603)</b>	<b>(22,689)</b>
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

AY	Percentage Impact Relative to Valuation Assumption							
	0.00%	0.16%	0.66%	1.16%	1.66%	2.16%	1.58%	1.41%
2002 & prior	1.1%	1.0%	-	(1.2%)	(2.4%)	(3.6%)	(2.2%)	(1.8%)
2003	1.6%	1.6%	-	(1.6%)	(3.3%)	(4.9%)	(3.3%)	(1.6%)
2004	1.8%	1.7%	-	(1.9%)	(3.8%)	(5.7%)	(3.5%)	(2.8%)
2005	2.2%	2.2%	-	(2.2%)	(4.4%)	(6.6%)	(3.9%)	(3.1%)
2006	2.3%	2.2%	-	(2.6%)	(5.1%)	(7.4%)	(4.7%)	(3.8%)
2007	2.5%	2.4%	-	(2.8%)	(5.5%)	(8.0%)	(5.1%)	(4.2%)
2009	3.0%	2.9%	-	(3.3%)	(6.4%)	(9.4%)	(6.0%)	(4.9%)
2010	3.0%	2.9%	-	(3.3%)	(6.4%)	(9.3%)	(5.9%)	(4.8%)
2011	2.4%	2.3%	-	(2.7%)	(5.2%)	(7.6%)	(4.8%)	(3.9%)
2012	2.1%	2.0%	-	(2.3%)	(4.5%)	(6.6%)	(4.2%)	(3.4%)
2013	1.8%	1.7%	-	(2.0%)	(3.8%)	(5.6%)	(3.5%)	(2.9%)
2014	1.4%	1.4%	-	(1.6%)	(3.1%)	(4.5%)	(2.9%)	(2.4%)
2015	1.1%	1.1%	-	(1.2%)	(2.4%)	(3.6%)	(2.2%)	(1.8%)
2016	1.0%	1.0%	-	(1.1%)	(2.2%)	(3.2%)	(2.0%)	(1.7%)
2017	1.0%	1.0%	-	(1.1%)	(2.2%)	(3.3%)	(2.1%)	(1.7%)
2018	1.2%	1.1%	-	(1.3%)	(2.5%)	(3.7%)	(2.3%)	(1.9%)
2019	1.4%	1.3%	-	(1.5%)	(2.9%)	(4.3%)	(2.7%)	(2.2%)
2020	1.4%	1.3%	-	(1.5%)	(3.0%)	(4.3%)	(2.7%)	(2.2%)
<b>Total</b>	<b>1.3%</b>	<b>1.2%</b>	<b>-</b>	<b>(1.4%)</b>	<b>(2.8%)</b>	<b>(4.1%)</b>	<b>(2.6%)</b>	<b>(2.1%)</b>
	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 During Month

RSP **Ontario**  
AccountCode Desc **IBNR - Discounted**

M/S IBNR - in \$000s

AccYear	Values				Sum of Total Change	Sum of % Total Change	Sum of Current Month Final Amount
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation			
prior	1,744	(44)	14	905	875	50.2%	2,619
2001	48	-	(302)	19	(283)	(589.6%)	(235)
2002	70	(4)	4	4	4	5.7%	74
2003	15	(1)	1	1	1	6.7%	16
2004	108	(4)	4	41	41	38.0%	149
2005	135	(5)	(8)	7	(6)	(4.4%)	129
2006	423	(17)	11	109	103	24.3%	526
2007	431	(16)	(337)	113	(240)	(55.7%)	191
2008	828	(32)	(133)	80	(85)	(10.3%)	743
2009	2,405	(96)	65	(1,100)	(1,131)	(47.0%)	1,274
2010	2,164	(85)	67	(214)	(232)	(10.7%)	1,932
2011	708	(25)	14	713	702	99.2%	1,410
2012	2,829	(107)	421	(107)	207	7.3%	3,036
2013	1,889	(63)	(1,071)	1,433	299	15.8%	2,188
2014	6,423	(222)	403	(3,264)	(3,083)	(48.0%)	3,340
2015	4,398	(117)	(275)	1,273	881	20.0%	5,279
2016	13,400	(464)	149	123	(192)	(1.4%)	13,208
2017	50,776	(1,735)	(951)	1,099	(1,587)	(3.1%)	49,189
2018	87,961	(3,009)	(1,502)	(1,518)	(6,029)	(6.9%)	81,932
2019	150,114	(5,252)	333	2,842	(2,077)	(1.4%)	148,037
2020	128,132	31,242	6,952	(11,233)	26,961	21.0%	155,093
<b>Grand Total</b>	<b>455,001</b>	<b>19,944</b>	<b>3,859</b>	<b>(8,674)</b>	<b>15,129</b>	<b>3.3%</b>	<b>470,130</b>

EXHIBIT G

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

RSP		Ontario						IBNR - in \$000s
AccountCode Desc		IBNR - Undiscounted						
AccYear	Values							
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation	Sum of Total Change	Sum of % Total Change	Sum of Current Month Final Amount	
prior	(111)	4	(29)	197	172	(155.0%)	61	
2001	9	-	(302)	-	(302)	(3,355.6%)	(293)	
2002	63	(3)	3	-	-	-	63	
2003	14	(1)	1	-	-	-	14	
2004	61	(2)	2	-	-	-	61	
2005	129	(5)	(8)	-	(13)	(10.1%)	116	
2006	365	(15)	9	-	(6)	(1.6%)	359	
2007	386	(15)	(338)	-	(353)	(91.5%)	33	
2008	807	(32)	(131)	-	(163)	(20.2%)	644	
2009	2,371	(95)	64	(1,344)	(1,375)	(58.0%)	996	
2010	2,123	(85)	69	(569)	(585)	(27.6%)	1,538	
2011	506	(20)	13	280	273	54.0%	779	
2012	2,412	(96)	419	(604)	(281)	(11.7%)	2,131	
2013	983	(39)	(1,074)	598	(515)	(52.4%)	468	
2014	3,987	(159)	373	(4,335)	(4,121)	(103.4%)	(134)	
2015	187	(7)	(331)	(263)	(601)	(321.4%)	(414)	
2016	5,414	(217)	2	(1,615)	(1,830)	(33.8%)	3,584	
2017	34,273	(1,371)	(912)	(1,871)	(4,154)	(12.1%)	30,119	
2018	64,766	(2,591)	(1,521)	(5,268)	(9,380)	(14.5%)	55,386	
2019	117,374	(4,695)	123	(3,263)	(7,835)	(6.7%)	109,539	
2020	110,193	26,589	6,646	(14,428)	18,807	17.1%	129,000	
<b>Grand Total</b>	<b>346,312</b>	<b>17,145</b>	<b>3,078</b>	<b>(32,485)</b>	<b>(12,262)</b>	<b>(3.5%)</b>	<b>334,050</b>	