



ALBERTA NON-GRID RISK SHARING POOL

NOVEMBER 2018 OPERATIONAL REPORT

ACTUARIAL HIGHLIGHTS

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ACTUARIAL HIGHLIGHTS**RSP ALBERTA NON-GRID****OPERATIONAL REPORT****NOVEMBER 2018**

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1 Summary

1.1 Valuation Schedule (Fiscal Year 2018)

The November 2018 Operational Report leverages actuarial assumptions consistent with last month (that is, it does not reflect the results of an updated valuation). The table immediately below summarizes the implemented valuations and future scheduled valuations for fiscal year 2018.

ALBERTA NON-GRID RISK SHARING POOL FISCAL YEAR 2018 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Sep. 30, 2017 (completed)	1.76% mfad: 25 bp	Oct. 2017	updated valuation (roll forward): accident year 2017 loss ratio <u>increased</u> 2.9 points to 112.8%; discount rate <u>increased</u> by 56 basis points; no change to selected margins for adverse deviations
Dec. 31, 2017 (completed)	1.76% mfad: 25 bp	Mar. 2018	update valuation: accident year 2018 loss ratio <u>increased</u> 2.7 points to 108.5%; no change to selected discount rate; no change to selected margins for adverse deviations
Mar. 31, 2018 (completed)	1.93% mfad: 25 bp	May 2018	update valuation (roll forward): accident year 2018 loss ratio <u>increased</u> 2.7 points to 111.2%; discount rate <u>increased</u> by 17 basis points; no change to selected margins for adverse deviations
Jun. 30, 2018 (completed)	1.87% mfad 25 bp	Aug. 2018	updated valuation: accident year 2018 loss ratio <u>increased</u> 0.9 points to 112.1%; discount rate <u>decreased</u> by 6 basis points; selected margins for adverse deviations were updated
Sep. 30, 2018 (completed)	2.29% mfad 25 bp	Oct. 2018	updated valuation: accident year 2018 loss ratio <u>decreased</u> 2.8 points to 109.3%; discount rate <u>increased</u> by 42 basis points; no change to selected margins for adverse deviations

Under the proposed schedule for fiscal year 2018, the “off-half” valuation quarters ending March 31, 2018 and September 30, 2018 would not reflect a full valuation update of assumptions, but would rather “roll-forward” key assumptions from the previous valuation.

1.2 Appointed Actuary and Hybrid Actuarial Services Model

Liam McFarlane of Ernst & Young LLP is Facility Association’s Appointed Actuary (effective as of June 1, 2013).

Facility Association operates under a “hybrid” model in relation to the management and provision of actuarial services. Under this model, actuarial services are performed by both Facility Association’s internal staff and its external actuarial consulting firm. The hybrid model approach maximizes the efficiency of resource allocation while providing access to additional expertise and capacity as needed.

1.3 Consideration of Recent Legal Decisions and Changes in Legislation / Regulation

There have been no changes in these descriptions since last month's 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 are provided below.

In the **Alberta Treasury Board and Finance Notice 04-2018** (Clarification of Minor Injury Regulation), dated **May 17, 2018**, the Alberta Superintendent of Insurance advised that clarifying amendments have been made to the definition of minor injuries under the Minor Injury Regulation (MIR). With the **most recent** valuation (September 30, 2018), reform adjustments related to changes in the definition of minor injuries under the MIR, were included with the updated industry trend analysis (completed using industry data as at December 31, 2017), impacting the selection of ultimates.

The **Supreme Court of Canada** rendered its judgment on **Saadati v Moorhead (2017 SCC 28, rendered on Jun 2, 2017)**. Saadati was involved in a collision in July of 2005 in British Columbia and sued the at-fault driver for damages. According to the Supreme Court decision, *"The trial judge found that the ... accident caused S[aadati] psychological injuries, including personality change and cognitive difficulties. ...and awarded S[aadati] \$100,000 for non-pecuniary damages."* The trial decision was appealed to the BC Court of Appeal where the trial's \$100,000 non-pecuniary award was dismissed. The Supreme Court upheld the \$100,000 non-pecuniary award, determining:

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

At the current time, no adjustments have been made to our valuation estimates or views based on the judgment as rendered, and at this point we do not believe this judgment will have a further impact on our valuation results.

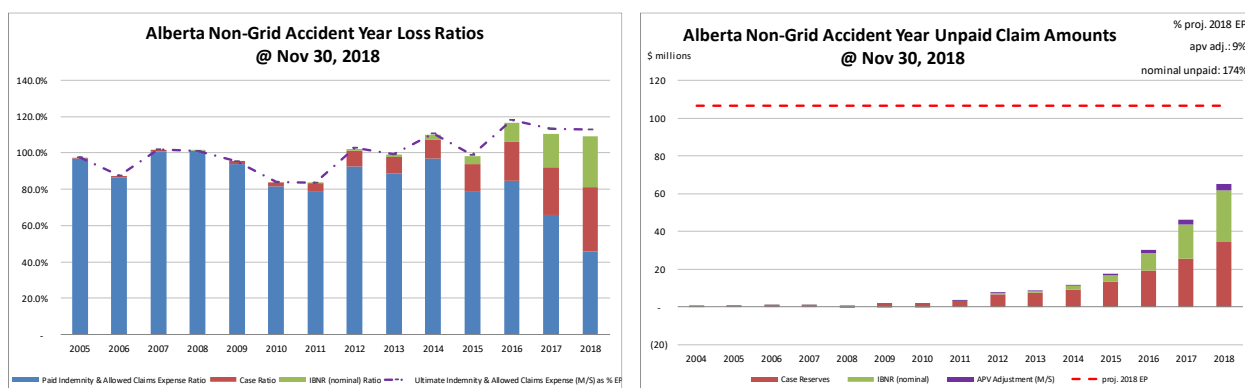
The **Minister of Treasury Board and Finance issued Ministerial Order 14/2018**, on **October 31, 2018**, which states unless otherwise directed by the Minister, the AIRB may not approve filings from insurers for cumulative rate increases on private passenger vehicles greater than +5.0% during the period between December 1, 2018 and August 31, 2019. At the current time, no adjustments have been made to our valuation estimates or views based on this order.

1.4 Current Provision Summary

The charts at the top of the next page show the current levels of claim liabilities¹ booked by accident

¹Claim 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.

year². 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 2018 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 balance (\$10.1 million – see table immediately below) represents 9% of the earned premium projected for the full year 2018 (see the upper right corner of the right chart above). If our current estimates of the nominal unpaid amounts prove to match actual claims payments, the actuarial present value adjustments will be released into the net operating result over future periods.

claim liabilities (\$000s)

	amt	%
case	122,870	62.9%
ibnr	62,266	31.9%
M/S apv adjust.	10,072	5.2%
M/S total	195,208	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 is in case reserves for this pool. Approximately 73% of the IBNR balance relates to accident years 2017 and 2018 (see Exhibit B). Approximately 88% of the M/S total

claim liabilities are related to accident years 2014-2018 inclusive (i.e. the most recent 5 accident years), and approximately 1% is related to accident years 2008 and prior (i.e. prior to the most recent 10 accident years).

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

premium liabilities (\$000s)

	amt	%
unearned prem	59,375	88.4%
prem def/(dpac)	4,728	7.0%
M/S apv adjust.	3,095	4.6%
M/S total	67,198	100.0%

policy liabilities (\$000s)

	amt	%
claim	185,136	70.6%
premium	64,103	24.4%
M/S apv adjust.	13,167	5.0%
M/S total	262,406	100.0%

²Accident year 2004 was an incomplete year and therefore has been excluded from the loss ratio chart.

2 Activity During the Month of November 2018

2.1 Recorded Premium and Claims Activity

The table immediately below summarizes the extent to which premiums and claims amounts recorded during the month differ from projections reflected in the prior month's Operational Report³.

Alberta Non-Grid RSP Actual vs Projected Summary: Recorded Transaction Amounts (\$ thousands)

Table 01 Accident Year	Earned Premium		Paid Indemnity & Allowed Claims Expense		Case increase / (decrease)		Recorded increase / (decrease)	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
Prior	(6)	(6)	2,979	1,351	(3,009)	(1,950)	(30)	(599)
2016	(8)	(8)	683	(194)	(475)	212	208	18
2017	6	6	748	(581)	(666)	124	82	(457)
2018	9,433	(4)	6,317	323	(300)	(3,806)	6,016	(3,484)
TOTAL	9,425	(13)	10,726	898	(4,450)	(5,420)	6,276	(4,522)

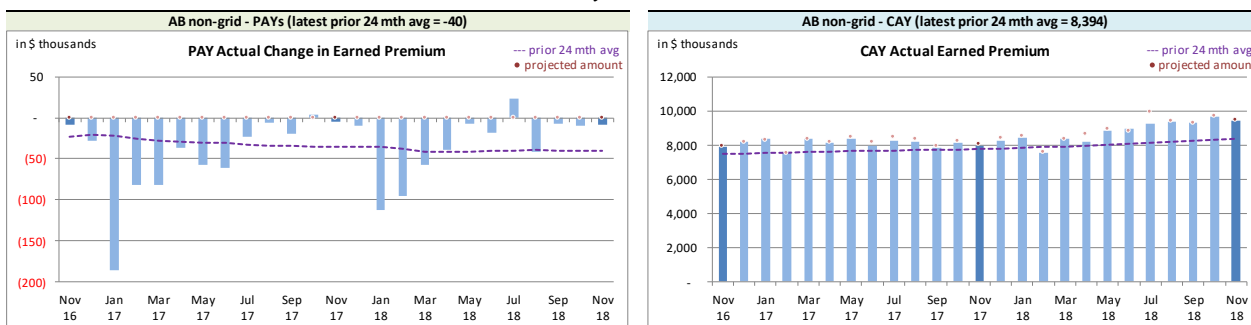
(Recorded transaction amounts exclude IBNR & other actuarial provisions)

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 charts immediately below show actual **earned premium**⁴ 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.

*Alberta non-Grid 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, although relatively high levels seem to occur at the beginning of each year.

We have noted and investigated the unusually high level of PAYs earned premium activity earlier in 2017 and through 2018, particularly with respect to one member. Management reviewed and was

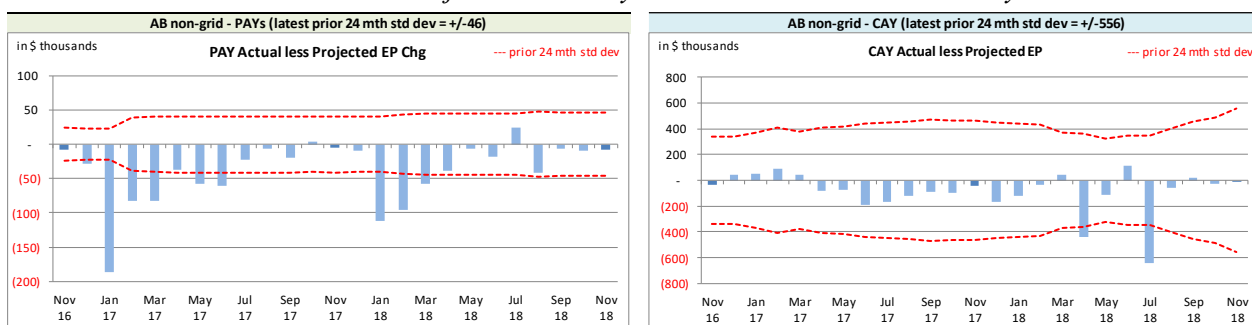
³There may be rounding differences in values in this document compared with the associated Bulletin and/or Operational Report.

⁴Premium 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.

satisfied with the appropriateness of the 2017 transactions, and its investigation of the 2018 transactions confirmed the activity was correct and valid.

The associated variance between the actual changes and the projections from the previous month are shown in the charts immediately 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.

*Alberta non-Grid RSP Actual vs. Projected Summary: **Earned Premium** Variances by Calendar Month*



On Latest \$ thousands		
Earned Premium	PAYs	CAY
Mthly Avg EP Chg (prior 24 mths)	(40)	8,394
std dev	46	556
A-P <> std dev	9	2
% <> std dev	36.0%	8.0%
norm <> std dev	31.7%	31.7%

We project **earned premium** changes from known unearned premium and projected written premium levels, but upload the total projections as current accident year (CAY). This process has generated prior accident years' (PAYs) bias⁵, with actuals generally lower than projected, although the magnitude is not high relative to

monthly premium. In addition to the PAYs' bias, the CAY has also shown bias⁶ up until May 2018, with actuals being generally lower than projected, and we have modified our projections processes in response. Over time, we may consider other projection approaches to narrow monthly variance levels further, but it is not currently deemed a priority.

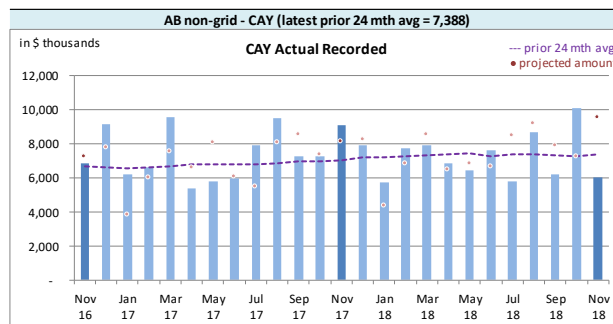
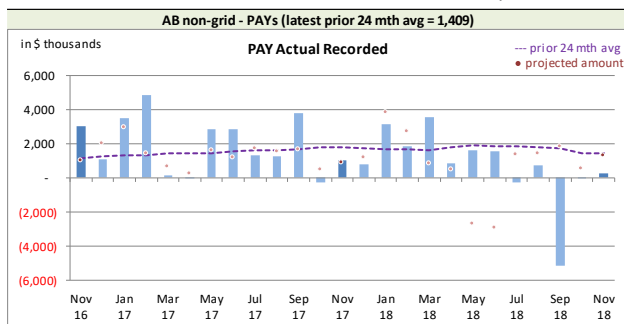
2.1.b AvsP: Recorded Indemnity & Allowed Claims Expense

The charts at the top of the next page 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.

⁵The PAYs' variances will show bias as the projection upload forces all earned premium projections to be attributed to the CAY.

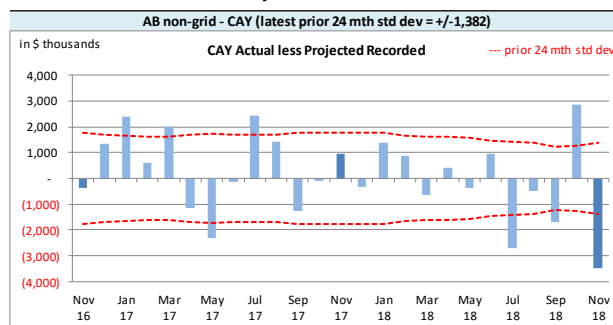
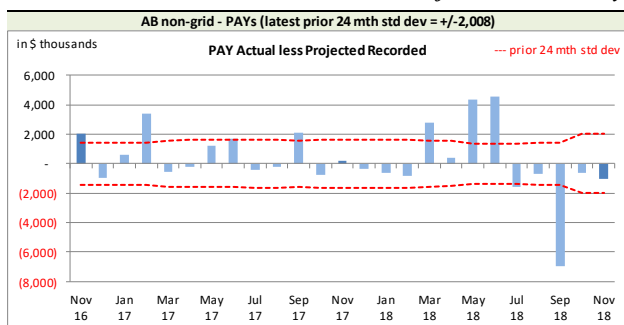
⁶We measure bias based on a 95% confidence range for a binominal distribution with trials based on the range being considered (24 in this case) and 50% probability of success. The 24-month variances at November 2018 had only 7 months where the actuals was higher than projected, and as the 95% confidence range is 7 to 17, bias was indicated.

Alberta non-Grid RSP Actual **Recorded** by Calendar Month



Recorded activity variances from the previous month's projections are shown in the charts immediately below, including the "prior 24-month standard deviation" levels to show how the variances from projection compare with historical standard deviations.

Alberta non-Grid RSP Actual vs Projected Summary: **Recorded** Variances by Calendar Month



On Latest \$ thousands			
	Recorded	PAYs	CAY
Mthly Avg Recorded (prior 24 mths)		1,409	7,388
std dev		2,008	1,382
A-P <> std dev		9	8
% <> std dev		36.0%	32.0%
norm <> std dev		31.7%	31.7%

With respect to **recorded** indemnity & allowed claims expense activity, 36% 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 no better than

simply projecting the prior 24-month average amount (assuming it follows a normal distribution). We have implemented changes in an attempt to address this. Bias has not been indicated at a 95% confidence level on a lagging 24-month basis.

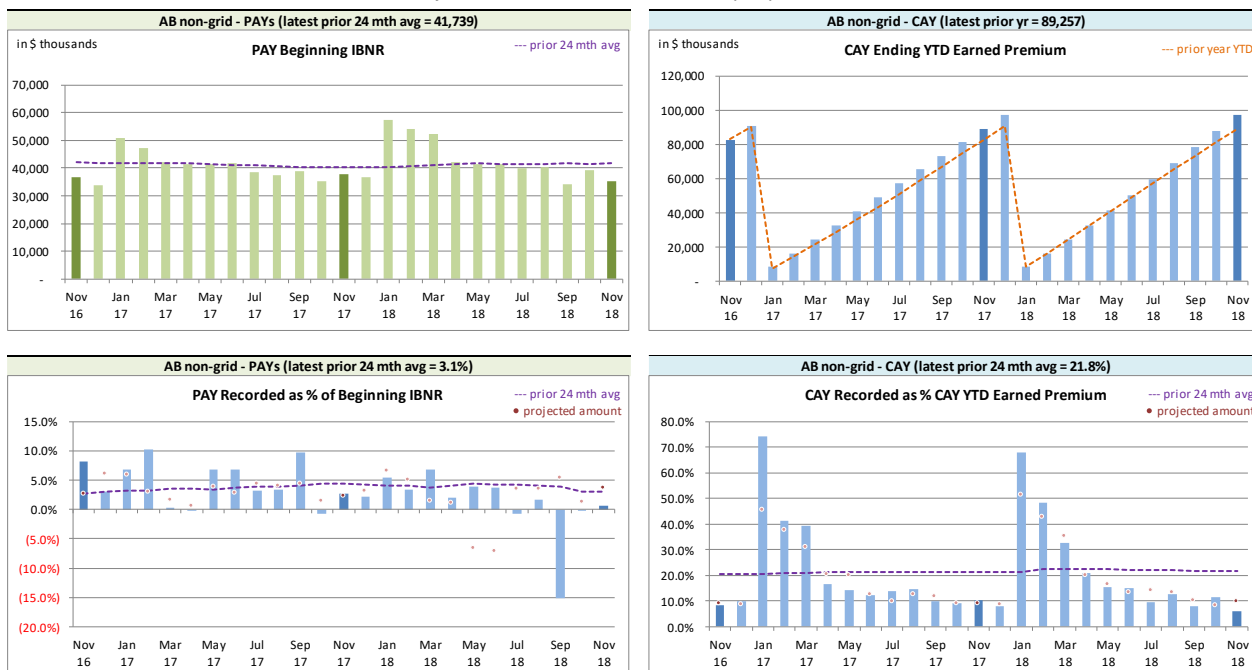
The current accident year (CAY) **recorded** variances fell outside of one standard deviation 32% of the time over the last 25 calendar months (see table above), suggesting that the projection process has performed no better than simply projecting the prior 24-month average amount. Bias has not been indicated at a 95% confidence level on a lagging 24-month basis.

The CAY **recorded** variance was outside of one standard deviation this month. The activity was reviewed and confirmed, with the variance attributed to process variance.

The method for establishing IBNR adjusts automatically for changes in **earned premium** and **recorded** claims activity level (see sections 2.2 and 3).

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

Alberta non-Grid RSP Levels that influence⁷ Recorded activity by Calendar Month



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

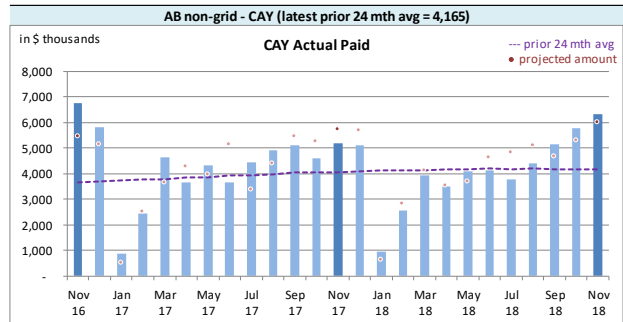
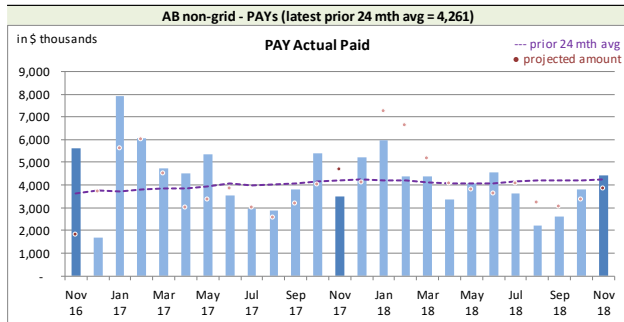
- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a current accident year becomes a prior accident year (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of prior accident years' ultimate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

2.1.c AvsP: Paid Indemnity & Allowed Claims Expense

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

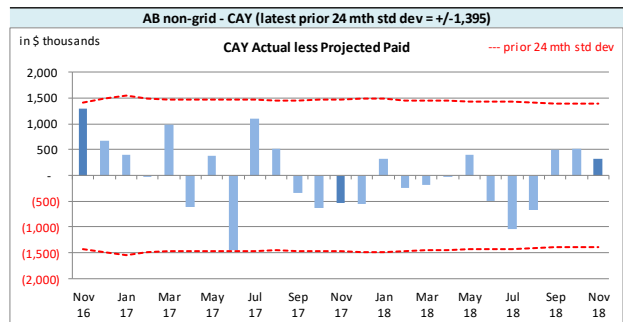
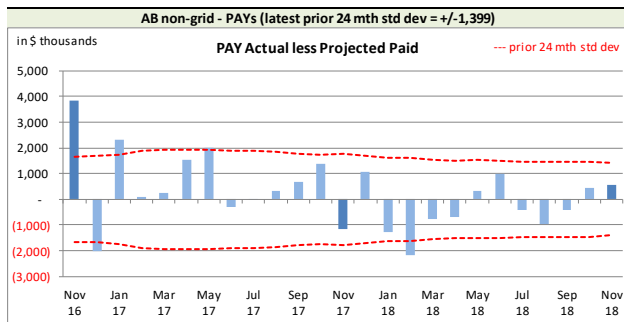
⁷Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned 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.

*Alberta non-Grid RSP Actual **Paid** activity by Calendar Month*



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

*Alberta non-Grid RSP Actual vs Projected Summary: **Paid** Variances by Calendar Month*



On Latest \$ thousands		
	Paid	
Mthly Avg Paid (prior 24 mths)	4,261	4,165
std dev	1,399	1,395
A-P <> std dev	5	-
% <> std dev	20.0%	0.0%
norm <> std dev	31.7%	31.7%

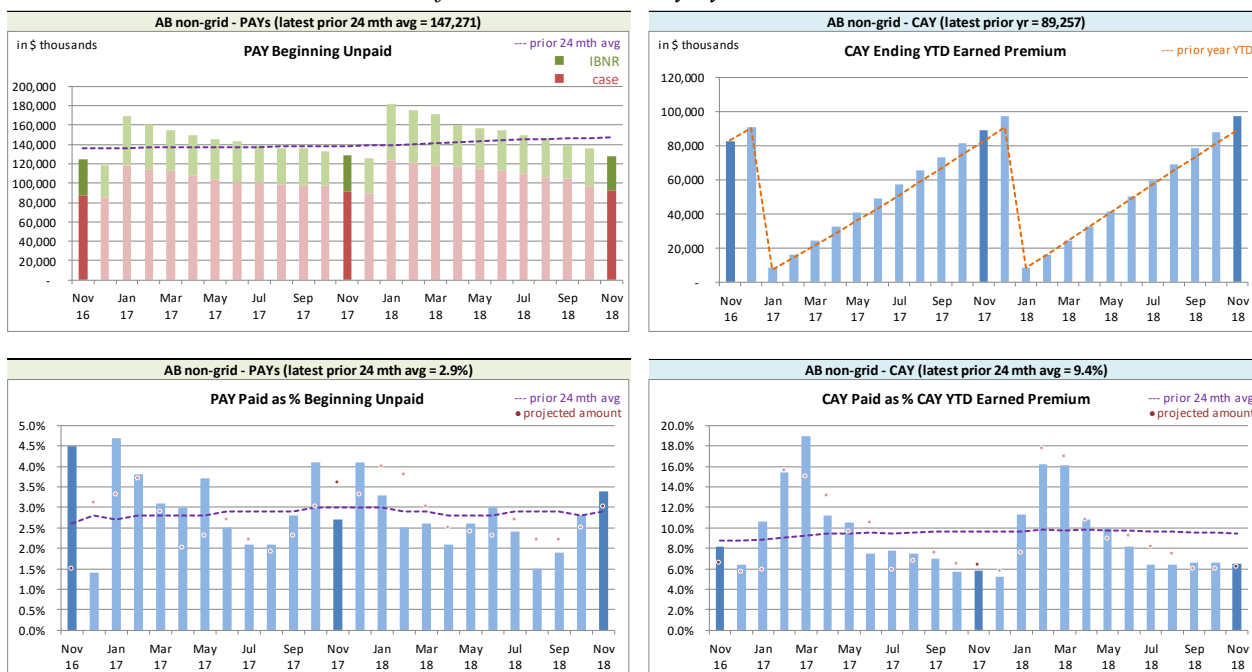
With respect to **paid** indemnity & allowed claims expense, 20% of the prior accident years' (PAYs) variances over the last 25 calendar months have fallen outside of one standard deviation of the actual **paid** amounts (see table on left), suggesting the projection process has performed better than 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 lagging 24-month basis.

The current accident year (CAY) **paid** variances fell outside of one standard deviation 0% of the time over the last 25 calendar months (see table at the bottom of the previous page), 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 lagging 24-month basis.

We have included, for reference, additional charts at the top of the next page related to levels influencing **paid** activity.

Alberta non-Grid RSP Levels that influence⁸ **Paid** activity by Calendar Month



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

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

2.2 Actuarial Provisions

An “ultimate loss ratio matching method” (described in section 3) is used to determine the month's IBNR⁹, and factors are applied to the nominal unpaid claims liability (case plus IBNR) to determine the discount amount (shown as a negative value to indicate its impact of reducing the liability) and the Provisions for Adverse Deviations. The loss ratios and the factors used to determine the projections and actuals were based on the applicable valuation. The table at the top of the next page summarizes variances in provisions included in this month's Operational Report and the associated one-month projections from last month's Report.

⁸Our 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.

⁹For ease of discussion, “IBNR” is used in place of “provisions for incurred but not recorded (IBNR) and development”.

Alberta Non-Grid RSP Actual vs Projected Summary: IBNR and APV Amounts (\$ thousands)

Table 02		actuarial present value adjustments					
Accident Year	IBNR		Discount Amount		Provisions for Adverse Deviations		IBNR + actuarial present value adjustments
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected	Actual Actual less Projected
Prior	7,684	593	(2,793)	76	5,119	(141)	10,010 528
2016	9,283	(27)	(1,742)	(11)	3,496	23	11,037 (15)
2017	17,882	464	(2,787)	(37)	5,401	74	20,496 501
2018	27,417	3,479	(3,825)	21	7,203	(38)	30,795 3,462
TOTAL	62,266	4,509	(11,147)	49	21,219	(82)	72,338 4,476

The IBNR provision is \$4.5 million higher than projected from last month, counterbalancing the recorded claims activity and adjusting for the earned premium variance impacts indicated in section 2.1.

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

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

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

The table immediately below 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 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.

Alberta Non-Grid 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:	4,728	72	3,095	33	7,823	105
balance as % unearned premium:	8.0%	0.1%	5.2%	(0.1%)	13.2%	-
actual unearned premium:	59,375					
less projected:	684					

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 loss¹⁰ ratio per latest valuation
- (c) Estimated ultimate incurred = (a) x (b)
- (d) Recorded indemnity & allowed claims expense to-date
- (e) IBNR = (c) – (d)

4 Calendar Year-to-Date Results

The table below summarizes the calendar year-to-date results for indemnity & allowed claims expenses¹¹, 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 109.3% (the valuation ultimate ratio for accident year 2018), 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 Alberta Non-Grid RSP Summary of Operations due to rounding.)

Alberta Non-Grid 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	(14,496)	(14.9%)	(5,529)	(5.7%)	(20,025)	(20.7%)	(229)	1.9%
CAY	106,385	109.7%	3,378	3.5%	109,763	113.2%	10,530	(0.2%)
TOTAL	91,890	94.8%	(2,151)	(2.2%)	89,739	92.5%	10,302	1.8%

(“% EP” based on 2018 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.

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.

¹⁰“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).

¹¹Allowed 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.

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 detailed in section 6, Exhibit B, refer to the estimates derived on the basis of various actuarial methodologies applied to the experience of the Alberta Non-Grid Risk Sharing Pool for the purposes of the most recent quarterly valuation. As discussed in section 3, IBNR reflected 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
**IBNR + M/S actuarial present
 value adjustments**

 discount rate
 2.29%

 interest rate margin
 25 basis pts

Amounts in \$000s					
Accident Year	Actual Oct. 2018	Actual Nov. 2018	Projected Dec. 2018	Projected Jan. 2019	Projected Dec. 2019
2004	42	42	42	42	42
2005	13	13	13	13	11
2006	64	64	61	88	64
2007	55	55	52	52	39
2008	50	60	55	53	38
2009	(36)	(35)	(28)	(13)	(9)
2010	167	(9)	(4)	10	9
2011	442	203	192	188	134
2012	994	1,051	974	929	668
2013	1,408	1,301	1,201	1,215	874
2014	2,413	2,773	2,618	2,478	1,783
2015	4,508	4,492	4,365	4,276	2,345
2016	11,297	11,037	10,706	10,456	6,349
2017	20,614	20,496	19,880	19,782	14,877
2018	26,281	30,795	32,886	29,499	24,733
2019	-	-	-	4,636	35,756
TOTAL	68,312	72,338	73,013	73,704	87,713
Change		4,026	675	691	

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

EXHIBIT B

IBNR

TABLE EXHIBIT B

TABLE EXHIBIT B		Amounts in \$000s					
IBNR	Ultimate	Accident	Actual	Actual	Projected	Projected	Projected
	Loss Ratio	Year	Oct. 2018	Nov. 2018	Dec. 2018	Jan. 2019	Dec. 2019
	349.1%	2004	36	36	36	36	36
	97.4%	2005	5	5	5	5	5
	87.4%	2006	15	15	14	14	11
	101.7%	2007	19	19	17	16	13
	101.1%	2008	49	59	54	52	37
	95.4%	2009	(102)	(101)	(92)	(89)	(63)
	83.7%	2010	103	(74)	(67)	(65)	(45)
	83.3%	2011	267	62	56	54	38
	102.1%	2012	646	703	640	621	449
	99.0%	2013	1,047	961	875	849	612
	110.0%	2014	1,811	2,239	2,105	2,042	1,471
	98.0%	2015	3,764	3,760	3,647	3,501	1,742
	116.3%	2016	9,500	9,283	9,005	8,645	4,854
	110.7%	2017	17,957	17,882	17,346	17,173	12,788
	109.3%	2018	23,123	27,417	29,266	26,339	22,406
	107.1%	2019	-	-	-	4,104	31,486
		TOTAL	58,240	62,266	62,907	63,297	75,840
		Change		4,026	641	390	

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 Oct. 2018	Actual Nov. 2018	Projected Dec. 2018	Projected Jan. 2019	Projected Dec. 2019
(1) unearned premium (UP)	60,547	59,375	57,811	57,194	76,864
FOR MEMBER SHARING					
(2) expected future costs ratio {% of (1)}	113.5%	113.2%	112.8%	112.8%	115.4%
(3) expected future costs {(1) x (2)}	68,715	67,198	65,198	64,533	88,732
(4) premium deficiency / (deferred policy acquisition cost)	8,168	7,823	7,387	7,339	11,868
Excluding Actuarial Present Value Adjustments					
(5) expected future costs ratio {% of (1)}	108.3%	108.0%	107.6%	107.6%	110.1%
(6) expected future costs {(1) x (5)}	65,547	64,103	62,192	61,559	84,643
(7) premium deficiency / (deferred policy acquisition cost)	5,000	4,728	4,381	4,365	7,779

EXHIBIT D
Projected Year-end Policy Liabilities

The table below presents the projected policy liabilities as at December 31, 2018, broken down by component.

Alberta non-Grid ending 2018				Projected Balances as at Dec. 31, 2018 (\$000s)							
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
2004	26	36	62	-	-	6	-	6	6		68
2005	72	5	77	-	-	8	-	8	8		85
2006	739	14	753	(28)	3	75	(3)	72	47		800
2007	559	17	576	(24)	3	58	(2)	56	35		611
2008	(31)	54	23	(1)	-	2	-	2	1		24
2009	1,293	(92)	1,201	(56)	6	120	(6)	114	64		1,265
2010	1,503	(67)	1,436	(82)	9	144	(8)	136	63		1,499
2011	3,073	56	3,129	(178)	19	313	(18)	295	136		3,265
2012	6,522	640	7,162	(380)	36	716	(38)	678	334		7,496
2013	7,069	875	7,944	(469)	48	794	(47)	747	326		8,270
2014	8,611	2,105	10,716	(557)	54	1,072	(56)	1,016	513		11,229
2015	12,896	3,647	16,543	(926)	83	1,654	(93)	1,561	718		17,261
2016	18,692	9,005	27,697	(1,690)	166	3,434	(209)	3,225	1,701		29,398
2017	24,897	17,346	42,243	(2,704)	296	5,280	(338)	4,942	2,534		44,777
PAYs (sub-total):	85,921	33,641	119,562	(7,095)	723	13,676	(818)	12,858	6,486		126,048
CAY (2018)	36,874	29,266	66,140	(4,101)	463	7,738	(480)	7,258	3,620		69,760
claims liabilities:	122,795	62,907	185,702	(11,196)	1,186	21,414	(1,298)	20,116	10,106		195,808
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs		TOTAL*
premium liabilities:	57,811	4,381	62,192	(2,910)	310	5,882	(276)	5,606	3,006		65,198
*Total may not be sum of parts, as apvs apply to future costs within UPR											
policy liabilities:			247,894	(14,106)	1,496	27,296	(1,574)	25,722	13,112		261,006

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, 2018 from the valuation), followed by the selected discount rate and the associated margin for investment income.

**Selected Claims Development MfADs (Sep. 30,
 2018)**

Accident Year	Third Party Liability Margins	Accident Benefits Margins	Other Coverages Margins	Total Margins
2004	10.0%	10.0%	10.0%	10.0%
2005	10.0%	10.0%	10.0%	10.0%
2006	10.0%	10.0%	10.0%	10.0%
2007	10.0%	10.0%	10.0%	10.0%
2008	10.0%	10.0%	10.0%	10.0%
2009	10.0%	10.0%	10.0%	10.0%
2010	10.0%	10.0%	9.2%	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%	8.6%	10.0%
2014	10.0%	10.0%	8.8%	10.0%
2015	10.0%	10.0%	10.0%	10.0%
2016	12.5%	10.0%	12.2%	12.4%
2017	12.5%	10.0%	12.5%	12.5%
2018	12.2%	10.0%	8.0%	11.7%
2019	11.8%	10.0%	5.2%	9.5%
prem liab	11.8%	10.0%	5.2%	9.5%

discount rate: 2.29%
 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, 2018 from the latest valuation date (projections in exhibits A to D are also to Dec. 31, 2018, but are based on more up-to-date information). We have included the most recent valuation selection (2.29%), the prior valuation assumption (1.87%) and the prior fiscal year end valuation assumption (1.76%) for comparative purposes. A 25 basis point margin for investment return adverse deviation is used in all scenarios presented.

\$ Format: \$000s

Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2018 projected Unpaid								
AY	1.29%	1.79%	2.29%	2.79%	3.29%	3.79%	1.87%	1.76%
2004	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
2006	756	749	743	737	732	726	748	750
2007	497	493	488	484	480	476	492	493
2008	9	9	9	9	9	9	9	9
2009	1,302	1,289	1,275	1,263	1,250	1,238	1,286	1,289
2010	1,432	1,414	1,396	1,379	1,362	1,345	1,411	1,415
2011	3,856	3,807	3,759	3,712	3,667	3,623	3,799	3,810
2012	7,725	7,634	7,545	7,459	7,375	7,293	7,619	7,640
2013	8,759	8,644	8,533	8,425	8,321	8,219	8,626	8,651
2014	12,446	12,300	12,160	12,023	11,890	11,760	12,278	12,309
2015	16,950	16,737	16,532	16,330	16,134	15,943	16,703	16,751
2016	30,695	30,273	29,870	29,476	29,090	28,719	30,207	30,300
2017	46,623	45,958	45,318	44,693	44,092	43,505	45,853	46,001
2018	70,297	69,334	68,401	67,499	66,624	65,778	69,181	69,396
Total	201,347	198,641	196,029	193,489	191,026	188,634	198,212	198,814
	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	1.29%	1.79%	2.29%	2.79%	3.29%	3.79%	1.87%	1.76%
Total	5,318	2,612	-	(2,540)	(5,003)	(7,395)	2,183	2,785
	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	1.29%	1.79%	2.29%	2.79%	3.29%	3.79%	1.87%	1.76%
2004	-	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-	-
2006	1.7%	0.8%	-	(0.8%)	(1.5%)	(2.3%)	0.7%	0.9%
2007	1.8%	1.0%	-	(0.8%)	(1.6%)	(2.5%)	0.8%	1.0%
2008	-	-	-	-	-	-	-	-
2009	2.1%	1.1%	-	(0.9%)	(2.0%)	(2.9%)	0.9%	1.1%
2010	2.6%	1.3%	-	(1.2%)	(2.4%)	(3.7%)	1.1%	1.4%
2011	2.6%	1.3%	-	(1.3%)	(2.4%)	(3.6%)	1.1%	1.4%
2012	2.4%	1.2%	-	(1.1%)	(2.3%)	(3.3%)	1.0%	1.3%
2013	2.6%	1.3%	-	(1.3%)	(2.5%)	(3.7%)	1.1%	1.4%
2014	2.4%	1.2%	-	(1.1%)	(2.2%)	(3.3%)	1.0%	1.2%
2015	2.5%	1.2%	-	(1.2%)	(2.4%)	(3.6%)	1.0%	1.3%
2016	2.8%	1.3%	-	(1.3%)	(2.6%)	(3.9%)	1.1%	1.4%
2017	2.9%	1.4%	-	(1.4%)	(2.7%)	(4.0%)	1.2%	1.5%
2018	2.8%	1.4%	-	(1.3%)	(2.6%)	(3.8%)	1.1%	1.5%
Total	2.7%	1.3%	-	(1.3%)	(2.6%)	(3.8%)	1.1%	1.4%
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

EXHIBIT G

Page 1 of 2

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

RSP
AccountCode Desc

Alberta Non-Grid
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			
2004	42	-	-	-	-	-	42
2005	13	-	-	-	-	-	13
2006	64	(2)	2	-	-	-	64
2007	55	(2)	2	-	-	-	55
2008	50	(3)	13	-	10	20.0%	60
2009	(36)	4	(3)	-	1	(2.8%)	(35)
2010	167	(6)	(170)	-	(176)	(105.4%)	(9)
2011	442	(20)	(219)	-	(239)	(54.1%)	203
2012	994	(48)	105	-	57	5.7%	1,051
2013	1,408	(74)	(33)	-	(107)	(7.6%)	1,301
2014	2,413	(163)	523	-	360	14.9%	2,773
2015	4,508	(324)	308	-	(16)	(0.4%)	4,492
2016	11,297	(245)	(15)	-	(260)	(2.3%)	11,037
2017	20,614	(619)	501	-	(118)	(0.6%)	20,496
2018	26,281	1,052	3,462	-	4,514	17.2%	30,795
Grand Total	68,312	(450)	4,476	-	4,026	5.9%	72,338

EXHIBIT G

Page 2 of 2

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

 RSP **Alberta Non-Grid**
 AccountCode Desc **IBNR - Undiscounted**

IBNR - in \$000s

AccYear	Values				Sum of Total Change	Sum of % Total Change	Sum of Current Month Final Amount
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation			
2004	36	-	-	-	-	-	36
2005	5	-	-	-	-	-	5
2006	15	(1)	1	-	-	-	15
2007	19	(1)	1	-	-	-	19
2008	49	(3)	13	-	10	20.4%	59
2009	(102)	6	(5)	-	1	(1.0%)	(101)
2010	103	(6)	(171)	-	(177)	(171.8%)	(74)
2011	267	(16)	(189)	-	(205)	(76.8%)	62
2012	646	(39)	96	-	57	8.8%	703
2013	1,047	(63)	(23)	-	(86)	(8.2%)	961
2014	1,811	(145)	573	-	428	23.6%	2,239
2015	3,764	(301)	297	-	(4)	(0.1%)	3,760
2016	9,500	(190)	(27)	-	(217)	(2.3%)	9,283
2017	17,957	(539)	464	-	(75)	(0.4%)	17,882
2018	23,123	815	3,479	-	4,294	18.6%	27,417
Grand Total	58,240	(483)	4,509	-	4,026	6.9%	62,266