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TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO.: F17 – 053

DATE: JULY 6, 2017

SUBJECT: PRELIMINARY RISK SHARING POOLS’ OUTLOOK FOR CALENDAR YEAR 2018 BASED ON MAY 2017 OPERATIONAL REPORTS

To assist member companies in planning for their share of Risk Sharing Pools’ (RSPs) results for the next calendar year, Facility Association prepares RSPs “Outlook” projections of Net Results from Operations. The Outlook presentation format (Exhibits B1 – B5) is very similar to that of the “Summary of Operations – Calendar Year” exhibits of the monthly Operational Reports Member Bulletins (“Bulletins”).

The attached is the *Preliminary* calendar year 2018 RSPs Outlook, based on actual results as found in the May 2017 Operational Reports. A *Final* calendar year 2018 RSPs Outlook, based on actual results up to August 2017, is expected to be released during September 2017.

The attached Preliminary RSPs Outlook is derived through a projection process that attempts to model future outcomes based on a set of simplifying assumptions. As with any such process of projecting future outcomes, inherent uncertainty exists. For example, RSPs’ premium volumes have in the past varied in ways that are difficult to model or project (charts showing history of premium volumes can be found at the “Provincial Profiles” section of our website). **As such, we stress that it is important to recognize that future Operating Results may deviate from these projections by material amounts.**

Volume projections are based on projections provided by larger users of the RSPs. The tables below provide a summary of the projections for calendar years 2018 and 2017 and the actuals for calendar year 2016 for reference purposes.

Actual and Projected Calendar Year Results						
Ontario RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	327,592	353,777	(26,185)	(7.4%)	336,050
	Vehicle Count	175,746	191,257	(15,511)	(8.1%)	183,082
Earned	Premium (\$000s)	330,658	367,710	(37,052)	(10.1%)	270,863
Net Operating Result (\$000s)		(189,099)	(152,746)	(36,353)	23.8%	(104,476)
	COR	157.1%	141.5%	15.6%	11.0%	138.6%
Prior Accident Years' incurred claims (\$000s)		(30,959)	(73,120)	42,161	(57.7%)	(106,935)

Bulletin F17-053

RISK SHARING POOLS' OUTLOOK FOR CALENDAR YEAR 2017

BASED ON MAY 2017 OPERATIONAL REPORTS

Actual and Projected Calendar Year Results						
Alberta Grid RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	150,876	150,391	485	0.3%	148,471
	Vehicle Count	60,543	61,303	(760)	(1.2%)	63,360
Earned	Premium (\$000s)	154,638	152,567	2,071	1.4%	131,818
Net Operating Result (\$000s)		(25,390)	(46,095)	20,705	(44.9%)	(73,942)
	COR	116.4%	130.2%	(13.8%)	(10.6%)	156.1%
Prior Accident Years' incurred claims (\$000s)		(7,092)	7,178	(14,270)	(198.8%)	39,458

Actual and Projected Calendar Year Results						
Alberta Non-Grid RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	106,561	102,174	4,387	4.3%	99,669
	Vehicle Count	69,779	67,899	1,880	2.8%	67,752
Earned	Premium (\$000s)	105,213	100,003	5,210	5.2%	90,473
Net Operating Result (\$000s)		(40,626)	(41,912)	1,286	(3.1%)	(49,394)
	COR	138.6%	142.0%	(3.4%)	(2.4%)	154.6%
Prior Accident Years' incurred claims (\$000s)		(4,506)	(4,146)	(360)	8.7%	(877)

Actual and Projected Calendar Year Results						
New Brunswick RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	15,122	13,848	1,274	9.2%	9,742
	Vehicle Count	12,042	11,230	812	7.2%	8,502
Earned	Premium (\$000s)	15,074	11,523	3,551	30.8%	9,977
Net Operating Result (\$000s)		(2,060)	(369)	(1,691)	458.2%	1,301
	COR	113.7%	103.3%	10.4%	10.1%	87.0%
Prior Accident Years' incurred claims (\$000s)		(337)	(1,871)	1,534	(82.0%)	(3,001)

Actual and Projected Calendar Year Results						
Nova Scotia RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	35,818	30,185	5,633	18.7%	15,183
	Vehicle Count	24,004	20,942	3,062	14.6%	12,555
Earned	Premium (\$000s)	34,686	20,325	14,361	70.7%	14,799
Net Operating Result (\$000s)		(13,748)	(9,512)	(4,236)	44.5%	(5,501)
	COR	139.6%	146.8%	(7.2%)	(4.9%)	137.1%
Prior Accident Years' incurred claims (\$000s)		(762)	(2,563)	1,801	(70.3%)	(635)

Questions regarding the Outlook should be directed to Shawn Doherty, SVP, Actuarial and CFO at Facility Association, (416) 644-4968 or sdoherty@facilityassociation.com

David J. Simpson, M.B.A., FCIP, C. Dir.
President & CEO

Attach.

Please forward a copy of this bulletin to your Chief Financial Officer.



OUTLOOK FOR CALENDAR YEAR 2018 (PRELIMINARY)

RISK SHARING POOLS

JULY 2017

BASED ON MAY 2017 OPERATIONAL REPORTS

For your convenience, bookmarks have been added to this document. To view them, please click on the BOOKMARK tab at the left.

Should you require any further information, please call:

Shawn Doherty, FCIA, FCAS
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OUTLOOK TO CALENDAR YEAR 2018

RISK SHARING POOLS

JULY 2017

BASED ON MAY 2017 OPERATIONAL REPORTS

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- A-2 Alberta Grid
- A-3 Alberta Non-Grid
- A-4 New Brunswick
- A-5 Nova Scotia

EXHIBIT B RSP Outlook – Summary of Operations

- B-1 Ontario
 - B-2 Alberta Grid
 - B-3 Alberta Non-Grid
 - B-4 New Brunswick
 - B-5 Nova Scotia
-

EXHIBIT C RSP Outlook – Projected Policy Liabilities

- C-1 Ontario
- C-2 Alberta Grid
- C-3 Alberta Non-Grid
- C-4 New Brunswick
- C-5 Nova Scotia

LINKS TO SPECIFIC REFERENCED DOCUMENTS

Actuarial Highlights - Monthly Operational - May 2017

[Ontario RSP May 2017 Operational Report – Actuarial Highlights](#)

[Alberta Grid RSP May 2017 Operational Report - Actuarial Highlights](#)

[Alberta Non-Grid RSP May 2017 Operational Report - Actuarial Highlights](#)

[New Brunswick RSP May 2017 Operational Report – Actuarial Highlights](#)

[Nova Scotia RSP May 2017 Operational Report – Actuarial Highlights](#)

Actuarial Highlights – Quarterly Valuations - 2017 Q1

[Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at March 31, 2017](#)

Outlook

[Risk Sharing Pools' Final Outlook for Calendar Year 2017](#)

1. Executive Summary

This “Preliminary RSP Outlook” is a projection of Facility Association Risk Sharing Pools (“RSP”) Operating Results for a future complete calendar year using actual experience available up to a specific point in time, and based on assumptions developed for this specific purpose. Consideration has been given to recent RSP experience, to the results of the March 31, 2017 valuation of the RSP policy liabilities, and to monthly premium projections developed for RSP Monthly Member Operational Reports.

Annually, 2 RSP Outlooks are released for members, being “Preliminary” and “Final” versions in relation to the next calendar year. The former is released earlier in the current year to allow members to consider the projected results early on in their planning process, but necessarily includes significant projection error, as almost two full calendar years require projecting. The latter is released in the fall of the current year.

This release is the **Preliminary** RSP Outlook for **calendar year 2018** based on the actual results as found in the May 2017 Operational Reports. We anticipate that the Final RSP Outlook for calendar year 2018 will be made available to members in September 2017 based on the August 2017 Operational Reports. In addition, updated projections will be made throughout 2018 and included in the Bulletins and the corresponding Calendar Year Summary of Operations included with the Bulletins. This will provide members with the most up-to-date projection for the full current calendar year.

The tables on the next page provide a high-level summary of key metrics projected for calendar years 2018 and 2017, with actuals for 2016 provided for reference. Supporting details related to the projections are provided in the body of this report.

Readers are reminded that RSP operating results do not include all expenses incurred by members to support this business – for example, premium taxes and health levies are applied at member companies based on their share of RSP written premium or vehicle counts as applicable – these expenses are not included here. As such, the Combined Operating Ratio may not be comparable to a member’s own such ratio. Similarly, investment income is not included in these results – that is, any investment income earned by members on RSP related funds held by members is not included in these results.

Projection Summaries – Calendar Year 2018 – Key Amounts (\$000s) and Key Ratios

Actual and Projected Calendar Year Results						
Ontario RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	327,592	353,777	(26,185)	(7.4%)	336,050
	Vehicle Count	175,746	191,257	(15,511)	(8.1%)	183,082
Earned	Premium (\$000s)	330,658	367,710	(37,052)	(10.1%)	270,863
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	COR	157.1%	141.5%	15.6%	11.0%	138.6%
Prior Accident Years' incurred claims (\$000s)		(30,959)	(73,120)	42,161	(57.7%)	(106,935)

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Written	Premium (\$000s)	150,876	150,391	485	0.3%	148,471
	Vehicle Count	60,543	61,303	(760)	(1.2%)	63,360
Earned	Premium (\$000s)	154,638	152,567	2,071	1.4%	131,818
Net Operating Result (\$000s)		(25,390)	(46,095)	20,705	(44.9%)	(73,942)
	COR	116.4%	130.2%	(13.8%)	(10.6%)	156.1%
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Alberta Non-Grid RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	106,561	102,174	4,387	4.3%	99,669
	Vehicle Count	69,779	67,899	1,880	2.8%	67,752
Earned	Premium (\$000s)	105,213	100,003	5,210	5.2%	90,473
Net Operating Result (\$000s)		(40,626)	(41,912)	1,286	(3.1%)	(49,394)
	COR	138.6%	142.0%	(3.4%)	(2.4%)	154.6%
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Actual and Projected Calendar Year Results						
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Written	Premium (\$000s)	15,122	13,848	1,274	9.2%	9,742
	Vehicle Count	12,042	11,230	812	7.2%	8,502
Earned	Premium (\$000s)	15,074	11,523	3,551	30.8%	9,977
Net Operating Result (\$000s)		(2,060)	(369)	(1,691)	458.2%	1,301
	COR	113.7%	103.3%	10.4%	10.1%	87.0%
Prior Accident Years' incurred claims (\$000s)		(337)	(1,871)	1,534	(82.0%)	(3,001)

Actual and Projected Calendar Year Results						
Nova Scotia RSP		2018	2017	Change (to 2018 from 2017)		2016
Written	Premium (\$000s)	35,818	30,185	5,633	18.7%	15,183
	Vehicle Count	24,004	20,942	3,062	14.6%	12,555
Earned	Premium (\$000s)	34,686	20,325	14,361	70.7%	14,799
Net Operating Result (\$000s)		(13,748)	(9,512)	(4,236)	44.5%	(5,501)
	COR	139.6%	146.8%	(7.2%)	(4.9%)	137.1%
Prior Accident Years' incurred claims (\$000s)		(762)	(2,563)	1,801	(70.3%)	(635)

2. Introduction

2.1 Introductory Comments

This “Preliminary RSP Outlook” is a projection of Facility Association Risk Sharing Pools (“RSP”) Operating Results for a future complete calendar year using actual experience available up to a specific point in time, and based on assumptions developed for this specific purpose. Consideration has been given to recent RSP experience, to the results of the March 31, 2017 valuation of the RSP policy liabilities, and to monthly premium projections developed for RSP Monthly Member Operational Reports.

The table below summarizes the calendar year **2018** projection by RSP – greater detail is provided in section 2.2.

Projection Summary – Calendar Year 2018 – Amounts (\$000s)

Calendar Year 2018 Projections (\$000s)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Written Premium	327,592	150,876	106,561	15,122	35,818	635,969
Earned Premium	330,658	154,638	105,213	15,074	34,686	640,269
Prior Accident Years (PAYs)	(30,959)	(7,092)	(4,506)	(337)	(762)	(43,656)
Current Accident Year (CAY)	446,115	140,775	116,710	11,844	36,241	751,685
Total Claims Incurred	415,156	133,683	112,204	11,507	35,479	708,029
Expense Allowance	96,643	43,603	30,795	4,824	11,103	186,968
Change in Prem. Def / (DPAC)	6,386	1,868	1,839	32	599	10,724
Underwriting Expenses	103,029	45,471	32,634	4,856	11,702	197,692
	-	-	-	-	-	-
Net U/Wing gain / (loss)	(187,527)	(24,516)	(39,625)	(1,289)	(12,495)	(265,452)
Administrative Expense	1,572	874	1,001	771	1,253	5,471
2018 Operating Result	(189,099)	(25,390)	(40,626)	(2,060)	(13,748)	(270,923)
attributed to PAYs:	30,959	7,092	4,506	337	762	43,656
attributed to CAY:	(220,058)	(32,482)	(45,132)	(2,397)	(14,510)	(314,579)

As noted in section 2.2, there are notable differences between the overall operating result projected for calendar year **2018** in this Preliminary Outlook and two comparable projections for calendar year **2017**, being our calendar year projection posted on September 28, 2016 (“**Sep 28 2016 Outlook**”) and our current projection (“**May 31 2017 Projections**”). These differences are mainly due to prior accident year impacts. In particular, like our **Sep 28 2016 Outlook** for calendar year **2017**, this Outlook’s projection for calendar year **2018** assumes no nominal changes to our estimates of ultimate for prior accident years¹, whereas the current projection for calendar year **2017** (**May 31 2017 Projections**) includes nominal prior accident year changes as booked during the first five months of **2017**. Given the importance of accident year impacts, we have separated the

¹In our projections, we assume that our liabilities are “best estimates” and therefore project no changes in nominal terms. However, there are prior accident year impacts related to actuarial present value adjustments. Over time, the “discount” adjustment to reflect the time value of money will unwind and provisions for adverse deviations will be released with liability / obligation settlement.

Operating Results summary to show “prior accident years” (PAYs) from the “current accident year” (CAY).

Our projections of the number of vehicles transferred to the RSPs are based on feedback provided by large users of the RSPs. Some of the RSPs have specific limits to the number of risks that can be transferred in a given period. For example, the transfer limit of the Ontario RSP is 5.0% of exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents member groups from exceeding their transfer limits. However, member groups can transfer their entire limit for a given year at any time throughout the year including, for example, the last day of that year. As a result, volumes may change dramatically from those projected here.

Written premium projection volatility is highlighted in the table below in relation to the Ontario RSP. Here, the 2017 and 2018 calendar year written premium projections suddenly reversed dramatically in a single month (from the April 2017 projection to the May 2017 projection), reducing by 15% and 22% respectively for the two calendar years.

Ontario RSP Calendar Year Written Premium Projections (millions) over time

Calendar Year	Aug 2016	Dec 2016*	Apr 2017	May 2017
2016	\$321.9	\$336.0	\$336.0	\$336.0
2017	\$342.2	\$379.4	\$417.5	\$353.8
2018	not projected	not projected	\$421.7	\$327.6

Source: FA projection files, based on feedback provided by larger RSP users

*At Dec 2016 and beyond, 2016 written premium in the table is actual.

2.2 Summary of Results

*Summary of Calendar Year **2018** Operating Results*

The estimated calendar year **2018** Operating Results are summarized at the top of the next page. Policy liabilities and associated changes are presented on an actuarial present value basis as found in the Operational Reports (that is, “Total Claims Incurred” and “Change in Prem. Def / (DPAC)” include actuarial present value adjustments, commonly described as “discounted”). We have included at the bottom of the table the projected Operating Results for calendar year **2017** as per the *Sep 28 2016 Outlook* and with the *May 31 2017 Projections*².

²The *May 31 2017 Projections* for calendar year 2017 and this Outlook’s projections for calendar year 2018 were derived at the same time, using consistent assumptions.

Projection Summary – Calendar Year 2018 – Amounts (\$000s)

Calendar Year 2018 Projections (\$000s)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Written Premium	327,592	150,876	106,561	15,122	35,818	635,969
Earned Premium	330,658	154,638	105,213	15,074	34,686	640,269
Prior Accident Years (PAYs)	(30,959)	(7,092)	(4,506)	(337)	(762)	(43,656)
Current Accident Year (CAY)	446,115	140,775	116,710	11,844	36,241	751,685
Total Claims Incurred	415,156	133,683	112,204	11,507	35,479	708,029
Expense Allowance	96,643	43,603	30,795	4,824	11,103	186,968
Change in Prem. Def / (DPAC)	6,386	1,868	1,839	32	599	10,724
Underwriting Expenses	103,029	45,471	32,634	4,856	11,702	197,692
	-	-	-	-	-	-
Net U/Wing gain / (loss)	(187,527)	(24,516)	(39,625)	(1,289)	(12,495)	(265,452)
Administrative Expense	1,572	874	1,001	771	1,253	5,471
2018 Operating Result	(189,099)	(25,390)	(40,626)	(2,060)	(13,748)	(270,923)
attributed to PAYs:	30,959	7,092	4,506	337	762	43,656
attributed to CAY:	(220,058)	(32,482)	(45,132)	(2,397)	(14,510)	(314,579)
2017 Operating Result						
Sep 28, 2016 Outlook	(193,336)	(24,198)	(32,148)	(1,643)	(5,700)	(257,025)
attributed to PAYs:	30,099	7,061	4,446	390	801	42,797
attributed to CAY:	(223,435)	(31,259)	(36,594)	(2,033)	(6,501)	(299,822)
May 31, 2017 Projection	(152,746)	(46,095)	(41,912)	(369)	(9,512)	(250,634)
attributed to PAYs:	73,120	(7,178)	4,146	1,871	2,563	74,522
attributed to CAY:	(225,866)	(38,917)	(46,058)	(2,240)	(12,075)	(325,156)

In comparing the calendar year **2018** operating result projection against the two projections for calendar year **2017**, **2018** is largely consistent with both in total, particularly for the 3 smaller RSPs. The components of the projection for **2018** compared with the same components for the two projections for **2017** show a higher level of similarity with the **Sep 28 2016 Outlook** in relation to the operating result attributed to prior accident years (PAYs) at the RSP level, whereas the **2018** “attributed CAY” components are generally more aligned with the **May 31 2017 Projections**. These alignments are to be expected, as the **2018** projection for the contribution of the prior accident years has the same base assumption for the prior accident years as found in the **Sep 28 2016 Outlook** (i.e. no “nominal” changes in claims liabilities, so the prior accident years impact is driven by releases of actuarial present value adjustments as claims are settled), whereas the **May 31 2017 Projections** includes actual prior accident year activity included up to the Mar 31, 2017 valuation. In contrast, the updated valuation and more recent discount rate assumptions leads to closer alignment with the **May 31 2017 Projections** (updated yield curves and updated accident years 2017 and 2018 loss ratios), such that remaining differences are driven by differences in volume and loss ratios.

The table at the top of the next page provides the difference between the 2018 calendar year results and the 2017 results as currently projected (**May 31 2017 Projections**).

Projection Summary –2018 less 2017 Calendar Year Amounts (\$000s) – current projections

2018 less 2017 Calendar Year Projections (\$000s)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Written Premium	(26,185)	485	4,387	1,274	5,633	(14,406)
Earned Premium	(37,052)	2,071	5,210	3,551	14,361	(11,859)
Prior Accident Years (PAYs)	42,161	(14,270)	(360)	1,534	1,801	30,866
Current Accident Year (CAY)	(37,076)	65	4,651	2,685	14,979	(14,696)
Total Claims Incurred	5,085	(14,205)	4,291	4,219	16,780	16,170
Expense Allowance	(9,030)	180	1,276	412	1,757	(5,405)
Change in Prem. Def / (DPAC)	3,244	(4,556)	(1,677)	592	(122)	(2,519)
Underwriting Expenses	(5,786)	(4,376)	(401)	1,004	1,635	(7,924)
Net U/Wing gain / (loss)	(36,351)	20,652	1,320	(1,672)	(4,054)	(20,105)
Administrative Expense	2	(53)	34	19	182	184
Operating Result	(36,353)	20,705	1,286	(1,691)	(4,236)	(20,289)
attributed to PAYs:	(42,161)	14,270	360	(1,534)	(1,801)	(30,866)
attributed to CAY:	5,808	6,435	926	(157)	(2,435)	10,577

The table above shows variations in the current written premium projections for calendar years 2018 vs 2017, with only the Ontario RSPs showing a decrease. The written changes also generate changes for earned premium, expenses, and the current accident year claims. However, volume changes do not impact differences in prior accident years (both projections assume no nominal changes). While we believe our claims liabilities estimates are “best estimates”, potential variances are discussed below. The table below summarizes differences in key ratios for projections for calendar year 2018 vs 2017.

Projection Summary –2018 less 2017 Calendar Year (Key Ratios) – current projections

2018 less 2017 Calendar Year Projections (Key Ratios)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Loss Ratios (% EP)						
Prior Accident Years (PAYs)	10.5%	(9.3%)	(0.2%)	14.0%	10.4%	4.6%
Current Accident Year (CAY)	3.5%	(1.2%)	(1.2%)	(0.9%)	(0.1%)	(0.1%)
Total Claims Incurred	14.0%	(10.5%)	(1.4%)	13.1%	10.3%	4.5%
Expense Ratios						
Expense Allowance (% WP)	(0.4%)	-	-	-	-	(0.2%)
Chg in Prem. Def / (DPAC) (% EP)	1.0%	(3.0%)	(1.8%)	5.1%	(1.8%)	(0.3%)
Underwriting Expenses (% EP)	1.5%	(3.3%)	(2.0%)	(1.3%)	(15.8%)	(0.7%)
Administrative Expense (% EP)	0.1%	-	-	(1.4%)	(1.7%)	0.1%
U/Wing & Admin Exp (% EP)	1.6%	(3.3%)	(2.0%)	(2.7%)	(17.5%)	(0.6%)
Combined Operating Ratio (% EP)	15.6%	(13.8%)	(3.4%)	10.4%	(7.2%)	3.9%
attributed to PAYs:	10.5%	(9.3%)	(0.2%)	14.0%	10.4%	4.6%
attributed to CAY:	5.1%	(4.5%)	(3.2%)	(3.6%)	(17.6%)	(0.7%)

As a reminder, PAYs for 2018 have no projected “undiscounted” impact, as we assume our

liabilities are best estimates – the 2017 projection includes implemented valuation impacts for 2017. The “effect of discounting” for 2017 also reflects valuation impacts (particularly apv releases with nominal releases) not expected for 2018. As well, operating results for the RSPs as shown in the table at the bottom of the prior page do not include all expenses – for example, premium taxes are applied at member companies based on their share of RSPs’ written premium – these expenses are not included here. As such, the Combined Operating Ratio may not be comparable to a member’s own such ratio.

Similarly, operating cash flows are shared immediately among members – as such, there is no investment income included in the RSP operating results, although members may generate such income on RSP generated operating cash flows for their own accounts.

Policy liabilities (made up of claims liabilities and premium liabilities) are carried on an actuarial present value basis (that is, adjusted for the time value of money, and include provisions for adverse deviation). It is informative to consider how claims liabilities fair during a calendar year relative to their beginning provisions for adverse development. To provide some historical context, the development of prior accident years’ claims liabilities over the ensuing calendar year is discussed below.

For the Ontario RSP, nominal (i.e. excluding actuarial present value adjustments) claims liabilities amounted to \$838.7 million as at December 31, 2016 (representing then the beginning prior accident years’ claims liabilities for calendar year 2017). The nominal prior accident years’ change booked year-to-date during 2017 at \$32.7 million (favourable) represents 3.9% of the beginning claims liabilities. The nominal claims liabilities for the Ontario RSP are projected to be \$897.0 million at December 31, 2017 (and hence is the projected beginning prior accident years’ claims liabilities for calendar year 2018), and changes of +/-5% (\$44.9 million) of these liabilities would not be unusual (see table at the top of the next page for actual changes that occurred during the last 3 calendar years). The projected *nominal* claims development provision for adverse deviation (PfAD) is \$153.4 million. The projected nominal claims liabilities at December 31, 2018³ are \$922.7 million (*nominal* claims development PfAD of \$162.2 million). The increase in the PfAD at the beginning of calendar year 2018 reflects the change in mix of claims liabilities by accident year, reflecting the recent growth in the RSP.

³Note: the table provides beginning balances, so the ending balance at December 31, 2018 is NOT shown in the table.

ON RSP PAYS' Ultimate Changes vs Beginning Liabilities (nominal, indemnity only)

ON	nominal unpaid indemnity claims liability (\$ millions)				
	nominal beginning amounts			chg in PAYS' ultimates	
	unpaid indemnity	PfAD for dev'l	MfAD for dev'l	amount	% beginning unpaid
	[1]	[2]	[3]	[4]	[5]
Cal Yr	mthly calc	mthly calc	=[2]/[1]	mthly calc	=[4]/[1]
actuals					
2014	1,025.5	179.8	17.5%	(91.0)	(8.9%)
2015	1,005.5	181.5	18.1%	(146.2)	(14.5%)
2016	889.6	147.1	16.5%	(70.5)	(7.9%)
projections					
2017	838.7	133.7	15.9%	(32.7)	(3.9%)
2018	897.0	153.4	17.1%	-	-

For the Alberta Grid RSP, nominal claims liabilities amounted to \$281.5 million as at December 31, 2016 (representing then the beginning prior accident years' claims liabilities for calendar year 2017). The nominal prior accident years' change booked year-to-date during 2017 at \$15.9 million (unfavourable) represents 5.6% of the beginning liabilities. The nominal claims liabilities for the Alberta Grid RSP are projected to be \$301.5 million at December 31, 2017 (and hence is the projected beginning prior accident years' claims liabilities for calendar year 2018), and changes of +/-5% (\$15.1 million) of these liabilities would not be unusual (see table below for actual changes that occurred during the last 3 calendar years). The projected *nominal* claims development provision for adverse deviation (PfAD) is \$35.1 million. The projected nominal claims liabilities at December 31, 2018⁴ is \$305.2 million (*nominal* claims development PfAD of \$35.8 million).

AB Grid RSP PAYS' Ultimate Changes vs Beginning Liabilities (nominal, indemnity only)

AB Grid	nominal unpaid indemnity claims liability (\$ millions)				
	nominal beginning amounts			chg in PAYS' ultimates	
	unpaid indemnity	PfAD for dev'l	MfAD for dev'l	amount	% beginning unpaid
	[1]	[2]	[3]	[4]	[5]
Cal Yr	mthly calc	mthly calc	=[2]/[1]	mthly calc	=[4]/[1]
actuals					
2014	264.3	25.9	9.8%	30.0	11.4%
2015	268.8	30.6	11.4%	(4.1)	(1.5%)
2016	243.8	27.3	11.2%	41.2	16.9%
projections					
2017	281.5	32.0	11.4%	15.9	5.6%
2018	301.5	35.1	11.6%	-	-

For the Alberta non-Grid RSP, nominal claims liabilities amounted to \$169.4 million as at December 31, 2016 (representing then the beginning prior accident years' claims liabilities for

⁴See prior footnote.

calendar year 2017). The nominal prior accident years' change booked year-to-date during 2017 at \$2.0 million (unfavourable) represents 1.2% of the beginning liabilities. The nominal claims liabilities for the Alberta non-Grid RSP are projected to be \$178.5 million at December 31, 2017 (and hence is the projected beginning prior accident years' claims liabilities for calendar year 2018), and changes of +/-5% (\$8.9 million) of these liabilities would not be unusual (see table below for actual changes that occurred during the last 3 calendar years). The projected *nominal* claims development provision for adverse deviation (PfAD) is \$20.9 million. The projected nominal claims liabilities at December 31, 2018⁵ are \$189.1 million (*nominal* claims development PfAD of \$22.1 million).

AB non-Grid RSP PAYs' Ultimate Changes vs Beginning Liabilities (nominal, indemnity only)

AB non-Grid	nominal unpaid indemnity claims liability (\$ millions)				
	nominal beginning amounts			chg in PAYs' ultimates	
	unpaid indemnity	PfAD for dev'l	MfAD for dev'l	amount	% beginning unpaid
	[1]	[2]	[3]	[4]	[5]
Cal Yr	mthly calc	mthly calc	=[2]/[1]	mthly calc	=[4]/[1]
actuals					
2014	147.9	14.4	9.7%	5.4	3.7%
2015	159.5	18.2	11.4%	(6.9)	(4.3%)
2016	159.5	18.2	11.4%	2.3	1.4%
projections					
2017	169.4	19.4	11.5%	2.0	1.2%
2018	178.5	20.9	11.7%	-	-

For the New Brunswick RSP, nominal claims liabilities amounted to \$18.0 million as at December 31, 2016 (representing then the beginning prior accident years' claims liabilities for calendar year 2017). The nominal prior accident years' change booked year-to-date during 2017 at \$1.3 million (favourable) represents 7.2% of the beginning liabilities. The nominal claims liabilities for the New Brunswick RSP are projected to be \$17.9 million at December 31, 2017 (and hence is the projected beginning prior accident years' claims liabilities for calendar year 2018), and changes of +/-5% (\$0.9 million) of these liabilities would not be unusual (see table at the top of the next page for actual changes that occurred during the last 3 calendar years). The projected *nominal* claims development provision for adverse deviation (PfAD) is \$2.0 million. The projected nominal claims liabilities at December 31, 2018⁶ are \$20.0 million (*nominal* claims development PfAD of \$2.3 million).

⁵See prior footnote.

⁶See prior footnote.

NB RSP PAYs' Ultimate Changes vs Beginning Liabilities (nominal, indemnity only)

NB	nominal unpaid indemnity claims liability (\$ millions)				
	nominal beginning amounts			chg in PAYs' ultimates	
	unpaid indemnity	PfAD for dev'l	MfAD for dev'l	amount	% beginning unpaid
	[1]	[2]	[3]	[4]	[5]
Cal Yr	mthly calc	mthly calc	=[2]/[1]	mthly calc	=[4]/[1]
actuals					
2014	13.9	1.8	12.9%	1.2	8.6%
2015	16.0	2.1	13.1%	0.9	5.6%
2016	19.0	2.5	13.2%	(2.2)	(11.6%)
projections					
2017	18.0	2.0	11.1%	(1.3)	(7.2%)
2018	17.9	2.0	11.2%	-	-

For the Nova Scotia RSP, nominal claims liabilities amounted to \$32.7 million as at December 31, 2016 (representing then the beginning prior accident years' claims liabilities for calendar year 2017). The nominal prior accident years' change booked year-to-date during 2017 at \$1.4 million (favourable) represents 4.3% of the beginning liabilities. The nominal claims liabilities for the Nova Scotia RSP are projected to be \$38.5 million at December 31, 2017 (and hence is the projected beginning prior accident years' claims liabilities for calendar year 2018), changes of +/-5% (\$1.9 million) of these liabilities would not be unusual (see table below for actual changes that occurred during the last 3 calendar years). The projected *nominal* claims development provision for adverse deviation (PfAD) is \$4.6 million. The projected nominal claims liabilities at December 31, 2018⁷ are \$54.0 million (*nominal* claims development PfAD of \$6.5 million).

NS RSP PAYs' Ultimate Changes vs Beginning Liabilities (nominal, indemnity only)

NS	nominal unpaid indemnity claims liability (\$ millions)				
	nominal beginning amounts			chg in PAYs' ultimates	
	unpaid indemnity	PfAD for dev'l	MfAD for dev'l	amount	% beginning unpaid
	[1]	[2]	[3]	[4]	[5]
Cal Yr	mthly calc	mthly calc	=[2]/[1]	mthly calc	=[4]/[1]
actuals					
2014	18.8	2.7	14.4%	1.8	9.6%
2015	23.4	3.4	14.5%	0.4	1.7%
2016	27.3	3.9	14.3%	0.5	1.8%
projections					
2017	32.7	3.9	11.9%	(1.4)	(4.3%)
2018	38.5	4.6	11.9%	-	-

In addition, changes in yield curves used to determine the discount rates used in our projections are subject to change by RSP. For example, the *Sep 28 2016 Outlook* for the Ontario RSP used a

⁷See prior footnote.

discount rate of 0.68%, whereas with the *May 31 2017 Projections* for the Ontario RSP we are now using 1.04%. However, the Mar 31, 2017 valuation discount rate *changes* do not have a direct impact on the 2018 projections. As the changes occurs in calendar year **2017**, both the beginning and ending claims liabilities for calendar year **2018** are adjusted, so the impact is effectively nullified (that is, a change in discount rate has a significant impact only when it is implemented). The same is true for margin changes (the impact of any changes is significant only when implemented).

The projected December 31, 2018 **policy liability discount amounts** are:

- ON RSP: \$35.0 million (associated interest rate PfAD of \$8.1 million, indicating the net discount impact of approximately \$26.9 million)
- AB Grid RSP: \$9.9 million (associated interest rate PfAD of \$2.6 million, indicating the net discount impact of approximately \$7.3 million)
- AB non-Grid RSP: \$6.4 million (associated interest rate PfAD of \$1.6 million, indicating the net discount impact of approximately \$4.8 million)
- NB RSP: \$0.6 million (associated interest rate PfAD of \$0.2 million, indicating the net discount impact of approximately \$0.4 million)
- NS RSP: \$1.9 million (associated interest rate PfAD of \$0.5 million, indicating the net discount impact of approximately \$1.4 million)

Moving the net discount impacts to \$0 could be considered a “worst case” scenario⁸ in relation to adverse changes in the yield curves.

Key Ratios associated with our calendar year **2018** projection are presented in the table at the top of the next page, including the Combined Operating Ratios for the two calendar year **2017** projections. For details related to the **2018** projections, please refer to Exhibits B-1 through B-5. The basis for the projection of premiums, claims amounts and expenses is described in Section 3. In particular, premium projections are discussed in section 3.1 and claims projections are discussed in section 3.2. Our projections of the number of vehicle transfers are based on projections provided by major users of the RSPs. However, RSP volumes can change rapidly in a short period of time, as we have seen in the past, as member groups can transfer their entire limit for a given year at any time throughout the year including, for example, the last day of that year. As a result, volumes may change dramatically from those projected here.

⁸That is, the “worst case” scenario would be if the discount rate moves to 0% - we assume at this level the margin would be moved to 0 as well. In addition to the net discount impact indicated, there would also be an adverse movement in the claims development provision for adverse deviation, as this provision is also carried on a “net present value” or “discounted” basis.

We did consider whether the Canadian risk-free yield curve would move into negative territory (i.e. that the “worst case” scenario would involve a negative discount rate, rather than a 0 discount rate). While this is *possible*, we do not believe it is *plausible* within the next 18-21 months, given the current economic environment in Canada.

Projection Summary – Calendar Year 2018 – Key Ratios⁹

Calendar Year 2018 Projections (Key Ratios)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Loss Ratios (% EP)	-	-	-	-	-	-
Prior Accident Years (PAYs)	(9.4%)	(4.6%)	(4.3%)	(2.2%)	(2.2%)	(6.8%)
Current Accident Year (CAY)	134.9%	91.0%	110.9%	78.6%	104.5%	117.4%
Total Claims Incurred	125.5%	86.4%	106.6%	76.4%	102.3%	110.6%
Expense Ratios	-	-	-	-	-	-
Expense Allowance (% WP)	29.5%	28.9%	28.9%	31.9%	31.0%	29.4%
Chg in Prem. Def / (DPAC) (% EP)	1.9%	1.2%	1.7%	0.2%	1.7%	1.7%
Underwriting Expenses (% EP)	31.1%	29.4%	31.0%	32.2%	33.7%	30.8%
Administrative Expense (% EP)	0.5%	0.6%	1.0%	5.1%	3.6%	0.9%
U/Wing & Admin Exp (% EP)	31.6%	30.0%	32.0%	37.3%	37.3%	31.7%
2018 Combined Operating Ratio (% EP)	157.1%	116.4%	138.6%	113.7%	139.6%	142.3%
attributed to PAYs:	(9.4%)	(4.6%)	(4.3%)	(2.2%)	(2.2%)	(6.8%)
attributed to CAY:	166.5%	121.0%	142.9%	115.9%	141.8%	149.1%
2017 Combined Operating Ratio						
Sep 28, 2016 Outlook	169.8%	101.2%	131.4%	122.4%	138.1%	142.8%
attributed to PAYs:	(8.0%)	(5.2%)	(4.1%)	(3.5%)	(4.8%)	(6.4%)
attributed to CAY:	177.8%	106.4%	135.5%	125.9%	142.9%	149.2%
May 31, 2017 Projection	141.5%	130.2%	142.0%	103.3%	146.8%	138.4%
attributed to PAYs:	(19.9%)	4.7%	(4.1%)	(16.2%)	(12.6%)	(11.4%)
attributed to CAY:	161.4%	125.5%	146.1%	119.5%	159.4%	149.8%

Net cash flows from operations for the RSPs collectively are projected to be an overall outflow of \$195.8 million for calendar year **2018** as presented in detail in section 3.5 (we are currently projecting a \$142.1 million operating cash outflow for calendar year 2017).

Operating cash outflows are funded by members, and the primary drivers of operating cash are premium collection and claims payments. The tables at the top of the next page summarize RSP operating cash flows over the last 6 calendar years (historic operating cash flows by RSP can be found in section 3.5).

⁹RSP operating results do not include all expenses – for example, premium taxes and health levies are applied at member companies based on their share of RSP written premium or vehicle counts as applicable – these expenses are not included here. As such, the Combined Operating Ratio may not be comparable to a member’s own such ratio.

ALL RSPs Historic Operating Cash Flows by Share Year

RSP All RSPs	Share (i.e. Calendar) Year					
	2016	2015	2014	2013	2012	2011
\$millions						
written premium	609.1	489.0	545.9	518.0	576.1	584.9
expense allowance	183.2	142.9	164.2	152.8	170.6	168.8
administration	4.1	4.0	3.7	4.0	4.0	4.5
prem net of expenses	421.9	342.1	378.0	361.2	401.4	411.6
paid claims						
PAYs indemnity	296.3	295.3	283.7	293.2	277.4	311.4
PAY claims expenses	33.4	32.4	35.0	33.9	30.9	35.5
CAY indemnity	197.7	182.3	170.9	165.1	161.0	169.2
CAY clms expenses	0.8	0.9	1.4	1.5	1.6	2.0
all yrs indemnity	494.1	477.6	454.6	458.3	438.4	480.6
all yrs clms expenses	34.2	33.2	36.4	35.4	32.6	37.5
total claims & expenses paid	528.2	510.8	491.0	493.8	470.9	518.1
operating cash flow	(106.4)	(168.7)	(112.9)	(132.6)	(69.5)	(106.5)

values are carried in table to 3 decimals - rounding differences may result

The current (May 31 2017) calendar year **2017 projection** is provided in more detail in the next section. As indicated in the table at the top of the next page, higher claims payments are the main driver of cash flow differences between the calendar year **2018 projection** and the current calendar year **2017 projection** (May 31 2017). Increases in projected claims payments are driving the overall increase in projected calendar year cash outflows.

Projection Summary –2018 less 2017 Calendar Year Cash Flow Projections (\$000s)

2018 less 2017 Calendar Net Operating Cashflow Projections (\$000s)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Written Premium	(26,185)	485	4,387	1,274	5,633	(14,406)
PAYs Paid Claims						
paid indemnity	13,130	(1,350)	(1,081)	444	1,590	12,733
paid allowed claims expense	3,998	1,076	872	(31)	59	5,974
PAYs Paid Claims	17,128	(274)	(209)	413	1,649	18,707
CAYs Paid Claims						
paid indemnity	18,616	709	926	1,143	4,225	25,619
paid allowed claims expense	188	2	2	3	17	212
CAYs Paid Claims	18,804	711	928	1,146	4,242	25,831
All AYs Paid Claims						
paid indemnity	31,746	(641)	(155)	1,587	5,815	38,352
paid allowed claims expense	4,186	1,078	874	(28)	76	6,186
All AYs Paid Claims	35,932	437	719	1,559	5,891	44,538
"Cash" Expenses						
Member Expense Allowance	(9,030)	180	1,276	412	1,757	(5,405)
Administrative Expenses	2	(53)	34	19	182	184
"Cash" Expenses	(9,028)	127	1,310	431	1,939	(5,221)
Net Operating Cash Flow	(53,089)	(79)	2,359	(716)	(2,196)	(53,722)

Projections for Calendar Year 2017

The tables on the next page provide summaries for the *May 31 2017 Projection* of calendar year **2017**.

Projection Summary –2017 Calendar Year Amounts (\$000s) – current projection

Calendar Year 2017 Projections (\$000s)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Written Premium	353,777	150,391	102,174	13,848	30,185	650,375
Earned Premium	367,710	152,567	100,003	11,523	20,325	652,128
Prior Accident Years (PAYs)	(73,120)	7,178	(4,146)	(1,871)	(2,563)	(74,522)
Current Accident Year (CAY)	483,191	140,710	112,059	9,159	21,262	766,381
Total Claims Incurred	410,071	147,888	107,913	7,288	18,699	691,859
Expense Allowance	105,673	43,423	29,519	4,412	9,346	192,373
Change in Prem. Def / (DPAC)	3,142	6,424	3,516	(560)	721	13,243
Underwriting Expenses	108,815	49,847	33,035	3,852	10,067	205,616
Net U/Wing gain / (loss)	(151,176)	(45,168)	(40,945)	383	(8,441)	(245,347)
Administrative Expense	1,570	927	967	752	1,071	5,287
2017 Operating Result	(152,746)	(46,095)	(41,912)	(369)	(9,512)	(250,634)
attributed to PAYs:	73,120	(7,178)	4,146	1,871	2,563	74,522
attributed to CAY:	(225,866)	(38,917)	(46,058)	(2,240)	(12,075)	(325,156)

Projection Summary –2017 Calendar Year (Key Ratios) – current projection

Calendar Year 2017 Projections (Key Ratios)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Loss Ratios (% EP)						
Prior Accident Years (PAYs)	(19.9%)	4.7%	(4.1%)	(16.2%)	(12.6%)	(11.4%)
Current Accident Year (CAY)	131.4%	92.2%	112.1%	79.5%	104.6%	117.5%
Total Claims Incurred	111.5%	96.9%	108.0%	63.3%	92.0%	106.1%
Expense Ratios						
Expense Allowance (% WP)	29.9%	28.9%	28.9%	31.9%	31.0%	29.6%
Chg in Prem. Def / (DPAC) (% EP)	0.9%	4.2%	3.5%	(4.9%)	3.5%	2.0%
Underwriting Expenses (% EP)	29.6%	32.7%	33.0%	33.5%	49.5%	31.5%
Administrative Expense (% EP)	0.4%	0.6%	1.0%	6.5%	5.3%	0.8%
U/Wing & Admin Exp (% EP)	30.0%	33.3%	34.0%	40.0%	54.8%	32.3%
2017 Combined Operating Ratio (% EP)	141.5%	130.2%	142.0%	103.3%	146.8%	138.4%
attributed to PAYs:	(19.9%)	4.7%	(4.1%)	(16.2%)	(12.6%)	(11.4%)
attributed to CAY:	161.4%	125.5%	146.1%	119.5%	159.4%	149.8%

As indicated in the tables at the top of the next page, there have been changes both to earned premium and the Combined Operating Ratios (COR) between the *Sep 28 2016 Outlook* and the *May 31 2017 Projections* as summarized above, the latter of which includes the implementation of the 2016 Q3, Q4 and 2017 Q1 valuations, with the changes in operating result largely driven by the impact of the updated valuations on CORs.

Calendar Year 2017 Sep 28 2016 Outlook vs current May 31 2017 Projection

\$000s	Outlook Posted September 28, 2016			Updated Year-end Projection		
	Earned Premium	Operating Result	COR	Earned Premium	Operating Result	COR
Ontario	342,151	(193,336)	156.5%	367,710	(152,746)	141.5%
Alberta Grid	179,590	(24,198)	113.5%	152,567	(46,095)	130.2%
Alberta non-Grid	97,853	(32,148)	132.9%	100,003	(41,912)	142.0%
New Brunswick	10,399	(1,643)	115.8%	11,523	(369)	103.3%
Nova Scotia	15,564	(5,700)	136.7%	20,325	(9,512)	146.8%
TOTAL	645,557	(257,025)	139.8%	652,128	(250,634)	138.4%

In the first table below, we attribute the overall **\$6.4 million** operating result **improvement** in our projection for calendar year 2017 to components:

- \$13.4 million deterioration to the change in earned premium (by multiplying the earned premium change by [1 - COR]);
- \$19.8 million improvement attributed to the change in COR (which is driven by changes in nominal prior accident year claims liabilities, current accident year loss ratios, the next future accident year loss ratio impact on premium liabilities, discount rates and margins, and expenses).

Changes in Projections for Calendar Year 2017

\$000s	Total Change (Updated Year-end Projection less Outlook)			Change Attributed to Earned Premium Change		Change Attributed to COR Change	
	Earned Premium	Operating Result	COR	Earned Premium	Operating Result	Operating Result	COR
Ontario	25,559	40,590	(15.0%)	25,559	(14,441)	55,031	(15.0%)
Alberta Grid	(27,023)	(21,897)	16.7%	(27,023)	3,648	(25,545)	16.7%
Alberta non-Grid	2,150	(9,764)	9.1%	2,150	(707)	(9,057)	9.1%
New Brunswick	1,124	1,274	(12.5%)	1,124	(178)	1,452	(12.5%)
Nova Scotia	4,761	(3,812)	10.1%	4,761	(1,747)	(2,065)	10.1%
TOTAL	6,571	6,391	(1.4%)	6,571	(13,425)	19,816	(1.4%)

Of the \$6.4 million¹⁰ of operating result increase shown above, \$4.8 million is directly related to changes in the projection of claims incurred amounts as indicated in the following table, which is further broken down into the changes in the current and prior accident years.

¹⁰Changes in the projection of the current accident year incurred are impacted by changes in earned premium, hence the comparison to the overall change in operating result, rather than focusing on that component attributed to COR only.

Changes in Claims Incurred Projections for Calendar Year 2017

2017 Calendar Yr	Claims Incurred \$m			Current Accident Year Claims Incurred \$m			Prior Accident Year Claims Incurred \$m		
	May 31 2017 Projection	Sep 28 2016 Outlook	change	May 31 2017 Projection	Sep 28 2016 Outlook	change	May 31 2017 Projection	Sep 28 2016 Outlook	change
Ontario	410.1	422.9	(12.9)	483.2	453.0	30.2	(73.1)	(30.1)	(43.0)
Alberta Grid	147.9	149.2	(1.3)	140.7	156.3	(15.6)	7.2	(7.1)	14.2
Alberta Non-Grid	107.9	100.9	7.0	112.1	105.4	6.7	(4.1)	(4.4)	0.3
New Brunswick	7.3	8.1	(0.8)	9.2	8.5	0.7	(1.9)	(0.4)	(1.5)
Nova Scotia	18.7	15.5	3.2	21.3	16.3	4.9	(2.6)	(0.8)	(1.8)
TOTAL	691.9	696.7	(4.8)	766.4	739.5	26.9	(74.5)	(42.8)	(31.7)

Where our 2017 Final Outlook projections of the 2017 CORs were above 100% (true for all RSPs), a lower projected earned premium generates a favourable change in operating result (i.e. Alberta Grid only), whereas a higher projected earned premium generates an unfavourable change in operating result (i.e. all other RSPs). While this seems to suggest that “earned premium” drives results, this dynamic really reflects the view of earned premium as a proxy for earned exposure to claims (i.e. it really reflects changes in earned vehicle transfers increasing or decreasing).

What remains after adjusting for changes in earned premium is then due to changes in 2017 CORs. As indicated in the preceding tables, updated projections show improving 2017 CORs only for the Ontario and New Brunswick RSPs.

The key drivers of changes in COR are the selected ultimate loss ratios and the discount rates, updated with each valuation¹¹. More information on the results of valuations and the associated impacts are available in the Actuarial Highlights for August 2016 (implementation of the 2016 Q2 valuation), October 2016 (implementation of the 2016 Q3 valuation), March 2017 (implementation of the 2016 Q4 valuation), and May 2017 (implementation of the 2017 Q1 valuation).

Included in the valuation assumptions were updated selected discount rates, and the impact of any changes are reflected in the claims incurred changes indicated in the table above. The selected discount rates have increased from those selected with the 2016 Q2 valuation (the basis for the 2017 Final Outlook), resulting in a decrease in the actuarial liabilities and having a favourable impact on the projected operating results for calendar year 2018, accounting for an estimated \$18.2 million of favourable operating result change overall (see table below). As there have been no changes to margins for adverse deviations (MfADs) for investment return relative to the 2017 Q1 valuation, there is no associated impact.

Estimated 2017 Operating Result Impact from Discount Rate Changes

RSP	2017 Final Outlook	May 31 2017 Projection	Est. Impact Discount Rate	Est. Impact MfAD Chg*
Ontario	0.68%	1.04%	-\$11.7 million	\$0.0 million
Alberta Grid	0.60%	0.98%	-\$3.7 million	\$0.0 million

¹¹Changes to selected margins for adverse deviation at a valuation would also have an impact on the results – however, selected margins do not typically change with each valuation.

RSP	2017 Final Outlook	May 31 2017 Projection	Est. Impact Discount Rate	Est. Impact MfAD Chg*
Alberta Non-Grid	0.61%	0.99%	-\$2.2 million	\$0.0 million
New Brunswick	0.57%	0.95%	-\$0.2 million	\$0.0 million
Nova Scotia	0.56%	0.93%	-\$0.4 million	\$0.0 million
TOTAL			-\$18.2 million	\$0.0 million

Source: Estimated from Interest Rate Sensitivity Tables found in the May 2017 Actuarial Highlights

*Interest Rate MfADs have not changed and remain at 25 basis points.

As the 2017 Q1 valuation did not result in any MfAD changes for investment returns or for claims development at the RSP/coverage/accident half level, there was no associated impact on projected operating results for calendar year 2017.

***Estimated 2017 Operating Result
 Impact from Claims Development
 MfADs changes***

RSP	Est. Impact MfAD Chg*
Ontario	\$0.0 million
Alberta Grid	\$0.0 million
Alberta Non-Grid	\$0.0 million
New Brunswick	\$0.0 million
Nova Scotia	\$0.0 million
TOTAL	\$0.0 million

Source: As found in the May 2017 Actuarial Highlights

Based on the two preceding tables, overall, the unfavourable impact was due to the increase in the risk-free yield curve (generating increased interest rates used for discounting) as there was no impact related to changes in margins for adverse deviations.

2.3 Outlook Purpose and Projection Uncertainty

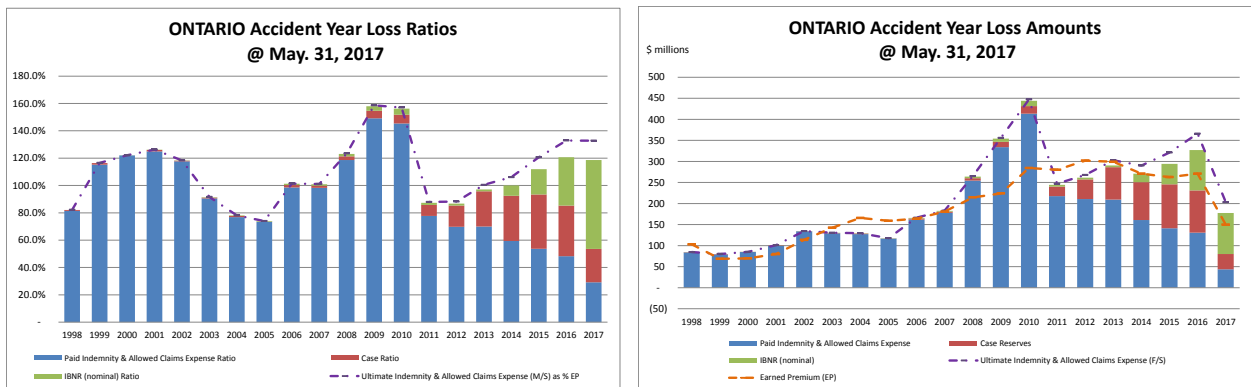
This Outlook was prepared for the Member companies of Facility Association to assist them in estimating their share of RSP results for planning purposes. It is not intended, nor is it necessarily suitable, for any other purpose.

Unless specifically noted in this document, no explicit provision has been made for causes of loss which are not already reflected in the historical data, nor for otherwise unforeseen changes to the legal or economic environment in which claims are settled, including changes in the interpretation of existing legislation or regulation on matters currently before the courts.

This Outlook is a projection of future events based on models and assumptions believed to be

realistic simplifications of the real world, but as simplifications, inherent uncertainty exists in relation to how actual events will unfold relative to these projections. **The user of this Outlook should recognize that future Operating Results may deviate from these projections by material amounts.**

The historical loss ratios for the Ontario RSP (left chart below) provide a good example of the potential cyclical volatility of the RSPs and the speed with which loss ratios can deteriorate or improve between accident years. Dollar amount of volume changes are provided in the right chart below.



2.4 Definitions and Presentation

Accounting Periods

- Calendar Year 2016: actual results for 12 months ending December 31, 2016.
- Calendar Year 2017: actual results for 5 months ending May 31, 2017, plus projected results for 7 months ending December 31, 2017.
- Calendar Year 2018: projected results for 12 months ending December 31, 2018.

Definitions

- Claim Liabilities are made up of case reserves and provision for Incurred but not Recorded claims amounts (“IBNR”).
- Premium Liabilities are made up of unearned premiums, and Premium Deficiency Reserves or Deferred Policy Acquisition Costs (“DPAC”) as applicable.
- Policy Liabilities are comprised of claim liabilities and premium liabilities.
- Actuarial Present Value Adjustments include the recognition of the time value of money and includes explicit provisions for adverse deviations (“PFAD”) as applicable.
- Actuarial Provisions encompass all claim liabilities other than case reserves, and all premium liabilities other than unearned premiums. As such, they include IBNR, and premium deficiency/(DPAC) as applicable.
- (Calendar Period) Claims Incurred are computed as the sum of calendar period paid claims amounts and calendar period changes in claim liabilities. While the majority of claims adjustment expenses are included in the Expense Allowances paid to member companies,

there are allowed amounts in addition to the level included in the allowance. These amounts are shown as “paid expenses” in Monthly Operational Reports and are included with paid indemnity for valuation purposes, and for presentation of Operating Results.

Data Sources & Related Valuations

- Actual results are taken from Operational Reports up to and including the month of May 2017. The May 2017 Operational Report reflects the results of recent valuations as at March 31, 2017 as described in the May 2017 Actuarial Highlights.
- Projected results for the months of June 2017 and July 2017 are the projections reflected in the May 2017 Operational Reports, and are based on assumptions derived for this purpose from the valuations at March 31, 2017 and other information.
- Projected results for the months of August 2017 through December 2018 are also based on assumptions derived for this purpose from the valuations as at March 31, 2017 and other information, extended to encompass calendar year 2018.

Format

The Outlook presentation of Operating Results is consistent with the “Summary of Operations” exhibits attached to monthly bulletins to Members.

- “Claims Incurred” are divided between amounts pertaining to prior accident years, and those pertaining to the current accident year.
- “Claims Incurred” are further divided between nominal (i.e. “undiscounted”) incurred claims, and calendar period changes in the effect of actuarial present value adjustments (i.e. “discounting”). As our claims liabilities are estimated on a “best estimate” basis, there are no nominal incurred amounts projected for prior accident years. The effect of actuarial present value adjustments include the “unwinding” or “release” of the actuarial present value adjustments as claims payments are made, the addition of the actuarial present value adjustments pertaining to increases in claim liabilities, and changes in discount rate and margins for adverse deviations, if any.
- “Change in Premium Deficiency / (Deferred Policy Acquisition Costs)” is divided between the change in the nominal (or “undiscounted”) premium deficiency / (deferred policy acquisition costs), and calendar period changes in the effect actuarial present value adjustments (“discounting”) akin to those in relation to claims liabilities.
- The “Net Result from Operations” excludes costs incurred directly by Members (e.g. premium tax, health levies, association dues), and any investment income that Member companies might earn on assets they hold in support of their RSP liabilities.
- “Ratios” are expressed relative to calendar period earned premiums, unless otherwise indicated.

3. Basis for Projections

The commentary that follows describes the basis for projecting premiums, claims amounts, and expenses, and provides summaries of key assumptions. Exhibit A in Section 4 provides additional detail regarding these assumptions.

3.1 Premiums

For each RSP, a model has been established to project by month the number of (annualized) vehicles being transferred to the pools and to project the associated average written premium (with projected premium being the product of these two). The projection model for each RSP considers the largest member company groups individually and sums the results of the projections at the member company group level (with an “all other” catch all). Select individual large member company groups were provided with their own results by RSP to populate with their own projections. The final projections leverage this detailed projection information, as well as additional insight provided by member company project managers to Facility Association Member Services staff and by Facility Association management’s judgment otherwise.

Written premium projection volatility is highlighted in the table below in relation to the Ontario RSP¹². Here, the 2017 and 2018 calendar year written premium projections suddenly reversed dramatically in a single month (from the April 2017 projection to the May 2017 projection), reducing by 15% and 22% respectively for the two calendar years.

Ontario RSP Calendar Year Written Premium Projections (millions) over time

Calendar Year	Aug 2016	Dec 2016*	Apr 2017	May 2017
2016	\$321.9	\$336.0	\$336.0	\$336.0
2017	\$342.2	\$379.4	\$417.5	\$353.8
2018	not projected	not projected	\$421.7	\$327.6

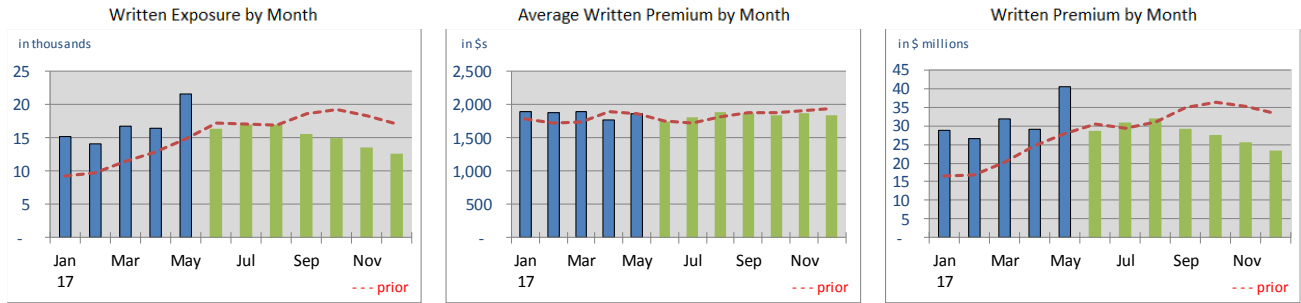
Source: FA projection files, based on feedback provided by larger RSP users

*At Dec 2016 and beyond, 2016 written premium in the table is actual.

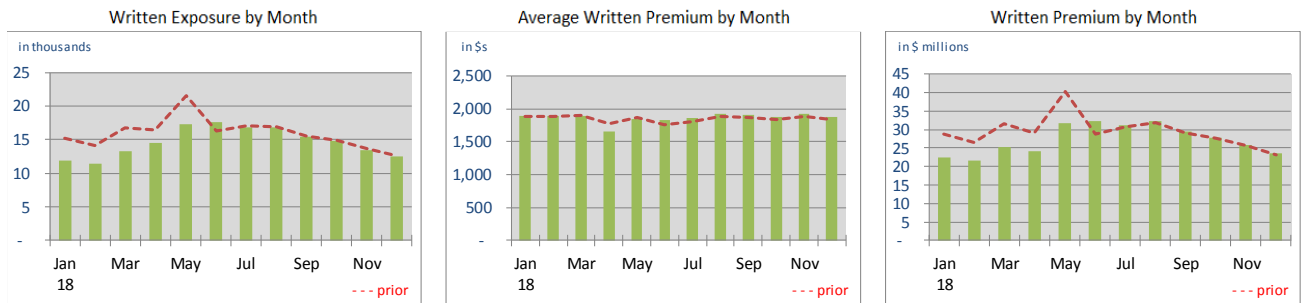
Summaries of the projections are provided at the top of the next page for 2017 and 2018. In the charts, blue columns are actuals and green are projections. The dotted red line represents the values from the prior year. *Please take careful note of the scale in each chart, as we modify the scale to best fit the information being presented.*

¹²A larger RSP user has advised that their Ontario RSP projection and transfer models are currently under review. Readers are reminded that RSP volumes can change rapidly in a short period of time, as we have seen in the past, as can projections (as we can see when comparing the Ontario RSP April 2017 and May 2017 projections for the 2017 and 2018 calendar years).

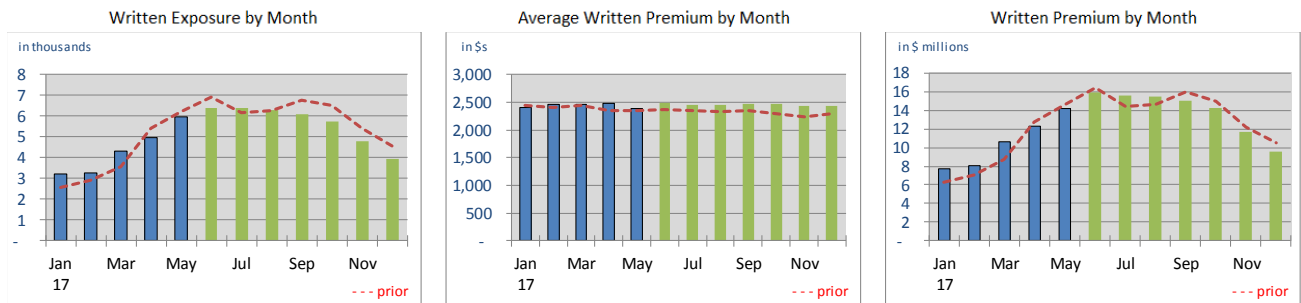
Ontario 2017 *projected count 191,257; approximate maximum that could be transferred: 377,000*



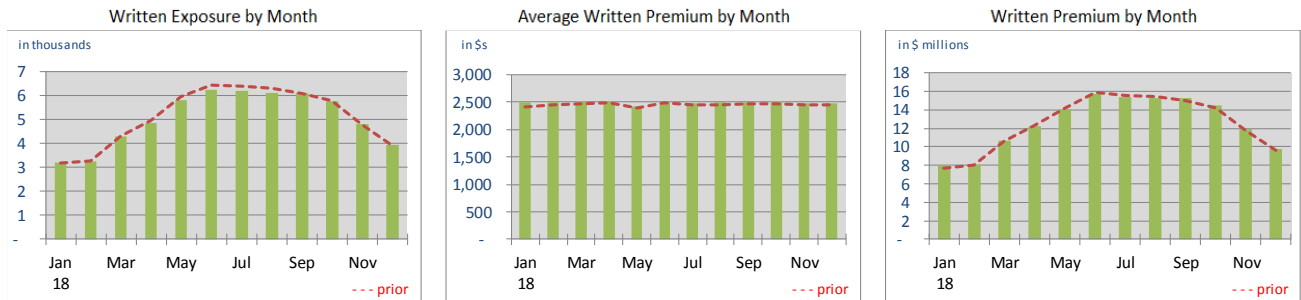
Ontario 2018 *projected count 175,746; approximate maximum that could be transferred: 377,000*



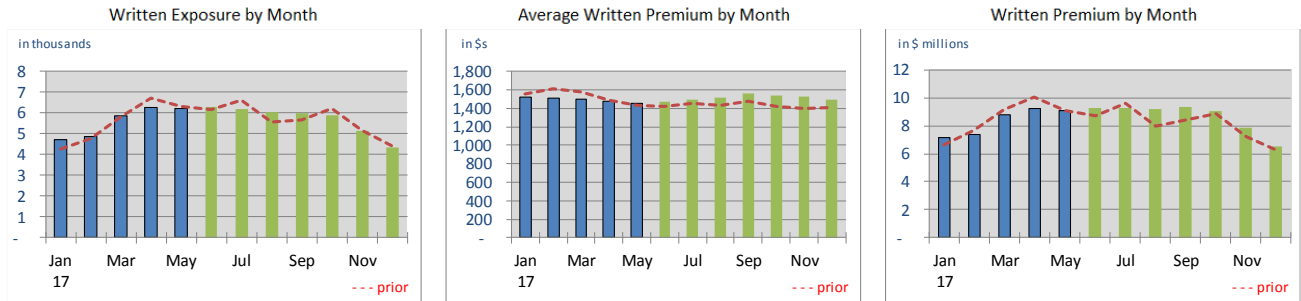
Alberta Grid 2017 *projected count 61,303; approximate maximum that could be transferred: unknown (based on number of risks subject to Grid rating – approximately 145,000 in 2016)*



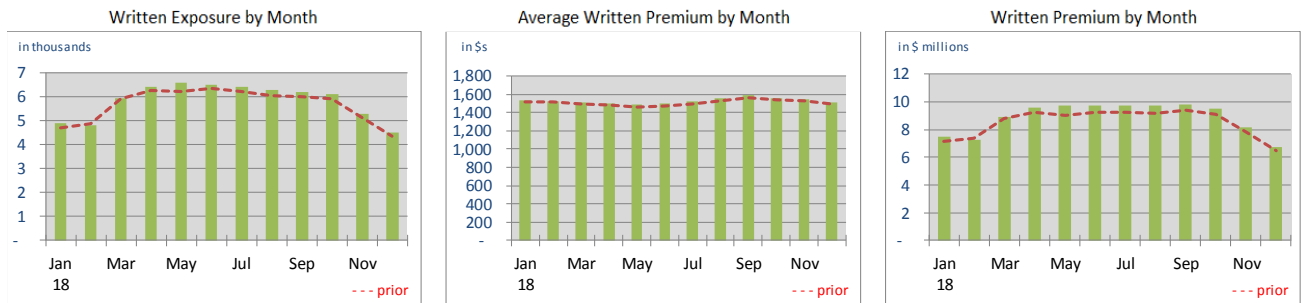
Alberta Grid 2018 *projected count 60,543; approximate maximum that could be transferred: unknown (based on number of risks subject to Grid rating – approximately 145,000 in 2016)*



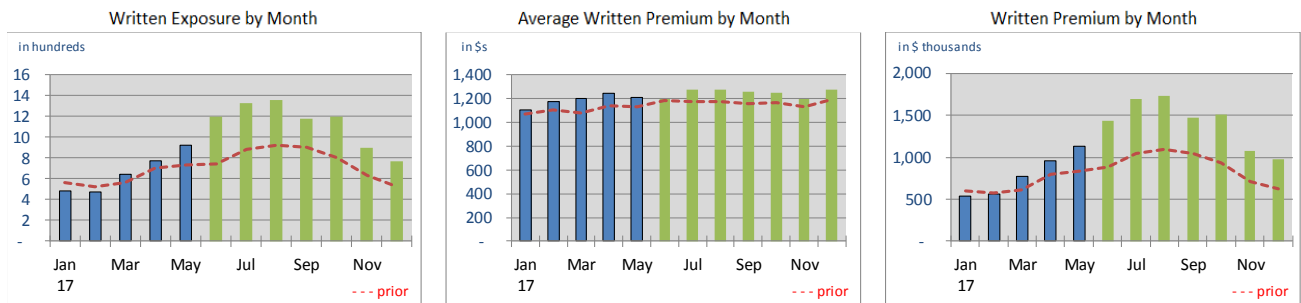
Alberta Non-Grid 2017 *projected count 67,899; approximate maximum that could be transferred: 103,000*



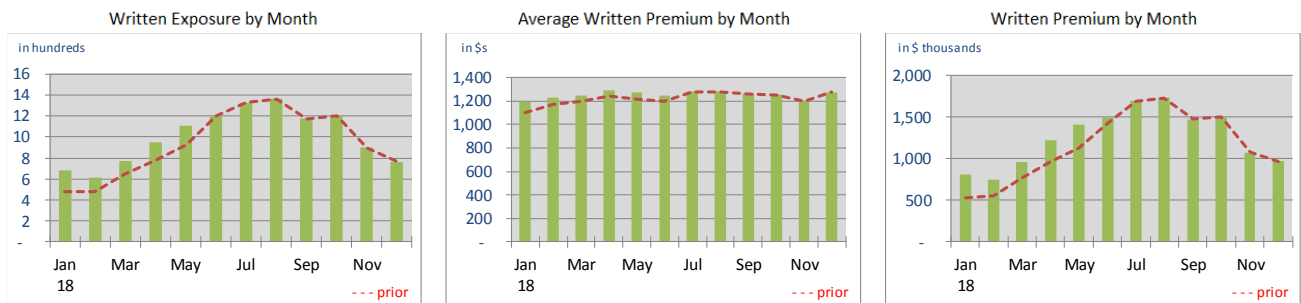
Alberta Non-Grid 2018 *projected count 69,779; approximate maximum that could be transferred: 103,000*



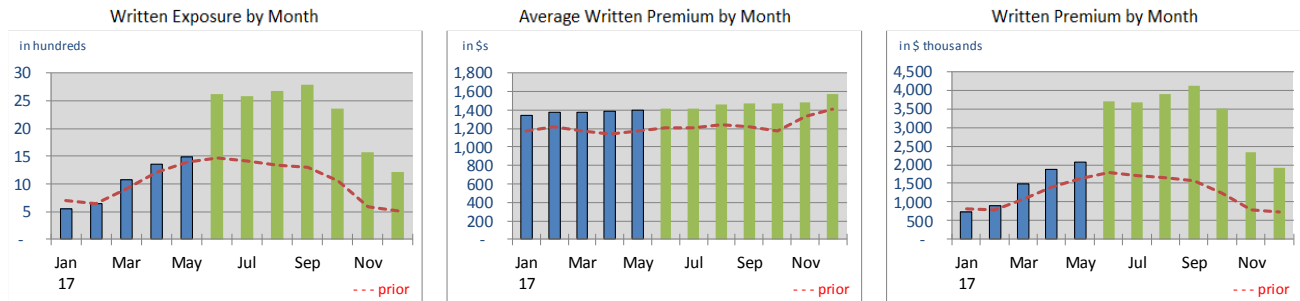
New Brunswick 2017 *projected count 11,230; approximate maximum that could be transferred: 40,000*



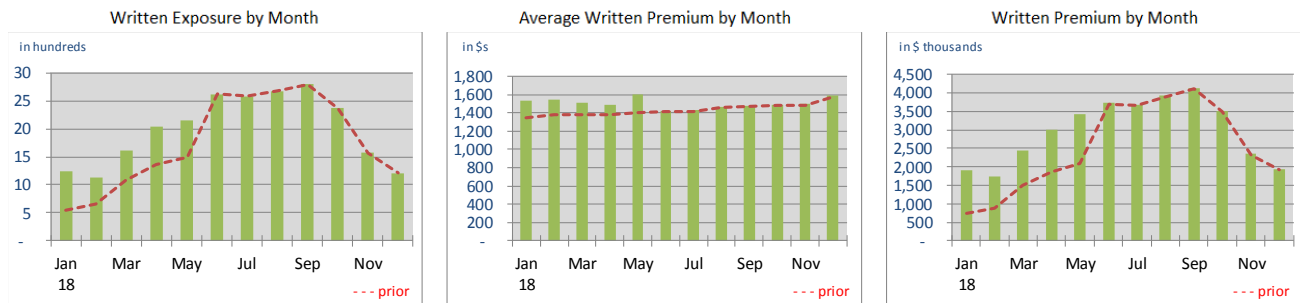
New Brunswick 2018 *projected count 12,042; approximate maximum that could be transferred: 40,000*



Nova Scotia 2017 *projected count 20,942; approximate maximum that could be transferred: unknown (based on number of risks deemed “inexperienced”)*



Nova Scotia 2018 *projected count 24,004; approximate maximum that could be transferred: unknown (based on number of risks deemed “inexperienced”)*



Monthly earned premium was projected based on the known duration of the current unearned premium and from projected written premium based on the estimated average duration of policies.

The table below summarizes the 2018 projected written and earned premium, and the change in both related to the current projection for 2017.

Calendar Year 2018 Premium Comparisons (Amounts in \$000s)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
2018 Written Premium	327,592	150,876	106,561	15,122	35,818	635,969
Change from 2017	(26,185)	485	4,387	1,274	5,633	(14,406)
% Change from 2017	(7.4%)	0.3%	4.3%	9.2%	18.7%	(2.2%)
2018 Earned Premium	330,658	154,638	105,213	15,074	34,686	640,269
Change from 2017	(37,052)	2,071	5,210	3,551	14,361	(11,859)
% Change from 2017	(10.1%)	1.4%	5.2%	30.8%	70.7%	(1.8%)

3.2 Claims Amounts

The most recent valuation of the policy liabilities of the RSPs was based on RSP experience at March 31, 2017. As per the Facility Association’s regular process, key elements of the valuations were reviewed with the Actuarial Committee, and presented to, and discussed with, the Audit & Risk Committee. The results were reflected in the May 2017 Operational Reports and discussed in the associated Actuarial Highlights.

For accident year (“AY”) 2018, the estimated nominal loss ratios reflected in the RSP Outlook are “a

priori” or “expected” loss ratios modeled based on the March 31, 2017¹³ valuation selections of ultimate claims incurred, augmented with updated estimated impacts of historical changes in average earned premium (particularly that attributed to rate changes), and historical claims amount levels (including loss cost trends and product reforms). It is important to note that 2018 is built from the 2017 a priori loss ratio – **not** from the current selected ultimate loss ratio for accident year 2017. The a priori loss ratios are estimated at the coverage level and summed to arrive at the all coverages level.

a priori (aka "expected") Loss Ratio Comparisons						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Accident Year 2017 a priori LR	117.9%	84.2%	103.3%	74.2%	96.5%	<i>intentionally left blank</i>
divide by ep factor	0.988	1.022	1.023	1.018	1.025	
multiply by clms factor	1.032	1.045	1.047	1.029	1.040	
multiply by rounding correction	1.000	1.000	1.000	1.000	1.000	
Accident Year 2018 a priori LR	123.2%	86.1%	105.7%	75.0%	97.9%	

For the sake of brevity in presentation, we’ve included a single table displaying the accident year loss ratios used in the projections, as well as charts showing loss ratios by accident half-year, rolled up to the government line and total levels (a priori loss ratio selections are made at the coverage and accident half-year level).

¹³The a priori loss ratios are derived at the start of the valuation process, prior to updating for current actual results. The ultimates used for this process are based on the most recently completed valuations. For roll-forward valuations, a priori LR's are not always updated, but rather brought forward from the prior full valuation. Hence, the a priori loss ratios used for the Mar 31, 2017 valuation were the same as used for the Dec 31 2016 valuation, and reflected selections of ultimate from the Sep 30, 2016 valuation for all RSPs.

Selected Loss Ratios – table 1

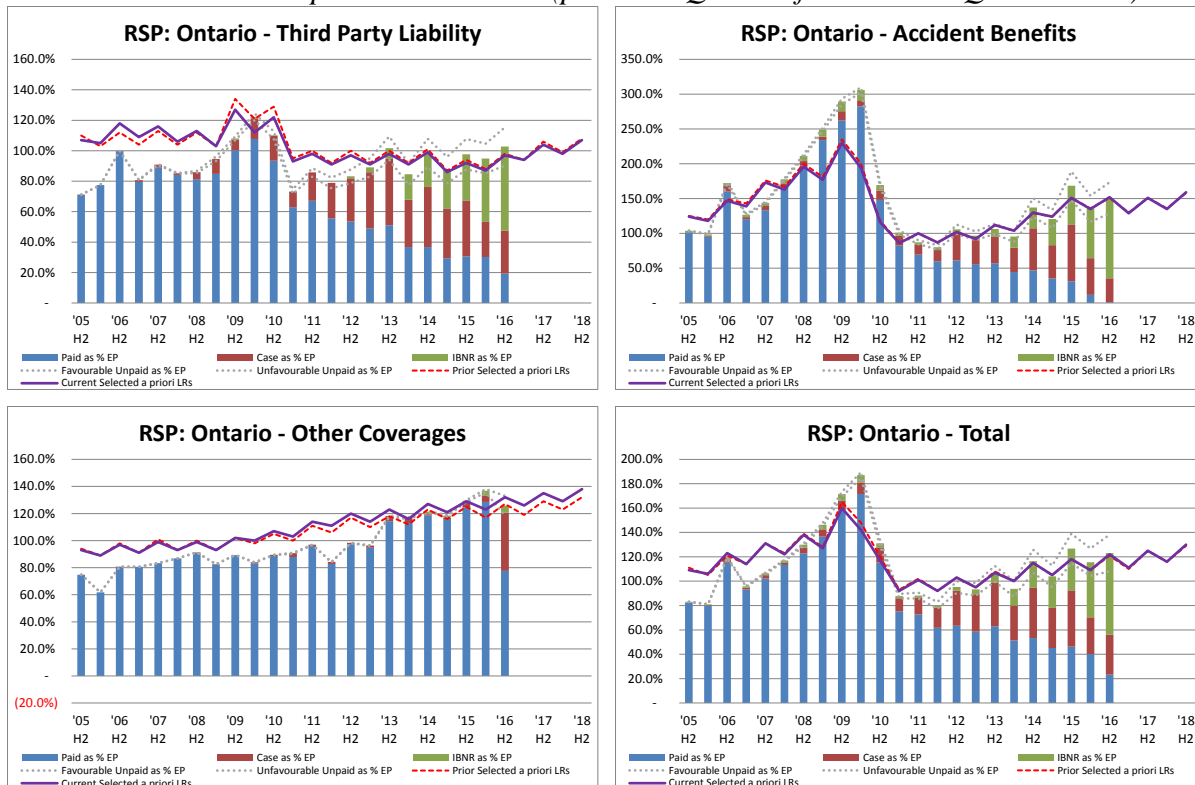
Loss Ratios Accident Year	RSP ON			RSP AB Grid			RSP AB Non-Grid		
	EP in \$000s	Sel Ult in \$000s	Selected LR	EP in \$000s	Sel Ult in \$000s	Selected LR	EP in \$000s	Sel Ult in \$000s	Selected LR
1993	92,972	105,016	113.0%	-	-	-	-	-	-
1994	200,791	211,423	105.3%	-	-	-	-	-	-
1995	235,451	206,734	87.8%	-	-	-	-	-	-
1996	197,412	168,452	85.3%	-	-	-	-	-	-
1997	152,922	111,201	72.7%	-	-	-	-	-	-
1998	103,106	84,628	82.1%	-	-	-	-	-	-
1999	68,831	80,153	116.4%	-	-	-	-	-	-
2000	69,659	85,066	122.1%	-	-	-	-	-	-
2001	80,047	101,049	126.2%	-	-	-	-	-	-
2002	113,770	134,644	118.3%	-	-	-	-	-	-
2003	142,680	130,499	91.5%	-	-	-	-	-	-
2004	165,860	129,327	78.0%	47,289	24,418	51.6%	558	1,948	349.1%
2005	158,965	117,627	74.0%	268,327	158,764	59.2%	24,923	24,205	97.1%
2006	163,889	166,030	101.3%	298,765	198,320	66.4%	73,870	64,438	87.2%
2007	180,957	182,678	101.0%	308,227	216,171	70.1%	70,464	71,650	101.7%
2008	214,486	263,987	123.1%	287,817	192,834	67.0%	76,379	77,334	101.3%
2009	224,096	354,134	158.0%	259,277	157,139	60.6%	71,792	67,915	94.6%
2010	284,367	444,183	156.2%	219,037	134,328	61.3%	72,937	61,464	84.3%
2011	280,096	244,455	87.3%	200,110	133,023	66.5%	78,509	66,182	84.3%
2012	301,957	261,641	86.6%	183,227	135,405	73.9%	77,276	78,620	101.7%
2013	299,210	290,650	97.1%	146,826	114,686	78.1%	81,132	80,943	99.8%
2014	270,941	271,009	100.0%	144,701	126,685	87.5%	84,033	93,920	111.8%
2015	262,856	294,334	112.0%	146,716	136,376	93.0%	89,826	92,623	103.1%
2016	271,219	327,323	120.7%	131,508	121,835	92.6%	90,410	105,179	116.3%
2017			118.6%			86.5%			106.4%
2018			123.2%			86.1%			105.7%
2019			127.2%			88.1%			108.7%
	exp allowance:	future service cost:		exp allowance:	future service cost:		exp allowance:	future service cost:	
prem liab (FY2017)	29.50%	0.24%		28.90%	0.29%		28.90%	0.47%	
prem liab (FY2018)	29.50%	0.24%		28.90%	0.29%		28.90%	0.47%	

Selected Loss Ratios – table 2

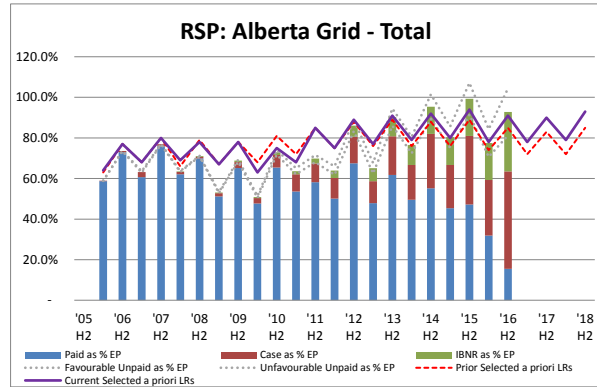
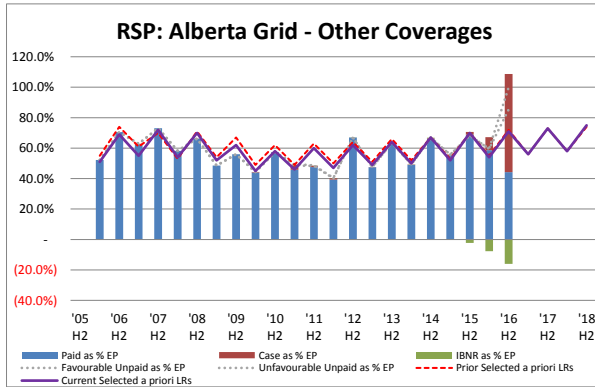
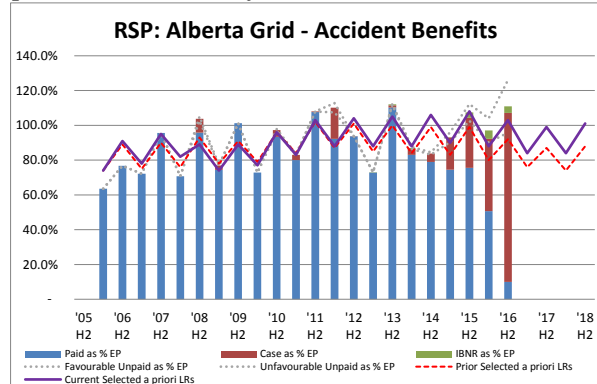
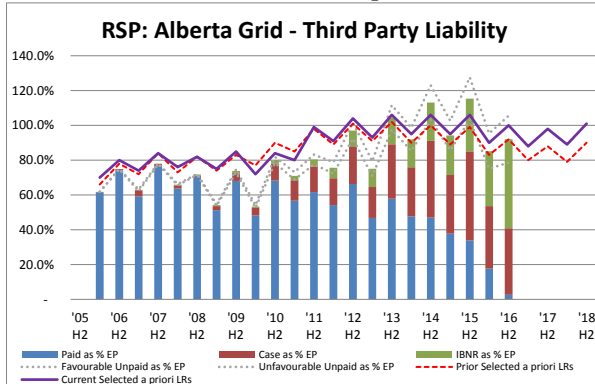
Loss Ratios Accident Year	RSP NB			RSP NS		
	EP in \$000s	Sel Ult in \$000s	Selected LR	EP in \$000s	Sel Ult in \$000s	Selected LR
2005	4,932	4,145	84.0%	-	-	-
2006	11,215	5,970	53.2%	-	-	-
2007	12,451	9,009	72.4%	2,057	1,115	54.2%
2008	12,180	9,184	75.4%	10,620	7,286	68.6%
2009	13,459	10,555	78.4%	14,065	9,025	64.2%
2010	11,900	7,326	61.6%	14,454	10,737	74.3%
2011	10,010	8,374	83.7%	12,312	11,546	93.8%
2012	10,052	5,609	55.8%	13,197	14,082	106.7%
2013	10,404	7,406	71.2%	13,787	12,271	89.0%
2014	9,545	6,370	66.7%	13,172	11,428	86.8%
2015	10,192	6,683	65.6%	14,035	11,596	82.6%
2016	10,089	7,117	70.5%	14,924	13,393	89.7%
2017			75.2%			97.4%
2018			75.0%			97.9%
2019			75.5%			100.4%

	exp allowance:	future service cost:	exp allowance:	future service cost:
prem liab (FY2017)	31.90%	2.55%	31.00%	1.75%
prem liab (FY2018)	31.90%	2.55%	31.00%	1.75%

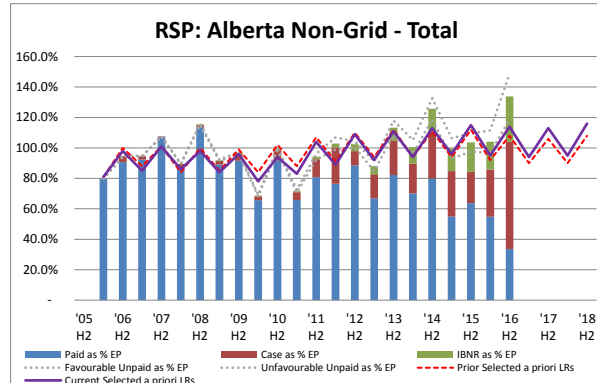
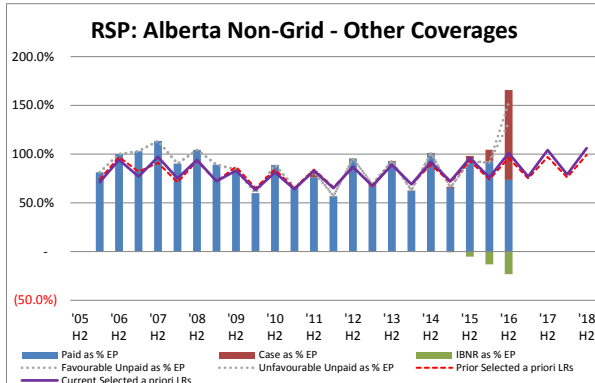
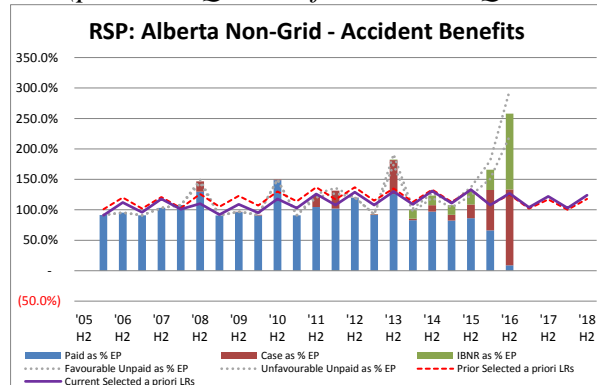
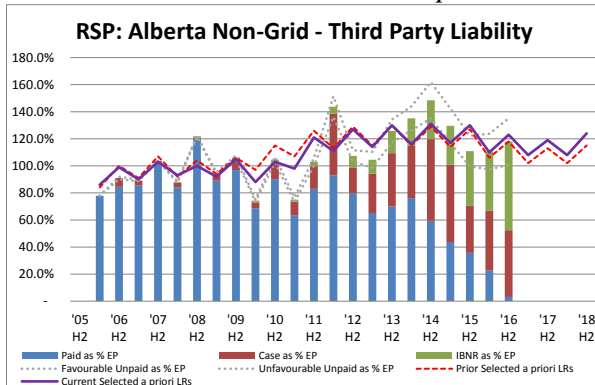
Ontario – Actual and a priori Loss Ratios (per 2016 Q4 used for the 2017 Q1 valuation)



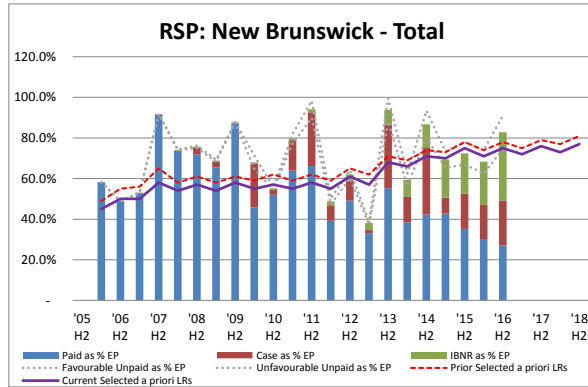
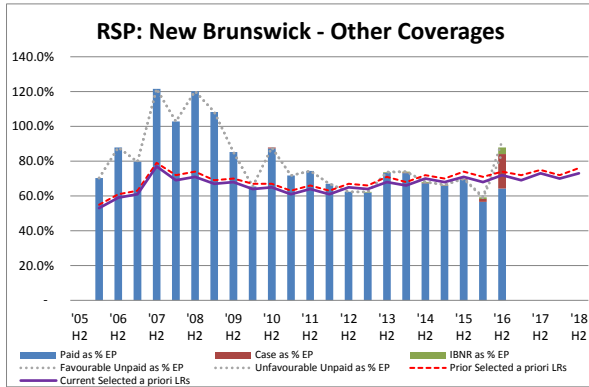
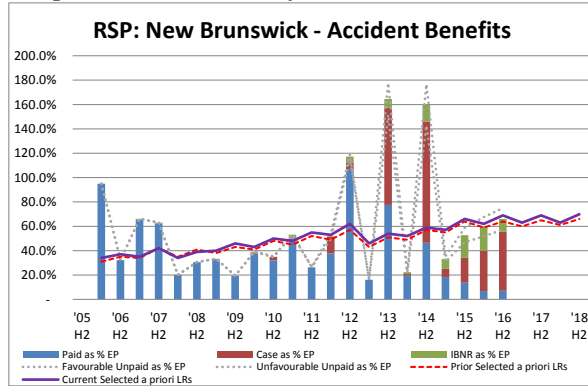
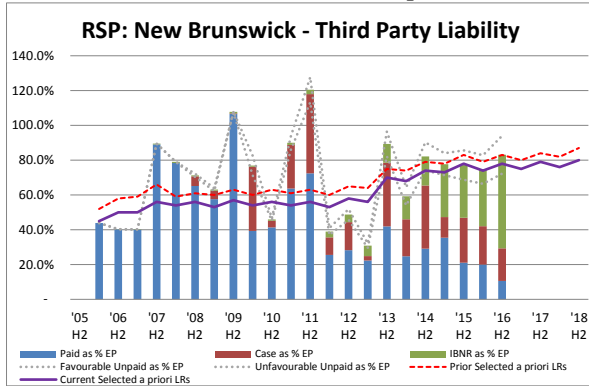
Alberta Grid – Actual and a priori Loss Ratios (per 2016 Q4 used for the 2017 Q1 valuation)



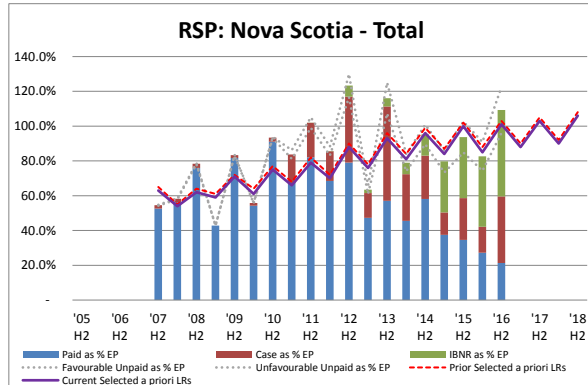
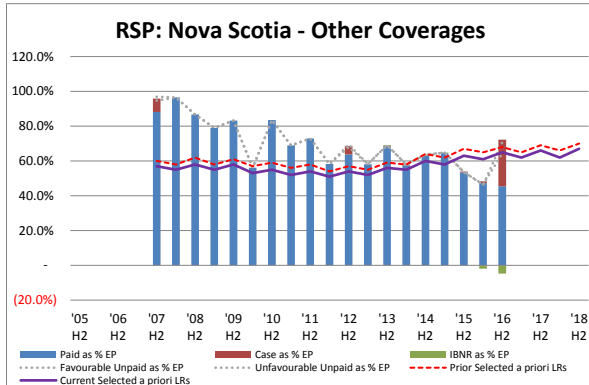
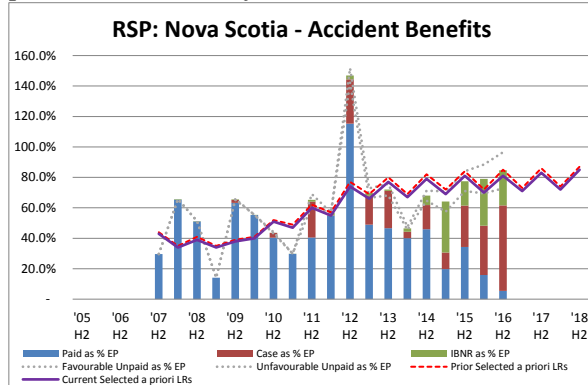
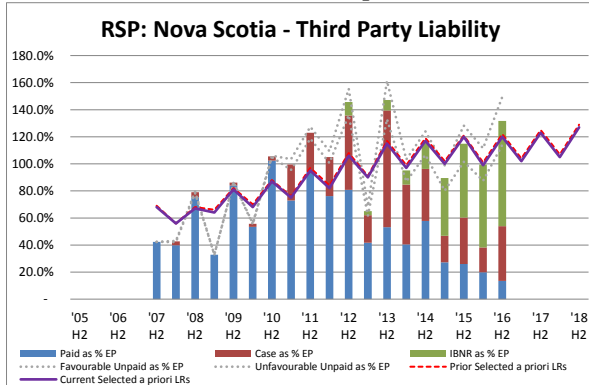
Alberta Non-Grid – Actual and a priori Loss Ratios (per 2016 Q4 used for the 2017 Q1 valuation)



New Brunswick – Actual and a priori Loss Ratios (per 2016 Q4 used for the 2017 Q1 valuation)



Nova Scotia – Actual and a priori Loss Ratios (per 2016 Q4 used for the 2017 Q1 valuation)



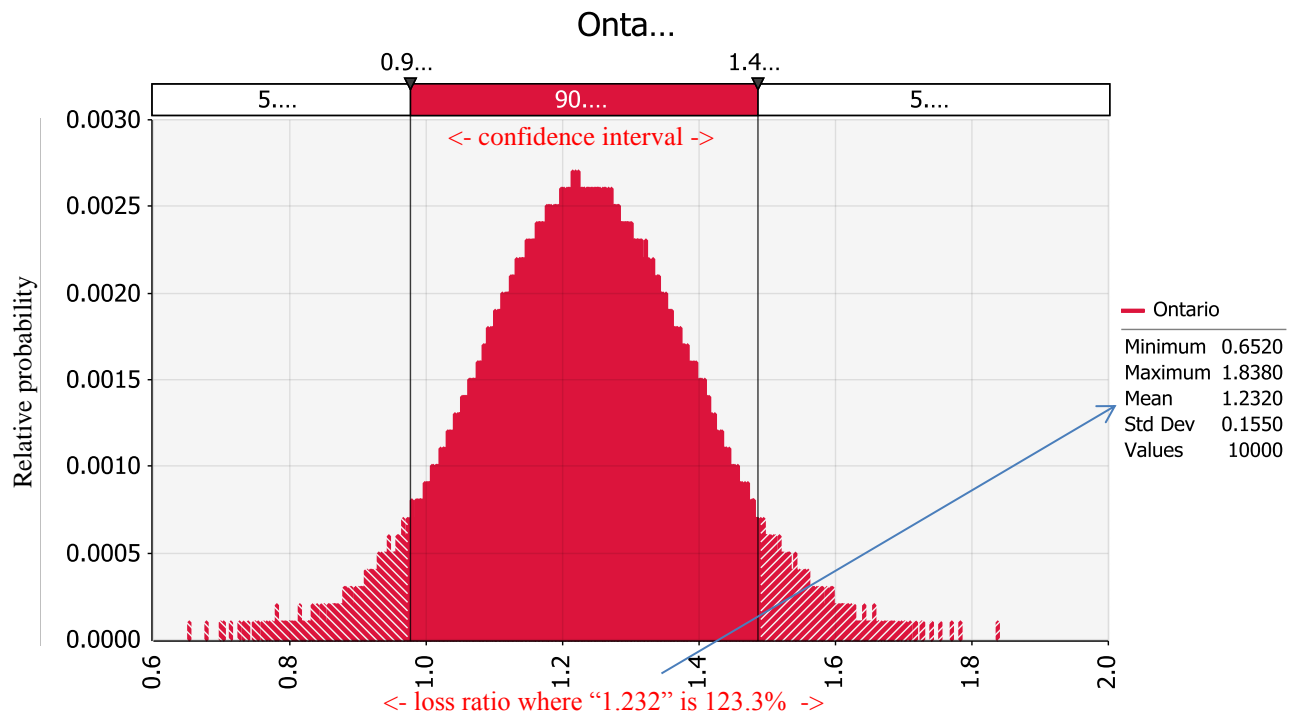
The operating results for calendar year 2017 include actual development on accident years 2016 and prior incurred claims amounts, up to and including activity in the month of May 2017. No further nominal development (favourable or unfavourable) is projected for the remainder of the calendar year (actuarial present value adjustments are expected to change as nominal claims liabilities are unwound with claims settlement). Similarly, no nominal prior accident year development is projected during calendar year 2018, but actuarial present value adjustment changes are projected to occur as claims liabilities are unwound. The discount rates and margins for adverse development are unchanged throughout the projection period.

3.3 Simulated 2018 Accident Year Nominal Loss Ratio

The overall “normal course” nominal loss ratio for accident year 2018 for each RSP could be modelled using a normal distribution with a mean set at the a priori loss ratio and standard deviations¹⁴ based on our a priori loss ratios (indemnity only) by accident half for 2006-2015 put on-level, and smoothed. This would not necessarily take into account “stress” events and users are strongly urged to consider “stress” scenarios in addition to these “normal course” simulated loss ratios. Further, this assumes that the baseline a priori estimates will prove to be the “best estimate” loss ratio for accident year 2018 – this estimate may change over time due to modelling differences and changes in historical loss ratios etc. that are used to derive this estimate.

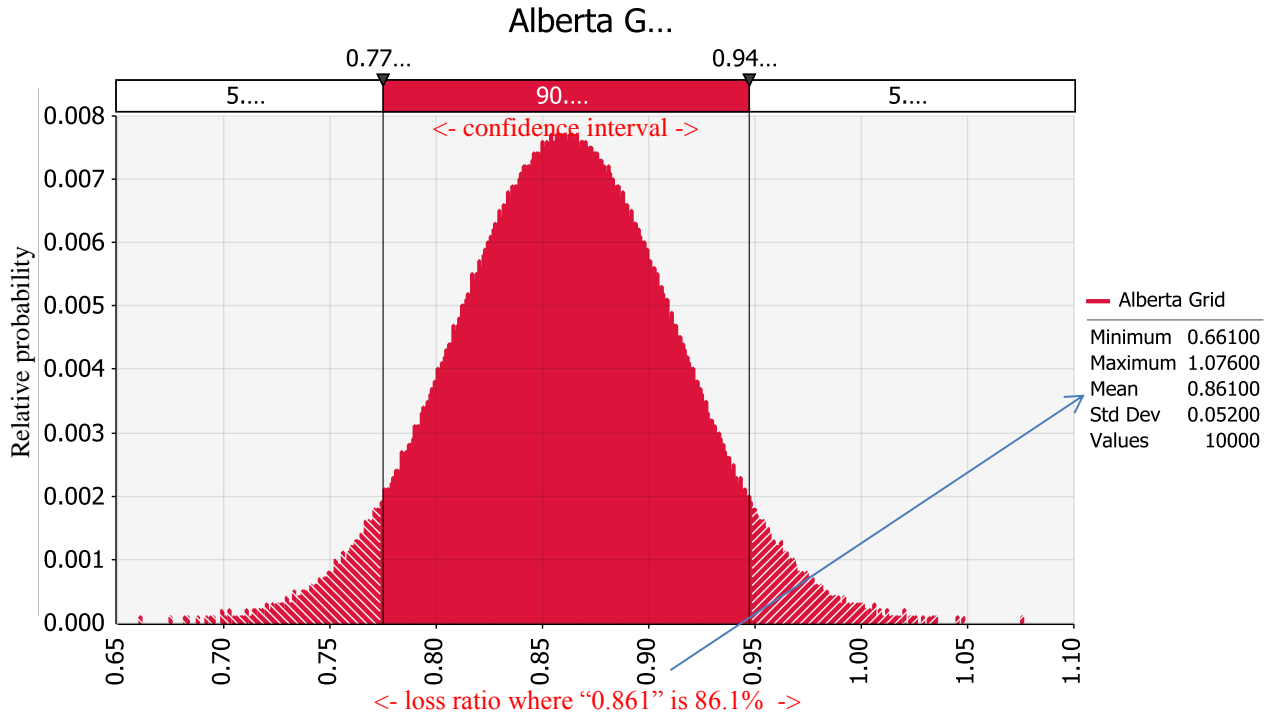
Histograms for the loss ratio modeling by RSP for accident year 2018 is presented below based on latin hypercube sampling (10,000 samples) using @risk simulation software, and, again, assuming loss ratios follow a normal distribution under “non-stressed” scenarios.

Projection Summary – Ontario RSP Accident Year 2018 Nominal Loss Ratio (non-stressed)

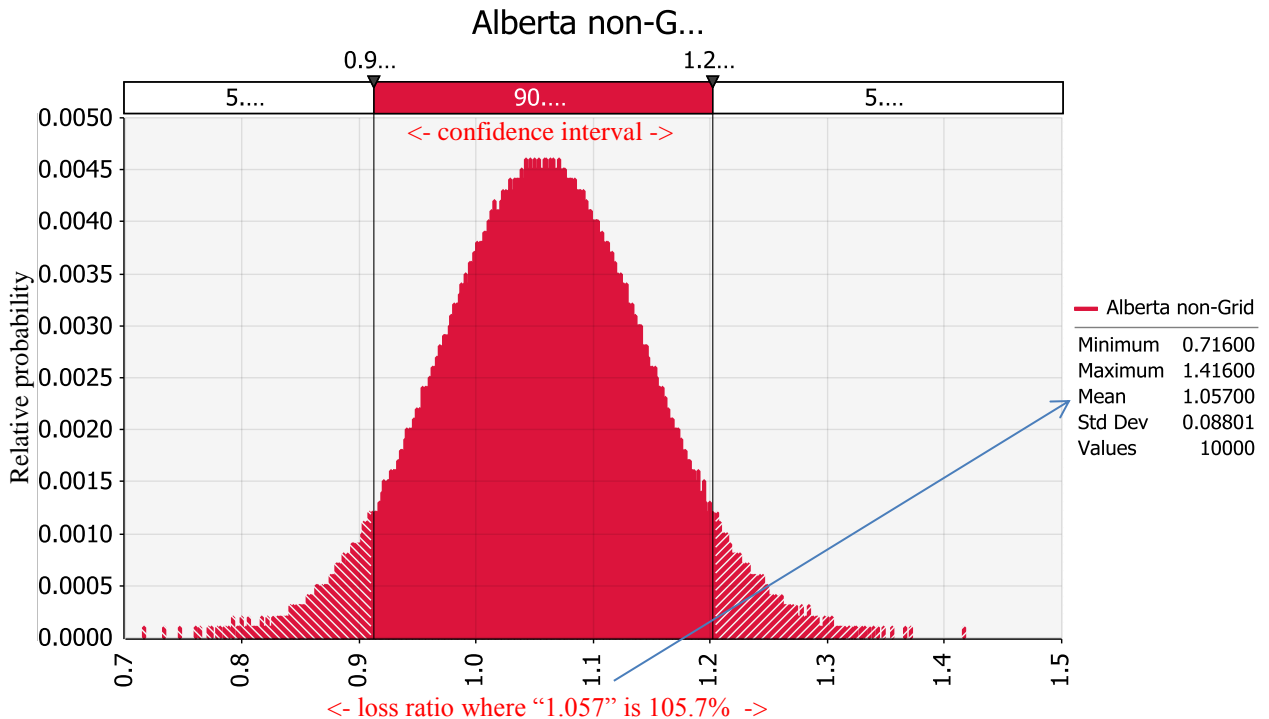


¹⁴These standard deviations are estimated from on-level a priori loss ratios for each RSP under “base line” assumptions – not “stressed” assumptions.

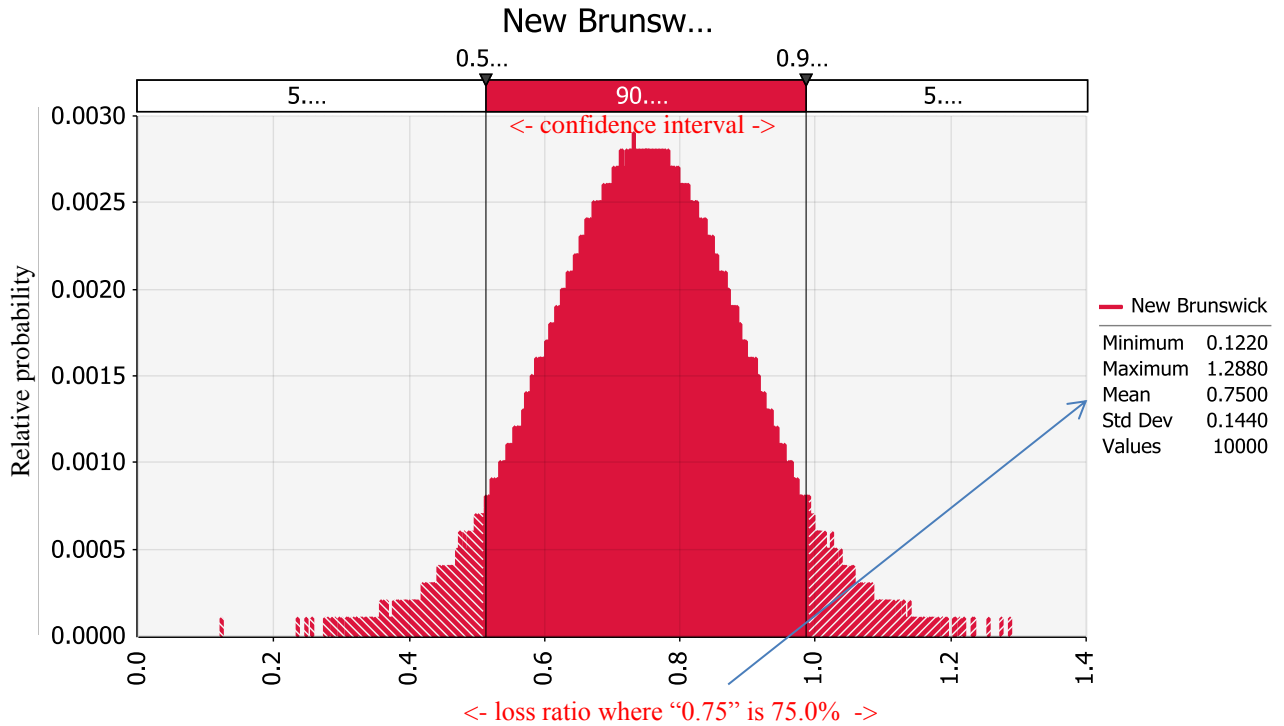
Projection Summary – Alberta Grid RSP Accident Year 2018 Nominal Loss Ratio (non-stressed)



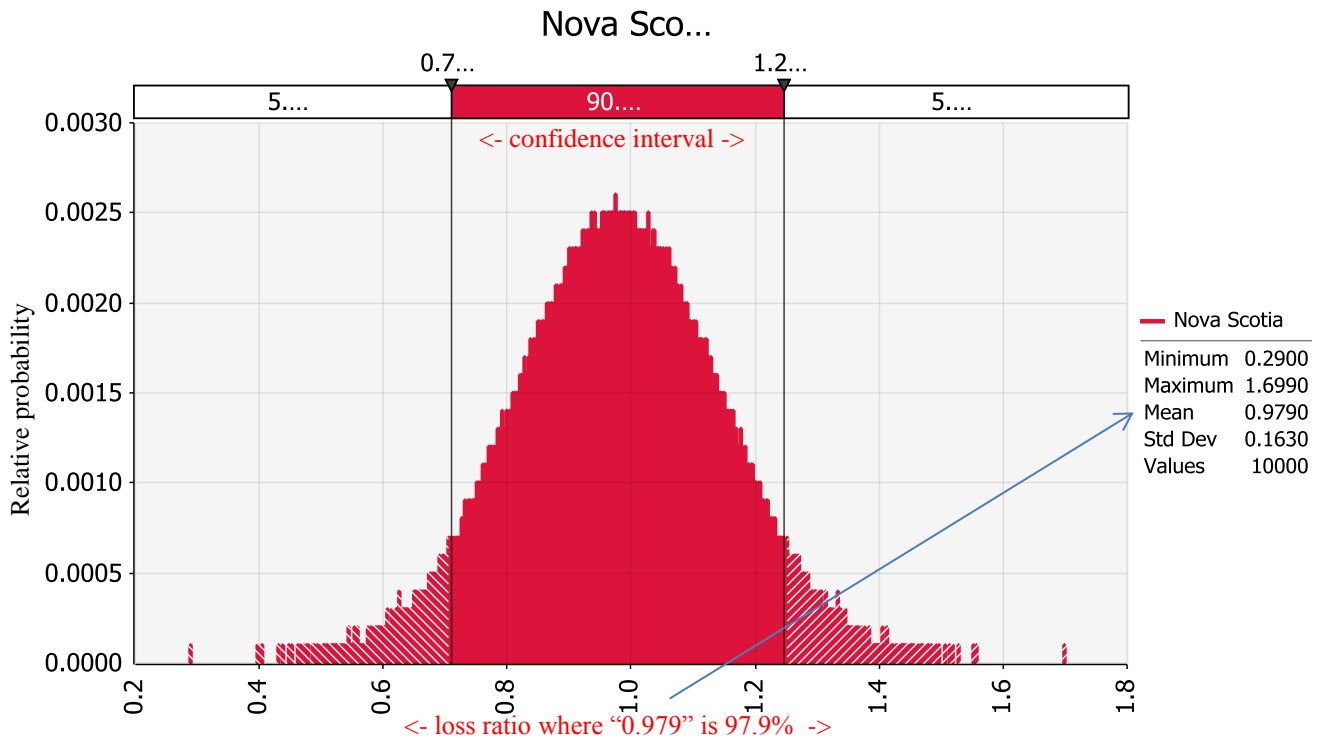
Projection Summary – Alberta Non-Grid RSP Accident Year 2018 Nominal Loss Ratio (non-stressed)



Projection Summary – New Brunswick RSP Accident Year 2018 Nominal Loss Ratio (non-stressed)



Projection Summary – Nova Scotia RSP Accident Year 2018 Nominal Loss Ratio (non-stressed)



The above histograms of simulated results for the RSPs' 2018 accident year nominal loss ratios were based on simulated (generated) loss ratios assuming the base line loss ratios and associated standard deviations as presented in the next table.

Projection Summary – Accident Year 2018 Nominal Loss Ratio – Generator Assumptions

Facility Association

a priori LRs - distribution estimates

for valuation: **Dec 31, 2016**

RSP: **ALL**

Amounts in: \$1,000s

Jurisdiction	2018 From Projection			From a priori Model		Scenario Claims	
	EP	CAY Loss Ratios (nominal)	CAY claims	Loss Ratio CV	estimated Loss Ratio std dev	generated claims	generated Claims Ratio
Ontario	330,658	123.2%	407,371	12.6%	15.5%	407,371	123.2%
Alberta Grid	154,638	86.1%	133,143	6.0%	5.2%	133,143	86.1%
Alberta non-Grid	105,213	105.7%	111,210	8.3%	8.8%	111,210	105.7%
New Brunswick	15,074	75.0%	11,306	19.2%	14.4%	11,306	75.0%
Nova Scotia	34,686	97.9%	33,958	16.6%	16.3%	33,958	97.9%
ALL	640,269	108.9%	696,988	5.6%	6.1%	696,988	108.9%

Please see section 3.2 for a priori loss ratios and associated charts by RSP.

3.4 Expenses

Expense allowances are the amounts paid to Members as a percentage of (written) premiums transferred to an RSP, in respect of commissions and other underwriting expenses, as well as claims adjustment expenses. The expense allowance ratios applied to the estimated premiums transferred during calendar year 2018 were selected as follows:

- **Ontario RSP.** The expense allowance ratios vary by Member, subject to a maximum (as approved annually by the FA Board) with the calendar year 2017 maximum communicated to Members in Bulletin F16-065 and the calendar year 2018 maximum assumed to be unchanged from 2017 (the FA Board will decide on the calendar year 2018 maximum later during 2017).
- **Other RSPs.** The expense allowances for each calendar year and RSP are approved annually by the FA Board. The calendar year 2017 ratios are those approved for calendar year 2017, as communicated to Members in Bulletins F16-066 (Alberta), F16-067 (New Brunswick), and F16-068 (Nova Scotia). The calendar year 2018 ratios are assumed to be unchanged from 2017 (the FA Board will decide on the calendar year 2018 allowances later during 2017).

Calendar year 2018 changes in premium deficiency / (deferred policy acquisition costs) are estimated by applying loss ratios and future servicing cost ratios to the starting and ending projected

unearned premiums. The underlying premium deficiency ratios were derived on the basis of the expected loss ratios for accident year 2018 and 2019 as applicable, and expected future servicing costs estimated at the rate of 50% of administration expenses. Where the sum of these ratios was less than 100% (i.e. thus giving rise to an asset rather than a liability), the asset value was capped on the basis of the expense allowance ratio.

Administration Expenses for calendar year 2018 were projected as percentages of written premiums based on actual expenses-to-written premium ratios in recent years.

Calendar Year 2018 Expense Ratio Projections						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Expense Allowance (% WP)	29.5%	28.9%	28.9%	31.9%	31.0%	29.4%
Administrative Expense (% WP)	0.5%	0.6%	0.9%	5.1%	3.5%	0.9%
prem def / (dpac) (% UP)	42.9%	(4.8%)	16.9%	(16.1%)	10.7%	n/a

3.5 Operating Cash Flows

Net cash flows from operations for the RSPs are projected to be an overall outflow of \$195.8 million for calendar year **2018** as presented in the table at the top of the next page. Higher projected claims payments, particularly with respect to the ON RSP, are the main drivers of the difference between the calendar year **2018** projection and the calendar year **2017** projections. Should volumes not change during 2018 as anticipated or payments prove higher than expected, net operating cash flows would be adversely impacted.

Projection Summary – Calendar Year 2018 – Net Operating Cash Flows

Calendar Year 2018 Net Operating Cash Flow Projections (\$'000s)						
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	TOTAL
Written Premium	327,592	150,876	106,561	15,122	35,818	635,969
PAYs Paid Claims						
paid indemnity	192,847	72,499	45,995	3,688	7,944	322,973
paid allowed claims expense	25,884	6,303	3,428	262	529	36,406
PAYs Paid Claims	218,731	78,802	49,423	3,950	8,473	359,379
CAYs Paid Claims						
paid indemnity	161,320	50,392	51,004	5,246	9,977	277,939
paid allowed claims expense	1,629	202	153	11	40	2,035
CAYs Paid Claims	162,949	50,594	51,157	5,257	10,017	279,974
All AYs Paid Claims						
paid indemnity	354,167	122,891	96,999	8,934	17,921	600,912
paid allowed claims expense	27,513	6,505	3,581	273	569	38,441
All AYs Paid Claims	381,680	129,396	100,580	9,207	18,490	639,353
"Cash" Expenses						
Member Expense Allowance	96,643	43,603	30,795	4,824	11,103	186,968
Administrative Expenses	1,572	874	1,001	771	1,253	5,471
"Cash" Expenses	98,215	44,477	31,796	5,595	12,356	192,439
2018 Net Operating Cash Flow	(152,303)	(22,997)	(25,815)	320	4,972	(195,823)
2017 Net Operating Cash Flow						
Sep 28, 2016 Outlook	(62,312)	(16,200)	(15,536)	(782)	(2,305)	(97,135)
May 31, 2017 Projection	(99,214)	(22,918)	(28,174)	1,036	7,168	(142,101)

Net operating cash flows are settled with members monthly based on their premium / claims payments transferred to the RSPs and for shares by accident year of the overall cash flows.

Historic net operating cash flows by RSP are presented in the tables that follow for reference.

Ontario RSP Historic Operating Cash Flows by Share Year

RSP Ontario	Share (i.e. Calendar) Year					
	2016	2015	2014	2013	2012	2011
written premium	336.1	239.0	278.6	277.6	308.7	297.2
expense allowance	99.7	70.5	87.0	84.1	90.9	85.8
administration	1.3	1.3	1.2	1.4	1.4	1.3
prem net of expenses	235.0	167.2	190.4	192.1	216.4	210.1
paid claims						
PAYs indemnity	177.7	165.8	155.1	163.6	163.1	200.7
PAY claims expenses	24.3	23.4	25.5	24.5	21.3	26.5
CAY indemnity	101.5	87.7	80.9	80.9	71.2	73.2
CAY clms expenses	0.5	0.5	1.1	1.2	1.2	1.7
all yrs indemnity	279.2	253.5	235.9	244.5	234.3	273.9
all yrs clms expenses	24.8	23.9	26.6	25.7	22.5	28.2
total claims & expenses paid	303.9	277.4	262.5	270.2	256.9	302.1
operating cash flow	(68.9)	(110.2)	(72.2)	(78.1)	(40.4)	(92.0)

values are carried in table to 3 decimals - rounding differences may result

Alberta Grid RSP Historic Operating Cash Flows by Share Year

RSP Alberta Grid	Share (i.e. Calendar) Year					
	2016	2015	2014	2013	2012	2011
written premium	148.5	138.3	155.8	135.9	160.3	191.6
expense allowance	44.7	39.1	44.4	38.1	47.0	54.8
administration	0.9	0.8	0.8	0.8	0.8	1.0
prem net of expenses	102.8	98.3	110.6	96.9	112.5	135.8
paid claims						
PAYs indemnity	68.7	79.4	81.3	84.9	74.8	80.5
PAY claims expenses	5.6	5.7	6.1	6.2	6.8	6.4
CAY indemnity	39.5	47.2	42.5	42.7	51.8	55.7
CAY clms expenses	0.1	0.2	0.2	0.2	0.3	0.2
all yrs indemnity	108.3	126.6	123.8	127.6	126.5	136.2
all yrs clms expenses	5.7	5.9	6.3	6.3	7.1	6.6
total claims & expenses paid	114.0	132.5	130.1	133.9	133.6	142.8
operating cash flow	(11.1)	(34.2)	(19.5)	(37.0)	(21.2)	(7.0)

values are carried in table to 3 decimals - rounding differences may result

Alberta Non-Grid RSP Historic Operating Cash Flows by Share Year

\$millions	RSP Alberta Non-Grid					
	Share (i.e. Calendar) Year					
	2016	2015	2014	2013	2012	2011
written premium	99.7	86.0	88.4	81.9	80.8	75.8
expense allowance	30.0	24.3	25.2	23.0	23.7	21.7
administration	0.9	0.8	0.8	0.8	0.8	0.9
prem net of expenses	68.8	60.9	62.5	58.1	56.3	53.1
paid claims						
PAYs indemnity	42.5	41.8	39.0	33.8	31.4	25.3
PAY claims expenses	2.5	2.4	2.5	2.4	2.1	2.0
CAY indemnity	49.7	40.0	40.5	34.2	31.0	33.1
CAY clms expenses	0.1	0.1	0.1	0.1	0.1	0.1
all yrs indemnity	92.1	81.9	79.5	68.1	62.4	58.4
all yrs clms expenses	2.6	2.5	2.6	2.5	2.3	2.1
total claims & expenses paid	94.8	84.4	82.1	70.6	64.7	60.5
operating cash flow	(26.0)	(23.5)	(19.7)	(12.5)	(8.4)	(7.3)

values are carried in table to 3 decimals - rounding differences may result

New Brunswick RSP Historic Operating Cash Flows by Share Year

\$millions	RSP New Brunswick					
	Share (i.e. Calendar) Year					
	2016	2015	2014	2013	2012	2011
written premium	9.7	11.2	9.5	9.6	11.3	9.0
expense allowance	3.4	3.9	3.1	3.2	3.9	2.9
administration	0.5	0.5	0.5	0.5	0.6	0.7
prem net of expenses	5.8	6.8	5.9	5.9	6.9	5.4
paid claims						
PAYs indemnity	2.6	2.5	3.1	5.3	3.2	3.0
PAY claims expenses	0.4	0.5	0.5	0.5	0.5	0.5
CAY indemnity	3.2	3.4	3.0	2.9	2.7	2.9
CAY clms expenses	0.0	0.0	0.0	0.0	0.0	0.0
all yrs indemnity	5.8	6.0	6.1	8.2	5.9	5.9
all yrs clms expenses	0.4	0.5	0.5	0.5	0.5	0.5
total claims & expenses paid	6.3	6.5	6.7	8.8	6.4	6.3
operating cash flow	(0.4)	0.2	(0.7)	(2.9)	0.5	(0.9)

values are carried in table to 3 decimals - rounding differences may result

Nova Scotia RSP Historic Operating Cash Flows by Share Year

\$millions	RSP Nova Scotia					
	Share (i.e. Calendar) Year					
	2016	2015	2014	2013	2012	2011
written premium	15.2	14.5	13.6	13.0	15.0	11.4
expense allowance	5.3	5.0	4.5	4.4	5.1	3.7
administration	0.5	0.5	0.4	0.5	0.5	0.5
prem net of expenses	9.4	9.0	8.7	8.2	9.4	7.1
paid claims						
PAYs indemnity	4.9	5.8	5.2	5.6	5.0	1.9
PAY claims expenses	0.6	0.3	0.3	0.3	0.2	0.1
CAY indemnity	3.8	3.9	4.0	4.4	4.2	4.3
CAY clms expenses	0.0	0.0	0.0	0.0	0.0	0.0
all yrs indemnity	8.7	9.7	9.2	10.0	9.2	6.2
all yrs clms expenses	0.6	0.3	0.3	0.3	0.2	0.2
total claims & expenses paid	9.3	10.0	9.5	10.4	9.4	6.4
operating cash flow	0.1	(1.1)	(0.9)	(2.2)	(0.1)	0.8

values are carried in table to 3 decimals - rounding differences may result

4. EXHIBITS

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

EXHIBIT A Key Assumptions (counts, premium, loss ratios)

- A-1 Ontario
- A-2 Alberta Grid
- A-3 Alberta Non-Grid
- A-4 New Brunswick
- A-5 Nova Scotia

EXHIBIT B RSP Outlook – Summary of Operations

- B-1 Ontario
- B-2 Alberta Grid
- B-3 Alberta Non-Grid
- B-4 New Brunswick
- B-5 Nova Scotia

EXHIBIT C RSP Outlook – Projected Policy Liabilities

- C-1 Ontario
- C-2 Alberta Grid
- C-3 Alberta Non-Grid
- C-4 New Brunswick
- C-5 Nova Scotia

Exhibit A-1

Key Assumptions - Ontario RSP							
	Written Exposures	Average Written Premium	Written Premium (\$000s)	Earned Premium (\$000s)	earned rate change	claims trend	Ultimate Loss Ratio (nominal)
Amounts							
2016	183,082	1,836	336,050	270,863	(0.3%)	3.1%	120.7%
2017	191,257	1,850	353,777	367,710	(2.0%)	0.5%	118.6%
2018	175,746	1,864	327,592	330,658	(1.2%)	3.2%	123.2%
Change	%	%	%	%	pts	pts	pts
2017	4.5%	0.8%	5.3%	35.8%	(1.7)	(2.6)	(2.1)
2018	(8.1%)	0.8%	(7.4%)	(10.1%)	0.8	2.7	4.6

Selected Claims Development MfADs (Mar. 31, 2017)

Accident Year	Third Party Liability	Accident Benefits	Other Coverages	Total
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	8.8%	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%	9.8%	10.0%
2012	12.5%	12.5%	11.6%	12.5%
2013	15.0%	15.0%	14.5%	15.0%
2014	17.5%	17.5%	16.8%	17.5%
2015	17.5%	17.5%	16.3%	17.5%
2016	19.9%	20.0%	14.7%	19.9%
2017	19.1%	20.0%	6.8%	19.1%
2018	20.0%	20.0%	20.0%	20.0%
prem liab	14.6%	20.0%	5.3%	14.8%

discount rate: 1.04%
margin (basis points): 25

Exhibit A-2

Key Assumptions - Alberta Grid RSP							
	Written Exposures	Average Written Premium	Written Premium (\$000s)	Earned Premium (\$000s)	earned rate change	claims trend	Ultimate Loss Ratio (nominal)
Amounts							
2016	63,360	2,343	148,471	131,818	7.6%	4.5%	92.6%
2017	61,303	2,453	150,391	152,567	6.1%	4.5%	86.5%
2018	60,543	2,492	150,876	154,638	2.2%	4.5%	86.1%
Change	%	%	%	%	pts	pts	pts
2017	(3.2%)	4.7%	1.3%	15.7%	(1.5)	-	(6.1)
2018	(1.2%)	1.6%	0.3%	1.4%	(3.9)	(0.0)	(0.4)

Selected Claims Development MfADs (Mar. 31, 2017)

Accident Year	Third Party Liability	Accident Benefits	Other Coverages	Total
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%	9.6%	10.0%
2011	10.0%	10.0%	9.9%	10.0%
2012	10.0%	10.0%	9.7%	10.0%
2013	10.0%	10.0%	10.0%	10.0%
2014	12.5%	10.0%	12.5%	12.5%
2015	12.5%	10.0%	12.5%	12.5%
2016	12.4%	10.0%	9.7%	12.3%
2017	12.1%	10.0%	7.2%	11.8%
2018	12.5%	10.0%	12.5%	12.5%
prem liab	11.8%	10.0%	5.2%	9.8%

discount rate: 0.98%
 margin (basis points): 25

Exhibit A-3

Key Assumptions - Alberta Non-Grid RSP							
	Written Exposures	Average Written Premium	Written Premium (\$000s)	Earned Premium (\$000s)	earned rate change	claims trend	Ultimate Loss Ratio (nominal)
Amounts							
2016	67,752	1,471	99,669	90,473	6.3%	4.6%	116.3%
2017	67,899	1,505	102,174	100,003	5.5%	4.7%	106.4%
2018	69,779	1,527	106,561	105,213	2.3%	4.7%	105.7%
Change	%	%	%	%	pts	pts	pts
2017	0.2%	2.3%	2.5%	10.5%	(0.8)	0.1	(9.9)
2018	2.8%	1.5%	4.3%	5.2%	(3.2)	(0.0)	(0.7)

Selected Claims Development MfADs (Mar. 31, 2017)

Accident Year	Third Party Liability	Accident Benefits	Other Coverages	Total
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%	9.7%	10.0%
2011	10.0%	10.0%	10.0%	10.0%
2012	10.0%	10.0%	8.9%	10.0%
2013	10.0%	10.0%	10.0%	10.0%
2014	12.5%	10.0%	12.1%	12.5%
2015	12.5%	10.0%	12.3%	12.4%
2016	12.4%	10.0%	12.5%	12.4%
2017	12.1%	10.0%	7.8%	11.7%
2018	12.5%	10.0%	12.5%	12.5%
prem liab	11.8%	10.0%	5.1%	8.8%

discount rate: 0.99%
margin (basis points): 25

Exhibit A-4

Key Assumptions - New Brunswick RSP							
	Written Exposures	Average Written Premium	Written Premium (\$000s)	Earned Premium (\$000s)	earned rate change	claims trend	Ultimate Loss Ratio (nominal)
Amounts							
2016	8,502	1,146	9,742	9,977	2.7%	3.2%	70.5%
2017	11,230	1,233	13,848	11,523	2.3%	3.2%	75.2%
2018	12,042	1,256	15,122	15,074	1.8%	2.9%	75.0%
Change	%	%	%	%	pts	pts	pts
2017	32.1%	7.6%	42.1%	15.5%	(0.4)	-	4.7
2018	7.2%	1.9%	9.2%	30.8%	(0.5)	(0.3)	(0.2)

Selected Claims Development MfADs (Mar. 31, 2017)

Accident Year	Third Party Liability	Accident Benefits	Other Coverages	Total
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%	5.0%	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	12.5%	10.0%	10.3%	12.0%
2015	12.5%	10.0%	11.9%	12.3%
2016	12.5%	10.0%	9.9%	12.1%
2017	12.4%	10.0%	5.9%	11.7%
2018	12.5%	10.0%	12.5%	12.5%
prem liab	11.8%	10.0%	5.1%	9.5%

discount rate: 0.95%
margin (basis points): 25

Exhibit A-5

Key Assumptions - Nova Scotia RSP							
	Written Exposures	Average Written Premium	Written Premium (\$000s)	Earned Premium (\$000s)	earned rate change	claims trend	Ultimate Loss Ratio (nominal)
Amounts							
2016	12,555	1,209	15,183	14,799	1.7%	4.0%	89.7%
2017	20,942	1,441	30,185	20,325	1.7%	4.0%	97.4%
2018	24,004	1,492	35,818	34,686	2.5%	4.0%	97.9%
Change	%	%	%	%	pts	pts	pts
2017	66.8%	19.2%	98.8%	37.3%	-	-	7.7
2018	14.6%	3.5%	18.7%	70.7%	0.8	0.0	0.5

Selected Claims Development MfADs (Mar. 31, 2017)

Accident Year	Third Party Liability	Accident Benefits	Other Coverages	Total
	Margins	Margins	Margins	Margins
2007	9.9%	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%	5.0%	10.0%
2011	10.0%	10.0%	10.0%	10.0%
2012	10.0%	10.0%	10.0%	10.0%
2013	12.5%	10.0%	12.5%	12.4%
2014	12.5%	10.0%	12.5%	12.4%
2015	12.5%	10.0%	12.5%	12.4%
2016	12.5%	10.0%	12.5%	12.3%
2017	12.4%	10.0%	6.9%	12.1%
2018	12.5%	10.0%	12.5%	12.5%
prem liab	12.1%	10.0%	5.1%	10.7%

discount rate: 0.93%
margin (basis points): 25

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in \$ thousands	201801	201802	201803	201804	201805	201806	201807	201808	201809	201810	201811	201812
Underwriting Revenue												
written premium	22,475	21,565	25,238	24,117	31,805	32,204	31,319	32,325	29,386	27,780	25,915	23,463
decrease / (increase) in unearned	7,973	6,814	3,994	3,519	(4,762)	(6,004)	(4,065)	(4,318)	(1,753)	(645)	488	1,825
earned premium	30,448	28,379	29,232	27,636	27,043	26,200	27,254	28,007	27,633	27,135	26,403	25,288
Claims Incurred												
Prior Accident Years												
Undiscounted	-	-	-	-	-	-	-	-	-	-	-	-
effect of discounting	(3,089)	(2,871)	(2,421)	(2,815)	(2,733)	(2,667)	(2,603)	(2,166)	(2,109)	(2,441)	(2,377)	(2,667)
Discounted	(3,089)	(2,871)	(2,421)	(2,815)	(2,733)	(2,667)	(2,603)	(2,166)	(2,109)	(2,441)	(2,377)	(2,667)
Current Accident Year												
Undiscounted	37,512	34,963	36,015	34,047	33,317	32,279	33,577	34,504	34,044	33,430	32,529	31,155
effect of discounting	5,501	4,986	4,973	4,468	4,127	3,658	3,473	3,095	2,455	1,670	712	(375)
Discounted	43,013	39,949	40,988	38,515	37,444	35,937	37,050	37,599	36,499	35,100	33,241	30,780
Claims Incurred	39,924	37,078	38,567	35,700	34,711	33,270	34,447	35,433	34,390	32,659	30,864	28,113
Underwriting Expenses												
Expense Allowance	6,630	6,362	7,446	7,115	9,383	9,501	9,239	9,536	8,669	8,195	7,645	6,922
% wp	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%	29.5%
Premium Deficiency / (DPAC)												
Undiscounted	(1,851)	(1,505)	(746)	(540)	1,587	1,994	1,686	1,833	1,246	1,044	804	473
effect of discounting	(1,194)	(1,013)	(577)	(493)	771	973	701	748	364	207	39	(165)
Discounted	(3,045)	(2,518)	(1,323)	(1,033)	2,358	2,967	2,387	2,581	1,610	1,251	843	308
Underwriting Expenses	3,585	3,844	6,123	6,082	11,741	12,468	11,626	12,117	10,279	9,446	8,488	7,230
Net Underwriting Gain (Loss)	(13,061)	(12,543)	(15,458)	(14,146)	(19,409)	(19,538)	(18,819)	(19,543)	(17,036)	(14,970)	(12,949)	(10,055)
Administrative Expenses	108	104	121	116	152	154	150	156	141	133	124	113
Operating Result	(13,169)	(12,647)	(15,579)	(14,262)	(19,561)	(19,692)	(18,969)	(19,699)	(17,177)	(15,103)	(13,073)	(10,168)
Ratios												
Claims & Adj. Expenses to EP												
Prior Accident Year	(10.1%)	(10.1%)	(8.3%)	(10.2%)	(10.1%)	(10.2%)	(9.6%)	(7.7%)	(7.6%)	(9.0%)	(9.0%)	(10.5%)
Current Accident Year	141.3%	140.8%	140.2%	139.4%	138.5%	137.2%	135.9%	134.2%	132.1%	129.4%	125.9%	121.7%
All Accident Years Combined	131.2%	130.7%	131.9%	129.2%	128.4%	127.0%	126.3%	126.5%	124.5%	120.4%	116.9%	111.2%
Underwriting & Admin Exp (EP)	12.1%	13.9%	21.4%	22.4%	44.0%	48.2%	43.2%	43.8%	37.7%	35.3%	32.6%	29.0%
Combined Operating Ratio	143.3%	144.6%	153.3%	151.6%	172.4%	175.2%	169.5%	170.3%	162.2%	155.7%	149.5%	140.2%

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Ontario ON	100	FULL YEAR						
in \$ thousands		2016	2017	2018	Change during 2017		Change during 2018	
					Amount	%	Amount	%
Underwriting Revenue								
written premium		336,050	353,777	327,592	17,727	5.3%	(26,185)	(7.4%)
decrease / (increase) in unearned		(65,187)	13,933	3,066	79,120	(121.4%)	(10,867)	(78.0%)
earned premium		270,863	367,710	330,658	96,847	35.8%	(37,052)	(10.1%)
Claims Incurred								
Prior Accident Years								
Undiscounted		(70,535)	(32,721)	-	37,814	(53.6%)	32,721	(100.0%)
effect of discounting		(36,400)	(40,399)	(30,959)	(3,999)	11.0%	9,440	(23.4%)
Discounted		(106,935)	(73,120)	(30,959)	33,815	(31.6%)	42,161	(57.7%)
Current Accident Year								
Undiscounted		323,542	436,803	407,372	113,261	35.0%	(29,431)	(6.7%)
effect of discounting		38,551	46,388	38,743	7,837	20.3%	(7,645)	(16.5%)
Discounted		362,093	483,191	446,115	121,098	33.4%	(37,076)	(7.7%)
Claims Incurred		255,158	410,071	415,156	154,913	60.7%	5,085	1.2%
Underwriting Expenses								
Expense Allowance		99,734	105,673	96,643	5,939	6.0%	(9,030)	(8.5%)
% wp		29.7%	29.9%	29.5%	0.2%		(0.4%)	
Premium Deficiency / (DPAC)								
Undiscounted		7,830	7,317	6,025	(513)	(6.6%)	(1,292)	(17.7%)
effect of discounting		11,309	(4,175)	361	(15,484)	(136.9%)	4,536	(108.6%)
Discounted		19,139	3,142	6,386	(15,997)	(83.6%)	3,244	103.2%
Underwriting Expenses		118,873	108,815	103,029	(10,058)	(8.5%)	(5,786)	(5.3%)
Net Underwriting Gain (Loss)		(103,168)	(151,176)	(187,527)	(48,008)	46.5%	(36,351)	24.0%
Administrative Expenses		1,308	1,570	1,572	262	20.0%	2	0.1%
Operating Result		(104,476)	(152,746)	(189,099)	(48,270)	46.2%	(36,353)	23.8%
Ratios								
Claims & Adj. Expenses to EP								
Prior Accident Year		(39.5%)	(19.9%)	(9.4%)	19.6%		10.5%	
Current Accident Year		133.7%	131.4%	134.9%	(2.3%)		3.5%	
All Accident Years Combined		94.2%	111.5%	125.5%	17.3%		14.0%	
Underwriting & Admin Exp (EP)		44.4%	30.0%	31.6%	(14.4%)		1.6%	
Combined Operating Ratio		138.6%	141.5%	157.1%	2.9%		15.6%	

Exhibit B-2
 Alberta Grid RSP
 Summary of Operations

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in \$ thousands	201801	201802	201803	201804	201805	201806	201807	201808	201809	201810	201811	201812
Underwriting Revenue												
written premium	8,011	8,133	10,711	12,239	14,055	15,769	15,396	15,241	15,238	14,480	11,872	9,731
decrease / (increase) in unearned	4,864	4,063	2,036	333	(1,463)	(3,057)	(2,407)	(1,786)	(1,651)	(953)	1,197	2,586
earned premium	12,875	12,196	12,747	12,572	12,592	12,712	12,989	13,455	13,587	13,527	13,069	12,317
Claims Incurred												
Prior Accident Years												
Undiscounted	-	-	-	-	-	-	-	-	-	-	-	-
effect of discounting	(476)	(838)	(749)	(659)	(588)	(696)	(492)	(439)	(511)	(374)	(559)	(711)
Discounted	(476)	(838)	(749)	(659)	(588)	(696)	(492)	(439)	(511)	(374)	(559)	(711)
Current Accident Year												
Undiscounted	11,085	10,501	10,975	10,824	10,841	10,945	11,184	11,585	11,698	11,647	11,252	10,605
effect of discounting	979	907	923	878	836	786	734	664	553	376	148	(151)
Discounted	12,064	11,408	11,898	11,702	11,677	11,731	11,918	12,249	12,251	12,023	11,400	10,454
Claims Incurred	11,588	10,570	11,149	11,043	11,089	11,035	11,426	11,810	11,740	11,649	10,841	9,743
Underwriting Expenses												
Expense Allowance	2,315	2,350	3,095	3,537	4,062	4,558	4,449	4,405	4,404	4,185	3,431	2,812
% wp	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%
Premium Deficiency / (DPAC)												
Undiscounted	662	568	316	107	(106)	(295)	(180)	(64)	(20)	97	374	543
effect of discounting	(324)	(270)	(134)	(16)	105	213	174	132	127	80	(65)	(156)
Discounted	338	298	182	91	(1)	(82)	(6)	68	107	177	309	387
Underwriting Expenses	2,653	2,648	3,277	3,628	4,061	4,476	4,443	4,473	4,511	4,362	3,740	3,199
Net Underwriting Gain (Loss)	(1,366)	(1,022)	(1,679)	(2,099)	(2,558)	(2,799)	(2,880)	(2,828)	(2,664)	(2,484)	(1,512)	(625)
Administrative Expenses	46	47	62	71	82	91	89	88	89	84	69	56
Operating Result	(1,412)	(1,069)	(1,741)	(2,170)	(2,640)	(2,890)	(2,969)	(2,916)	(2,753)	(2,568)	(1,581)	(681)
Ratios												
Claims & Adj. Expenses to EP												
Prior Accident Year	(3.7%)	(6.9%)	(5.9%)	(5.2%)	(4.7%)	(5.5%)	(3.8%)	(3.3%)	(3.8%)	(2.8%)	(4.3%)	(5.8%)
Current Accident Year	93.7%	93.5%	93.3%	93.1%	92.7%	92.3%	91.8%	91.0%	90.2%	88.9%	87.2%	84.9%
All Accident Years Combined	90.0%	86.6%	87.4%	87.9%	88.0%	86.8%	88.0%	87.7%	86.4%	86.1%	82.9%	79.1%
Underwriting & Admin Exp (EP)	21.0%	22.1%	26.2%	29.4%	32.9%	35.9%	34.9%	33.9%	33.9%	32.9%	29.1%	26.4%
Combined Operating Ratio	111.0%	108.7%	113.6%	117.3%	120.9%	122.7%	122.9%	121.6%	120.3%	119.0%	112.0%	105.5%

Exhibit B-2
 Alberta Grid RSP
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Alberta Grid 200 AB Grid	FULL YEAR						
in \$ thousands	2016	2017	2018	Change during 2017		Change during 2018	
				Amount	%	Amount	%
Underwriting Revenue							
written premium	148,471	150,391	150,876	1,920	1.3%	485	0.3%
decrease / (increase) in unearned	(16,653)	2,176	3,762	18,829	(113.1%)	1,586	72.9%
earned premium	131,818	152,567	154,638	20,749	15.7%	2,071	1.4%
Claims Incurred							
Prior Accident Years							
Undiscounted	41,140	15,904	-	(25,236)	(61.3%)	(15,904)	(100.0%)
effect of discounting	(1,682)	(8,726)	(7,092)	(7,044)	418.8%	1,634	(18.7%)
Discounted	39,458	7,178	(7,092)	(32,280)	(81.8%)	(14,270)	(198.8%)
Current Accident Year							
Undiscounted	110,556	133,023	133,142	22,467	20.3%	119	0.1%
effect of discounting	7,515	7,687	7,633	172	2.3%	(54)	(0.7%)
Discounted	118,071	140,710	140,775	22,639	19.2%	65	-
Claims Incurred	157,529	147,888	133,683	(9,641)	(6.1%)	(14,205)	(9.6%)
Underwriting Expenses							
Expense Allowance	44,733	43,423	43,603	(1,310)	(2.9%)	180	0.4%
% wp	30.1%	28.9%	28.9%	(1.2%)		-	
Premium Deficiency / (DPAC)							
Undiscounted	689	6,935	2,002	6,246	906.5%	(4,933)	(71.1%)
effect of discounting	1,915	(511)	(134)	(2,426)	(126.7%)	377	(73.8%)
Discounted	2,604	6,424	1,868	3,820	146.7%	(4,556)	(70.9%)
Underwriting Expenses	47,337	49,847	45,471	2,510	5.3%	(4,376)	(8.8%)
Net Underwriting Gain (Loss)	(73,048)	(45,168)	(24,516)	27,880	(38.2%)	20,652	(45.7%)
Administrative Expenses	894	927	874	33	3.7%	(53)	(5.7%)
Operating Result	(73,942)	(46,095)	(25,390)	27,847	(37.7%)	20,705	(44.9%)
Ratios							
Claims & Adj. Expenses to EP							
Prior Accident Year	29.9%	4.7%	(4.6%)	(25.2%)		(9.3%)	
Current Accident Year	89.6%	92.2%	91.0%	2.6%		(1.2%)	
All Accident Years Combined	119.5%	96.9%	86.4%	(22.6%)		(10.5%)	
Underwriting & Admin Exp (EP)	36.6%	33.3%	30.0%	(3.3%)		(3.3%)	
Combined Operating Ratio	156.1%	130.2%	116.4%	(25.9%)		(13.8%)	

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 Alberta Non-Grid RSP
 Summary of Operations

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in \$ thousands	201801	201802	201803	201804	201805	201806	201807	201808	201809	201810	201811	201812
Underwriting Revenue												
written premium	7,527	7,258	8,947	9,597	9,763	9,726	9,740	9,708	9,818	9,526	8,187	6,764
decrease / (increase) in unearned	1,095	951	(341)	(1,034)	(1,151)	(1,012)	(855)	(566)	(612)	(361)	736	1,802
earned premium	8,622	8,209	8,606	8,563	8,612	8,714	8,885	9,142	9,206	9,165	8,923	8,566
Claims Incurred												
Prior Accident Years												
Undiscounted	-	-	-	-	-	-	-	-	-	-	-	-
effect of discounting	(515)	(482)	(471)	(393)	(336)	(402)	(320)	(272)	(306)	(323)	(259)	(427)
Discounted	(515)	(482)	(471)	(393)	(336)	(402)	(320)	(272)	(306)	(323)	(259)	(427)
Current Accident Year												
Undiscounted	9,114	8,677	9,096	9,051	9,103	9,210	9,392	9,663	9,731	9,687	9,432	9,054
effect of discounting	781	721	732	693	650	602	543	470	354	205	5	(256)
Discounted	9,895	9,398	9,828	9,744	9,753	9,812	9,935	10,133	10,085	9,892	9,437	8,798
Claims Incurred	9,380	8,916	9,357	9,351	9,417	9,410	9,615	9,861	9,779	9,569	9,178	8,371
Underwriting Expenses												
Expense Allowance	2,176	2,097	2,586	2,774	2,822	2,810	2,815	2,805	2,837	2,753	2,366	1,954
% wp	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%
Premium Deficiency / (DPAC)												
Undiscounted	(63)	(39)	67	140	176	181	207	213	242	247	171	85
effect of discounting	(82)	(71)	28	84	94	84	77	53	61	44	(39)	(121)
Discounted	(145)	(110)	95	224	270	265	284	266	303	291	132	(36)
Underwriting Expenses	2,031	1,987	2,681	2,998	3,092	3,075	3,099	3,071	3,140	3,044	2,498	1,918
Net Underwriting Gain (Loss)	(2,789)	(2,694)	(3,432)	(3,786)	(3,897)	(3,771)	(3,829)	(3,790)	(3,713)	(3,448)	(2,753)	(1,723)
Administrative Expenses	71	68	84	90	92	91	91	92	92	89	77	64
Operating Result	(2,860)	(2,762)	(3,516)	(3,876)	(3,989)	(3,862)	(3,920)	(3,882)	(3,805)	(3,537)	(2,830)	(1,787)
Ratios												
Claims & Adj. Expenses to EP												
Prior Accident Year	(6.0%)	(5.9%)	(5.5%)	(4.6%)	(3.9%)	(4.6%)	(3.6%)	(3.0%)	(3.3%)	(3.5%)	(2.9%)	(5.0%)
Current Accident Year	114.8%	114.5%	114.2%	113.8%	113.2%	112.6%	111.8%	110.8%	109.5%	107.9%	105.8%	102.7%
All Accident Years Combined	108.8%	108.6%	108.7%	109.2%	109.3%	108.0%	108.2%	107.8%	106.2%	104.4%	102.9%	97.7%
Underwriting & Admin Exp (EP)	24.4%	25.0%	32.1%	36.1%	37.0%	36.3%	35.9%	34.6%	35.1%	34.2%	28.9%	23.1%
Combined Operating Ratio	133.2%	133.6%	140.8%	145.3%	146.3%	144.3%	144.1%	142.4%	141.3%	138.6%	131.8%	120.8%

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Alberta Non-Grid RSP
Summary of Operations

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Alberta non-Grid 250 AB non-Grid	FULL YEAR						
	2016	2017	2018	Change during 2017		Change during 2018	
				Amount	%	Amount	%
in \$ thousands							
Underwriting Revenue							
written premium	99,669	102,174	106,561	2,505	2.5%	4,387	4.3%
decrease / (increase) in unearned	(9,196)	(2,171)	(1,348)	7,025	(76.4%)	823	(37.9%)
earned premium	90,473	100,003	105,213	9,530	10.5%	5,210	5.2%
Claims Incurred							
Prior Accident Years							
Undiscounted	2,286	2,049	-	(237)	(10.4%)	(2,049)	(100.0%)
effect of discounting	(3,163)	(6,195)	(4,506)	(3,032)	95.9%	1,689	(27.3%)
Discounted	(877)	(4,146)	(4,506)	(3,269)	372.7%	(360)	8.7%
Current Accident Year							
Undiscounted	102,363	106,871	111,210	4,508	4.4%	4,339	4.1%
effect of discounting	5,476	5,188	5,500	(288)	(5.3%)	312	6.0%
Discounted	107,839	112,059	116,710	4,220	3.9%	4,651	4.2%
Claims Incurred	106,962	107,913	112,204	951	0.9%	4,291	4.0%
Underwriting Expenses							
Expense Allowance	30,016	29,519	30,795	(497)	(1.7%)	1,276	4.3%
% wp	30.1%	28.9%	28.9%	(1.2%)		-	
Premium Deficiency / (DPAC)							
Undiscounted	1,003	3,697	1,627	2,694	268.6%	(2,070)	(56.0%)
effect of discounting	987	(181)	212	(1,168)	(118.3%)	393	(217.1%)
Discounted	1,990	3,516	1,839	1,526	76.7%	(1,677)	(47.7%)
Underwriting Expenses	32,006	33,035	32,634	1,029	3.2%	(401)	(1.2%)
Net Underwriting Gain (Loss)	(48,495)	(40,945)	(39,625)	7,550	(15.6%)	1,320	(3.2%)
Administrative Expenses	899	967	1,001	68	7.6%	34	3.5%
Operating Result	(49,394)	(41,912)	(40,626)	7,482	(15.1%)	1,286	(3.1%)
Ratios							
Claims & Adj. Expenses to EP							
Prior Accident Year	(1.0%)	(4.1%)	(4.3%)	(3.1%)		(0.2%)	
Current Accident Year	119.2%	112.1%	110.9%	(7.1%)		(1.2%)	
All Accident Years Combined	118.2%	108.0%	106.6%	(10.2%)		(1.4%)	
Underwriting & Admin Exp (EP)	36.4%	34.0%	32.0%	(2.4%)		(2.0%)	
Combined Operating Ratio	154.6%	142.0%	138.6%	(12.6%)		(3.4%)	

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 New Brunswick RSP
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in \$ thousands	201801	201802	201803	201804	201805	201806	201807	201808	201809	201810	201811	201812
Underwriting Revenue												
written premium	813	746	962	1,220	1,409	1,493	1,703	1,737	1,478	1,510	1,077	974
decrease / (increase) in unearned	342	376	219	(23)	(179)	(222)	(378)	(375)	(130)	(163)	217	268
earned premium	1,155	1,122	1,181	1,197	1,230	1,271	1,325	1,362	1,348	1,347	1,294	1,242
Claims Incurred												
Prior Accident Years												
Undiscounted	-	-	-	-	-	-	-	-	-	-	-	-
effect of discounting	(5)	(37)	(33)	(28)	(39)	(31)	(36)	(20)	(41)	(22)	(20)	(25)
Discounted	(5)	(37)	(33)	(28)	(39)	(31)	(36)	(20)	(41)	(22)	(20)	(25)
Current Accident Year												
Undiscounted	867	841	886	897	923	953	993	1,022	1,011	1,010	970	932
effect of discounting	69	65	65	63	61	57	54	47	37	25	6	(10)
Discounted	936	906	951	960	984	1,010	1,047	1,069	1,048	1,035	976	922
Claims Incurred	931	869	918	932	945	979	1,011	1,049	1,007	1,013	956	897
Underwriting Expenses												
Expense Allowance	260	238	307	389	449	476	543	554	472	482	343	311
% wp	32.0%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%	31.8%	31.9%
Premium Deficiency / (DPAC)												
Undiscounted	77	84	49	(3)	(38)	(46)	(81)	(79)	(24)	(31)	55	64
effect of discounting	(19)	(23)	(12)	1	10	14	22	22	7	12	(13)	(16)
Discounted	58	61	37	(2)	(28)	(32)	(59)	(57)	(17)	(19)	42	48
Underwriting Expenses	318	299	344	387	421	444	484	497	455	463	385	359
Net Underwriting Gain (Loss)	(94)	(46)	(81)	(122)	(136)	(152)	(170)	(184)	(114)	(129)	(47)	(14)
Administrative Expenses	42	38	49	62	72	76	86	88	76	77	55	50
Operating Result	(136)	(84)	(130)	(184)	(208)	(228)	(256)	(272)	(190)	(206)	(102)	(64)
Ratios												
Claims & Adj. Expenses to EP												
Prior Accident Year	(0.4%)	(3.3%)	(2.8%)	(2.3%)	(3.2%)	(2.4%)	(2.7%)	(1.5%)	(3.0%)	(1.6%)	(1.5%)	(2.0%)
Current Accident Year	81.0%	80.7%	80.5%	80.2%	80.0%	79.5%	79.0%	78.5%	77.7%	76.8%	75.4%	74.2%
All Accident Years Combined	80.6%	77.4%	77.7%	77.9%	76.8%	77.1%	76.3%	77.0%	74.7%	75.2%	73.9%	72.2%
Underwriting & Admin Exp (EP)	31.2%	30.0%	33.3%	37.5%	40.1%	40.9%	43.0%	43.0%	39.4%	40.1%	34.0%	32.9%
Combined Operating Ratio	111.8%	107.4%	111.0%	115.4%	116.9%	118.0%	119.3%	120.0%	114.1%	115.3%	107.9%	105.1%

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 New Brunswick RSP
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New Brunswick 300 NB	FULL YEAR						
	in \$ thousands			Change during 2017		Change during 2018	
	2016	2017	2018	Amount	%	Amount	%
Underwriting Revenue							
written premium	9,742	13,848	15,122	4,106	42.1%	1,274	9.2%
decrease / (increase) in unearned	235	(2,325)	(48)	(2,560)	(1,089.4%)	2,277	(97.9%)
earned premium	9,977	11,523	15,074	1,546	15.5%	3,551	30.8%
Claims Incurred							
Prior Accident Years							
Undiscounted	(2,182)	(1,237)	-	945	(43.3%)	1,237	(100.0%)
effect of discounting	(819)	(634)	(337)	185	(22.6%)	297	(46.8%)
Discounted	(3,001)	(1,871)	(337)	1,130	(37.7%)	1,534	(82.0%)
Current Accident Year							
Undiscounted	7,540	8,746	11,305	1,206	16.0%	2,559	29.3%
effect of discounting	449	413	539	(36)	(8.0%)	126	30.5%
Discounted	7,989	9,159	11,844	1,170	14.6%	2,685	29.3%
Claims Incurred	4,988	7,288	11,507	2,300	46.1%	4,219	57.9%
Underwriting Expenses							
Expense Allowance	3,431	4,412	4,824	981	28.6%	412	9.3%
% wp	35.2%	31.9%	31.9%	(3.3%)		-	
Premium Deficiency / (DPAC)							
Undiscounted	(157)	(630)	27	(473)	301.3%	657	(104.3%)
effect of discounting	(62)	70	5	132	(212.9%)	(65)	(92.9%)
Discounted	(219)	(560)	32	(341)	155.7%	592	(105.7%)
Underwriting Expenses	3,212	3,852	4,856	640	19.9%	1,004	26.1%
Net Underwriting Gain (Loss)	1,777	383	(1,289)	(1,394)	(78.4%)	(1,672)	(436.6%)
Administrative Expenses	476	752	771	276	58.1%	19	2.5%
Operating Result	1,301	(369)	(2,060)	(1,670)	(128.4%)	(1,691)	458.2%
Ratios							
Claims & Adj. Expenses to EP							
Prior Accident Year	(30.1%)	(16.2%)	(2.2%)	13.9%		14.0%	
Current Accident Year	80.1%	79.5%	78.6%	(0.6%)		(0.9%)	
All Accident Years Combined	50.0%	63.3%	76.4%	13.3%		13.1%	
Underwriting & Admin Exp (EP)	37.0%	40.0%	37.3%	3.0%		(2.7%)	
Combined Operating Ratio	87.0%	103.3%	113.7%	16.3%		10.4%	

Exhibit B-5
 Nova Scotia RSP
 Summary of Operations

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in \$ thousands	201801	201802	201803	201804	201805	201806	201807	201808	201809	201810	201811	201812
Underwriting Revenue												
written premium	1,917	1,750	2,437	3,015	3,441	3,726	3,685	3,924	4,137	3,514	2,347	1,925
decrease / (increase) in unearned	705	856	321	(181)	(503)	(665)	(575)	(772)	(1,015)	(508)	473	732
earned premium	2,622	2,606	2,758	2,834	2,938	3,061	3,110	3,152	3,122	3,006	2,820	2,657
Claims Incurred												
Prior Accident Years												
Undiscounted	-	-	-	-	-	-	-	-	-	-	-	-
effect of discounting	13	(68)	(39)	(64)	(61)	(59)	(67)	(84)	(76)	(101)	(92)	(64)
Discounted	13	(68)	(39)	(64)	(61)	(59)	(67)	(84)	(76)	(101)	(92)	(64)
Current Accident Year												
Undiscounted	2,567	2,551	2,700	2,774	2,877	2,996	3,045	3,086	3,056	2,943	2,761	2,601
effect of discounting	204	199	206	206	207	210	207	202	189	172	152	130
Discounted	2,771	2,750	2,906	2,980	3,084	3,206	3,252	3,288	3,245	3,115	2,913	2,731
Claims Incurred	2,784	2,682	2,867	2,916	3,023	3,147	3,185	3,204	3,169	3,014	2,821	2,667
Underwriting Expenses												
Expense Allowance	594	542	755	935	1,066	1,155	1,142	1,217	1,282	1,090	728	597
% wp	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%
Premium Deficiency / (DPAC)												
Undiscounted	1	9	12	21	30	39	48	60	72	69	55	50
effect of discounting	(52)	(78)	(26)	16	43	60	54	70	90	49	(34)	(59)
Discounted	(51)	(69)	(14)	37	73	99	102	130	162	118	21	(9)
Underwriting Expenses	543	473	741	972	1,139	1,254	1,244	1,347	1,444	1,208	749	588
Net Underwriting Gain (Loss)	(705)	(549)	(850)	(1,054)	(1,224)	(1,340)	(1,319)	(1,399)	(1,491)	(1,216)	(750)	(598)
Administrative Expenses	67	61	86	106	120	130	129	137	145	123	82	67
Operating Result	(772)	(610)	(936)	(1,160)	(1,344)	(1,470)	(1,448)	(1,536)	(1,636)	(1,339)	(832)	(665)
Ratios												
Claims & Adj. Expenses to EP												
Prior Accident Year	0.5%	(2.6%)	(1.4%)	(2.3%)	(2.1%)	(1.9%)	(2.2%)	(2.7%)	(2.4%)	(3.4%)	(3.3%)	(2.4%)
Current Accident Year	105.7%	105.5%	105.4%	105.2%	105.0%	104.7%	104.6%	104.3%	103.9%	103.6%	103.3%	102.8%
All Accident Years Combined	106.2%	102.9%	104.0%	102.9%	102.9%	102.8%	102.4%	101.6%	101.5%	100.2%	100.0%	100.4%
Underwriting & Admin Exp (EP)	23.3%	20.5%	30.0%	38.0%	42.9%	45.2%	44.1%	47.1%	50.9%	44.3%	29.5%	24.7%
Combined Operating Ratio	129.5%	123.4%	134.0%	140.9%	145.8%	148.0%	146.5%	148.7%	152.4%	144.5%	129.5%	125.1%

Exhibit B-5
 Nova Scotia RSP
 Summary of Operations

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Nova Scotia NS	FULL YEAR						
in \$ thousands	2016	2017	2018	Change during 2017		Change during 2018	
				Amount	%	Amount	%
Underwriting Revenue							
written premium	15,183	30,185	35,818	15,002	98.8%	5,633	18.7%
decrease / (increase) in unearned	(384)	(9,860)	(1,132)	(9,476)	2,467.7%	8,728	(88.5%)
earned premium	14,799	20,325	34,686	5,526	37.3%	14,361	70.7%
Claims Incurred							
Prior Accident Years							
Undiscounted	440	(1,428)	-	(1,868)	(424.5%)	1,428	(100.0%)
effect of discounting	(1,075)	(1,135)	(762)	(60)	5.6%	373	(32.9%)
Discounted	(635)	(2,563)	(762)	(1,928)	303.6%	1,801	(70.3%)
Current Accident Year							
Undiscounted	14,224	19,913	33,957	5,689	40.0%	14,044	70.5%
effect of discounting	1,155	1,349	2,284	194	16.8%	935	69.3%
Discounted	15,379	21,262	36,241	5,883	38.3%	14,979	70.4%
Claims Incurred	14,744	18,699	35,479	3,955	26.8%	16,780	89.7%
Underwriting Expenses							
Expense Allowance	5,288	9,346	11,103	4,058	76.7%	1,757	18.8%
% wp	34.8%	31.0%	31.0%	(3.8%)		-	
Premium Deficiency / (DPAC)							
Undiscounted	(184)	(3)	466	181	(98.4%)	469	(15,633.3%)
effect of discounting	(22)	724	133	746	(3,390.9%)	(591)	(81.6%)
Discounted	(206)	721	599	927	(450.0%)	(122)	(16.9%)
Underwriting Expenses	5,082	10,067	11,702	4,985	98.1%	1,635	16.2%
Net Underwriting Gain (Loss)	(5,027)	(8,441)	(12,495)	(3,414)	67.9%	(4,054)	48.0%
Administrative Expenses	474	1,071	1,253	598	126.1%	182	17.0%
Operating Result	(5,501)	(9,512)	(13,748)	(4,012)	72.9%	(4,236)	44.5%
Ratios							
Claims & Adj. Expenses to EP							
Prior Accident Year	(4.3%)	(12.6%)	(2.2%)	(8.3%)		10.4%	
Current Accident Year	103.9%	104.6%	104.5%	0.7%		(0.1%)	
All Accident Years Combined	99.6%	92.0%	102.3%	(7.6%)		10.3%	
Underwriting & Admin Exp (EP)	37.5%	54.8%	37.3%	17.3%		(17.5%)	
Combined Operating Ratio	137.1%	146.8%	139.6%	9.7%		(7.2%)	

Exhibit C-1
 Ontario RSP
 Projected Policy Liabilities

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Ontario		Projected Balances as at Dec. 31, 2017 (\$000s)							
ending 2017		nominal values			actuarial present value adjustments (apvs)				
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL	
prior	17,029	(1,243)	15,786	(201)	47	1,560	1,406	17,192	
1998	586	23	609	(15)	4	59	48	657	
1999	745	(8)	737	(22)	5	72	55	792	
2000	11	59	70	(3)	1	7	5	75	
2001	757	123	880	(37)	9	84	56	936	
2002	381	212	593	(27)	7	56	36	629	
2003	785	414	1,199	(60)	13	114	67	1,266	
2004	1,083	541	1,624	(89)	21	153	85	1,709	
2005	181	668	849	(52)	12	80	40	889	
2006	2,429	1,358	3,787	(254)	61	354	161	3,948	
2007	2,422	1,798	4,220	(279)	63	394	178	4,398	
2008	5,164	3,325	8,489	(407)	93	808	494	8,983	
2009	10,959	6,323	17,282	(622)	138	1,666	1,182	18,464	
2010	15,814	10,915	26,729	(882)	214	2,585	1,917	28,646	
2011	19,934	3,667	23,601	(850)	212	2,275	1,637	25,238	
2012	40,593	3,543	44,136	(1,456)	353	5,335	4,232	48,368	
2013	66,958	3,430	70,388	(1,900)	422	10,273	8,795	79,183	
2014	79,425	17,075	96,500	(2,509)	579	16,449	14,519	111,019	
2015	93,870	37,761	131,631	(3,686)	921	22,390	19,625	151,256	
2016	95,079	60,188	155,267	(4,813)	1,087	29,940	26,214	181,481	
PAYs (sub-total):	454,205	150,172	604,377	(18,164)	4,262	94,654	80,752	685,129	
CAY (2017)	144,145	148,513	292,658	(9,950)	2,341	53,997	46,388	339,046	
claims liabilities:	598,350	298,685	897,035	(28,114)	6,603	148,651	127,140	1,024,175	
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*	
premium liabilities:	172,198	40,337	212,535	(5,939)	1,273	30,515	25,849	238,384	
*Total may not be sum of parts, as apvs apply to future costs within UPR									
policy liabilities:			1,109,570	(34,053)	7,876	179,166	152,989	1,262,559	

Exhibit C-1
 Ontario RSP
 Projected Policy Liabilities

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Ontario		Projected Balances as at Dec. 31, 2018 (\$000s)						
ending 2018		nominal values			actuarial present value adjustments (apvs)			
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
prior	13,823	(961)	12,862	(83)	20	1,277	1,214	14,076
1999	586	(8)	578	(14)	3	57	46	624
2000	11	47	58	(2)	-	6	4	62
2001	591	99	690	(25)	6	67	48	738
2002	299	166	465	(20)	5	45	30	495
2003	616	325	941	(43)	10	90	57	998
2004	850	424	1,274	(64)	14	121	71	1,345
2005	142	524	666	(37)	9	63	35	701
2006	1,908	1,064	2,972	(181)	42	279	140	3,112
2007	1,902	1,410	3,312	(222)	53	309	140	3,452
2008	4,053	2,609	6,662	(440)	100	622	282	6,944
2009	8,599	4,963	13,562	(651)	149	1,291	789	14,351
2010	12,408	8,566	20,974	(755)	168	2,022	1,435	22,409
2011	15,641	2,878	18,519	(611)	148	1,791	1,328	19,847
2012	32,031	2,780	34,811	(1,253)	313	4,194	3,254	38,065
2013	52,543	2,691	55,234	(1,823)	442	8,012	6,631	61,865
2014	62,530	13,195	75,725	(2,045)	454	12,894	11,303	87,028
2015	79,182	24,111	103,293	(2,686)	620	17,606	15,540	118,833
2016	85,977	34,621	120,598	(3,377)	844	23,327	20,794	141,392
2017	151,131	53,977	205,108	(6,358)	1,436	37,962	33,040	238,148
PAYs (sub-total):	524,823	153,481	678,304	(20,690)	4,836	112,035	96,181	774,485
CAY (2018)	171,096	73,327	244,423	(8,310)	1,955	45,098	38,743	283,166
claims liabilities:	695,919	226,808	922,727	(29,000)	6,791	157,133	134,924	1,057,651
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	169,131	46,362	215,493	(6,022)	1,291	30,941	26,210	241,703
policy liabilities:			1,138,220	(35,022)	8,082	188,074	161,134	1,299,354

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

Exhibit C-2
 Alberta Grid RSP
 Projected Policy Liabilities

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Alberta Grid		Projected Balances as at Dec. 31, 2017 (\$000s)						
ending 2017		nominal values			actuarial present value adjustments (apvs)			
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
2004	-	(80)	(80)	-	-	8	8	(72)
2005	1,315	(423)	892	(14)	4	88	78	970
2006	926	3	929	(16)	4	91	79	1,008
2007	3,262	(204)	3,058	(49)	12	301	264	3,322
2008	1,534	228	1,762	(30)	7	173	150	1,912
2009	3,448	587	4,035	(85)	20	396	331	4,366
2010	6,976	(78)	6,898	(172)	48	673	549	7,447
2011	11,928	1,834	13,762	(330)	83	1,343	1,096	14,858
2012	14,305	3,741	18,046	(415)	108	1,763	1,456	19,502
2013	18,046	7,255	25,301	(557)	127	2,474	2,044	27,345
2014	23,097	12,225	35,322	(883)	247	4,305	3,669	38,991
2015	34,663	17,105	51,768	(1,449)	362	6,290	5,203	56,971
2016	38,038	18,617	56,655	(1,756)	453	6,753	5,450	62,105
PAYs (sub-total):	157,538	60,810	218,348	(5,756)	1,475	24,658	20,377	238,725
CAY (2017)	52,544	30,595	83,139	(2,494)	665	9,516	7,687	90,826
claims liabilities:	210,082	91,405	301,487	(8,250)	2,140	34,174	28,064	329,551
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	78,782	(10,721)	68,061	(1,628)	407	6,487	5,266	73,327
*Total may not be sum of parts, as apvs apply to future costs within UPR								
policy liabilities:			369,548	(9,878)	2,547	40,661	33,330	402,878

Exhibit C-2
 Alberta Grid RSP
 Projected Policy Liabilities

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Alberta Grid	Projected Balances as at Dec. 31, 2018 (\$000s)							
ending 2018	nominal values			actuarial present value adjustments (apvs)				
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
2004	-	(80)	(80)	-	-	8	8	(72)
2005	938	(319)	619	-	-	62	62	681
2006	641	3	644	(10)	3	63	56	700
2007	2,278	(157)	2,121	(36)	8	208	180	2,301
2008	1,049	174	1,223	(20)	5	120	105	1,328
2009	2,348	451	2,799	(48)	11	275	238	3,037
2010	4,850	(64)	4,786	(100)	24	469	393	5,179
2011	8,138	1,410	9,548	(239)	67	931	759	10,307
2012	9,581	2,876	12,457	(299)	75	1,216	992	13,449
2013	12,159	5,577	17,736	(408)	106	1,733	1,431	19,167
2014	16,164	9,111	25,275	(556)	126	3,090	2,660	27,935
2015	25,696	11,729	37,425	(936)	262	4,561	3,887	41,312
2016	35,467	9,428	44,895	(1,257)	314	5,367	4,424	49,319
2017	50,996	12,241	63,237	(1,960)	506	7,231	5,777	69,014
PAYs (sub-total):	170,305	52,380	222,685	(5,869)	1,507	25,334	20,972	243,657
CAY (2018)	55,254	27,294	82,548	(2,476)	660	9,449	7,633	90,181
claims liabilities:	225,559	79,674	305,233	(8,345)	2,167	34,783	28,605	333,838
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	75,021	(8,719)	66,302	(1,586)	397	6,321	5,132	71,434
policy liabilities:			371,535	(9,931)	2,564	41,104	33,737	405,272

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

Exhibit C-3
 Alberta Non-Grid RSP
 Projected Policy Liabilities

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Alberta non-Grid	Projected Balances as at Dec. 31, 2017 (\$000s)							
ending 2017	nominal values			actuarial present value adjustments (apvs)				
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
2004	26	36	62	-	-	6	6	68
2005	74	(6)	68	(1)	-	7	6	74
2006	1,240	20	1,260	(20)	5	124	109	1,369
2007	776	60	836	(13)	3	83	73	909
2008	661	208	869	(16)	4	85	73	942
2009	1,795	53	1,848	(39)	11	181	153	2,001
2010	2,245	353	2,598	(60)	16	254	210	2,808
2011	4,779	799	5,578	(139)	33	544	438	6,016
2012	9,007	1,464	10,471	(251)	63	1,022	834	11,305
2013	10,879	3,053	13,932	(362)	98	1,357	1,093	15,025
2014	15,193	4,878	20,071	(522)	140	2,444	2,062	22,133
2015	18,850	9,351	28,201	(818)	226	3,396	2,804	31,005
2016	23,856	12,197	36,053	(1,118)	288	4,332	3,502	39,555
PAYs (sub-total):	89,381	32,466	121,847	(3,359)	887	13,835	11,363	133,210
CAY (2017)	37,405	19,237	56,642	(1,643)	396	6,435	5,188	61,830
claims liabilities:	126,786	51,703	178,489	(5,002)	1,283	20,270	16,551	195,040
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	50,275	3,104	53,379	(1,063)	266	4,584	3,787	57,166
<small>*Total may not be sum of parts, as apvs apply to future costs within UPR</small>								
policy liabilities:			231,868	(6,065)	1,549	24,854	20,338	252,206

Exhibit C-3
Alberta Non-Grid RSP
Projected Policy Liabilities

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Alberta non-Grid ending 2018	Projected Balances as at Dec. 31, 2018 (\$000s)							
Acc Yr	nominal values			actuarial present value adjustments (apvs)				TOTAL
	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	
2004	26	36	62	-	-	6	6	68
2005	62	(6)	56	-	-	6	6	62
2006	969	20	989	(16)	4	97	85	1,074
2007	608	48	656	(11)	3	65	57	713
2008	520	163	683	(11)	3	67	59	742
2009	1,409	41	1,450	(26)	7	142	123	1,573
2010	1,763	276	2,039	(43)	12	200	169	2,208
2011	3,763	614	4,377	(101)	26	428	353	4,730
2012	7,091	1,126	8,217	(205)	49	801	645	8,862
2013	8,585	2,347	10,932	(262)	66	1,067	871	11,803
2014	12,077	3,673	15,750	(410)	110	1,918	1,618	17,368
2015	14,998	6,682	21,680	(564)	152	2,618	2,206	23,886
2016	17,883	7,375	25,258	(732)	202	3,041	2,511	27,769
2017	26,344	10,573	36,917	(1,144)	295	4,185	3,336	40,253
PAYs (sub-total):	96,098	32,968	129,066	(3,525)	929	14,641	12,045	141,111
CAY (2018)	41,147	18,906	60,053	(1,742)	420	6,822	5,500	65,553
claims liabilities:	137,245	51,874	189,119	(5,267)	1,349	21,463	17,545	206,664
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	51,623	4,731	56,354	(1,122)	281	4,840	3,999	60,353
policy liabilities:			245,473	(6,389)	1,630	26,303	21,544	267,017

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

Exhibit C-4
 New Brunswick RSP
 Projected Policy Liabilities

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New Brunswick		Projected Balances as at Dec. 31, 2017 (\$000s)						
ending 2017		nominal values			actuarial present value adjustments (apvs)			
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
2005	-	(2)	(2)	-	-	-	-	(2)
2006	-	-	-	-	-	-	-	-
2007	7	38	45	(1)	-	5	4	49
2008	350	(77)	273	(4)	1	27	24	297
2009	189	48	237	(4)	1	24	21	258
2010	1,346	59	1,405	(24)	7	139	122	1,527
2011	1,413	70	1,483	(28)	7	145	124	1,607
2012	678	10	688	(14)	4	68	58	746
2013	1,908	615	2,523	(50)	13	247	210	2,733
2014	1,736	418	2,154	(45)	11	253	219	2,373
2015	1,072	940	2,012	(52)	12	241	201	2,213
2016	565	1,887	2,452	(76)	20	288	232	2,684
PAYs (sub-total):	9,264	4,006	13,270	(298)	76	1,437	1,215	14,485
CAY (2017)	2,973	1,662	4,635	(153)	42	524	413	5,048
claims liabilities:	12,237	5,668	17,905	(451)	118	1,961	1,628	19,533
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	7,543	(1,692)	5,851	(125)	34	525	434	6,285
*Total may not be sum of parts, as apvs apply to future costs within UPR								
policy liabilities:			23,756	(576)	152	2,486	2,062	25,818

Exhibit C-4
 New Brunswick RSP
 Projected Policy Liabilities

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New Brunswick		Projected Balances as at Dec. 31, 2018 (\$000s)						
ending 2018		nominal values			actuarial present value adjustments (apvs)			
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
2005	-	(2)	(2)	-	-	-	-	(2)
2006	-	-	-	-	-	-	-	-
2007	19	26	45	-	-	5	5	50
2008	304	(63)	241	(3)	1	24	22	263
2009	177	36	213	(3)	1	21	19	232
2010	1,198	47	1,245	(20)	5	123	108	1,353
2011	1,256	58	1,314	(22)	7	129	114	1,428
2012	600	10	610	(12)	3	60	51	661
2013	1,743	493	2,236	(47)	13	219	185	2,421
2014	1,537	335	1,872	(37)	9	220	192	2,064
2015	885	709	1,594	(33)	8	192	167	1,761
2016	397	1,321	1,718	(45)	10	203	168	1,886
2017	1,775	1,094	2,869	(89)	23	326	260	3,129
PAYs (sub-total):	9,891	4,064	13,955	(311)	80	1,522	1,291	15,246
CAY (2018)	3,957	2,091	6,048	(200)	54	685	539	6,587
claims liabilities:	13,848	6,155	20,003	(511)	134	2,207	1,830	21,833
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	7,591	(1,665)	5,926	(127)	34	532	439	6,365
<small>*Total may not be sum of parts, as apvs apply to future costs within UPR</small>								
policy liabilities:			25,929	(638)	168	2,739	2,269	28,198

Exhibit C-5
 Nova Scotia RSP
 Projected Policy Liabilities

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Nova Scotia		Projected Balances as at Dec. 31, 2017 (\$000s)						
ending 2017		nominal values			actuarial present value adjustments (apvs)			
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
2007	37	(2)	35	(1)	-	3	2	37
2008	12	1	13	-	-	1	1	14
2009	106	5	111	(1)	-	11	10	121
2010	130	3	133	(2)	1	13	12	145
2011	1,402	122	1,524	(26)	8	149	131	1,655
2012	2,810	350	3,160	(66)	19	309	262	3,422
2013	3,908	188	4,096	(82)	20	498	436	4,532
2014	2,733	685	3,418	(65)	17	416	368	3,786
2015	2,975	2,239	5,214	(115)	31	632	548	5,762
2016	3,219	3,477	6,696	(181)	47	802	668	7,364
PAYs (sub-total):	17,332	7,068	24,400	(539)	143	2,834	2,438	26,838
CAY (2017)	7,865	6,273	14,138	(424)	113	1,660	1,349	15,487
claims liabilities:	25,197	13,341	38,538	(963)	256	4,494	3,787	42,325
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	17,747	(62)	17,685	(451)	121	1,811	1,481	19,166
*Total may not be sum of parts, as apvs apply to future costs within UPR								
policy liabilities:			56,223	(1,414)	377	6,305	5,268	61,491

Exhibit C-5
Nova Scotia RSP
Projected Policy Liabilities

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Nova Scotia		Projected Balances as at Dec. 31, 2018 (\$000s)						
ending 2018		nominal values			actuarial present value adjustments (apvs)			
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	development PfAD	Total apvs	TOTAL
2007	37	(2)	35	(1)	-	3	2	37
2008	12	1	13	-	-	1	1	14
2009	94	5	99	(1)	-	10	9	108
2010	118	3	121	(1)	-	12	11	132
2011	1,253	98	1,351	(20)	5	133	118	1,469
2012	2,527	274	2,801	(48)	14	275	241	3,042
2013	3,482	148	3,630	(76)	22	441	387	4,017
2014	2,523	505	3,028	(61)	15	367	321	3,349
2015	3,041	1,442	4,483	(85)	22	545	482	4,965
2016	3,288	1,914	5,202	(114)	31	626	543	5,745
2017	6,208	3,094	9,302	(251)	65	1,096	910	10,212
PAYs (sub-total):	22,583	7,482	30,065	(658)	174	3,509	3,025	33,090
CAY (2018)	13,753	10,187	23,940	(718)	192	2,810	2,284	26,224
claims liabilities:	36,336	17,669	54,005	(1,376)	366	6,319	5,309	59,314
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	development PfAD	Total apvs	TOTAL*
premium liabilities:	18,880	404	19,284	(492)	132	1,974	1,614	20,898
*Total may not be sum of parts, as apvs apply to future costs within UPR								
policy liabilities:			73,289	(1,868)	498	8,293	6,923	80,212