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TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER
ONTARIO RISK SHARING POOL PROJECT MANAGER

BULLETIN NO.: F18 – 027

DATE: APRIL 27, 2018

SUBJECT: ONTARIO RISK SHARING POOL
– MARCH 2018 OPERATIONAL REPORT

A copy of this bulletin should be provided to your Chief Financial Officer and Appointed Actuary.

Please be advised that the March 2018 Ontario Risk Sharing Pool Operational Report is now available on the Facility Association (FA) Portal at https://portal.facilityassociation.com.

New This Month

Quarterly Sharing Update

An update of the "Member's Usage" of the Ontario Risk Sharing Pool ("RSP") was performed since the release of the February 2018 Operational Report, bringing members' sharing current to the first quarter 2018. The usage update is reflected in the March 2018 Operational Report.

Valuation

A valuation of the Ontario RSP as at December 31, 2017 has been completed since last month's Operational Report and the results of that valuation have been incorporated into this month's Operational Report. The valuation was completed by the Facility Association's internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

The implementation of the new valuation resulted in an estimated overall **$5.5 million favourable** impact on the month's net result from operations, subtracting an estimated 6.2 points from the year-to-date Combined Operating Ratio (ending at 142.4%). The impact on the month's results is summarized in the table at the top of the next page[1].

[1]In the tables, "ults & payout patterns" refers to the impacts associated with changes in selected ultimates and updated cashflows of claims payments; "dsct rate" refers to the impact of changes in the selected discount rate applied to projected cashflows; and "apv adj." refers to "actuarial present value adjustments".

Ontario unfav / (fav) for the month and ytd

	IMPACT in $000s from changes in:					
	ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	(18,755)	2,534	(16,221)	814	-	(15,407)
CAY	3,003	492	3,495	84	-	3,579
Prem Def	5,558	597	6,155	203	-	6,358
TOTAL	(10,194)	3,623	(6,571)	1,101	-	(5,470)

ytd EP 87,655 (actual)

	IMPACT unfav / (fav) as % ytd EP from changes in:					
	ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	(21.4%)	2.9%	(18.5%)	0.9%	-	(17.6%)
CAY	3.4%	0.6%	4.0%	0.1%	-	4.1%
Prem Def	6.3%	0.7%	7.0%	0.2%	-	7.3%
TOTAL	(11.6%)	4.1%	(7.5%)	1.3%	-	(6.2%)

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a $6.6 million favourable impact – see column [3] in the left table above), partially offset by the impact due to a 2 basis point decrease in the selected discount rate (from 1.75% to 1.73% generating a $1.1 million unfavourable impact – see column [4] in the left table above). There was no change in the margin for adverse deviation in investment yield (remains at 25 basis points), and no change in the margins for adverse deviation for claims development as selected at the coverage / accident year level (hence generating no impact – see column [5] in the left table above).

As indicated in the table above, the prior accident years (PAYs) nominal impact was $18.8 million favourable (first row under column [1]). Of this amount, $8.5 million was directly attributable to valuation adjustments made to reflect a known overstatement of a member's reported case reserves. Specifically, as noted in the last two month's Bulletins, FA management was notified on January 31, 2018 by a member of a potential recorded case reserve overstatement. Furthermore, during the current valuation review, FA management was advised of an additional and separate recorded case reserve understatement primarily due to incorrect reporting after FA's October 31, 2017 fiscal year end. Management investigated and estimated the overall overstatement for the Ontario RSP as at December 31, 2017 as indicated in the table at the top of the next page.

Estimated case reserve overstatement as at Dec 31, 2017

overstatement / (understatement)

Accident Year	Total Case Reserve Adjustment ($'000s)
2006	227
2007	201
2008	264
2009	1,030
2010	115
2011	(115)
2012	651
2013	(265)
2014	602
2015	1,162
2016	1,648
2017	2,989
Total	**8,509**

A decision was made by management and the Appointed Actuary, after receiving the initial January 2018 notification, to not make an adjustment to selected loss ratios until the 2017 Q4 RSP valuation was completed (however, for the purposes of the fiscal year-end financial reporting, an adjustment was made). With the 2017 Q4 valuation, prior accident years' ultimates selections have now taken into account the member's overstatement (both the original amount as notified, and the subsequent amount, with the combination of the two being summarized in the table above). FA management is working with the member on a process to correct the reported levels, and we currently anticipate that this will be either partially or entirely completed in time for the 2018 Q2 valuation.

Management has observed favourable *total* valuation impacts over the last 12 valuation implementations, with only 2 valuation implementations being unfavourable over that 12-quarter period, as shown in the table at the top of the next page (summarizing the same information as provided in the left table at the bottom of the previous page as relates to the most recent 12 valuation implementations). It should be noted that the impacts in column [3] are largely outside of the control of FA (as being related to macroeconomic factors).

RSP: Ontario, as at: 2017 Q4		unfavourable / (favourable) Valuation Implementation Impact ($000s)					$000s		
Valuation	period implemented	updated LRs & exp	APVs @ prior assumptions	updated dsct rate	updated margins	Total Impact	Booked Policy Liabilities	Total Impact as % Book Liabs	Nominal Impact as % Book Liabs
		[1]	[2]	[3]	[4]	[5] = sum([1] to [5])	[6]	[7] = [5] / [6]	[8] = [1] / [6]
2015 Q1	May 2015	(39,099)	(6,530)	23,418	(9,706)	(31,917)	1,288,110	(2.5%)	(3.0%)
2015 Q2	Aug 2015	(50,090)	(8,485)	(12,573)	(17,845)	(88,993)	1,211,700	(7.3%)	(4.1%)
2015 Q3	Oct 2015	(40,983)	(5,717)	8,493	-	(38,207)	1,185,206	(3.2%)	(3.5%)
2015 Q4	Mar 2016	(49,197)	(2,815)	2,623	-	(49,389)	1,116,877	(4.4%)	(4.4%)
2016 Q1	May 2016	(5,109)	(214)	3,318	-	(2,005)	1,137,087	(0.2%)	(0.4%)
2016 Q2	Aug 2016	(18,614)	(528)	4,692	(14,996)	(29,446)	1,142,149	(2.6%)	(1.6%)
2016 Q3	Oct 2016	1,048	(965)	1,885	-	1,968	1,184,757	0.2%	0.1%
2016 Q4	Mar 2017	(35,665)	(2,640)	(17,825)	-	(56,130)	1,174,423	(4.8%)	(3.0%)
2017 Q1	May 2017	6,929	646	3,204	-	10,779	1,224,460	0.9%	0.6%
2017 Q2	Aug 2017	(12,256)	(2,265)	(7,162)	(13,084)	(34,767)	1,242,002	(2.8%)	(1.0%)
2017 Q3	Oct 2017	8,279	882	(19,050)	-	(9,889)	1,235,584	(0.8%)	0.7%
2017 Q4	Mar 2018	(10,194)	3,623	1,101	-	(5,470)	1,235,959	(0.4%)	(0.8%)
12-qtrs		(244,951)	(25,008)	(7,876)	(55,631)	(333,466)			
% of total		73.5%	7.5%	2.4%	16.7%	100.0%			
Averages									
12-qtrs		(20,413)	(2,084)	(656)	(4,636)	(27,789)	1,198,193	(2.3%)	(1.7%)
2015 Q1 to 2016 Q4		(29,714)	(3,487)	1,754	(5,318)	(36,765)	1,180,039	(3.1%)	(2.5%)
2017 Q1 to 2017 Q4		(1,811)	722	(5,477)	(3,271)	(9,837)	1,234,501	(0.8%)	(0.1%)

The FA valuation approach is focused on providing best estimates on a nominal basis, and we expect this to manifest itself as a close-to-zero 12-quarter impact for column [1] in the table above. While this objective has not been met, we are encouraged that the average impact over the most recent 4 valuations has been much smaller than the earliest 8 valuations shown. Further, the nominal impacts, as a percentage of booked policy liabilities, should ideally be small (less than 2.5%) – this percentage is provided in column [8] above, and, while 5 of the 12 valuation implementations above indicate an impact greater than 2.5%, 4 of the 5 were for the 2015 valuation periods, with the overall average impact at 1.7% being below the 2.5% level. Finally, potential "bias" in the nominal impacts should be considered (per either column [1] or [8]). We generally anticipate approximately 1/3rd of nominal valuation impacts will be unfavourable, and 2/3rds will be favourable (due to the skewness of the development), and there seems to evidence of improvement in this measure toward less bias.

In summary, we believe the nominal valuation impacts are moving toward our target impacts (long term zero impact; individual valuation impact of no more than 2.5% of policy liabilities; no bias evident).

Please see "Effect of Quarterly Valuation" on page 8 for additional valuation result detail.

Summary of Financial Results

The calendar year-to-date Operating Result is -$37.2 million and the incurred loss ratio to the end of 3 months is 114.8%, as summarized in the table at the top of the next page.

Amounts in $000s		**March 2018**	March 2017	**Year to date Mar 2018**	Year to Date Mar 2017
Premium Written		31,369	31,716	73,421	87,154
Premium Earned		30,135	30,883	87,655	86,835
Incurred Losses		26,406	(15,283)	100,604	53,593
Underwriting & Admin Expense		16,540	7,721	24,218	24,702
Operating Result		**(12,811)**	**38,445**	**(37,167)**	**8,540**
Ratios:					
Loss ratio	*- Prior Accident Years*	(57.8%)	(177.9%)	(24.8%)	(71.1%)
	- Current Accident Year	145.4%	128.4%	139.6%	132.8%
	Total	**87.6%**	**(49.5%)**	**114.8%**	**61.7%**
Underwriting & Admin Expense		**54.9%**	**25.0%**	**27.6%**	**28.4%**
Combined Operating Ratio		**142.5%**	**(24.5%)**	**142.4%**	**90.1%**

rounding differences may occur

These results are discussed in some detail in the "Current Month Results" section. For additional numeric detail, please refer to Exhibit 1 "Summary of Operations for Calendar Year 2018" attached to this bulletin.

Updated Projection to Year-end 2018

The projected calendar year Operating Result to December 2018 is -$275.9 million and the estimated combined operating ratio to December 2018 is 174.1%, as summarized in the table below.

ON RSP 2018 Yr-end Projection **Amounts in $000s**		**Current (Mar 2018)**	Prior Mth (Feb 2018)	**Change**	Final 2018 Outlook*
Premium Written		429,602	430,434	(832)	413,190
Premium Earned		372,416	371,830	586	382,147
Incurred Losses		474,325	475,545	(1,220)	487,967
Underwriting & Admin Expense		174,029	163,018	11,011	147,584
Net Result from Operations		**(275,938)**	**(266,733)**	**(9,205)**	**(253,404)**
Ratios:					
Loss ratio	*- Prior Accident Years*	(9.8%)	(5.6%)	(4.2%)	(7.5%)
	- Current Accident Year	137.2%	133.5%	3.7%	135.2%
	Total	**127.4%**	**127.9%**	**(0.5%)**	**127.7%**
Underwriting & Admin Expense		**46.7%**	**43.8%**	**2.9%**	**38.6%**
Combined Operating Ratio		**174.1%**	**171.7%**	**2.4%**	**166.3%**

rounding differences may occur

*as posted to FA's website Oct. 3, 2017

This updated projection to the end of the year has deteriorated by $9.2 million from the projection provided last month (-$266.7 million and 171.7%), mainly due to the overall $9.5 million unfavourable impact of the valuation as at December 31, 2017, as summarized in the table immediately below (see more information under "Effect of Quarterly Valuation" on page 8). Remaining differences were driven by changes in projected premium volumes, and the associated impacts on claims and expense projections.

Ontario	unfav / (fav) projected for full year						year EP 372,416 (projected this month)					
	IMPACT in $000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & payout patterns			dsct rate	margins	
	Nominal [1]	apv adj. [2]	sub-tot [3]	apv adj. [4]	apv adj. [5]	TOTAL [6]	Nominal [1]	apv adj. [2]	sub-tot [3]	apv adj. [4]	apv adj. [5]	TOTAL [6]
PAYs	(18,755)	2,182	(16,573)	678	-	(15,895)	(5.0%)	0.6%	(4.5%)	0.2%	-	(4.3%)
CAY	12,685	567	13,252	310	-	13,562	3.4%	0.2%	3.6%	0.1%	-	3.6%
Prem Def	10,448	1,107	11,555	305	-	11,860	2.8%	0.3%	3.1%	0.1%	-	3.2%
TOTAL	4,378	3,856	8,234	1,293	-	9,527	1.2%	1.0%	2.2%	0.3%	-	2.6%

Current Month Results

The Ontario Risk Sharing Pool produced a -$12.8 million Operating Result in the month of March 2018, a $51.3 million deterioration compared with the same month last year. This deterioration is composed of an estimated $1.0 million unfavourable impact associated with the $0.7 million decrease in earned premium (at a combined ratio of -24.5%), with the remaining $50.3 million deterioration stemming from the overall increase in the combined ratio (from -24.5% to 142.5% applied to $30.1 million in earned premium). The primary driver of the difference in combined ratios is the difference in the respective valuation implementation impacts.

This month's results moved the year-to-date combined operating ratio from 142.3% at the end of 2 months to 142.4% at the end of 3 months. The 0.1 percentage point increase is composed of a 3.1 percentage point increase in the Current Accident Year loss ratio and a 14.3 percentage point increase in the expense ratio, offset by a 17.3 percentage point decrease in the Prior Accident Year loss ratio.

As has been presented and discussed over the past several months in the Actuarial Highlights, the Ontario RSP averages of monthly ratios for the current accident year (CAY) recorded and paid to year-to-date earned premium have been on the rise generally since 2012, as is evident in the tables at the top of the next page. These tables show, in each row, the average monthly ratio for each calendar year. That is, each row in the left table (as at Dec) provides the average of the 12 monthly-ratios (i.e. Jan, Feb, ... Dec) for that row's calendar year, whereas each row in the right table (as at March) provides the average of the 3 monthly ratios (i.e. Jan-Mar) for that row's calendar year.

Per the left table at the top of the next page (showing average monthly ratios for each calendar year), the 2017 average recorded ratio at 14.7% was the second highest ratio since 2010 (2016 was the highest), and the 2017 paid ratio at 7.6% tied with 2016 as the highest level since 2010. That is, both ratios remained at "elevated" levels compared with the ratios for the 3 calendar years immediately following the 2010 reforms.

As can be seen in the right table below (average of 3 months to March of each year), the average ratios for 2018 are at their highest since 2010 for recorded and paid ratio is at its highest level in the last 10 years. While we acknowledge that these ratios are more volatile earlier in the year due to smaller year-to-date earned premium levels, this poor start to the year does not seem to bode well.

CAY avg of mthly ratios for yr

as at	Rec'd	yr-on-yr chg	Paid	yr-on-yr chg
Dec 2009	18.5%		7.0%	
Dec 2010	23.2%	4.7%	8.0%	1.0%
Dec 2011	11.5%	(11.7%)	5.0%	(3.0%)
Dec 2012	11.4%	(0.1%)	4.6%	(0.4%)
Dec 2013	12.0%	0.6%	5.1%	0.5%
Dec 2014	13.7%	1.7%	5.9%	0.8%
Dec 2015	14.4%	0.7%	6.4%	0.5%
Dec 2016	15.8%	1.4%	7.6%	1.2%
Dec 2017	14.7%	(1.1%)	7.6%	0.0%

CAY avg of mthly ratios for yr

as at	Rec'd	yr-on-yr chg	Paid	yr-on-yr chg
Mar 2009	31.1%		9.3%	
Mar 2010	34.7%	3.6%	10.1%	0.8%
Mar 2011	22.0%	(12.7%)	7.9%	(2.2%)
Mar 2012	21.6%	(0.4%)	7.8%	(0.1%)
Mar 2013	22.5%	0.9%	8.2%	0.4%
Mar 2014	28.9%	6.4%	10.3%	2.1%
Mar 2015	29.7%	0.8%	11.5%	1.2%
Mar 2016	30.1%	0.4%	12.3%	0.8%
Mar 2017	27.0%	(3.1%)	11.7%	(0.6%)
Mar 2018	34.0%	7.0%	15.1%	3.4%

These ratios may be signaling an actual increase in claim amounts generally, signaling a change in the pattern of recorded / paid activity, or signaling belated impacts of rate decreases (reducing earned premium level per loss cost level). The CAY recorded activity will be monitored to determine if this is an ongoing trend.

Variances from Projections

The table below provides a summary of key components of the operating results as compared to the estimates projected last month.

March 2018	Actual	Projection	Difference	Difference %
Written Premium	31,369	32,201	(832)	(2.6%)
Earned Premium	30,135	30,543	(408)	(1.3%)
Reported Losses				
Paid Losses	28,704	29,443	(739)	(2.5%)
Paid Expenses	1,570	2,414	(844)	(35.0%)
Change in Outstanding Losses	2,155	3,776	(1,621)	(42.9%)
Total Reported Losses	**32,429**	**35,633**	**(3,204)**	**(9.0%)**
Change in IBNR Provision*	(6,023)	3,075	(9,098)	
Change in Premium Deficiency (DPAC)*	7,046	864	6,182	

(Amounts in $000's) *rounding differences may occur*

*Detailed information is included in Ontario RSP March 2018 Operational Report - Actuarial Highlights.

Each month, management reviews the variance between reported premium activity and claims activity (actual reported claims payments and changes in case reserves) and the associated actuarial projections. The projection process involves many assumptions including claims reporting patterns. Actual reporting patterns vary from month-to-month, sometimes considerably. Although variances from our projections are expected, management investigates variances beyond set thresholds and responds as appropriate.

For the month of March 2018, reported losses were $3.2 million lower than projected. The Current Accident Year had a $0.3 million favourable variance in reported losses, and the Prior Accident Years had a $2.9 million favourable variance. Of the Prior Accident Years, 2017 had the largest variance in reported losses at $4.8 million favourable, followed by Accident Year 2015 at a $3.2 million unfavourable, Accident Year 2013 at a $1.7 million favourable and Accident Year 2016 at a $1.1 million unfavourable. No other single Prior Accident Year had a reported loss variance in excess of $1.0 million.

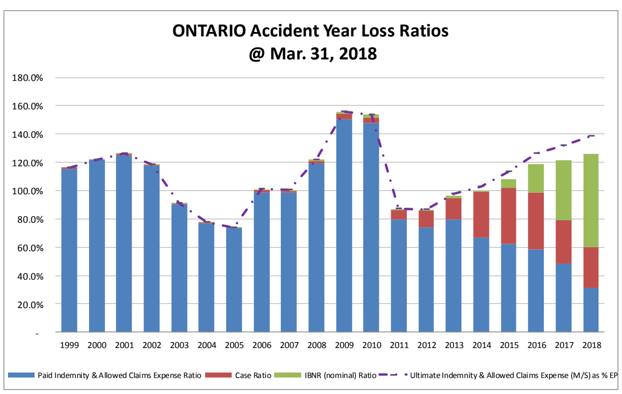
The variances for claims activity were beyond the set thresholds for the Prior Accident Years for the month. Management investigated paid claims activity and is satisfied that the variances are appropriately accounted for in our current booking process. All other variances were within the set thresholds for the month.

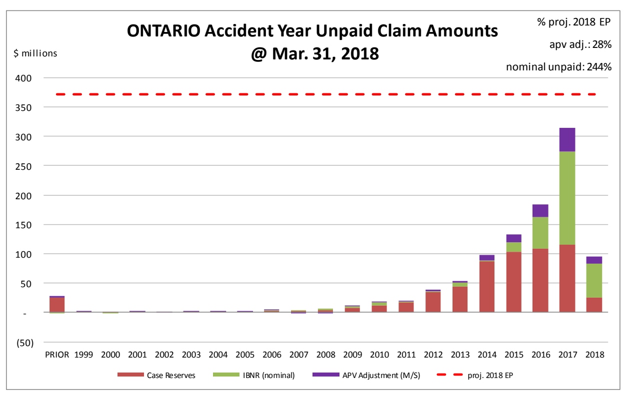
Effect of Quarterly Valuation

The March 2018 Ontario Risk Sharing Pool Operational Report reflects the results of an updated valuation as at December 31, 2017, with the associated impacts in relation to the results for March 2018 summarized in the table below.

Ontario	unfav / (fav) for the month and ytd						mth EP 30,135 (actual)					
	IMPACT in $000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	(18,755)	2,534	(16,221)	814	-	(15,407)	(62.2%)	8.4%	(53.8%)	2.7%	-	(51.1%)
CAY	3,003	492	3,495	84	-	3,579	10.0%	1.6%	11.6%	0.3%	-	11.9%
Prem Def	5,558	597	6,155	203	-	6,358	18.4%	2.0%	20.4%	0.7%	-	21.1%
TOTAL	(10,194)	3,623	(6,571)	1,101	-	(5,470)	(33.8%)	12.0%	(21.8%)	3.7%	-	(18.2%)

The charts immediately below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities.

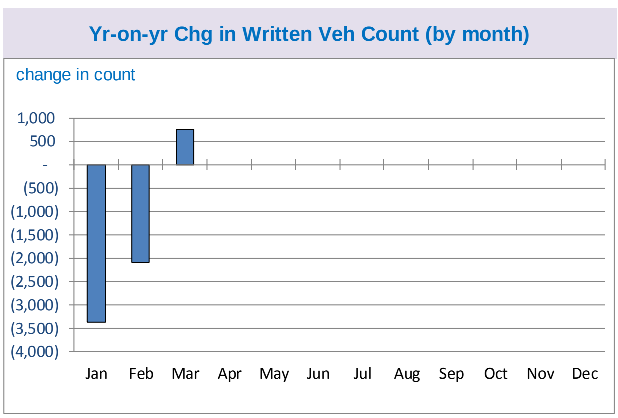




The preceding charts, latest valuation results, and related actuarial present value assumption updates are discussed in more detail in the Ontario RSP March 2018 Operational Report – Actuarial Highlights. The Actuarial Quarterly Valuation Highlights for Risk Sharing Pools as at December 31, 2017 is expected to be posted on or before May 11, 2018. The actuarial valuation will be updated next as at March 31, 2018 and we anticipate that the results will be reflected in the May 2018 Operational Report.

Management Comments

For the Ontario RSP, the transfer limit 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 during a calendar year. 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. Our current projection has the 2018 vehicle count up 14.1% from 2017, being 3.0% of the 7.5 million 2016 industry private passenger vehicle count[2] including farmers. There is the potential for the transferred vehicle count to change dramatically and quickly if member companies choose to take full advantage of their transfer limits[3].

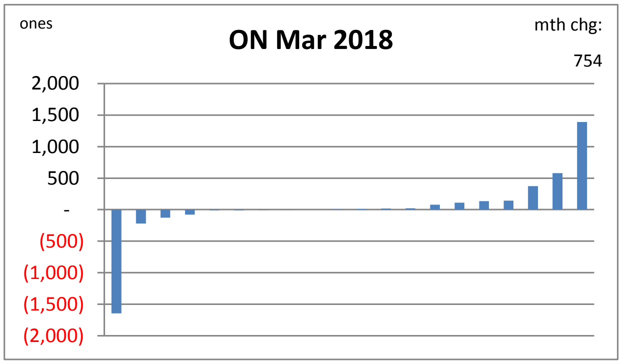


The chart on the left shows the year-on-year change in the vehicles transferred to the pool by month, with March reporting an increase of 754 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 23 vehicles, indicating a variance of 731 from the actual transfers. This variance was mainly due to one member company group transferring a greater number of vehicles to the pool in March than projected.

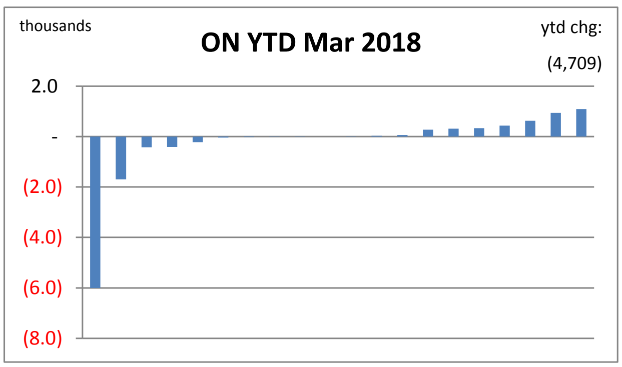
[2]As we don't have an industry count yet for the 2017 accident year, we continue to use the 2016 count as a proxy for 2017. The June 30, 2017 Industry AIX loss development data showed that individually-rated private passenger written vehicle counts in Ontario decreased 82 thousand vehicles or 2.2% in accident-half 2017-H1 over 2016-H1, the first year-on-year decrease in an accident half's written vehicle counts since 2003-H1.

Industry Ontario vehicle count growth slowed around the time of the 2008 financial crisis (year-on-year growth of less than 1%, whereas growth was over 2% on average the previous 4 years), but from 2010 to 2014 inclusive, counts were increasing approximately 50 thousand +/-8 thousand each half (1.5% +/-0.3%). For 2015 and 2016, however, counts increased more quickly, at 2.1%, 3.0%, 6.3% (2015-H1, 2015-H2, 2016-H1), before slowing down again to 2.9% for 2016-H2, and now the 2.2% decrease for 2017-H1.

[3]At 5%, the ON RSP limit represents approximately 377 thousand vehicles or 150 thousand more than currently projected for 2018. Assuming an average written premium of $1,900 (the current projection for 2018), the premium at the 5% limit transfer would be approximately $715 million, or $285 million more than we are currently projecting. In the unlikely event that the full transfer was to take place, and generating an operating loss of 84 cents per dollar of premium, the additional $285 million in premium would generate an additional $240 million in operating loss for sharing.



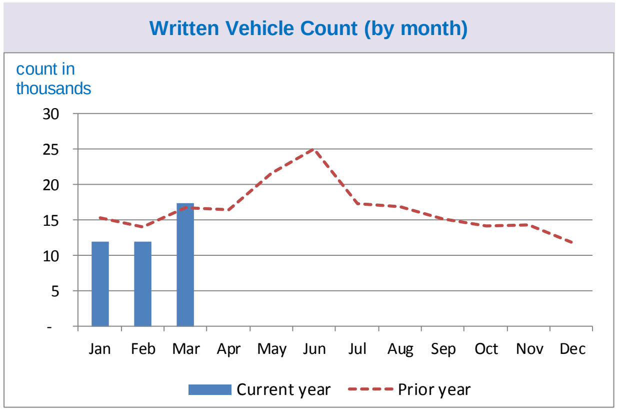
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Eight member company groups transferred fewer vehicles to the pool this month compared to a year ago, while eleven transferred more[4], and one remained the same. Of the 8 member company groups transferring fewer vehicles, 1 member company group accounted for 78% of the total transfer decrease for the "decliner" members. Of the 11 member company groups transferring more vehicles, 1 member company group accounted for 49% of the total transfer increases for the "grower" members.

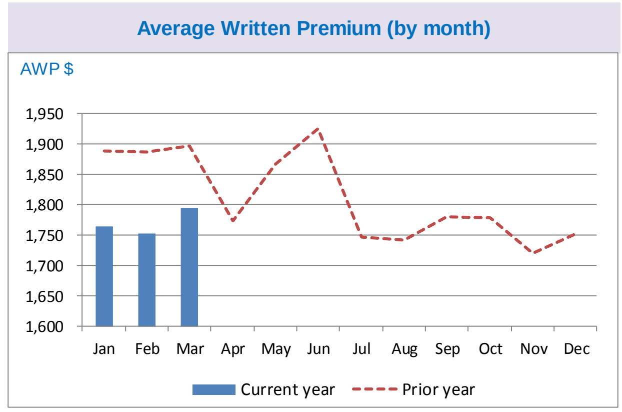


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change.

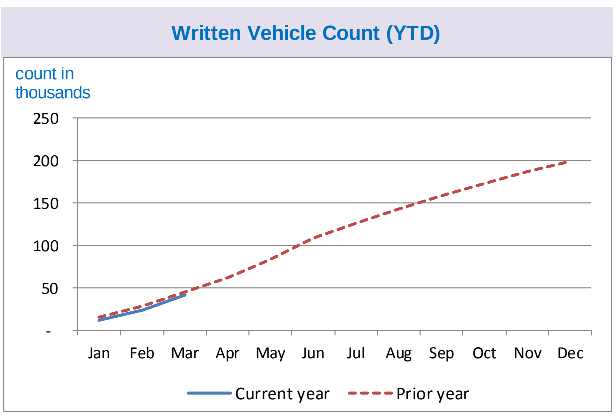
March's year-on-year change in vehicle count transfers to the pool represents a 4.5% increase from March 2017, but counts were down 10.2% year-to-date. Average written premium was down 5.4% in March 2018 compared with the same month in 2017, and down 6.2% year-to-date (see charts at the top of the next page).

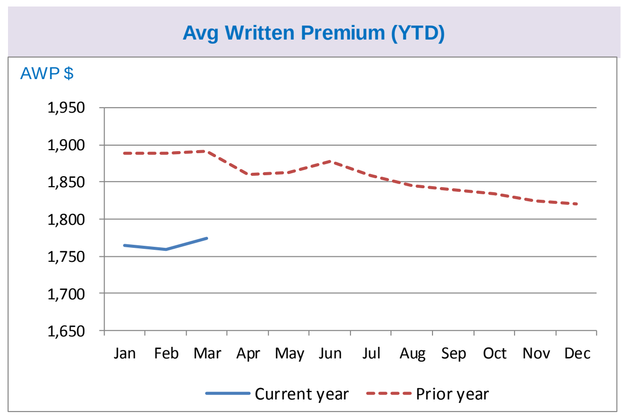
[4]For the purposes of discussion here, we only include those member company groups that transferred at least one vehicle in either 2016 or 2017. Groups that have not transferred vehicles in these two periods are ignored.





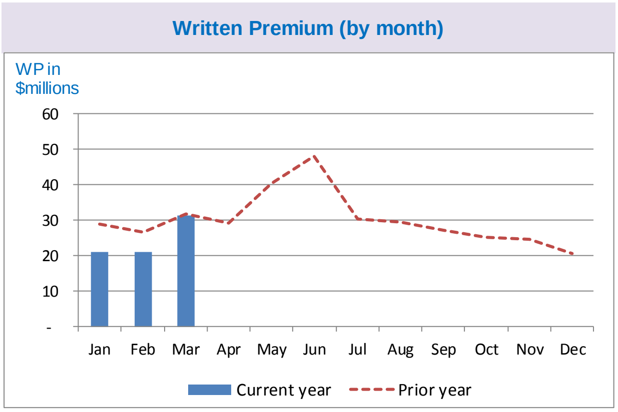
	Mar-18	Mar-17	Amt Chg	% Chg
W. Veh curr mth	17,474	16,720	754	4.5%
AWP curr mth	1,795	1,897	(102)	-5.4%

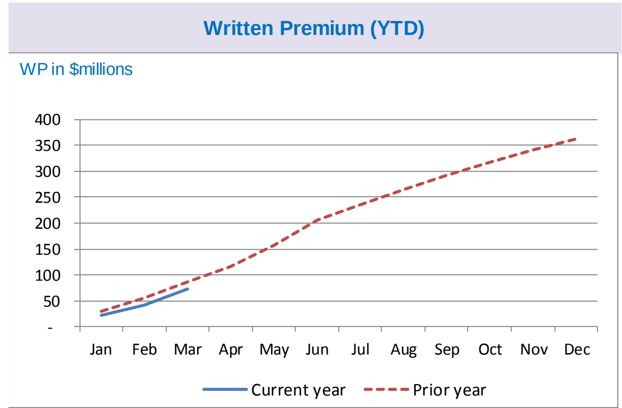




	Mar-18	Mar-17	Amt Chg	% Chg
W. Vehicles YTD	41,377	46,087	(4,709)	-10.2%
Avg W. Prem YTD	1,774	1,891	(117)	-6.2%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 1.1% for the month compared with the 1.5% increase we projected last month, and was down 15.8% year-to-date (see charts at the top of the next page).





	Mar-18	Mar-17	Amt Chg	% Chg
WP ($000s) curr mth	31,369	31,716	(347)	-1.1%

	Mar-18	Mar-17	Amt Chg	% Chg
WP ($000s) YTD	73,421	87,154	(13,733)	-15.8%

Should you require any further information, please call Norm Seeney, Vice President, Finance and Member Services at (416) 644-4914.

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

Related links:

[Ontario RSP March 2018 Operational Report – Actuarial Highlights]

SUMMARY OF OPERATIONS - CALENDAR YEAR 2018

Risk Sharing Pool - Ontario
Operating Results for the 3 Months Ended March 31, 2018 (Discounted basis) EXHIBIT 1
Source: Monthly Operational Report
(thousands of dollars)

	January	February	March	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
Net Premiums Written	$21,028	$21,024	$31,369	$73,421	$429,602	$362,505
Decrease (Increase) in Unearned Premiums	$9,392	$6,076	($1,234)	$14,234	($57,186)	$11,153
Net Premiums Earned	**$30,420**	**$27,100**	**$30,135**	**$87,655**	**$372,416**	**$373,658**
Claims Incurred:						
Prior Accident Years:						
Undiscounted	($355)	($265)	($18,967)	($19,587)	($19,586)	($47,673)
Effect of Discounting	(1,690)	(2,018)	1,563	(2,145)	(16,995)	(66,431)
Discounted	($2,045)	($2,283)	($17,404)	($21,732)	($36,581)	($114,104)
Current Accident Year:						
Undiscounted	$37,624	$33,465	$40,131	$111,220	$469,736	$455,722
Effect of Discounting	4,409	3,028	3,679	11,116	41,170	39,948
Discounted	$42,033	$36,493	$43,810	$122,336	$510,906	$495,670
Claims Incurred	**$39,988**	**$34,210**	**$26,406**	**$100,604**	**$474,325**	**$381,566**
Underwriting Expenses:						
Expense Allowance	$6,354	$6,376	$9,366	$22,096	$128,594	$110,765
Change in UPDR/DPAC:						
Undiscounted	(2,100)	(1,273)	6,072	2,699	33,899	6,769
Effect of Discounting	(1,151)	(734)	974	(911)	9,480	(8,538)
Discounted	(3,251)	(2,007)	7,046	1,788	43,379	($1,769)
Underwriting Expenses	**$3,103**	**$4,369**	**$16,412**	**$23,884**	**$171,973**	**$108,996**
Net Underwriting Gain (Loss)	**($12,671)**	**($11,479)**	**($12,683)**	**($36,833)**	**($273,882)**	**($116,904)**
Administrative Expenses	**$82**	**$124**	**$128**	**$334**	**$2,056**	**$1,430**
Operating Result	**($12,753)**	**($11,603)**	**($12,811)**	**($37,167)**	**($275,938)**	**($118,334)**
Ratios:						
Claims & Expenses Incurred (Earned)						
Prior Accident Years	-6.7%	-8.4%	-57.8%	-24.8%	-9.8%	-30.5%
Current Accident Year	138.2%	134.7%	145.4%	139.6%	137.2%	132.7%
All Accident Years Combined	131.5%	126.3%	87.6%	114.8%	127.4%	102.2%
Underwriting & Administrative Expenses (Earned)	10.5%	16.6%	54.9%	27.6%	46.7%	29.6%
Combined Operating Ratio	**142.0%**	**142.9%**	**142.5%**	**142.4%**	**174.1%**	**131.8%**

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facilty Association premium dollars invested directly by members.

Rounding difference may apply