



NEW BRUNSWICK RISK SHARING POOL

APRIL 2018 OPERATIONAL REPORT

ACTUARIAL HIGHLIGHTS

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ACTUARIAL HIGHLIGHTS
RSP NEW BRUNSWICK
OPERATIONAL REPORT
APRIL 2018

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1 Summary

1.1 Valuation Schedule (Fiscal Year 2018)

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

NEW BRUNSWICK RISK SHARING POOL FISCAL YEAR 2018 – SCHEDULE OF VALUATIONS			
Valuation Date	Discount Rate (per annum)	Operational Report	Description of Changes
Sep. 30, 2017 (completed)	1.74% mfad: 25 bp	Oct. 2017	updated valuation (roll forward): accident year 2017 loss ratio increased 1.1 points to 73.5%; discount rate increased by 57 basis points; no change to selected margins for adverse deviations
Dec. 31, 2017 (completed)	1.75% mfad: 25 bp	Mar. 2018	update valuation: accident year 2018 loss ratio increased 1.1 point to 73.2%; discount rate increased by 1 basis point; no change to selected margins for adverse deviations
Mar. 31, 2018		May 2018	update valuation (roll forward):
Jun. 30, 2018		Aug. 2018	update valuation:
Sep. 30, 2018		Oct. 2018	update valuation (roll forward):

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

1.2 Appointed Actuary and Hybrid Actuarial Services Model

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

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

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

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

Consideration and assessment of potential impacts of legal decisions and changes in legislation /

regulation constitutes a regular part of the valuation process. Descriptions of some of the more recent changes are provided below.

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

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

At the current time, no adjustments have been made to our valuation estimates or views based on the judgment as rendered, but we continue to review and consider the implications of the judgment.

1.4 Harmonized Sales Tax

There have been no changes to this section since last month’s Highlights.

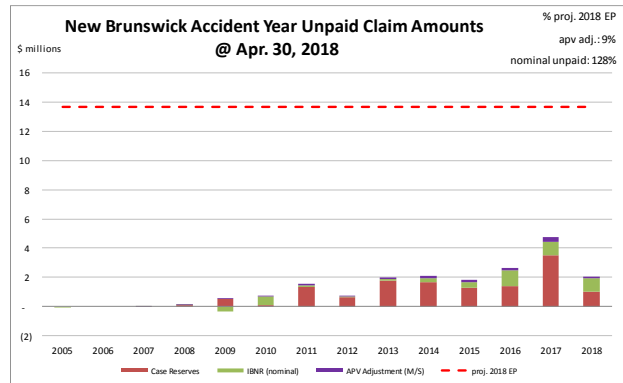
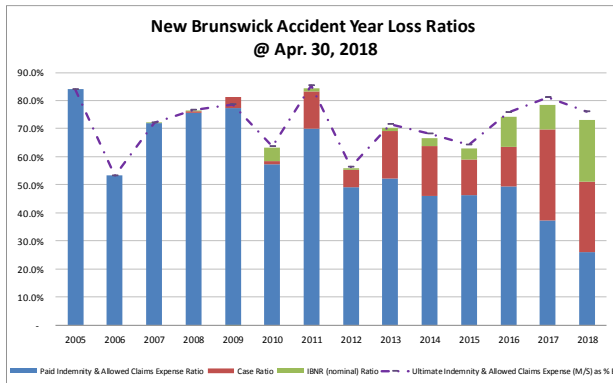
In the fiscal 2016-17 provincial budget released February 2, 2016, the New Brunswick Finance Minister announced a 2 percentage point increase in the provincial component of the harmonized sales tax (“HST”) **effective July 1st, 2016** increasing the combined HST rate in the province from 13% to 15%.

An adjustment for the HST rate increase was included in the updated loss cost trend structures selected using NB PPV Industry 2016-2 data, impacting the selected a priori loss ratios, however, no specific adjustments have been made to the valuation assumptions from the current valuation (December 31, 2017).

1.5 Current Provision Summary

The charts at the top of the next page show the current levels of claim liabilities¹ booked by accident year. The left chart displays life-to-date payments, case reserves, IBNR, and the total including actuarial present value adjustments against accident year earned premium. The right chart shows the associated dollar amounts for the components of the claim liabilities and the current projected amount of 2018 full year earned premium (the red hash-mark line) to provide some perspective.

¹Claim liabilities refer to provision for unpaid indemnity and allowed claims expenses. Allowed claims expenses are first party legal and other expenses as listed in the RSP Claims Guide. Claims expenses paid through the member company expense allowance are NOT included in this discussion.



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

The current actuarial present value adjustments balance (\$1.2 million – see table immediately below) represents 9% of the earned premium projected for the full year 2018 (see the upper right corner of the right chart above). If our current estimates of the nominal unpaid amounts prove to match actual claims payments, the actuarial present value adjustments will be released into the net operating result over future periods.

claim liabilities (\$000s)

	amt	%
case	13,330	71.5%
ibnr	4,128	22.1%
M/S apv adjust.	1,192	6.4%
M/S total	18,650	100.0%

The table to the left breaks down the Member Statement (M/S) claim liabilities total into component parts, showing that the majority of the claim liabilities is in case reserves for this pool. Approximately 45% of the IBNR balance relates to accident years 2017 and 2018 (see Exhibit B). Approximately 71% of the M/S

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

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

premium liabilities (\$000s)

	amt	%
unearned prem	6,047	125.0%
prem def/(dpac)	(1,458)	(30.2%)
M/S apv adjust.	247	5.1%
M/S total	4,836	100.0%

policy liabilities (\$000s)

	amt	%
claim	17,458	74.3%
premium	4,589	19.5%
M/S apv adjust.	1,439	6.1%
M/S total	23,486	100.0%

2 Activity During the Month of April 2018

2.1 Recorded Premium and Claims Activity

The table at the top of the next page summarizes the extent to which premiums and claims amounts recorded during the month differ from projections reflected in the prior month's Operational Report².

²There may be rounding differences in values in this document compared with the associated Bulletin and/or Operational Report.

New Brunswick RSP Actual vs Projected Summary: Recorded Transaction Amounts (\$ thousands)

Accident Year	Earned Premium		Paid Indemnity & Allowed Claims Expense		Case increase / (decrease)		Recorded increase / (decrease)	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
Prior	(0)	(0)	336	89	(274)	(137)	63	(47)
2016	(3)	(3)	22	(3)	45	36	67	33
2017	(6)	(6)	54	(36)	(77)	4	(23)	(32)
2018	1,043	(14)	277	(59)	210	(12)	487	(71)
TOTAL	1,033	(24)	689	(9)	(95)	(108)	594	(116)

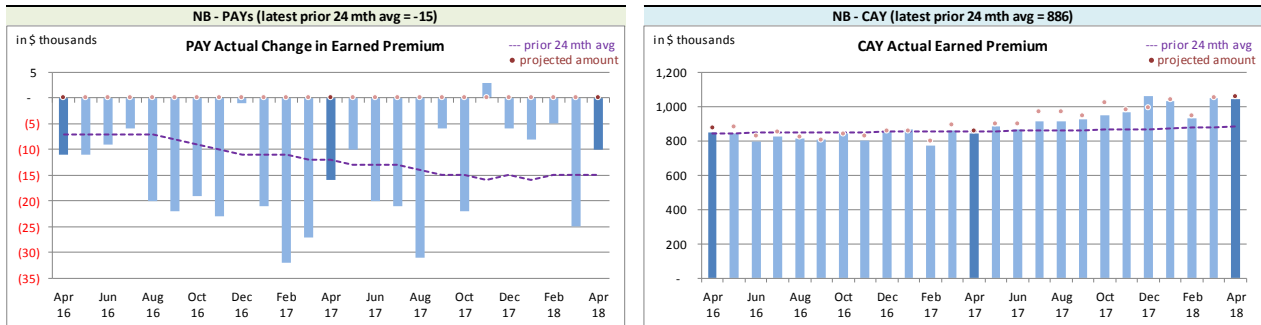
(Recorded transaction amounts exclude IBNR & other actuarial provisions)

Claims transaction activity is generally volatile and changes from one month to the next are anticipated due to this natural “process variance” (i.e. random variation), and this is particularly true where volumes are low as found in this RSP. Each month, the projection variances are reviewed for signs of projection bias and to identify potential ways to reduce the level of the variance. Commentary from our review is provided in the sub-sections that follow.

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

The tables immediately below show actual **earned premium**³ activity in each of the most recent 25 calendar months, along with a “prior 24-month average” to show how each month’s actual compares with the average amount of the preceding 24 calendar months.

New Brunswick RSP Actual **Earned Premium** by Calendar Month

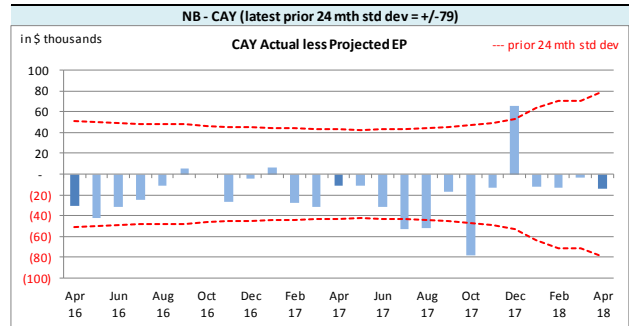
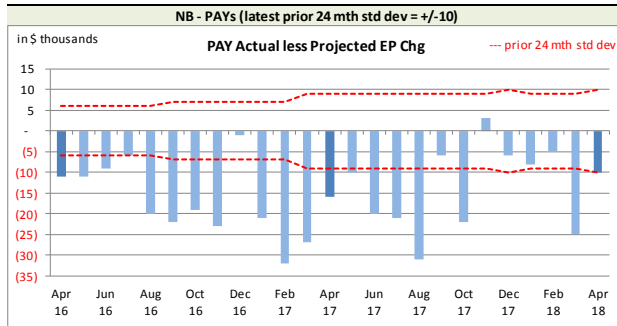


Earned premium changes during a given calendar month in relation to prior accident years tend to be at modest levels, although relatively high levels seem to occur in January each year. The heightened prior accident years’ activity for recent months is related to ineligible risks being removed from the RSP based on findings of the FA internal audit team with respect to recent audits.

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

³Premium is earned on a daily basis based on the transaction term measured in days. As a result, months with 31 days earned relatively more than those with 30 days, and February earns the least.

New Brunswick RSP Actual vs. Projected Summary: Earned Premium Variances by Calendar Month



On Latest \$ thousands		
Earned Premium	PAYs	CAY
Mthly Avg EP Chg (prior 24 mths)	(15)	886
std dev	10	79
A-P <> std dev	17	4
% <> std dev	68.0%	16.0%
norm <> std dev	31.7%	31.7%

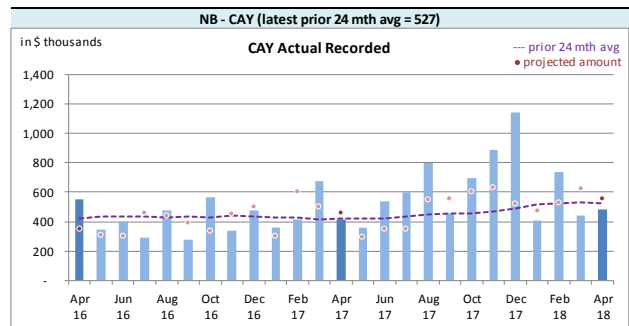
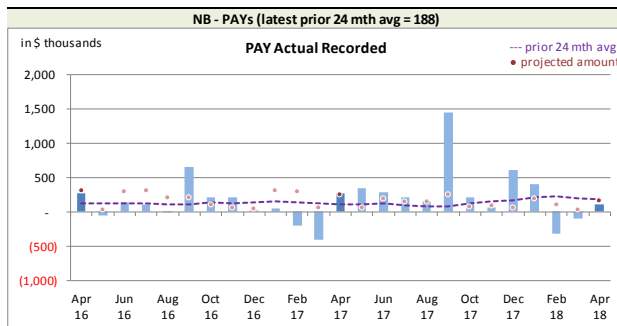
We project **earned premium** changes from known unearned premium and projected written premium levels, but upload the total projections as current accident year (CAY). This process has generated prior accident years' (PAYs) bias⁴, with actuals generally lower than our projections, although the magnitude is not high relative to

monthly premium. In addition to the PAYs' bias, the CAY has also shown bias⁵, with actuals being generally lower than projected, and we have modified our projections processes in response. Over time, we may consider other projection approaches to narrow monthly variance levels further, but it is not currently deemed a priority. Projection variances have also been exacerbated by written premium variances, where our projections, based on information provided by larger RSP users, have been proven to be too high.

2.1.b AvsP: Recorded Indemnity & Allowed Claims Expense

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

New Brunswick RSP Actual Recorded by Calendar Month



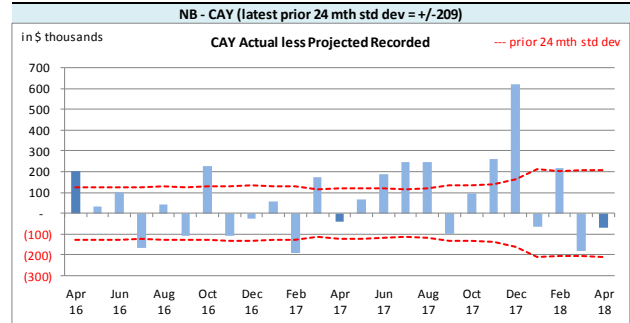
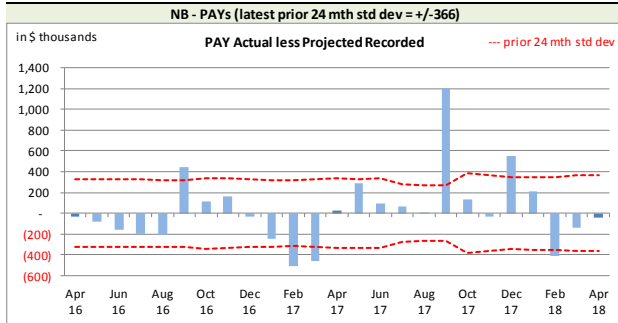
Recorded activity variances from the previous month’s projections are shown in the charts

⁴The PAYs’ variances will show bias as the projection upload forces all earned premium projections to be attributed to the CAY.

⁵We measure bias based on a 95% confidence range for a binominal distribution with trials based on the range being considered (24 in this case) and 50% probability of success. The 24-month variances at April 2018 has only 3 months where the projection was higher than projected, and as the 95% confidence range is 7 to 17, bias continues to be indicated.

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

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



On Latest \$ thousands		
Recorded	PAYS	CAY
Mthly Avg Recorded (prior 24 mths)	188	527
std dev	366	209
A-P <> std dev	6	11
% <> std dev	24.0%	44.0%
norm <> std dev	31.7%	31.7%

With respect to **recorded** indemnity & allowed claims expense activity, caution must be exercised in reviewing the variances as this is a small pool and single claim transactions that are normal course for the business may look “unusual” and generate relatively “significant” variances that in nominal value terms are not that

significant. The prior accident years’ (PAYS) **recorded** variances (left chart above) have fallen outside one standard deviation 24% of the time, suggesting the projection process has performed better than simply projecting from the preceding 24-month average. No bias has been indicated at a 95% confidence level on a lagging 24-month basis.

The current accident year (CAY) **recorded** variances (right chart above), with 44% outside of one standard deviation, suggest the projection process has performed worse than projecting simply on a 24-month average, and we note that CAY variances have been outside of the band in 6 of the last 11 months, and for 9 of the last 19 months. No bias has been indicated at a 95% confidence level on a lagging 24-month basis.

As noted in the last three month’s Actuarial Highlights, FA management was notified on January 31, 2018 by a member of a potential recorded case reserve overstatement. Furthermore, during the latest valuation, 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 New Brunswick 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

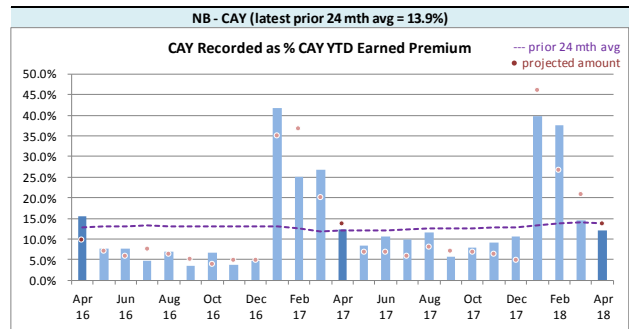
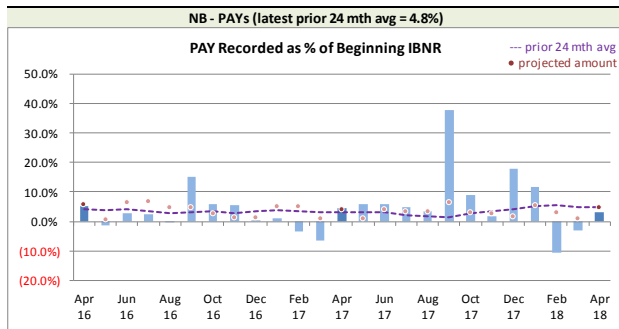
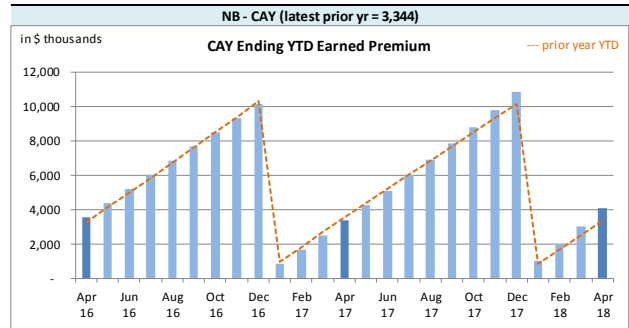
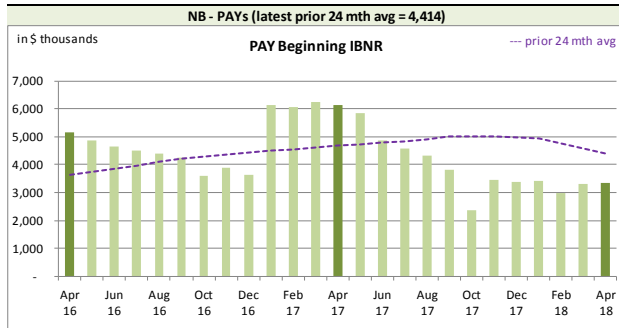
<u>overstatement / (understatement)</u>	
Accident Year	Total Case Reserve Adjustment (\$'000s)
2011	(121)
2012	24
2013	23
2014	9
2015	454
2016	506
2017	103
Total	998

With this valuation, prior accident years' ultimates selections have 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.

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

We have included, for reference, additional charts at the top of the next page related to levels influencing **recorded** activity. Note in particular the increase in the level of PAYs beginning IBNR over the months. Part of this will be as a response to valuations and showing up as a beginning IBNR change one month after the valuation is implemented (i.e. April, June, September, and November).

New Brunswick RSP Levels that influence⁶ Recorded activity by Calendar Month



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

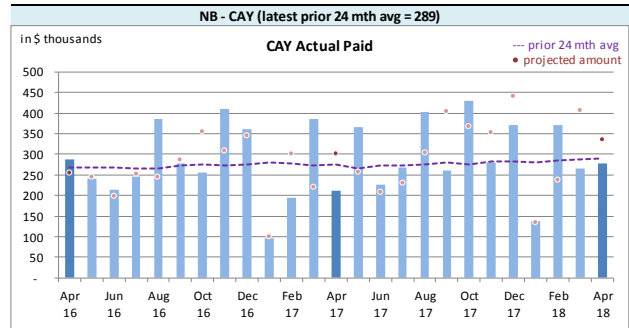
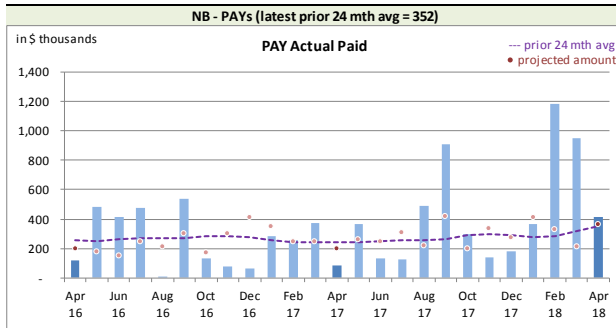
- to offset actual **recorded** activity (through loss ratio matching);
- the annual switchover as a current accident year becomes a prior accident year (occurs in January); and
- when a new valuation is implemented, where the valuation resulted in changes to the selection of prior accident years’ ultimate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

2.1.c AvsP: Paid Indemnity & Allowed Claims Expense

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

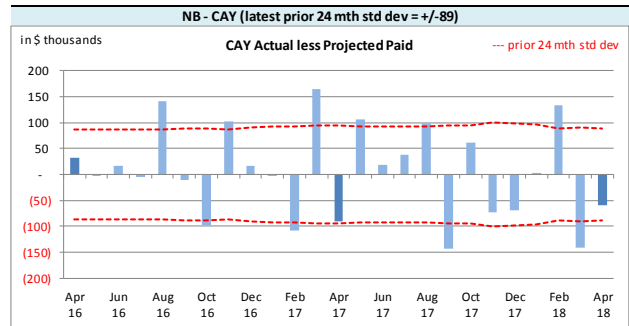
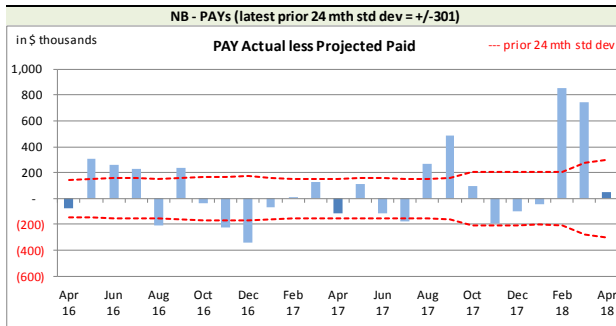
⁶Our recorded activity projections for the prior accident years are based on selected ratios of recorded activity to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date IBNR to year-to-date selected ultimate (i.e. selected LR x earned premium), deriving year-to-date recorded as selected ultimate less IBNR. In both cases, the ratio selection is based on our review of the more recent recorded activity and recent AvsP analyses.

*New Brunswick RSP Actual **Paid** activity by Calendar Month*



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

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



On Latest \$ thousands			
	Paid	PAYs	CAY
Mthly Avg Paid (prior 24 mths)		352	289
std dev		301	89
A-P <> std dev		12	10
% <> std dev		48.0%	40.0%
norm <> std dev		31.7%	31.7%

With respect to **paid** indemnity & allowed claims expense, caution must be exercised in reviewing the variances as this is a small pool, and single claim transactions that are normal course for the business may look “unusual” and generate relatively “significant” variances that in nominal value terms are not that significant. That said,

the prior accident years’ (PAYs) **paid** variances (left chart above) do not seem to indicate bias. At 48%, the percentage of months with variances outside of the experience period’s standard deviation suggests the projection process has performed worse than simply projecting a 24-month average. No bias has been indicated at a 95% confidence level on a lagging 24-month basis.

The current accident year (CAY) **paid** variances (right chart above) do not appear to show bias, but at 40%, the percentage of months with variances falling outside of the experience period’s standard deviation suggests the projection process has performed no better than simply projecting a 24-month average. No bias has been indicated at a 95% confidence level on a lagging 24-month basis.

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

New Brunswick RSP Levels that influence⁷ Paid activity by Calendar Month



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

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

2.2 Actuarial Provisions

An “ultimate loss ratio matching method” (described in section 3) was used to determine the month’s IBNR⁸, and factors were applied to the nominal unpaid claims liability (case plus IBNR) to determine the discount amount (shown as a negative value to indicate its impact of reducing the liability) and the Provisions for Adverse Deviations. The loss ratios and the factors used to determine the current month’s provisions and projections were based on the applicable valuation. The table at the top of the next page summarizes variances in provisions included in the April 2018

⁷Our paid projections for the prior accident years are based on selected ratios of paid to beginning unpaid balances, whereas the current accident year projections are based on selected ratios of year-to-date paid to year-to-date selected ultimate indemnity (i.e. selected LR x earned premium). In both cases, the ratio selection is based on our review of the more recent recorded activity and recent AvsP analyses.

⁸For ease of discussion, “IBNR” is used in place of “provisions for incurred but not recorded (IBNR) and development”.

Operational Report and the associated one-month projections from last month’s Report.

New Brunswick RSP Actual vs Projected Summary: IBNR and APV Amounts (\$ thousands)

Table 02

Accident Year	IBNR		actuarial present value adjustments				IBNR + actuarial present value adjustments	
	Actual	Actual less Projected	Discount Amount		Provisions for Adverse Deviations		Actual	Actual less Projected
			Actual	Actual less Projected	Actual	Actual less Projected		
Prior	1,219	48	(301)	2	904	(11)	1,822	39
2016	1,066	(36)	(115)	-	296	-	1,247	(36)
2017	951	27	(245)	(2)	541	4	1,247	29
2018	892	61	(109)	(3)	221	5	1,004	63
TOTAL	4,128	100	(770)	(3)	1,962	(2)	5,320	95

The IBNR provision is \$0.1 million higher than projected from last month, counterbalancing the recorded claims activity and adjusting for the earned premium variance impacts indicated in section 2.1.

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

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

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

The table immediately below summarizes the variances in the provisions for premium deficiency liability / (deferred policy acquisition cost asset) included in the April 2018 Operational Report and the one-month projections from last month’s Report. This RSP is in a deferred policy acquisition cost asset position (shown as a negative amount) prior to and after actuarial present value adjustments. Actuarial present value adjustments decrease the asset value as the adjustments increase the expected future policy obligations (costs) associated with the unearned premium. The variances noted are mainly driven by the unearned premium variance.

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

Table 03

	Premium Deficiency / (Deferred Policy Acquisition Costs)		actuarial present value adjustments		Premium Deficiency / (DPAC) including actuarial present value adjustments	
	Actual	Actual less Projected	Actual	Actual less Projected	Actual	Actual less Projected
balance:	(1,458)	50	247	(8)	(1,211)	42
balance as % unearned premium:	(24.1%)	-	4.1%	-	(20.0%)	-
actual unearned premium:	6,047					
less projected:	(209)					

3 Ultimate Loss Ratio Matching Method

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

- (a) Earned premium to-date
- (b) Ultimate loss⁹ ratio per latest valuation
- (c) Estimated ultimate incurred = (a) x (b)
- (d) Recorded indemnity & allowed claims expense to-date
- (e) IBNR = (c) – (d)

4 Calendar Year-to-Date Results

The table below summarizes the calendar year-to-date results for indemnity & allowed claims expenses¹⁰, including IBNR.

In calculating the amounts as percentages of earned premium, the calendar year-to-date earned premium has been used, which includes not only the earned premium associated with the current accident year, but also earned premium adjustments related to prior accident years. Specifically, the current accident year (CAY) ratio in the table is 74.1% rather than 73.2% (the valuation ultimate ratio for accident year 2018), as the calendar year-to-date earned premium includes prior accident year earned premium adjustments. (Note that the ratios in this table may differ slightly from those shown in the New Brunswick RSP Summary of Operations due to rounding.)

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

Table 04	YTD Nominal Values		YTD actuarial present value adjustment		YTD Total		Change from Prior Month YTD	
	Amount	% EP	Amount	% EP	Amount	% EP	Amount	LR pts
PAYs	(79)	(2.0%)	(110)	(2.7%)	(189)	(4.7%)	(37)	0.4%
CAY	2,967	74.1%	112	2.8%	3,079	76.9%	792	(0.1%)
TOTAL	2,888	72.1%	2	-	2,890	72.2%	755	0.4%

(“% EP” based on 2018 calendar year-to-date earned premium; ratios may not total due to rounding)

In general, prior accident years (PAYs) changes from last month are due to the release of the actuarial present value adjustments with claims payments, except when valuations are implemented. The loss ratio change year-to-date in Table 04 reflects not only changes in the prior accident year levels, but also the increase in the calendar year-to-date earned premium with an additional month’s earned premium.

For the current accident year (CAY), changes in the year-to-date total reflects the additional month’s exposure and regular changes to actuarial present value adjustments as the year ages.

5 Current Operational Report – Additional Exhibits

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

⁹“Loss” here refers to indemnity and allowed claims expenses, but does not include the claims expense allowance included in member company overall expense allowances (“Expense Allowance” in the Operational Report).

¹⁰Allowed claims expenses are first party legal and other expenses as listed in the RSP Claims Guide. Claims expenses paid through the member company expense allowance are NOT included in this analysis.

Operational Report.

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

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

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

6 EXHIBITS

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

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

EXHIBIT A

IBNR for Member Sharing – includes Actuarial Present Value Adjustments

TABLE EXHIBIT A

		Amounts in \$000s				
IBNR + M/S actuarial present value adjustments	Accident Year	Actual Mar. 2018	Actual Apr. 2018	Projected May. 2018	Projected Jun. 2018	Projected Dec. 2018
	2005	(2)	(2)	(2)	(2)	(2)
	2006	-	-	-	-	-
	2007	9	9	9	7	5
	2008	49	49	46	38	28
	2009	(339)	(340)	(327)	(256)	(167)
	2010	617	645	617	498	344
	2011	210	210	199	177	143
	2012	108	107	102	90	73
discount rate	2013	334	233	223	200	164
1.75%	2014	411	399	374	356	297
	2015	513	512	814	806	700
interest rate margin	2016	1,318	1,247	1,767	1,685	1,486
25 basis pts	2017	1,232	1,247	1,330	1,317	1,137
	2018	699	1,004	1,373	1,656	1,783
	TOTAL	5,159	5,320	6,525	6,572	5,991
	Change		161	1,205	47	

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

EXHIBIT B

IBNR

TABLE EXHIBIT B

Amounts in \$000s

IBNR	Ultimate Loss Ratio	Accident Year	Actual Mar. 2018	Actual Apr. 2018	Projected May. 2018	Projected Jun. 2018	Projected Dec. 2018
	84.0%	2005	(2)	(2)	(2)	(2)	(2)
	53.2%	2006	-	-	-	-	-
	72.1%	2007	8	8	8	6	4
	76.6%	2008	40	40	38	30	20
	78.6%	2009	(352)	(353)	(339)	(268)	(178)
	63.3%	2010	566	595	571	451	301
	84.4%	2011	107	107	103	81	53
	55.8%	2012	61	61	59	47	32
	70.3%	2013	199	111	107	85	56
	66.7%	2014	278	269	245	228	181
	62.8%	2015	376	383	686	679	582
	74.1%	2016	1,136	1,066	1,588	1,509	1,322
	78.5%	2017	933	951	1,037	1,027	864
	73.2%	2018	616	892	1,230	1,480	1,459
		TOTAL	3,966	4,128	5,331	5,353	4,694
		Change		162	1,203	22	

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

EXHIBIT C

Premium Liabilities

TABLE EXHIBIT C

	Amounts in \$000s				
	Actual Mar. 2018	Actual Apr. 2018	Projected May. 2018	Projected Jun. 2018	Projected Dec. 2018
Premium Liabilities					
(1) unearned premium (UP)	5,813	6,047	6,523	7,054	8,203
FOR MEMBER SHARING					
(2) expected future costs ratio {% of (1)}	79.9%	80.0%	80.1%	80.2%	81.2%
(3) expected future costs {(1) x (2)}	4,644	4,836	5,223	5,658	6,660
(4) premium deficiency / (deferred policy acquisition cost)	(1,169)	(1,211)	(1,300)	(1,396)	(1,543)
Excluding Actuarial Present Value Adjustments					
(5) expected future costs ratio {% of (1)}	75.8%	75.9%	76.0%	76.1%	77.0%
(6) expected future costs {(1) x (5)}	4,408	4,589	4,957	5,370	6,320
(7) premium deficiency / (deferred policy acquisition cost)	(1,405)	(1,458)	(1,566)	(1,684)	(1,883)

EXHIBIT D
Projected Year-end Policy Liabilities

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

New Brunswick		Projected Balances as at Dec. 31, 2018 (\$000s)									
ending 2018		nominal values			actuarial present value adjustments (apvs)						TOTAL
Acc Yr	Case	IBNR	Total Unpaid	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL	
2005	-	(2)	(2)	-	-	-	-	-	-	(2)	
2006	-	-	-	-	-	-	-	-	-	-	
2007	4	4	8	-	-	1	-	1	1	9	
2008	84	20	104	(2)	-	10	-	10	8	112	
2009	320	(178)	142	(4)	1	14	-	14	11	153	
2010	311	301	612	(18)	2	61	(2)	59	43	655	
2011	1,219	53	1,272	(38)	5	127	(4)	123	90	1,362	
2012	569	32	601	(20)	3	60	(2)	58	41	642	
2013	1,591	56	1,647	(59)	8	165	(6)	159	108	1,755	
2014	1,556	181	1,737	(61)	9	174	(6)	168	116	1,853	
2015	949	582	1,531	(63)	9	179	(7)	172	118	1,649	
2016	920	1,322	2,242	(105)	13	269	(13)	256	164	2,406	
2017	3,244	864	4,108	(226)	33	493	(27)	466	273	4,381	
PAYs (sub-total):	10,767	3,235	14,002	(596)	83	1,553	(67)	1,486	973	14,975	
CAY (2018)	4,076	1,459	5,535	(315)	44	631	(36)	595	324	5,859	
claims liabilities:	14,843	4,694	19,537	(911)	127	2,184	(103)	2,081	1,297	20,834	
	Unearned Premium	Premium Deficiency / (DPAC)	Total Provision	discount	investment PfAD	nominal development PfAD	development PfAD discount	development PfAD	Total apvs	TOTAL*	
premium liabilities:	8,203	(1,883)	6,320	(232)	31	562	(21)	541	340	6,660	
*Total may not be sum of parts, as apvs apply to future costs within UPR											
policy liabilities:			25,857	(1,143)	158	2,746	(124)	2,622	1,637	27,494	

EXHIBIT E

Discount Rate & Margins for Adverse Deviations

The tables below present selected margins for adverse development by coverage (the total is a weighted average, based on the unpaid claims projection for December 31, 2018 from the valuation), followed by the selected discount rate and the associated margin for investment income.

Selected Claims Development MfADs (Dec. 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%	10.0%	10.0%
2011	10.0%	10.0%	10.0%	10.0%
2012	10.0%	10.0%	10.0%	10.0%
2013	10.0%	10.0%	10.0%	10.0%
2014	10.0%	10.0%	7.0%	10.0%
2015	12.3%	10.0%	6.0%	11.7%
2016	12.5%	10.0%	6.1%	12.0%
2017	12.5%	10.0%	7.4%	12.0%
2018	12.3%	10.0%	5.7%	11.4%
prem liab	11.7%	10.0%	5.1%	9.2%

discount rate: 1.75%
 margin (basis points): 25

EXHIBIT F

Interest Rate Sensitivity

The tables below present sensitivity to the member statement claims liability as projected to Dec. 31, 2018 from the latest valuation date (projections in exhibits A to D are also to Dec. 31, 2018, but are based on more up-to-date information). We have included the most recent valuation selection (1.75%), the prior valuation assumption (1.74%) and the prior fiscal year end valuation assumption (1.74%) for comparative purposes. A 25 basis point margin for investment return adverse deviation is used in all scenarios presented.

\$ Format: \$000s

Actuarial Present Value of Provisions at Various Discount Rates - Dec. 31, 2018 projected Unpaid								
AY	0.75%	1.25%	1.75%	2.25%	2.75%	3.25%	1.74%	1.74%
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	6	6	6	6	6	6	6	6
2008	71	70	70	69	69	68	70	70
2009	166	165	163	162	161	160	163	163
2010	1,094	1,084	1,075	1,066	1,057	1,048	1,075	1,075
2011	1,021	1,012	1,003	994	986	978	1,003	1,003
2012	529	524	519	514	509	504	519	519
2013	1,442	1,427	1,412	1,398	1,384	1,371	1,413	1,413
2014	1,550	1,534	1,519	1,504	1,489	1,474	1,519	1,519
2015	1,997	1,973	1,950	1,927	1,905	1,884	1,950	1,950
2016	3,502	3,455	3,408	3,362	3,318	3,275	3,409	3,409
2017	4,494	4,422	4,352	4,285	4,218	4,155	4,354	4,354
2018	6,669	6,558	6,451	6,347	6,246	6,148	6,454	6,454
Total	22,541	22,230	21,928	21,634	21,348	21,071	21,935	21,935
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

Dollar Impact Relative to Valuation Assumption								
AY	0.75%	1.25%	1.75%	2.25%	2.75%	3.25%	1.74%	1.74%
Total	613	302	-	(294)	(580)	(857)	7	7
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

Percentage Impact Relative to Valuation Assumption								
AY	0.75%	1.25%	1.75%	2.25%	2.75%	3.25%	1.74%	1.74%
2005	-	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-	-
2008	1.4%	-	-	(1.4%)	(1.4%)	(2.9%)	-	-
2009	1.8%	1.2%	-	(0.6%)	(1.2%)	(1.8%)	-	-
2010	1.8%	0.8%	-	(0.8%)	(1.7%)	(2.5%)	-	-
2011	1.8%	0.9%	-	(0.9%)	(1.7%)	(2.5%)	-	-
2012	1.9%	1.0%	-	(1.0%)	(1.9%)	(2.9%)	-	-
2013	2.1%	1.1%	-	(1.0%)	(2.0%)	(2.9%)	0.1%	0.1%
2014	2.0%	1.0%	-	(1.0%)	(2.0%)	(3.0%)	-	-
2015	2.4%	1.2%	-	(1.2%)	(2.3%)	(3.4%)	-	-
2016	2.8%	1.4%	-	(1.3%)	(2.6%)	(3.9%)	0.0%	0.0%
2017	3.3%	1.6%	-	(1.5%)	(3.1%)	(4.5%)	0.0%	0.0%
2018	3.4%	1.7%	-	(1.6%)	(3.2%)	(4.7%)	0.0%	0.0%
Total	2.8%	1.4%	-	(1.3%)	(2.6%)	(3.9%)	0.0%	0.0%
	curr - 100 bp	curr - 50 bp	curr val assumption	curr + 50bp	curr + 100bp	curr + 150bp	prior val assumption	prior fyr end assumption

EXHIBIT G

Page 1 of 2

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

RSP **New Brunswi**
AccountCode Desc **IBNR - Discou** M/S IBNR - in \$000s

AccYear	Values				Sum of Total Change	Sum of % Total Change	Sum of Current Month Final Amount
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation			
2005	(2)	-	-	-	-	-	(2)
2006	-	-	-	-	-	-	-
2007	9	(1)	1	-	-	-	9
2008	49	(5)	5	-	-	-	49
2009	(339)	40	(41)	-	(1)	0.3%	(340)
2010	617	(64)	92	-	28	4.5%	645
2011	210	(16)	16	-	-	-	210
2012	108	(10)	9	-	(1)	(0.9%)	107
2013	334	(27)	(74)	-	(101)	(30.2%)	233
2014	411	(4)	(8)	-	(12)	(2.9%)	399
2015	513	(40)	39	-	(1)	(0.2%)	512
2016	1,318	(35)	(36)	-	(71)	(5.4%)	1,247
2017	1,232	(14)	29	-	15	1.2%	1,247
2018	699	242	63	-	305	43.6%	1,004
Grand Total	5,159	66	95	-	161	3.1%	5,320

EXHIBIT G

Page 2 of 2

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

 RSP **New Brunswi**
 AccountCode Desc **IBNR - Undisc**

IBNR - in \$000s

AccYear	Values				Sum of Total Change	Sum of % Total Change	Sum of Current Month Final Amount
	Sum of Prior Month Actual Amount	Sum of Projected Change	Sum of Change Due to AvsP Variances	Sum of Change Due to Valuation Implementation			
2005	(2)	-	-	-	-	-	(2)
2006	-	-	-	-	-	-	-
2007	8	(1)	1	-	-	-	8
2008	40	(4)	4	-	-	-	40
2009	(352)	39	(40)	-	(1)	0.3%	(353)
2010	566	(62)	91	-	29	5.1%	595
2011	107	(12)	12	-	-	-	107
2012	61	(7)	7	-	-	-	61
2013	199	(22)	(66)	-	(88)	(44.2%)	111
2014	278	(3)	(6)	-	(9)	(3.2%)	269
2015	376	(38)	45	-	7	1.9%	383
2016	1,136	(34)	(36)	-	(70)	(6.2%)	1,066
2017	933	(9)	27	-	18	1.9%	951
2018	616	215	61	-	276	44.8%	892
Grand Total	3,966	62	100	-	162	4.1%	4,128