

Undertaking # 49

MPI to provide reconciliation between an \$11.3 million increase in reported for the years 1994 through 2003 for weekly indemnity when the year-over-year ultimates went down by around nine hundred thousand dollars (\$900,000).

RESPONSE:

The figures cited are not comparable. The \$11.3 million represents the variance between actual and budget reported as at February 28, 2014 for accident years 1994 to 2003. Per PUB (MPI) 1-14, actual reported for these accident years was \$9.6 million. The decrease of \$0.9 represents the change in the tabular reserves from October 31, 2012 to October 31, 2013. Comparing reported to change in reserves is inappropriate as it does not account for paid losses.

For fiscal year 2013/14, for accident years 1994 to 2003:

- Reported losses were \$9.6M
- Paid losses were \$11.7M
- Case reserves decreased by \$2.1M

Typically, we expect that paid losses will be completely offset by decreases in case reserves such that reported losses will be unchanged. However, due to the PIPP reserve review, case reserves for these years were significantly increased, something which was not expected.

The table below presents a better comparison, comparing the change in tabular reserves to the change in case reserves for fiscal year 2013/14. The total variance of \$0.5 is not significant. Year-to-year variance is a result of how tabular reserves are determined and is documented as described in the Actuary Report for October 2013 in Volume III, AI.7.

Ins Yr	Tabular Reserve			Case Rsv	Variance
	28-Feb-14	28-Feb-13	Change	Change	
1994	17,306,721	17,264,164	42,557	343,314	-300,757
1995	23,135,981	22,894,221	241,760	417,437	-175,677
1996	11,697,930	11,873,432	-175,502	-458,404	282,902
1997	14,362,535	13,612,437	750,098	527,945	222,153
1998	20,719,299	20,246,578	472,721	-269,998	742,719
1999	18,752,679	19,558,572	-805,893	-762,539	-43,354
2000	18,906,281	21,413,040	-2,506,759	-2,241,797	-264,962
2001	17,833,453	17,870,893	-37,440	173,985	-211,425
2002	23,422,080	24,908,317	-1,486,237	-742,782	-743,455
2003	22,709,930	21,761,733	948,197	914,993	33,204
Total			-2,556,498	-2,097,846	-458,652