
TO: Board of Directors
FROM: Donald Blue, Chief Actuary
DATE: August 18, 2016
CLUSTER: Finance
SUBJECT: Rate Setting for 2017
SUBMISSION: Approval

Issue

The 2017 average rate requirement submitted by the Chief Actuary requires Board of Directors approval.

Background:

We have completed detailed analysis of 2017 rate requirements, reflecting the Board's updated financial position as at December 31, 2015 and incorporating the revised method of determining actuarial liabilities implemented as at December 31, 2015. The analysis tests projected Sufficiency Ratios under various scenarios, combining differing new claims costs, rates of investment return and patterns of economic development.

Relevant Factors:

Appended to this memorandum for your review and submission to the Board of Directors for approval is a presentation setting out the results of our projections, summarizing other relevant information and presenting a rate recommendation, as well as a recommended strategy to recover the required premium in 2017 equitably from all rate groups.

Recommendation:

The Board of Directors approve the Chief Actuary's recommendation:

1. That there be an average 5% rate decrease in 2017.
2. That the so-called "RG rate Decrease Approach" described in the presentation be the means of determining rate decreases at the individual rate group level.