(iii) Has a higher or equal risk tolerance than the lower capital target

- It is reasonable that the RSR 'operational' range would have a higher (e.g. 1-in-20) or equal (1-in-40) risk tolerance than the lower RSR target.

(iv) Has a reasonable time horizon for which variability can be managed.

- The RSR range should reflect a reasonable timeline for which financial results could fluctuate within an acceptable range of results without generating frequency rebuilding fees or rebates.

Based on PUB Order 162/16 and the Corporation's interpretations of the DCAT Technical Conference discussions, the Corporation has produced the following scenarios in support of an appropriate RSR range:

(i) Risk tolerance: 1-in-20, 1-in-40 (alternatively: 5th percentile, 2.5th percentile)
(ii) Time Horizon: 2, 3, 4 years
(iii) Assumed Management Action: None
(iv) Scenario: Combined Scenario

The calculated RSR range based on these parameters was assumed to be added to the minimum RSR target to produce the maximum RSR target. The calculated ranges and implied RSR ranges using the above parameters are shown in the tables below:

Figure DCAT- 64: 6.0 Dollar Deviations from Best Estimate Forecast by Forecast Period and Percentile

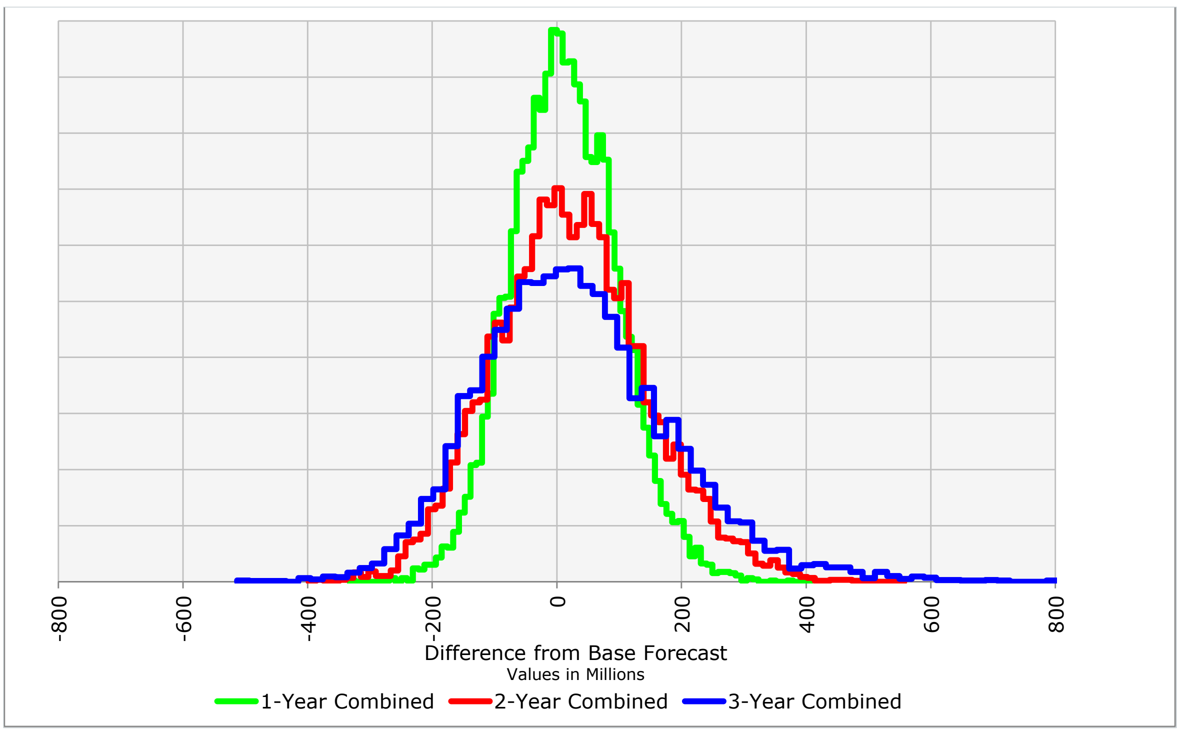
Line No.	Percentile	Forecast Period (Years) 2	3
1	***(in millions)***		
2	**2.5th**	($204)	($241)
3	**5th**	($169)	($200)

Figure DCAT- 65: 6.0 Implied RSR Range by Forecast Period and Percentile

Line No.		Forecast Period (Years)	
1	**Percentile**	**2**	**3**
2	***(in millions)***		
3	**2.5th**	$405	$442
4	**5th**	$370	$401

1 The graph below shows the full modeled results for the Combined Scenario before
2 management action over 1, 2, and 3 year forecast periods.

Figure DCAT- 66: 6.0 Combined Simulations of Total Equity



3 Based on the above results, the Corporation has recommended an RSR range using
4 the 3 year, 1-in-40 Combined scenario before management action. This
5 recommendation results in a lower RSR target of $201 million and an upper RSR
6 target of $442 million. Provided the Corporation is operating within this range
7 there would be an expectation of no rebuilding fees and no premium rebates.

(iii) Has a higher or equal risk tolerance than the lower capital target
- It is reasonable that the RSR 'operational' range would have a higher (e.g. 1-in-20) or equal (1-in-40) risk tolerance than the lower RSR target.

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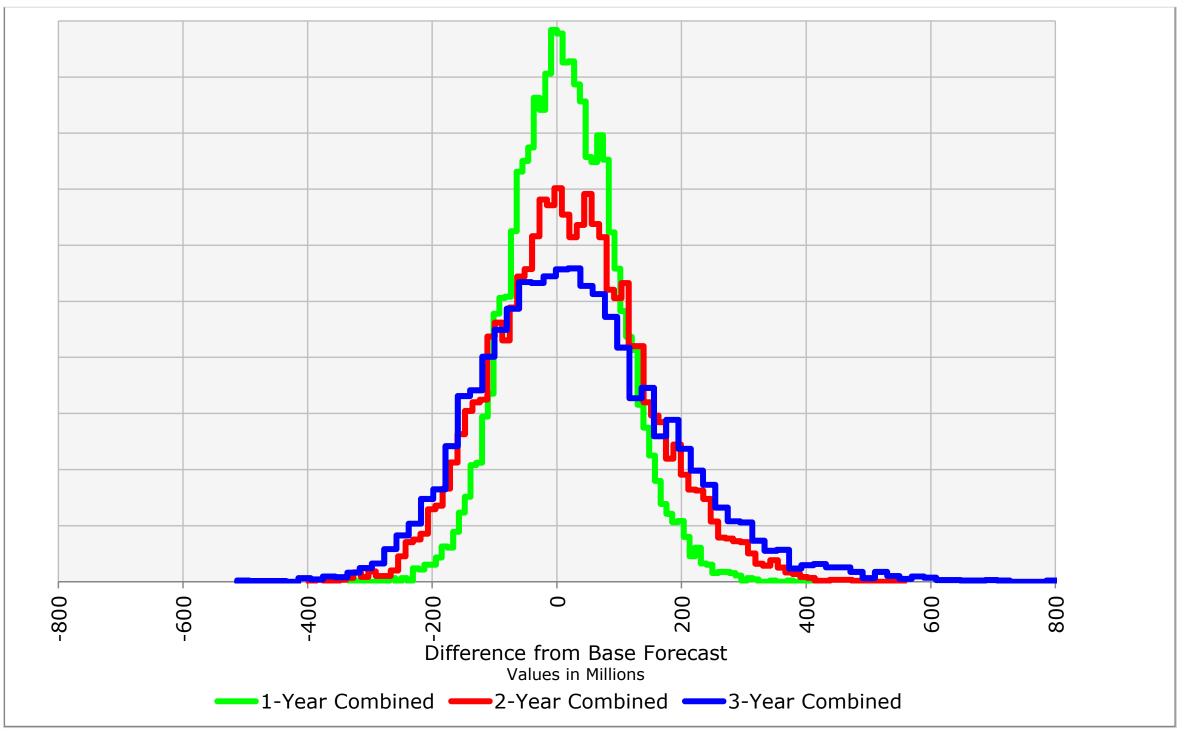

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