



**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER  
ALBERTA RISK SHARING POOL PROJECT MANAGER

**BULLETIN NO.:** F2021 – 020

**DATE:** MARCH 30, 2021

**SUBJECT:** ALBERTA RISK SHARING POOLS  
– FEBRUARY 2021 OPERATIONAL REPORT

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

Please be advised that the February 2021 Alberta Risk Sharing Pools Operational Reports are available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

### Highlights

- (a) The **Alberta Grid February 2021 premium written for the month** was \$11.7million, compared to member projections of \$15.2 million, a decrease of \$3.5 million or 23%; **premium written year-to-date** was \$22.8 million, in line with prior year;
- (b) The **Alberta Non-Grid February 2021 premium written for the month** was \$9.3 million, compared to member projections of \$11.8 million, a decrease of \$2.4 million or 21%; **premium written year-to-date** was \$19.5 million, compared to prior year of \$22.2 million, a decrease of \$2.6 million or 12%;
- (c) The **February 2021 loss ratio** for **Alberta Grid** was 81%, fairly in line with projection, but below prior year of 91%; year-to-date loss ratios also continue to be below prior year; **loss ratio** for **Alberta Non-Grid** was 99%, in line with projection, but below prior year of 108%; year-to-date loss ratios also continue to be below prior year;
- (d) The **February 2021 combined ratio** for **Alberta Grid** was 109%, in line with projection, but below prior year ratio of 115% driven by reduced loss ratio; year-to-date combined ratios continue to be below prior year, however in line with Outlook; **combined ratio** for **Alberta Non-Grid** was 132%, below projected at 137% driven by reduced expense ratios and below prior year ratio of 143% driven by reduced loss ratio; year-to-date combined ratios continue to be below prior year and Outlook;
- (e) The **Alberta Grid February 2021 net operating deficit** was \$1.3 million, below projected deficit of \$1.6 million and prior year deficit of \$2.4 million; the **year-to-date net operating deficit** was \$2.4 million, which was below prior year deficit of \$5.6 million; and
- (f) The **Alberta Non-Grid February 2021 net operating deficit** was \$2.9 million, below projected deficit of \$3.7 million and prior year deficit of \$4.3 million; the **year-to-date net operating deficit** was \$6.1 million, which was below prior year deficit of \$9.1 million.

**Alberta Grid RSP - Summary of Financial Results***AB-G RSP Summary of Financial Results*

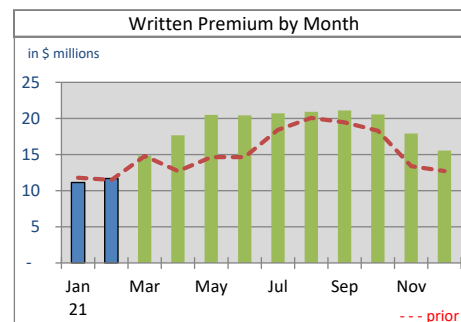
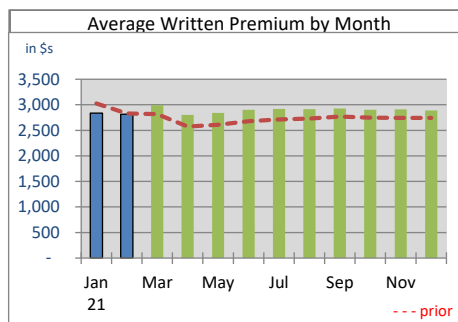
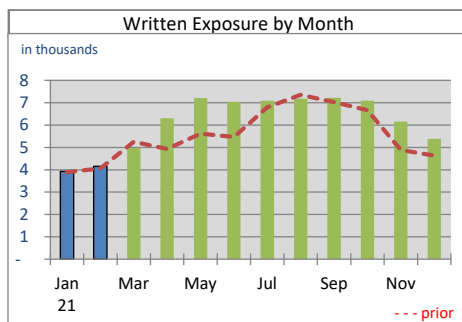
<b>AB Grid RSP 2021 Summary</b> Amounts in \$000s	<b>Actual</b> (February 2021)	<b>Projection</b> (February 2021)	<b>Prior Year</b> (February 2020)	<b>2021 year-to-date</b> as at 2 months	<b>2020 year-to-date</b> as at 2 months	<b>Outlook*</b> Full year 2021
Premium Written	11,700	15,196	11,503	22,843	23,292	226,211
Premium Earned	14,168	15,974	16,332	29,954	33,753	215,472
Incurred Losses	11,410	12,691	14,925	24,309	31,624	175,122
Underwriting & Admin Expense	4,008	4,856	3,834	8,079	7,736	72,927
<b>Net Result from Operations</b>	<b>(1,250)</b>	<b>(1,573)</b>	<b>(2,427)</b>	<b>(2,434)</b>	<b>(5,607)</b>	<b>(32,577)</b>
<b>Ratios:</b>						
<b>Loss ratio</b> - Prior Accident Years	<b>(6.8%)</b>	<b>(6.4%)</b>	<b>(5.3%)</b>	<b>(6.8%)</b>	<b>(3.4%)</b>	<b>(4.6%)</b>
- Current Accident Year	87.3%	85.8%	96.7%	87.9%	97.1%	85.9%
<b>Total</b>	<b>80.5%</b>	<b>79.4%</b>	<b>91.4%</b>	<b>81.1%</b>	<b>93.7%</b>	<b>81.3%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>28.3%</b>	<b>30.4%</b>	<b>23.5%</b>	<b>27.0%</b>	<b>22.9%</b>	<b>33.8%</b>
<b>Combined Operating Ratio</b>	<b>108.8%</b>	<b>109.8%</b>	<b>114.9%</b>	<b>108.1%</b>	<b>116.6%</b>	<b>115.1%</b>

rounding differences may occur

\*as posted to FA's website Nov. 18, 2020

**Premium (Alberta Grid RSP)**

The premium drivers compared to prior year and outlook to year end are:



February's vehicle count transfer was 4,154 vehicles, representing a 2.2% increase compared with prior year, and year-to-date counts were up 1.5%. The projection anticipated was for an increase of 955 vehicles, however actual came in 865 lower, driven primarily by two member company groups.

Average premium remained in line with projection and prior year. Premium written was in line with prior year, however below projection driven by change in vehicles transferred to the pool.

**Incurred Losses (Alberta Grid RSP)**

Incurred losses in February 2021 were \$11.4 million, \$1.3 million lower than our projection from last month, and \$3.5 million lower compared with the same month from last year.

For the month of February 2021, the reported losses were \$0.2 million lower than projected. The Current Accident Year had an approximately \$1.7 million favourable variance in reported losses, while the Prior Accident Years had a \$1.5 million unfavourable variance. Of all the Prior Accident Years, 2017 had the largest variance in reported losses at \$1.4 million unfavourable. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

Losses continue to be below prior year in line with the impact of the pandemic on the economy.

## Underwriting and Admin Expenses (Alberta Grid RSP)

Expenses for February 2021 include,

- Expense Allowances: \$3.5 million for February 2021 compared to projection at \$4.6 million and prior year at \$3.5 million. The allowance is approximately 30% of written premium. Decreases from projection is consistent with decreases in written premium.
- Premium deficiency reserve changes: increase in reserve of \$0.4 million for February 2021 compared to projected and prior year increase of \$0.2 million.

Expense ratios for the month and year-to-date were higher than prior year due to a combined effect of premium deficiency reserve increases and lower premium earned.

## Alberta Non-Grid RSP - Summary of Financial Results

### AB-N RSP Summary of Financial Results

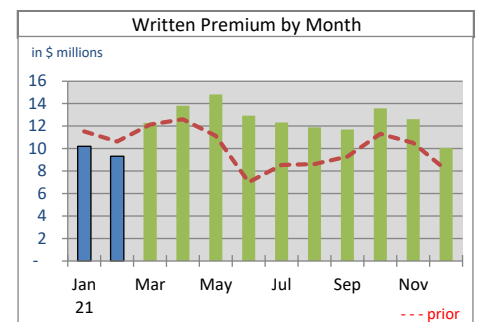
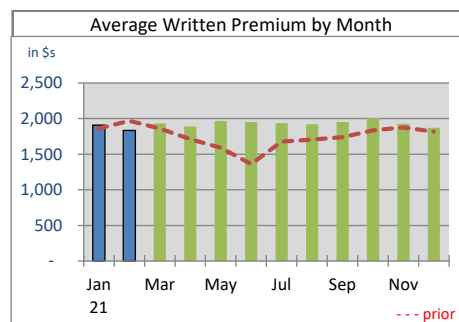
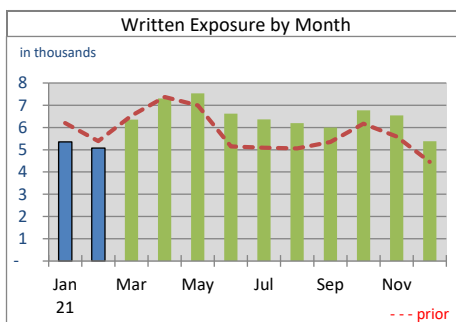
<b>AB Non-Grid RSP 2021 Summary</b> Amounts in \$000s	<b>Actual</b> (February 2021)	<b>Projection</b> (February 2021)	<b>Prior Year</b> (February 2020)	<b>2021 year-to-date</b> as at 2 months	<b>2020 year-to-date</b> as at 2 months	<b>Outlook*</b> Full year 2021
Premium Written	9,313	11,752	10,617	19,522	22,152	158,767
Premium Earned	9,112	10,040	9,949	19,607	20,566	161,091
Incurred Losses	9,060	9,967	10,789	19,590	22,410	164,159
Underwriting & Admin Expense	2,959	3,816	3,474	6,098	7,215	52,728
<b>Net Result from Operations</b>	<b>(2,907)</b>	<b>(3,743)</b>	<b>(4,314)</b>	<b>(6,081)</b>	<b>(9,059)</b>	<b>(55,796)</b>
<b>Ratios:</b>						
<b>Loss ratio</b> - Prior Accident Years	(11.9%)	(6.2%)	(7.0%)	(10.3%)	(6.3%)	(3.6%)
- Current Accident Year	111.3%	105.4%	115.4%	110.2%	115.3%	105.5%
<b>Total</b>	<b>99.4%</b>	<b>99.2%</b>	<b>108.4%</b>	<b>99.9%</b>	<b>109.0%</b>	<b>101.9%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>32.5%</b>	<b>38.0%</b>	<b>34.9%</b>	<b>31.1%</b>	<b>35.1%</b>	<b>32.7%</b>
<b>Combined Operating Ratio</b>	<b>131.9%</b>	<b>137.2%</b>	<b>143.3%</b>	<b>131.0%</b>	<b>144.1%</b>	<b>134.6%</b>

rounding differences may occur

\*as posted to FA's website Nov. 18, 2020

## Premium (Alberta Non-Grid RSP)

The premium drivers compared to prior year and outlook to year end are:



February's vehicle count transfer was 5,079 vehicles, representing a 5.8% decrease compared with prior year, and year-to-date counts were down 10.0%. The projection anticipated was for an increase of 948 vehicles, however actual came in 1,259 lower, driven primarily by two member company groups.

Average premium remained in line with projection and prior year. Premium written was below prior year and

projection driven by the reduction in vehicles transferred to the pool.

**Incurred Losses (Alberta Non-Grid RSP)**

Incurred losses in February 2021 were \$9.1 million, \$0.9 million lower than our projection from last month, and \$1.7 million lower compared with the same month from last year.

Reported losses for February 2021 were \$3.6 million lower than projected. The Current Accident Year had a \$2.4 million favourable variance in the reported losses, and the Prior Accident Year had an approximately \$1.2 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

Losses continue to be below prior year in line with the impact of the pandemic on the economy.

**Underwriting and Admin Expenses (Alberta Non-Grid RSP)**

Expenses for February 2021 include,

- Expense Allowances: \$2.8 million for February 2021 compared to projection at \$3.5 million and prior year at \$3.2 million. The allowance is approximately 30% of written premium. Decreases from projection and prior year are consistent with decreases in written premium.
- Premium deficiency reserve changes: increase in reserve of approximately \$0.1 million for February, in line with projection and prior year.

Expense ratios for the month and year-to-date were lower than projection and prior year due to a combined effect of reduction in expense allowance driven by premium written as well as lower premium earned.

*Projection to year-end 2021*

Updated projections to year-end 2021 will be presented in the March 2021 results updates together with the impact of the 2020 Q4 valuation implementation.

Should you require any further information, please call Sheetal Savani, VP Finance, Audit and CFO at (416) 863-1750 x5626.

Saskia Matheson  
President & CEO

**Related Links:**

Alberta Grid RSP:

[ABG RSP February 2021 Operational Report Actuarial Highlights](#)

\*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

Alberta Non-Grid RSP:

[ABNG RSP February 2021 Operational Report Actuarial Highlights](#)

\*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

# SUMMARY OF OPERATIONS - CALENDAR YEAR 2021

Risk Sharing Pool - Alberta (Grid)

EXHIBIT 1

Operating Results for the 2 Months Ended February 28, 2021 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

	January	February	CY2021 YTD	CY2021 12 MONTHS Updated Projection	CY2020 12 MONTHS Actual
<b>Underwriting Revenue:</b>					
Net Premiums Written	\$11,143	\$11,700	\$22,843	\$213,042	\$182,442
Decrease (Increase) in Unearned Premiums	4,643	2,468	7,111	(15,903)	13,431
<b>Net Premiums Earned</b>	<b>\$15,786</b>	<b>\$14,168</b>	<b>\$29,954</b>	<b>\$197,139</b>	<b>\$195,873</b>
<b>Claims Incurred:</b>					
Prior Accident Years:					
Undiscounted	(\$165)	(\$155)	(\$320)	(\$320)	(\$14,877)
Effect of Discounting	(901)	(810)	(\$1,711)	(9,206)	(527)
Discounted	(\$1,066)	(\$965)	(\$2,031)	(\$9,526)	(\$15,404)
Current Accident Year:					
Undiscounted	\$12,536	\$11,260	\$23,796	\$154,705	\$139,709
Effect of Discounting	1,429	1,115	\$2,544	13,471	11,461
Discounted	\$13,965	\$12,375	\$26,340	\$168,176	\$151,170
<b>Claims Incurred</b>	<b>\$12,899</b>	<b>\$11,410</b>	<b>\$24,309</b>	<b>\$158,650</b>	<b>\$135,766</b>
<b>Underwriting Expenses:</b>					
Expense Allowance	\$3,377	\$3,545	\$6,922	\$64,549	\$55,468
Change in UPDR/DPAC:					
Undiscounted	1,003	558	1,561	(1,041)	(10,025)
Effect of Discounting	(361)	(189)	(550)	1,474	628
Discounted	642	369	1,011	433	(9,397)
<b>Underwriting Expenses</b>	<b>\$4,019</b>	<b>\$3,914</b>	<b>\$7,933</b>	<b>64,982</b>	<b>46,071</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$1,132)</b>	<b>(\$1,156)</b>	<b>(\$2,288)</b>	<b>(\$26,493)</b>	<b>\$14,036</b>
<b>Administrative Expenses</b>	<b>\$52</b>	<b>\$94</b>	<b>\$146</b>	<b>\$1,401</b>	<b>\$1,266</b>
<b>Operating Result</b>	<b>(\$1,184)</b>	<b>(\$1,250)</b>	<b>(\$2,434)</b>	<b>(\$27,894)</b>	<b>\$12,770</b>
<b>Ratios:</b>					
<b>Claims &amp; Expenses Incurred (Earned)</b>					
Prior Accident Years	-6.8%	-6.8%	-6.8%	-4.8%	-7.9%
Current Accident Year	88.5%	87.3%	87.9%	85.3%	77.2%
All Accident Years Combined (Earned)	81.7%	80.5%	81.1%	80.5%	69.3%
Underwriting & Administrative Expenses (Earned)	25.8%	28.3%	27.0%	33.7%	24.2%
<b>Combined Operating Ratio</b>	<b>107.5%</b>	<b>108.8%</b>	<b>108.1%</b>	<b>114.2%</b>	<b>93.5%</b>

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 Facility Association premium dollars invested directly by members.

Rounding difference may apply

# SUMMARY OF OPERATIONS - CALENDAR YEAR 2021

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 2 Months Ended February 28, 2021 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	CY2021 YTD	CY2021 12 MONTHS Updated Projection	CY2020 12 MONTHS Actual
<b>Underwriting Revenue:</b>					
Net Premiums Written	\$10,209	\$9,313	\$19,522	\$145,533	\$121,403
Decrease (Increase) in Unearned Premiums	286	(201)	85	(13,461)	2,487
<b>Net Premiums Earned</b>	<b>\$10,495</b>	<b>\$9,112</b>	<b>\$19,607</b>	<b>\$132,072</b>	<b>\$123,890</b>
<b>Claims Incurred:</b>					
Prior Accident Years:					
Undiscounted	(\$102)	(\$430)	(\$532)	(\$532)	(\$5,253)
Effect of Discounting	(833)	(656)	(1,489)	(5,689)	(512)
Discounted	(\$935)	(\$1,086)	(\$2,021)	(\$6,221)	(\$5,765)
Current Accident Year:					
Undiscounted	\$10,326	\$9,303	\$19,629	\$129,170	\$123,329
Effect of Discounting	1,139	843	1,982	10,947	7,257
Discounted	\$11,465	\$10,146	\$21,611	\$140,117	\$130,586
<b>Claims Incurred</b>	<b>\$10,530</b>	<b>\$9,060</b>	<b>\$19,590</b>	<b>\$133,896</b>	<b>\$124,821</b>
<b>Underwriting Expenses:</b>					
Expense Allowance	\$3,093	\$2,821	\$5,914	\$44,096	\$36,904
Change in UPDR/DPAC:					
Undiscounted	15	26	41	1,595	(5,886)
Effect of Discounting	(22)	18	(4)	1,209	257
Discounted	(7)	44	37	2,804	(5,629)
<b>Underwriting Expenses</b>	<b>\$3,086</b>	<b>\$2,865</b>	<b>\$5,951</b>	<b>\$46,900</b>	<b>\$31,275</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$3,121)</b>	<b>(\$2,813)</b>	<b>(\$5,934)</b>	<b>(\$48,724)</b>	<b>(\$32,206)</b>
<b>Administrative Expenses</b>	<b>\$53</b>	<b>\$94</b>	<b>147</b>	<b>\$1,434</b>	<b>\$1,276</b>
<b>Operating Result</b>	<b>(\$3,174)</b>	<b>(\$2,907)</b>	<b>(\$6,081)</b>	<b>(\$50,158)</b>	<b>(\$33,482)</b>
<b>Ratios:</b>					
<b>Claims &amp; Expenses Incurred (Earned)</b>					
Prior Accident Years	-8.9%	-11.9%	-10.3%	-4.7%	-4.7%
Current Accident Year	109.2%	111.3%	110.2%	106.1%	105.4%
All Accident Years Combined	100.3%	99.4%	99.9%	101.4%	100.7%
Underwriting & Administrative Expenses (Earned)	29.9%	32.5%	31.1%	36.6%	26.3%
<b>Combined Operating Ratio</b>	<b>130.2%</b>	<b>131.9%</b>	<b>131.0%</b>	<b>138.0%</b>	<b>127.0%</b>

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 Facility Association premium dollars invested directly by members.

Rounding difference may apply