



TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F2021 – 013

DATE: FEBRUARY 25, 2021

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

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

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

Highlights

- (a) *Alberta Grid written premium* transferred in January 2021 was \$11.1 million, \$0.6 million lower than prior year;
- (b) *Alberta Non-Grid written premium* transferred in January 2021 was \$10.2 million, \$1.3 million lower than prior year;
- (c) The *Alberta Grid 2021 year-to-date operating deficit was \$1.2 million*, with a COR of 107.5% on earned premium of \$15.8 million;
- (d) The *Alberta Non-Grid 2021 year-to-date net operating deficit was \$3.2 million*, with a COR of 130.2% on earned premium of \$10.5 million; and
- (e) Note that there are changes in the format of this bulletin compared to previous months, as we review our reporting and ensure we continue to meet member needs.

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

AB Grid RSP 2021 Summary Amounts in \$000s	Actual January 2021	Projection January 2021	Prior Year January 2020	Outlook* Full year 2021
Premium Written	11,143	16,063	11,789	226,211
Premium Earned	15,786	17,028	17,421	215,472
Incurred Losses	12,899	13,710	16,698	175,122
Underwriting & Admin Expense	4,071	5,124	3,901	72,927
Net Result from Operations	(1,184)	(1,806)	(3,178)	(32,577)
Ratios:				
Loss ratio - Prior Accident Years	(6.8%)	(6.7%)	(1.5%)	(4.6%)
- Current Accident Year	88.5%	87.2%	97.3%	85.9%
Total	81.7%	80.5%	95.8%	81.3%
Underwriting & Admin Expense	25.8%	30.1%	22.4%	33.8%
Combined Operating Ratio	107.5%	110.6%	118.2%	115.1%

rounding differences may occur

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

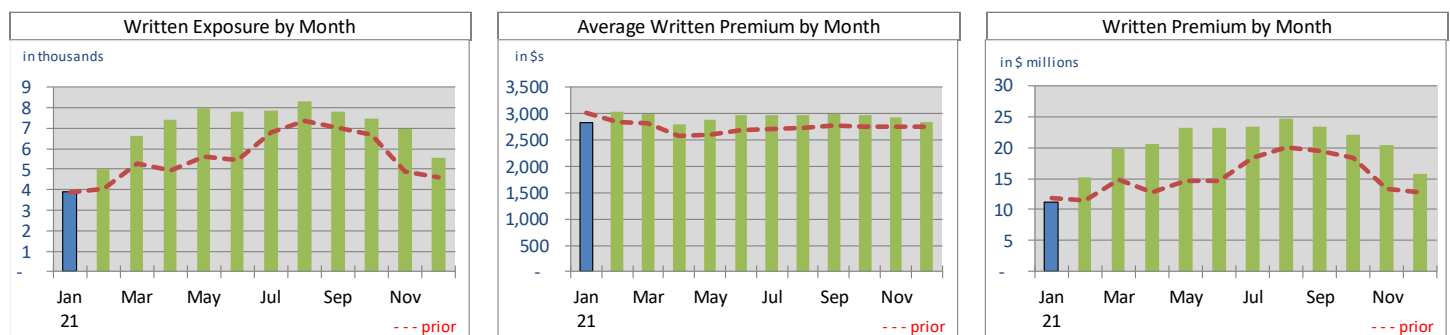
The Alberta Grid Risk Sharing Pool produced a \$1.2 million operating deficit in the month of January 2021 and calendar year-to-date, a \$2.0 million improvement compared with the prior year.

The year-to-date combined operating ratio at the end of one month was 107.5%, a 10.7 percentage point improvement over prior year. This substantial improvement was primarily driven by the reduced loss experience, from both Prior Accident years and Current Accident Year, in relation to COVID-19 pandemic; the overall loss ratio dropped 14.1 percentage points, from 95.8% to 81.7%.

Premium (Alberta Grid RSP)

As shown in the preceding table, written premium transferred in January 2021 was \$11.1 million, \$4.9 million lower than our projection last month, and \$0.6 million lower compared with the same month from last year.

The following graphs shows the **premium drivers** compared to prior year and outlook to year end



January's vehicle count transfer was 3,928 vehicles, consistent with the vehicle count transfer from prior year. The projection anticipated was for an increase of 1,258 vehicles, however actual came in 1,226 lower, driven

primarily by three member company groups. This lower than projected vehicle count transfer was consistent with the trending seen from Q4 2020, and we are in the process of reviewing the premium projections that will be included in next month.

Incurred Losses (Alberta Grid RSP)

Incurred losses in January 2021 was \$12.9 million, \$0.8 million lower than our projection from last month, and \$3.8 million lower compared with the same month from last year.

For the month of January 2021, the reported losses were \$4.9 million lower than projected. The Current Accident Year had an approximately \$3.4 million favourable variance in reported losses, and the Prior Accident Years had a \$1.5 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

Underwriting and Admin Expenses (Alberta Grid RSP)

Expenses for January 2021 were \$4.1 million, \$1.1 million lower than projected, however consistent with prior year. The variance from the projection was driven by underwriting expense – expense allowance due to written premium reductions, while admin expense remains fairly constant.

Alberta Non-Grid RSP - Summary of Financial Results

AB-N RSP Summary of Financial Results

AB Non-Grid RSP 2021 Summary	Actual	Projection	Prior Year	Outlook*
Amounts in \$000s	January 2021	January 2021	January 2020	Full year 2021
Premium Written	10,208	11,887	11,535	158,767
Premium Earned	10,494	10,914	10,617	161,091
Incurred Losses	10,529	11,208	11,621	164,159
Underwriting & Admin Expense	3,139	3,792	3,741	52,728
Net Result from Operations	(3,174)	(4,086)	(4,745)	(55,796)
Ratios:				
Loss ratio - Prior Accident Years	(8.9%)	(5.2%)	(5.8%)	(3.6%)
- Current Accident Year	109.2%	107.9%	115.2%	105.5%
<i>Total</i>	100.3%	102.7%	109.4%	101.9%
Underwriting & Admin Expense	29.9%	34.7%	35.2%	32.7%
Combined Operating Ratio	130.2%	137.4%	144.6%	134.6%

rounding differences may occur

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

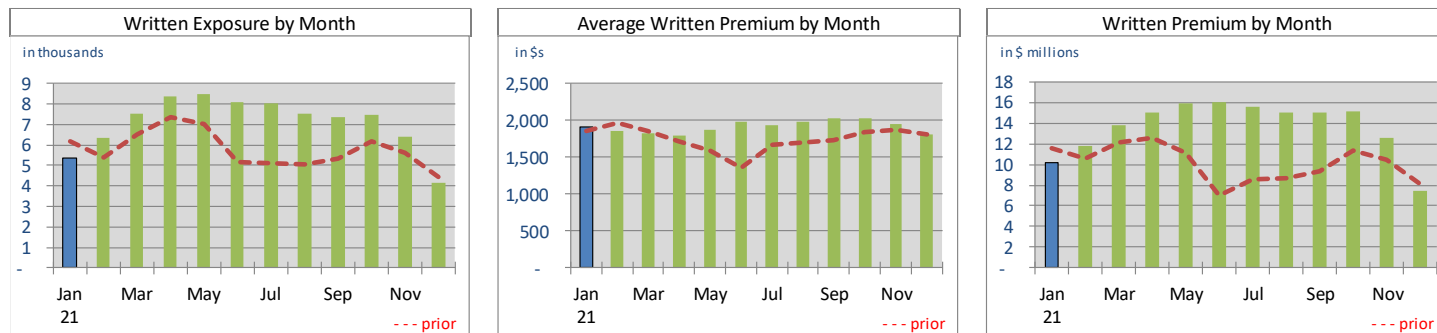
The Alberta Non-Grid Risk Sharing Pool produced a \$3.2 million operating deficit in the month of January 2021 and calendar year-to-date, a \$1.6 million improvement compared with prior year.

The year-to-date combined operating ratio at the end of one month was 130.2%, a 14.4 percentage point improvement over prior year. This substantial improvement was primarily driven by the reduced loss experience, from both Prior Accident years and Current Accident Year, in relation to COVID-19 pandemic; the overall loss ratio dropped 9.1 percentage points, from 109.4% to 100.3%.

Premium (Alberta Non-Grid RSP)

As shown in the preceding table, written premium transferred in January 2021 was \$10.2 million, \$1.7 million lower than our projection last month, and \$1.3 million lower compared with the same month from last year.

The following graphs shows the **premium drivers** compared to prior year and outlook to year end



January's vehicle count transfer was 5,356 vehicles, representing a decrease of 1,045 vehicles compared with prior year. The projection anticipated was for an increase of 202 vehicles, however actual came in 1,045 lower, driven primarily by two member company groups. This lower than prior year and projected vehicle count transfer was consistent with the trending seen from Q4 2020, and we are in the process of reviewing the premium projections that will be included in next month.

Incurred Losses (Alberta Non-Grid RSP)

Incurred losses in January 2021 was \$10.5 million, \$0.7 million lower than our projection from last month, and \$1.1 million lower compared with the same month from last year.

For the month of January 2021, reported losses were \$2.6 million lower than projected, mainly from the Current Accident Year. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

Underwriting and Admin Expenses (Alberta Non-Grid RSP)

Expenses for January 2021 were \$3.1 million, \$0.7 million lower than projected, and \$0.6 million lower than prior year. These variances were primary driven by underwriting expense – expense allowance due to written premium reductions, while admin expense remains fairly constant.

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 January 2021 Operational Report Actuarial Highlights](#)

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

Alberta Non-Grid RSP:

[ABNG_RSP_January_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 1 Month Ended January 31, 2021 (Discounted basis)

Source: *Monthly Operational Report*

(thousands of dollars)

	January	CY2021 YTD	CY2021 12 MONTHS Updated Projection	CY2020 12 MONTHS Actual
Underwriting Revenue:				
Net Premiums Written	\$11,143	\$11,143	\$242,752	\$182,442
Decrease (Increase) in Unearned Premiums	4,643	4,643	(30,132)	13,431
Net Premiums Earned	\$15,786	\$15,786	\$212,620	\$195,873
Claims Incurred:				
Prior Accident Years:				
Undiscounted	(\$165)	(\$165)	(\$165)	(\$14,877)
Effect of Discounting	(901)	(\$901)	(9,383)	(527)
Discounted	(\$1,066)	(\$1,066)	(\$9,548)	(\$15,404)
Current Accident Year:				
Undiscounted	\$12,536	\$12,536	\$166,657	\$139,709
Effect of Discounting	1,429	\$1,429	14,511	11,461
Discounted	\$13,965	\$13,965	\$181,168	\$151,170
Claims Incurred	\$12,899	\$12,899	\$171,620	\$135,766
Underwriting Expenses:				
Expense Allowance	\$3,377	\$3,377	\$73,553	\$55,468
Change in UPDR/DPAC:				
Undiscounted	1,003	1,003	(3,798)	(10,025)
Effect of Discounting	(361)	(361)	2,610	628
Discounted	642	642	(1,188)	(9,397)
Underwriting Expenses	\$4,019	\$4,019	72,365	46,071
Net Underwriting Gain (Loss)	(\$1,132)	(\$1,132)	(\$31,365)	\$14,036
Administrative Expenses	\$52	\$52	\$1,630	\$1,266
Operating Result	(\$1,184)	(\$1,184)	(\$32,995)	\$12,770
Ratios:				
Claims & Expenses Incurred (Earned)				
Prior Accident Years	-6.8%	-6.8%	-4.5%	-7.9%
Current Accident Year	88.5%	88.5%	85.2%	77.2%
All Accident Years Combined (Earned)	81.7%	81.7%	80.7%	69.3%
Underwriting & Administrative Expenses (Earned)	25.8%	25.8%	34.8%	24.2%
Combined Operating Ratio	107.5%	107.5%	115.5%	93.5%

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 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 1 Month Ended January 31, 2021 (Discounted basis)

EXHIBIT 2

Source: Monthly Operational Report

(thousands of dollars)

	January	CY2021 YTD	CY2021 12 MONTHS Updated Projection	CY2020 12 MONTHS Actual
Underwriting Revenue:				
Net Premiums Written	\$10,209	\$10,209	\$163,342	\$121,403
Decrease (Increase) in Unearned Premiums	286	286	(21,122)	2,487
Net Premiums Earned	\$10,495	\$10,495	\$142,220	\$123,890
Claims Incurred:				
Prior Accident Years:				
Undiscounted	(\$102)	(\$102)	(\$102)	(\$5,253)
Effect of Discounting	(833)	(833)	(5,661)	(512)
Discounted	(\$935)	(\$935)	(\$5,763)	(\$5,765)
Current Accident Year:				
Undiscounted	\$10,326	\$10,326	\$138,627	\$123,329
Effect of Discounting	1,139	1,139	11,748	7,257
Discounted	\$11,465	\$11,465	\$150,375	\$130,586
Claims Incurred	\$10,530	\$10,530	\$144,612	\$124,821
Underwriting Expenses:				
Expense Allowance	\$3,093	\$3,093	\$49,494	\$36,904
Change in UPDR/DPAC:				
Undiscounted	15	15	1,626	(5,886)
Effect of Discounting	(22)	(22)	1,826	257
Discounted	(7)	(7)	3,452	(5,629)
Underwriting Expenses	\$3,086	\$3,086	\$52,946	\$31,275
Net Underwriting Gain (Loss)	(\$3,121)	(\$3,121)	(\$55,338)	(\$32,206)
Administrative Expenses	\$53	53	\$1,673	\$1,276
Operating Result	(\$3,174)	(\$3,174)	(\$57,011)	(\$33,482)
Ratios:				
Claims & Expenses Incurred (Earned)				
Prior Accident Years	-8.9%	-8.9%	-4.1%	-4.7%
Current Accident Year	109.2%	109.2%	105.7%	105.4%
All Accident Years Combined	100.3%	100.3%	101.6%	100.7%
Underwriting & Administrative Expenses (Earned)	29.9%	29.9%	38.4%	26.3%
Combined Operating Ratio	130.2%	130.2%	140.0%	127.0%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium tax health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply