

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER
ALBERTA RISK SHARING POOL PROJECT MANAGER

BULLETIN NO.: F2021 – 004

DATE: JANUARY 28, 2021

SUBJECT: ALBERTA RISK SHARING POOLS
– DECEMBER 2020 OPERATIONAL REPORT

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

Please be advised that the December 2020 Alberta Risk Sharing Pools Operational Reports are available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

Key Points

- (a) The *Alberta Grid 2020 year-end net operating surplus was \$12.8 million*, with a COR of 93.5% on earned premium of \$195.9 million;
- (b) The *Alberta Non-Grid 2020 year-end net operating deficit was \$33.5 million*, with a COR of 127.0% on earned premium of \$123.9 million;
- (c) In comparison with the final Outlook for 2020, the Alberta Grid RSP finished the year with a net operating result \$72.0 million higher (i.e. better) than expected and combined ratio 31.8 points lower than expected; the Alberta Non-Grid RSP finished the year with a net operating result \$33.0 million (49.6%) higher (i.e. better) than expected and the combined ratio was 16.8 points lower than expected;
- (d) The *projected Alberta Grid 2021 year-end net operating deficit is now \$33.6 million*, with a COR at 115.4% on earned premium of \$217.3 million (our Outlook for 2021 was \$32.6 million of net operating deficit with a COR of 115.1% on earned premium of \$215.5 million); and
- (e) The *projected Alberta Non-Grid 2021 year-end net operating deficit is now \$57.8 million*, with a COR at 140.2% on earned premium of \$143.8 million (our Outlook for 2021 was \$55.8 million of net operating deficit with a COR of 134.6% on earned premium of \$161.1 million).

Alberta Grid RSP - Summary of Financial Results

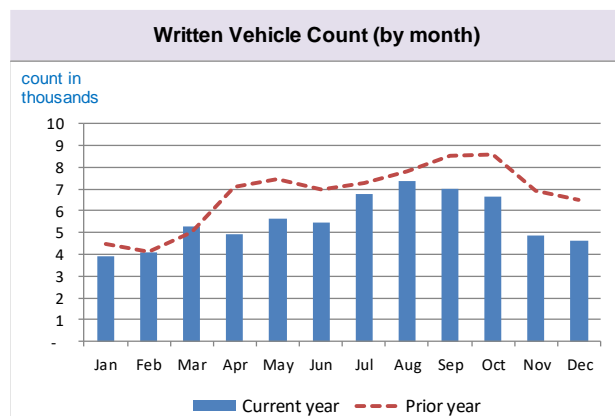
The calendar year-to-date Operating Result is \$12.8 million and the incurred loss ratio to the end of twelve months is 69.3% as summarized in the following table.

AB-G RSP Summary of Financial Results (for month and year-to-date)

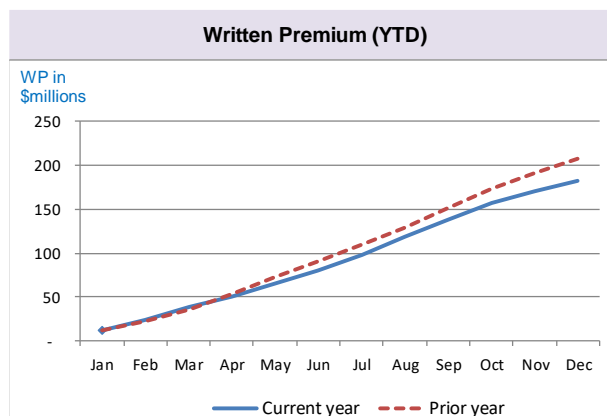
Amounts in \$000s	December 2020	December 2019	Year to date Dec 2020	Year to Date Dec 2019
Premium Written	12,711	16,685	182,442	207,231
Premium Earned	16,046	17,381	195,873	180,339
Incurred Losses	11,553	14,632	135,766	132,936
Underwriting & Admin Expense	5,793	6,255	47,337	67,005
Operating Result	(1,300)	(3,506)	12,770	(19,602)
Ratios:				
Loss ratio - Prior Accident Years	(3.9%)	(4.7%)	(7.9%)	(16.5%)
- Current Accident Year	75.9%	88.9%	77.2%	90.2%
Total	72.0%	84.2%	69.3%	73.7%
Underwriting & Admin Expense	36.1%	36.0%	24.2%	37.2%
Combined Operating Ratio	108.1%	120.2%	93.5%	110.9%

rounding differences may occur

2020 finished with written premium down \$24.8 million (12.0%) relative to 2019; however, earned premium was up \$15.5 million (8.6%) due to volume increase through 2019. The fairly consistent written counts decrease started from April 2020 drove the below prior year level year-to-date written premium at December 2020, as shown in the following charts.



	Dec-20	Dec-19	Amt Chg	% Chg
W. Veh curr mth	4,632	6,489	(1,857)	-28.6%



	Dec-20	Dec-19	Amt Chg	% Chg
WP (\$000s) YTD	182,442	207,230	(24,788)	-12.0%

As a result of the decrease in written premium, unearned premium also decreased. Because RSP Alberta Grid generally operates at a deficit, decreases in unearned premium result in decreases in premium deficiency, which will decrease the underwriting & administrative expense ratio relative to earned premium (as evident in the preceding financial results table).

The net operating result for 2020 had a significant improvement relative to 2019, up \$32.4 million (165.1%); and the 2020 combined operating ratio had dropped 17.4 percentage point relative to 2019. This improvement was primarily driven by the favorable Current Accident Year claims

impact (loss ratio down 13.0 percentage points) in relation to COVID-19 pandemic, augmented by the favourable impact on the expenses (expense ratio down 13.0 percentage points) driven by the decrease in premium deficiency as mentioned above.

Compared with the Alberta Grid RSP projections found in the Risk Sharing Pools' Final Outlook for 2020 ([F19-082](#) posted November 5, 2019), 2020 finished with written premium \$65.4 million (26.4%) lower than expected, and earned premium \$38.5 million (16.4%) lower than expected. The 2020 net operating result of \$12.8 million was \$72.0 million higher than expected and the combined ratio was 31.8 points lower than expected as shown in the following table. (We don't explicitly show in the table the differences between the current/final result for 2020 and the Outlook, but they can be derived by comparing the first column and the last column). Both Current Accident Year and Prior Accident Years performed better than expected (favourably impacted by the COVID-19 pandemic impact on Current Accident Year and valuation updates throughout 2020 on Prior Accident Years), and the decrease in written premium drove lower than expected unearned premium (by \$27.0 million), resulting in a favourable premium deficiency impact on the underwriting & administrative expense.

*AB-G RSP Summary of **Projected Year-end Financial Results** (current month's projection, prior month's projection, and Outlook posted last fall)*

AB Grid RSP 2020 Yr-end Projection Amounts in \$000s	Current (Dec 2020)	Prior Mth (Nov 2020)	Change	Final 2020 Outlook*
Premium Written	182,442	184,777	(2,335)	247,866
Premium Earned	195,875	195,901	(26)	234,333
Incurred Losses	135,766	135,390	376	215,198
Underwriting & Admin Expense	47,307	47,712	(406)	78,403
Net Result from Operations	12,802	12,799	4	(59,268)
Ratios:				
Loss ratio - Prior Accident Years	(7.9%)	(7.9%)	-	(2.7%)
- Current Accident Year	77.2%	77.0%	0.2%	94.5%
<i>Total</i>	69.3%	69.1%	0.2%	91.8%
Underwriting & Admin Expense	24.2%	24.4%	(0.2%)	33.5%
Combined Operating Ratio	93.5%	93.5%	-	125.3%

rounding differences may occur

*as posted to FA's website Nov. 5, 2019

Updated Projection to Year-end 2021 (Alberta Grid RSP)

An Outlook had been prepared to provide Members with an estimate of Alberta Grid RSP operating results for calendar year 2021 based on the actuarial valuation at June 30, 2020, and reflecting actual experience to date as detailed in the September 2020 Operational Report. This Outlook was posted on November 18, 2020 (please refer to Bulletin [F2020-082](#)), and projected a Net Result from Operations for 2021 of -\$32.6 million, and a combined operating ratio of 115.1%. Projections for 2021 have been updated each month since, as per our usual practice (although until this month, the bulletins have focused on projections to the end of 2020 compared with the previous Outlook).

The projected calendar year Operating Result to December 2021 is now -\$33.6 million (a \$1.0 million deterioration relative to the Outlook) and the estimated combined operating ratio to December 2021 is 115.4% (a 0.3 point deterioration relative to the Outlook). The deterioration is composed of an estimated \$0.6 million unfavourable impact stemming from the overall increase in the combined ratio (from 115.1% to 115.4% applied to \$217.3 million in projected earned premium), and a \$0.3 million unfavourable impact associated with the \$1.9 million increase in projected earned premium (at a combined ratio of 115.1%).

Current Month Results (Alberta Grid RSP)

The Alberta Grid Risk Sharing Pool produced a -\$1.3 million Operating Result in the month of December 2020, a \$2.2 million improvement compared with the same month last year. This improvement is composed of a \$0.3 million favourable impact associated with the \$1.3 million decrease in earned premium (at a combined ratio of 120.2%), and a \$1.9 million favourable impact stemming from the overall decrease in the combined ratio (from 120.2% to 108.1% applied to \$16.0 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 92.2% at the end of eleven months to 93.5% at the end of twelve months. The 1.3 percentage point increase is composed of a 0.3 percentage increase in the Prior Accident Year loss ratio, coupled with a 1.1 percentage point increase in the expense ratio, offset by a 0.1 percentage point decrease in the Current Accident Year loss ratio.

Variances from Projections (Alberta Grid RSP)

The following table provides a summary of key components of the operating results compared to the estimates projected last month.

Alberta Grid RSP Summary of Actual vs Projected variances

December 2020	Actual	Projection	Difference	Difference %
Written Premium	12,711	15,046	(2,335)	(15.5%)
Earned Premium	16,046	16,072	(26)	(0.2%)
Reported Losses				
Paid Losses	9,297	12,386	(3,089)	(24.9%)
Paid Expenses	526	991	(465)	(46.9%)
Change in Outstanding Losses	(563)	1,482	(2,045)	(138.0%)
Total Reported Losses	9,260	14,859	(5,599)	(37.7%)
Change in IBNR Provision*	2,293	(3,682)	5,975	
Change in Premium Deficiency (DPAC)*	1,795	1,462	333	

(Amounts in \$000's)

rounding differences may occur

Each month, management reviews the variance between reported premium activity and claims activity (actual reported claims payments and changes in case reserves) and the associated actuarial projections. The projection process involves many assumptions including claims reporting patterns. Actual reporting patterns vary from month-to-month, sometimes considerably. Although variances

from our projections are expected, management investigates variances beyond set thresholds and responds as appropriate.

For the month of December 2020, the reported losses were \$5.6 million lower than projected. The Current Accident Year had a \$4.9 million favourable variance in reported losses, and the Prior Accident Years had an approximately \$0.7 million favourable variance. Of all the Prior Accident Years, 2019 had the largest variance in reported losses at \$1.4 million favourable. No other Prior Accident Year had a reported loss variance in excess of \$1.0 million.

The variances for claims activity were beyond the set thresholds for some specific individual Accident Years for the month. Management investigated the claims activity and is satisfied that the variances are appropriately accounted for in our current booking process. All other variances were within the set thresholds for the month.

Booking IBNR

The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management's investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend

Effect of Quarterly Valuation (AB-G RSP)

The December 2020 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2020). The actuarial valuation will be updated next as at December 31, 2020 and we anticipate that the results will be reflected in the March 2021 Operational Report.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$33.5 million and the incurred loss ratio to the end of twelve months is 100.7%, as summarized in the following table.

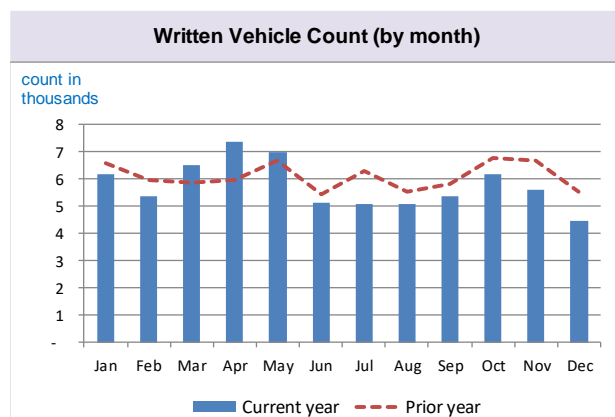
AB-N RSP Summary of Financial Results (for month and year-to-date)

Amounts in \$000s	December 2020	December 2019	Year to date Dec 2020	Year to Date Dec 2019
Premium Written	8,099	9,563	121,403	122,354
Premium Earned	10,164	10,450	123,890	115,757
Incurred Losses	10,033	10,791	124,821	101,997
Underwriting & Admin Expense	2,403	3,455	32,551	41,082
Operating Result	(2,272)	(3,796)	(33,482)	(27,322)
Ratios:				
Loss ratio - Prior Accident Years	(5.9%)	(3.1%)	(4.7%)	(21.5%)
- Current Accident Year	104.6%	106.4%	105.4%	109.6%
Total	98.7%	103.3%	100.7%	88.1%
Underwriting & Admin Expense	23.6%	33.1%	26.3%	35.5%
Combined Operating Ratio	122.3%	136.4%	127.0%	123.6%

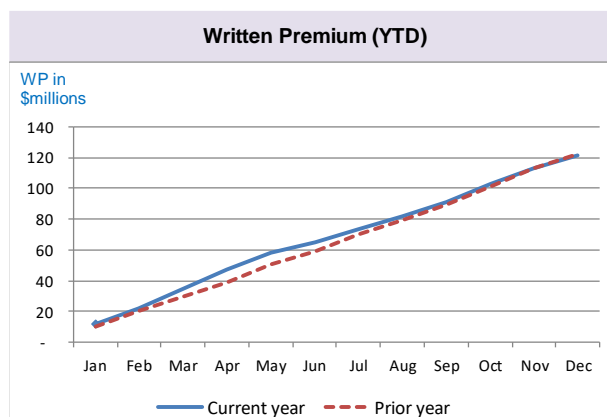
rounding differences may occur

These results are discussed in some detail in the “Current Month Results” section. For additional numeric details, please refer to Exhibit 2 “Summary of Operations for Calendar Year 2020 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

2020 finished with written premium down \$1 million, relatedly consistent with 2019, while earned premium was up \$8 million (7%); transferred counts was down consistently since June 2020, as shown in the following charts.



	Dec-20	Dec-19	Amt Chg	% Chg
W. Veh curr mth	4,455	5,529	(1,074)	-19.4%



	Dec-20	Dec-19	Amt Chg	% Chg
WP (\$000s) YTD	121,405	122,353	(948)	-0.8%

As a result of the recent decrease in written premium, unearned premium also decreased. Because RSP Alberta Non-Grid operates at a deficit, decreases in unearned premium result in decreases in premium deficiency, which will decrease the underwriting & administrative expense ratio relative to earned premium (as evident in the financial results table on the previous page).

The net operating result for 2020 had deteriorated relative to 2019, down \$6.2 million (22.5%); and the 2020 combined operating ratio had increased 3.4 percentage points relative to 2019. This deterioration was primarily driven by the unfavorable Prior Accident Year claims impact (loss ratio up 16.8 percentage points), offset by the favourable impact on the expenses (expense ratio down 9.2 percentage points) driven by the decrease in premium deficiency as mentioned above.

Compared with the Alberta Non-Grid RSP projections found in the Risk Sharing Pools' Final Outlook for 2020 ([F19-082](#) posted November 5, 2019), 2020 finished with written premium \$38.2 million (23.9%) lower than expected, and earned premium \$27.5 million (18.2%) lower than expected. The 2020 net operating deficit of \$33.5 million was \$33.0 million (49.6%) lower than expected and the combined ratio was 16.8 points lower than expected as shown in the following table. (We don't explicitly show in the table the differences between the current/final result for 2020 and the Outlook, but they can be derived by comparing the first column and the last column). Both Current Accident Year and Prior Accident Years performed better than expected, and the decrease in written premium drove lower than expected unearned premium (by \$11 million), resulting in a favourable premium deficiency impact on the underwriting & administrative expense.

*AB-N RSP Summary of **Projected Year-end Financial Results** (current month's projection, prior month's projection, and Outlook posted last fall)*

AB Non-Grid RSP 2020 Yr-end Proj. Amounts in \$000s	Current (Dec 2020)	Prior Mth (Nov 2020)	Change	Final 2020 Outlook*
Premium Written	121,404	127,640	(6,236)	159,575
Premium Earned	123,889	124,447	(558)	151,437
Incurred Losses	124,820	125,399	(579)	164,961
Underwriting & Admin Expense	32,525	34,802	(2,277)	52,911
Net Result from Operations	(33,456)	(35,754)	2,298	(66,435)
Ratios:				
Loss ratio - Prior Accident Years	(4.7%)	(4.5%)	(0.2%)	(2.6%)
- Current Accident Year	105.4%	105.2%	0.2%	111.5%
<i>Total</i>	100.7%	100.7%	-	108.9%
Underwriting & Admin Expense	26.3%	28.0%	(1.7%)	34.9%
Combined Operating Ratio	127.0%	128.7%	(1.7%)	143.8%

rounding differences may occur

*as posted to FA's website Nov. 5, 2019

Updated Projection to Year-end 2021 (Alberta Non-Grid RSP)

An Outlook had been prepared to provide Members with an estimate of Alberta Non-Grid RSP operating results calendar year 2021 based on the actuarial valuation at June 30, 2020, and reflecting actual experience to date as detailed in the September 2020 Operational Report. This Outlook was posted on November 18, 2020 (please refer to Bulletin [F2020-082](#)), and projected a Net Result from Operations for 2021 of -\$55.8 million, and a combined operating ratio of 134.6%. Projections for 2021 have been updated each month since, as per our usual practice (although until this month, the bulletins have focused on projections to the end of 2020 compared with the previous Outlook).

The projected calendar year Operating Result to December 2021 is now -\$57.8 million (a \$2.0 million deterioration relative to the Outlook) and the estimated combined operating ratio to December 2021 is 140.2% (a 5.6 point deterioration relative to the Outlook). The deterioration is composed of an estimated \$8.0 million unfavourable impact stemming from the overall increase in the combined ratio (from 134.6% to 140.2% applied to \$143.8 million in projected earned premium), offset by a \$6.0 million favourable impact associated with the \$17.3 million decrease in projected earned premium (at a combined ratio of 134.6%).

Current month results (Alberta Non-Grid RSP)

The Alberta Non-Grid Risk Sharing Pool produced a -\$2.3 million Operating Result in the month of December 2020, a \$1.5 million improvement compared with the same month last year. This improvement is a result of an approximately \$1.4 million favourable impact from the overall decrease in the combined ratio (from 136.4% to 122.3% applied to \$10.2 million in earned premium), coupled with a \$0.1 million favourable impact associated with the \$0.3 million decrease in earned premium (at a prior combined ratio of 136.4%).

This month's results moved the year-to-date combined operating ratio from 127.5% at the end of eleven months to 127.0% at the end of twelve months. The 0.5 percentage point decrease is composed of a 0.2 percentage point decrease in the Prior Accident Year loss ratio, coupled with a 0.1 percentage point decrease in the Current Accident Year loss ratio, and a 0.2 percentage point decrease in expense ratio.

Variances from Projections (Alberta Non-Grid RSP)

The following table provides a summary of key components of the operating results as compared to the estimates projected last month.

Alberta Non-Grid RSP Summary of Actual vs Projected variances

December 2020	Actual	Projection	Difference	Difference %
Written Premium	8,099	14,335	(6,236)	(43.5%)
Earned Premium	10,164	10,722	(558)	(5.2%)
Reported Losses				
Paid Losses	9,420	9,483	(63)	(0.7%)
Paid Expenses	338	378	(40)	(10.6%)
Change in Outstanding Losses	(760)	1,360	(2,120)	(155.9%)
Total Reported Losses	8,998	11,221	(2,223)	(19.8%)
Change in IBNR Provision*	1,035	(609)	1,644	
Change in Premium Deficiency (DPAC)*	(193)	114	(307)	

(Amounts in \$000's)

rounding differences may occur

As discussed in relation to the Alberta Grid RSP, each month management reviews the variance between reported premium activity and claims activity (actual reported claims payments and changes in case reserves) and the associated actuarial projections. The projection process involves many assumptions including claims reporting patterns. Actual reporting patterns vary from month-

to-month, sometimes considerably. Although variances from our projections are expected, management investigates variances beyond set thresholds and responds as appropriate.

For the month of December 2020, reported losses were \$2.2 million lower than projected. The Current Accident Year had an approximately \$4.0 million favourable variance, and the Prior Accident Years had a \$1.8 million unfavourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

The variances for claims activity were beyond the set thresholds for some specific individual Accident Years for the month. Management investigated the claims activity and is satisfied that the variances are appropriately accounted for in our current booking process. All other variances were within the set thresholds for the month.

Booking IBNR

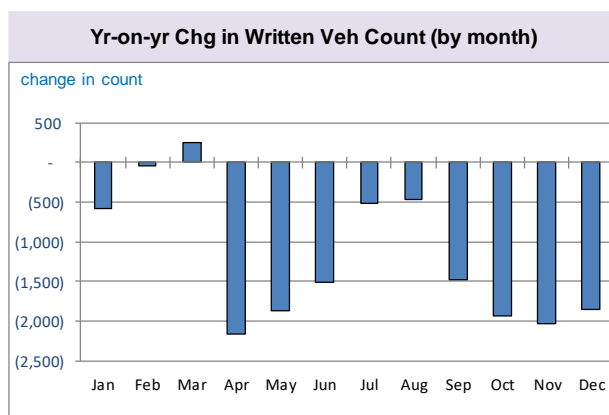
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management's investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend.

Effect of Quarterly Valuation (AB-N RSP)

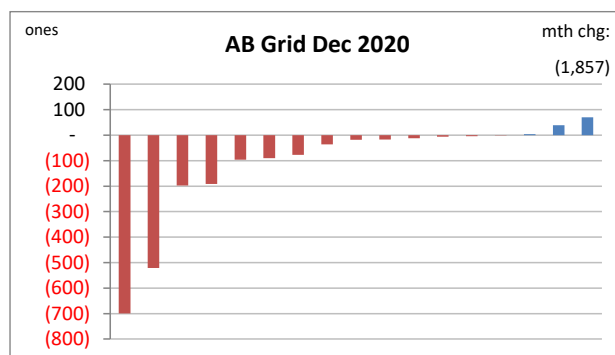
The December 2020 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2020). The actuarial valuation will be updated next as at December 31, 2020 and we anticipate that the results will be reflected in the March 2021 Operational Report.

Management Comments

Alberta Grid

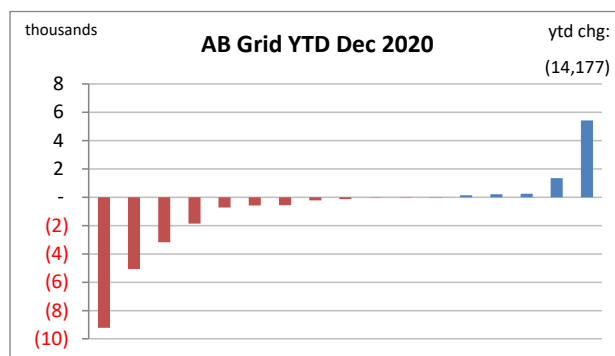


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with December showing a decrease of 1,857 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 1,128 vehicles, indicating a variance of 729 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of vehicles than projected to the RSP in December.



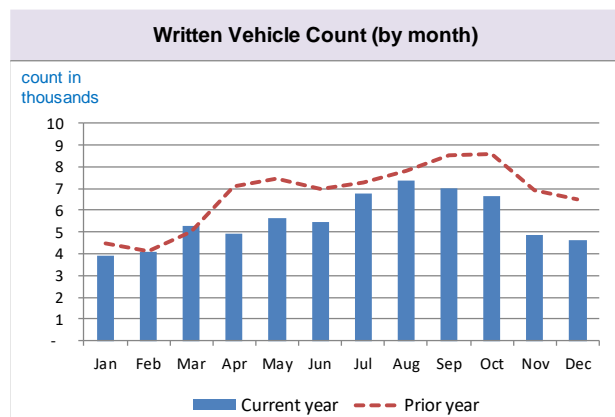
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Fourteen member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while three transferred more. Of the 14 member company groups transferring fewer vehicles, 3 member company groups accounted

for 95% of the total transfer decrease for these “decliner” members. Of the 3 member company groups transferring more vehicles, 2 member company groups accounted for 96% of the total transfer increases for these “grower” members.

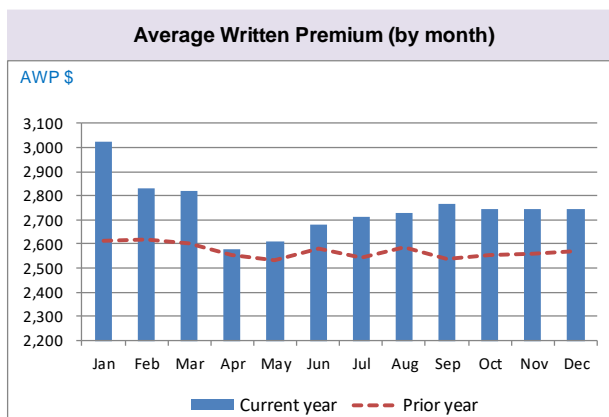


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change.

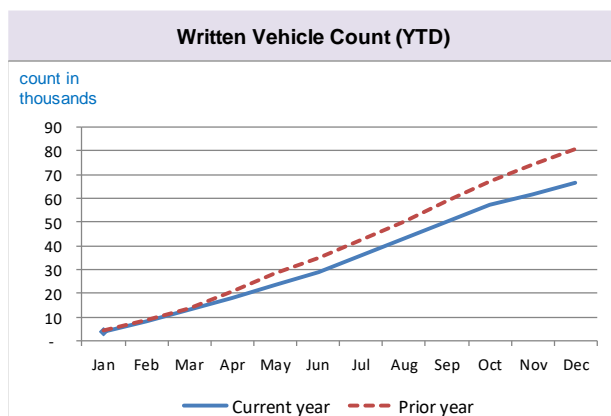
December’s vehicle count transfers to the RSP represent a 28.6% decrease from December 2019, and counts were down 17.6% year-to-date. Average written premium was up by 6.7% in December 2020 compared with the same month in 2019, and was up 6.8% year-to-date (see the following charts).



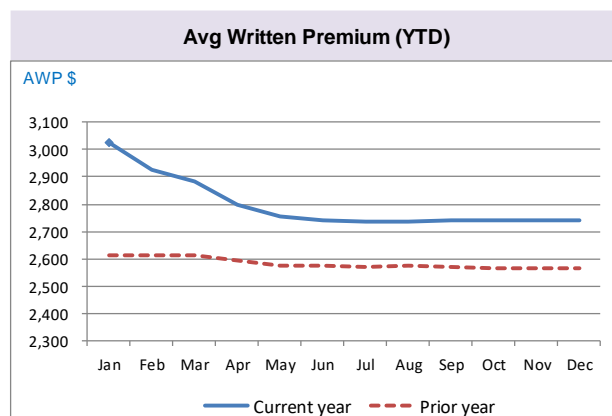
	Dec-20	Dec-19	Amt Chg	% Chg
W. Veh curr mth	4,632	6,489	(1,857)	-28.6%



	Dec-20	Dec-19	Amt Chg	% Chg
AWP curr mth	2,744	2,571	173	6.7%

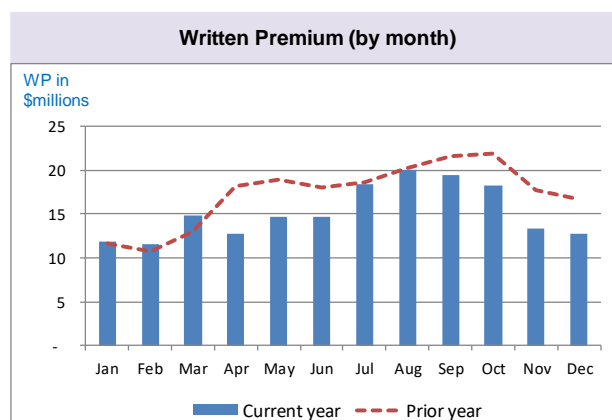


	Dec-20	Dec-19	Amt Chg	% Chg
W. Vehicles YTD	66,575	80,752	(14,177)	-17.6%

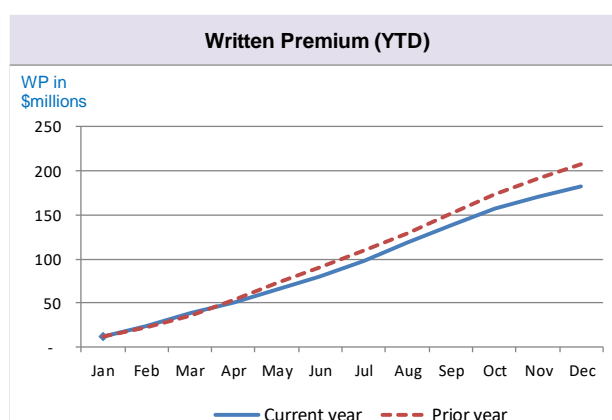


	Dec-20	Dec-19	Amt Chg	% Chg
Avg W. Prem YTD	2,740	2,566	174	6.8%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 23.8% for the month compared with the 9.8% decrease we projected last month, and was down 12.0% year-to-date (see the following charts).



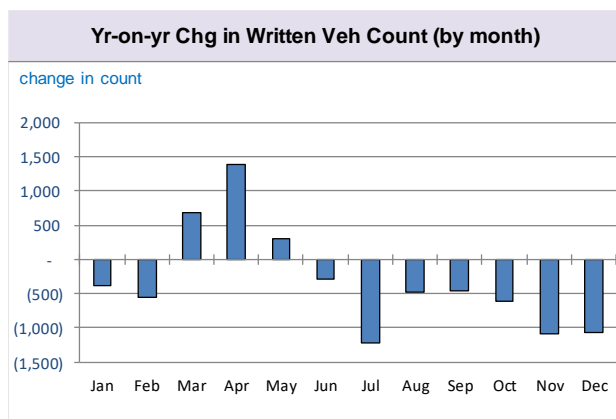
	Dec-20	Dec-19	Amt Chg	% Chg
WP (\$000s) curr mth	12,711	16,685	(3,974)	-23.8%



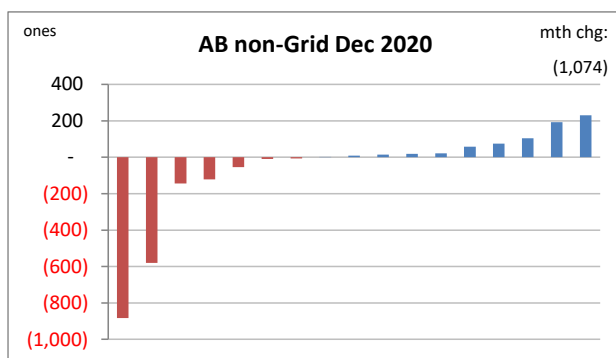
	Dec-20	Dec-19	Amt Chg	% Chg
WP (\$000s) YTD	182,442	207,230	(24,788)	-12.0%

Alberta Non-Grid

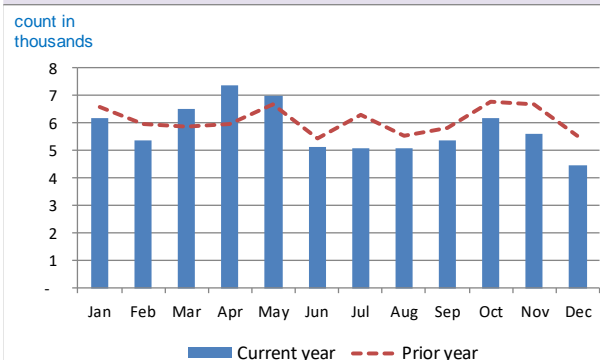
For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents member groups from exceeding their transfer limits during a calendar year. However, member groups can transfer their entire limit for a given year at any time throughout the year including, for example, the last day of that year. Our current projection has the 2021 vehicle count up 24.2% from 2020, being 3.0% of the 2019 industry private passenger vehicle count (including farmers). There is the potential for the transferred vehicle count to change dramatically and quickly if member companies choose to take full advantage of their transfer limits.



The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with December showing a decrease of 1,074 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,629 vehicles, indicating a variance of 2,703 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring lower number of vehicles than projected to the RSP in December.

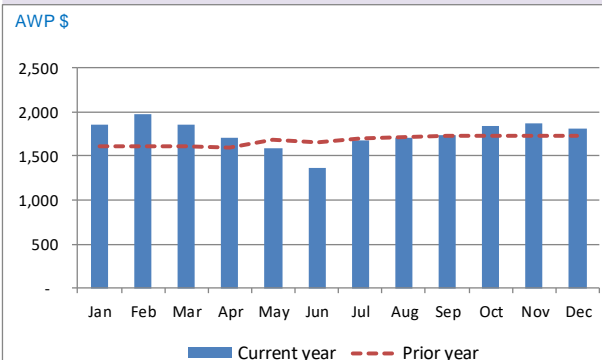


Written Vehicle Count (by month)



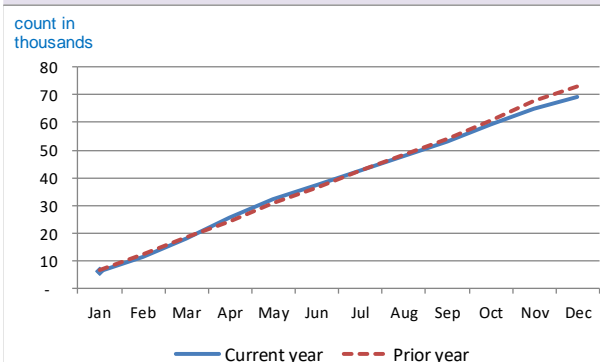
	Dec-20	Dec-19	Amt Chg	% Chg
W. Veh curr mth	4,455	5,529	(1,074)	-19.4%

Average Written Premium (by month)



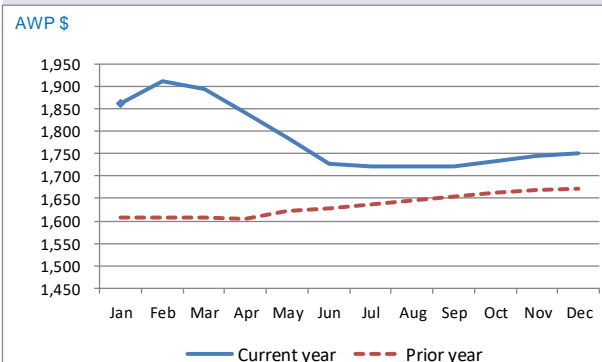
	Dec-20	Dec-19	Amt Chg	% Chg
AWP curr mth	1,818	1,730	88	5.1%

Written Vehicle Count (YTD)



	Dec-20	Dec-19	Amt Chg	% Chg
W. Vehicles YTD	69,345	73,119	(3,774)	-5.2%

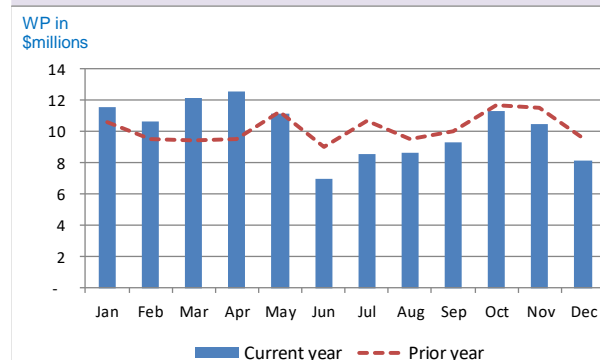
Avg Written Premium (YTD)



	Dec-20	Dec-19	Amt Chg	% Chg
Avg W. Prem YTD	1,751	1,673	78	4.7%

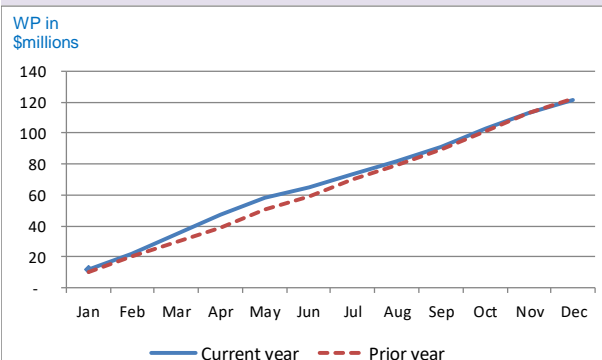
As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 15.3% for the month compared with the 49.9% increase we projected last month, and was down 0.8% year-to-date (see the following charts).

Written Premium (by month)



	Dec-20	Dec-19	Amt Chg	% Chg
WP (\$000s) curr mth	8,099	9,563	(1,463)	-15.3%

Written Premium (YTD)



	Dec-20	Dec-19	Amt Chg	% Chg
WP (\$000s) YTD	121,405	122,353	(948)	-0.8%

Should you require any further information, please call Aidan Chen, AVP Data & Analytics at (416) 863-1750 x4804.

Saskia Matheson
President & CEO

Related Links:

Alberta Grid RSP:

[Alberta Grid RSP December 2020 Operational Report - Actuarial Highlights](#)

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

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP December 2020 Operational Report - Actuarial Highlights](#)

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

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 12 Months Ended December 31, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	November	December	CY2020 YTD	CY2021 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:															
Net Premiums Written	\$11,789	\$11,503	\$14,810	\$12,717	\$14,636	\$14,647	\$18,425	\$20,061	\$19,454	\$18,296	\$13,393	\$12,711	\$182,442	\$247,672	\$207,231
Decrease (Increase) in Unearned Premiums	5,632	4,829	2,853	3,830	1,926	112	(2,506)	(3,588)	(3,490)	(1,722)	2,220	3,335	13,431	(30,351)	(26,892)
Net Premiums Earned	\$17,421	\$16,332	\$17,663	\$16,547	\$16,562	\$14,759	\$15,919	\$16,473	\$15,964	\$16,574	\$15,613	\$16,046	\$195,873	\$217,321	\$180,339
Claims Incurred:															
Prior Accident Years:															
Undiscounted	(\$178)	(\$207)	(\$8,498)	(\$275)	(\$348)	(\$82)	(\$73)	(\$6,914)	(\$59)	\$2,140	(\$339)	(\$44)	(\$14,877)	\$0	(\$29,152)
Effect of Discounting	(83)	(666)	(2,354)	(911)	6,856	(746)	(645)	469	(515)	(568)	(779)	(585)	(\$527)	(9,564)	(636)
Discounted	(\$261)	(\$873)	(\$10,852)	(\$1,186)	\$6,508	(\$828)	(\$718)	(\$6,445)	(\$574)	\$1,572	(\$1,118)	(\$629)	(\$15,404)	(\$9,564)	(\$29,788)
Current Accident Year:															
Undiscounted	\$15,776	\$14,836	\$11,715	\$13,748	\$11,177	\$11,666	\$12,568	\$10,841	\$12,334	\$2,372	\$11,311	\$11,365	\$139,709	\$170,163	\$153,840
Effect of Discounting	1,183	963	421	759	2,331	884	715	1,557	910	30	891	817	\$11,461	14,817	8,884
Discounted	\$16,959	\$15,799	\$12,136	\$14,507	\$13,508	\$12,550	\$13,283	\$12,398	\$13,244	\$2,402	\$12,202	\$12,182	\$151,170	\$184,980	\$162,724
Claims Incurred	\$16,698	\$14,926	\$1,284	\$13,321	\$20,016	\$11,722	\$12,565	\$5,953	\$12,670	\$3,974	\$11,084	\$11,553	\$135,766	\$175,416	\$132,936
Underwriting Expenses:															
Expense Allowance	\$3,590	\$3,500	\$4,500	\$3,863	\$4,449	\$4,453	\$5,600	\$6,098	\$5,913	\$5,562	\$4,076	\$3,864	\$55,468	\$75,043	\$64,494
Change in UPDR/DPAC:															
Undiscounted	583	514	(7,962)	735	(2,198)	207	(322)	(1,938)	(454)	(2,736)	1,613	1,933	(10,025)	(3,840)	(2,404)
Effect of Discounting	(357)	(304)	(1,295)	(200)	1,984	8	206	1,125	321	(661)	(61)	(138)	628	2,628	3,776
Discounted	226	210	(9,257)	535	(214)	215	(116)	(813)	(133)	(3,397)	1,552	1,795	(9,397)	(1,212)	1,372
Underwriting Expenses	\$3,816	\$3,710	(\$4,757)	\$4,398	\$4,235	\$4,668	\$5,484	\$5,285	\$5,780	\$2,165	\$5,628	\$5,659	\$46,071	73,831	65,866
Net Underwriting Gain (Loss)	(\$3,093)	(\$2,304)	\$21,136	(\$1,172)	(\$7,689)	(\$1,631)	(\$2,130)	\$5,235	(\$2,486)	\$10,435	(\$1,099)	(\$1,166)	\$14,036	(\$31,926)	(\$18,463)
Administrative Expenses	\$86	\$124	\$93	\$102	\$93	\$99	\$108	\$91	\$101	\$173	\$62	\$134	\$1,266	\$1,635	\$1,139
Operating Result	(\$3,179)	(\$2,428)	\$21,043	(\$1,274)	(\$7,782)	(\$1,730)	(\$2,238)	\$5,144	(\$2,587)	\$10,262	(\$1,161)	(\$1,300)	\$12,770	(\$33,561)	(\$19,602)
Ratios:															
Claims & Expenses Incurred (Earned)															
Prior Accident Years	-1.5%	-5.3%	-61.4%	-7.2%	39.3%	-5.6%	-4.5%	-39.1%	-3.6%	9.5%	-7.2%	-3.9%	-7.9%	-4.4%	-16.5%
Current Accident Year	97.3%	96.7%	68.7%	87.7%	81.6%	85.0%	83.4%	75.3%	83.0%	14.5%	78.2%	75.9%	77.2%	85.1%	90.2%
All Accident Years Combined (Earned)	95.8%	91.4%	7.3%	80.5%	120.9%	79.4%	78.9%	36.2%	79.4%	24.0%	71.0%	72.0%	69.3%	80.7%	73.7%
Underwriting & Administrative Expenses (Earned)	22.4%	23.5%	-26.4%	27.2%	26.1%	32.3%	35.1%	32.6%	36.8%	14.1%	36.4%	36.1%	24.2%	34.7%	37.2%
Combined Operating Ratio	118.2%	114.9%	-19.1%	107.7%	147.0%	111.7%	114.0%	68.8%	116.2%	38.1%	107.4%	108.1%	93.5%	115.4%	110.9%

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 2020

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 12 Months Ended December 31, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	September	October	November	December	CY2020 YTD	CY2021 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:															
Net Premiums Written	\$11,535	\$10,617	\$12,139	\$12,601	\$11,127	\$7,011	\$8,536	\$8,628	\$9,286	\$11,320	\$10,504	\$8,099	\$121,403	\$164,891	\$122,354
Decrease (Increase) in Unearned Premiums	(918)	(668)	(1,316)	(2,043)	(298)	2,684	1,867	1,793	576	(976)	(279)	2,065	2,487	(21,066)	(6,597)
Net Premiums Earned	\$10,617	\$9,949	\$10,823	\$10,558	\$10,829	\$9,695	\$10,403	\$10,421	\$9,862	\$10,344	\$10,225	\$10,164	\$123,890	\$143,825	\$115,757
Claims Incurred:															
Prior Accident Years:															
Undiscounted	(\$46)	(\$230)	\$2,640	(\$319)	(\$5,077)	(\$230)	(\$173)	(\$1,812)	(\$73)	\$167	(\$46)	(\$54)	(\$5,253)	\$0	(\$24,105)
Effect of Discounting	(565)	(464)	(781)	(335)	4,052	(333)	(289)	370	(728)	(431)	(466)	(542)	(512)	(5,459)	(784)
Discounted	(\$611)	(\$694)	\$1,859	(\$654)	(\$1,025)	(\$563)	(\$462)	(\$1,442)	(\$801)	(\$264)	(\$512)	(\$596)	(\$5,765)	(\$5,459)	(\$24,889)
Current Accident Year:															
Undiscounted	\$11,377	\$10,857	\$9,537	\$10,839	\$9,214	\$9,541	\$10,167	\$13,216	\$9,915	\$8,562	\$10,078	\$10,026	\$123,329	\$140,086	\$120,930
Effect of Discounting	855	626	239	573	1,530	578	(336)	963	432	513	681	603	7,257	11,872	5,956
Discounted	\$12,232	\$11,483	\$9,776	\$11,412	\$10,744	\$10,119	\$9,831	\$14,179	\$10,347	\$9,075	\$10,759	\$10,629	\$130,586	\$151,958	\$126,886
Claims Incurred	\$11,621	\$10,789	\$11,635	\$10,758	\$9,719	\$9,556	\$9,369	\$12,737	\$9,546	\$8,811	\$10,247	\$10,033	\$124,821	\$146,499	\$101,997
Underwriting Expenses:															
Expense Allowance	\$3,510	\$3,227	\$3,689	\$3,830	\$3,382	\$2,129	\$2,595	\$2,623	\$2,823	\$3,441	\$3,193	\$2,462	\$36,904	\$49,961	\$38,100
Change in UPDR/DPAC:															
Undiscounted	77	72	(4,633)	1	(2,006)	270	260	1,296	(65)	(1,064)	(69)	(25)	(5,886)	1,625	218
Effect of Discounting	66	48	(505)	127	1,304	(202)	(136)	570	(60)	(804)	17	(168)	257	1,821	1,595
Discounted	143	120	(5,138)	128	(702)	68	124	1,866	(125)	(1,868)	(52)	(193)	(5,629)	3,446	1,813
Underwriting Expenses	\$3,653	\$3,347	(\$1,449)	\$3,958	\$2,680	\$2,197	\$2,719	\$4,489	\$2,698	\$1,573	\$3,141	\$2,269	\$31,275	\$53,407	\$39,913
Net Underwriting Gain (Loss)	(\$4,657)	(\$4,187)	\$637	(\$4,158)	(\$1,570)	(\$2,058)	(\$1,685)	(\$6,805)	(\$2,382)	(\$40)	(\$3,163)	(\$2,138)	(\$32,206)	(\$56,081)	(\$26,153)
Administrative Expenses	\$88	\$127	\$93	\$102	\$94	\$110	\$99	\$92	\$102	\$172	\$63	\$134	1,276	\$1,682	\$1,169
Operating Result	(\$4,745)	(\$4,314)	\$544	(\$4,260)	(\$1,664)	(\$2,168)	(\$1,784)	(\$6,897)	(\$2,484)	(\$212)	(\$3,226)	(\$2,272)	(\$33,482)	(\$57,763)	(\$27,322)
Ratios:															
Claims & Expenses Incurred (Earned)															
Prior Accident Years	-5.8%	-7.0%	17.2%	-6.2%	-9.5%	-5.8%	-4.4%	-13.8%	-8.1%	-2.6%	-5.0%	-5.9%	-4.7%	-3.8%	-21.5%
Current Accident Year	115.2%	115.4%	90.3%	108.1%	99.2%	104.4%	94.5%	136.1%	104.9%	87.7%	105.2%	104.6%	105.4%	105.7%	109.6%
All Accident Years Combined	109.4%	108.4%	107.5%	101.9%	89.7%	98.6%	90.1%	122.3%	96.8%	85.1%	100.2%	98.7%	100.7%	101.9%	88.1%
Underwriting & Administrative Expenses (Earned)	35.2%	34.9%	-12.5%	38.5%	25.6%	23.8%	27.1%	44.0%	28.4%	16.9%	31.3%	23.6%	26.3%	38.3%	35.5%
Combined Operating Ratio	144.6%	143.3%	95.0%	140.4%	115.3%	122.4%	117.2%	166.3%	125.2%	102.0%	131.5%	122.3%	127.0%	140.2%	123.6%

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