



TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO.: F16 – 031
DATE: MAY 27, 2016
SUBJECT: FARM – MARCH 2016 PARTICIPATION REPORT

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

Please be advised that the March 2016 FARM Participation Report is now available on the Facility Association Portal at <https://portal.facilityassociation.com>.

New This Month

Redistribution of Member Funds

The Participation Report for March 2016 reflects the effect of a redistribution of Member Funds. This balance is shown on page 21: Members Combined Accident Year Share Results for all Jurisdictions. *Note: All balances due to/from Facility Association are to be settled on or before June 21, 2016.* Please see “Redistribution of Member Funds” on page 7.

Valuation

An actuarial valuation as at December 31, 2015 has been completed since last month’s Participation Report for the FARM private passenger and non-private passenger business segments for all jurisdictions and the results of that valuation have been incorporated into this month’s Participation Report. In addition, projected cash flows for all jurisdictions were updated along with the estimated risk-free yield curve, resulting in a decrease from 0.87% to 0.81% in the selected discount rate used in determining actuarial present value adjustments. Margins for adverse deviation were left unchanged for both investment return and claims development.

The incorporation of the new valuation, including the discount rate changes, is estimated to account for an overall **\$2.0 million favourable** impact on the month’s net result from operations (see the table at the top of the next page), subtracting an estimated 4.6 points from the year-to-date Combined Operating Ratio (ending at 84.2%).

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Grand Total	unfav / (fav)						ytd EP 44,371 (actual)						
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:						
	ultimates & payout patterns		dsct rate	apv adj.	sub-tot	apv adj.	TOTAL	ultimates & payout patterns		dsct rate	apv adj.	sub-tot	apv adj.
PAYs	(2,549)	(131)	(2,680)	550	-	(2,130)	(5.7%)	(0.3%)	(6.0%)	1.2%	-	-	(4.8%)
CAY	141	(72)	69	34	-	103	0.3%	(0.2%)	0.2%	0.1%	-	-	0.2%
Prem Def	(8)	(1)	(9)	2	-	(7)	-	-	-	-	-	-	-
TOTAL	(2,416)	(204)	(2,620)	586	-	(2,034)	(5.4%)	(0.5%)	(5.9%)	1.3%	-	-	(4.6%)

Please see “Effect of Quarterly Valuation” further in this bulletin for additional detail on the impacts of the updated valuation.

Summary of Financial Results

The calendar year-to-date Net Result from Operations is \$7.0 million and the incurred loss ratio to the end of 3 months is 63.4%, as summarized in the table immediately below.

Amounts in \$000s	Mar 2016	Mar 2015	Year to date Mar 2016	Year to Date Mar 2015
Written Premiums	12,647	14,071	34,098	41,282
Earned Premiums	14,917	16,534	44,370	48,682
Incurred Losses	8,082	13,296	28,128	35,175
Underwriting Expenses and Others	3,641	3,150	9,216	9,365
Net Result from Operations	3,194	88	7,026	4,142
Ratios:				
Loss ratio % - Prior Accident Year	(19.0%)	10.2%	(9.8%)	0.4%
- Current Accident Years	73.2%	70.2%	73.2%	71.8%
Total	54.2%	80.4%	63.4%	72.2%
Underwriting & Admin Exp.%	24.5%	19.1%	20.8%	19.3%
Combined Operating Ratio	78.7%	99.5%	84.2%	91.5%

Rounding differences may occur

For details on the financial results, please refer to Exhibit 1 “Summary of Operations for Calendar Year 2016 - All jurisdictions by month”. A comparable summary by jurisdiction is included in Exhibit 2. Detailed exhibits by jurisdiction are included in a separate folder on our website called [“Summary of Operations”](#).

Updated Projection to Year-end 2016

This month, the estimated calendar year Net Result from Operations to December 2016 is \$20.7 million and the estimated combined operating ratio to December 2016 is 88.8%. The updated projection to the end of calendar year 2016 has improved by \$2.7 million as compared to the projection provided last month (\$18.0 million and 90.3%), mainly as a result of the \$3.1 million impact of the implementation this month of the December 31, 2015 valuation, as summarized in the table at the top of the next page. Remaining differences were driven by

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changes in projected premium volumes, and the associated impacts on claims and expense projections.

Grand Total	unfav / (fav) projected for full year						year EP 182,899 (current projection)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ultimates & payout patterns			dsct rate		argins	ultimates & payout patterns			dsct rate		argins
	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
PAYs	(2,549)	(1,034)	(3,583)	422	-	(3,161)	(1.4%)	(0.6%)	(2.0%)	0.2%	-	(1.7%)
CAY	580	(419)	161	116	-	277	0.3%	(0.2%)	0.1%	0.1%	-	0.2%
Prem Def	(212)	(18)	(230)	5	-	(225)	(0.1%)	-	(0.1%)	-	-	(0.1%)
TOTAL	(2,181)	(1,471)	(3,652)	543	-	(3,109)	(1.2%)	(0.8%)	(2.0%)	0.3%	-	(1.7%)

The updated year-end projections are shown against the October 28, 2015 Outlook in the table immediately below, with the estimated impact of implementing the *current* valuation in the two far right columns. In particular, with *two* valuations (2015 Q3 & Q4) and other changes since August 2015 (the actuals used in the Outlook), **the projected \$12.4 million operating result has been increased to \$20.7 million.**

\$000s	Outlook Posted October 28, 2015			Updated Year-end Projection			Operating Result Change due to Valuation	
	Earned Premium	Operating Result	COR	Earned Premium	Operating Result	COR	Month of March	Year-end 2016
Ontario	45,033	2,790	94.0%	39,489	11,683	70.6%	4,680	5,329
Alberta	70,498	7,300	89.8%	63,671	7,680	88.0%	(651)	(721)
Newfoundland & Labrador	28,662	(3,666)	112.9%	28,275	(2,752)	109.8%	(338)	(289)
New Brunswick	20,601	2,010	90.4%	20,745	2,766	86.7%	578	949
Nova Scotia	16,312	1,584	90.4%	17,231	155	99.2%	(852)	(849)
Prince Edward Island	4,520	307	93.3%	4,845	953	80.4%	386	485
Yukon	2,163	221	89.9%	2,159	(235)	111.0%	(405)	(429)
Northwest Territories	5,159	1,430	72.3%	4,888	(286)	105.9%	(1,593)	(1,624)
Nunavut	1,631	457	72.1%	1,597	724	54.8%	229	258
TOTAL	194,579	12,432	93.7%	182,899	20,689	88.8%	2,034	3,109

In total, the operating result projection to year-end has increased by \$8.3 million from the Outlook posted October 28, 2015 (to \$20.7 million as shown above). This amount is \$3.1 million higher than it would have been, if not for the implementation of the December 31, 2015 valuation. (The changes before the impact of the December 31, 2015 valuation are attributable to mix of business and other projection assumptions outside of the valuation process, as well as the previous valuation implemented since the valuation used for the Outlook.)

One important change relative to the Outlook has been the reduction in the discount rate (the interest rate margin for adverse deviation remained consistent at 25 basis points. Had the Outlook discount rate of 1.07% still been applicable, the operating result would have been higher by \$2.6 million (using the current interest rate sensitivity table). That is, the projected Operating Result would have been approximately \$23.3 million (COR of 87.3%) had the discount rate and associated margin remained at the Outlook levels.

Current month results

The Net Result from Operations in the month of March 2016 is \$3.2 million, up \$3.1 million from

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the same month last year. This improvement stems from the overall decrease in the combined ratio (from 99.5% to 78.7% applied to \$14.9 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 87.1% at the end of 2 months to 84.2% at the end of 3 months. The 2.9 percentage point decrease is composed of a 4.7 percentage point decrease in the Prior Accident Year loss ratio, offset by a 1.8 percentage point increase in the expense ratio.

Variances from Projections

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

March 2016	Actual	Projection	Difference	Difference %
Written Premiums	12,647	13,290	(643)	(4.8%)
Earned Premiums	14,917	14,910	7	0.0%
Reported Losses				
Paid Losses	12,198	12,623	(425)	(3.4%)
Change in Outstanding Losses	(603)	(396)	(207)	(52.3%)
Total Reported Losses	11,595	12,227	(632)	(5.2%)
Change in IBNR *	(3,055)	(1,541)	(1,514)	
Change in Premium Deficiency (DPAC) *	182	110	72	
Change in Retro Claims Expense *	(458)	(710)	252	

(Amounts in \$000's)

Rounding differences may occur

* Detailed information is included in [FARM March 2016 Participation Report - Actuarial Highlights](#).

For the month of March 2016, reported indemnity amounts were \$0.5 million lower than projected (*allowed claims expenses are included in table above as part of reported losses, explaining why the variance in Total Reported Losses in the table shows \$0.6 million*). The Current Accident Year had an approximately \$0.8 million favourable variance in reported indemnity, while the Prior Accident Years had an unfavourable variance of \$0.3 million. Of the Prior Accident Years, 2015 had the largest variance in reported losses at \$2.5 million favourable, followed by Accident Year 2014 at \$1.2 million unfavourable. No other single Prior Accident Year had a reported indemnity variance in excess of \$1.0 million.

Effect of Quarterly Valuation

The March 2016 Participation Report reflects the results of an updated valuation as at December 31, 2015, with the associated impacts in relation to the results for March 2016 summarized in the table at the top of the next page.

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Grand Total	unfav / (fav)						mth EP 14,917 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ultimates & payout patterns		dsct rate	margins		TOTAL	ultimates & payout patterns		dsct rate	margins		TOTAL
	nominal	apv adj.	sub-tot	apv adj.	apv adj.		nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
PAYs	(2,549)	(131)	(2,680)	550	-	(2,130)	(17.1%)	(0.9%)	(18.0%)	3.7%	-	(14.3%)
CAY	141	(72)	69	34	-	103	0.9%	(0.5%)	0.5%	0.2%	-	0.7%
Prem Def	(8)	(1)	(9)	2	-	(7)	(0.1%)	-	(0.1%)	-	-	-
TOTAL	(2,416)	(204)	(2,620)	586	-	(2,034)	(16.2%)	(1.4%)	(17.6%)	3.9%	-	(13.6%)

The valuation included all jurisdictions and business segments and resulted in updated policy liability cash flow estimates for all jurisdictions that, when applied to the updated risk free yield curve, resulted in a decrease in the selected discount rate from 0.87% to 0.81%. The investment return margin for adverse deviation was left unchanged at 25 basis points, and the selected claims development margins¹ were also left unchanged.

The **valuation summary** (in relation to **indemnity only**) is provided in the table immediately below. (Please note that in reference to columns [4] to [9] in that table, the estimated impacts are in relation to a full year estimated earned premium, and are not “year-to-date”.)

December 31, 2015 Valuation Summary (Indemnity Only)

Jurisdiction	2014 & Prior			% of Beginning Unpaid	2015			2016		
	Beginning Indemnity Unpaid (000s)	Prior Accident Year Indemnity Change (000s)	Change against Prior Valuation		Indemnity Loss Ratio	Change from Prior Valuation	Change against 2015 Earned Prem (000s)	Indemnity Loss Ratio	Change from Prior Valuation	Change against 2016 Proj Earned Prem (000s)
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	
Ontario	106,052	(2,226)	(2.1%)	48.2%	(3.2%)	(1,463)	50.6%	(0.4%)	(166)	
PPV	51,210	(3,218)	(6.3%)	43.9%	(2.6%)	(362)	45.5%	(1.0%)	(128)	
Non-PPV	54,842	992	1.8%	50.0%	(3.5%)	(1,113)	52.9%	0.0%	-	
Alberta	69,241	(2,881)	(4.2%)	60.8%	4.1%	2,954	56.2%	0.6%	402	
PPV	25,021	(1,906)	(7.6%)	57.6%	(1.2%)	(151)	60.0%	1.0%	113	
Non-PPV	44,220	(975)	(2.2%)	61.5%	5.3%	3,107	55.5%	0.5%	278	
Newfoundland & Labrador	43,899	(29)	(0.1%)	82.6%	0.4%	120	74.1%	1.3%	368	
PPV	30,145	318	1.1%	72.2%	0.1%	19	66.0%	2.0%	427	
Non-PPV	13,754	(347)	(2.5%)	117.3%	1.4%	92	99.1%	0.0%	-	
New Brunswick	22,718	(676)	(3.0%)	56.1%	0.2%	47	52.9%	(0.7%)	(144)	
PPV	13,021	(410)	(3.1%)	60.4%	2.0%	252	57.0%	(1.5%)	(194)	
Non-PPV	9,697	(266)	(2.7%)	49.3%	(2.6%)	(205)	46.0%	0.5%	38	
Nova Scotia	21,049	419	2.0%	58.0%	1.5%	244	55.6%	0.2%	33	
PPV	11,445	188	1.6%	57.6%	2.9%	204	58.5%	0.5%	35	
Non-PPV	9,604	231	2.4%	58.2%	0.4%	39	53.5%	0.0%	-	
Prince Edward Island	4,488	(303)	(6.8%)	52.9%	(0.8%)	(37)	49.0%	(1.3%)	(61)	
PPV	2,699	(244)	(9.0%)	50.8%	0.1%	3	46.0%	(1.5%)	(43)	
Non-PPV	1,789	(59)	(3.3%)	56.0%	(2.2%)	(40)	53.5%	(1.0%)	(19)	
Yukon Territory	1,933	(33)	(1.7%)	120.4%	16.1%	350	55.2%	1.1%	23	
PPV	1,178	(34)	(2.9%)	185.9%	47.2%	423	64.5%	0.5%	4	
Non-PPV	755	1	0.1%	74.4%	(5.0%)	(64)	49.0%	2.0%	25	
Northwest Territories	3,679	409	11.1%	53.4%	17.7%	901	39.1%	1.4%	70	
PPV	2,368	78	3.3%	62.9%	25.0%	957	42.5%	2.0%	74	
Non-PPV	1,311	331	25.2%	25.0%	(4.3%)	(54)	29.5%	0.0%	-	
Nunavut	1,403	(179)	(12.8%)	33.5%	(1.9%)	(30)	34.6%	(0.8%)	(12)	
PPV	569	(109)	(19.2%)	28.2%	(2.8%)	(24)	29.0%	(1.6%)	(13)	
Non-PPV	834	(70)	(8.4%)	39.5%	(0.8%)	(6)	40.2%	0.0%	-	
Total	274,462	(5,499)	(2.0%)	60.4%	1.6%	3,084	56.5%	0.4%	749	

The overall **impact of implementing the valuation** on the results of the Month of March is estimated as **favourable by \$2.0 million**, as summarized in the table at the top of the next page. In that table, column [1] shows indemnity only, and is therefore comparable to the valuation

¹ Claims development margins are selected by jurisdiction, business segment, coverage, and accident half-year.

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summary table above (columns [2], [6] and a portion of [9] in the valuation summary table is comparable to the first row of column [1] in the table below). Differences will emerge due to the differences between data available at December 31, 2015 (used for the valuation) and available for implementation (March 31, 2016). In addition, column [9] of the valuation summary table above estimates the impact of the change in selected current accident year indemnity loss ratio against projected full year 2016 earned premium, whereas the current accident year row, column [1] in the implementation impact table immediately below applies the change to year-to-date earned premium at March 31, 2016.

Implementation Impact - relative to projection for month of March 2016 (negative values are favourable)

\$000s	indemnity [1]	retroactive claims fee [2]	allowed claims expenses [3]	nominal total [4]	actuarial present value [5]	Grand Total [6]
prior accident years (1994-2014)	(2,647)	98	-	(2,549)	419	(2,130)
current accident year claims incurred	142	(1)	-	141	(38)	103
premium deficiency / (DPAC)	(8)			(8)	1	(7)
TOTAL	(2,513)	97	-	(2,416)	382	(2,034)

An alternate summary of the valuation implementation impact is presented in the table immediately below, including the impact in relation to year-to-date earned premium. In this table, rows “PAYs” and “CAY” (for “Prior Accident Years” and “Current Accident Year” respectively), include the changes in indemnity, retroactive claims fee adjustment provision and the provision for allowed claims adjustment expenses (note that, for the valuation, accident year 2015 was considered the CAY, whereas it is included in PAYs in the table below as 2016 is the CAY in that table).

Grand Total	unfav / (fav)						ytd EP 44,371 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ultimates & payout patterns		dsct rate		margins		ultimates & payout patterns		dsct rate		margins	
nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	
PAYs	(2,549)	(131)	(2,680)	550	-	(2,130)	(5.7%)	(0.3%)	(6.0%)	1.2%	-	(4.8%)
CAY	141	(72)	69	34	-	103	0.3%	(0.2%)	0.2%	0.1%	-	0.2%
Prem Def	(8)	(1)	(9)	2	-	(7)	-	-	-	-	-	-
TOTAL	(2,416)	(204)	(2,620)	586	-	(2,034)	(5.4%)	(0.5%)	(5.9%)	1.3%	-	(4.6%)

The overall impact *prior to* the 6 basis point decrease in the discount rate (to 0.81%) and changes to margins for adverse deviation was favourable by \$2.6 million (Total row, third column in the table above). This was partially offset by the \$0.6 million unfavourable impact of the discount rate change (Total row, fourth column). Finally, as there were no changes to the selected margins for adverse deviation, there was no associated impact (fifth column in the table above).

Additional detail of the valuation results and impact is available in [FARM March 2016 Participation Report – Actuarial Highlights](#) and in the [Actuarial Quarterly Valuation Highlights FARM as at December 31, 2015](#).

The actuarial valuation will be updated next as at March 31, 2016 for all jurisdictions and business

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segments. The results are anticipated to be reflected in the May 2016 Participation Report.

Redistribution of Member Funds

Facility Association monitors the level of policy liability-related funds attributable to each jurisdiction, business segment, and accident year. Throughout the year, adjustments are made to the fund levels to reflect claims payment activity and policy liability changes since the previous adjustment. Generally, these adjustments will result in payments being made to members in respect of the most recent accident periods, while payments from Members would be required for the older accident periods. Because Members’ share ratios vary by jurisdiction, business segment and accident year, each such review is likely to result in payments to and from Members, even when the aggregate adjustment is \$0. This process is referred to below as “redistribution” of previously transferred amounts.

The redistribution of previously transferred funds is in effect transferring funds to Members in respect of policies written in the last 12 to 24 months, and transferring funds to Facility Association in respect of claims and expenses paid on policies written in prior periods. The aggregate effect of this redistribution is \$0 for Facility Association in total.

The amount due to or from Facility Association for your company as a result of this adjustment will depend on your company’s share of the Residual Market in each jurisdiction, as well as differences in share ratios by business segment and accident year, as per the Participation Report attached.

The Participation Report for March 2016 reflects the effect of the redistribution of Member Funds. This balance is shown on page 21: Members Combined Accident Year Share Results for all Jurisdictions. *Note: All balances due to/from Facility Association are to be settled on or before June 21, 2016.*

The amounts to be settled with Facility Association at this time are the net amounts of the adjustment referred to above, an aggregate summary of which is shown in the table immediately below.

Amounts (\$000s) to be Transferred to / (from) Members

Summary by Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	(848)	333	(516)
Alberta	(1,033)	(655)	(1,689)
Newfoundland & Labrador	121	155	276
New Brunswick	387	438	825
Nova Scotia	(37)	401	364
Prince Edward Island	415	45	460
Yukon	(167)	78	(89)
Northwest Territories	11	147	158
Nunavut	147	63	210
TOTAL	(1,004)	1,004	-

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Management Comments

As shown in the table immediately below, the private passenger annualized vehicle counts increased by 14.1% overall in March 2016 relative to March 2015. On a year-to-date basis, exposure counts are down by 0.8%, decreasing in all jurisdictions except Newfoundland & Labrador, Nova Scotia and Prince Edward Island.

FARM Private Passenger Written Car Years

# FARM Vehicles Written								
Jurisdiction	Month of March 2016				Calendar YTD as of March 2016			
	2016	2015	Chg	% Chg	2016	2015	Chg	% Chg
Ontario	115	139	(24)	(17.3%)	354	420	(66)	(15.7%)
Alberta	135	253	(118)	(46.6%)	465	743	(278)	(37.4%)
Newfoundland & Labrador	875	406	469	115.5%	2,357	1,934	423	21.9%
New Brunswick	633	679	(46)	(6.8%)	1,687	1,795	(108)	(6.0%)
Nova Scotia	344	316	28	8.9%	888	809	79	9.8%
Prince Edward Island	160	136	24	17.6%	363	362	1	0.3%
Yukon	22	45	(23)	(51.1%)	47	97	(50)	(51.5%)
Northwest Territories	249	231	18	7.8%	611	642	(31)	(4.8%)
Nunavut	38	48	(10)	(20.8%)	103	131	(28)	(21.4%)
All Jurisdictions	2,571	2,253	318	14.1%	6,875	6,933	(58)	(0.8%)

Should you require any further information, please call Norm Seeney, Vice President, Finance and Member Services at (416) 644-4914.

David J. Simpson, M.B.A., FCIP, C. Dir.
 President & CEO

Related link:

[FARM March 2016 Participation Report – Actuarial Highlights](#)

[Actuarial Quarterly Valuation Highlights FARM as at December 31, 2015](#)

[Actuarial Quarterly Valuation Highlights – FARM Summary Exhibits](#)

SUMMARY OF OPERATIONS - CALENDAR YEAR 2016
FACILITY ASSOCIATION RESIDUAL MARKET - ALL JURISDICTIONS BY MONTH
Operating Results for the 3 months ended March 31, 2016 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 03/2016
(thousands of dollars)

	January	February	March	CY2016 YTD	CY2016 12 Months Updated Projections	CY2015 12 Months Actual
UNDERWRITING REVENUE:						
PREMIUMS WRITTEN	\$11,014	\$10,437	\$12,647	\$34,098	\$182,323	\$189,847
CHANGE IN UNEARNED PREMIUMS	4,378	3,624	2,270	10,272	577	6,085
NET PREMIUMS EARNED	\$15,392	\$14,061	\$14,917	\$44,370	\$182,900	\$195,932
CLAIMS INCURRED						
PRIOR ACCIDENT YEARS						
UNDISCOUNTED	-201	70	-2,552	-2,683	-2,684	-15,364
EFFECT OF DISCOUNTING	-575	-797	-288	-1,660	-7,827	-4,171
DISCOUNTED	-776	-727	-2,840	-4,343	-10,511	-19,535
CURRENT ACCIDENT YEAR						
UNDISCOUNTED	10,458	9,614	10,300	30,372	124,950	138,707
EFFECT OF DISCOUNTING	813	664	622	2,099	6,931	8,047
DISCOUNTED	11,271	10,278	10,922	32,471	131,881	146,754
CLAIMS INCURRED	\$10,495	\$9,551	\$8,082	\$28,128	\$121,370	\$127,219
UNDERWRITING EXPENSES						
OPERATING & SERVICE FEES	1,170	1,059	1,381	3,610	18,588	19,838
AGENTS COMMISSIONS	899	873	1,083	2,855	15,330	15,658
DRIVER RECORD ABSTRACTS	175	148	396	719	2,625	3,187
BAD DEBTS	-7	-4	1	-10	-12	-579
PREMIUM DEFICIENCY/(DPAC)						
UNDISCOUNTED	336	277	178	791	-85	292
EFFECT OF DISCOUNTING	-16	-5	4	-17	13	-230
DISCOUNTED	320	272	182	774	-72	62
UNDERWRITING EXPENSES	\$2,557	\$2,348	\$3,043	\$7,948	\$36,459	\$38,166
NET UNDERWRITING GAIN (LOSS)	\$2,340	\$2,162	\$3,792	\$8,294	\$25,071	\$30,547
ADMINISTRATIVE EXPENSES	364	320	607	1,291	4,560	5,085
PREMIUM FINANCE FEE	-10	-9	-9	-28	-18	-108
INVESTMENT INCOME	17	16	18	51	198	260
OPERATING RESULTS	\$1,983	\$1,849	\$3,194	\$7,026	\$20,691	\$25,614
RATIOS:						
Claims & Adj Expenses Incurred (Earned)						
Prior Accident Year	-5.0%	-5.2%	-19.0%	-9.8%	-5.7%	-10.0%
Current Accident Years	73.2%	73.1%	73.2%	73.2%	72.1%	74.9%
All Accident Years Combined	68.2%	67.9%	54.2%	63.4%	66.4%	64.9%
Underwriting & Admin Exp.(Earned)	19.0%	19.0%	24.5%	20.8%	22.4%	22.1%
COMBINED OPERATING RATIO	87.2%	86.9%	78.7%	84.2%	88.8%	87.0%

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 2016
FACILITY ASSOCIATION RESIDUAL MARKET - ALL JURISDICTIONS
Operating Results for the 3 months ended March 31, 2016 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 03/2016
(thousands of dollars)

	Alberta	Ontario	NS	PEI	NB	NFLD & LAB	Yukon	NWT	Nunavut	Total	CY2016 12 Months Updated Projections	CY2015 12 Months Actual
UNDERWRITING REVENUE:												
PREMIUMS WRITTEN	\$10,736	\$7,756	\$3,646	\$727	\$3,950	\$5,571	\$296	\$1,246	\$170	\$34,098	\$182,323	\$189,847
CHANGE IN UNEARNED PREMIUMS	4,807	1,943	425	415	1,062	1,258	210	-62	214	10,272	577	6,085
NET PREMIUMS EARNED	\$15,543	\$9,699	\$4,071	\$1,142	\$5,012	\$6,829	\$506	\$1,184	\$384	\$44,370	\$182,900	\$195,932
CLAIMS INCURRED												
PRIOR ACCIDENT YEARS												
UNDISCOUNTED	253	-4,324	693	-368	-585	85	359	1,424	-220	-2,683	-2,684	-15,364
EFFECT OF DISCOUNTING	-668	-869	-29	-19	-88	-117	40	104	-14	-1,660	-7,827	-4,171
DISCOUNTED	-415	-5,193	664	-387	-673	-32	399	1,528	-234	-4,343	-10,511	-19,535
CURRENT ACCIDENT YEAR												
UNDISCOUNTED	10,306	6,363	2,781	690	3,272	5,871	335	586	168	30,372	124,950	138,707
EFFECT OF DISCOUNTING	717	560	158	50	187	351	25	38	13	2,099	6,931	8,047
DISCOUNTED	11,023	6,923	2,939	740	3,459	6,222	360	624	181	32,471	131,881	146,754
CLAIMS INCURRED	\$10,608	\$1,730	\$3,603	\$353	\$2,786	\$6,190	\$759	\$2,152	(\$53)	\$28,128	\$121,370	\$127,219
UNDERWRITING EXPENSES												
OPERATING & SERVICE FEES	1,083	847	375	78	403	626	39	133	26	3,610	18,588	19,838
AGENTS COMMISSIONS	928	456	322	73	385	522	27	124	18	2,855	15,330	15,658
DRIVER RECORD ABSTRACTS	163	44	182	44	122	92	9	58	5	719	2,625	3,187
BAD DEBTS	0	0	0	0	0	-10	0	0	0	-10	-12	-579
PREMIUM DEFICIENCY/(DPAC)												
UNDISCOUNTED	420	118	32	36	96	56	19	-5	19	791	-85	292
EFFECT OF DISCOUNTING	0	0	0	0	0	-17	0	0	0	-17	13	-230
DISCOUNTED	420	118	32	36	96	39	19	-5	19	774	-72	62
UNDERWRITING EXPENSES	\$2,594	\$1,465	\$911	\$231	\$1,006	\$1,269	\$94	\$310	\$68	\$7,948	\$36,459	\$38,166
NET UNDERWRITING GAIN (LOSS)	\$2,341	\$6,504	(\$443)	\$558	\$1,220	(\$630)	(\$347)	(\$1,278)	\$369	\$8,294	\$25,071	\$30,547
ADMINISTRATIVE EXPENSES	362	274	141	44	150	201	31	62	26	1,291	4,560	5,085
PREMIUM FINANCE FEE	-9	-9	-3	0	-3	-4	0	0	0	-28	-18	-108
INVESTMENT INCOME	14	18	4	1	5	9	0	0	0	51	198	260
OPERATING RESULTS	\$1,984	\$6,239	(\$583)	\$515	\$1,072	(\$826)	(\$378)	(\$1,340)	\$343	\$7,026	\$20,691	\$25,614
RATIOS:												
Claims & Adj Expenses Incurred (Earned)												
Prior Accident Year	-2.7%	-53.5%	16.3%	-33.9%	-13.4%	-0.5%	78.9%	129.1%	-60.9%	-9.8%	-5.7%	-10.0%
Current Accident Years	70.9%	71.4%	72.2%	64.8%	69.0%	91.1%	71.1%	52.7%	47.1%	73.2%	72.1%	74.9%
All Accident Years Combined	68.2%	17.9%	88.5%	30.9%	55.6%	90.6%	150.0%	181.8%	-13.8%	63.4%	66.4%	64.9%
Underwriting & Admin Exp.(Earned)	19.0%	17.9%	25.8%	24.1%	23.1%	21.5%	24.7%	31.4%	24.5%	20.8%	22.4%	22.1%
COMBINED OPERATING RATIO	87.2%	35.8%	114.3%	55.0%	78.7%	112.1%	174.7%	213.2%	10.7%	84.2%	88.8%	87.0%

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