

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER
ALBERTA RISK SHARING POOL PROJECT MANAGER

BULLETIN NO.: F16 – 040

DATE: JUNE 24, 2016

SUBJECT: ALBERTA RISK SHARING POOLS
– MAY 2016 OPERATIONAL REPORT

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

Please be advised that the May 2016 Alberta Risk Sharing Pools Operational Reports are now available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

New This Month

Annual Update of Member Sharing Ratios

The May 2016 Operational Report reflects the annual update of member sharing ratios for Accident Years 2014, 2015, 2016 and 2017. Please refer to Bulletin [F16-44](#) for additional information.

Updated Transfer Projections Significant

Approximately once per quarter, the FA actuarial group sends transfer and premium projection requests to larger RSP users. The projections are monthly to the end of the current calendar year (2016) and the next calendar year (2017). These projections are incorporated into FA's projections as they are provided to us.

The updated projections received since last month's projections generated a \$25.8 million (20.5%) increase in the Alberta Grid RSP written premium projection for 2016, and a \$12.6 million (13.0%) increase in the Alberta non-Grid RSP written premium projection for 2016. These updated projections contribute to projected operating losses for 2016 over and above the unfavourable impacts of the valuation implementation.

The **Alberta Grid** written premium projection for calendar year **2017** is \$186.0 million, an increase of \$34.5 million (22.7%) from the updated calendar year 2016 projection, with a **projected operating loss of \$21.3 million.**

The **Alberta Non-Grid** written premium projection for calendar year **2017** is \$110.9 million, an increase of \$1.1 million (1.0%) from the updated calendar year 2016 projection, with a **projected operating loss of \$32.9 million**.

The 2017 Preliminary Outlook for the RSPs is being released at the same time as this month’s results.

Valuation

Valuations of the Alberta Grid Risk Sharing Pool (“RSP”) and Non-Grid RSP as at March 31, 2016 have been completed since last month’s Operational Report and the results of these valuations have been incorporated into this month’s Operational Report. The valuations were completed by the Facility Association’s internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

For the **Alberta Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$20.1 million unfavourable** impact on the month’s net result from operations, adding an estimated 38.9 points to the year-to-date Combined Operating Ratio (ending at 185.6%). The impact is summarized in the tables immediately below ¹.

AB Grid	unfav / (fav) for the month and ytd						ytd EP 51,647 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & 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
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	12,293	1,230	13,523	394	-	13,917	23.8%	2.4%	26.2%	0.8%	-	26.9%
CAY	2,552	255	2,807	62	-	2,869	4.9%	0.5%	5.4%	0.1%	-	5.6%
Prem Def	2,948	293	3,241	53	-	3,294	5.7%	0.6%	6.3%	0.1%	-	6.4%
TOTAL	17,793	1,778	19,571	509	-	20,080	34.5%	3.4%	37.9%	1.0%	-	38.9%

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$19.6 million – see column [3] in the left table above), and due to a 5 basis point decrease in the selected discount rate (from 0.70% to 0.65%, generating a \$0.5 million unfavourable impact – see column [4] in the left table above). Finally, there was no change in the margin for adverse deviation in investment yield (remains at 25 basis points) and no changes to the margins for adverse deviation for claims development as selected at the coverage / accident year level (hence zeros in all rows of column [5] in the left table above).

For the **Alberta Non-Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$1.1 million unfavourable** impact on the month’s net result from operations, adding an estimated 2.9 points to the year-to-date Combined Operating Ratio (ending at 134.3%). The impact is summarized in the tables at the top of the next page.

¹ In the tables, “ults & payout patterns” refers to the impacts associated with changes in selected ultimates and updated cashflows of claims payments; “dsct rate” refers to the impact of changes in the selected discount rate applied to projected cashflows; and “apv adj.” refers to “actuarial present value adjustments”.

Bulletin F16-040
Alberta Risk Sharing Pools – May 2016 Operational Reports

AB Non-Grid	unfav / (fav) for the month and ytd					ytd EP 35,875 (actual)						
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & 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
[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	814	131	945	211	-	1,156	2.3%	0.4%	2.6%	0.6%	-	3.2%
CAY	36	(15)	21	45	-	66	0.1%	-	0.1%	0.1%	-	0.2%
Prem Def	(50)	(165)	(215)	48	-	(167)	(0.1%)	(0.5%)	(0.6%)	0.1%	-	(0.5%)
TOTAL	800	(49)	751	304	-	1,055	2.2%	(0.1%)	2.1%	0.8%	-	2.9%

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$0.8 million – see column [3] in the left table above), and due to a 5 basis point decrease in the selected discount rate (from 0.73% to 0.68%, generating a \$0.3 million unfavourable impact – see column [4] in the left table above). Finally, there was no change in the margin for adverse deviation in investment yield (remains at 25 basis points) and no changes to the margins for adverse deviation for claims development as selected at the coverage / accident year level (hence zeros in all rows of column [5] in the left table above).

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

Alberta Grid RSP - Summary of Financial Results

The calendar year-to-date Net Result from Operations is -\$44.2 million and the incurred loss ratio to the end of 5 months is 145.2%, as summarized in the table immediately below.

Amounts in \$000s	May 2016	May 2015	Year to date May 2016	Year to Date May 2015
Written Premiums	14,607	13,751	49,469	55,188
Earned Premiums	10,197	12,569	51,647	62,853
Incurred Losses	24,079	22,006	74,973	51,908
Underwriting Expenses and Others	6,922	4,389	20,874	17,238
Net Result from Operations	(20,804)	(13,826)	(44,200)	(6,293)
Ratios:				
Loss ratio % - Prior Accident Year	129.4%	96.4%	60.0%	7.9%
- Current Accident Years	106.7%	78.7%	85.2%	74.7%
Total	236.1%	175.1%	145.2%	82.6%
Underwriting & Admin Exp.%	67.9%	34.9%	40.4%	27.4%
Combined Operating Ratio	304.0%	210.0%	185.6%	110.0%

Rounding differences may apply.

These results are discussed in some detail in the “Current Month Results” section below. For additional numeric detail, please refer to Exhibit 1 “Summary of Operations for Calendar Year 2016 for Risk Sharing Pool - Alberta Grid” attached to this bulletin.

Bulletin F16-040
Alberta Risk Sharing Pools – May 2016 Operational Reports

Updated Projection to Year-end 2016

The projected calendar year Net Result from Operations to December 2016 is -\$54.6 million and the estimated combined operating ratio to December 2016 is 140.0%. This updated projection to the end of the year has deteriorated by \$28.2 million from the projection provided last month (-\$26.4 million and 120.8%), mainly due to the impact of the valuation as at March 31, 2016, as summarized in the table below (see more information under “Effect of Quarterly Valuation”).

Remaining differences were driven by changes in projected premium volumes, and the associated impacts on claims and expense projections. In particular, two member company groups have significantly increased their projected transfers for 2016, accounting for 95% of the \$25.8 million increase (20.5%) in projected written premium for 2016.

AB Grid	unfav / (fav) projected for full year					year EP 125,477 (projected this month)						
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & 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
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	17,973	1,804	19,777	304	-	20,081	14.3%	1.4%	15.8%	0.2%	-	16.0%
CAY	3,145	422	3,567	123	-	3,690	2.5%	0.3%	2.8%	0.1%	-	2.9%
Prem Def	1,439	121	1,560	97	-	1,657	1.1%	0.1%	1.2%	0.1%	-	1.3%
TOTAL	22,557	2,347	24,904	524	-	25,428	18.0%	1.9%	19.8%	0.4%	-	20.3%

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$20.8 million Net Result from Operations in the month of May 2016, a deterioration of \$7.0 million compared with the same month last year. This deterioration is composed of a \$2.6 million favourable impact associated with the \$2.4 million decrease in earned premium (at a combined ratio of 210.0%), offset by a \$9.6 million deterioration stemming from the overall increase in the combined ratio (from 210.0% to 304.0% applied to \$10.2 million in earned premium).

This month’s results moved the year-to-date combined operating ratio from 156.5% at the end of 4 months to 185.6% at the end of 5 months. The 29.1 percentage point increase is composed of a 17.1 percentage point increase in the Prior Accident Year loss ratio, coupled with a 5.3 percentage point increase in the Current Accident Year loss ratio, and a 6.7 percentage point increase in the expense ratio.

Variations from Projections

The table at the top of the next page provides a summary of key components of the operating results compared to the estimates projected last month.

Bulletin F16-040

Alberta Risk Sharing Pools – May 2016 Operational Reports

May 2016	Actual	Projection	Difference	Difference %
Written Premiums	14,607	10,369	4,238	40.9%
Earned Premiums	10,197	10,255	(58)	(0.6%)
Reported Losses				
Paid Losses	9,494	9,833	(339)	(3.4%)
Loss Expenses Paid	382	682	(300)	(44.0%)
Change in Outstanding Losses	(1,891)	(1,298)	(593)	(45.7%)
Total Reported Losses	7,985	9,217	(1,232)	(13.4%)
Change in IBNR *	16,094	(1,952)	18,046	
Change in Premium Deficiency (DPAC) *	2,438	(14)	2,452	

(Amounts in \$000's)

Rounding differences may apply.

* Detailed information is included in [Alberta Grid RSP May 2016 Operational Report - Actuarial Highlights](#).

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 above set thresholds and responds as appropriate. For this month, all variances were within threshold levels associated with normal monthly reporting volatility.

For the month of May 2016, reported losses were \$1.2 million lower than projected. The Current Accident Year reported an unfavourable variance of \$33 thousand, while the Prior Accident Years reported a favourable variance of \$1.3 million. Of the Prior Accident Years, 2015 had the largest variance in reported losses at \$2.4 million favourable. No other single Prior Accident Year had a variance in excess of \$1.0 million.

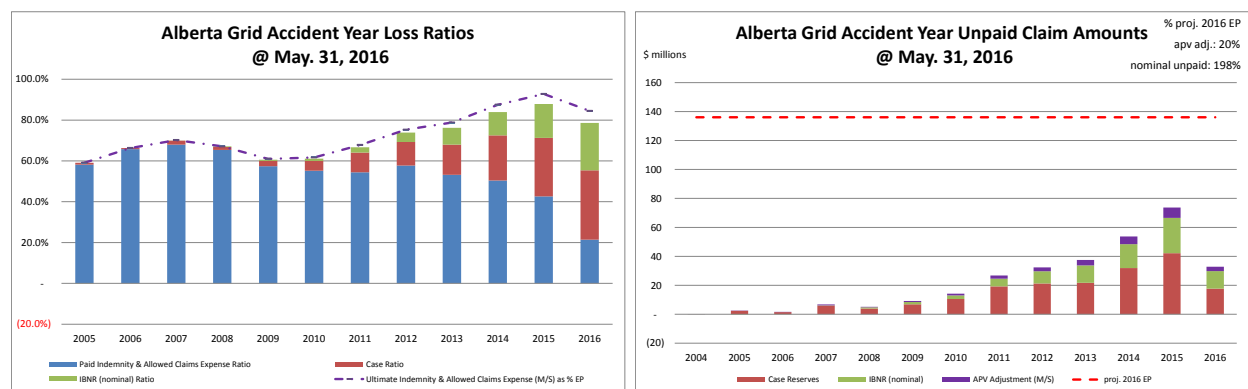
Effect of Quarterly Valuation

The May 2016 Alberta Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at March 31, 2016, with the associated impacts in relation to the results for May 2016 summarized in the table immediately below.

AB Grid	unfav / (fav) for the month and ytd						mth EP 10,197 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & 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	
[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	12,293	1,230	13,523	394	-	13,917	120.6%	12.1%	132.6%	3.9%	-	136.5%
CAY	2,552	255	2,807	62	-	2,869	25.0%	2.5%	27.5%	0.6%	-	28.1%
Prem Def	2,948	293	3,241	53	-	3,294	28.9%	2.9%	31.8%	0.5%	-	32.3%
TOTAL	17,793	1,778	19,571	509	-	20,080	174.5%	17.4%	191.9%	5.0%	-	196.9%

The charts at the top of the next page summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities. We have included the associated claims liabilities in the chart on the right.

Bulletin F16-040
Alberta Risk Sharing Pools – May 2016 Operational Reports



The preceding charts, latest valuation results, and related actuarial present value assumptions are discussed in more detail in the [Alberta Grid RSP May 2016 Operational Report - Actuarial Highlights](#) and in the [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at March 31, 2016](#). The actuarial valuation will be updated next as at June 30, 2016 and we anticipate that the results will be reflected in the August 2016 Operational Report.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Net Result from Operations is -\$12.3 million and the incurred loss ratio to the end of 5 months is 96.6%, as summarized in the table immediately below.

Amounts in \$000s	May 2016	May 2015	Year to date May 2016	Year to Date May 2015
Written Premiums	9,071	8,741	42,601	39,517
Earned Premiums	7,437	7,809	35,875	37,167
Incurred Losses	8,362	9,519	34,661	42,983
Underwriting Expenses and Others	2,744	2,909	13,540	11,718
Net Result from Operations	(3,669)	(4,619)	(12,326)	(17,534)
Ratios:				
Loss ratio % - Prior Accident Year	10.7%	13.0%	(5.5%)	10.2%
- Current Accident Years	101.7%	108.9%	102.1%	105.5%
Total	112.4%	121.9%	96.6%	115.7%
Underwriting & Admin Exp.%	36.9%	37.3%	37.7%	31.5%
Combined Operating Ratio	149.3%	159.2%	134.3%	147.2%

Rounding differences may apply.

These results are discussed in some detail in the “Current Month Results” section below. For additional numeric details, please refer to Exhibit 2 “Summary of Operations for Calendar Year 2016 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

Bulletin F16-040
Alberta Risk Sharing Pools – May 2016 Operational Reports

Updated Projection to Year-end 2016

The projected calendar year Net Result from Operations to December 2016 is -\$31.7 million and the estimated combined operating ratio to December 2016 is 133.6%. This updated projection to the end of the year has deteriorated by \$4.7 million from the projection provided last month (-\$27.1 million and 130.0%), mainly due to a \$12.6 million (13.0%) increase in the projected written premium, mainly driven by an increase in projected transfers of a member company group (as this RSP operates at a loss, increases in premium transfers increases the operating loss, all else equal). The impact of the valuation as at March 31, 2016, as summarized in the table below accounts for only \$0.7 million of the deterioration (see more information under “Effect of Quarterly Valuation”).

AB Non-Grid	unfav / (fav) projected for full year						year EP 94,380 (projected this month)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & 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	
[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	814	404	1,218	183	-	1,401	0.9%	0.4%	1.3%	0.2%	-	1.5%
CAY	94	(172)	(78)	106	-	28	0.1%	(0.2%)	(0.1%)	0.1%	-	-
Prem Def	(544)	(237)	(781)	57	-	(724)	(0.6%)	(0.3%)	(0.8%)	0.1%	-	(0.8%)
TOTAL	364	(5)	359	346	-	705	0.4%	-	0.4%	0.4%	-	0.7%

Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$3.7 million Net Result from Operations in the month of May 2016, an improvement of \$0.9 million compared with the same month last year. This improvement is composed of a \$0.2 million favourable impact associated with the \$0.4 million decrease in earned premium (at a combined ratio of 159.2%), with the remaining \$0.7 million improvement stemming from the overall decrease in the combined ratio (from 159.2% to 149.3% applied to \$7.4 million in earned premium).

This month’s results moved the year-to-date combined operating ratio from 130.5% at the end of 4 months to 134.3% at the end of 5 months. The 3.8 percentage point increase is composed of a 4.2 percentage point increase in the Prior Accident Year loss ratio, offset by a 0.1 percentage point decrease in the Current Accident Year loss ratio, further offset by a 0.3 percentage point decrease in the expense ratio.

Variances from Projections

The table at the top of the next page provides a summary of key components of the operating results as compared to the estimates projected last month.

Bulletin F16-040**Alberta Risk Sharing Pools – May 2016 Operational Reports**

May 2016	Actual	Projection	Difference	Difference %
Written Premiums	9,071	8,888	183	2.1%
Earned Premiums	7,437	7,640	(203)	(2.7%)
Reported Losses				
Paid Losses	6,842	6,536	306	4.7%
Loss Expenses Paid	165	226	(61)	(27.0%)
Change in Outstanding Losses	5,667	(1,186)	6,853	577.8%
Total Reported Losses	12,674	5,576	7,098	127.3%
Change in IBNR *	(4,312)	1,771	(6,083)	
Change in Premium Deficiency (DPAC) *	(71)	80	(151)	

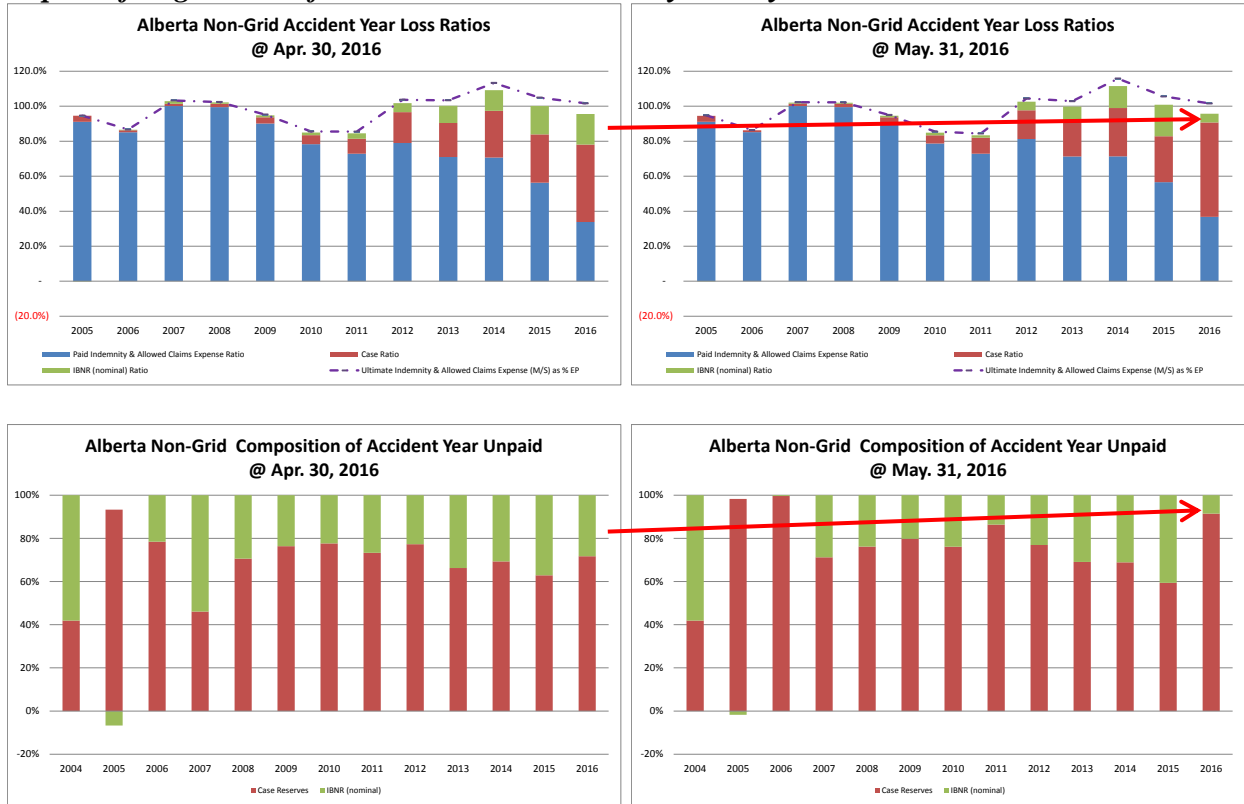
*(Amounts in \$000's)**Rounding differences may occur.** Detailed information is included in [Alberta Non-Grid RSP May 2016 Operational Report - Actuarial Highlights](#).

As discussed in relation to the Alberta Grid pool, 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 above set thresholds and responds as appropriate. For this month, all variances were within the threshold levels associated with monthly reporting volatility.

For the month of May 2016, reported losses were \$7.1 million higher than projected. The Current Accident Year had a \$5.8 million unfavourable variance in reported losses, and the Prior Accident Years had a \$1.3 million unfavourable variance. Of the Prior Accident Years, 2015 had the largest variance in reported losses at \$1.4 million favourable, followed by Accident Year 2014 at \$1.2 million unfavourable. No other single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

The Current Accident Year reported claims activity for the month accounted for \$10.4 million of the total reported claims of \$12.7 million. The \$10.4 million month's activity is the highest level of Current Accident Year activity for a single month for this RSP going back through to at least 2009. Even more unusual is that high single month activity for a Current Accident Year typically occurs in November / December, not May. We have investigated the activity and confirmed elevated activity noted with three member company groups in particular. With these members, \$2.8 million of claims activity related to comprehensive / specified perils / all perils claims with loss dates in the first week of May, suggesting they may be related to the Fort McMurray wildfires. As a reminder, with the loss ratio matching approach to booking results, recorded activity variances from projected are offset by IBNR until such time as the Appointed Actuary reviews and approves changes to the associated loss ratios. This effect is noticeable when comparing the loss ratios from April 2016 (i.e. last month) to this month as shown in the charts at the top of the next page.

Impact of High Level of 2016 AY Recorded Activity in May 2016 – IBNR Reduction

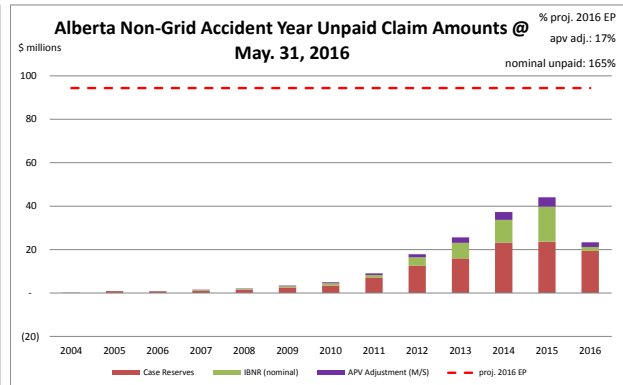
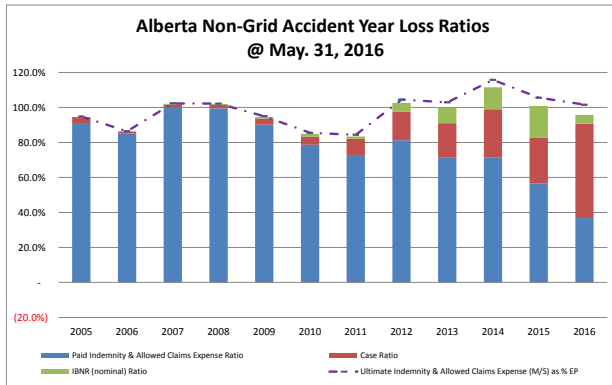


Effect of Quarterly Valuation

The May 2016 Alberta Non-Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at March 31, 2016, with the associated impacts in relation to the results for May 2016 summarized in the table immediately below.

AB Non-Grid	unfav / (fav) for the month and ytd						mth EP 7,437 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & 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
[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	814	131	945	211	-	1,156	10.9%	1.8%	12.7%	2.8%	-	15.5%
CAY	36	(15)	21	45	-	66	0.5%	(0.2%)	0.3%	0.6%	-	0.9%
Prem Def	(50)	(165)	(215)	48	-	(167)	(0.7%)	(2.2%)	(2.9%)	0.6%	-	(2.2%)
TOTAL	800	(49)	751	304	-	1,055	10.8%	(0.7%)	10.1%	4.1%	-	14.2%

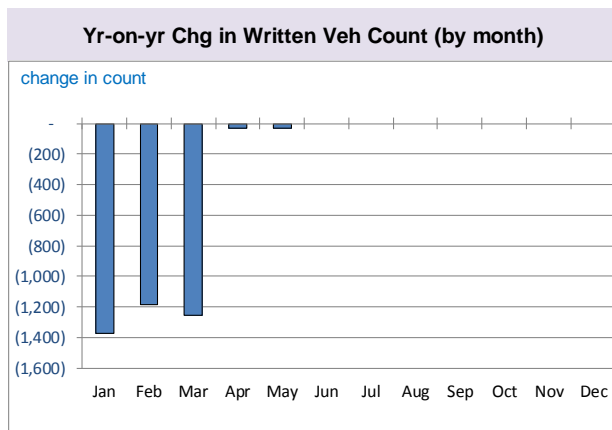
The charts at the top of the next page summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities. We have included the associated claims liabilities in the chart on the right.



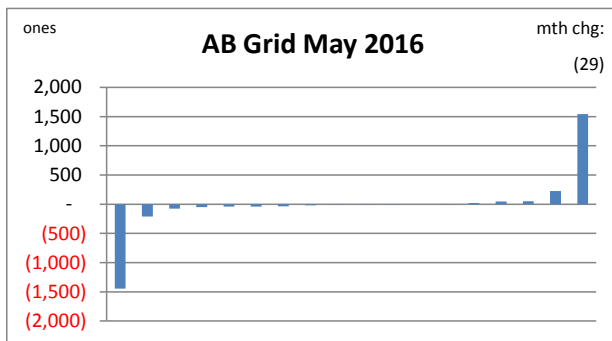
The preceding charts, latest valuation results and related discounting assumptions are discussed in more detail in the [Alberta Non-Grid RSP May 2016 Operational Report - Actuarial Highlights](#) and in the [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at March 31, 2016](#). The actuarial valuation will be updated next as at June 30, 2016 and we anticipate that the results will be reflected in the August 2016 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 pool by month, with May showing a decrease of 29 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 1,823 vehicles, indicating a variance of 1,794 vehicles from the actual transfers. This variance was mainly due to one member company transferring a higher number of vehicles to the pool in May than projected.

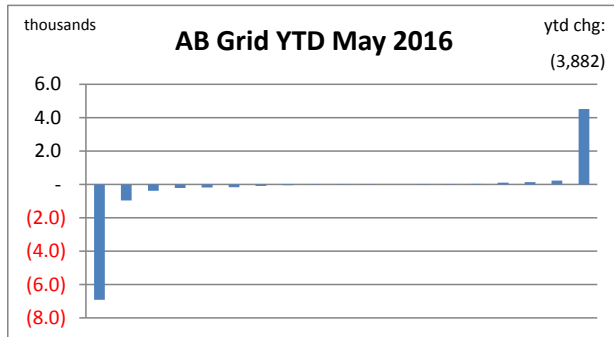


The chart on the left shows the overall change in the month, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Eleven member company groups transferred fewer vehicles to the pool this month compared with a year ago, while 6 transferred more and 1 remained the same. Of the 11 member company groups transferring fewer vehicles, 1 member company group accounted for 75% of the total transfer decrease for these “decliner” members. Of the 6 member company groups transferring more vehicles, 1

Of the 6 member company groups transferring more vehicles, 1

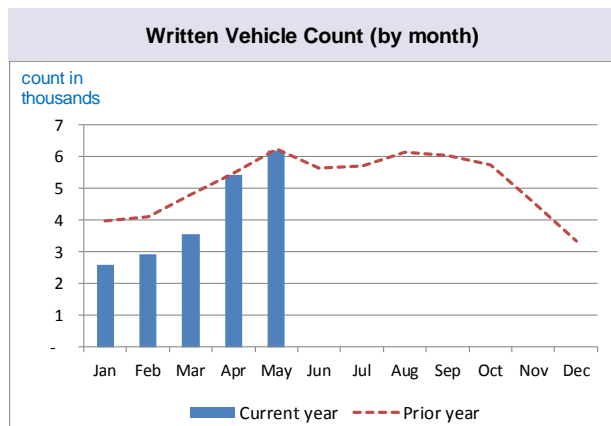
Bulletin F16-040
Alberta Risk Sharing Pools – May 2016 Operational Reports

member company group accounted for 82% of the total transfer increases for these “grower” members.

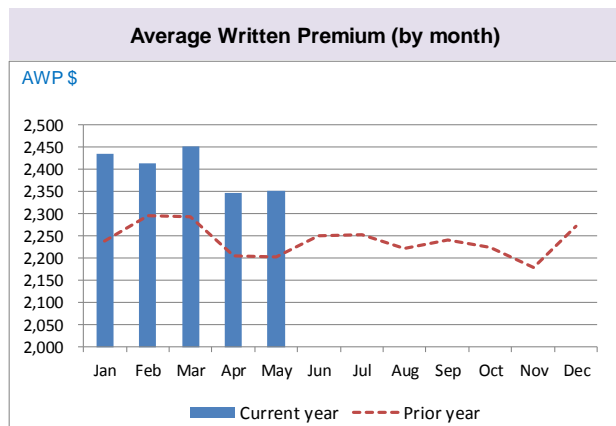


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

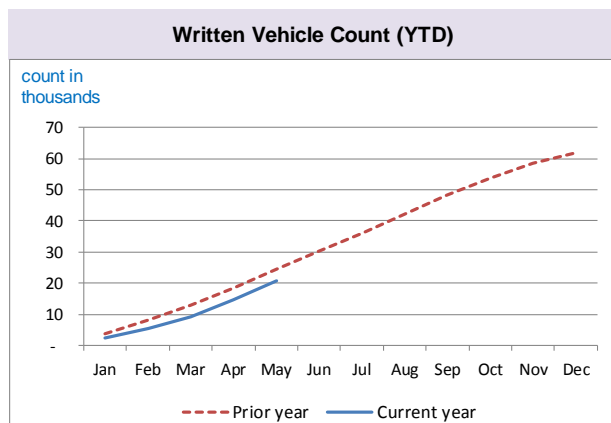
May’s vehicle count transfers to the pool represent a 0.5% decrease from May 2015, and vehicle counts were down 15.8% year-to-date. Average written premium was up 6.7% in May 2016 compared with the same month in 2015, and up 6.4% year-to-date (see charts immediately below).



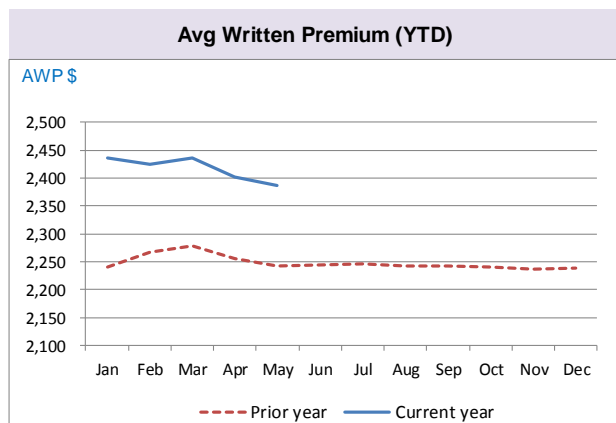
	May-16	May-15	Amt Chg	% Chg
W. Veh curr mth	6,212	6,241	(29)	-0.5%



	May-16	May-15	Amt Chg	% Chg
AWP curr mth	2,351	2,203	148	6.7%



	May-16	May-15	Amt Chg	% Chg
W. Vehicles YTD	20,723	24,605	(3,882)	-15.8%

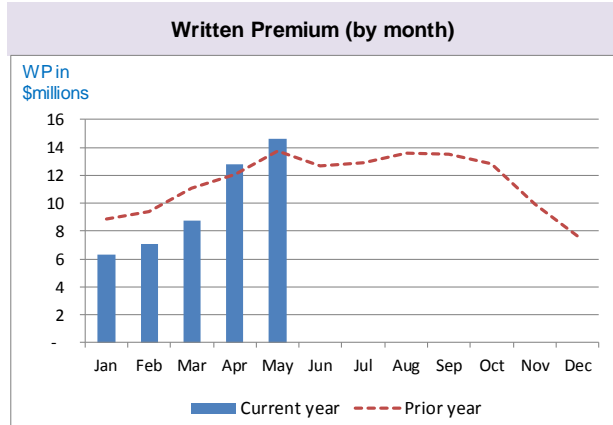


	May-16	May-15	Amt Chg	% Chg
Avg W. Prem YTD	2,387	2,243	144	6.4%

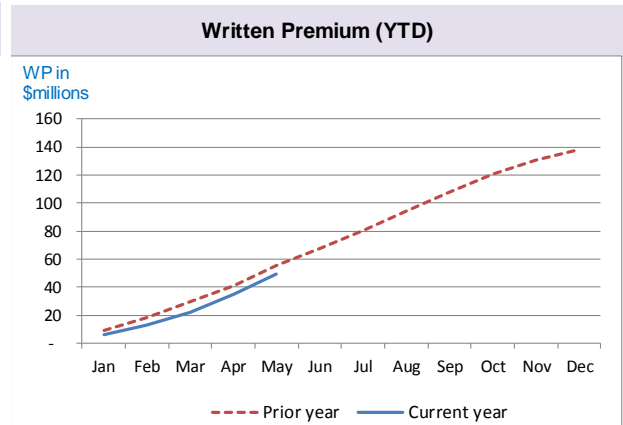
Bulletin F16-040

Alberta Risk Sharing Pools – May 2016 Operational Reports

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 6.2% for the month compared with the 24.6% decrease we projected last month, but was down 10.4% year-to-date (see charts immediately below).

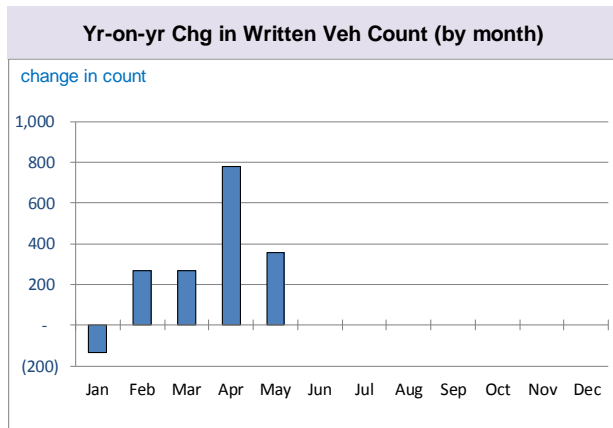


	May-16	May-15	Amt Chg	% Chg
WP (\$000s) curr mth	14,607	13,750	856	6.2%

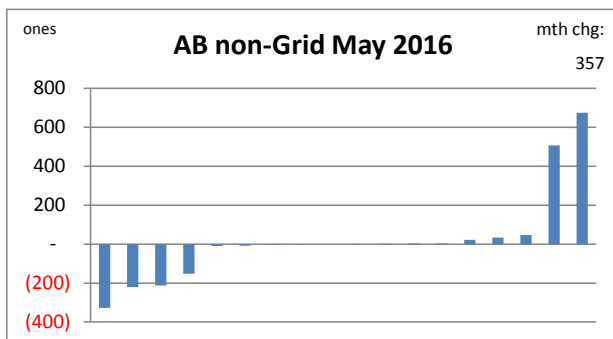


	May-16	May-15	Amt Chg	% Chg
WP (\$000s) YTD	49,469	55,187	(5,718)	-10.4%

Alberta Non-Grid



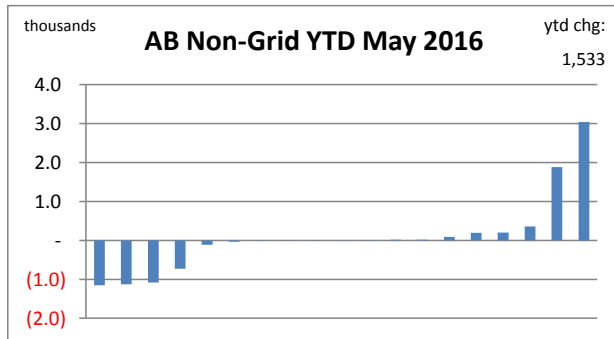
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with May showing an increase of 357 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for a decrease of 9 vehicles, indicating a variance of 366 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a higher number of vehicles to the pool in May than projected.



The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Eight member company groups transferred fewer vehicles to the pool this month compared to a year ago, while 9 transferred more and 1 remained the same. Of the 8 member company groups transferring fewer vehicles, 1 member company group accounted for 35% of the total transfer decrease for these “decliner” members. Of the 9 member company groups transferring more vehicles, 2

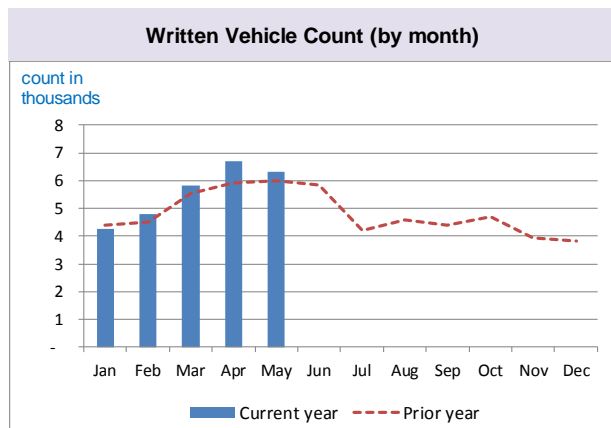
Of the 8 member company groups transferring fewer vehicles, 1 member company group accounted for 35% of the total transfer decrease for these “decliner” members. Of the 9 member company groups transferring more vehicles, 2

member company groups accounted for 91% of the total transfers increase for these “grower” members.

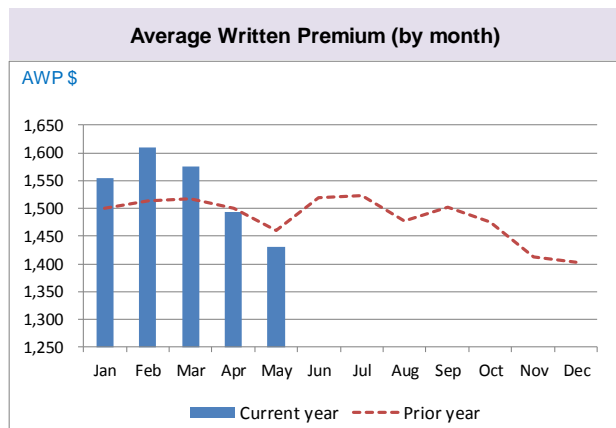


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

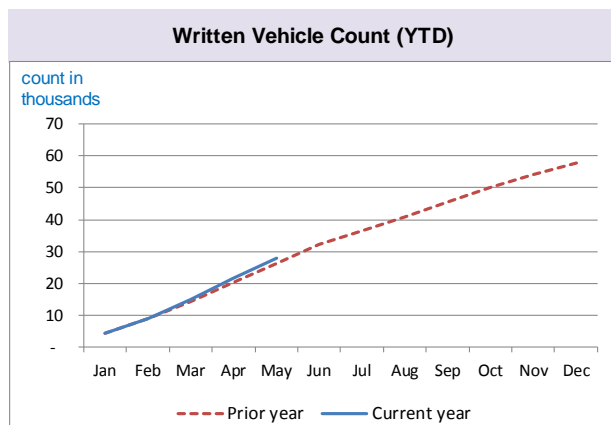
May’s vehicle count transfers to the pool represent a 6.0% increase from May 2015, and vehicle counts were up 5.8% year-to-date. Average written premium was down 2.1% in May 2016 compared with the same month in 2015, but up 1.9% year-to-date (see charts immediately below).



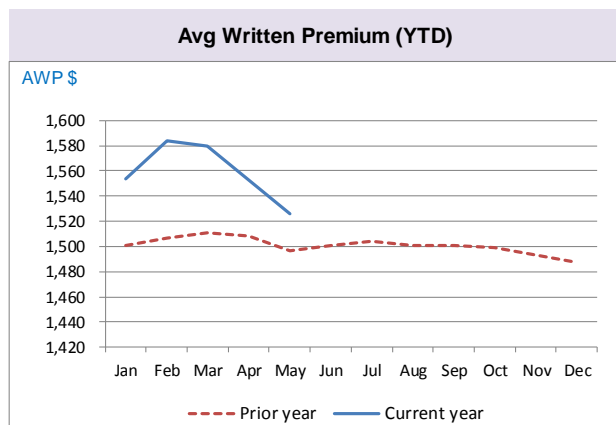
	May-16	May-15	Amt Chg	% Chg
W. Veh curr mth	6,338	5,981	357	6.0%



	May-16	May-15	Amt Chg	% Chg
AWP curr mth	1,431	1,461	(30)	-2.1%



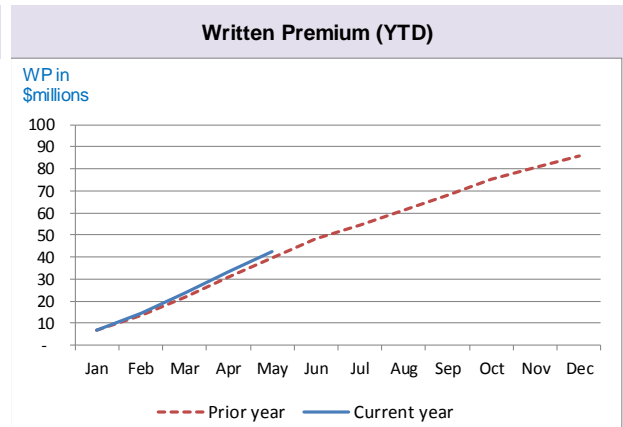
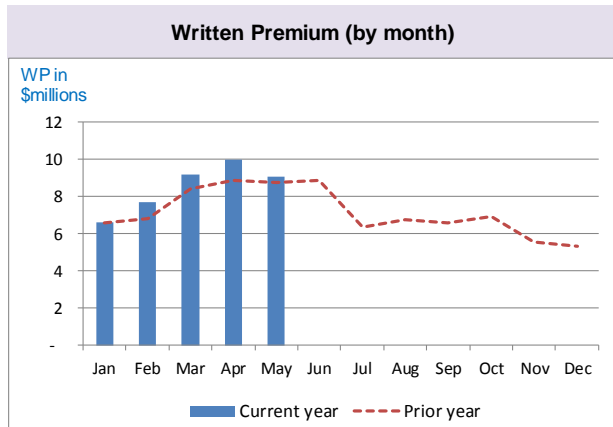
	May-16	May-15	Amt Chg	% Chg
W. Vehicles YTD	27,923	26,389	1,533	5.8%



	May-16	May-15	Amt Chg	% Chg
Avg W. Prem YTD	1,526	1,497	29	1.9%

Bulletin F16-040
Alberta Risk Sharing Pools – May 2016 Operational Reports

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 3.8% for the month compared with the 1.7% increase we projected last month, and was up 7.8% year-to-date (see charts immediately below).



	May-16	May-15	Amt Chg	% Chg
WP (\$000s) curr mth	9,071	8,741	331	3.8%

	May-16	May-15	Amt Chg	% Chg
WP (\$000s) YTD	42,601	39,517	3,084	7.8%

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 Links:

Alberta Grid RSP:

- [Alberta Grid RSP May 2016 Operational Report - Actuarial Highlights](#)
- [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at March 31, 2016](#)
- [Actuarial Quarterly Valuation Highlights Exhibits - Alberta Grid RSP](#)

Alberta Non-Grid RSP:

- [Alberta Non-Grid RSP May 2016 Operational Report - Actuarial Highlights](#)
- [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at March 31, 2016](#)
- [Actuarial Quarterly Valuation Highlights Exhibits - Alberta Non-Grid RSP](#)

SUMMARY OF OPERATIONS - CALENDAR YEAR 2016

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 5 Months Ended May 31, 2016 (Discounted basis)

Source: Monthly Operational Report
(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	CY2016 YTD	CY2016 12 MONTHS Updated Projection	CY2015 12 MONTHS Actual
Underwriting Revenue:								
Net Premiums Written	\$6,311	\$7,054	\$8,735	\$12,762	\$14,607	\$49,469	\$151,510	\$138,309
Decrease (Increase) in Unearned Premiums	5,002	2,994	1,535	(2,943)	(4,410)	2,178	(15,495)	7,899
Net Premiums Earned	\$11,313	\$10,048	\$10,270	\$9,819	\$10,197	\$51,647	\$136,015	\$146,208
Claims Incurred:								
Prior Accident Years:								
Undiscounted	(\$83)	(\$80)	\$17,887	(\$62)	\$12,256	\$29,918	\$29,918	(\$4,050)
Effect of Discounting	(598)	(700)	2,020	(612)	941	\$1,051	(2,801)	(5,152)
Discounted	(\$681)	(\$780)	\$19,907	(\$674)	\$13,197	\$30,969	\$27,117	(\$9,202)
Current Accident Year:								
Undiscounted	\$8,133	\$7,229	\$8,191	\$7,292	\$10,101	\$40,946	\$107,259	\$111,518
Effect of Discounting	755	529	581	412	781	\$3,058	7,047	6,303
Discounted	\$8,888	\$7,758	\$8,772	\$7,704	\$10,882	\$44,004	\$114,306	\$117,821
Claims Incurred	\$8,207	\$6,978	\$28,679	\$7,030	\$24,079	\$74,973	\$141,423	\$108,619
Underwriting Expenses:								
Expense Allowance	\$1,911	\$2,131	\$2,636	\$3,845	\$4,401	\$14,924	\$45,638	\$39,133
Change in UPDR/DPAC:								
Undiscounted	1,558	728	1,808	(759)	1,811	5,146	1,004	2,087
Effect of Discounting	(449)	(31)	107	189	627	443	1,633	884
Discounted	1,109	697	1,915	(570)	2,438	\$5,589	2,637	\$2,971
Underwriting Expenses	\$3,020	\$2,828	\$4,551	\$3,275	\$6,839	\$20,513	48,275	\$42,104
Net Underwriting Gain (Loss)	\$86	\$242	(\$22,960)	(\$486)	(\$20,721)	(\$43,839)	(\$53,683)	(\$4,515)
Administrative Expenses	\$57	\$80	\$73	\$68	\$83	\$361	\$879	\$848
Net Result from Operations	\$29	\$162	(\$23,033)	(\$554)	(\$20,804)	(\$44,200)	(\$54,562)	(\$5,363)
Ratios:								
Claims & Expenses Incurred (Earned)								
Prior Accident Years	-6.0%	-7.8%	193.8%	-6.9%	129.4%	60.0%	19.9%	-6.3%
Current Accident Year	78.6%	77.2%	85.4%	78.5%	106.7%	85.2%	84.0%	80.6%
All Accident Years Combined (Earned)	72.6%	69.4%	279.2%	71.6%	236.1%	145.2%	103.9%	74.3%
Underwriting & Administrative Expenses (Earned)	27.2%	28.9%	45.0%	34.0%	67.9%	40.4%	36.1%	29.4%
Combined Operating Ratio	99.8%	98.3%	324.2%	105.6%	304.0%	185.6%	140.0%	103.7%

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

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 5 Months Ended May 31, 2016 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	CY2016 YTD	CY2016 12 MONTHS Updated Projection	CY2015 12 MONTHS Actual
Underwriting Revenue:								
Net Premiums Written	\$6,638	\$7,698	\$9,171	\$10,023	\$9,071	\$42,601	\$109,802	\$85,987
Decrease (Increase) in Unearned Premiums	578	(924)	(1,869)	(2,877)	(1,634)	(6,726)	(15,422)	3,856
Net Premiums Earned	\$7,216	\$6,774	\$7,302	\$7,146	\$7,437	\$35,875	\$94,380	\$89,843
Claims Incurred:								
Prior Accident Years:								
Undiscounted	(\$38)	(\$25)	(\$1,121)	(\$52)	\$776	(\$460)	(\$460)	(\$6,955)
Effect of Discounting	(502)	(609)	(72)	(348)	23	(1,508)	(3,591)	(2,327)
Discounted	(\$540)	(\$634)	(\$1,193)	(\$400)	\$799	(\$1,968)	(\$4,051)	(\$9,282)
Current Accident Year:								
Undiscounted	\$6,919	\$6,487	\$7,046	\$6,878	\$7,184	\$34,514	\$90,501	\$91,354
Effect of Discounting	604	386	400	346	379	2,115	5,002	4,879
Discounted	\$7,523	\$6,873	\$7,446	\$7,224	\$7,563	\$36,629	\$95,503	\$96,233
Claims Incurred	\$6,983	\$6,239	\$6,253	\$6,824	\$8,362	\$34,661	\$91,452	\$86,951
Underwriting Expenses:								
Expense Allowance	\$2,001	\$2,319	\$2,763	\$3,019	\$2,732	\$12,834	\$33,060	\$24,332
Change in UPDR/DPAC:								
Undiscounted	42	(38)	13	(88)	(86)	(157)	(578)	(1,441)
Effect of Discounting	(44)	71	232	227	15	501	1,157	231
Discounted	(2)	33	245	139	(71)	344	579	(\$1,210)
Underwriting Expenses	\$1,999	\$2,352	\$3,008	\$3,158	\$2,661	\$13,178	\$33,639	\$23,122
Net Underwriting Gain (Loss)	(\$1,766)	(\$1,817)	(\$1,959)	(\$2,836)	(\$3,586)	(\$11,964)	(\$30,711)	(\$20,230)
Administrative Expenses	\$58	\$80	\$73	\$68	\$83	\$362	\$1,036	\$791
Net Result from Operations	(\$1,824)	(\$1,897)	(\$2,032)	(\$2,904)	(\$3,669)	(\$12,326)	(\$31,747)	(\$21,021)
Ratios:								
Claims & Expenses Incurred (Earned)								
Prior Accident Years	-7.5%	-9.4%	-16.3%	-5.6%	10.7%	-5.5%	-4.3%	-10.3%
Current Accident Year	104.3%	101.5%	102.0%	101.1%	101.7%	102.1%	101.2%	107.1%
All Accident Years Combined	96.8%	92.1%	85.7%	95.5%	112.4%	96.6%	96.9%	96.8%
(Earned)	28.5%	35.9%	42.2%	45.1%	36.9%	37.7%	36.7%	26.6%
Combined Operating Ratio	125.3%	128.0%	127.9%	140.6%	149.3%	134.3%	133.6%	123.4%

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