

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F16 – 071

DATE: SEPTEMBER 28, 2016

**SUBJECT: ALBERTA RISK SHARING POOLS
– AUGUST 2016 OPERATIONAL REPORT**

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

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

New This Month

Fort McMurray Wildfires

The 2016 Q2 quarterly valuations for the RSPs have been completed and implemented into the RSP August 2016 Operational Reports. These valuations include, per usual practice, updates to accident year loss ratios, but also updates to the accident year 2016 loss ratios which explicitly reflect the anticipated impact of the Fort McMurray wild fires (not more than \$2 million for the Grid RSP and not more than \$5 million for the non-Grid RSP).

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 relatively minor (\$4.1 million or 2.6%) decrease in the Alberta Grid RSP written premium projection for 2016, but a relatively more significant decrease (\$8.0 million or 7.4%) in the Alberta non-Grid RSP written premium projection for 2016. As both of these RSPs are projected to operate in a deficit position, these decreases in projected premium contribute favourably to projected operating deficit for 2016, offsetting to some extent the unfavourable impacts of the valuation implementation. What's more, our Preliminary Outlook for 2017 had written premium in the

Alberta non-Grid RSP increasing 1.0% over 2016, whereas now (see below), written premium is projected to decrease by 3.7%.

The updated **Alberta Grid** written premium projection for calendar year **2017** is \$178.6 million, an increase of \$25.4 million (16.6%) from the updated calendar year 2016 projection, with a **projected operating loss of \$24.2 million**.

The updated **Alberta Non-Grid** written premium projection for calendar year **2017** is \$96.3 million, a decrease of \$3.7 million (3.7%) from the updated calendar year 2016 projection, with a **projected operating loss of \$32.1 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 June 30, 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 **\$13.1 million unfavourable** impact on the month’s net result from operations, adding an estimated 15.5 points to the year-to-date Combined Operating Ratio (ending at 173.9%). The impact is summarized in the tables immediately below ¹.

AB Grid	unfav / (fav) for the month and ytd						ytd EP 84,269 (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	7,268	903	8,171	370	(820)	7,721	8.6%	1.1%	9.7%	0.4%	(1.0%)	9.2%
CAY	2,459	254	2,713	58	-	2,771	2.9%	0.3%	3.2%	0.1%	-	3.3%
Prem Def	2,215	253	2,468	128	-	2,596	2.6%	0.3%	2.9%	0.2%	-	3.1%
TOTAL	11,942	1,410	13,352	556	(820)	13,088	14.2%	1.7%	15.8%	0.7%	(1.0%)	15.5%

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$13.4 million – see column [3] in the left table above), and due to a 5 basis point decrease in the selected discount rate (from 0.65% to 0.60%, generating a \$0.6 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 but the margins for adverse deviation for claims development as selected at the coverage / accident year level were updated with this valuation (generating a \$0.8 million favourable impact – see column [5] in the left table above).

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”.

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Alberta Risk Sharing Pools – August 2016 Operational Reports

For the **Alberta Non-Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$11.8 million unfavourable** impact on the month's net result from operations, adding an estimated 20.2 points to the year-to-date Combined Operating Ratio (ending at 153.9%). The impact is summarized in the tables immediately below.

AB Non-Grid	unfav / (fav) for the month and ytd						ytd EP 58,587 (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	1,026	182	1,208	259	(493)	1.8%	0.3%	2.1%	0.4%	(0.8%)	1.7%	
CAY	5,823	515	6,338	80	-	9.9%	0.9%	10.8%	0.1%	-	11.0%	
Prem Def	4,053	325	4,378	56	-	6.9%	0.6%	7.5%	0.1%	-	7.6%	
TOTAL	10,902	1,022	11,924	395	(493)	18.6%	1.7%	20.4%	0.7%	(0.8%)	20.2%	

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$11.9 million – see column [3] in the left table above), and due to a 7 basis point decrease in the selected discount rate (from 0.68% to 0.61%, generating a \$0.4 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) but the margins for adverse deviation for claims development as selected at the coverage / accident year level were updated with this valuation (generating a \$0.5 million favourable impact – see 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 -\$62.3 million and the incurred loss ratio to the end of 8 months is 131.9%, as summarized in the table immediately below.

Amounts in \$000s	August 2016	August 2015	Year to date Aug 2016	Year to Date Aug 2015
Written Premiums	14,580	13,623	94,887	94,390
Earned Premiums	11,290	12,302	84,271	99,447
Incurred Losses	19,476	1,243	111,127	69,349
Underwriting Expenses and Others	6,539	6,684	35,410	30,839
Net Result from Operations	(14,725)	4,375	(62,266)	(741)
Ratios:				
Loss ratio % - Prior Accident Year	64.8%	(100.2%)	44.0%	(8.8%)
- Current Accident Years	107.7%	110.3%	87.9%	78.5%
Total	172.5%	10.1%	131.9%	69.7%
Underwriting & Admin Exp.%	57.9%	54.3%	42.0%	31.0%
Combined Operating Ratio	230.4%	64.4%	173.9%	100.7%

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.

Updated Projection to Year-end 2016

The projected calendar year Net Result from Operations to December 2016 is -\$69.9 million and the estimated combined operating ratio to December 2016 is 152.5%. This updated projection to the end of the year has deteriorated by \$14.1 million from the projection provided last month (-\$55.8 million and 141.0%), mainly due to the impact of the valuation as at June 30, 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.

AB Grid	unfav / (fav) projected for full year						year EP 133,341 (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	7,268	855	8,123	330	(744)	7,709	5.5%	0.6%	6.1%	0.2%	(0.6%)	5.8%
CAY	3,882	364	4,246	86	-	4,332	2.9%	0.3%	3.2%	0.1%	-	3.2%
Prem Def	2,524	289	2,813	143	-	2,956	1.9%	0.2%	2.1%	0.1%	-	2.2%
TOTAL	13,674	1,508	15,182	559	(744)	14,997	10.3%	1.1%	11.4%	0.4%	(0.6%)	11.2%

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$14.7 million Net Result from Operations in the month of August 2016, a deterioration of \$19.1 million compared with the same month last year. This deterioration is composed of an estimated \$0.4 million unfavourable impact associated with the \$1.0 million decrease in earned premium (at a combined ratio of 64.4%), with the remaining \$18.7 million deterioration stemming from the overall increase in the combined ratio (from 64.4% to 230.4% applied to \$11.3 million in earned premium). The primary driver of the difference in combined ratios is the difference in the respective valuation implementation impacts.

This month’s results moved the year-to-date combined operating ratio from 165.2% at the end of 7 months to 173.9% at the end of 8 months. The 8.7 percentage point increase is composed of a 3.2 percentage point increase in the Prior Accident Year loss ratio, coupled with a 3.1 percentage point increase in the Current Accident Year loss ratio, and a 2.4 percentage point increase 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 compared to the estimates projected last month.

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Alberta Risk Sharing Pools – August 2016 Operational Reports

August 2016	Actual	Projection	Difference	Difference %
Written Premiums	14,580	16,849	(2,269)	(13.5%)
Earned Premiums	11,290	11,764	(474)	(4.0%)
Reported Losses				
Paid Losses	7,410	6,287	1,123	17.9%
Loss Expenses Paid	390	247	143	57.9%
Change in Outstanding Losses	4,889	2,532	2,357	93.1%
Total Reported Losses	12,689	9,066	3,623	40.0%
Change in IBNR *	6,787	470	6,317	
Change in Premium Deficiency (DPAC) *	2,068	(788)	2,856	

(Amounts in \$000's)

Rounding differences may apply.

* Detailed information is included in [Alberta Grid RSP August 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 beyond set thresholds and responds as appropriate.

For the month of August 2016, reported losses were \$3.6 million higher than projected. The Current Accident Year reported an unfavourable variance of \$2.1 million, and the Prior Accident Years reported an unfavourable variance of \$1.5 million. No single Prior Accident Year had a variance in excess of \$1.0 million.

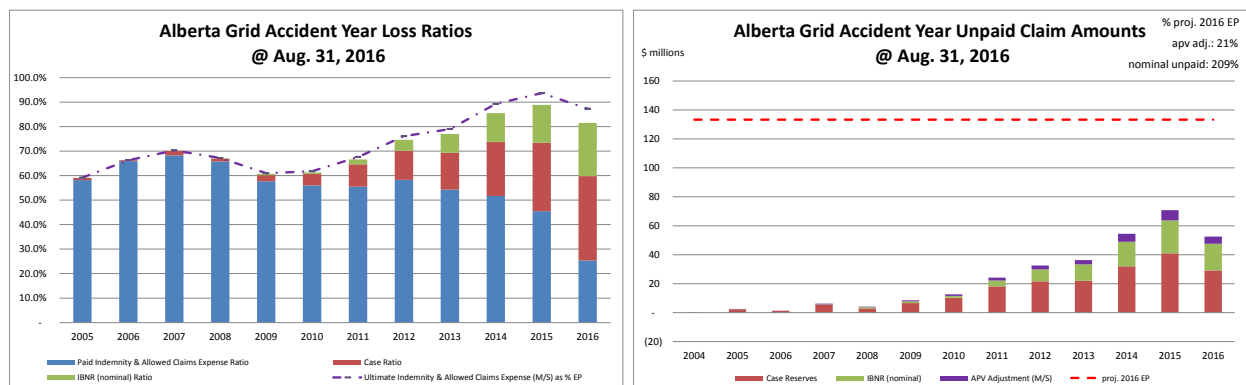
The variances for claims activity (both reported and paid) were within the set thresholds for both the Prior Accident Years and the Current Accident Year for the month.

Effect of Quarterly Valuation

The August 2016 Alberta Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at June 30, 2016, with the associated impacts in relation to the results for August 2016 summarized in the table immediately below.

AB Grid	unfav / (fav) for the month and ytd						mth EP 11,289 (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	7,268	903	8,171	370	(820)	7,721	64.4%	8.0%	72.4%	3.3%	(7.3%)	68.4%
CAY	2,459	254	2,713	58	-	2,771	21.8%	2.2%	24.0%	0.5%	-	24.5%
Prem Def	2,215	253	2,468	128	-	2,596	19.6%	2.2%	21.9%	1.1%	-	23.0%
TOTAL	11,942	1,410	13,352	556	(820)	13,088	105.8%	12.5%	118.3%	4.9%	(7.3%)	115.9%

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

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Net Result from Operations is -\$31.5 million and the incurred loss ratio to the end of 8 months is 109.1%, as summarized in the table immediately below.

Amounts in \$000s	August 2016	August 2015	Year to date Aug 2016	Year to Date Aug 2015
Written Premiums	7,968	6,770	68,867	61,513
Earned Premiums	7,793	7,793	58,587	60,689
Incurred Losses	14,855	(10)	63,880	58,546
Underwriting Expenses and Others	6,908	2,696	26,224	18,749
Net Result from Operations	(13,970)	5,107	(31,517)	(16,606)
Ratios:				
Loss ratio % - Prior Accident Year	9.6%	(112.4%)	(3.1%)	(9.5%)
- Current Accident Years	181.1%	112.2%	112.2%	106.0%
<i>Total</i>	190.7%	(0.2%)	109.1%	96.5%
Underwriting & Admin Exp.%	88.6%	34.6%	44.8%	30.9%
Combined Operating Ratio	279.3%	34.4%	153.9%	127.4%

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.

Updated Projection to Year-end 2016

The projected calendar year Net Result from Operations to December 2016 is -\$42.7 million and the estimated combined operating ratio to December 2016 is 146.9%. This updated projection to the end of the year has deteriorated by \$11.3 million from the projection provided last month (-\$31.4 million and 133.8%), mainly due to the impact of the valuation as at June 30, 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 decreased their projected 2016 written premium, contributing to the overall \$8.0 million decrease in projected written premium (as this RSP operates at a significant deficit, reduced writings has a favourable impact on the projected operating result).

AB Non-Grid	unfav / (fav) projected for full year						year EP 90,839 (projected this month)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ults & payout patterns			dsct rate		argins	ults & 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
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	1,026	170	1,196	234	(457)	973	1.1%	0.2%	1.3%	0.3%	(0.5%)	1.1%
CAY	9,016	808	9,824	125	-	9,949	9.9%	0.9%	10.8%	0.1%	-	11.0%
Prem Def	3,041	245	3,286	52	-	3,338	3.3%	0.3%	3.6%	0.1%	-	3.7%
TOTAL	13,083	1,223	14,306	411	(457)	14,260	14.4%	1.3%	15.7%	0.5%	(0.5%)	15.7%

Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$14.0 million Net Result from Operations in the month of August 2016, a deterioration of \$19.1 million compared with the same month last year. This deterioration all stems from the overall increase in the combined ratio (from 34.4% to 279.3% applied to \$7.8 million in earned premium). The primary driver of the difference in combined ratios is the difference in the respective valuation implementation impacts.

This month’s results moved the year-to-date combined operating ratio from 134.5% at the end of 7 months to 153.9% at the end of 8 months. The 19.4 percentage point increase is composed of a 2.0 percentage point increase in the Prior Accident Year loss ratio, coupled with a 10.6 percentage point increase in the Current Accident Year loss ratio, and a 6.8 percentage point increase in the expense ratio.

Variiances 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.

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Alberta Risk Sharing Pools – August 2016 Operational Reports

August 2016	Actual	Projection	Difference	Difference %
Written Premiums	7,968	10,219	(2,251)	(22.0%)
Earned Premiums	7,793	8,066	(273)	(3.4%)
Reported Losses				
Paid Losses	7,054	5,244	1,810	34.5%
Loss Expenses Paid	246	142	104	73.2%
Change in Outstanding Losses	5,713	2,651	3,062	115.5%
Total Reported Losses	13,013	8,037	4,976	61.9%
Change in IBNR *	1,842	(89)	1,931	
Change in Premium Deficiency (DPAC) *	4,427	69	4,358	

(Amounts in \$000's)

Rounding differences may occur.

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

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 August 2016, reported losses were \$5.0 million higher than projected. The Current Accident Year had a \$3.0 million unfavourable variance in reported losses, and the Prior Accident Years had a \$2.0 million unfavourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

The variances for reported claims activity were within the set thresholds for both the Prior Accident Years and the Current Accident Year for the month. However, large case reserve activity for a particular accident year was identified, investigated, and confirmed as recorded correctly. The variances for paid claims activity were outside the set thresholds for both the Prior Accident Years and the Current Accident Year for the month. Management investigated paid claims activity and is satisfied that the variances are appropriately accounted for in our current booking process.

Effect of Quarterly Valuation

The August 2016 Alberta Non-Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at June 30, 2016, with the associated impacts in relation to the results for August 2016 summarized in the table at the top of the next page.

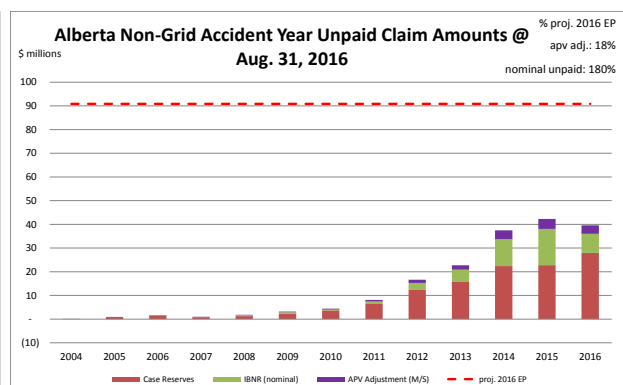
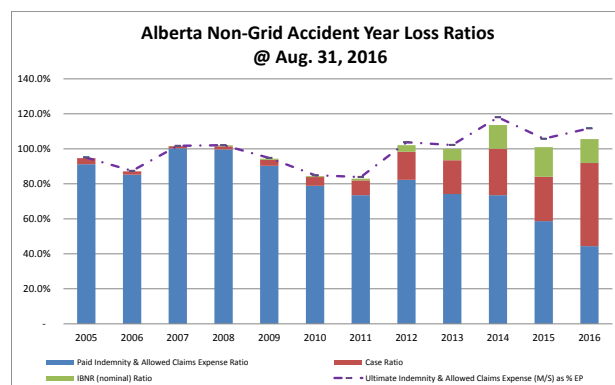
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Alberta Risk Sharing Pools – August 2016 Operational Reports

AB Non-Grid

	unfav / (fav) for the month and ytd						mth EP 7,793 (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	1,026	182	1,208	259	(493)	974	13.2%	2.3%	15.5%	3.3%	(6.3%)	12.5%
CAY	5,823	515	6,338	80	-	6,418	74.7%	6.6%	81.3%	1.0%	-	82.4%
Prem Def	4,053	325	4,378	56	-	4,434	52.0%	4.2%	56.2%	0.7%	-	56.9%
TOTAL	10,902	1,022	11,924	395	(493)	11,826	139.9%	13.1%	153.0%	5.1%	(6.3%)	151.8%

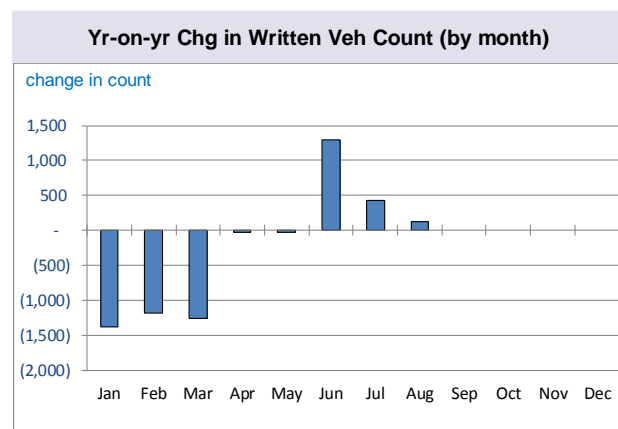
The charts below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities. We have included the associated claims liabilities in the chart on the right.



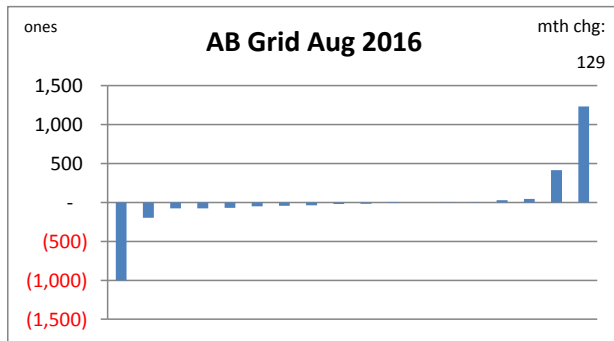
The preceding charts, latest valuation results and related discounting assumptions are discussed in more detail in the [Alberta Non-Grid RSP August 2016 Operational Report - Actuarial Highlights](#) and in the [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at June 30, 2016](#). The actuarial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

Management Comments

Alberta Grid

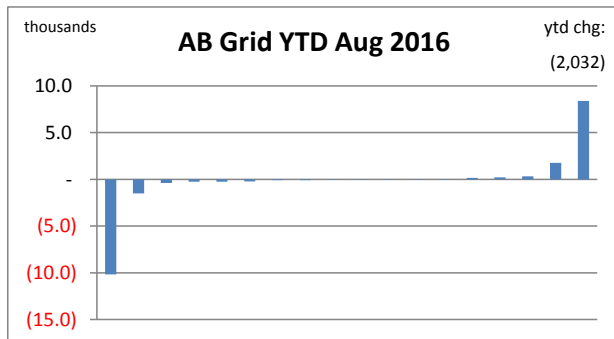


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with August showing an increase of 129 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,164 vehicles, indicating a variance of 1,035 vehicles from the actual transfers. This variance was mainly due to one member company transferring a lower number of vehicles to the pool in August than projected.



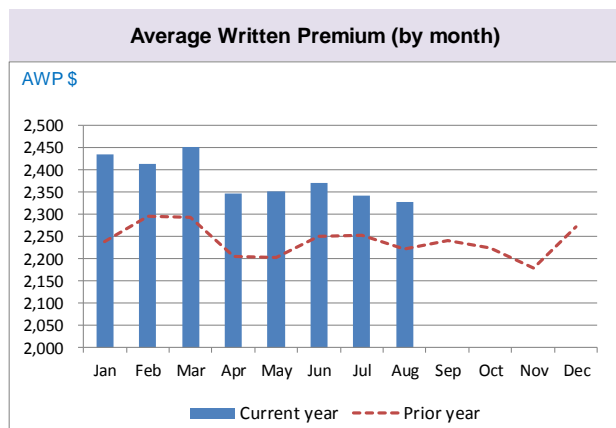
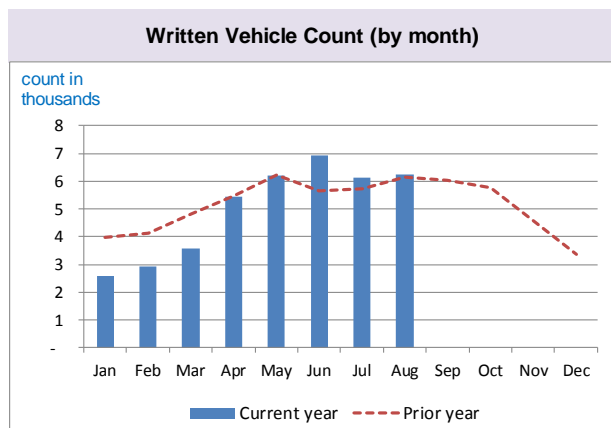
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Eleven member company groups transferred fewer vehicles to the pool this month compared 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 63% of the total transfer decrease for these “decliner” members. Of the 6 member company groups transferring more vehicles, 1 member company group accounted for 72% of the total transfer increases for these “grower” members.



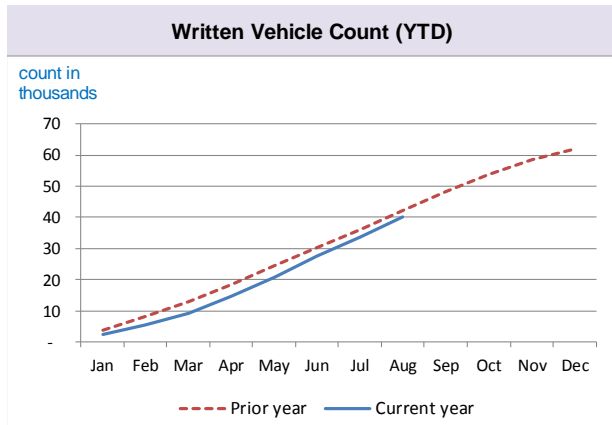
The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

August’s vehicle count transfers to the pool represent a 2.1% increase from August 2015, but vehicle counts were down 4.8% year-to-date. Average written premium was up 4.8% in August 2016 compared with the same month in 2015, and up 5.6% year-to-date (see charts immediately below and at the top of the next page).

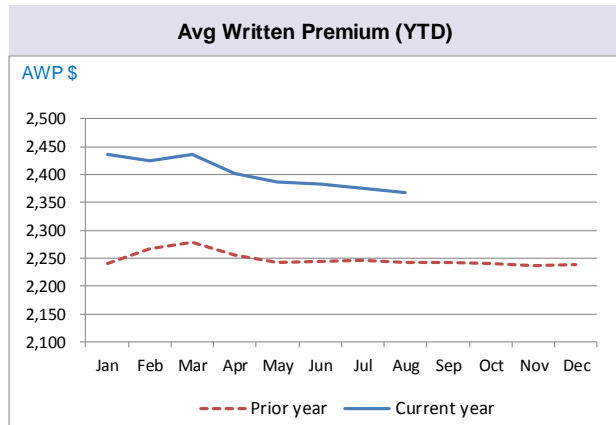


	Aug-16	Aug-15	Amt Chg	% Chg
W. Veh curr mth	6,263	6,134	129	2.1%

	Aug-16	Aug-15	Amt Chg	% Chg
AWP curr mth	2,328	2,221	107	4.8%

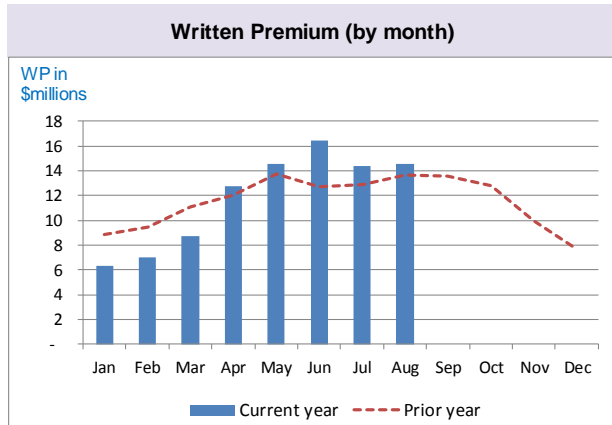


	Aug-16	Aug-15	Amt Chg	% Chg
W. Vehicles YTD	40,066	42,097	(2,032)	-4.8%

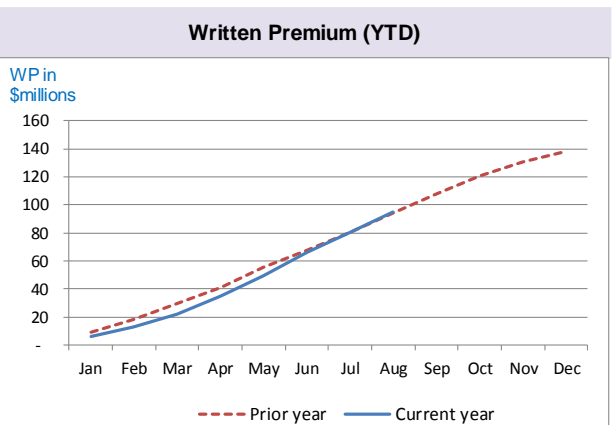


	Aug-16	Aug-15	Amt Chg	% Chg
Avg W. Prem YTD	2,368	2,242	126	5.6%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 7.0% for the month compared with the 23.7% increase we projected last month, but was up 0.5% year-to-date (see charts immediately below).

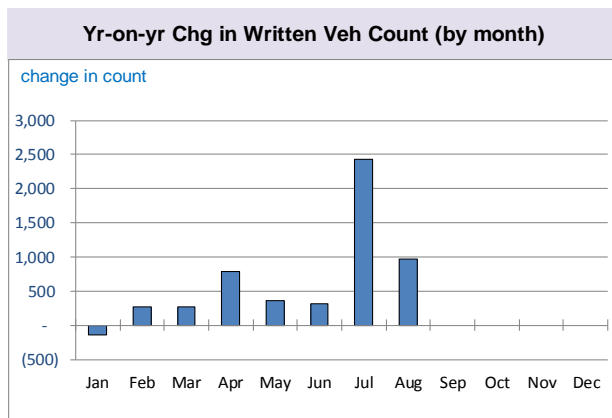


	Aug-16	Aug-15	Amt Chg	% Chg
WP (\$000s) curr mth	14,580	13,623	957	7.0%



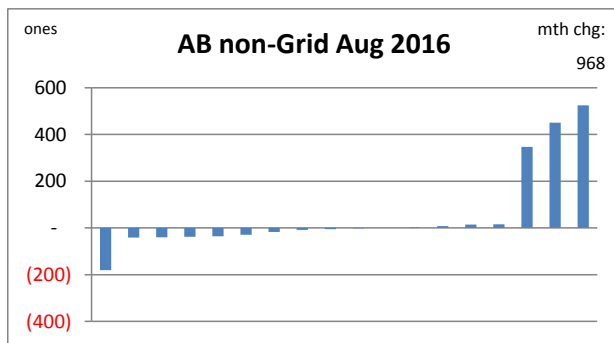
	Aug-16	Aug-15	Amt Chg	% Chg
WP (\$000s) YTD	94,887	94,390	497	0.5%

Alberta Non-Grid



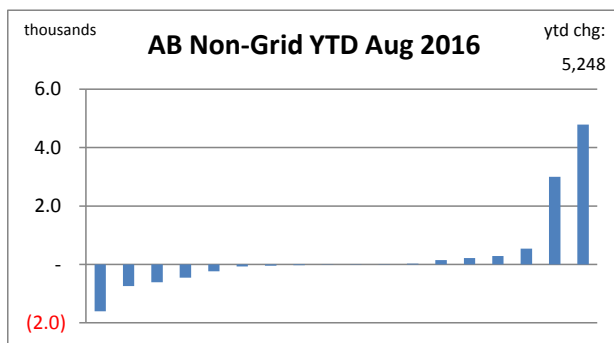
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with August showing an increase of 968 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 2,178 vehicles, indicating a variance of 1,210 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of

vehicles to the pool in August than projected.



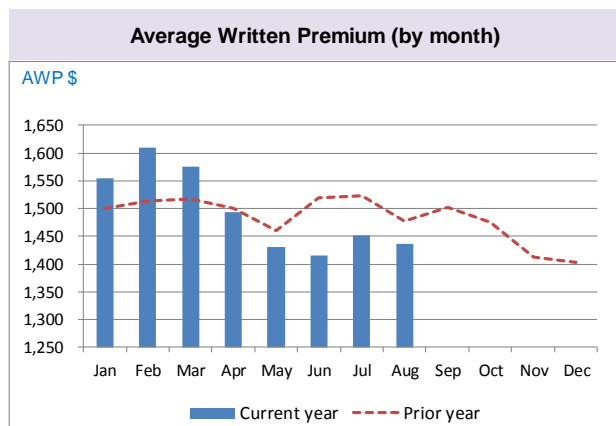
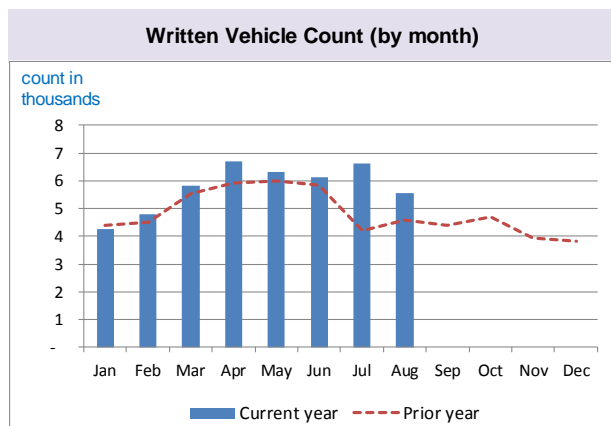
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the pool this month compared to a year ago, while 7 transferred more and 1 remained the same. Of the 10 member company groups transferring

fewer vehicles, 1 member company groups accounted for 46% of the total transfer decrease for these “decliner” members. Of the 7 member company groups transferring more vehicles, 3 member company groups accounted for 97% 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.

August’s vehicle count transfers to the pool represent a 21.1% increase from August 2015, and vehicle counts were up 12.8% year-to-date. Average written premium was down 2.8% in August 2016 compared with the same month in 2015, and down 0.7% year-to-date (see charts immediately below and at the top of the next page).

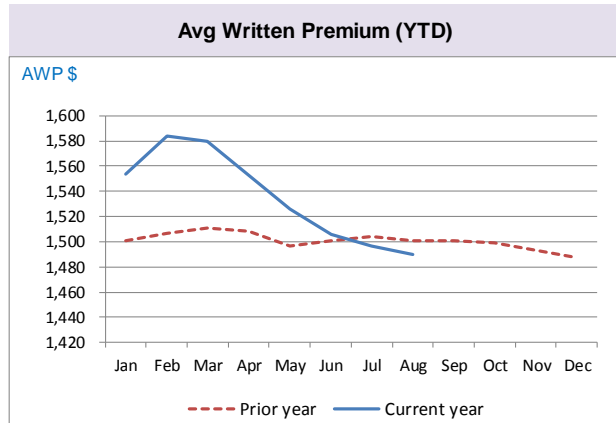
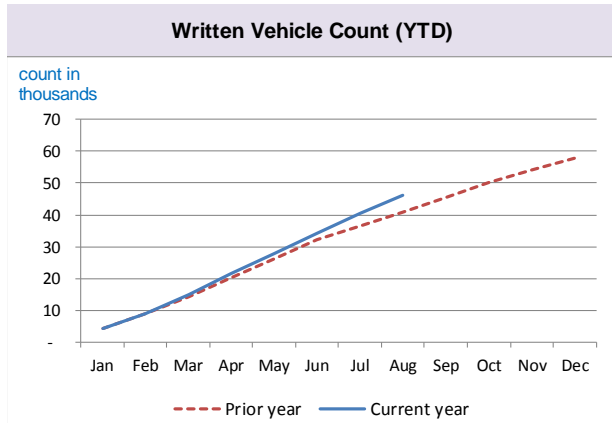


	Aug-16	Aug-15	Amt Chg	% Chg
W. Veh curr mth	5,547	4,579	968	21.1%

	Aug-16	Aug-15	Amt Chg	% Chg
AWP curr mth	1,436	1,478	(42)	-2.8%

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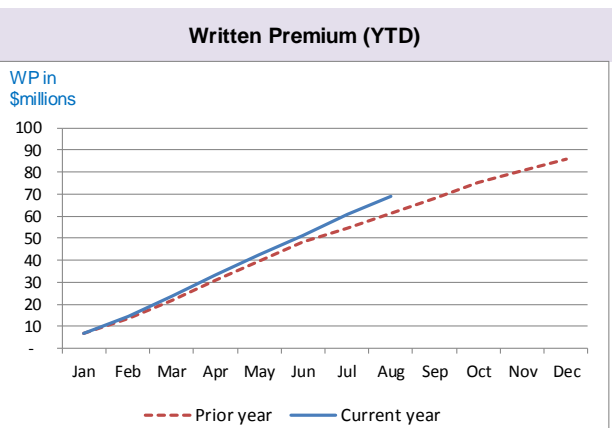
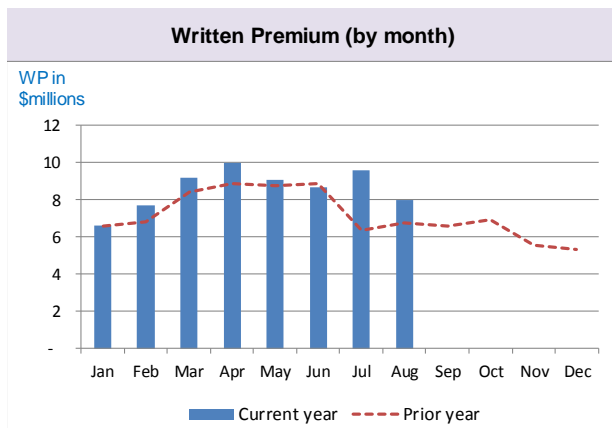
Alberta Risk Sharing Pools – August 2016 Operational Reports



	Aug-16	Aug-15	Amt Chg	% Chg
W. Vehicles YTD	46,231	40,983	5,248	12.8%

	Aug-16	Aug-15	Amt Chg	% Chg
Avg W. Prem YTD	1,490	1,501	(11)	-0.7%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 17.7% for the month compared with the 50.9% increase we projected last month, and was up 12.0% year-to-date (see charts immediately below).



	Aug-16	Aug-15	Amt Chg	% Chg
WP (\$000s) curr mth	7,968	6,770	1,198	17.7%

	Aug-16	Aug-15	Amt Chg	% Chg
WP (\$000s) YTD	68,868	61,513	7,354	12.0%

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

Bulletin F16-071
Alberta Risk Sharing Pools – August 2016 Operational Reports

Related Links:

Alberta Grid RSP:

[Alberta Grid RSP August 2016 Operational Report - Actuarial Highlights](#)
[Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at June 30, 2016](#)
[Actuarial Quarterly Valuation Highlights Exhibits - Alberta Grid RSP](#)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP August 2016 Operational Report - Actuarial Highlights](#)
[Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at June 30, 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 8 Months Ended August 31, 2016 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	CY2016 YTD	CY2016 12 MONTHS Updated Projection	CY2015 12 MONTHS Acutal
Underwriting Revenue:											
Net Premiums Written	\$6,311	\$7,054	\$8,735	\$12,762	\$14,607	\$16,446	\$14,392	\$14,580	\$94,887	\$153,180	\$138,309
Decrease (Increase) in Unearned Premiums	5,002	2,994	1,535	(2,943)	(4,410)	(6,267)	(3,237)	(3,290)	(10,616)	(19,839)	7,899
Net Premiums Earned	\$11,313	\$10,048	\$10,270	\$9,819	\$10,197	\$10,179	\$11,155	\$11,290	\$84,271	\$133,341	\$146,208
Claims Incurred:											
Prior Accident Years:											
Undiscounted	(\$83)	(\$80)	\$17,887	(\$62)	\$12,256	(\$40)	(\$18)	\$7,254	\$37,114	\$37,113	(\$4,050)
Effect of Discounting	(598)	(700)	2,020	(612)	941	(656)	(494)	59	(\$40)	(2,243)	(5,152)
Discounted	(\$681)	(\$780)	\$19,907	(\$674)	\$13,197	(\$696)	(\$512)	\$7,313	\$37,074	\$34,870	(\$9,202)
Current Accident Year:											
Undiscounted	\$8,133	\$7,229	\$8,191	\$7,292	\$10,101	\$8,036	\$8,782	\$11,345	\$69,109	\$109,100	\$111,518
Effect of Discounting	755	529	581	412	781	490	578	818	\$4,944	7,255	6,303
Discounted	\$8,888	\$7,758	\$8,772	\$7,704	\$10,882	\$8,526	\$9,360	\$12,163	\$74,053	\$116,355	\$117,821
Claims Incurred	\$8,207	\$6,978	\$28,679	\$7,030	\$24,079	\$7,830	\$8,848	\$19,476	\$111,127	\$151,225	\$108,619
Underwriting Expenses:											
Expense Allowance	\$1,911	\$2,131	\$2,636	\$3,845	\$4,401	\$4,954	\$4,333	\$4,389	\$28,600	\$46,148	\$39,133
Change in UPDR/DPAC:											
Undiscounted	1,558	728	1,808	(759)	1,811	(1,365)	(730)	1,463	4,514	2,587	2,087
Effect of Discounting	(449)	(31)	107	189	627	431	220	605	1,699	2,366	884
Discounted	1,109	697	1,915	(570)	2,438	(934)	(510)	2,068	\$6,213	4,953	\$2,971
Underwriting Expenses	\$3,020	\$2,828	\$4,551	\$3,275	\$6,839	\$4,020	\$3,823	\$6,457	\$34,813	51,101	\$42,104
Net Underwriting Gain (Loss)	\$86	\$242	(\$22,960)	(\$486)	(\$20,721)	(\$1,671)	(\$1,516)	(\$14,643)	(\$61,669)	(\$68,985)	(\$4,515)
Administrative Expenses	\$57	\$80	\$73	\$68	\$83	\$77	\$77	\$82	\$597	\$882	\$848
Net Result from Operations	\$29	\$162	(\$23,033)	(\$554)	(\$20,804)	(\$1,748)	(\$1,593)	(\$14,725)	(\$62,266)	(\$69,867)	(\$5,363)
Ratios:											
Claims & Expenses Incurred (Earned)											
Prior Accident Years	-6.0%	-7.8%	193.8%	-6.9%	129.4%	-6.8%	-4.6%	64.8%	44.0%	26.2%	-6.3%
Current Accident Year	78.6%	77.2%	85.4%	78.5%	106.7%	83.8%	83.9%	107.7%	87.9%	87.3%	80.6%
All Accident Years Combined (Earned)	72.6%	69.4%	279.2%	71.6%	236.1%	77.0%	79.3%	172.5%	131.9%	113.5%	74.3%
Underwriting & Administrative Expenses (Earned)	27.2%	28.9%	45.0%	34.0%	67.9%	40.2%	35.0%	57.9%	42.0%	39.0%	29.4%
Combined Operating Ratio	99.8%	98.3%	324.2%	105.6%	304.0%	117.2%	114.3%	230.4%	173.9%	152.5%	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 8 Months Ended August 31, 2016 (Discounted basis)
Source: Monthly Operational Report
(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	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	\$8,700	\$9,598	\$7,968	\$68,867	\$100,033	\$85,987
Decrease (Increase) in Unearned Premiums	578	(924)	(1,869)	(2,877)	(1,634)	(1,448)	(1,931)	(175)	(10,280)	(9,194)	3,856
Net Premiums Earned	\$7,216	\$6,774	\$7,302	\$7,146	\$7,437	\$7,252	\$7,667	\$7,793	\$58,587	\$90,839	\$89,843
Claims Incurred:											
Prior Accident Years:											
Undiscounted	(\$38)	(\$25)	(\$1,121)	(\$52)	\$776	(\$25)	(\$7)	\$1,017	\$525	\$525	(\$6,955)
Effect of Discounting	(502)	(609)	(72)	(348)	23	(247)	(327)	(272)	(2,354)	(3,486)	(2,327)
Discounted	(\$540)	(\$634)	(\$1,193)	(\$400)	\$799	(\$272)	(\$334)	\$745	(\$1,829)	(\$2,961)	(\$9,282)
Current Accident Year:											
Undiscounted	\$6,919	\$6,487	\$7,046	\$6,878	\$7,184	\$6,963	\$7,344	\$13,290	\$62,111	\$96,167	\$91,354
Effect of Discounting	604	386	400	346	379	234	429	820	3,598	5,576	4,879
Discounted	\$7,523	\$6,873	\$7,446	\$7,224	\$7,563	\$7,197	\$7,773	\$14,110	\$65,709	\$101,743	\$96,233
Claims Incurred	\$6,983	\$6,239	\$6,253	\$6,824	\$8,362	\$6,925	\$7,439	\$14,855	\$63,880	\$98,782	\$86,951
Underwriting Expenses:											
Expense Allowance	\$2,001	\$2,319	\$2,763	\$3,019	\$2,732	\$2,620	\$2,890	\$2,399	\$20,743	\$30,123	\$24,332
Change in UPDR/DPAC:											
Undiscounted	42	(38)	13	(88)	(86)	(61)	(83)	4,035	3,734	2,712	(1,441)
Effect of Discounting	(44)	71	232	227	15	109	147	392	1,149	979	231
Discounted	(2)	33	245	139	(71)	48	64	4,427	4,883	3,691	(\$1,210)
Underwriting Expenses	\$1,999	\$2,352	\$3,008	\$3,158	\$2,661	\$2,668	\$2,954	\$6,826	\$25,626	\$33,814	\$23,122
Net Underwriting Gain (Loss)	(\$1,766)	(\$1,817)	(\$1,959)	(\$2,836)	(\$3,586)	(\$2,341)	(\$2,726)	(\$13,888)	(\$30,919)	(\$41,757)	(\$20,230)
Administrative Expenses	\$58	\$80	\$73	\$68	\$83	\$77	\$77	\$82	\$598	\$914	\$791
Net Result from Operations	(\$1,824)	(\$1,897)	(\$2,032)	(\$2,904)	(\$3,669)	(\$2,418)	(\$2,803)	(\$13,970)	(\$31,517)	(\$42,671)	(\$21,021)
Ratios:											
Claims & Expenses Incurred (Earned)											
Prior Accident Years	-7.5%	-9.4%	-16.3%	-5.6%	10.7%	-3.8%	-4.4%	9.6%	-3.1%	-3.3%	-10.3%
Current Accident Year	104.3%	101.5%	102.0%	101.1%	101.7%	99.2%	101.4%	181.1%	112.2%	112.0%	107.1%
All Accident Years Combined	96.8%	92.1%	85.7%	95.5%	112.4%	95.4%	97.0%	190.7%	109.1%	108.7%	96.8%
Underwriting & Administrative Expenses (Earned)	28.5%	35.9%	42.2%	45.1%	36.9%	37.9%	39.5%	88.6%	44.8%	38.2%	26.6%
Combined Operating Ratio	125.3%	128.0%	127.9%	140.6%	149.3%	133.3%	136.5%	279.3%	153.9%	146.9%	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