

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F16 – 090

DATE: NOVEMBER 29, 2016

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

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

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

New This Month

Valuation

Valuations of the Alberta Grid Risk Sharing Pool (“RSP”) and Non-Grid RSP as at September 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 **\$5.9 million unfavourable** impact on the month’s net result from operations, adding an estimated 5.4 points to the year-to-date Combined Operating Ratio (ending at 167.1%). The impact is summarized in the tables at the top of the next page¹.

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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| AB Grid | unfav / (fav) for the month and ytd | | | | | | ytd EP 107,845 (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 | 4,082 | 429 | 4,511 | 340 | - | 4,851 | 3.8% | 0.4% | 4.2% | 0.3% | - | 4.5% |
| CAY | 2,168 | 225 | 2,393 | 127 | - | 2,520 | 2.0% | 0.2% | 2.2% | 0.1% | - | 2.3% |
| Prem Def | (1,383) | (248) | (1,631) | 136 | - | (1,495) | (1.3%) | (0.2%) | (1.5%) | 0.1% | - | (1.4%) |
| TOTAL | 4,867 | 406 | 5,273 | 603 | - | 5,876 | 4.5% | 0.4% | 4.9% | 0.6% | - | 5.4% |

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$5.3 million – see column [3] in the left table above), and due to a 6 basis point decrease in the selected discount rate (from 0.60% to 0.54%, generating a \$0.6 million unfavourable impact – see column [4] in the left table above). 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 with this valuation (therefore generating no impact – see column [5] in the left table above).

For the **Alberta Non-Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$8.4 million unfavourable** impact on the month's net result from operations, adding an estimated 11.3 points to the year-to-date Combined Operating Ratio (ending at 161.6%). The impact is summarized in the tables immediately below.

| AB Non-Grid | unfav / (fav) for the month and ytd | | | | | | ytd EP 74,443 (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 | 1,810 | 218 | 2,028 | 240 | - | 2,268 | 2.4% | 0.3% | 2.7% | 0.3% | - | 3.0% |
| CAY | 5,377 | 630 | 6,007 | 104 | - | 6,111 | 7.2% | 0.8% | 8.1% | 0.1% | - | 8.2% |
| Prem Def | (146) | 40 | (106) | 108 | - | 2 | (0.2%) | 0.1% | (0.1%) | 0.1% | - | - |
| TOTAL | 7,041 | 888 | 7,929 | 452 | - | 8,381 | 9.5% | 1.2% | 10.7% | 0.6% | - | 11.3% |

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$7.9 million – see column [3] in the left table above), and due to a 6 basis point decrease in the selected discount rate (from 0.61% to 0.55%, generating a \$0.5 million unfavourable impact – see column [4] in the left table above). 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 with this valuation (therefore generating no 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 Operating Result is -\$72.3 million and the incurred loss ratio to the end of 10 months is 127.7%, as summarized in the table at the top of the next page.

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| Amounts in \$000s | October 2016 | October 2015 | Year to date Oct 2016 | Year to Date Oct 2015 |
|--|----------------|----------------|-----------------------|-----------------------|
| Premiums Written | 14,979 | 12,798 | 125,796 | 120,724 |
| Premiums Earned | 12,127 | 12,195 | 107,847 | 123,373 |
| Claims Incurred | 17,299 | 14,356 | 137,698 | 92,216 |
| General Expenses | 2,716 | 3,408 | 42,447 | 37,705 |
| Operating Result | (7,888) | (5,569) | (72,298) | (6,548) |
| Ratios: | | | | |
| Loss ratio % - Prior Accident Years | 35.9% | 15.2% | 37.8% | (6.0%) |
| - Current Accident Year | 106.8% | 102.6% | 89.9% | 80.7% |
| Total | 142.7% | 117.8% | 127.7% | 74.7% |
| General Expenses % | 22.4% | 27.9% | 39.4% | 30.6% |
| Combined Operating Ratio | 165.1% | 145.7% | 167.1% | 105.3% |

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 Operating Result to December 2016 is -\$74.5 million and the estimated combined operating ratio to December 2016 is 156.2%. This updated projection to the end of the year has deteriorated by \$4.9 million from the projection provided last month (-\$69.6 million and 152.4%), mainly due to the overall unfavourable impact of the valuation as at September 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 132,544 (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 | 4,082 | 418 | 4,500 | 314 | - | 4,814 | 3.1% | 0.3% | 3.4% | 0.2% | - | 3.6% |
| CAY | 2,662 | 238 | 2,900 | 153 | - | 3,053 | 2.0% | 0.2% | 2.2% | 0.1% | - | 2.3% |
| Prem Def | (2,583) | (357) | (2,940) | 137 | - | (2,803) | (1.9%) | (0.3%) | (2.2%) | 0.1% | - | (2.1%) |
| TOTAL | 4,161 | 299 | 4,460 | 604 | - | 5,064 | 3.1% | 0.2% | 3.4% | 0.5% | - | 3.8% |

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$7.9 million Operating Result in the month of October 2016, a deterioration of \$2.3 million compared with the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 145.7% to

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165.1% applied to \$12.1 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 167.3% at the end of 9 months to 167.1% at the end of 10 months. The 0.2 percentage point decrease is composed of a 0.2 percentage point decrease in the Prior Accident Years loss ratio, and a 2.1 percentage point decrease in the expense ratio, offset by a 2.1 percentage point increase in the Current Accident Year loss ratio.

Variances from Projections

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

| October 2016 | Actual | Projection | Difference | Difference % |
|---------------------------------------|---------------|-------------------|-------------------|---------------------|
| Premiums Written | 14,979 | 15,774 | (795) | (5.0%) |
| Premiums Earned | 12,127 | 12,242 | (115) | (0.9%) |
| Reported Losses | | | | |
| Paid Losses | 9,005 | 9,158 | (153) | (1.7%) |
| Paid Expenses | 535 | 441 | 94 | 21.3% |
| Change in Outstanding Losses | 5,196 | 1,145 | 4,051 | 353.8% |
| Total Reported Losses | 14,736 | 10,744 | 3,992 | 37.2% |
| Change in IBNR Provision* | 2,563 | (708) | 3,271 | |
| Change in Premium Deficiency (DPAC) * | (1,866) | (458) | (1,408) | |

(Amounts in \$000's)

Rounding differences may apply.

* Detailed information is included in [Alberta Grid RSP October 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 October 2016, reported losses were \$4.0 million higher than projected. The Current Accident Year reported an unfavourable variance of \$1.8 million, and the Prior Accident Years reported an unfavourable variance of \$2.2 million. No single Prior Accident Year had a variance in excess of \$1.0 million.

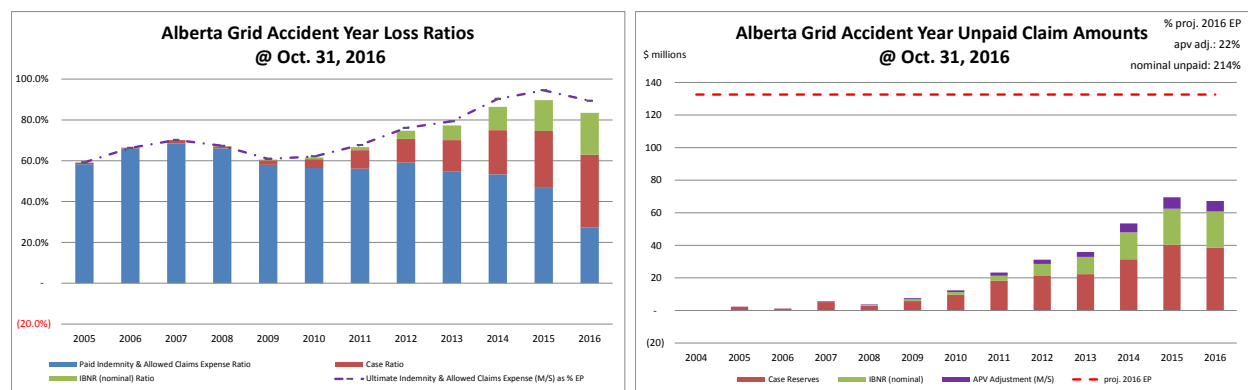
The variances for claims activity (both reported and paid) were within the set thresholds for both the Prior Accident Years and the Current Accident Year for the month.

Effect of Quarterly Valuation

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

| AB Grid | unfav / (fav) for the month and ytd | | | | | | mth EP 12,127 (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 | 4,082 | 429 | 4,511 | 340 | - | 4,851 | 33.7% | 3.5% | 37.2% | 2.8% | - | 40.0% |
| CAY | 2,168 | 225 | 2,393 | 127 | - | 2,520 | 17.9% | 1.9% | 19.7% | 1.0% | - | 20.8% |
| Prem Def | (1,383) | (248) | (1,631) | 136 | - | (1,495) | (11.4%) | (2.0%) | (13.4%) | 1.1% | - | (12.3%) |
| TOTAL | 4,867 | 406 | 5,273 | 603 | - | 5,876 | 40.1% | 3.3% | 43.5% | 5.0% | - | 48.5% |

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 October 2016 Operational Report - Actuarial Highlights](#) and in the [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at September 30, 2016](#). The actuarial valuation will be updated next as at December 31, 2016 and we anticipate that the results will be reflected in the March 2017 Operational Report.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$45.9 million and the incurred loss ratio to the end of 10 months is 119.6%, as summarized in the table at the top of the next page.

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| Amounts in \$000s | October 2016 | October 2015 | Year to date Oct 2016 | Year to Date Oct 2015 |
|--|-----------------|---------------|-----------------------|-----------------------|
| Premiums Written | 8,871 | 6,946 | 86,157 | 75,066 |
| Premiums Earned | 8,152 | 7,477 | 74,443 | 75,508 |
| Claims Incurred | 17,071 | 6,750 | 89,062 | 72,636 |
| General Expenses | 2,561 | 1,033 | 31,246 | 21,665 |
| Operating Results | (11,480) | (306) | (45,865) | (18,793) |
| Ratios: | | | | |
| Loss ratio % - Prior Accident Years | 25.2% | (34.0%) | (0.1%) | (11.3%) |
| - Current Accident Year | 184.2% | 124.3% | 119.7% | 107.5% |
| <i>Total</i> | 209.4% | 90.3% | 119.6% | 96.2% |
| General Expenses % | 31.4% | 13.8% | 42.0% | 28.7% |
| Combined Operating Ratio | 240.8% | 104.1% | 161.6% | 124.9% |

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 Operating Result to December 2016 is -\$49.1 million and the estimated combined operating ratio to December 2016 is 154.2%. This updated projection to the end of the year has deteriorated by \$8.0 million from the projection provided last month (-\$41.0 million and 145.4%), mainly due to the overall unfavourable impact of the valuation as at September 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 Non-Grid | unfav / (fav) projected for full year | | | | | | year EP 90,494 (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 | 1,810 | 215 | 2,025 | 233 | - | 2,258 | 2.0% | 0.2% | 2.2% | 0.3% | - | 2.5% |
| CAY | 6,533 | 743 | 7,276 | 122 | - | 7,398 | 7.2% | 0.8% | 8.0% | 0.1% | - | 8.2% |
| Prem Def | (1,580) | (85) | (1,665) | 96 | - | (1,569) | (1.7%) | (0.1%) | (1.8%) | 0.1% | - | (1.7%) |
| TOTAL | 6,763 | 873 | 7,636 | 451 | - | 8,087 | 7.5% | 1.0% | 8.4% | 0.5% | - | 8.9% |

Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$11.5 million Operating Result in the month of October 2016, a deterioration of \$11.2 million compared with the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 104.1% to 240.8% applied to \$8.2 million in earned premium). The primary driver of the

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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 151.9% at the end of 9 months to 161.6% at the end of 10 months. The 9.7 percentage point increase is composed of a 3.1 percentage point increase in the Prior Accident Years loss ratio, coupled with a 7.9 percentage point increase in the Current Accident Year loss ratio, offset by a 1.3 percentage point decrease in the expense ratio.

Variances from Projections

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

| October 2016 | Actual | Projection | Difference | Difference % |
|---------------------------------------|---------------|-------------------|-------------------|---------------------|
| Premiums Written | 8,871 | 7,404 | 1,467 | 19.8% |
| Premiums Earned | 8,152 | 8,048 | 104 | 1.3% |
| Reported Losses | | | | |
| Paid Losses | 7,671 | 7,772 | (101) | (1.3%) |
| Paid Expenses | 171 | 216 | (45) | (20.8%) |
| Change in Outstanding Losses | (775) | (592) | (183) | (30.9%) |
| Total Reported Losses | 7,067 | 7,396 | (329) | (4.4%) |
| Change in IBNR Provision * | 10,004 | 1,145 | 8,859 | |
| Change in Premium Deficiency (DPAC) * | (184) | (322) | 138 | |

(Amounts in \$000's)

Rounding differences may occur.

* Detailed information is included in [Alberta Non-Grid RSP October 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 October 2016, reported losses were \$0.3 million lower than projected. The Current Accident Year had a \$0.4 million unfavourable variance in reported losses, while the Prior Accident Years had an approximately \$0.7 million favourable 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

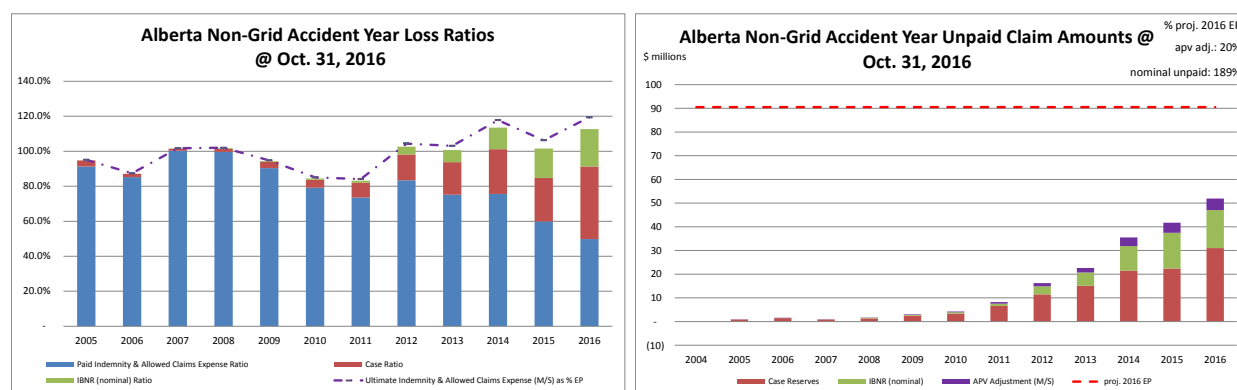
Accident Years and the Current Accident Year for the month. Management investigated paid claims activity and is satisfied that the variances are appropriately accounted for in our current booking process.

Effect of Quarterly Valuation

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

| AB Non-Grid | unfav / (fav) for the month and ytd | | | | | | mth EP 8,152 (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 | 1,810 | 218 | 2,028 | 240 | - | 2,268 | 22.2% | 2.7% | 24.9% | 2.9% | - | 27.8% |
| CAY | 5,377 | 630 | 6,007 | 104 | - | 6,111 | 66.0% | 7.7% | 73.7% | 1.3% | - | 75.0% |
| Prem Def | (146) | 40 | (106) | 108 | - | 2 | (1.8%) | 0.5% | (1.3%) | 1.3% | - | - |
| TOTAL | 7,041 | 888 | 7,929 | 452 | - | 8,381 | 86.4% | 10.9% | 97.3% | 5.5% | - | 102.8% |

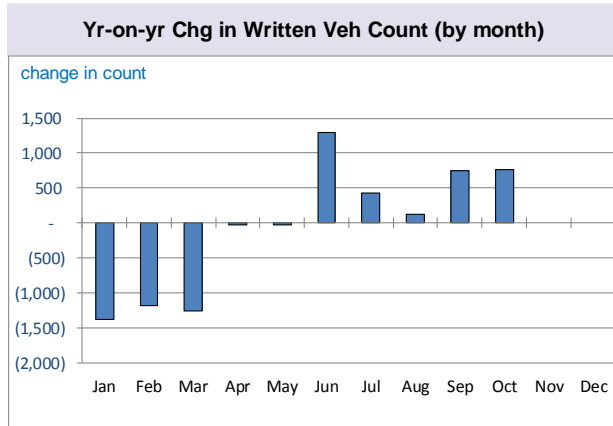
The charts below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities. We have included the associated claims liabilities in the chart on the right.



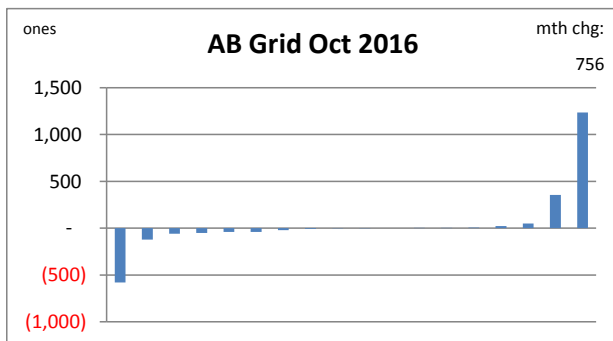
The preceding charts, latest valuation results and related discounting assumptions are discussed in more detail in the [Alberta Non-Grid RSP October 2016 Operational Report - Actuarial Highlights](#) and in the [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at September 30, 2016](#). The actuarial valuation will be updated next as at December 31, 2016 and we anticipate that the results will be reflected in the March 2017 Operational Report.

Management Comments

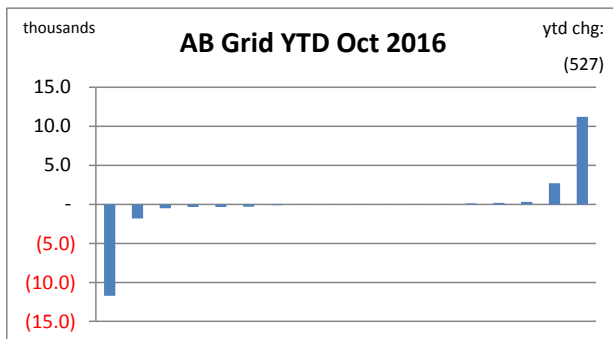
Alberta Grid



The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with October showing an increase of 756 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,015 vehicles, indicating a variance of 259 vehicles from the actual transfers. This variance was mainly due to one member company transferring a lower number of vehicles to the pool in October than projected.

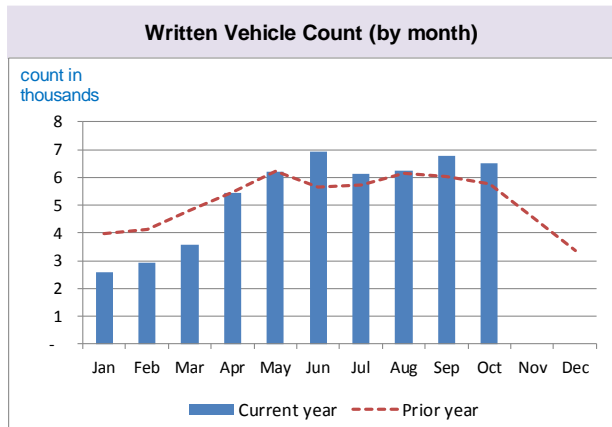


The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the pool this month compared with a year ago, while 7 transferred more and 1 remained the same. Of the 10 member company groups transferring fewer vehicles, 1 member company group accounted for 63% of the total transfer decrease for these “decliner” members. Of the 7 member company groups transferring more vehicles, 1 member company group accounted for 74% of the total transfer increases for these “grower” members.

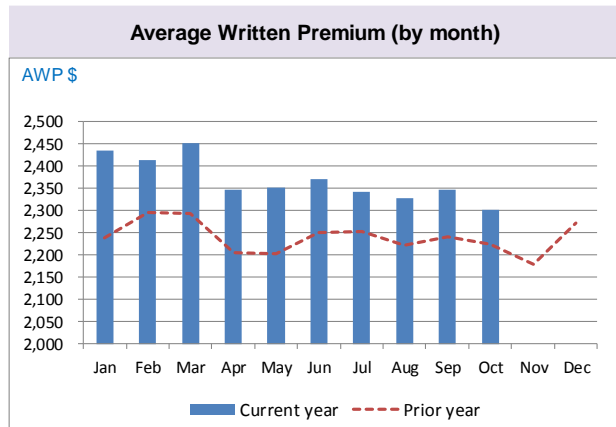


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

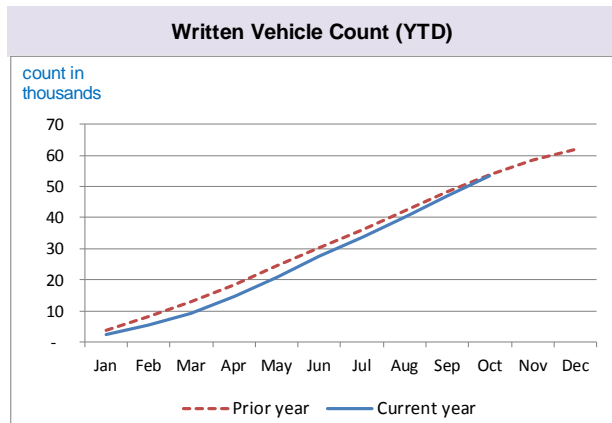
October’s vehicle count transfers to the pool represent a 13.1% increase from October 2015, but vehicle counts were down 1.0% year-to-date. Average written premium was up 3.5% in October 2016 compared with the same month in 2015, and up 5.2% year-to-date (see charts at the top of the next page).



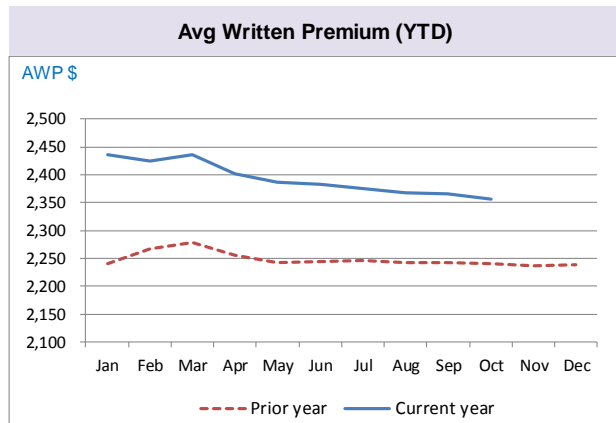
| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Veh curr mth | 6,506 | 5,751 | 756 | 13.1% |



| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|--------------|--------|--------|---------|-------|
| AWP curr mth | 2,302 | 2,225 | 77 | 3.5% |

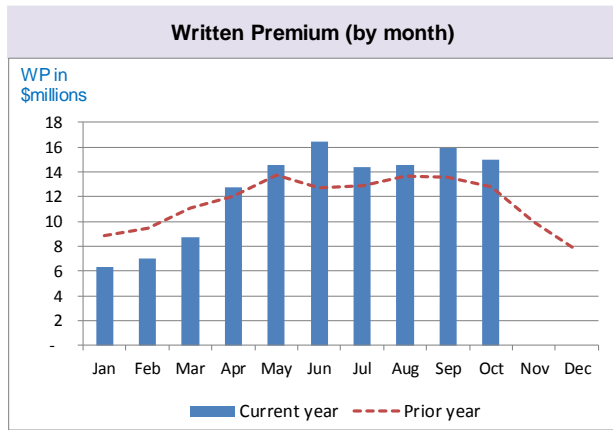


| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Vehicles YTD | 53,360 | 53,887 | (527) | -1.0% |

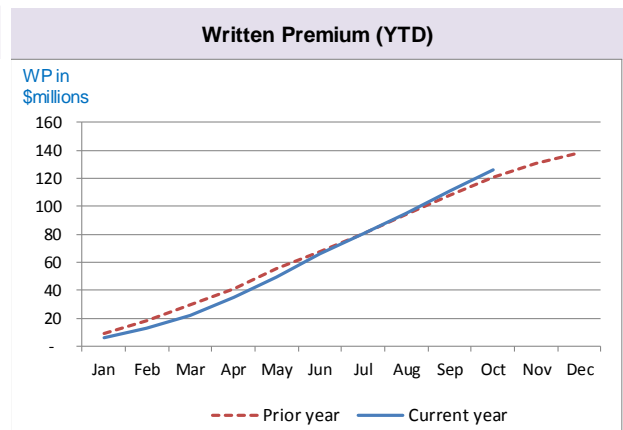


| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| Avg W. Prem YTD | 2,357 | 2,240 | 117 | 5.2% |

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 17.0% for the month compared with the 23.3% increase we projected last month, and was up 4.2% year-to-date (see charts at the top of the next page).

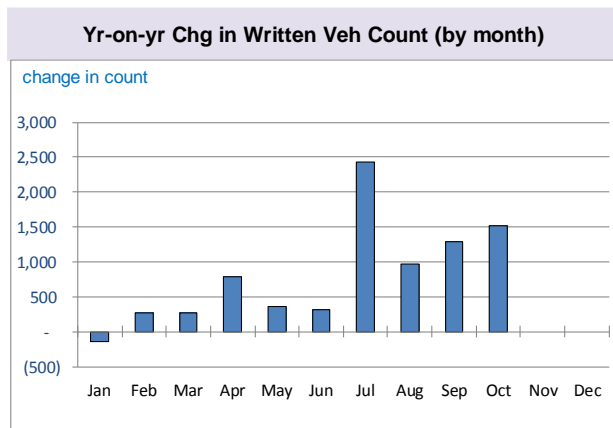


| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|----------------------|--------|--------|---------|-------|
| WP (\$000s) curr mth | 14,979 | 12,798 | 2,181 | 17.0% |

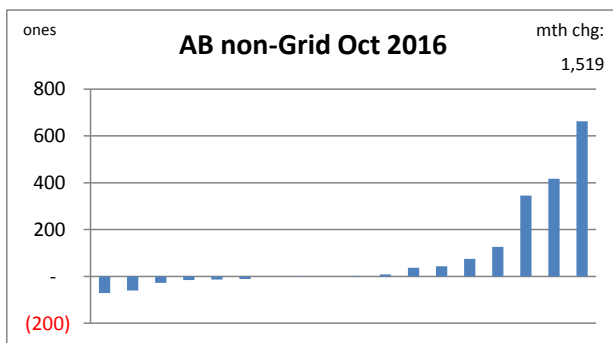


| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|---------|---------|---------|-------|
| WP (\$000s) YTD | 125,795 | 120,724 | 5,072 | 4.2% |

Alberta Non-Grid



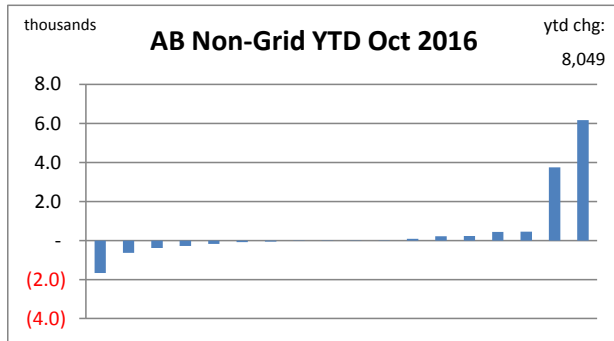
projected.



company groups accounted for 65% of the total transfer decrease for these “decliner” members. Of the 10 member company groups transferring more vehicles, 3 member company groups accounted for 83% of the total transfers increase for these “grower” members.

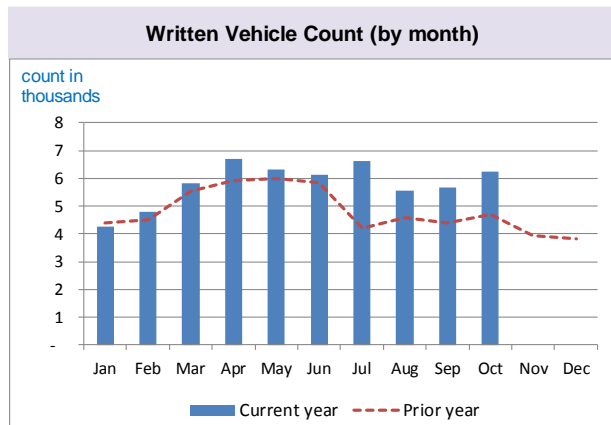
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with October showing an increase of 1,519 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 400 vehicles, indicating a variance of 1,119 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a greater number of vehicles to the pool in October than

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 10 transferred more. Of the 8 member company groups transferring fewer vehicles, 2 member

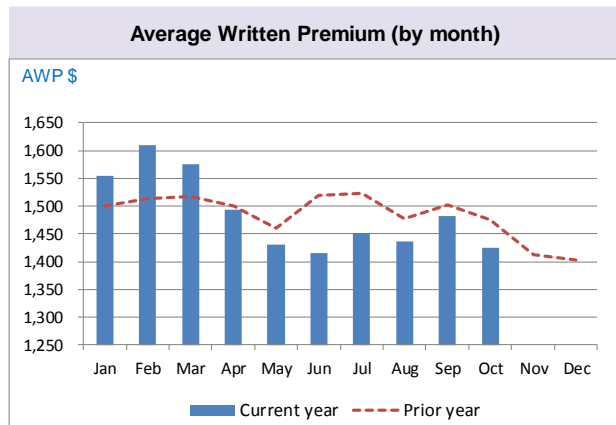


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

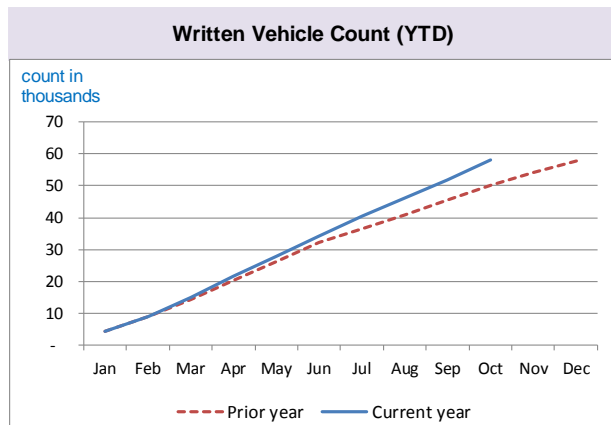
October's vehicle count transfers to the pool represent a 32.3% increase from October 2015, and vehicle counts were up 16.1% year-to-date. Average written premium was down 3.5% in October 2016 compared with the same month in 2015, and down 1.1% year-to-date (see charts immediately below).



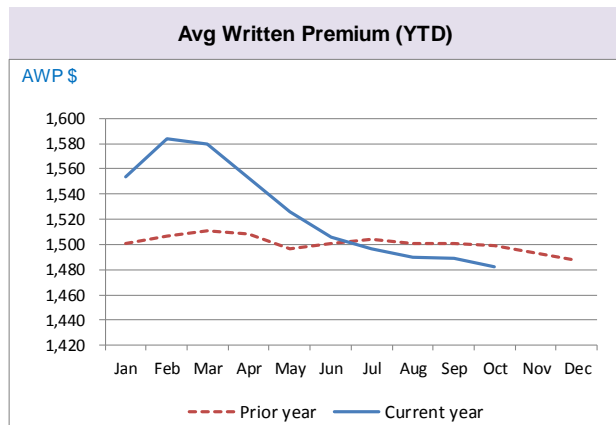
| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Veh curr mth | 6,226 | 4,707 | 1,519 | 32.3% |



| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|--------------|--------|--------|---------|-------|
| AWP curr mth | 1,425 | 1,476 | (51) | -3.5% |



| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Vehicles YTD | 58,135 | 50,086 | 8,049 | 16.1% |

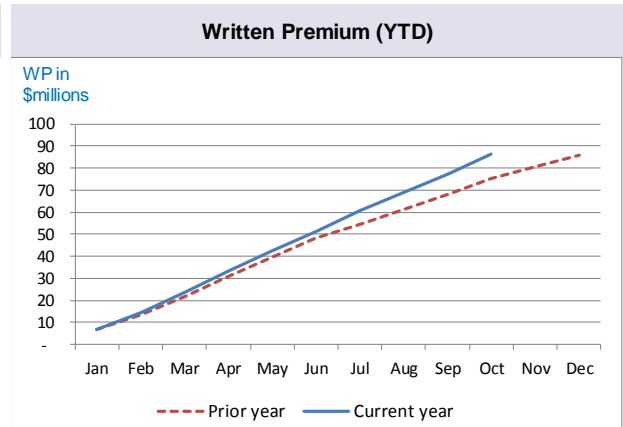
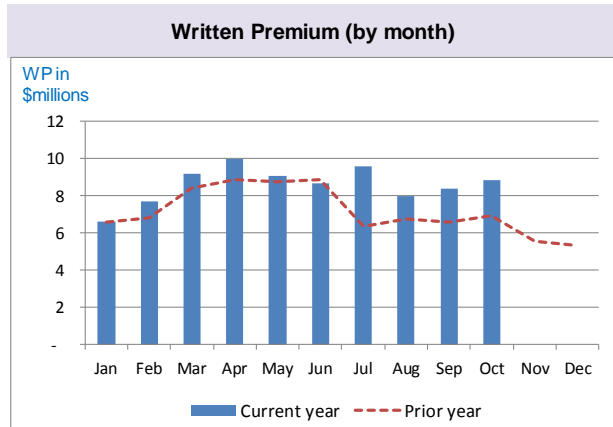


| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| Avg W. Prem YTD | 1,482 | 1,499 | (17) | -1.1% |

Bulletin F16-090

Alberta Risk Sharing Pools – October 2016 Operational Reports

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 27.7% for the month compared with the 6.6% increase we projected last month, and was up 14.8% year-to-date (see charts immediately below).



| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|----------------------|--------|--------|---------|-------|
| WP (\$000s) curr mth | 8,871 | 6,946 | 1,925 | 27.7% |

| | Oct-16 | Oct-15 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| WP (\$000s) YTD | 86,157 | 75,067 | 11,091 | 14.8% |

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

Alberta Non-Grid RSP:

- [Alberta Non-Grid RSP October 2016 Operational Report - Actuarial Highlights](#)
- [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at September 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 10 Months Ended October 31, 2016 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

| | January | February | March | April | May | June | July | August | September | October | 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 | \$16,446 | \$14,392 | \$14,580 | \$15,930 | \$14,979 | \$125,796 | \$152,387 | \$138,309 |
| Decrease (Increase) in Unearned Premiums | 5,002 | 2,994 | 1,535 | (2,943) | (4,410) | (6,267) | (3,237) | (3,290) | (4,481) | (2,852) | (17,949) | (19,843) | 7,899 |
| Net Premiums Earned | \$11,313 | \$10,048 | \$10,270 | \$9,819 | \$10,197 | \$10,179 | \$11,155 | \$11,290 | \$11,449 | \$12,127 | \$107,847 | \$132,544 | \$146,208 |
| Claims Incurred: | | | | | | | | | | | | | |
| Prior Accident Years: | | | | | | | | | | | | | |
| Undiscounted | (\$83) | (\$80) | \$17,887 | (\$62) | \$12,256 | (\$40) | (\$18) | \$7,254 | (\$12) | \$4,077 | \$41,179 | \$41,178 | (\$4,050) |
| Effect of Discounting | (598) | (700) | 2,020 | (612) | 941 | (656) | (494) | 59 | (664) | 272 | (\$432) | (1,913) | (5,152) |
| Discounted | (\$681) | (\$780) | \$19,907 | (\$674) | \$13,197 | (\$696) | (\$512) | \$7,313 | (\$676) | \$4,349 | \$40,747 | \$39,265 | (\$9,202) |
| Current Accident Year: | | | | | | | | | | | | | |
| Undiscounted | \$8,133 | \$7,229 | \$8,191 | \$7,292 | \$10,101 | \$8,036 | \$8,782 | \$11,345 | \$9,342 | \$12,056 | \$90,507 | \$111,129 | \$111,518 |
| Effect of Discounting | 755 | 529 | 581 | 412 | 781 | 490 | 578 | 818 | 606 | 894 | \$6,444 | 7,717 | 6,303 |
| Discounted | \$8,888 | \$7,758 | \$8,772 | \$7,704 | \$10,882 | \$8,526 | \$9,360 | \$12,163 | \$9,948 | \$12,950 | \$96,951 | \$118,846 | \$117,821 |
| Claims Incurred | \$8,207 | \$6,978 | \$28,679 | \$7,030 | \$24,079 | \$7,830 | \$8,848 | \$19,476 | \$9,272 | \$17,299 | \$137,698 | \$158,111 | \$108,619 |
| Underwriting Expenses: | | | | | | | | | | | | | |
| Expense Allowance | \$1,911 | \$2,131 | \$2,636 | \$3,845 | \$4,401 | \$4,954 | \$4,333 | \$4,389 | \$4,796 | \$4,509 | \$37,905 | \$45,909 | \$39,133 |
| Change in UPDR/DPAC: | | | | | | | | | | | | | |
| Undiscounted | 1,558 | 728 | 1,808 | (759) | 1,811 | (1,365) | (730) | 1,463 | (870) | (1,962) | 1,682 | 4 | 2,087 |
| Effect of Discounting | (449) | (31) | 107 | 189 | 627 | 431 | 220 | 605 | 329 | 96 | 2,124 | 2,145 | 884 |
| Discounted | 1,109 | 697 | 1,915 | (570) | 2,438 | (934) | (510) | 2,068 | (541) | (1,866) | \$3,806 | 2,149 | \$2,971 |
| Underwriting Expenses | \$3,020 | \$2,828 | \$4,551 | \$3,275 | \$6,839 | \$4,020 | \$3,823 | \$6,457 | \$4,255 | \$2,643 | \$41,711 | 48,058 | \$42,104 |
| Net Underwriting Gain (Loss) | \$86 | \$242 | (\$22,960) | (\$486) | (\$20,721) | (\$1,671) | (\$1,516) | (\$14,643) | (\$2,078) | (\$7,815) | (\$71,562) | (\$73,625) | (\$4,515) |
| Administrative Expenses | \$57 | \$80 | \$73 | \$68 | \$83 | \$77 | \$77 | \$82 | \$66 | \$73 | \$736 | \$863 | \$848 |
| Operating Result | \$29 | \$162 | (\$23,033) | (\$554) | (\$20,804) | (\$1,748) | (\$1,593) | (\$14,725) | (\$2,144) | (\$7,888) | (\$72,298) | (\$74,488) | (\$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% | -5.9% | 35.9% | 37.8% | 29.6% | -6.3% |
| Current Accident Year | 78.6% | 77.2% | 85.4% | 78.5% | 106.7% | 83.8% | 83.9% | 107.7% | 86.9% | 106.8% | 89.9% | 89.7% | 80.6% |
| All Accident Years Combined (Earned) | 72.6% | 69.4% | 279.2% | 71.6% | 236.1% | 77.0% | 79.3% | 172.5% | 81.0% | 142.7% | 127.7% | 119.3% | 74.3% |
| Underwriting & Administrative Expenses (Earned) | 27.2% | 28.9% | 45.0% | 34.0% | 67.9% | 40.2% | 35.0% | 57.9% | 37.7% | 22.4% | 39.4% | 36.9% | 29.4% |
| Combined Operating Ratio | 99.8% | 98.3% | 324.2% | 105.6% | 304.0% | 117.2% | 114.3% | 230.4% | 118.7% | 165.1% | 167.1% | 156.2% | 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 10 Months Ended October 31, 2016 (Discounted basis)

Source: *Monthly Operational Report*

(thousands of dollars)

EXHIBIT 2

| | January | February | March | April | May | June | July | August | September | October | 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 | \$8,419 | \$8,871 | \$86,157 | \$97,499 | \$85,987 |
| Decrease (Increase) in Unearned Premiums | 578 | (924) | (1,869) | (2,877) | (1,634) | (1,448) | (1,931) | (175) | (715) | (719) | (11,714) | (7,005) | 3,856 |
| Net Premiums Earned | \$7,216 | \$6,774 | \$7,302 | \$7,146 | \$7,437 | \$7,252 | \$7,667 | \$7,793 | \$7,704 | \$8,152 | \$74,443 | \$90,494 | \$89,843 |
| Claims Incurred: | | | | | | | | | | | | | |
| Prior Accident Years: | | | | | | | | | | | | | |
| Undiscounted | (\$38) | (\$25) | (\$1,121) | (\$52) | \$776 | (\$25) | (\$7) | \$1,017 | (\$8) | \$1,806 | \$2,323 | \$2,323 | (\$6,955) |
| Effect of Discounting | (502) | (609) | (72) | (348) | 23 | (247) | (327) | (272) | (296) | 249 | (2,401) | (2,952) | (2,327) |
| Discounted | (\$540) | (\$634) | (\$1,193) | (\$400) | \$799 | (\$272) | (\$334) | \$745 | (\$304) | \$2,055 | (\$78) | (\$629) | (\$9,282) |
| Current Accident Year: | | | | | | | | | | | | | |
| Undiscounted | \$6,919 | \$6,487 | \$7,046 | \$6,878 | \$7,184 | \$6,963 | \$7,344 | \$13,290 | \$8,140 | \$13,991 | \$84,242 | \$102,348 | \$91,354 |
| Effect of Discounting | 604 | 386 | 400 | 346 | 379 | 234 | 429 | 820 | 275 | 1,025 | 4,898 | 5,703 | 4,879 |
| Discounted | \$7,523 | \$6,873 | \$7,446 | \$7,224 | \$7,563 | \$7,197 | \$7,773 | \$14,110 | \$8,415 | \$15,016 | \$89,140 | \$108,051 | \$96,233 |
| Claims Incurred | \$6,983 | \$6,239 | \$6,253 | \$6,824 | \$8,362 | \$6,925 | \$7,439 | \$14,855 | \$8,111 | \$17,071 | \$89,062 | \$107,422 | \$86,951 |
| Underwriting Expenses: | | | | | | | | | | | | | |
| Expense Allowance | \$2,001 | \$2,319 | \$2,763 | \$3,019 | \$2,732 | \$2,620 | \$2,890 | \$2,399 | \$2,535 | \$2,671 | \$25,949 | \$29,362 | \$24,332 |
| Change in UPDR/DPAC: | | | | | | | | | | | | | |
| Undiscounted | 42 | (38) | 13 | (88) | (86) | (61) | (83) | 4,035 | (183) | (371) | 3,180 | 1,080 | (1,441) |
| Effect of Discounting | (44) | 71 | 232 | 227 | 15 | 109 | 147 | 392 | 42 | 187 | 1,378 | 810 | 231 |
| Discounted | (2) | 33 | 245 | 139 | (71) | 48 | 64 | 4,427 | (141) | (184) | 4,558 | 1,890 | (\$1,210) |
| Underwriting Expenses | \$1,999 | \$2,352 | \$3,008 | \$3,158 | \$2,661 | \$2,668 | \$2,954 | \$6,826 | \$2,394 | \$2,487 | \$30,507 | \$31,252 | \$23,122 |
| Net Underwriting Gain (Loss) | (\$1,766) | (\$1,817) | (\$1,959) | (\$2,836) | (\$3,586) | (\$2,341) | (\$2,726) | (\$13,888) | (\$2,801) | (\$11,406) | (\$45,126) | (\$48,180) | (\$20,230) |
| Administrative Expenses | \$58 | \$80 | \$73 | \$68 | \$83 | \$77 | \$77 | \$82 | \$67 | \$74 | \$739 | \$870 | \$791 |
| Operating Result | (\$1,824) | (\$1,897) | (\$2,032) | (\$2,904) | (\$3,669) | (\$2,418) | (\$2,803) | (\$13,970) | (\$2,868) | (\$11,480) | (\$45,865) | (\$49,050) | (\$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% | -3.9% | 25.2% | -0.1% | -0.7% | -10.3% |
| Current Accident Year | 104.3% | 101.5% | 102.0% | 101.1% | 101.7% | 99.2% | 101.4% | 181.1% | 109.2% | 184.2% | 119.7% | 119.4% | 107.1% |
| All Accident Years Combined | 96.8% | 92.1% | 85.7% | 95.5% | 112.4% | 95.4% | 97.0% | 190.7% | 105.3% | 209.4% | 119.6% | 118.7% | 96.8% |
| Underwriting & Administrative Expenses (Earned) | 28.5% | 35.9% | 42.2% | 45.1% | 36.9% | 37.9% | 39.5% | 88.6% | 31.9% | 31.4% | 42.0% | 35.5% | 26.6% |
| Combined Operating Ratio | 125.3% | 128.0% | 127.9% | 140.6% | 149.3% | 133.3% | 136.5% | 279.3% | 137.2% | 240.8% | 161.6% | 154.2% | 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