



**TO:** MEMBERS OF THE FACILITY ASSOCIATION

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

**BULLETIN NO.:** F17 – 027

**DATE:** APRIL 28, 2017

**SUBJECT:** ALBERTA RISK SHARING POOLS  
– MARCH 2017 OPERATIONAL REPORT

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

Please be advised that the March 2017 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 December 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 **\$16.6 million unfavourable** impact on the month’s net result from operations, adding an estimated 46.5 points to the year-to-date Combined Operating Ratio (ending at 149.4%). The impact is summarized in the tables at the top of the next page<sup>1</sup>.

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<sup>1</sup>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 F17-027**
**Alberta Risk Sharing Pools – March 2017 Operational Reports**

AB Grid	unfav / (fav) for the month and ytd						ytd EP 35,609 (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	12,520	1,956	14,476	(4,153)	-	10,323	35.2%	5.5%	40.7%	(11.7%)	-	29.0%
CAY	2,300	268	2,568	(428)	-	2,140	6.5%	0.8%	7.2%	(1.2%)	-	6.0%
Prem Def	4,550	476	5,026	(926)	-	4,100	12.8%	1.3%	14.1%	(2.6%)	-	11.5%
<b>TOTAL</b>	<b>19,370</b>	<b>2,700</b>	<b>22,070</b>	<b>(5,507)</b>	<b>-</b>	<b>16,563</b>	<b>54.4%</b>	<b>7.6%</b>	<b>62.0%</b>	<b>(15.5%)</b>	<b>-</b>	<b>46.5%</b>

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$22.1 million – see column [3] in the left table above), and due to a 52 basis point increase in the selected discount rate (from 0.54% to 1.06%, generating a \$5.5 million favourable 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).

Management has observed unfavourable total valuation impacts over the last 8 valuation implementations for the Alberta Grid RSP, with only a single valuation implementation being favourable over that period, as shown in the table below (summarizing the same information as provided in the left table at the bottom of the previous page as relates to the most recent 8 valuation implementations).

RSP: Alberta Grid, as at: 2016 Q4		Valuation Implementation Impact (\$000s)						\$000s	
Valuation	updated LRs & exp	updated LRs & exp	APVs @ prior assumptions	updated dsct rate	updated LRs & exp	APVs @ prior assumptions	Booked Policy Liabilities	Total Impact as % Book Liabs	
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	
						0		= [6] / [7]	
2015 Q1	May	10,011	1,317	5,068	(2,034)	14,362	336,655	4.3%	
2015 Q2	Aug	(2,405)	1,964	(2,317)	(1,433)	(4,191)	329,238	(1.3%)	
2015 Q3	Oct	3,402	315	1,683	-	5,400	333,060	1.6%	
2015 Q4	Mar	20,151	2,474	524	-	23,149	328,237	7.1%	
2016 Q1	May	17,793	1,778	509	-	20,080	349,340	5.7%	
2016 Q2	Aug	11,942	1,410	556	(820)	13,088	372,965	3.5%	
2016 Q3	Oct	4,867	406	603	-	5,876	384,652	1.5%	
2016 Q4	Mar	19,370	2,700	(5,507)	-	16,563	383,713	4.3%	
8-qtrs		85,131	12,364	1,119	(4,287)	94,327			
% of total		90.3%	13.1%	1.2%	(4.5%)	100.0%			
Averages									
8-qtrs		10,641	1,546	140	(536)	11,791	352,233		
2015 Q4 to 2015 Q1		7,790	1,518	1,240	(867)	9,680	331,798		
2016 Q1 to 2015 Q2		13,493	1,574	(960)	(205)	13,902	372,668		

The FA valuation approach is focused on providing best estimates on a nominal basis, and we expect this to manifest itself as a close-to-zero 8-quarter impact for column [2] in the table above. This objective has not been met and we are somewhat discouraged that the average impact over the most recent 4 valuations has been much larger than the earlier 4 valuations shown. We continue to investigate this issue. It is also important to bear in mind that the

impacts in column [4] are largely outside of the control of FA (as being related to macroeconomic factors).

For the **Alberta Non-Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$0.5 million unfavourable** impact on the month's net result from operations, adding an estimated 2.1 points to the year-to-date Combined Operating Ratio (ending at 128.4%). The impact is summarized in the tables immediately below.

AB Non-Grid	unfav / (fav) for the month and ytd						ytd EP 24,014 (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	(442)	365	(77)	(2,467)	-	(2,544)	(1.8%)	1.5%	(0.3%)	(10.3%)	-	(10.6%)
CAY	1,218	159	1,377	(306)	-	1,071	5.1%	0.7%	5.7%	(1.3%)	-	4.5%
Prem Def	2,412	158	2,570	(588)	-	1,982	10.0%	0.7%	10.7%	(2.4%)	-	8.3%
<b>TOTAL</b>	<b>3,188</b>	<b>682</b>	<b>3,870</b>	<b>(3,361)</b>	<b>-</b>	<b>509</b>	<b>13.3%</b>	<b>2.8%</b>	<b>16.1%</b>	<b>(14.0%)</b>	<b>-</b>	<b>2.1%</b>

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$3.9 million – see column [3] in the left table above), and due to a 53 basis point increase in the selected discount rate (from 0.55% to 1.08%, generating a \$3.4 million favourable 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” sections for additional detail (page 6 for Grid and page 9 for Non-Grid)

**Alberta Grid RSP - Summary of Financial Results**

The calendar year-to-date Operating Result is -\$17.6 million and the incurred loss ratio to the end of 3 months is 112.0%, as summarized at the top of the next page.

**Bulletin F17-027**
**Alberta Risk Sharing Pools – March 2017 Operational Reports**

Amounts in \$000s	March 2017	March 2016	Year to date Mar 2017	Year to Date Mar 2016
Premiums Written	10,642	8,735	26,379	22,100
Premiums Earned	12,254	10,270	35,609	31,631
Claims Incurred	21,678	28,679	39,868	43,864
General Expenses	7,508	4,624	13,321	10,609
<b>Operating Result</b>	<b>(16,932)</b>	<b>(23,033)</b>	<b>(17,580)</b>	<b>(22,842)</b>
<b>Ratios:</b>				
<b>Loss ratio % - Prior Accident Years</b>	75.2%	193.8%	19.6%	58.3%
<b>- Current Accident Year</b>	101.7%	85.4%	92.4%	80.4%
<b>Total</b>	<b>176.9%</b>	<b>279.2%</b>	<b>112.0%</b>	<b>138.7%</b>
<b>General Expenses %</b>	<b>61.3%</b>	<b>45.0%</b>	<b>37.4%</b>	<b>33.5%</b>
<b>Combined Operating Ratio</b>	<b>238.2%</b>	<b>324.2%</b>	<b>149.4%</b>	<b>172.2%</b>

*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 2017 for Risk Sharing Pool - Alberta Grid” attached to this bulletin.

Updated Projection to Year-end 2017

The projected calendar year Operating Result to December 2017 is -\$40.2 million and the estimated combined operating ratio to December 2017 is 124.7%. This updated projection to the end of the year has deteriorated by \$26.8 million from the projection provided last month (-\$13.4 million and 108.3%), mainly due to the overall unfavourable impact of the valuation as at December 31, 2016, as summarized in the table below (see more information under “Effect of Quarterly Valuation” on page 6). 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 162,847 (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	12,520	1,641	14,161	(3,314)	-	10,847	7.7%	1.0%	8.7%	(2.0%)	-	6.7%
CAY	10,316	1,462	11,778	(1,568)	-	10,210	6.3%	0.9%	7.2%	(1.0%)	-	6.3%
Prem Def	6,052	627	6,679	(1,123)	-	5,556	3.7%	0.4%	4.1%	(0.7%)	-	3.4%
TOTAL	28,888	3,730	32,618	(6,005)	-	26,613	17.7%	2.3%	20.0%	(3.7%)	-	16.3%

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$16.9 million Operating Result in the month of March 2017, an improvement of \$6.1 million compared with the same month last year. This improvement is composed of an estimated \$4.4 million unfavourable impact associated with the \$2.0 million increase in earned premium (at a combined ratio of 324.2%), offset by a

\$10.5 million improvement stemming from the overall decrease in the combined ratio (from 324.2% to 238.2% applied to \$12.3 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 102.8% at the end of 2 months to 149.4% at the end of 3 months. The 46.6 percentage point increase is composed of a 29.2 percentage point increase in the Prior Accident Years loss ratio, coupled with a 4.9 percentage point increase in the Current Accident Year loss ratio, and a 12.5 percentage point increase in the expense ratio.

*Variances from Projections*

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

<b>March 2017</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Premiums Written	10,642	12,063	(1,421)	(11.8%)
Premiums Earned	12,254	12,593	(339)	(2.7%)
<b>Reported Losses</b>				
Paid Losses	12,226	10,045	2,181	21.7%
Paid Expenses	412	619	(207)	(33.4%)
Change in Outstanding Losses	(1,115)	143	(1,258)	(879.7%)
<b>Total Reported Losses</b>	<b>11,523</b>	<b>10,807</b>	<b>716</b>	<b>6.6%</b>
Change in IBNR Provision*	10,155	(1,072)	11,227	
Change in Premium Deficiency (DPAC) *	4,369	106	4,263	

(Amounts in \$000's)

Rounding differences may apply.

\* Detailed information is included in [Alberta Grid RSP March 2017 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 March 2017, reported losses were \$0.7 million higher than projected. The Current Accident Year reported an unfavourable variance of \$2.9 million, while the Prior Accident Years reported a favourable variance of \$2.2 million. Of the Prior Accident Years, 2011 had the largest variance in reported losses at \$1.1 million favourable. No other single Prior Accident Year had a variance in excess of \$1.0 million.

The variances for reported claims activity for the Prior Accident Years were beyond the set

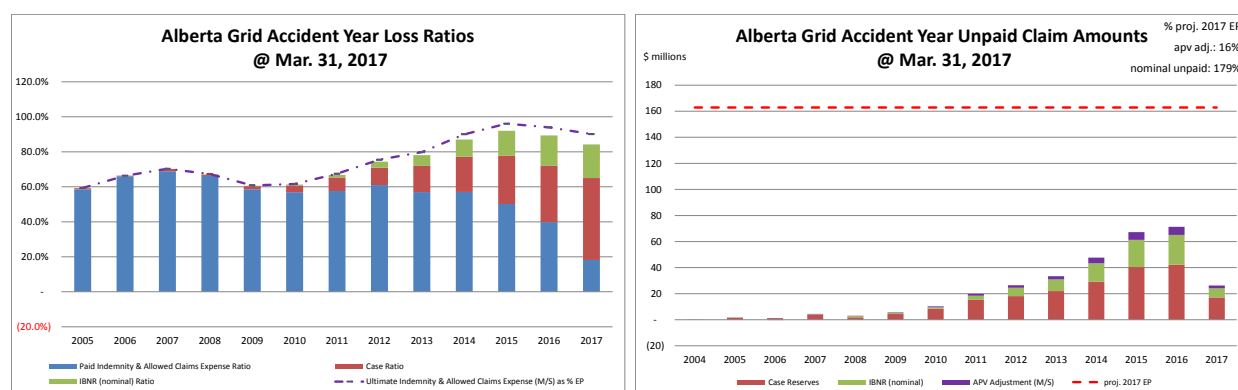
threshold for the month. Management investigated the variance and is satisfied it is appropriately accounted for in our current booking process. All other variances were within the set thresholds for the month.

### Effect of Quarterly Valuation

The March 2017 Alberta Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at December 31, 2016, with the associated impacts in relation to the results for March 2017 summarized in the table immediately below.

AB Grid	unfav / (fav) for the month and ytd						mth EP 12,254 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth 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	12,520	1,956	14,476	(4,153)	-	10,323	102.2%	16.0%	118.1%	(33.9%)	-	84.2%
CAY	2,300	268	2,568	(428)	-	2,140	18.8%	2.2%	21.0%	(3.5%)	-	17.5%
Prem Def	4,550	476	5,026	(926)	-	4,100	37.1%	3.9%	41.0%	(7.6%)	-	33.5%
<b>TOTAL</b>	<b>19,370</b>	<b>2,700</b>	<b>22,070</b>	<b>(5,507)</b>	<b>-</b>	<b>16,563</b>	<b>158.1%</b>	<b>22.0%</b>	<b>180.1%</b>	<b>(44.9%)</b>	<b>-</b>	<b>135.2%</b>

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

### Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$6.8 million and the incurred loss ratio to the end of 3 months is 91.2%, as summarized in the table at the top of the next page.

Amounts in \$000s	March 2017	March 2016	Year to date Mar 2017	Year to Date Mar 2016
Premiums Written	8,817	9,171	23,347	23,507
Premiums Earned	8,318	7,302	24,014	21,292
Claims Incurred	6,569	6,253	21,902	19,475
General Expenses	4,650	3,081	8,928	7,570
<b>Operating Results</b>	<b>(2,901)</b>	<b>(2,032)</b>	<b>(6,816)</b>	<b>(5,753)</b>
<b>Ratios:</b>				
<b>Loss ratio % - Prior Accident Years</b>	<b>(37.7%)</b>	<b>(16.3%)</b>	<b>(19.9%)</b>	<b>(11.1%)</b>
- Current Accident Year	116.7%	102.0%	111.1%	102.6%
<i>Total</i>	<b>79.0%</b>	<b>85.7%</b>	<b>91.2%</b>	<b>91.5%</b>
<b>General Expenses %</b>	<b>55.9%</b>	<b>42.2%</b>	<b>37.2%</b>	<b>35.6%</b>
<b>Combined Operating Ratio</b>	<b>134.9%</b>	<b>127.9%</b>	<b>128.4%</b>	<b>127.1%</b>

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 2017 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

### Updated Projection to Year-end 2017

The projected calendar year Operating Result to December 2017 is -\$36.7 million and the estimated combined operating ratio to December 2017 is 136.1%. This updated projection to the end of the year has deteriorated by \$6.4 million from the projection provided last month (-\$30.3 million and 130.3%), mainly due to the overall unfavourable impact of the valuation as at December 31, 2016, as summarized in the table below (see more information under “Effect of Quarterly Valuation” on page 9). 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 101,940 (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	(442)	332	(110)	(2,010)	-	(2,120)	(0.4%)	0.3%	(0.1%)	(2.0%)	-	(2.1%)
CAY	5,114	198	5,312	(1,050)	-	4,262	5.0%	0.2%	5.2%	(1.0%)	-	4.2%
Prem Def	3,286	228	3,514	(651)	-	2,863	3.2%	0.2%	3.4%	(0.6%)	-	2.8%
<b>TOTAL</b>	<b>7,958</b>	<b>758</b>	<b>8,716</b>	<b>(3,711)</b>	<b>-</b>	<b>5,005</b>	<b>7.8%</b>	<b>0.7%</b>	<b>8.6%</b>	<b>(3.6%)</b>	<b>-</b>	<b>4.9%</b>

### Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$2.9 million Operating Result in the month of March 2017, a deterioration of \$0.9 million from the same month last year. This deterioration is composed of an estimated \$0.3 million unfavourable impact associated with the \$1.0 million increase in earned premium (at a combined ratio of 127.9%), with the remaining \$0.6 million



deterioration stemming from the overall increase in the combined ratio (from 127.9% to 134.9% applied to \$8.3 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 125.0% at the end of 2 months to 128.4% at the end of 3 months. The 3.4 percentage point increase is composed of a 2.9 percentage point increase in the Current Accident Year loss ratio, and a 9.9 percentage point increase in the expense ratio, offset by a 9.4 percentage point decrease in the Prior Accident Years loss 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.

March 2017	Actual	Projection	Difference	Difference %
Premiums Written	8,817	8,030	787	9.8%
Premiums Earned	8,318	8,355	(37)	(0.4%)
Reported Losses				
Paid Losses	9,169	7,858	1,311	16.7%
Paid Expenses	205	306	(101)	(33.0%)
Change in Outstanding Losses	290	16	274	>999.9%
<b>Total Reported Losses</b>	<b>9,664</b>	<b>8,180</b>	<b>1,484</b>	<b>18.1%</b>
Change in IBNR Provision *	(3,095)	33	(3,128)	
Change in Premium Deficiency (DPAC) *	2,034	(7)	2,041	

(Amounts in \$000's)

Rounding differences may occur.

\* Detailed information is included in [Alberta Non-Grid RSP March 2017 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 March 2017, reported losses were \$1.5 million higher than projected. The Current Accident Year had a \$2.0 million unfavourable variance in reported losses, while the Prior Accident Years had a \$0.5 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

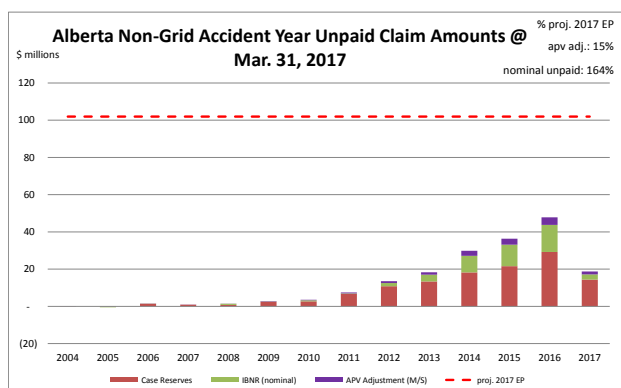
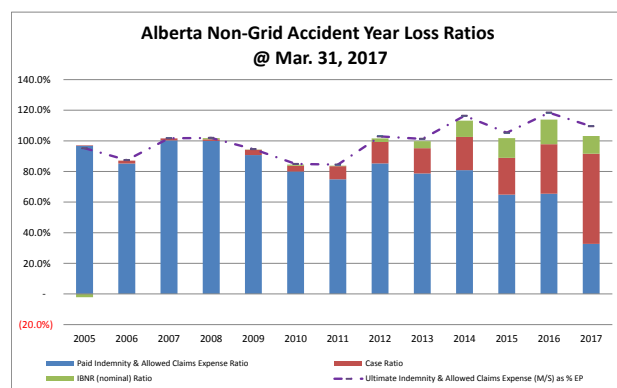


Effect of Quarterly Valuation

The March 2017 Alberta Non-Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at December 31, 2016, with the associated impacts in relation to the results for March 2017 summarized in the table immediately below.

AB Non-Grid	unfav / (fav) for the month and ytd						mth EP 8,318 (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	(442)	365	(77)	(2,467)	-	(2,544)	(5.3%)	4.4%	(0.9%)	(29.7%)	-	(30.6%)
CAY	1,218	159	1,377	(306)	-	1,071	14.6%	1.9%	16.6%	(3.7%)	-	12.9%
Prem Def	2,412	158	2,570	(588)	-	1,982	29.0%	1.9%	30.9%	(7.1%)	-	23.8%
TOTAL	3,188	682	3,870	(3,361)	-	509	38.3%	8.2%	46.5%	(40.4%)	-	6.1%

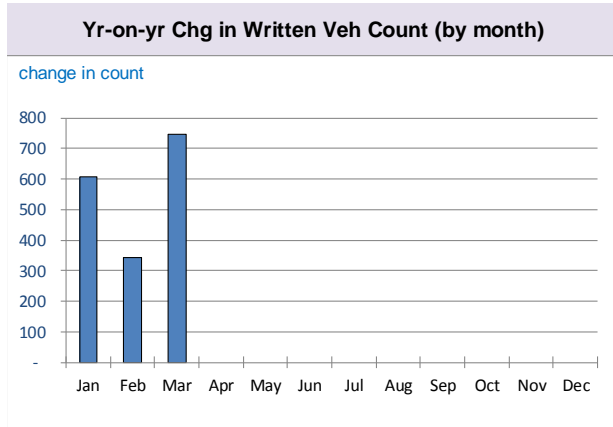
The charts below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities. We have included the associated claims liabilities in the chart on the right.



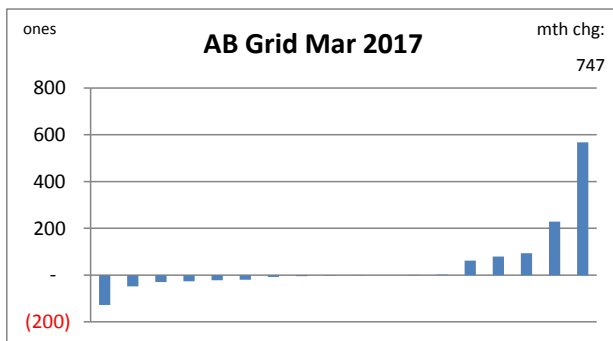
The preceding charts, latest valuation results and related discounting assumptions are discussed in more detail in the [Alberta Non-Grid RSP March 2017 Operational Report - Actuarial Highlights](#) and in the [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at December 31, 2016](#). The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

Management Comments

Alberta Grid

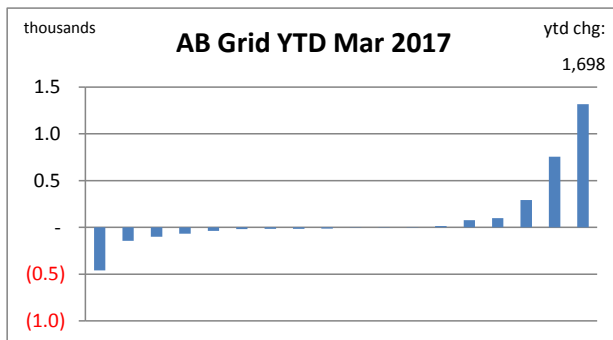


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with March showing an increase of 747 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,654 vehicles, indicating a variance of 907 vehicles from the actual transfers. This variance was mainly due to one member company transferring a lower number of vehicles to the pool in March than projected.



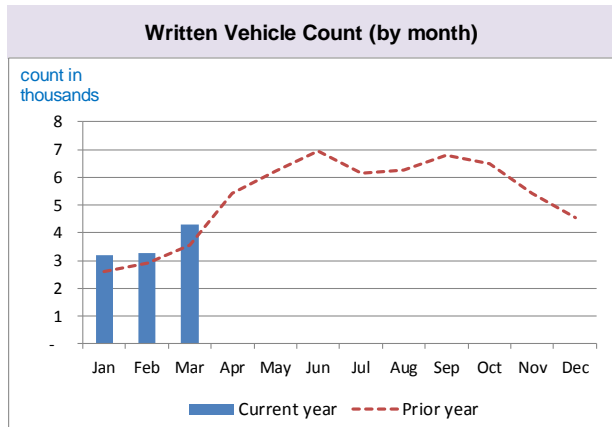
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the pool this month compared with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

transferring fewer vehicles, 1 member company group accounted for 44% of the total transfer decrease for these “decliner” members. Of the 7 member company groups transferring more vehicles, 1 member company group accounted for 55% of the total transfer increases for these “grower” members.

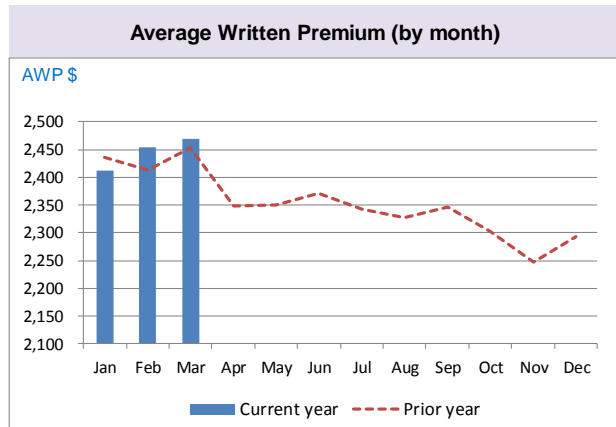


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

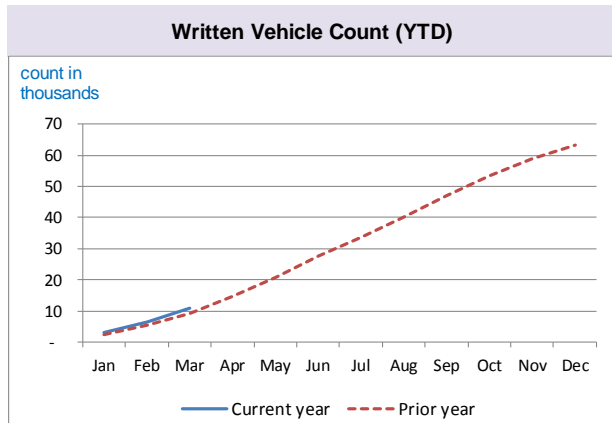
March’s vehicle count transfers to the pool represent a 21.0% increase from March 2016, and counts were up 18.7% year-to-date. Average written premium was up 0.7% in March 2017 compared with the same month in 2016, and up 0.5% year-to-date (see charts at the top of the next page).



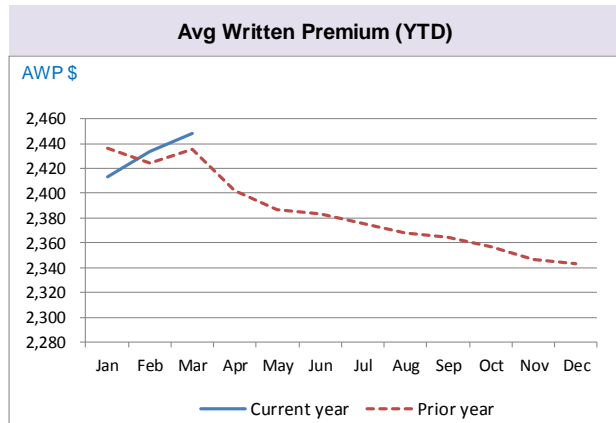
	Mar-17	Mar-16	Amt Chg	% Chg
W. Veh curr mth	4,309	3,562	747	21.0%



	Mar-17	Mar-16	Amt Chg	% Chg
AWP curr mth	2,470	2,453	17	0.7%

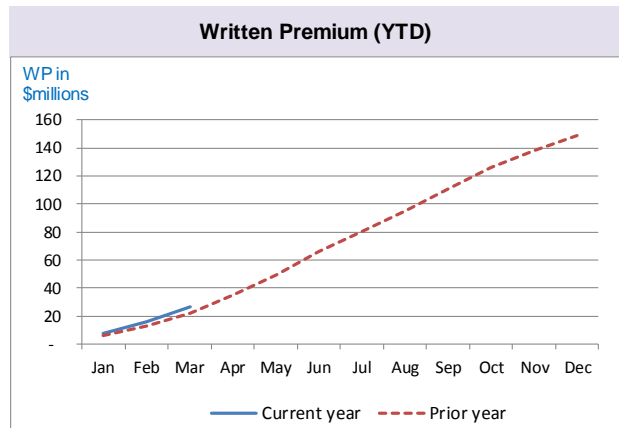
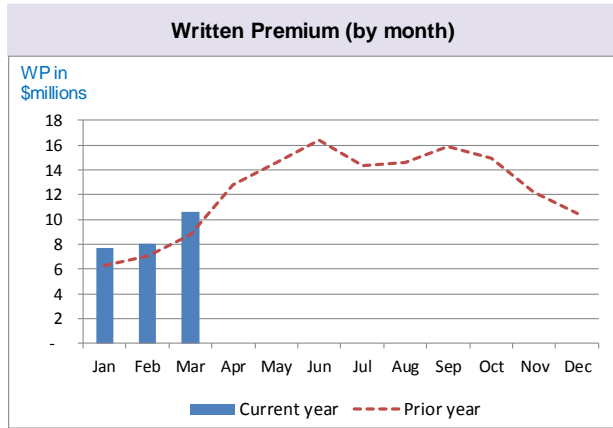


	Mar-17	Mar-16	Amt Chg	% Chg
W. Vehicles YTD	10,774	9,076	1,698	18.7%



	Mar-17	Mar-16	Amt Chg	% Chg
Avg W. Prem YTD	2,448	2,435	13	0.5%

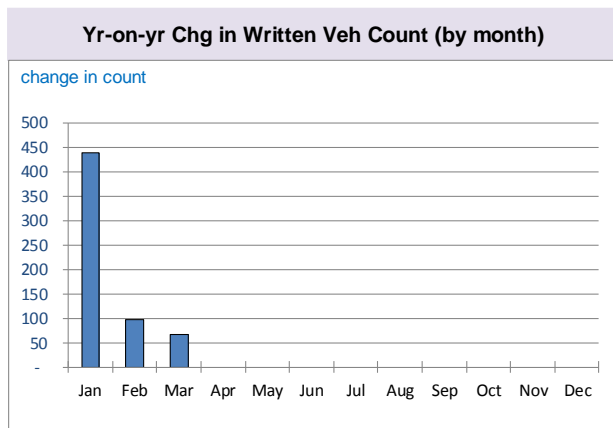
As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 21.8% for the month compared with the 38.1% increase we projected last month, and was up 19.4% year-to-date (see charts at the top of the next page).



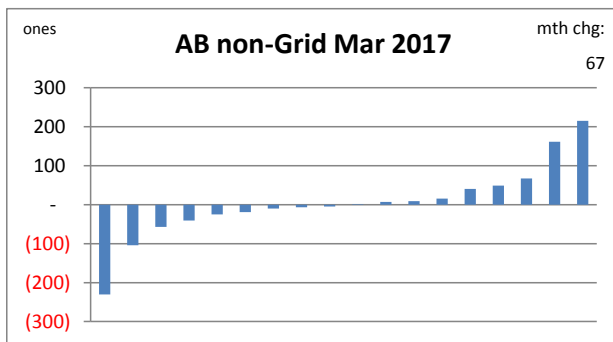
	Mar-17	Mar-16	Amt Chg	% Chg
WP (\$000s) curr mth	10,642	8,735	1,907	21.8%

	Mar-17	Mar-16	Amt Chg	% Chg
WP (\$000s) YTD	26,379	22,101	4,278	19.4%

**Alberta Non-Grid**

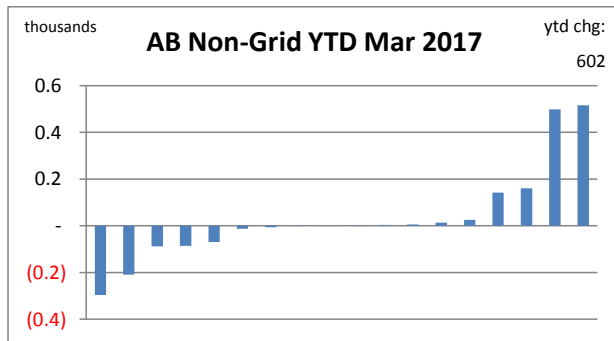


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with March showing an increase of 67 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for a decrease of 395 vehicles, indicating a variance of 462 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 March than projected.



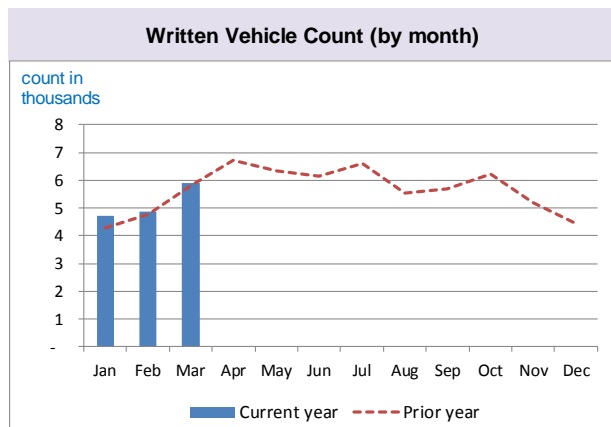
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Nine member company groups transferred fewer vehicles to the pool this month compared to a year ago, while nine transferred more. Of the 9 member company groups transferring fewer vehicles, 1 member company group accounted for 46% of the total transfer decrease for these “decliner” members.

Of the 9 member company groups transferring more vehicles, 2 member company groups accounted for 67% of the total transfers increase for these “grower” members.

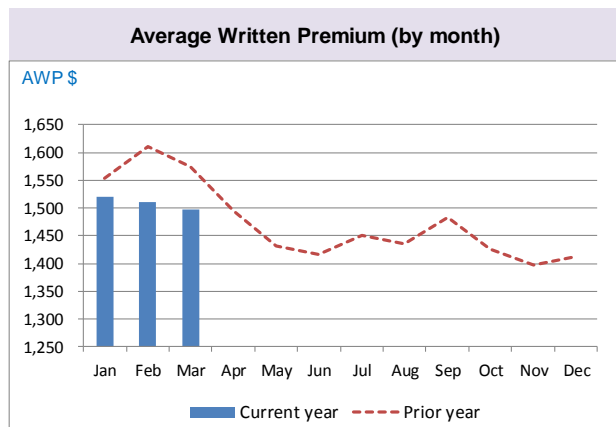


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

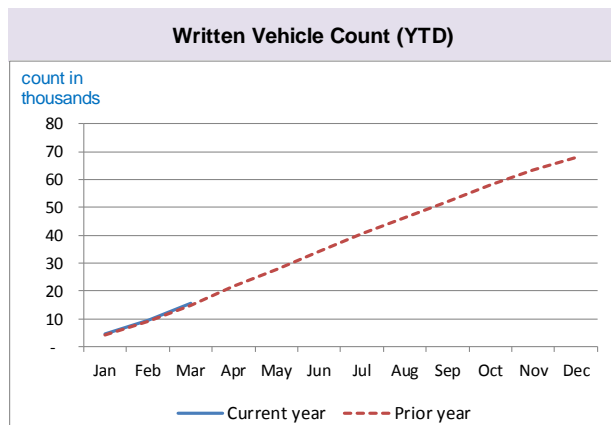
March’s vehicle count transfers to the pool represent a 1.1% increase from March 2016, and counts were up 4.0% year-to-date. Average written premium was down 5.0% in March 2017 compared with the same month in 2016, and down 4.5% year-to-date (see charts immediately below).



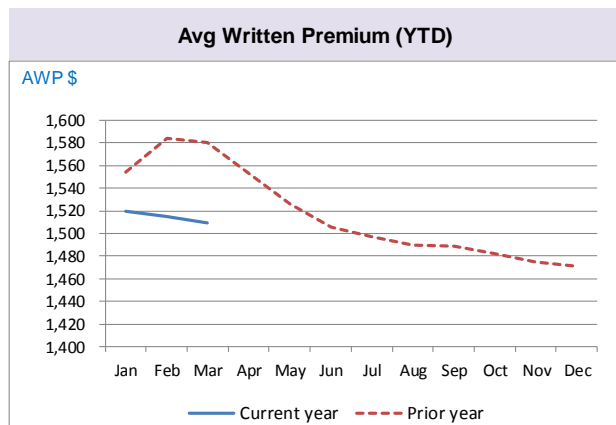
	Mar-17	Mar-16	Amt Chg	% Chg
W. Veh curr mth	5,889	5,822	67	1.1%



	Mar-17	Mar-16	Amt Chg	% Chg
AWP curr mth	1,497	1,575	(78)	-5.0%

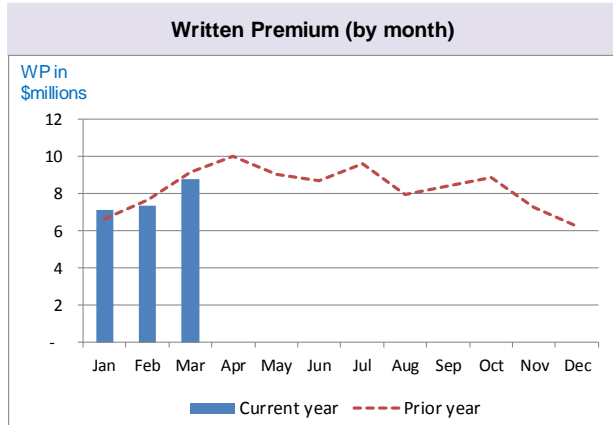


	Mar-17	Mar-16	Amt Chg	% Chg
W. Vehicles YTD	15,476	14,875	602	4.0%

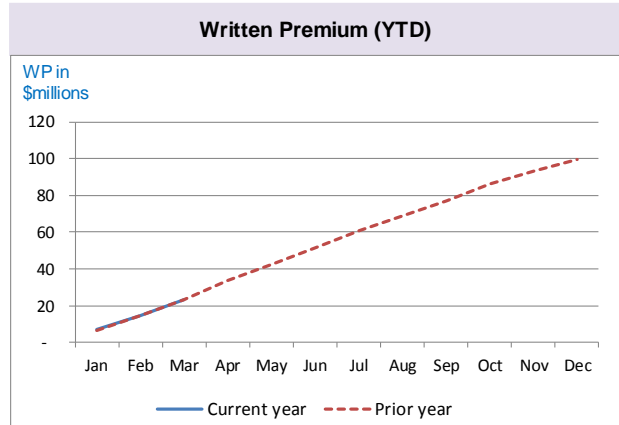


	Mar-17	Mar-16	Amt Chg	% Chg
Avg W. Prem YTD	1,509	1,580	(71)	-4.5%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 3.9% for the month compared with the 12.4% decrease we projected last month, and was down 0.7% year-to-date (see charts immediately below).



	Mar-17	Mar-16	Amt Chg	% Chg
WP (\$000s) curr mth	8,817	9,171	(354)	-3.9%



	Mar-17	Mar-16	Amt Chg	% Chg
WP (\$000s) YTD	23,347	23,507	(160)	-0.7%

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 March 2017 Operational Report - Actuarial Highlights](#)
- [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at December 31, 2016](#)
- [Actuarial Quarterly Valuation Highlights Exhibits - Alberta Grid RSP](#)

Alberta Non-Grid RSP:

- [Alberta Non-Grid RSP March 2017 Operational Report - Actuarial Highlights](#)
- [Actuarial Quarterly Valuation Highlights Risk Sharing Pools as at December 31, 2016](#)
- [Actuarial Quarterly Valuation Highlights Exhibits - Alberta Non-Grid RSP](#)

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2017**

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 3 Months Ended March 31, 2017 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	CY2017 YTD	CY2017 12 MONTHS Updated Projection	CY2016 12 MONTHS Actual
<b>Underwriting Revenue:</b>						
Net Premiums Written	\$7,717	\$8,020	\$10,642	\$26,379	\$167,181	\$148,473
Decrease (Increase) in Unearned Premiums	4,472	3,146	1,612	9,230	(4,334)	(16,653)
<b>Net Premiums Earned</b>	<b>\$12,189</b>	<b>\$11,166</b>	<b>\$12,254</b>	<b>\$35,609</b>	<b>\$162,847</b>	<b>\$131,820</b>
<b>Claims Incurred:</b>						
Prior Accident Years:						
Undiscounted	(\$396)	(\$174)	\$12,337	\$11,767	\$11,767	\$41,142
Effect of Discounting	(744)	(926)	(3,120)	(\$4,790)	(9,690)	(1,682)
Discounted	(\$1,140)	(\$1,100)	\$9,217	\$6,977	\$2,077	\$39,460
Current Accident Year:						
Undiscounted	\$9,865	\$8,860	\$12,016	\$30,741	\$137,877	\$110,558
Effect of Discounting	992	713	445	\$2,150	7,873	7,515
Discounted	\$10,857	\$9,573	\$12,461	\$32,891	\$145,750	\$118,073
<b>Claims Incurred</b>	<b>\$9,717</b>	<b>\$8,473</b>	<b>\$21,678</b>	<b>\$39,868</b>	<b>\$147,827</b>	<b>\$157,533</b>
<b>Underwriting Expenses:</b>						
Expense Allowance	\$2,215	\$2,312	\$3,069	\$7,596	\$48,289	\$44,732
Change in UPDR/DPAC:						
Undiscounted	979	697	4,930	6,606	6,038	689
Effect of Discounting	(318)	(224)	(561)	(1,103)	(101)	1,915
Discounted	661	473	4,369	\$5,503	5,937	\$2,604
<b>Underwriting Expenses</b>	<b>\$2,876</b>	<b>\$2,785</b>	<b>\$7,438</b>	<b>\$13,099</b>	<b>54,226</b>	<b>\$47,336</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$404)</b>	<b>(\$92)</b>	<b>(\$16,862)</b>	<b>(\$17,358)</b>	<b>(\$39,206)</b>	<b>(\$73,049)</b>
<b>Administrative Expenses</b>	<b>\$73</b>	<b>\$79</b>	<b>\$70</b>	<b>\$222</b>	<b>\$1,028</b>	<b>\$894</b>
<b>Operating Result</b>	<b>(\$477)</b>	<b>(\$171)</b>	<b>(\$16,932)</b>	<b>(\$17,580)</b>	<b>(\$40,234)</b>	<b>(\$73,943)</b>
<b>Ratios:</b>						
<b>Claims &amp; Expenses Incurred (Earned)</b>						
Prior Accident Years	-9.4%	-9.9%	75.2%	19.6%	1.3%	29.9%
Current Accident Year	89.1%	85.7%	101.7%	92.4%	89.5%	89.6%
All Accident Years Combined (Earned)	79.7%	75.8%	176.9%	112.0%	90.8%	119.5%
Underwriting & Administrative Expenses (Earned)	24.2%	25.6%	61.3%	37.4%	33.9%	36.6%
<b>Combined Operating Ratio</b>	<b>103.9%</b>	<b>101.4%</b>	<b>238.2%</b>	<b>149.4%</b>	<b>124.7%</b>	<b>156.1%</b>

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 2017

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 3 Months Ended March 31, 2017 (Discounted basis)

EXHIBIT 2

Source: Monthly Operational Report

(thousands of dollars)

	January	February	March	CY2017 YTD	CY2017 12 MONTHS Updated Projection	CY2016 12 MONTHS Actual
<b>Underwriting Revenue:</b>						
Net Premiums Written	\$7,162	\$7,368	\$8,817	\$23,347	\$105,225	\$99,667
Decrease (Increase) in Unearned Premiums	1,014	152	(499)	667	(3,285)	(9,196)
<b>Net Premiums Earned</b>	<b>\$8,176</b>	<b>\$7,520</b>	<b>\$8,318</b>	<b>\$24,014</b>	<b>\$101,940</b>	<b>\$90,471</b>
<b>Claims Incurred:</b>						
Prior Accident Years:						
Undiscounted	(\$209)	(\$89)	(\$538)	(\$836)	(\$836)	\$2,286
Effect of Discounting	(826)	(520)	(2,601)	(3,947)	(6,446)	(3,163)
Discounted	(\$1,035)	(\$609)	(\$3,139)	(\$4,783)	(\$7,282)	(\$877)
Current Accident Year:						
Undiscounted	\$8,220	\$7,472	\$9,476	\$25,168	\$105,661	\$102,363
Effect of Discounting	764	521	232	1,517	5,222	5,476
Discounted	\$8,984	\$7,993	\$9,708	\$26,685	\$110,883	\$107,839
<b>Claims Incurred</b>	<b>\$7,949</b>	<b>\$7,384</b>	<b>\$6,569</b>	<b>\$21,902</b>	<b>\$103,601</b>	<b>\$106,962</b>
<b>Underwriting Expenses:</b>						
Expense Allowance	\$2,066	\$2,129	\$2,546	\$6,741	\$30,404	\$30,016
Change in UPDR/DPAC:						
Undiscounted	15	10	2,424	2,449	3,759	1,003
Effect of Discounting	(83)	(11)	(390)	(484)	(109)	987
Discounted	(68)	(1)	2,034	1,965	3,650	\$1,990
<b>Underwriting Expenses</b>	<b>\$1,998</b>	<b>\$2,128</b>	<b>\$4,580</b>	<b>\$8,706</b>	<b>\$34,054</b>	<b>\$32,006</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$1,771)</b>	<b>(\$1,992)</b>	<b>(\$2,831)</b>	<b>(\$6,594)</b>	<b>(\$35,715)</b>	<b>(\$48,497)</b>
<b>Administrative Expenses</b>	<b>\$73</b>	<b>\$79</b>	<b>\$70</b>	<b>\$222</b>	<b>\$1,018</b>	<b>\$898</b>
<b>Operating Result</b>	<b>(\$1,844)</b>	<b>(\$2,071)</b>	<b>(\$2,901)</b>	<b>(\$6,816)</b>	<b>(\$36,733)</b>	<b>(\$49,395)</b>
<b>Ratios:</b>						
<b>Claims &amp; Expenses Incurred (Earned)</b>						
Prior Accident Years	-12.7%	-8.1%	-37.7%	-19.9%	-7.1%	-1.0%
Current Accident Year	109.9%	106.3%	116.7%	111.1%	108.8%	119.2%
All Accident Years Combined	97.2%	98.2%	79.0%	91.2%	101.7%	118.2%
Underwriting & Administrative Expenses (Earned)	25.3%	29.3%	55.9%	37.2%	34.4%	36.4%
<b>Combined Operating Ratio</b>	<b>122.5%</b>	<b>127.5%</b>	<b>134.9%</b>	<b>128.4%</b>	<b>136.1%</b>	<b>154.6%</b>

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