

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 013**

**DATE: FEBRUARY 27, 2018**

**SUBJECT: ALBERTA RISK SHARING POOLS  
– JANUARY 2018 OPERATIONAL REPORT**

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

Please be advised that the January 2018 Alberta Risk Sharing Pools Operational Reports are now available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

**New this Month**

FA management was notified on January 31, 2018 by a member of a potential recorded case reserve overstatement as at October 31, 2017. Management investigated and estimated the overstatement for the Alberta Grid RSP was insignificant, but estimated the overstatement for the Alberta non-Grid RSP as at October 31, 2017 was as indicated in the table immediately below.

*Estimated case reserve overstatement as at Oct 31, 2017*

**Case Reserve Overstatement**

250 RSP AB-N

	Amounts in \$000s
2010	9
2011	-
2012	-
2013	(32)
2014	102
2015	517
2016	2,531
2017	1,594
<b>TOTAL</b>	<b>4,721</b>

The Alberta non-Grid RSP overstatement of \$4.7 million represented 3.8% of total case reserves recorded at October 31, 2017 for the Alberta non-Grid RSP, and 2.6% of nominal claims liabilities.

**Bulletin F18-013****Alberta Risk Sharing Pools – January 2018 Operational Reports**

FA's year-end audited financial statements for the Alberta non-Grid RSP (as at October 31, 2017) were adjusted to reflect this overstatement by reducing the claims liabilities amount by the overstatement (as well as release of associated margins for adverse claims development). However, no adjustment has currently been made to reflect this in the Member Statements (i.e. monthly RSP Operational Reports). It is currently expected to be reflected via reductions in ultimate with the December 31, 2017 valuation, expected to be implemented into the March 2018 Operational Reports.

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

The calendar year-to-date Operating Result is -\$1.8 million and the incurred loss ratio to the end of 1 month is 90.7%, as summarized in the table below.

<b>Amounts in \$000s</b>	<b>January 2018</b>	January 2017	<b>Year to date Jan 2018</b>	Year to Date Jan 2017
Premium Written	8,379	7,717	8,379	7,717
Premium Earned	13,590	12,189	13,590	12,189
Incurred Losses	12,324	9,717	12,324	9,717
Underwriting & Admin Expense	3,034	2,949	3,034	2,949
<b>Operating Result</b>	<b>(1,768)</b>	<b>(477)</b>	<b>(1,768)</b>	<b>(477)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(2.8%)</b>	<b>(9.4%)</b>	<b>(2.8%)</b>	<b>(9.4%)</b>
- Current Accident Year	93.5%	89.1%	93.5%	89.1%
<i>Total</i>	<b>90.7%</b>	<b>79.7%</b>	<b>90.7%</b>	<b>79.7%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>22.3%</b>	<b>24.2%</b>	<b>22.3%</b>	<b>24.2%</b>
<i>Combined Operating Ratio</i>	<b>113.0%</b>	<b>103.9%</b>	<b>113.0%</b>	<b>103.9%</b>

*rounding differences may occur*

These results are discussed in some detail in the “Current Month Results” section. 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 2018**

The projected calendar year Operating Result to December 2018 is -\$32.1 million and the estimated combined operating ratio to December 2018 is 117.8%, as summarized in the table at the top of the next page. This updated projection to the end of the year has not changed significantly from the projection provided last month (-\$32.5 million and 117.7%).

**Bulletin F18-013**  
**Alberta Risk Sharing Pools – January 2018 Operational Reports**

<b>AB Grid RSP 2018 Yr-end Projection</b> Amounts in \$000s	<b>Current</b> <b>(Jan 2018)</b>	<b>Prior Mth</b> <b>(Dec 2017)</b>	<b>Change</b>	<b>Final 2018</b> <b>Outlook*</b>
Premium Written	180,061	181,613	(1,552)	189,665
Premium Earned	180,247	183,680	(3,433)	184,393
Incurred Losses	156,151	159,421	(3,270)	167,321
Underwriting & Admin Expense	56,214	56,790	(576)	59,423
<b>Net Result from Operations</b>	<b>(32,118)</b>	<b>(32,531)</b>	<b>413</b>	<b>(42,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(3.0%)	(2.7%)	(0.3%)	(3.9%)
- Current Accident Year	89.6%	89.5%	0.1%	94.6%
<i>Total</i>	<b>86.6%</b>	<b>86.8%</b>	<b>(0.2%)</b>	<b>90.7%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>31.2%</b>	<b>30.9%</b>	<b>0.3%</b>	<b>32.2%</b>
<i>Combined Operating Ratio</i>	<b>117.8%</b>	<b>117.7%</b>	<b>0.1%</b>	<b>122.9%</b>

*rounding differences may occur*

\*as posted to FA's website Oct. 3, 2017

*Current Month Results*

The Alberta Grid Risk Sharing Pool produced a -\$1.8 million Operating Result in the month of January 2018, a deterioration of \$1.3 million compared with the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 103.9% to 113.0% applied to \$13.6 million in earned premium).

*Variances from Projections*

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

<b>January 2018</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	8,379	9,970	(1,591)	(16.0%)
Earned Premium	13,590	13,962	(372)	(2.7%)
Reported Losses				
Paid Losses	11,073	9,473	1,600	16.9%
Paid Expenses	330	605	(275)	(45.5%)
Change in Outstanding Losses	2,676	1,858	818	44.0%
<b>Total Reported Losses</b>	<b>14,079</b>	<b>11,936</b>	<b>2,143</b>	<b>18.0%</b>
Change in IBNR Provision*	(1,755)	839	(2,594)	
Change in Premium Deficiency (DPAC)*	465	357	108	

*(Amounts in \$000's)*

*rounding differences may occur*

\*Detailed information is included in [Alberta Grid RSP January 2018 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 January 2018, reported losses were \$2.1 million higher than projected. The Current Accident Year reported an unfavourable variance of approximately \$1.6 million, and the Prior Accident Years reported an unfavourable variance of \$0.5 million. No single Prior Accident Year had a variance in excess of \$1.0 million.

The variances for claims activity were beyond the set thresholds for the Prior Accident Years for the month. Management investigated claims activity and is satisfied that the variances are appropriately accounted for in our current booking process. All other variances were within the set thresholds for the month.

#### Booking IBNR

The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management's investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend. IBNR is discussed in more detail in the [Alberta Grid RSP January 2018 Operational Report – Actuarial Highlights](#).

#### **Effect of Quarterly Valuation**

The January 2018 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2017). The actuarial valuation will be updated next as at December 31, 2017 and we anticipate that the results will be reflected in the March 2018 Operational Report.

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

The calendar year-to-date Operating Result is -\$2.7 million and the incurred loss ratio to the end of 1 month is 110.6%, as summarized in the table at the top of the next page.

**Bulletin F18-013****Alberta Risk Sharing Pools – January 2018 Operational Reports**

<b>Amounts in \$000s</b>	<b>January 2018</b>	January 2017	<b>Year to date Jan 2018</b>	Year to Date Jan 2017
Premium Written	6,627	7,162	6,627	7,162
Premium Earned	8,291	8,176	8,291	8,176
Incurred Losses	9,165	7,949	9,165	7,949
Underwriting & Admin Expense	1,844	2,071	1,844	2,071
<b>Operating Result</b>	<b>(2,718)</b>	<b>(1,844)</b>	<b>(2,718)</b>	<b>(1,844)</b>
<b>Ratios:</b>				
<b>Loss ratio</b>				
- Prior Accident Years	(3.1%)	(12.7%)	(3.1%)	(12.7%)
- Current Accident Year	113.7%	109.9%	113.7%	109.9%
<i>Total</i>	<b>110.6%</b>	<b>97.2%</b>	<b>110.6%</b>	<b>97.2%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>22.2%</b>	<b>25.3%</b>	<b>22.2%</b>	<b>25.3%</b>
<b>Combined Operating Ratio</b>	<b>132.8%</b>	<b>122.5%</b>	<b>132.8%</b>	<b>122.5%</b>

*rounding differences may occur*

These results are discussed in some detail in the “Current Month Results” section. 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 2018

The projected calendar year Operating Result to December 2018 is -\$40.1 million and the estimated combined operating ratio to December 2018 is 138.7%, as summarized in the table at the top of the next page. This updated projection to the end of the year has not changed significantly from the projection provided last month (-\$40.5 million and 138.5%).

**Bulletin F18-013**  
**Alberta Risk Sharing Pools – January 2018 Operational Reports**

<b>AB Non-Grid RSP 2018 Yr-end Proj.</b>	<b>Current</b>	Prior Mth	<b>Change</b>	Final 2018
<b>Amounts in \$000s</b>	<b>(Jan 2018)</b>	<b>(Dec 2017)</b>		<b>Outlook*</b>
Premium Written	103,782	105,000	(1,218)	101,307
Premium Earned	103,872	105,413	(1,541)	97,354
Incurred Losses	110,796	112,436	(1,640)	107,678
Underwriting & Admin Expense	33,216	33,505	(289)	33,362
<b>Net Result from Operations</b>	<b>(40,140)</b>	<b>(40,528)</b>	<b>388</b>	<b>(43,686)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(2.9%)	(2.8%)	(0.1%)	(4.5%)
- Current Accident Year	109.6%	109.5%	0.1%	115.1%
<i>Total</i>	<b>106.7%</b>	<b>106.7%</b>	<b>0.0%</b>	<b>110.6%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>32.0%</b>	<b>31.8%</b>	<b>0.2%</b>	<b>34.3%</b>
<i>Combined Operating Ratio</i>	<b>138.7%</b>	<b>138.5%</b>	<b>0.2%</b>	<b>144.9%</b>

*rounding differences may occur*

\*as posted to FA's website Oct. 3, 2017

Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$2.7 million Operating Result in the month of January 2018, a deterioration of \$0.9 million from the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 122.5% to 132.8% applied to \$8.3 million in earned premium).

Variances from Projections

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

<b>January 2018</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	6,627	7,847	(1,220)	(15.5%)
Earned Premium	8,291	8,520	(229)	(2.7%)
Reported Losses				
Paid Losses	6,749	7,414	(665)	(9.0%)
Paid Expenses	155	427	(272)	(63.7%)
Change in Outstanding Losses	1,969	288	1,681	583.7%
<b>Total Reported Losses</b>	<b>8,873</b>	<b>8,129</b>	<b>744</b>	<b>9.2%</b>
Change in IBNR Provision*	292	1,244	(952)	
Change in Premium Deficiency (DPAC)*	(198)	(76)	(122)	

(Amounts in \$000's)

*rounding differences may occur*

\*Detailed information is included in [Alberta Non-Grid RSP January 2018 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 January 2018, reported losses were \$0.7 million higher than projected. The Current Accident Year had a \$1.4 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.

Booking IBNR

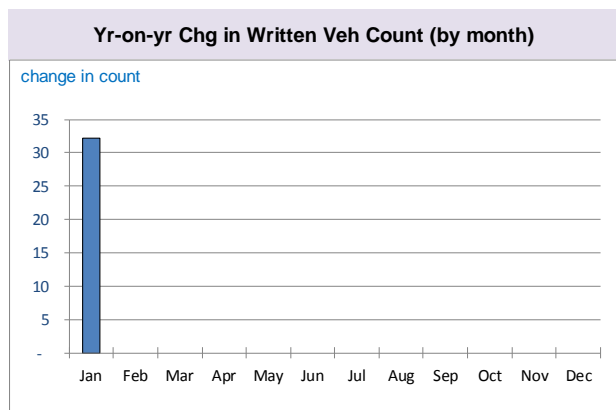
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management’s investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend. IBNR is discussed in more detail in the [Alberta Non-Grid RSP January 2018 Operational Report – Actuarial Highlights](#).

**Effect of Quarterly Valuation**

The January 2018 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2017). The actuarial valuation will be updated next as at December 31, 2017 and we anticipate that the results will be reflected in the March 2018 Operational Report.

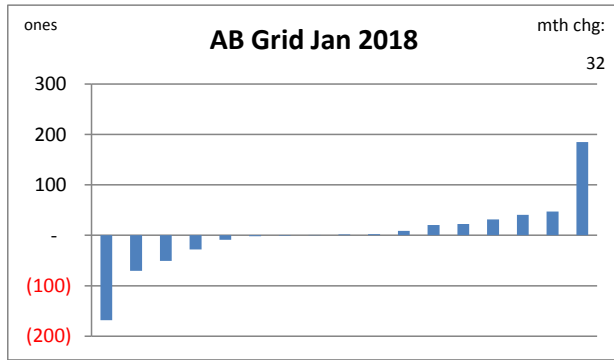
**Management Comments**

*Alberta Grid*

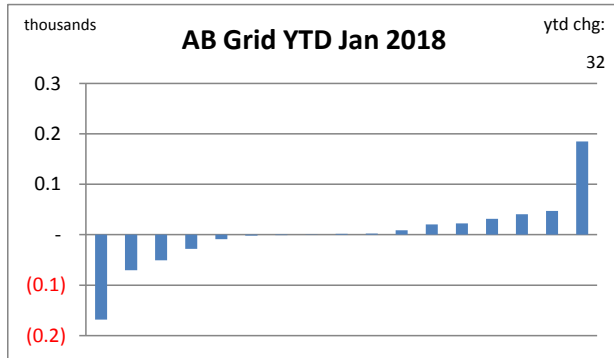


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with January showing an increase of 32 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 752 vehicles, indicating a variance of 720 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles to the pool in January than

projected.

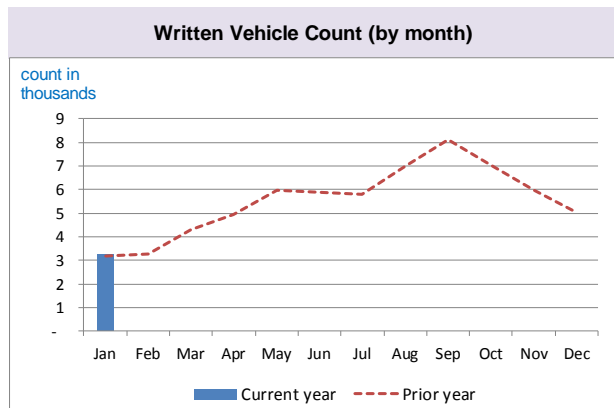


The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Seven member company groups transferred fewer vehicles to the pool this month compared with a year ago, while ten transferred more. Of the 7 member company groups transferring fewer vehicles, 1 member company group accounted for 51% of the total transfer decrease for these “decliner” members. Of the 10 member company groups transferring more vehicles, 1 member company group accounted for 51% of the total transfer increases for these “grower” members.

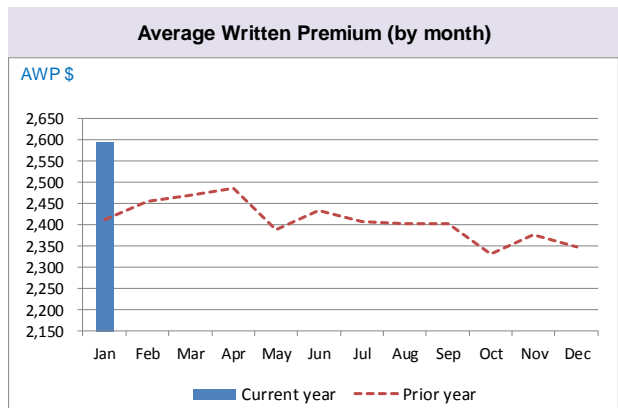


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

January’s vehicle count transfers to the pool represent a 1.0% increase from January 2017. Average written premium was up 7.5% in January 2018 compared with the same month in 2017 (see charts immediately below and at the top of the next page).

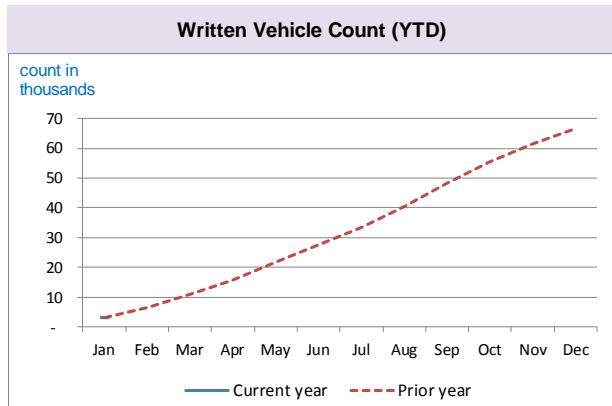


	Jan-18	Jan-17	Amt Chg	% Chg
W. Veh curr mth	3,230	3,198	32	1.0%

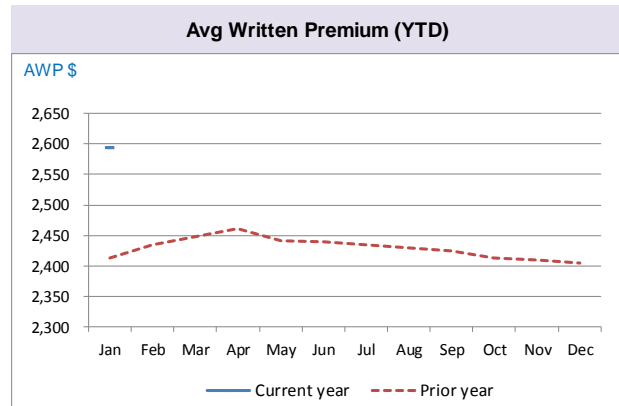


	Jan-18	Jan-17	Amt Chg	% Chg
AWP curr mth	2,594	2,413	181	7.5%



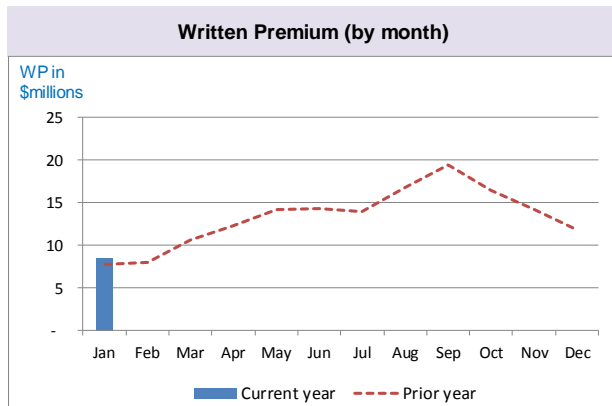


	Jan-18	Jan-17	Amt Chg	% Chg
W. Vehicles YTD	3,230	3,198	32	1.0%

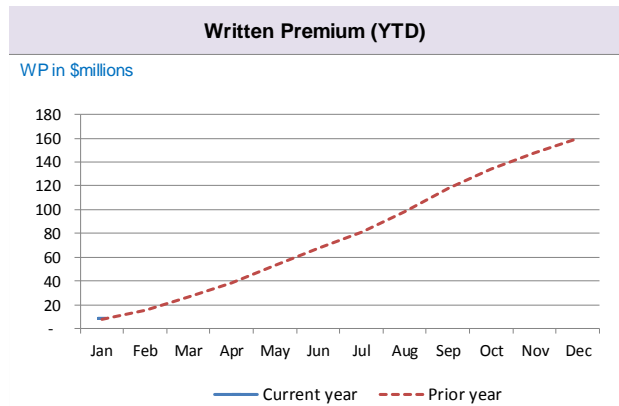


	Jan-18	Jan-17	Amt Chg	% Chg
Avg W. Prem YTD	2,594	2,413	181	7.5%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 8.6% for the month compared with the 29.2% increase we projected last month (see charts immediately below).

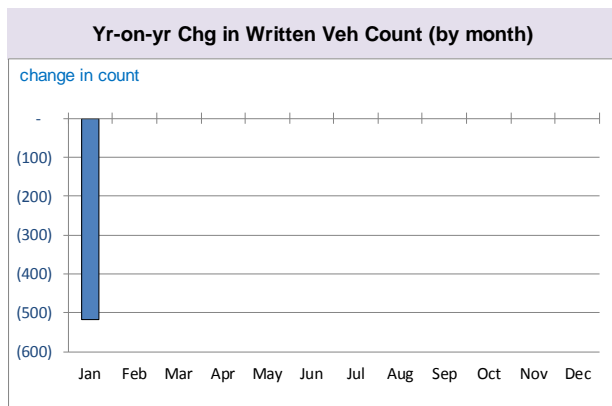


	Jan-18	Jan-17	Amt Chg	% Chg
WP (\$000s) curr mth	8,379	7,717	662	8.6%



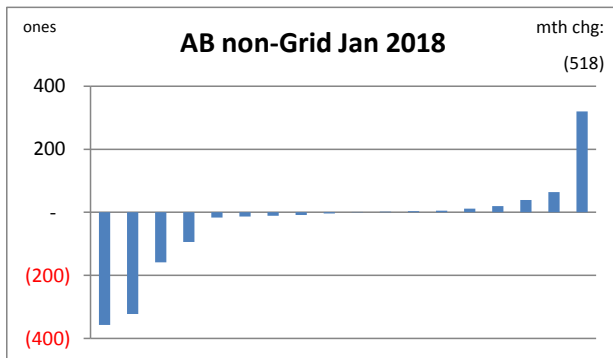
	Jan-18	Jan-17	Amt Chg	% Chg
WP (\$000s) YTD	8,379	7,717	662	8.6%

**Alberta Non-Grid**



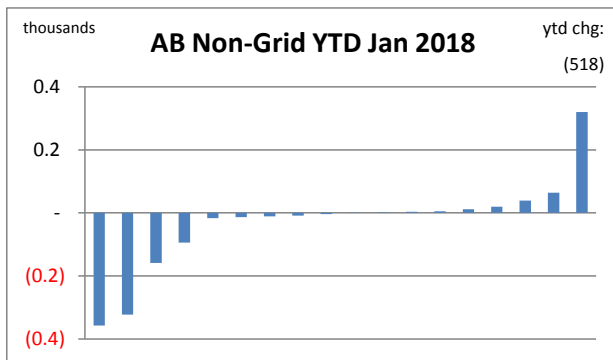
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with January showing a decrease of 518 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 571 vehicles, indicating a variance of 1,089 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles to the pool in January than

projected.



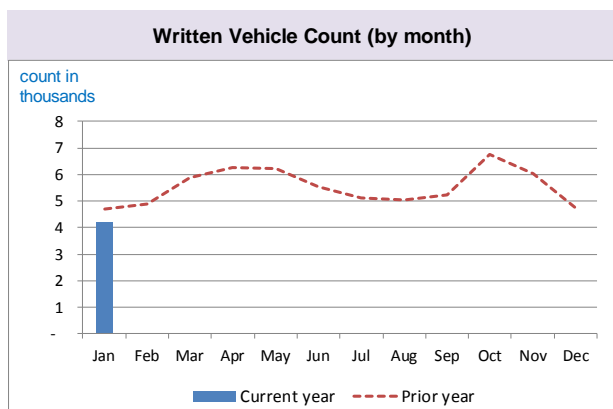
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Nine member company groups transferred fewer vehicles to the pool this month compared to a year ago, while nine transferred more. Of the 9 member company groups transferring fewer vehicles, 2 member company groups accounted for 69% of the total transfer decrease for these “decliner” members.

Of the 9 member company groups transferring more vehicles, 1 member company group accounted for 69% of the total transfers increase for these “grower” members.

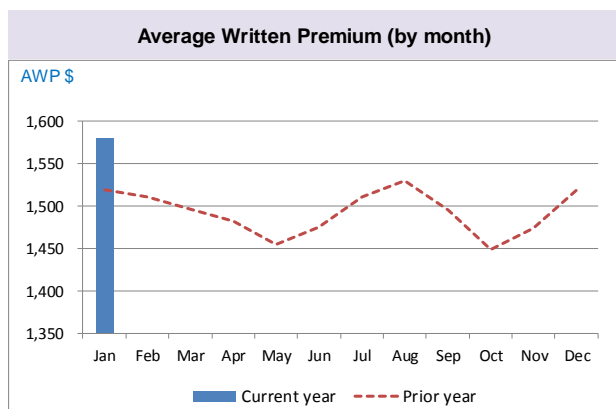


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

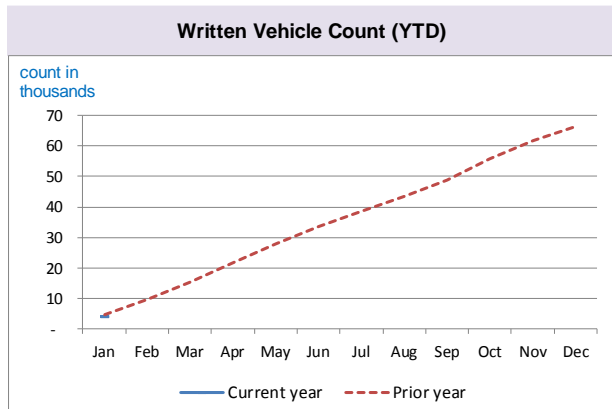
January’s vehicle count transfers to the pool represent an 11.0% decrease from January 2017. Average written premium was up 3.9% in January 2018 compared with the same month in 2017 (see charts immediately below and at the top of the next page).



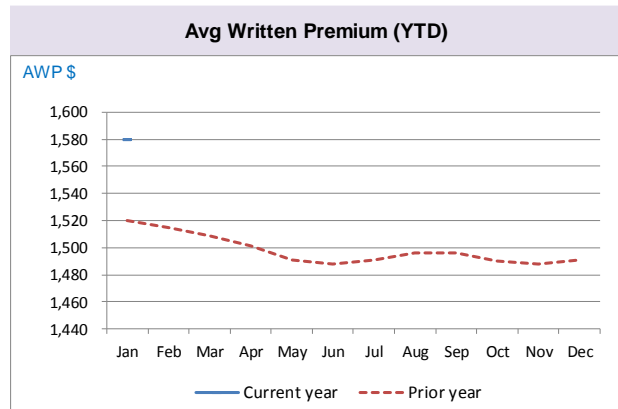
	Jan-18	Jan-17	Amt Chg	% Chg
W. Veh curr mth	4,193	4,711	(518)	-11.0%



	Jan-18	Jan-17	Amt Chg	% Chg
AWP curr mth	1,580	1,520	60	3.9%

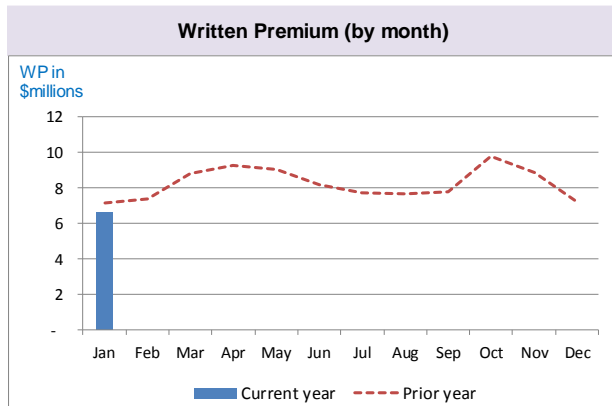


	Jan-18	Jan-17	Amt Chg	% Chg
W. Vehicles YTD	4,193	4,711	(518)	-11.0%

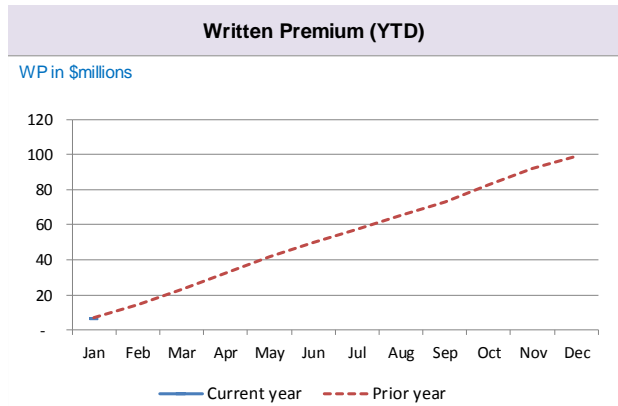


	Jan-18	Jan-17	Amt Chg	% Chg
Avg W. Prem YTD	1,580	1,520	60	3.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 7.5% for the month compared with the 9.6% increase we projected last month (see charts immediately below).



	Jan-18	Jan-17	Amt Chg	% Chg
WP (\$000s) curr mth	6,627	7,162	(535)	-7.5%



	Jan-18	Jan-17	Amt Chg	% Chg
WP (\$000s) YTD	6,627	7,162	(535)	-7.5%

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 January 2018 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP January 2018 Operational Report - Actuarial Highlights](#)

## SUMMARY OF OPERATIONS - CALENDAR YEAR 2018

Risk Sharing Pool - Alberta (Grid)

EXHIBIT 1

Operating Results for the 1 Month Ended January 31, 2018 (Discounted basis)

Source: *Monthly Operational Report*

(thousands of dollars)

	January	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
<b>Underwriting Revenue:</b>				
Net Premiums Written	\$8,379	\$8,379	\$180,061	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	5,211	186	(10,517)
<b>Net Premiums Earned</b>	<b>\$13,590</b>	<b>\$13,590</b>	<b>\$180,247</b>	<b>\$149,448</b>
<b>Claims Incurred:</b>				
Prior Accident Years:				
Undiscounted	(\$318)	(\$318)	(\$318)	\$21,037
Effect of Discounting	(68)	(\$68)	(5,000)	(14,503)
Discounted	(\$386)	(\$386)	(\$5,318)	\$6,534
Current Accident Year:				
Undiscounted	\$11,970	\$11,970	\$154,949	\$135,791
Effect of Discounting	740	\$740	6,520	5,930
Discounted	\$12,710	\$12,710	\$161,469	\$141,721
<b>Claims Incurred</b>	<b>\$12,324</b>	<b>\$12,324</b>	<b>\$156,151</b>	<b>\$148,255</b>
<b>Underwriting Expenses:</b>				
Expense Allowance	\$2,499	\$2,499	\$53,489	\$46,180
Change in UPDR/DPAC:				
Undiscounted	731	731	1,487	4,959
Effect of Discounting	(266)	(266)	77	(1,106)
Discounted	465	\$465	1,564	\$3,853
<b>Underwriting Expenses</b>	<b>\$2,964</b>	<b>\$2,964</b>	<b>55,053</b>	<b>\$50,033</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$1,698)</b>	<b>(\$1,698)</b>	<b>(\$30,957)</b>	<b>(\$48,840)</b>
<b>Administrative Expenses</b>	<b>\$70</b>	<b>\$70</b>	<b>\$1,161</b>	<b>\$979</b>
<b>Operating Result</b>	<b>(\$1,768)</b>	<b>(\$1,768)</b>	<b>(\$32,118)</b>	<b>(\$49,819)</b>
<b>Ratios:</b>				
<b>Claims &amp; Expenses Incurred (Earned)</b>				
Prior Accident Years	-2.8%	-2.8%	-3.0%	4.4%
Current Accident Year	93.5%	93.5%	89.6%	94.8%
All Accident Years Combined (Earned)	90.7%	90.7%	86.6%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	22.3%	31.2%	34.1%
<b>Combined Operating Ratio</b>	<b>113.0%</b>	<b>113.0%</b>	<b>117.8%</b>	<b>133.3%</b>

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium tax health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2018**

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 1 Month Ended January 31, 2018 (Discounted basis)

EXHIBIT 2

Source: *Monthly Operational Report*  
(thousands of dollars)

	January	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
<b>Underwriting Revenue:</b>				
Net Premiums Written	\$6,627	\$6,627	\$103,782	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	1,664	90	(2,088)
<b>Net Premiums Earned</b>	<b>\$8,291</b>	<b>\$8,291</b>	<b>\$103,872</b>	<b>\$96,919</b>
<b>Claims Incurred:</b>				
Prior Accident Years:				
Undiscounted	(\$129)	(\$129)	(\$129)	\$6,938
Effect of Discounting	(129)	(129)	(2,922)	(9,421)
Discounted	(\$258)	(\$258)	(\$3,051)	(\$2,483)
Current Accident Year:				
Undiscounted	\$8,890	\$8,890	\$110,013	\$109,961
Effect of Discounting	533	533	3,834	4,086
Discounted	\$9,423	\$9,423	\$113,847	\$114,047
<b>Claims Incurred</b>	<b>\$9,165</b>	<b>\$9,165</b>	<b>\$110,796</b>	<b>\$111,564</b>
<b>Underwriting Expenses:</b>				
Expense Allowance	\$1,971	\$1,971	\$30,825	\$28,599
Change in UPDR/DPAC:				
Undiscounted	(97)	(97)	1,297	3,745
Effect of Discounting	(101)	(101)	69	(918)
Discounted	(198)	(198)	1,366	\$2,827
<b>Underwriting Expenses</b>	<b>\$1,773</b>	<b>\$1,773</b>	<b>\$32,191</b>	<b>\$31,426</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$2,647)</b>	<b>(\$2,647)</b>	<b>(\$39,115)</b>	<b>(\$46,071)</b>
<b>Administrative Expenses</b>	<b>\$71</b>	<b>\$71</b>	<b>\$1,025</b>	<b>\$981</b>
<b>Operating Result</b>	<b>(\$2,718)</b>	<b>(\$2,718)</b>	<b>(\$40,140)</b>	<b>(\$47,052)</b>
<b>Ratios:</b>				
<b>Claims &amp; Expenses Incurred (Earned)</b>				
Prior Accident Years	-3.1%	-3.1%	-2.9%	-2.6%
Current Accident Year	113.7%	113.7%	109.6%	117.7%
All Accident Years Combined	110.6%	110.6%	106.7%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	22.2%	32.0%	33.4%
<b>Combined Operating Ratio</b>	<b>132.8%</b>	<b>132.8%</b>	<b>138.7%</b>	<b>148.5%</b>

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply