

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 056**

**DATE: JULY 30, 2018**

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

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

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

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

The calendar year-to-date Operating Result is -\$29.3 million and the incurred loss ratio to the end of 6 months is 102.1%, as summarized in the table below.

<b>Amounts in \$000s</b>	<b>June 2018</b>	June 2017	<b>Year to date Jun 2018</b>	Year to Date Jun 2017
Premium Written	14,047	14,275	71,432	67,201
Premium Earned	13,344	11,810	80,481	71,701
Incurred Losses	12,038	10,226	82,117	77,644
Underwriting & Admin Expense	4,251	4,004	27,622	26,677
<b>Operating Result</b>	<b>(2,945)</b>	<b>(2,420)</b>	<b>(29,258)</b>	<b>(32,620)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(6.9%)</b>	<b>(6.1%)</b>	4.6%	14.3%
- Current Accident Year	97.1%	92.7%	97.5%	94.0%
<i>Total</i>	<b>90.2%</b>	<b>86.6%</b>	<b>102.1%</b>	<b>108.3%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>31.9%</b>	<b>33.9%</b>	<b>34.3%</b>	<b>37.2%</b>
<b>Combined Operating Ratio</b>	<b>122.1%</b>	<b>120.5%</b>	<b>136.4%</b>	<b>145.5%</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 2018 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 -\$46.9 million and the estimated combined operating ratio to December 2018 is 128.7%, as summarized in the table below. This updated projection to the end of the year has improved by \$0.4 million from the projection provided last month (-\$47.3 million and 128.9%). This improvement is driven by a \$1.1 million decrease in the projected written premium for the year, reflecting the written premium variance for the month of June.

<b>AB Grid RSP 2018 Yr-end Projection</b>	<b>Current</b>	Prior Mth		Final 2018
<b>Amounts in \$000s</b>	<b>(Jun 2018)</b>	(May 2018)	<b>Change</b>	Outlook*
Premium Written	150,974	152,048	(1,074)	189,665
Premium Earned	162,889	163,969	(1,080)	184,393
Incurred Losses	157,741	158,923	(1,182)	167,321
Underwriting & Admin Expense	52,007	52,328	(321)	59,423
<b>Net Result from Operations</b>	<b>(46,859)</b>	<b>(47,282)</b>	<b>423</b>	<b>(42,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	0.6%	0.9%	(0.3%)	(3.9%)
- Current Accident Year	96.2%	96.1%	0.1%	94.6%
<i>Total</i>	<b>96.8%</b>	<b>97.0%</b>	<b>(0.2%)</b>	<b>90.7%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>31.9%</b>	<b>31.9%</b>	<b>0.0%</b>	<b>32.2%</b>
<b>Combined Operating Ratio</b>	<b>128.7%</b>	<b>128.9%</b>	<b>(0.2%)</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 -\$2.9 million Operating Result in the month of June 2018, a deterioration of \$0.5 million compared with the same month last year. This deterioration is composed of an estimated \$0.3 million unfavourable impact associated with the \$1.5 million increase in earned premium (at a combined ratio of 120.5%), with the remaining \$0.2 million deterioration stemming from the overall increase in the combined ratio (from 120.5% to 122.1% applied to \$13.3 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 139.2% at the end of 5 months to 136.4% at the end of 6 months. The 2.8 percentage point decrease is composed of a 2.2 percentage point decrease in the Prior Accident Years loss ratio, coupled with a 0.1 percentage point decrease in the Current Accident Year loss ratio, and a 0.5 percentage point decrease in the expense ratio.

**Bulletin F18-056**  
**Alberta Risk Sharing Pools – June 2018 Operational Reports**

---

*Variances from Projections*

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

<b>June 2018</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	14,047	15,121	(1,074)	(7.1%)
Earned Premium	13,344	13,450	(106)	(0.8%)
Reported Losses				
Paid Losses	13,892	10,617	3,275	30.8%
Paid Expenses	381	1,203	(822)	(68.3%)
Change in Outstanding Losses	(4,710)	(132)	(4,578)	>999.9%
<b>Total Reported Losses</b>	<b>9,563</b>	<b>11,688</b>	<b>(2,125)</b>	<b>(18.2%)</b>
Change in IBNR Provision*	2,475	647	1,828	
Change in Premium Deficiency (DPAC)*	2	(23)	25	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Grid RSP June 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 June 2018, reported losses were \$2.1 million lower than projected. The Current Accident Year reported a favourable variance of \$0.6 million, and the Prior Accident Years reported a favourable variance of \$1.5 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](#)

**Bulletin F18-056**  
**Alberta Risk Sharing Pools – June 2018 Operational Reports**

---

[RSP June 2018 Operational Report – Actuarial Highlights.](#)

**Effect of Quarterly Valuation**

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

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

The calendar year-to-date Operating Result is -\$23.2 million and the incurred loss ratio to the end of 6 months is 102.1%, as summarized in the table below.

<b>Amounts in \$000s</b>	<b>June 2018</b>	June 2017	<b>Year to date Jun 2018</b>	Year to Date Jun 2017
Premium Written	11,594	8,190	58,966	49,847
Premium Earned	8,933	7,895	49,996	48,307
Incurred Losses	10,018	8,496	51,023	52,318
Underwriting & Admin Expense	3,959	2,453	22,184	18,571
<b>Operating Result</b>	<b>(5,044)</b>	<b>(3,054)</b>	<b>(23,211)</b>	<b>(22,582)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(3.4%)</b>	<b>(5.2%)</b>	<b>(14.5%)</b>	<b>(5.3%)</b>
- Current Accident Year	115.5%	112.8%	116.6%	113.6%
<i>Total</i>	<b>112.1%</b>	<b>107.6%</b>	<b>102.1%</b>	<b>108.3%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>44.3%</b>	<b>31.1%</b>	<b>44.4%</b>	<b>38.4%</b>
<b>Combined Operating Ratio</b>	<b>156.4%</b>	<b>138.7%</b>	<b>146.5%</b>	<b>146.7%</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 2018 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 -\$50.0 million and the estimated combined operating ratio to December 2018 is 145.2%, as summarized in the table at the top of the next page. This updated projection to the end of the year has improved by approximately \$0.1 million from the projection provided last month (-\$50.1 million and 146.4%), mainly due to favourable impacts related to a reduction in projected ending unearned premium (reducing ending premium deficiency).

**Bulletin F18-056**  
**Alberta Risk Sharing Pools – June 2018 Operational Reports**

<b>AB Non-Grid RSP 2018 Yr-end Proj.</b>	<b>Current</b>	Prior Mth		Final 2018
<b>Amounts in \$000s</b>	<b>(Jun 2018)</b>	(May 2018)	<b>Change</b>	Outlook*
Premium Written	121,793	121,780	13	101,307
Premium Earned	110,386	108,098	2,288	97,354
Incurred Losses	118,686	116,171	2,515	107,678
Underwriting & Admin Expense	41,664	42,065	(401)	33,362
<b>Net Result from Operations</b>	<b>(49,964)</b>	<b>(50,138)</b>	<b>174</b>	<b>(43,686)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(7.9%)	(7.9%)	0.0%	(4.5%)
- Current Accident Year	115.4%	115.4%	0.0%	115.1%
<i>Total</i>	<b>107.5%</b>	<b>107.5%</b>	<b>0.0%</b>	<b>110.6%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>37.7%</b>	<b>38.9%</b>	<b>(1.2%)</b>	<b>34.3%</b>
<i>Combined Operating Ratio</i>	<b>145.2%</b>	<b>146.4%</b>	<b>(1.2%)</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 -\$5.0 million Operating Result in the month of June 2018, a deterioration of \$2.0 million from the same month last year. This deterioration is composed of a \$0.4 million unfavourable impact associated with the \$1.0 million increase in earned premium (at a combined ratio of 138.7%), with the remaining \$1.6 million deterioration stemming from the overall increase in the combined ratio (from 138.7% to 156.4% applied to \$8.9 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 144.3% at the end of 5 months to 146.5% at the end of 6 months. The 2.2 percentage point increase is composed of a 2.4 percentage point increase in the Prior Accident Years loss ratio, offset by a 0.2 percentage point decrease in the Current Accident Year loss ratio.

Variances from Projections

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

**Bulletin F18–056**  
**Alberta Risk Sharing Pools – June 2018 Operational Reports**

---

June 2018	Actual	Projection	Difference	Difference %
Written Premium	11,594	11,016	578	5.2%
Earned Premium	8,933	8,840	93	1.1%
Reported Losses				
Paid Losses	8,471	7,926	545	6.9%
Paid Expenses	244	319	(75)	(23.5%)
Change in Outstanding Losses	463	(4,567)	5,030	(110.1%)
<b>Total Reported Losses</b>	<b>9,178</b>	<b>3,678</b>	<b>5,500</b>	<b>149.5%</b>
Change in IBNR Provision*	840	6,241	(5,401)	
Change in Premium Deficiency (DPAC)*	443	358	85	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Non-Grid RSP June 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 June 2018, reported losses were \$5.5 million higher than projected. The Current Accident Year had a \$1.0 million unfavourable variance in reported losses, and the Prior Accident Years had a \$4.5 million unfavourable variance. Of the Prior Accident Years, 2017 had the largest variance in reported losses at \$2.8 million unfavourable and Accident Year 2016 at a \$1.2 million unfavourable. No other single Prior Accident Year had a reported loss 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

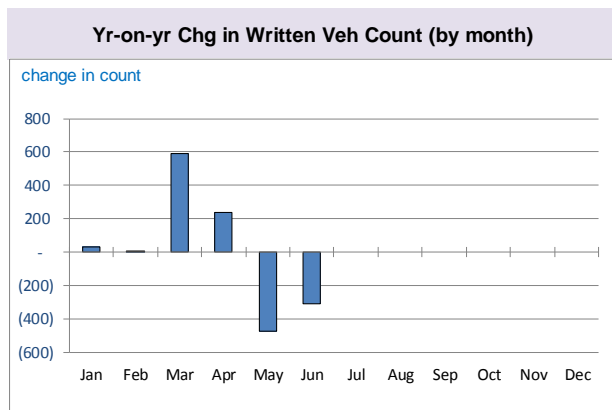
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium 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 Non-Grid RSP June 2018 Operational Report – Actuarial Highlights](#).

### Effect of Quarterly Valuation

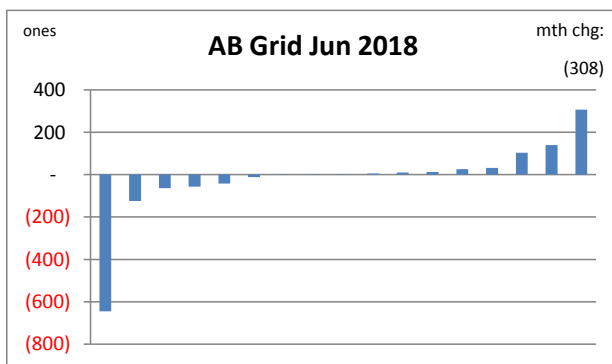
The June 2018 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at March 31, 2018). The actuarial valuation will be updated next as at June 30, 2018 and we anticipate that the results will be reflected in the August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

### Management Comments

#### Alberta Grid

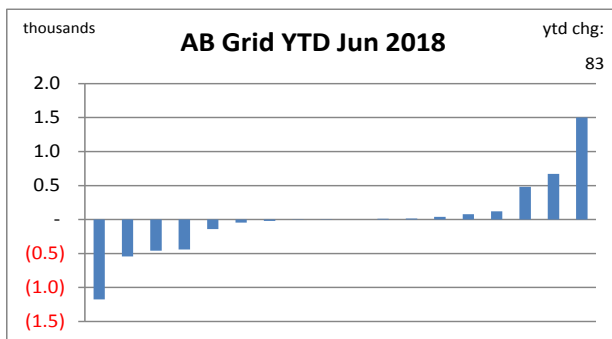


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with June showing a decrease of 308 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 267 vehicles, indicating a variance of 41 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of vehicles to the pool in June 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 68% of the total transfer decrease for these “decliner” members.

Of the 10 member company groups transferring more vehicles, 1 member company group accounted for 48% of the total transfer increases for these “grower” members.

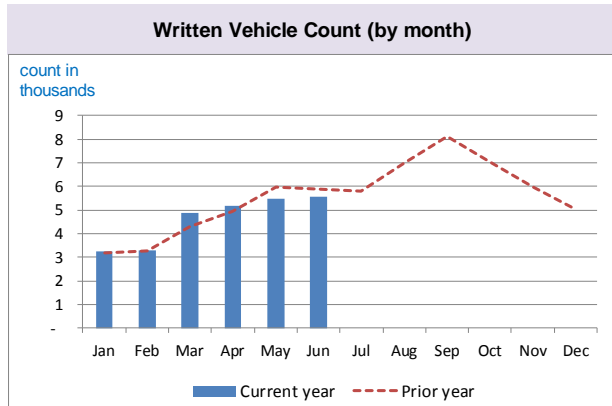


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change

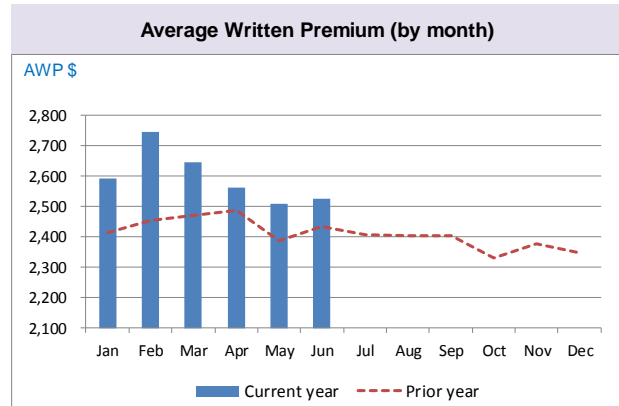
**Bulletin F18-056**  
**Alberta Risk Sharing Pools – June 2018 Operational Reports**

for a single member company group), sorted by magnitude of change.

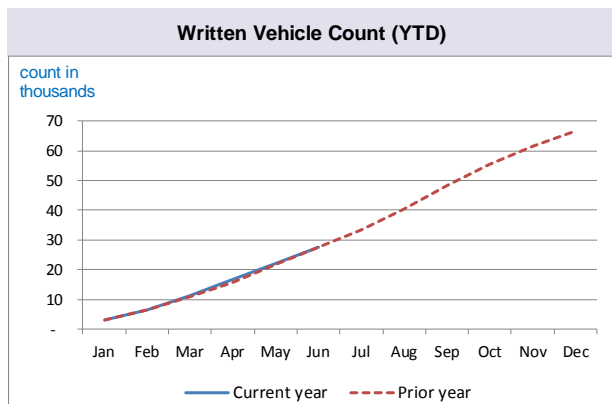
June’s vehicle count transfers to the pool represent a 5.2% decrease from June 2017, but counts were up 0.3% year-to-date. Average written premium was up 3.9% in June 2018 compared with the same month in 2017, and up 6.0% year-to-date (see charts immediately below).



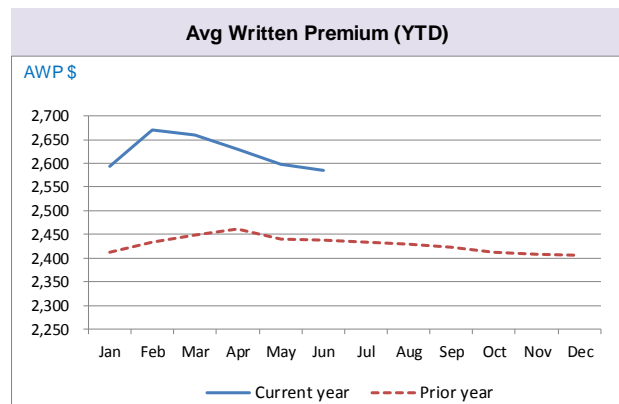
	Jun-18	Jun-17	Amt Chg	% Chg
W. Veh curr mth	5,558	5,866	(308)	-5.2%



	Jun-18	Jun-17	Amt Chg	% Chg
AWP curr mth	2,527	2,433	94	3.9%



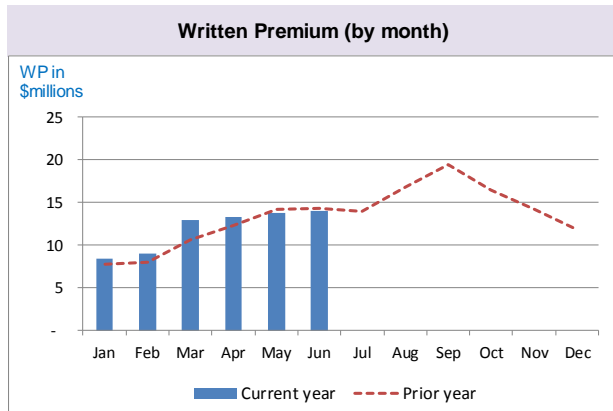
	Jun-18	Jun-17	Amt Chg	% Chg
W. Vehicles YTD	27,635	27,551	83	0.3%



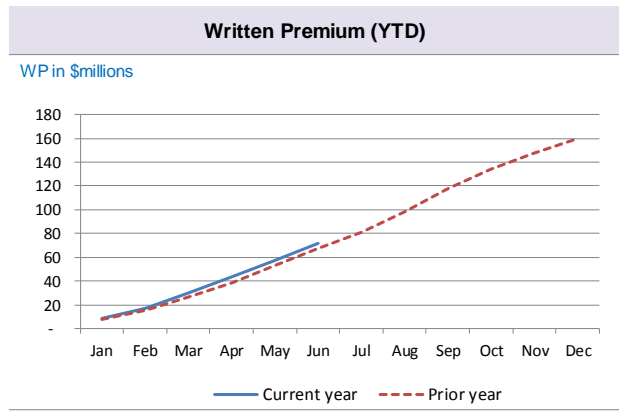
	Jun-18	Jun-17	Amt Chg	% Chg
Avg W. Prem YTD	2,585	2,439	146	6.0%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 1.6% for the month compared with the 5.9% increase we projected last month, but was up 6.3% year-to-date (see charts at the top of the next page).





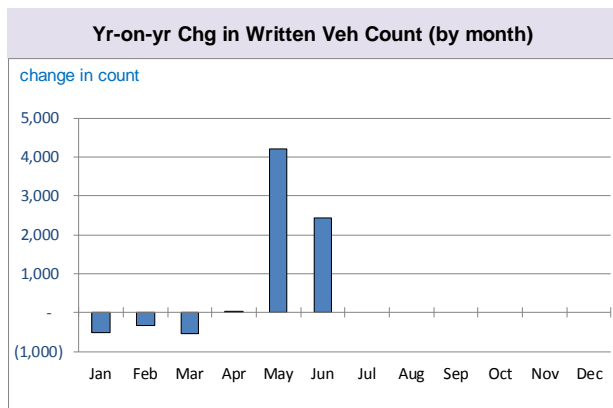
	Jun-18	Jun-17	Amt Chg	% Chg
WP (\$000s) curr mth	14,047	14,275	(229)	-1.6%



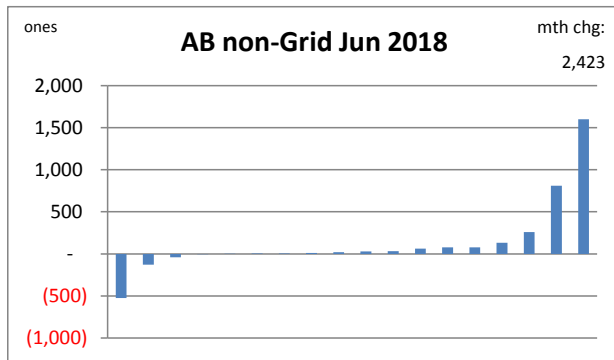
	Jun-18	Jun-17	Amt Chg	% Chg
WP (\$000s) YTD	71,432	67,201	4,230	6.3%

**Alberta Non-Grid**

For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents member groups from exceeding their transfer limits during a calendar year. However, member groups can transfer their entire limit for a given year at any time throughout the year including, for example, the last day of that year. **Our current projection has the 2018 vehicle count up 18.1% from 2017**, being 2.8% of the 2017 industry private passenger vehicle count (excluding farmers) and the 2016 industry private passenger vehicle farmers count (as we don't have an industry count for farmers yet for 2017, we continue to use the 2016 count as a proxy). There is the potential for the transferred vehicle count to change dramatically and quickly if member companies choose to take full advantage of their transfer limits.

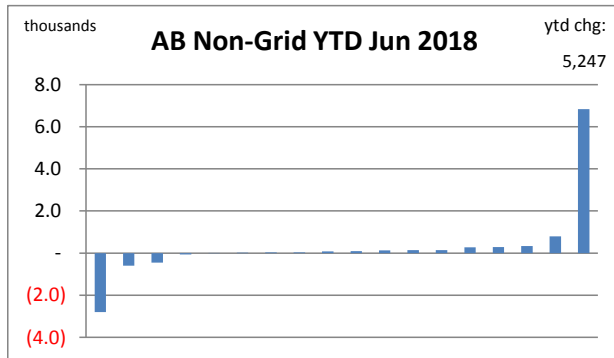


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with June showing an increase of 2,423 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 4,470 vehicles, indicating a variance of 2,047 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 June than projected.



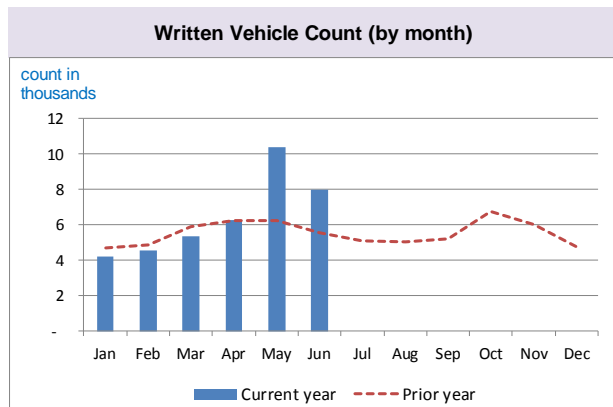
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Four member company groups transferred fewer vehicles to the pool this month compared to a year ago, while fourteen transferred more. Of the 4 member company groups transferring fewer vehicles, 1 member company group accounted for 75% of the total transfer decrease for these “decliner” members.

Of the 14 member company groups transferring more vehicles, 2 member company groups accounted for 77% of the total transfers increase for these “grower” members.

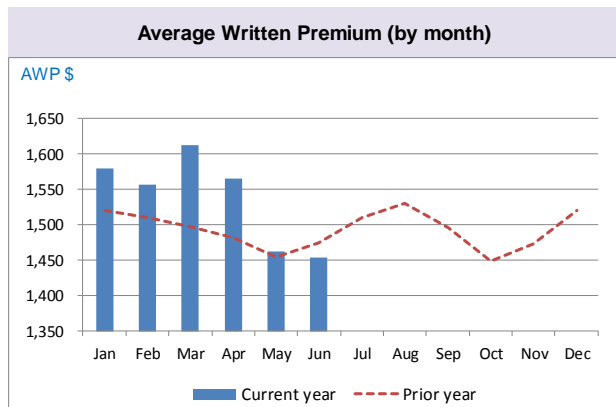


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

June’s vehicle count transfers to the pool represent a 43.6% increase from June 2017, and counts were up 15.7% year-to-date. Average written premium was down 1.4% in June 2018 compared with the same month in 2017, but counts were up 2.3% year-to-date (see charts immediately below and at the top of the next page).

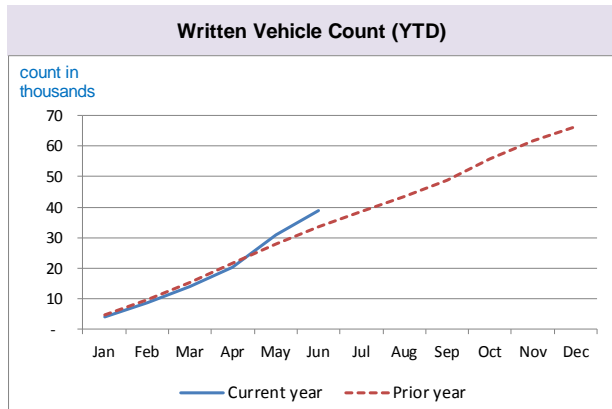


	Jun-18	Jun-17	Amt Chg	% Chg
W. Veh curr mth	7,975	5,552	2,423	43.6%

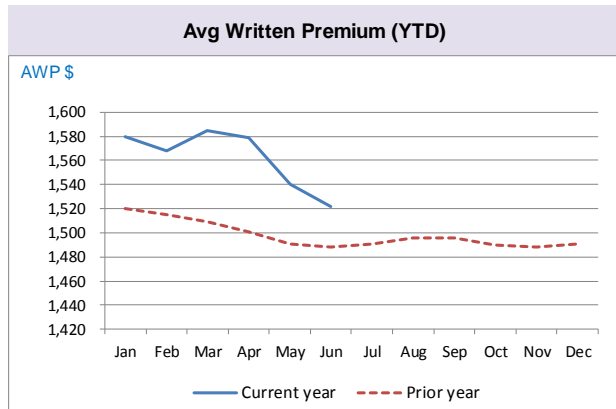


	Jun-18	Jun-17	Amt Chg	% Chg
AWP curr mth	1,454	1,475	(21)	-1.4%

**Bulletin F18-056**  
**Alberta Risk Sharing Pools – June 2018 Operational Reports**

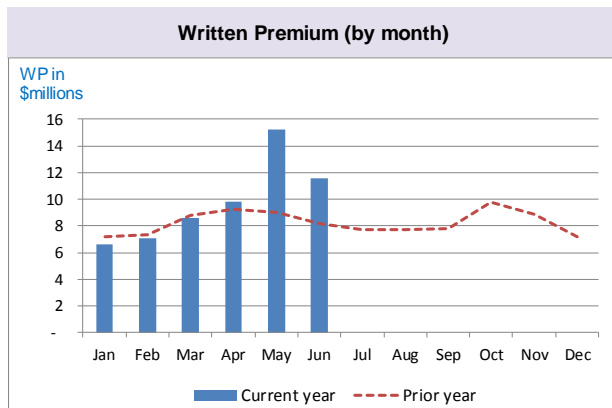


	Jun-18	Jun-17	Amt Chg	% Chg
W. Vehicles YTD	38,745	33,497	5,247	15.7%

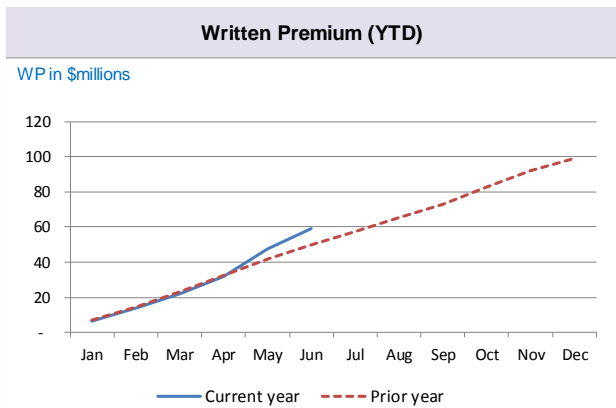


	Jun-18	Jun-17	Amt Chg	% Chg
Avg W. Prem YTD	1,522	1,488	34	2.3%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 41.6% for the month compared with the 102.6% increase we projected last month, and was up 18.3% year-to-date (see charts immediately below).



	Jun-18	Jun-17	Amt Chg	% Chg
WP (\$000s) curr mth	11,594	8,190	3,405	41.6%



	Jun-18	Jun-17	Amt Chg	% Chg
WP (\$000s) YTD	58,967	49,847	9,120	18.3%

Should you require any further information, please call Norm Seeney, Vice President, Finance and Member Services at (416) 644-4914.

David J. Simpson, M.B.A., FCIP, C. Dir.  
 President & CEO

**Bulletin F18-056**  
**Alberta Risk Sharing Pools – June 2018 Operational Reports**

---

**Related Links:**

Alberta Grid RSP:

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

Alberta Non-Grid RSP:

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

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2018**

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 6 Months Ended June 30, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
<b>Underwriting Revenue:</b>									
Net Premiums Written	\$8,379	\$8,986	\$12,966	\$13,305	\$13,749	\$14,047	\$71,432	\$150,974	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	772	(23)	579	(703)	9,049	11,915	(10,517)
<b>Net Premiums Earned</b>	<b>\$13,590</b>	<b>\$12,199</b>	<b>\$13,738</b>	<b>\$13,282</b>	<b>\$14,328</b>	<b>\$13,344</b>	<b>\$80,481</b>	<b>\$162,889</b>	<b>\$149,448</b>
<b>Claims Incurred:</b>									
Prior Accident Years:									
Undiscounted	(\$318)	(\$292)	\$8,574	(\$276)	(\$1,565)	(\$211)	\$5,912	\$5,912	\$21,037
Effect of Discounting	(68)	(629)	1,625	(502)	(1,963)	(706)	(\$2,243)	(4,881)	(14,503)
Discounted	(\$386)	(\$921)	\$10,199	(\$778)	(\$3,528)	(\$917)	\$3,669	\$1,031	\$6,534
Current Accident Year:									
Undiscounted	\$11,970	\$10,743	\$13,963	\$12,317	\$13,615	\$12,468	\$75,076	\$150,796	\$135,791
Effect of Discounting	740	544	713	551	337	487	\$3,372	5,914	5,930
Discounted	\$12,710	\$11,287	\$14,676	\$12,868	\$13,952	\$12,955	\$78,448	\$156,710	\$141,721
<b>Claims Incurred</b>	<b>\$12,324</b>	<b>\$10,366</b>	<b>\$24,875</b>	<b>\$12,090</b>	<b>\$10,424</b>	<b>\$12,038</b>	<b>\$82,117</b>	<b>\$157,741</b>	<b>\$148,255</b>
<b>Underwriting Expenses:</b>									
Expense Allowance	\$2,499	\$2,670	\$3,853	\$3,956	\$4,085	\$4,174	\$21,237	\$44,860	\$46,180
Change in UPDR/DPAC:									
Undiscounted	731	463	4,181	61	945	(35)	6,346	6,746	4,959
Effect of Discounting	(266)	(163)	286	5	(381)	37	(482)	(618)	(1,106)
Discounted	465	300	4,467	66	564	2	\$5,864	6,128	\$3,853
<b>Underwriting Expenses</b>	<b>\$2,964</b>	<b>\$2,970</b>	<b>\$8,320</b>	<b>\$4,022</b>	<b>\$4,649</b>	<b>\$4,176</b>	<b>\$27,101</b>	<b>50,988</b>	<b>\$50,033</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$1,698)</b>	<b>(\$1,137)</b>	<b>(\$19,457)</b>	<b>(\$2,830)</b>	<b>(\$745)</b>	<b>(\$2,870)</b>	<b>(\$28,737)</b>	<b>(\$45,840)</b>	<b>(\$48,840)</b>
<b>Administrative Expenses</b>	<b>\$70</b>	<b>\$97</b>	<b>\$101</b>	<b>\$82</b>	<b>\$96</b>	<b>\$75</b>	<b>\$521</b>	<b>\$1,019</b>	<b>\$979</b>
<b>Operating Result</b>	<b>(\$1,768)</b>	<b>(\$1,234)</b>	<b>(\$19,558)</b>	<b>(\$2,912)</b>	<b>(\$841)</b>	<b>(\$2,945)</b>	<b>(\$29,258)</b>	<b>(\$46,859)</b>	<b>(\$49,819)</b>
<b>Ratios:</b>									
<b>Claims &amp; Expenses Incurred (Earned)</b>									
Prior Accident Years	-2.8%	-7.5%	74.2%	-5.9%	-24.6%	-6.9%	4.6%	0.6%	4.4%
Current Accident Year	93.5%	92.5%	106.8%	96.9%	97.4%	97.1%	97.5%	96.2%	94.8%
All Accident Years Combined (Earned)	90.7%	85.0%	181.0%	91.0%	72.8%	90.2%	102.1%	96.8%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	25.1%	61.3%	30.9%	33.1%	31.9%	34.3%	31.9%	34.1%
<b>Combined Operating Ratio</b>	<b>113.0%</b>	<b>110.1%</b>	<b>242.3%</b>	<b>121.9%</b>	<b>105.9%</b>	<b>122.1%</b>	<b>136.4%</b>	<b>128.7%</b>	<b>133.3%</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 2018**  
**Risk Sharing Pool - Alberta (Non-Grid)**  
**Operating Results for the 6 Months Ended June 30, 2018 (Discounted basis)**  
**Source: Monthly Operational Report**  
**(thousands of dollars)**

EXHIBIT 2

	January	February	March	April	May	June	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
<b>Underwriting Revenue:</b>									
Net Premiums Written	\$6,627	\$7,087	\$8,608	\$9,819	\$15,231	\$11,594	\$58,966	\$121,793	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	(270)	(1,671)	(6,421)	(2,661)	(8,970)	(11,407)	(2,088)
<b>Net Premiums Earned</b>	<b>\$8,291</b>	<b>\$7,476</b>	<b>\$8,338</b>	<b>\$8,148</b>	<b>\$8,810</b>	<b>\$8,933</b>	<b>\$49,996</b>	<b>\$110,386</b>	<b>\$96,919</b>
<b>Claims Incurred:</b>									
Prior Accident Years:									
Undiscounted	(\$129)	(\$107)	(\$6,428)	(\$45)	\$1,812	(\$20)	(\$4,917)	(\$4,917)	\$6,938
Effect of Discounting	(129)	(301)	(452)	(245)	(926)	(282)	(2,335)	(3,771)	(9,421)
Discounted	(\$258)	(\$408)	(\$6,880)	(\$290)	\$886	(\$302)	(\$7,252)	(\$8,688)	(\$2,483)
Current Accident Year:									
Undiscounted	\$8,890	\$8,011	\$9,540	\$8,884	\$10,684	\$9,954	\$55,963	\$123,115	\$109,961
Effect of Discounting	533	363	400	367	283	366	2,312	4,259	4,086
Discounted	\$9,423	\$8,374	\$9,940	\$9,251	\$10,967	\$10,320	\$58,275	\$127,374	\$114,047
<b>Claims Incurred</b>	<b>\$9,165</b>	<b>\$7,966</b>	<b>\$3,060</b>	<b>\$8,961</b>	<b>\$11,853</b>	<b>\$10,018</b>	<b>\$51,023</b>	<b>\$118,686</b>	<b>\$111,564</b>
<b>Underwriting Expenses:</b>									
Expense Allowance	\$1,971	\$2,105	\$2,557	\$2,917	\$4,524	\$3,444	\$17,518	\$36,177	\$28,599
Change in UPDR/DPAC:									
Undiscounted	(97)	(3)	1,358	210	1,923	285	3,676	3,734	3,745
Effect of Discounting	(101)	(22)	157	110	161	158	463	595	(918)
Discounted	(198)	(25)	1,515	320	2,084	443	4,139	4,329	\$2,827
<b>Underwriting Expenses</b>	<b>\$1,773</b>	<b>\$2,080</b>	<b>\$4,072</b>	<b>\$3,237</b>	<b>\$6,608</b>	<b>\$3,887</b>	<b>\$21,657</b>	<b>\$40,506</b>	<b>\$31,426</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$2,647)</b>	<b>(\$2,570)</b>	<b>\$1,206</b>	<b>(\$4,050)</b>	<b>(\$9,651)</b>	<b>(\$4,972)</b>	<b>(\$22,684)</b>	<b>(\$48,806)</b>	<b>(\$46,071)</b>
<b>Administrative Expenses</b>	<b>\$71</b>	<b>\$98</b>	<b>\$106</b>	<b>\$83</b>	<b>\$97</b>	<b>\$72</b>	<b>\$527</b>	<b>\$1,158</b>	<b>\$981</b>
<b>Operating Result</b>	<b>(\$2,718)</b>	<b>(\$2,668)</b>	<b>\$1,100</b>	<b>(\$4,133)</b>	<b>(\$9,748)</b>	<b>(\$5,044)</b>	<b>(\$23,211)</b>	<b>(\$49,964)</b>	<b>(\$47,052)</b>
<b>Ratios:</b>									
<b>Claims &amp; Expenses Incurred (Earned)</b>									
Prior Accident Years	-3.1%	-5.5%	-82.5%	-3.6%	10.1%	-3.4%	-14.5%	-7.9%	-2.6%
Current Accident Year	113.7%	112.0%	119.2%	113.5%	124.5%	115.5%	116.6%	115.4%	117.7%
All Accident Years Combined	110.6%	106.5%	36.7%	109.9%	134.6%	112.1%	102.1%	107.5%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	29.1%	50.1%	40.7%	76.1%	44.3%	44.4%	37.7%	33.4%
<b>Combined Operating Ratio</b>	<b>132.8%</b>	<b>135.6%</b>	<b>86.8%</b>	<b>150.6%</b>	<b>210.7%</b>	<b>156.4%</b>	<b>146.5%</b>	<b>145.2%</b>	<b>148.5%</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