

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F18 – 061

DATE: AUGUST 30, 2018

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

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

Please be advised that the July 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 -\$32.2 million and the incurred loss ratio to the end of 7 months is 100.6%, as summarized in the table below.

Amounts in \$000s	July 2018	July 2017	Year to date Jul 2018	Year to Date Jul 2017
Premium Written	12,978	13,957	84,410	81,158
Premium Earned	13,881	12,594	94,362	84,295
Incurred Losses	12,853	10,910	94,970	88,554
Underwriting & Admin Expense	3,984	3,983	31,606	30,660
Operating Result	(2,956)	(2,299)	(32,214)	(34,919)
Ratios:				
Loss ratio - Prior Accident Years	(3.3%)	(5.4%)	3.4%	11.4%
- Current Accident Year	95.9%	92.0%	97.2%	93.7%
<i>Total</i>	92.6%	86.6%	100.6%	105.1%
Underwriting & Admin Expense	28.7%	31.6%	33.5%	36.4%
Combined Operating Ratio	121.3%	118.2%	134.1%	141.5%

rounding differences may occur

Bulletin F18-061
Alberta Risk Sharing Pools – July 2018 Operational Reports

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 -\$46.5 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 (-\$46.9 million and 128.7%).

AB Grid RSP 2018 Yr-end Projection Amounts in \$000s	Current (Jul 2018)	Prior Mth (Jun 2018)	Change	Final 2018 Outlook*
Premium Written	149,648	150,974	(1,326)	189,665
Premium Earned	161,672	162,889	(1,217)	184,393
Incurred Losses	156,527	157,741	(1,214)	167,321
Underwriting & Admin Expense	51,602	52,007	(405)	59,423
Net Result from Operations	(46,457)	(46,859)	402	(42,351)
Ratios:				
Loss ratio - Prior Accident Years	0.5%	0.6%	(0.1%)	(3.9%)
- Current Accident Year	96.3%	96.2%	0.1%	94.6%
<i>Total</i>	96.8%	96.8%	0.0%	90.7%
Underwriting & Admin Expense	31.9%	31.9%	0.0%	32.2%
Combined Operating Ratio	128.7%	128.7%	0.0%	122.9%

rounding differences may occur

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

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$3.0 million Operating Result in the month of July 2018, a deterioration of \$0.7 million compared with the same month last year. This deterioration is composed of an estimated \$0.3 million unfavourable impact associated with the \$1.3 million increase in earned premium (at a combined ratio of 118.2%), with the remaining \$0.4 million deterioration stemming from the overall increase in the combined ratio (from 118.2% to 121.3% applied to \$13.9 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 136.4% at the end of 6 months to 134.1% at the end of 7 months. The 2.3 percentage point decrease is composed of a 1.2 percentage point decrease in the Prior Accident Years loss ratio, coupled with a 0.3 percentage point decrease in the Current Accident Year loss ratio, and a 0.8 percentage point decrease in the expense ratio.

Bulletin F18–061
Alberta Risk Sharing Pools – July 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.

July 2018	Actual	Projection	Difference	Difference %
Written Premium	12,978	14,303	(1,325)	(9.3%)
Earned Premium	13,881	14,126	(245)	(1.7%)
Reported Losses				
Paid Losses	10,053	9,926	127	1.3%
Paid Expenses	353	967	(614)	(63.5%)
Change in Outstanding Losses	566	818	(252)	(30.8%)
Total Reported Losses	10,972	11,711	(739)	(6.3%)
Change in IBNR Provision*	1,881	1,345	536	
Change in Premium Deficiency (DPAC)*	49	18	31	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Grid RSP July 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 July 2018, reported losses were \$0.7 million lower than projected. The Current Accident Year reported a favourable variance of \$0.5 million, and the Prior Accident Years reported a favourable variance of approximately \$0.2 million. No single Prior Accident Year had a 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 Grid RSP July 2018 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation

The July 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

Bulletin F18-061**Alberta Risk Sharing Pools – July 2018 Operational Reports**

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 -\$27.1 million and the incurred loss ratio to the end of 7 months is 103.8%, as summarized in the table below.

Amounts in \$000s	July 2018	July 2017	Year to date Jul 2018	Year to Date Jul 2017
Premium Written	9,008	7,738	67,974	57,585
Premium Earned	9,287	8,246	59,283	56,553
Incurred Losses	10,503	8,875	61,526	61,193
Underwriting & Admin Expense	2,682	2,206	24,866	20,777
Operating Result	(3,898)	(2,835)	(27,109)	(25,417)
Ratios:				
Loss ratio - Prior Accident Years	(2.2%)	(3.9%)	(12.6%)	(5.1%)
- Current Accident Year	115.3%	111.5%	116.4%	113.3%
<i>Total</i>	113.1%	107.6%	103.8%	108.2%
Underwriting & Admin Expense	28.9%	26.8%	41.9%	36.7%
Combined Operating Ratio	142.0%	134.4%	145.7%	144.9%

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 -\$46.1 million and the estimated combined operating ratio to December 2018 is 143.3%, as summarized in the table at the top of the next page. This updated projection to the end of the year has improved by \$3.9 million from the projection provided last month (-\$50.0 million and 145.2%). This improvement is driven by an \$8.2 million decrease in the projected written premium for the year.

Bulletin F18-061
Alberta Risk Sharing Pools – July 2018 Operational Reports

AB Non-Grid RSP 2018 Yr-end Proj. Amounts in \$000s	Current (Jul 2018)	Prior Mth (Jun 2018)	Change	Final 2018 Outlook*
Premium Written	113,583	121,793	(8,210)	101,307
Premium Earned	106,593	110,386	(3,793)	97,354
Incurred Losses	114,303	118,686	(4,383)	107,678
Underwriting & Admin Expense	38,381	41,664	(3,283)	33,362
Net Result from Operations	(46,091)	(49,964)	3,873	(43,686)
Ratios:				
Loss ratio - Prior Accident Years	(8.1%)	(7.9%)	(0.2%)	(4.5%)
- Current Accident Year	115.4%	115.4%	0.0%	115.1%
<i>Total</i>	107.3%	107.5%	(0.2%)	110.6%
Underwriting & Admin Expense	36.0%	37.7%	(1.7%)	34.3%
Combined Operating Ratio	143.3%	145.2%	(1.9%)	144.9%

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 -\$3.9 million Operating Result in the month of July 2018, a deterioration of \$1.1 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 134.4%), with the remaining \$0.7 million deterioration stemming from the overall increase in the combined ratio (from 134.4% to 142.0% applied to \$9.3 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 146.5% at the end of 6 months to 145.7% at the end of 7 months. The 0.8 percentage point decrease is composed of a 0.2 percentage point decrease in the Current Accident Year loss ratio and a 2.5 percentage point decrease in the expense ratio, offset by a 1.9 percentage point increase in the Prior Accident Years 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.

July 2018	Actual	Projection	Difference	Difference %
Written Premium	9,008	15,677	(6,669)	(42.5%)
Earned Premium	9,287	9,905	(618)	(6.2%)
Reported Losses				
Paid Losses	7,264	8,449	(1,185)	(14.0%)
Paid Expenses	177	448	(271)	(60.5%)
Change in Outstanding Losses	(1,922)	916	(2,838)	(309.8%)
Total Reported Losses	5,519	9,813	(4,294)	(43.8%)
Change in IBNR Provision*	4,984	1,320	3,664	
Change in Premium Deficiency (DPAC)*	(77)	972	(1,049)	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Non-Grid RSP July 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 July 2018, reported losses were \$4.3 million lower than projected. The Current Accident Year had a \$2.7 million favourable variance in reported losses, and the Prior Accident Years had a \$1.6 million favourable variance. No 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 both the Current Accident Year and 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

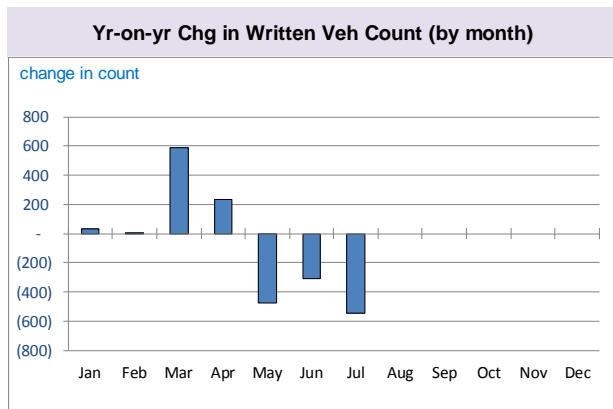
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

Effect of Quarterly Valuation

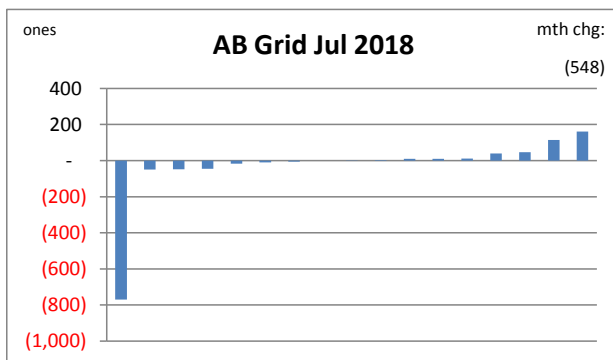
The July 2018 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at March 31, 2018). The actuarial valuation will be updated next as at June 30, 2018 and we anticipate that the results will be reflected in the August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

Management Comments

Alberta Grid

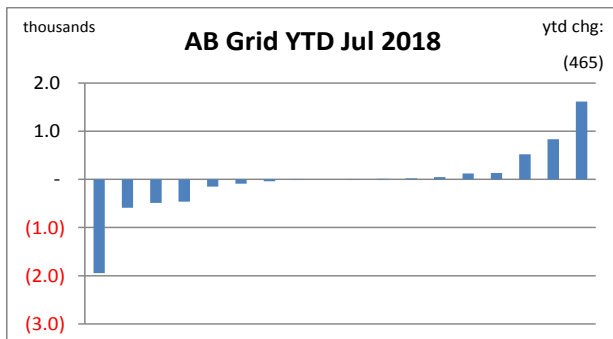


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with July showing a decrease of 548 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 405 vehicles, indicating a variance of 143 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 July 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 nine transferred more and one remained the same.

Of the 7 member company groups transferring fewer vehicles, 1 member company group accounted for 81% of the total transfer decrease for these “decliner” members. Of the 9 member company groups transferring more vehicles, 2 member company groups accounted for 69% of the total transfer increases for these “grower” members.



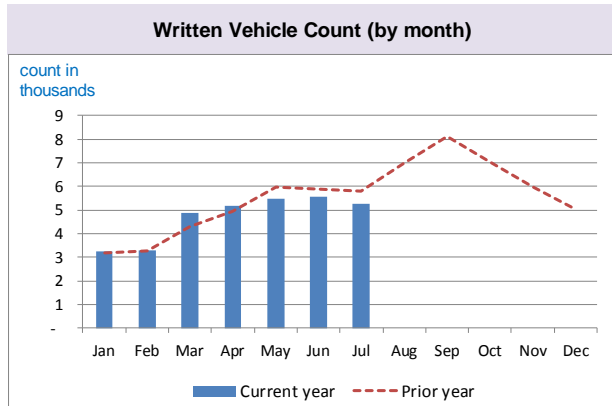
The chart on the left presents the same information as the previous chart, but on a year-to-date basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change

Bulletin F18-061

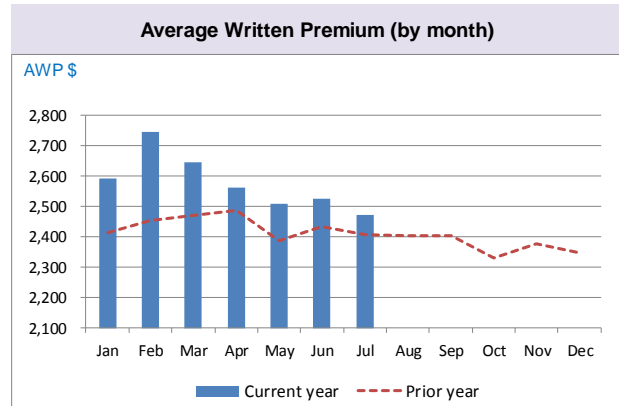
Alberta Risk Sharing Pools – July 2018 Operational Reports

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

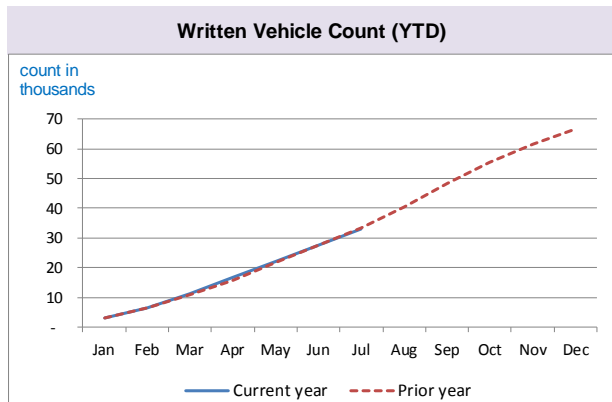
July’s vehicle count transfers to the pool represent a 9.5% decrease from July 2017, and counts were down 1.4% year-to-date. Average written premium was up 2.7% in July 2018 compared with the same month in 2017, and up 5.5% year-to-date (see charts immediately below).



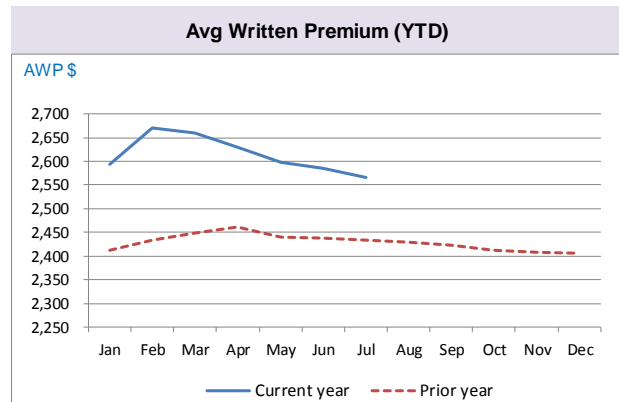
	Jul-18	Jul-17	Amt Chg	% Chg
W. Veh curr mth	5,245	5,794	(548)	-9.5%



	Jul-18	Jul-17	Amt Chg	% Chg
AWP curr mth	2,474	2,409	65	2.7%

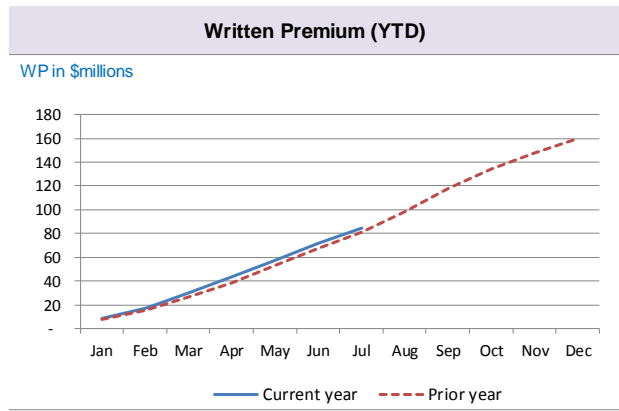
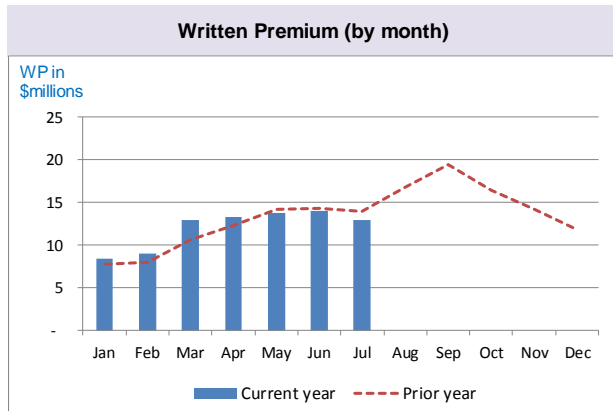


	Jul-18	Jul-17	Amt Chg	% Chg
W. Vehicles YTD	32,880	33,345	(465)	-1.4%



	Jul-18	Jul-17	Amt Chg	% Chg
Avg W. Prem YTD	2,567	2,434	133	5.5%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 7.0% for the month compared with the 2.5% increase we projected last month, but was up 4.0% year-to-date (see charts at the top of the next page).

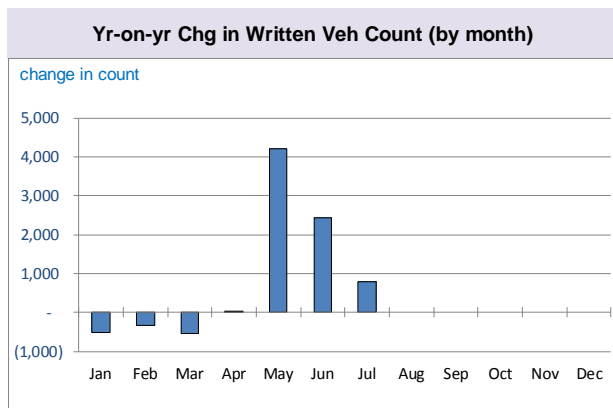


	Jul-18	Jul-17	Amt Chg	% Chg
WP (\$000s) curr mth	12,978	13,957	(979)	-7.0%

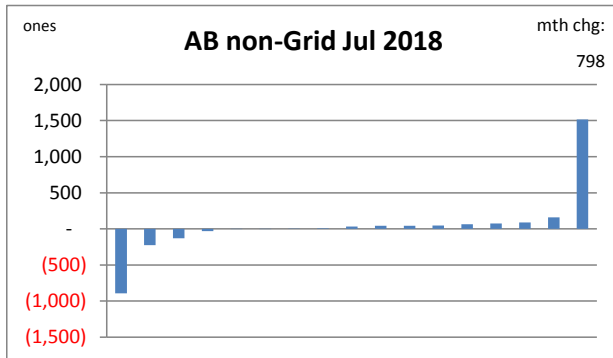
	Jul-18	Jul-17	Amt Chg	% Chg
WP (\$000s) YTD	84,410	81,158	3,252	4.0%

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 11.1% from 2017**, being 2.6% 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.

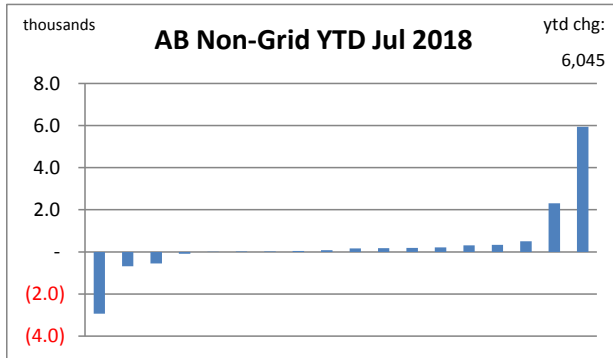


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with June showing an increase of 798 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 4,470 vehicles, indicating a variance of 3,672 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 July than projected.



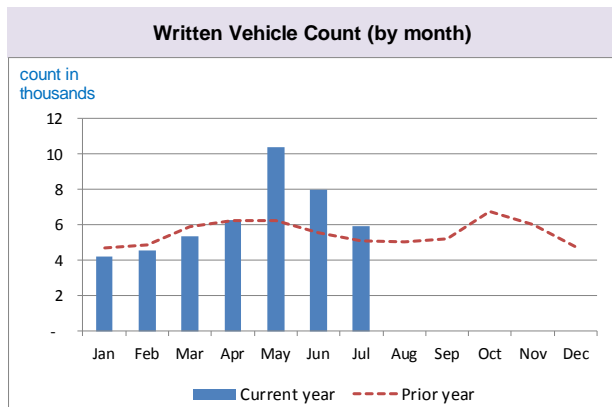
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Six member company groups transferred fewer vehicles to the pool this month compared to a year ago, while eleven transferred more. Of the 6 member company groups transferring fewer vehicles, 1 member company group accounted for 70% of the total transfer decrease for these “decliner” members.

Of the 11 member company groups transferring more vehicles, 1 member company group accounted for 73% of the total transfers increase for these “grower” members.

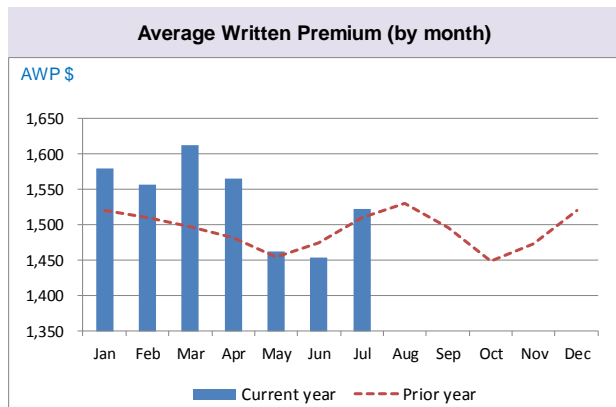


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

July’s vehicle count transfers to the pool represent a 15.6% increase from July 2017, and counts were up 15.7% year-to-date. Average written premium was up 0.7% in July 2018 compared with the same month in 2017, and up 2.1% year-to-date (see charts immediately below and at the top of the next page).

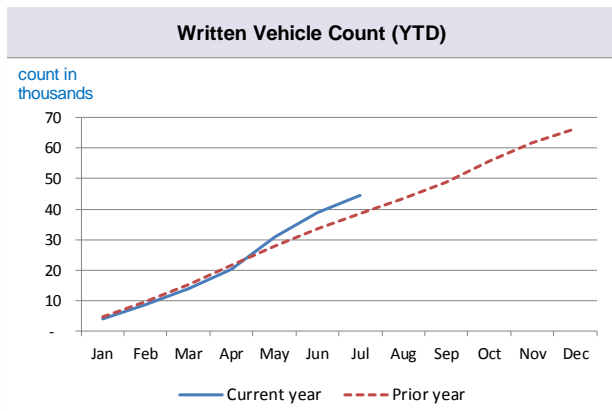


	Jul-18	Jul-17	Amt Chg	% Chg
W. Veh curr mth	5,920	5,122	798	15.6%

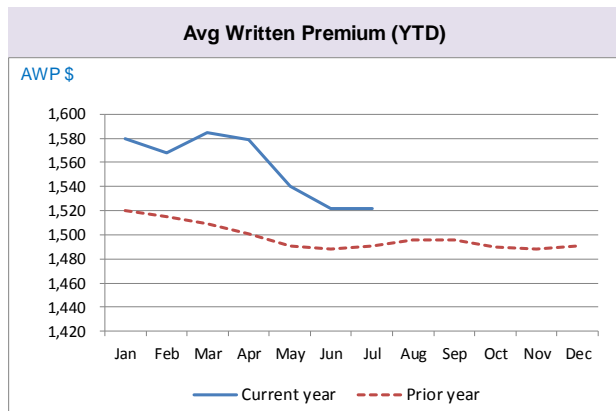


	Jul-18	Jul-17	Amt Chg	% Chg
AWP curr mth	1,522	1,511	11	0.7%

Bulletin F18-061
Alberta Risk Sharing Pools – July 2018 Operational Reports

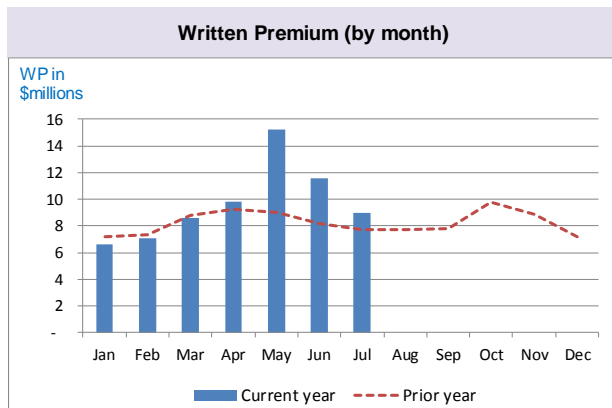


	Jul-18	Jul-17	Amt Chg	% Chg
W. Vehicles YTD	44,664	38,620	6,045	15.7%

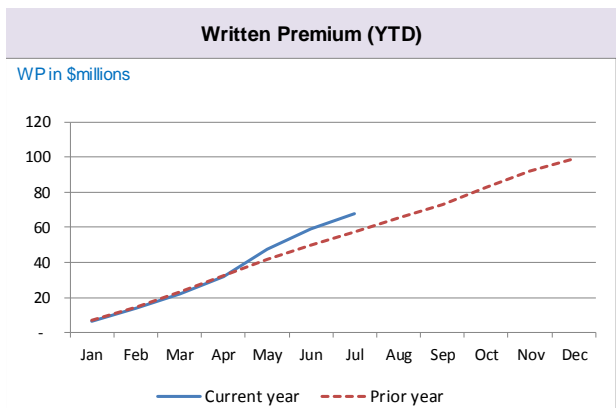


	Jul-18	Jul-17	Amt Chg	% Chg
Avg W. Prem YTD	1,522	1,491	31	2.1%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 16.4% for the month compared with the 102.6% increase we projected last month, and was up 18.0% year-to-date (see charts immediately below).



	Jul-18	Jul-17	Amt Chg	% Chg
WP (\$000s) curr mth	9,008	7,738	1,269	16.4%



	Jul-18	Jul-17	Amt Chg	% Chg
WP (\$000s) YTD	67,974	57,585	10,389	18.0%

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

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

Bulletin F18-061
Alberta Risk Sharing Pools – July 2018 Operational Reports

Related Links:

Alberta Grid RSP:

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

Alberta Non-Grid RSP:

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

SUMMARY OF OPERATIONS - CALENDAR YEAR 2018

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 7 Months Ended July 31, 2018 (Discounted basis)

Source: *Monthly Operational Report*

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
Underwriting Revenue:										
Net Premiums Written	\$8,379	\$8,986	\$12,966	\$13,305	\$13,749	\$14,047	\$12,978	\$84,410	\$149,648	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	772	(23)	579	(703)	903	9,952	12,024	(10,517)
Net Premiums Earned	\$13,590	\$12,199	\$13,738	\$13,282	\$14,328	\$13,344	\$13,881	\$94,362	\$161,672	\$149,448
Claims Incurred:										
Prior Accident Years:										
Undiscounted	(\$318)	(\$292)	\$8,574	(\$276)	(\$1,565)	(\$211)	(\$8)	\$5,904	\$5,904	\$21,037
Effect of Discounting	(68)	(629)	1,625	(502)	(1,963)	(706)	(456)	(\$2,699)	(5,028)	(14,503)
Discounted	(\$386)	(\$921)	\$10,199	(\$778)	(\$3,528)	(\$917)	(\$464)	\$3,205	\$876	\$6,534
Current Accident Year:										
Undiscounted	\$11,970	\$10,743	\$13,963	\$12,317	\$13,615	\$12,468	\$12,769	\$87,845	\$149,689	\$135,791
Effect of Discounting	740	544	713	551	337	487	548	\$3,920	5,962	5,930
Discounted	\$12,710	\$11,287	\$14,676	\$12,868	\$13,952	\$12,955	\$13,317	\$91,765	\$155,651	\$141,721
Claims Incurred	\$12,324	\$10,366	\$24,875	\$12,090	\$10,424	\$12,038	\$12,853	\$94,970	\$156,527	\$148,255
Underwriting Expenses:										
Expense Allowance	\$2,499	\$2,670	\$3,853	\$3,956	\$4,085	\$4,174	\$3,855	\$25,092	\$44,467	\$46,180
Change in UPDR/DPAC:										
Undiscounted	731	463	4,181	61	945	(35)	93	6,439	6,754	4,959
Effect of Discounting	(266)	(163)	286	5	(381)	37	(44)	(526)	(623)	(1,106)
Discounted	465	300	4,467	66	564	2	49	\$5,913	6,131	\$3,853
Underwriting Expenses	\$2,964	\$2,970	\$8,320	\$4,022	\$4,649	\$4,176	\$3,904	\$31,005	50,598	\$50,033
Net Underwriting Gain (Loss)	(\$1,698)	(\$1,137)	(\$19,457)	(\$2,830)	(\$745)	(\$2,870)	(\$2,876)	(\$31,613)	(\$45,453)	(\$48,840)
Administrative Expenses	\$70	\$97	\$101	\$82	\$96	\$75	\$80	\$601	\$1,004	\$979
Operating Result	(\$1,768)	(\$1,234)	(\$19,558)	(\$2,912)	(\$841)	(\$2,945)	(\$2,956)	(\$32,214)	(\$46,457)	(\$49,819)
Ratios:										
Claims & Expenses Incurred (Earned)										
Prior Accident Years	-2.8%	-7.5%	74.2%	-5.9%	-24.6%	-6.9%	-3.3%	3.4%	0.5%	4.4%
Current Accident Year	93.5%	92.5%	106.8%	96.9%	97.4%	97.1%	95.9%	97.2%	96.3%	94.8%
All Accident Years Combined (Earned)	90.7%	85.0%	181.0%	91.0%	72.8%	90.2%	92.6%	100.6%	96.8%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	25.1%	61.3%	30.9%	33.1%	31.9%	28.7%	33.5%	31.9%	34.1%
Combined Operating Ratio	113.0%	110.1%	242.3%	121.9%	105.9%	122.1%	121.3%	134.1%	128.7%	133.3%

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 7 Months Ended July 31, 2018 (Discounted basis)
Source: Monthly Operational Report
(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
Underwriting Revenue:										
Net Premiums Written	\$6,627	\$7,087	\$8,608	\$9,819	\$15,231	\$11,594	\$9,008	\$67,974	\$113,583	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	(270)	(1,671)	(6,421)	(2,661)	279	(8,691)	(6,990)	(2,088)
Net Premiums Earned	\$8,291	\$7,476	\$8,338	\$8,148	\$8,810	\$8,933	\$9,287	\$59,283	\$106,593	\$96,919
Claims Incurred:										
Prior Accident Years:										
Undiscounted	(\$129)	(\$107)	(\$6,428)	(\$45)	\$1,812	(\$20)	\$26	(\$4,891)	(\$4,890)	\$6,938
Effect of Discounting	(129)	(301)	(452)	(245)	(926)	(282)	(231)	(2,566)	(3,789)	(9,421)
Discounted	(\$258)	(\$408)	(\$6,880)	(\$290)	\$886	(\$302)	(\$205)	(\$7,457)	(\$8,679)	(\$2,483)
Current Accident Year:										
Undiscounted	\$8,890	\$8,011	\$9,540	\$8,884	\$10,684	\$9,954	\$10,299	\$66,262	\$118,869	\$109,961
Effect of Discounting	533	363	400	367	283	366	409	2,721	4,113	4,086
Discounted	\$9,423	\$8,374	\$9,940	\$9,251	\$10,967	\$10,320	\$10,708	\$68,983	\$122,982	\$114,047
Claims Incurred	\$9,165	\$7,966	\$3,060	\$8,961	\$11,853	\$10,018	\$10,503	\$61,526	\$114,303	\$111,564
Underwriting Expenses:										
Expense Allowance	\$1,971	\$2,105	\$2,557	\$2,917	\$4,524	\$3,444	\$2,676	\$20,194	\$33,740	\$28,599
Change in UPDR/DPAC:										
Undiscounted	(97)	(3)	1,358	210	1,923	285	(57)	3,619	3,240	3,745
Effect of Discounting	(101)	(22)	157	110	161	158	(20)	443	333	(918)
Discounted	(198)	(25)	1,515	320	2,084	443	(77)	4,062	3,573	\$2,827
Underwriting Expenses	\$1,773	\$2,080	\$4,072	\$3,237	\$6,608	\$3,887	\$2,599	\$24,256	\$37,313	\$31,426
Net Underwriting Gain (Loss)	(\$2,647)	(\$2,570)	\$1,206	(\$4,050)	(\$9,651)	(\$4,972)	(\$3,815)	(\$26,499)	(\$45,023)	(\$46,071)
Administrative Expenses	\$71	\$98	\$106	\$83	\$97	\$72	\$83	\$610	\$1,068	\$981
Operating Result	(\$2,718)	(\$2,668)	\$1,100	(\$4,133)	(\$9,748)	(\$5,044)	(\$3,898)	(\$27,109)	(\$46,091)	(\$47,052)
Ratios:										
Claims & Expenses Incurred (Earned)										
Prior Accident Years	-3.1%	-5.5%	-82.5%	-3.6%	10.1%	-3.4%	-2.2%	-12.6%	-8.1%	-2.6%
Current Accident Year	113.7%	112.0%	119.2%	113.5%	124.5%	115.5%	115.3%	116.4%	115.4%	117.7%
All Accident Years Combined	110.6%	106.5%	36.7%	109.9%	134.6%	112.1%	113.1%	103.8%	107.3%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	29.1%	50.1%	40.7%	76.1%	44.3%	28.9%	41.9%	36.0%	33.4%
Combined Operating Ratio	132.8%	135.6%	86.8%	150.6%	210.7%	156.4%	142.0%	145.7%	143.3%	148.5%

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