



**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 086**

**DATE: NOVEMBER 29, 2018**

**SUBJECT: ONTARIO RISK SHARING POOL  
– OCTOBER 2018 OPERATIONAL REPORT**

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

Please be advised that the October 2018 Ontario Risk Sharing Pool Operational Report is now available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

#### **New This Month**

##### *Harmonized Sales Tax Class Action – Ontario*

Since the end of October 2018, class action lawsuits have been brought against multiple insurers related to HST and limits / sub-limits of benefits per the Statutory Accident Benefits Schedule and FSCO's Professional Services Guideline as part of claims settlement practices in Ontario.

At the current time, no adjustments have been made to our valuation estimates, but in conjunction with FA's Appointed Actuary, FA management continues to review and consider the implications of the potential outcomes related to the class action lawsuits. Please contact Shawn Doherty at [sdoherty@facilityassociation.com](mailto:sdoherty@facilityassociation.com) if you need further information.

##### *Valuation*

A valuation of the Ontario RSP as at September 30, 2018 has been completed since last month's Operational Report and the results of that valuation have been incorporated into this month's Operational Report. The valuation was completed by the Facility Association's internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

The implementation of the new valuation resulted in an estimated overall **\$1.3 million favourable** impact on the month's net result from operations, subtracting an estimated 0.4 points from the year-to-date Combined Operating Ratio (ending at 146.5%). The impact on the

**Bulletin F18-086**  
**Ontario Risk Sharing Pool – October 2018 Operational Report**

month's results is summarized in the tables immediately below<sup>1</sup>.

Ontario	unfav / (fav) for the month and ytd						ytd EP 294,732 (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	(2,796)	227	(2,569)	(8,341)	5,427	(5,483)	(0.9%)	0.1%	(0.9%)	(2.8%)	1.8%	(1.9%)
CAY	1,479	(304)	1,175	(3,144)	5,272	3,303	0.5%	(0.1%)	0.4%	(1.1%)	1.8%	1.1%
Prem Def	270	(297)	(27)	(2,309)	3,244	908	0.1%	(0.1%)	-	(0.8%)	1.1%	0.3%
<b>TOTAL</b>	<b>(1,047)</b>	<b>(374)</b>	<b>(1,421)</b>	<b>(13,794)</b>	<b>13,943</b>	<b>(1,272)</b>	<b>(0.4%)</b>	<b>(0.1%)</b>	<b>(0.5%)</b>	<b>(4.7%)</b>	<b>4.7%</b>	<b>(0.4%)</b>

Please see “Effect of Quarterly Valuation” on page 4 for additional valuation result detail.

**Summary of Financial Results**

The calendar year-to-date Operating Result is -\$136.9 million and the incurred loss ratio to the end of 10 months is 113.2%, as summarized in the table below.

Amounts in \$000s	October 2018	October 2017	Year to date Oct 2018	Year to Date Oct 2017
Premium Written	25,915	25,323	299,513	317,101
Premium Earned	30,010	32,307	294,732	312,806
Incurred Losses	36,540	33,517	333,547	304,577
Underwriting & Admin Expense	7,417	3,344	98,080	100,695
<b>Operating Result</b>	<b>(13,947)</b>	<b>(4,554)</b>	<b>(136,895)</b>	<b>(92,466)</b>
<b>Ratios:</b>				
<b>Loss ratio</b>				
- Prior Accident Years	(22.9%)	(25.5%)	(23.7%)	(35.4%)
- Current Accident Year	144.6%	129.3%	136.9%	132.8%
<i>Total</i>	<b>121.7%</b>	<b>103.8%</b>	<b>113.2%</b>	<b>97.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>24.7%</b>	<b>10.4%</b>	<b>33.3%</b>	<b>32.2%</b>
<b>Combined Operating Ratio</b>	<b>146.4%</b>	<b>114.2%</b>	<b>146.5%</b>	<b>129.6%</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” attached to this bulletin.

Updated Projection to Year-end 2018

The projected calendar year Operating Result to December 2018 is -\$173.6 million and the estimated combined operating ratio to December 2018 is 149.0%, as summarized in the table at the top of the next page.

<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 F18-086**  
**Ontario Risk Sharing Pool – October 2018 Operational Report**

<b>ON RSP 2018 Yr-end Projection</b> Amounts in \$000s	<b>Current</b> <b>(Oct 2018)</b>	Prior Mth (Sep 2018)	<b>Change</b>	Final 2018 Outlook*
Premium Written	359,830	364,393	(4,563)	413,190
Premium Earned	354,211	355,313	(1,102)	382,147
Incurred Losses	410,992	415,434	(4,442)	487,967
Underwriting & Admin Expense	116,819	118,891	(2,072)	147,584
<b>Net Result from Operations</b>	<b>(173,600)</b>	<b>(179,012)</b>	<b>5,412</b>	<b>(253,404)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(20.4%)	(18.7%)	(1.7%)	(7.5%)
- Current Accident Year	136.4%	135.6%	0.8%	135.2%
<i>Total</i>	<b>116.0%</b>	<b>116.9%</b>	<b>(0.9%)</b>	<b>127.7%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>33.0%</b>	<b>33.5%</b>	<b>(0.5%)</b>	<b>38.6%</b>
<i>Combined Operating Ratio</i>	<b>149.0%</b>	<b>150.4%</b>	<b>(1.4%)</b>	<b>166.3%</b>

rounding differences may occur

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

This updated projection to the end of the year has improved by \$5.4 million from the projection provided last month (-\$179.0 million and 150.4%), partially due to the overall \$0.9 million favourable impact of the valuation as at September 30, 2018, as summarized in the tables immediately below (see more information under “Effect of Quarterly Valuation” on page 4). Remaining differences were driven by changes in projected premium volumes (the primary cause of the results change), and the associated impacts on claims and expense projections.

Ontario	unfav / (fav) projected for full year						year EP 354,211 (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		TOTAL	ults & payout patterns		dsct rate	margins		TOTAL
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	(2,796)	220	(2,576)	(7,970)	5,211	(5,335)	(0.8%)	0.1%	(0.7%)	(2.3%)	1.5%	(1.5%)
CAY	1,776	(414)	1,362	(3,607)	6,050	3,805	0.5%	(0.1%)	0.4%	(1.0%)	1.7%	1.1%
Prem Def	-	(319)	(319)	(2,323)	3,261	619	-	(0.1%)	(0.1%)	(0.7%)	0.9%	0.2%
<b>TOTAL</b>	<b>(1,020)</b>	<b>(513)</b>	<b>(1,533)</b>	<b>(13,900)</b>	<b>14,522</b>	<b>(911)</b>	<b>(0.3%)</b>	<b>(0.1%)</b>	<b>(0.4%)</b>	<b>(3.9%)</b>	<b>4.1%</b>	<b>(0.3%)</b>

**Current Month Results**

The Ontario Risk Sharing Pool produced a -\$13.9 million Operating Result in the month of October 2018, a \$9.4 million deterioration compared with the same month last year. This deterioration is composed of a \$9.7 million unfavourable impact stemming from the overall increase in the combined ratio (from 114.2% to 146.4% applied to \$30.0 million in earned premium), offset by a \$0.3 million favourable impact associated with the \$2.3 million decrease in earned premium (at a combined ratio of 114.2%). 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 146.4% at the end of 9 months to 146.5% at the end of 10 months. The 0.1 percentage point increase is composed of a 0.1 percentage point increase in the Prior Accident Year loss ratio, coupled with a 0.9 percentage point increase in the Current Accident Year loss ratio, offset by a 0.9 percentage point decrease in the expense ratio.

**Bulletin F18-086**  
**Ontario Risk Sharing Pool – October 2018 Operational Report**

---

*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>October 2018</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	25,915	30,506	(4,591)	(15.0%)
Earned Premium	30,010	30,521	(511)	(1.7%)
Reported Losses				
Paid Losses	34,144	27,741	6,403	23.1%
Paid Expenses	1,674	2,162	(488)	(22.6%)
Change in Outstanding Losses	(2,653)	8,690	(11,343)	(130.5%)
<b>Total Reported Losses</b>	<b>33,165</b>	<b>38,593</b>	<b>(5,428)</b>	<b>(14.1%)</b>
Change in IBNR Provision*	3,375	1,384	1,991	
Change in Premium Deficiency (DPAC)*	(481)	174	(655)	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Ontario RSP October 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 October 2018, reported losses were \$5.4 million lower than projected. The Current Accident Year had a \$1.3 million favourable variance in reported losses, and the Prior Accident Years had a \$4.1 million favourable variance. Of the Prior Accident Years, 2012 had the largest variance in reported losses at \$2.9 million favourable, followed by Accident Year 1996 at \$1.7 million unfavourable, and Accident Year 2013 at \$1.1 million favourable. No other single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

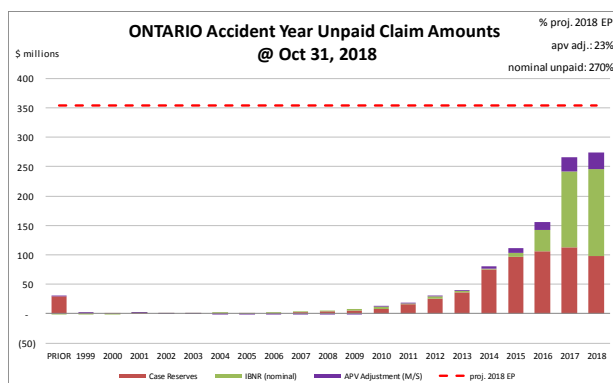
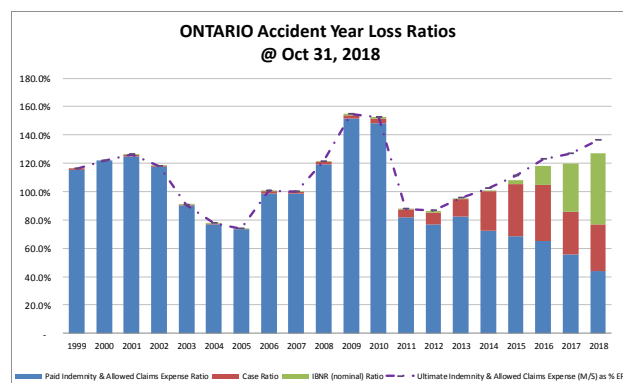
The variances for claims activity were beyond the set thresholds for some specific individual Prior Accident Years for the month. Management investigated paid claims activity and is satisfied that the variances are appropriately accounted for in our current booking process. All other variances were within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

**Effect of Quarterly Valuation**

The October 2018 Ontario Risk Sharing Pool Operational Report reflects the results of an updated valuation as at September 30, 2018, with the associated impacts in relation to the results for October 2018 summarized in the tables at the top of the next page.

Ontario	unfav / (fav) for the month and ytd						mth EP 30,010 (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	(2,796)	227	(2,569)	(8,341)	5,427	(5,483)	(9.3%)	0.8%	(8.6%)	(27.8%)	18.1%	(18.3%)
CAY	1,479	(304)	1,175	(3,144)	5,272	3,303	4.9%	(1.0%)	3.9%	(10.5%)	17.6%	11.0%
Prem Def	270	(297)	(27)	(2,309)	3,244	908	0.9%	(1.0%)	(0.1%)	(7.7%)	10.8%	3.0%
<b>TOTAL</b>	<b>(1,047)</b>	<b>(374)</b>	<b>(1,421)</b>	<b>(13,794)</b>	<b>13,943</b>	<b>(1,272)</b>	<b>(3.5%)</b>	<b>(1.2%)</b>	<b>(4.7%)</b>	<b>(46.0%)</b>	<b>46.5%</b>	<b>(4.2%)</b>

The charts immediately 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.



The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a \$1.4 million favourable impact – see column [3] in the left table above), augmented by the impact due to a 39 basis point increase in the selected discount rate (from 1.83% to 2.22% generating a \$13.8 million favourable impact – see column [4] in the left table above). While there was no change in the margin for adverse deviation in investment yield (remains at 25 basis points), and our usual practice is to only update margins for adverse deviation for claims development (selected at the coverage / accident year level) at the June 30 valuation, the selections from the 2018 Q2 valuation were re-visited based on feedback from the FA’s Actuarial Committee and were updated with this valuation (generating a \$13.9 million unfavourable impact – see column [5] in the left table above).

Management has observed favourable *total* valuation impacts over the last 12 valuation implementations, with only 2 valuation implementations being unfavourable over that 12-quarter period, as shown in column [5] of the table at the top of the next page (summarizing the same information as provided in the left table above as relates to the most recent 12 valuation implementations). It should be noted that the impacts in column [3] are largely outside of the control of FA (as being related to macroeconomic factors).

**Bulletin F18–086**  
**Ontario Risk Sharing Pool – October 2018 Operational Report**

RSP: Ontario, as at: 2018 Q3		unfavourable / (favourable) Valuation Implementation Impact (\$000s)					\$000s		
Valuation	period implemented	updated LRs & exp	APVs @ prior assumptions	updated dsct rate	updated margins	Total Impact	Booked Policy Liabilities	Total Impact as % Book Liabs	Nominal Impact as % Book Liabs
		[1]	[2]	[3]	[4]	[5] = sum([1] to [5])	[6]	[7] = [5] / [6]	[8] = [1] / [6]
2015 Q4	Mar 2016	(49,197)	(2,815)	2,623	-	(49,389)	1,116,877	(4.4%)	(4.4%)
2016 Q1	May 2016	(5,109)	(214)	3,318	-	(2,005)	1,137,087	(0.2%)	(0.4%)
2016 Q2	Aug 2016	(18,614)	(528)	4,692	(14,996)	(29,446)	1,142,149	(2.6%)	(1.6%)
2016 Q3	Oct 2016	1,048	(965)	1,885	-	1,968	1,184,757	0.2%	0.1%
2016 Q4	Mar 2017	(35,665)	(2,640)	(17,825)	-	(56,130)	1,174,423	(4.8%)	(3.0%)
2017 Q1	May 2017	6,929	646	3,204	-	10,779	1,224,460	0.9%	0.6%
2017 Q2	Aug 2017	(12,256)	(2,265)	(7,162)	(13,084)	(34,767)	1,242,002	(2.8%)	(1.0%)
2017 Q3	Oct 2017	8,279	882	(19,050)	-	(9,889)	1,235,584	(0.8%)	0.7%
2017 Q4	Mar 2018	(10,194)	3,623	1,101	-	(5,470)	1,235,959	(0.4%)	(0.8%)
2018 Q1	May 2018	3,936	(2,730)	(5,846)	-	(4,640)	1,265,737	(0.4%)	0.3%
2018 Q2	Aug 2018	(8,275)	463	2,024	(30,423)	(36,211)	1,272,626	(2.8%)	(0.7%)
2018 Q3	Oct 2018	(1,047)	(374)	(13,794)	13,943	(1,272)	1,285,282	(0.1%)	(0.1%)
12-qtrs		(120,165)	(6,917)	(44,830)	(44,560)	(216,472)			
% of total		55.5%	3.2%	20.7%	20.6%	100.0%			
Averages									
12-qtrs		(10,014)	(576)	(3,736)	(3,713)	(18,039)	1,209,745	(1.5%)	(0.8%)
2015 Q4 to 2017 Q3		(13,073)	(987)	(3,539)	(3,510)	(21,110)	1,182,167	(1.8%)	(1.1%)
2017 Q4 to 2018 Q3		(3,895)	246	(4,129)	(4,120)	(11,898)	1,264,901	(0.9%)	(0.3%)

The FA valuation approach is focused on providing (i) best estimates on a nominal basis (i.e. the longer term average of nominal changes in column [1] should be close-to-zero); (ii) the nominal changes of any one valuation in relation to policy liabilities<sup>2</sup>, should be “small” (less than 2.5%); and (iii) the valuation results should not indicate bias – that is, we generally anticipate approximately 1/3<sup>rd</sup> of nominal valuation impacts will be unfavourable, and 2/3<sup>rd</sup>s will be favourable (due to the skewness of the development). On these 3 measures:

- (i) **Best estimate measurement:** This objective has not been met, as the 12-quarter nominal change in column [1] is \$120.2 million favourable. That said, the average favourable impact over the 12 quarters at \$10.0 million (nominal only) represents 0.8% of ending policy liabilities, which we would view as not significant. We do note that the latest 6 valuations have been on average less favourable than the earlier 6 valuations.
- (ii) **Nominal size measurement:** This objective has not been met, as there were 2 individual valuations showing nominal changes in excess of 2.5% of ending policy liabilities per column [8] in the table above.
- (iii) **Bias evidence measurement:** This objective has been met, as 4 of 12 valuations show unfavourable changes (column [1] of the table above), in line with our expectation (4 of 12).

In summary, we believe the nominal valuation impacts are moving toward our target impacts (long term zero impact; individual valuation impact of no more than 2.5% of policy liabilities; no

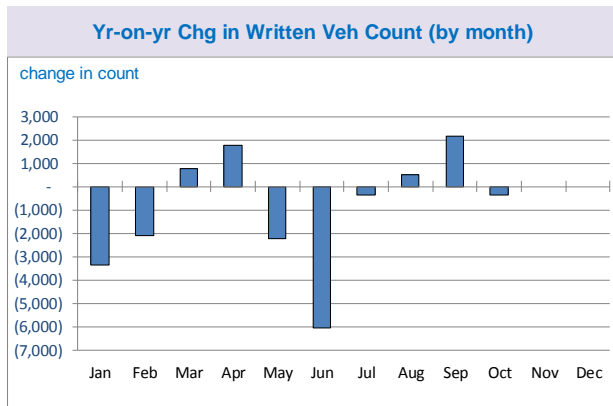
<sup>2</sup>We also consider changes in nominal estimates relative to beginning claims liabilities, with this metric also ideally being small, but in this case, less than 5.0%. Over time, our view of “small” for each of these metrics may change.

bias evident).

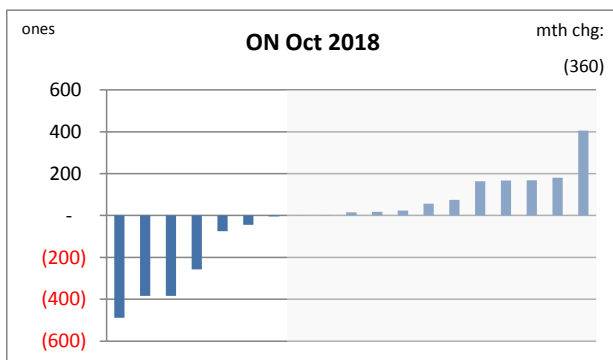
The preceding charts, latest valuation results, and related actuarial present value assumption updates are discussed in more detail in the [Ontario RSP October 2018 Operational Report – Actuarial Highlights](#). The Actuarial Quarterly Valuation Highlights for Risk Sharing Pools as at September 30, 2018 is expected to be posted during December 2018. The actuarial valuation will be updated next as at December 31, 2018 and we anticipate that the results will be reflected in the March 2019 Operational Report.

### Management Comments

For the Ontario RSP, the transfer limit is 5.0% of 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 down 1.9% from 2017, being 2.6% of the 2017 industry private passenger vehicle count (excluding farmers) and industry farmers private passenger vehicle count. 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.



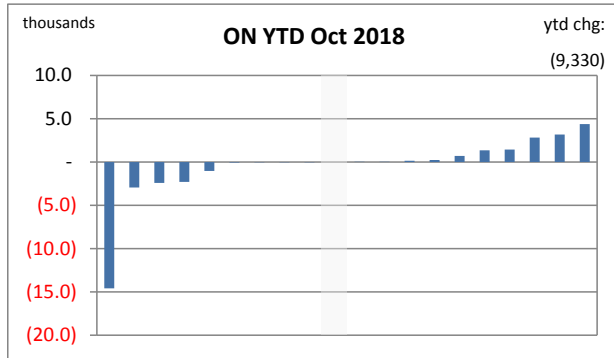
The chart on the left shows the year-on-year change in the vehicles transferred to the pool by month, with October reporting a decrease of 360 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 1,931 vehicles, indicating a variance of 2,291 from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles to the pool in October than projected.



The chart on the left shows the overall change in the month, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Seven member company groups transferred fewer vehicles to the pool this month compared to a year ago, while twelve transferred more<sup>3</sup>. Of the 7 member company groups transferring fewer vehicles, 4 member

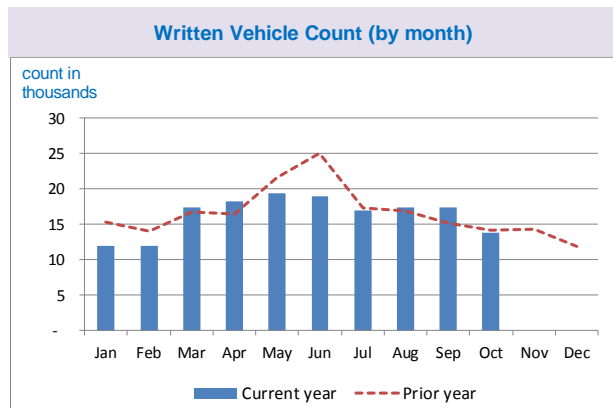
<sup>3</sup>For the purposes of discussion here, we only include those member company groups that transferred at least one vehicle in either 2016 or 2017. Groups that have not transferred vehicles in these two periods are ignored.

company groups accounted for 92% of the total transfer decrease for the “decliner” members. Of the 12 member company groups transferring more vehicles, 1 member company group accounted for 32% of the total transfer increases for the “grower” members.

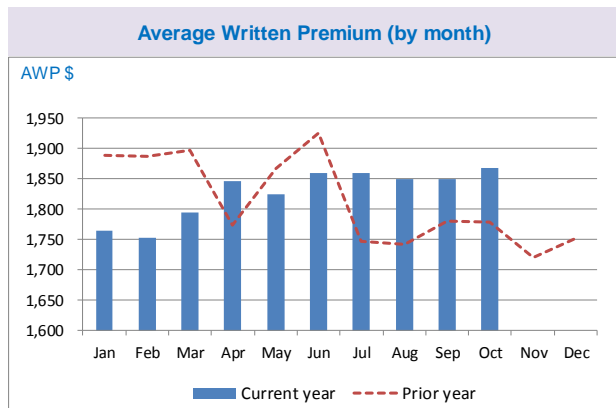


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

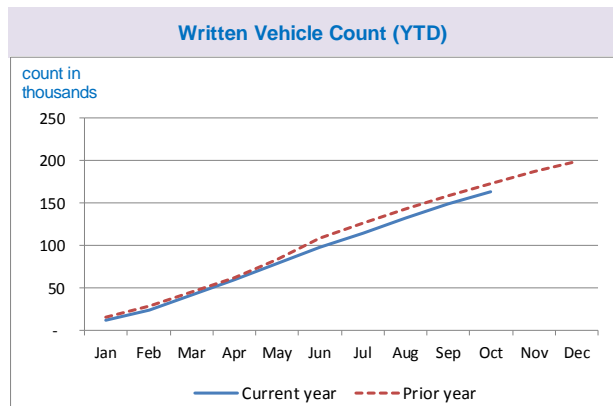
October’s year-on-year change in vehicle count transfers to the pool represents a 2.5% decrease from October 2017, and counts were down 5.4% year-to-date. Average written premium was up 5.0% in October 2018 compared with the same month in 2017, but was down 0.2% year-to-date (see charts immediately below).



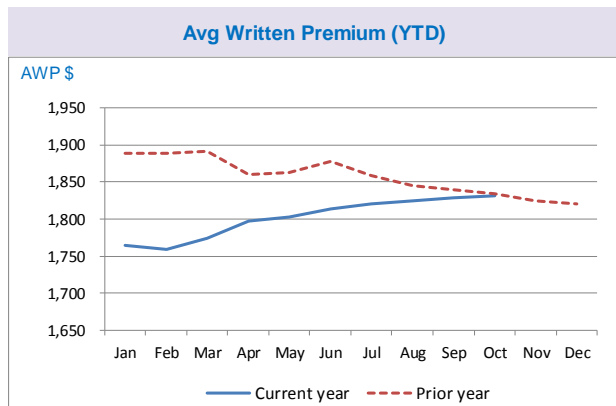
	Oct-18	Oct-17	Amt Chg	% Chg
W. Veh curr mth	13,875	14,236	(360)	-2.5%



	Oct-18	Oct-17	Amt Chg	% Chg
AWP curr mth	1,868	1,779	89	5.0%



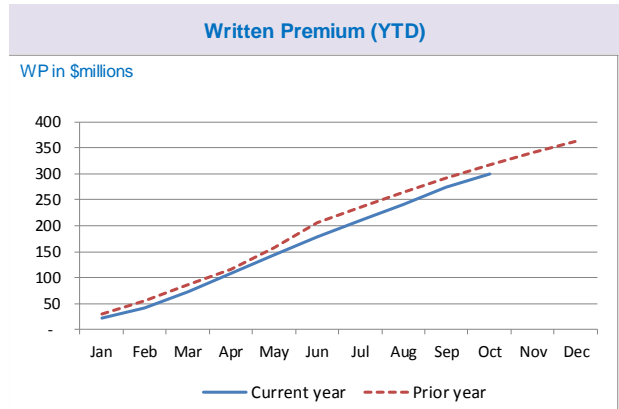
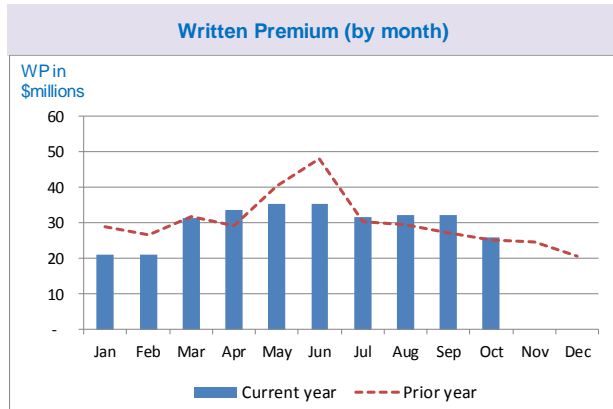
	Oct-18	Oct-17	Amt Chg	% Chg
W. Vehicles YTD	163,581	172,911	(9,330)	-5.4%



	Oct-18	Oct-17	Amt Chg	% Chg
Avg W. Prem YTD	1,831	1,834	(3)	-0.2%



As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 2.3% for the month compared with the 20.5% increase we projected last month, but was down 5.5% year-to-date (see charts immediately below).



	Oct-18	Oct-17	Amt Chg	% Chg
WP (\$000s) curr mth	25,915	25,323	591	2.3%

	Oct-18	Oct-17	Amt Chg	% Chg
WP (\$000s) YTD	299,511	317,101	(17,590)	-5.5%

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:**

[Ontario RSP October 2018 Operational Report – Actuarial Highlights](#)

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2018**

Risk Sharing Pool - Ontario

Operating Results for the 10 Months Ended October 31, 2018 (Discounted basis)

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

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
Net Premiums Written	\$21,028	\$21,024	\$31,369	\$33,621	\$35,308	\$35,280	\$31,602	\$32,224	\$32,142	\$25,915	\$299,513	\$359,830	\$362,505
Decrease (Increase) in Unearned Premiums	9,392	6,076	(1,234)	(\$4,240)	(\$4,919)	(\$6,145)	(\$1,979)	(\$2,737)	(\$3,090)	\$4,095	(4,781)	(5,619)	11,153
<b>Net Premiums Earned</b>	<b>\$30,420</b>	<b>\$27,100</b>	<b>\$30,135</b>	<b>\$29,381</b>	<b>\$30,389</b>	<b>\$29,135</b>	<b>\$29,623</b>	<b>\$29,487</b>	<b>\$29,052</b>	<b>\$30,010</b>	<b>\$294,732</b>	<b>\$354,211</b>	<b>\$373,658</b>
<b>Claims Incurred:</b>													
Prior Accident Years:													
Undiscounted	(\$355)	(\$265)	(\$18,967)	(\$100)	\$5,608	(\$41)	(\$47)	(\$10,627)	(\$17)	(\$2,815)	(\$27,626)	(\$27,626)	(\$47,673)
Effect of Discounting	(1,690)	(2,018)	1,563	(1,955)	(7,643)	(1,616)	(1,170)	(22,806)	(861)	(4,050)	(42,246)	(44,456)	(66,431)
Discounted	(\$2,045)	(\$2,283)	(\$17,404)	(\$2,055)	(\$2,035)	(\$1,657)	(\$1,217)	(\$33,433)	(\$878)	(\$6,865)	(\$69,872)	(\$72,082)	(\$114,104)
Current Accident Year:													
Undiscounted	\$37,624	\$33,465	\$40,131	\$37,097	\$38,045	\$36,669	\$37,282	\$38,985	\$36,768	\$39,462	\$375,528	\$451,066	\$455,722
Effect of Discounting	4,409	3,028	3,679	3,403	2,260	2,837	2,910	(934)	2,356	3,943	27,891	32,008	39,948
Discounted	\$42,033	\$36,493	\$43,810	\$40,500	\$40,305	\$39,506	\$40,192	\$38,051	\$39,124	\$43,405	\$403,419	\$483,074	\$495,670
<b>Claims Incurred</b>	<b>\$39,988</b>	<b>\$34,210</b>	<b>\$26,406</b>	<b>\$38,445</b>	<b>\$38,270</b>	<b>\$37,849</b>	<b>\$38,975</b>	<b>\$4,618</b>	<b>\$38,246</b>	<b>\$36,540</b>	<b>\$333,547</b>	<b>\$410,992</b>	<b>\$381,566</b>
<b>Underwriting Expenses:</b>													
Expense Allowance	\$6,354	\$6,376	\$9,366	\$9,971	\$10,685	\$10,562	\$9,453	\$9,678	\$9,613	\$7,772	\$89,830	\$107,864	\$110,765
Change in UPDR/DPAC:													
Undiscounted	(2,100)	(1,273)	6,072	1,589	525	1,876	826	1,513	956	(706)	9,278	9,587	6,769
Effect of Discounting	(1,151)	(734)	974	589	(816)	759	268	(2,599)	331	225	(2,154)	(2,060)	(8,538)
Discounted	(3,251)	(2,007)	7,046	2,178	(291)	2,635	1,094	(1,086)	1,287	(481)	7,124	7,527	(\$1,769)
<b>Underwriting Expenses</b>	<b>\$3,103</b>	<b>\$4,369</b>	<b>\$16,412</b>	<b>\$12,149</b>	<b>\$10,394</b>	<b>\$13,197</b>	<b>\$10,547</b>	<b>\$8,592</b>	<b>\$10,900</b>	<b>\$7,291</b>	<b>\$96,954</b>	<b>\$115,391</b>	<b>\$108,996</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$12,671)</b>	<b>(\$11,479)</b>	<b>(\$12,683)</b>	<b>(\$21,213)</b>	<b>(\$18,275)</b>	<b>(\$21,911)</b>	<b>(\$19,899)</b>	<b>\$16,277</b>	<b>(\$20,094)</b>	<b>(\$13,821)</b>	<b>(\$135,769)</b>	<b>(\$172,172)</b>	<b>(\$116,904)</b>
<b>Administrative Expenses</b>	<b>\$82</b>	<b>\$124</b>	<b>\$128</b>	<b>\$102</b>	<b>\$127</b>	<b>\$95</b>	<b>\$109</b>	<b>\$130</b>	<b>\$103</b>	<b>\$126</b>	<b>\$1,126</b>	<b>\$1,428</b>	<b>\$1,430</b>
<b>Operating Result</b>	<b>(\$12,753)</b>	<b>(\$11,603)</b>	<b>(\$12,811)</b>	<b>(\$21,315)</b>	<b>(\$18,402)</b>	<b>(\$22,006)</b>	<b>(\$20,008)</b>	<b>\$16,147</b>	<b>(\$20,197)</b>	<b>(\$13,947)</b>	<b>(\$136,895)</b>	<b>(\$173,600)</b>	<b>(\$118,334)</b>
<b>Ratios:</b>													
<b>Claims &amp; Expenses Incurred (Earned)</b>													
Prior Accident Years	-6.7%	-8.4%	-57.8%	-7.0%	-6.7%	-5.7%	-4.1%	-113.4%	-3.0%	-22.9%	-23.7%	-20.4%	-30.5%
Current Accident Year	138.2%	134.7%	145.4%	137.8%	132.6%	135.6%	135.7%	129.0%	134.7%	144.6%	136.9%	136.4%	132.7%
All Accident Years Combined	131.5%	126.3%	87.6%	130.8%	125.9%	129.9%	131.6%	15.6%	131.7%	121.7%	113.2%	116.0%	102.2%
Underwriting & Administrative Expenses (Earned)	10.5%	16.6%	54.9%	41.7%	34.6%	45.6%	36.0%	29.6%	37.9%	24.7%	33.3%	33.0%	29.6%
<b>Combined Operating Ratio</b>	<b>142.0%</b>	<b>142.9%</b>	<b>142.5%</b>	<b>172.5%</b>	<b>160.5%</b>	<b>175.5%</b>	<b>167.6%</b>	<b>45.2%</b>	<b>169.6%</b>	<b>146.4%</b>	<b>146.5%</b>	<b>149.0%</b>	<b>131.8%</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