

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 097**

**DATE: DECEMBER 20, 2018**

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

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

Please be advised that the November 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 -\$30.1 million and the incurred loss ratio to the end of 11 months is 88.8%, as summarized below.

Amounts in \$000s	November 2018	November 2017	Year to date Nov 2018	Year to Date Nov 2017
Premium Written	14,797	14,233	146,033	148,114
Premium Earned	13,160	12,901	147,782	136,001
Incurred Losses	11,900	11,527	131,295	136,136
Underwriting & Admin Expense	4,273	3,569	46,571	47,909
<b>Operating Result</b>	<b>(3,013)</b>	<b>(2,195)</b>	<b>(30,084)</b>	<b>(48,044)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(2.2%)</b>	<b>(4.3%)</b>	<b>(4.9%)</b>	5.1%
- Current Accident Year	92.6%	93.7%	93.7%	95.0%
<i>Total</i>	<b>90.4%</b>	<b>89.4%</b>	<b>88.8%</b>	<b>100.1%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>32.5%</b>	<b>27.7%</b>	<b>31.5%</b>	<b>35.2%</b>
<b>Combined Operating Ratio</b>	<b>122.9%</b>	<b>117.1%</b>	<b>120.3%</b>	<b>135.3%</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 -\$32.0 million and the estimated combined operating ratio to December 2018 is 119.8%, as summarized in the table below. This updated projection to the end of the year has deteriorated by \$0.9 million from the projection provided last month (-\$31.0 million and 119.1%). This deterioration is driven by a \$2.9 million increase in the projected written premium for the year.

<b>AB Grid RSP 2018 Yr-end Projection</b>	<b>Current</b>	<b>Prior Mth</b>		<b>Final 2018</b>
<b>Amounts in \$000s</b>	<b>(Nov 2018)</b>	<b>(Oct 2018)</b>	<b>Change</b>	<b>Outlook*</b>
Premium Written	156,680	153,737	2,943	189,665
Premium Earned	161,661	161,733	(72)	184,393
Incurred Losses	143,729	143,569	160	167,321
Underwriting & Admin Expense	49,899	49,203	696	59,423
<b>Net Result from Operations</b>	<b>(31,967)</b>	<b>(31,039)</b>	<b>(928)</b>	<b>(42,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(4.7%)	(4.8%)	0.1%	(3.9%)
- Current Accident Year	93.6%	93.5%	0.1%	94.6%
<i>Total</i>	<b>88.9%</b>	<b>88.7%</b>	<b>0.2%</b>	<b>90.7%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>30.9%</b>	<b>30.4%</b>	<b>0.5%</b>	<b>32.2%</b>
<b>Combined Operating Ratio</b>	<b>119.8%</b>	<b>119.1%</b>	<b>0.7%</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 -\$3.0 million Operating Result in the month of November 2018, a deterioration of \$0.8 million compared with the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 117.1% to 122.9% applied to \$13.2 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 120.1% at the end of 10 months to 120.3% at the end of 11 months. The 0.2 percentage point increase is composed of a 0.2 percentage point increase in the Prior Accident Years loss ratio, and a 0.1 percentage point increase in the expense ratio, offset by a 0.1 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 compared to the estimates projected last month.

November 2018	Actual	Projection	Difference	Difference %
Written Premium	14,797	12,251	2,546	20.8%
Earned Premium	13,160	13,184	(24)	(0.2%)
Reported Losses				
Paid Losses	9,094	11,486	(2,392)	(20.8%)
Paid Expenses	374	1,109	(735)	(66.3%)
Change in Outstanding Losses	(477)	(261)	(216)	82.8%
<b>Total Reported Losses</b>	<b>8,991</b>	<b>12,334</b>	<b>(3,343)</b>	<b>(27.1%)</b>
Change in IBNR Provision*	2,909	(573)	3,482	
Change in Premium Deficiency (DPAC)*	(192)	(30)	(162)	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Grid RSP November 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 November 2018, reported losses were \$3.3 million lower than projected. The Current Accident Year reported a favourable variance of \$0.8 million, and the Prior Accident Years reported a favourable variance of \$2.5 million. Of the Prior Accident Years, 2017 had the largest variance in reported losses at \$1.1 million favourable. No other single Prior Accident Year had a variance in excess of \$1.0 million.

The variances for claims activity were beyond the set thresholds for some specific individual 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 November 2018 Operational Report – Actuarial Highlights](#).

### **Effect of Quarterly Valuation**

The November 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, 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.

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

The calendar year-to-date Operating Result is -\$26.9 million and the incurred loss ratio to the end of 11 months is 92.5%, as summarized in the table below.

<b>Amounts in \$000s</b>	<b>November 2018</b>	November 2017	<b>Year to date Nov 2018</b>	Year to Date Nov 2017
Premium Written	8,253	8,900	106,145	91,790
Premium Earned	9,425	7,981	96,963	88,703
Incurred Losses	10,302	9,035	89,737	102,350
Underwriting & Admin Expense	2,175	2,246	34,114	30,920
<b>Operating Result</b>	<b>(3,052)</b>	<b>(3,300)</b>	<b>(26,888)</b>	<b>(44,567)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(2.4%)	(2.9%)	(20.7%)	(2.4%)
- Current Accident Year	111.7%	116.1%	113.2%	117.8%
<i>Total</i>	<b>109.3%</b>	<b>113.2%</b>	<b>92.5%</b>	<b>115.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>23.1%</b>	<b>28.1%</b>	<b>35.2%</b>	<b>34.9%</b>
<b>Combined Operating Ratio</b>	<b>132.4%</b>	<b>141.3%</b>	<b>127.7%</b>	<b>150.3%</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 -\$29.9 million and the estimated combined operating ratio to December 2018 is 128.0%, as summarized in the table at the top of the next page. This updated projection to the end of the year has deteriorated by \$1.3 million from the projection provided last month (-\$28.7 million and 126.9%). This deterioration is driven by a \$3.0 million increase in the projected written premium for the year.

<b>AB Non-Grid RSP 2018 Yr-end Proj.</b>	<b>Current</b>	Prior Mth		Final 2018
<b>Amounts in \$000s</b>	<b>(Nov 2018)</b>	<b>(Oct 2018)</b>	<b>Change</b>	<b>Outlook*</b>
Premium Written	114,351	111,386	2,965	101,307
Premium Earned	106,733	106,726	7	97,354
Incurred Losses	100,448	100,454	(6)	107,678
Underwriting & Admin Expense	36,229	34,924	1,305	33,362
<b>Net Result from Operations</b>	<b>(29,944)</b>	<b>(28,652)</b>	<b>(1,292)</b>	<b>(43,686)</b>
<b>Ratios:</b>				
<b>Loss ratio</b>				
- Prior Accident Years	(19.0%)	(18.9%)	(0.1%)	(4.5%)
- Current Accident Year	113.1%	113.1%	0.0%	115.1%
<i>Total</i>	<b>94.1%</b>	<b>94.2%</b>	<b>(0.1%)</b>	<b>110.6%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>33.9%</b>	<b>32.7%</b>	<b>1.2%</b>	<b>34.3%</b>
<i>Combined Operating Ratio</i>	<b>128.0%</b>	<b>126.9%</b>	<b>1.1%</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 -\$3.1 million Operating Result in the month of November 2018, an improvement of \$0.2 million from the same month last year. This improvement is composed of a \$0.8 million improvement stemming from the overall decrease in the combined ratio (from 141.3% to 132.4% applied to \$9.4 million in earned premium), offset by a \$0.6 million unfavourable impact associated with the \$1.4 million increase in earned premium (at a combined ratio of 141.3%).

This month's results moved the year-to-date combined operating ratio from 127.3% at the end of 10 months to 127.7% at the end of 11 months. The 0.4 percentage point increase is composed of a 1.9 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, and further offset by a 1.3 percentage point decrease in the expense 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.

November 2018	Actual	Projection	Difference	Difference %
Written Premium	8,253	7,582	671	8.8%
Earned Premium	9,425	9,438	(13)	(0.1%)
Reported Losses				
Paid Losses	10,462	9,464	998	10.5%
Paid Expenses	264	364	(100)	(27.5%)
Change in Outstanding Losses	(4,450)	970	(5,420)	(558.8%)
<b>Total Reported Losses</b>	<b>6,276</b>	<b>10,798</b>	<b>(4,522)</b>	<b>(41.9%)</b>
Change in IBNR Provision*	4,026	(450)	4,476	
Change in Premium Deficiency (DPAC)*	(345)	(450)	105	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Non-Grid RSP November 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 November 2018, reported losses were \$4.5 million lower than projected. The Current Accident Year had a \$3.5 million favourable variance in reported losses, and the Prior Accident Years had a \$1.0 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 some specific individual 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

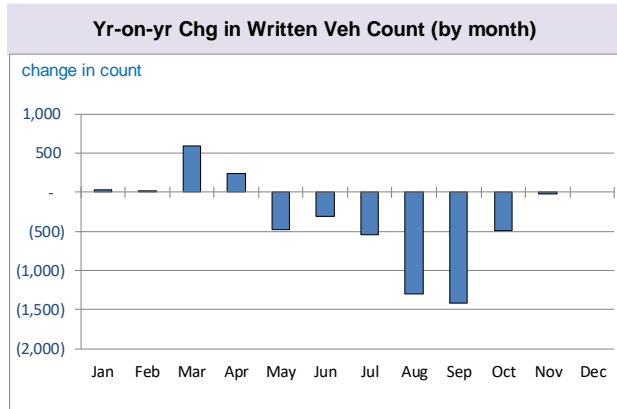
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

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

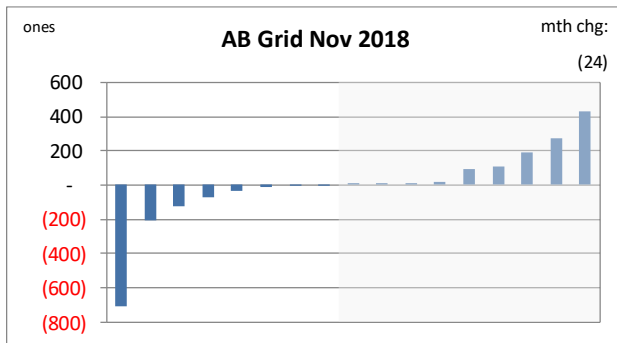
The November 2018 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2018). The actuarial valuation will be updated next as at December 31, 2018 and we anticipate that the results will be reflected in the March 2019 Operational Report.

Management Comments

Alberta Grid

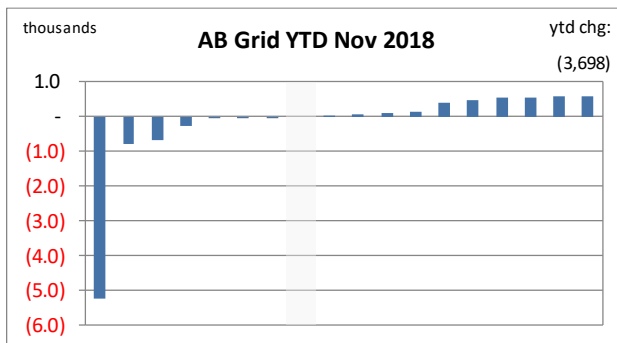


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with November showing a decrease of 24 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 1,112 vehicles, indicating a variance of 1,088 vehicles from the actual transfers. This variance was mainly due to two member company group transferring a greater number of vehicles to the pool in November 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. Eight member company groups transferred fewer vehicles to the pool this month compared with a year ago, while nine transferred more. Of the 8 member company groups transferring fewer vehicles, 1 member company group accounted for 61% of the total transfer decrease for these “decliner” members. Of the 9 member company groups transferring more vehicles, 2 member company groups accounted for 62% of the total transfer increases for these “grower” members.

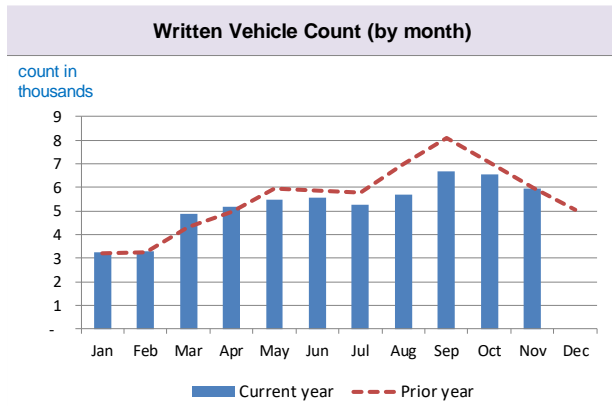
Of the 9 member company groups transferring more vehicles, 2 member company groups accounted for 62% of the total transfer increases for these “grower” members.



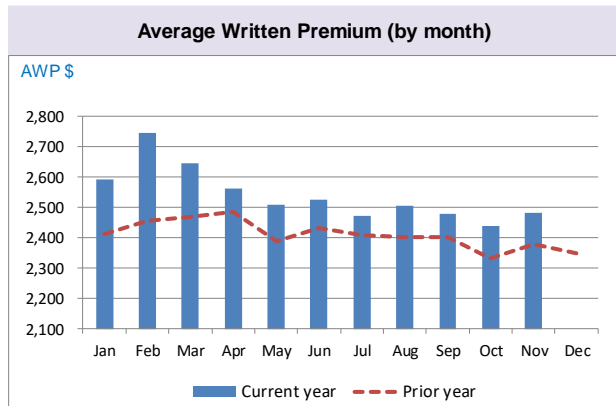
The chart on the left presents the same information as the previous chart, but on a year-to-date basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by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

November’s vehicle count transfers to the pool represent a 0.4% decrease from November 2017, and counts were down 6.0% year-to-date. Average written premium was up 4.4% in November 2018 compared with the same month in 2017, and up 4.9% year-to-date (see charts at the top of the next page).

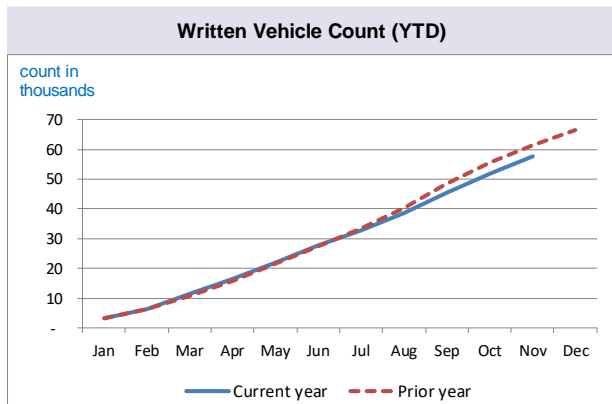




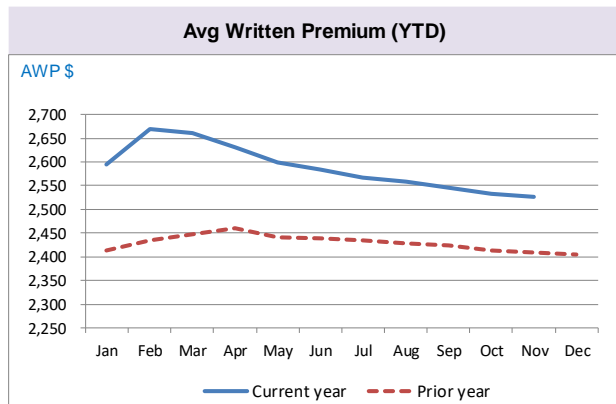
	Nov-18	Nov-17	Amt Chg	% Chg
W. Veh curr mth	5,962	5,986	(24)	-0.4%



	Nov-18	Nov-17	Amt Chg	% Chg
AWP curr mth	2,482	2,378	104	4.4%

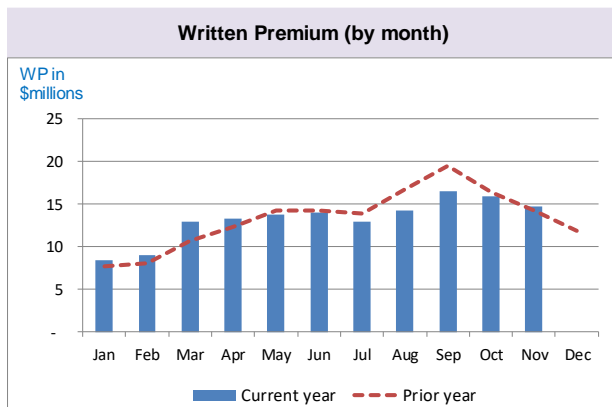


	Nov-18	Nov-17	Amt Chg	% Chg
W. Vehicles YTD	57,781	61,479	(3,698)	-6.0%

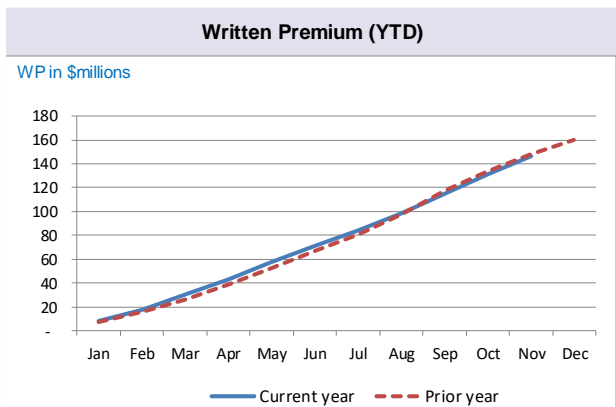


	Nov-18	Nov-17	Amt Chg	% Chg
Avg W. Prem YTD	2,527	2,409	118	4.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 4.0% for the month compared with the 13.9% decrease we projected last month, but was down 1.4% year-to-date (see charts immediately below).



	Nov-18	Nov-17	Amt Chg	% Chg
WP (\$000s) curr mth	14,797	14,233	564	4.0%

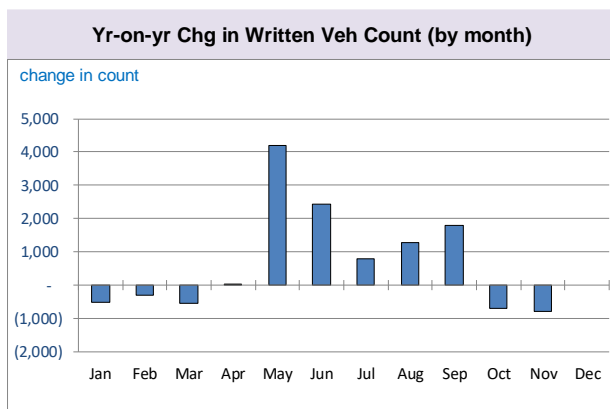


	Nov-18	Nov-17	Amt Chg	% Chg
WP (\$000s) YTD	146,033	148,114	(2,081)	-1.4%

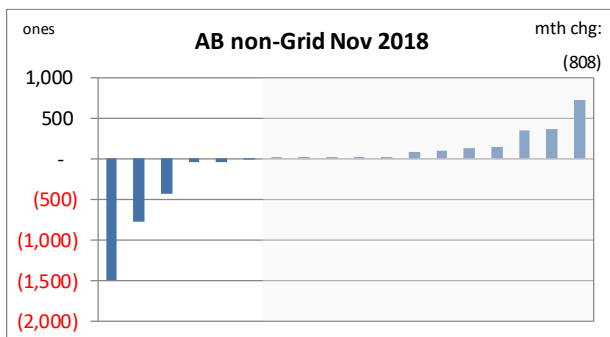


*Alberta Non-Grid*

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 12.1% from 2017**, being 2.7% 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.

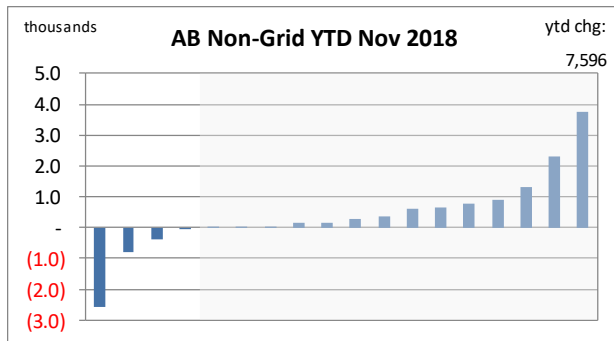


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with November showing a decrease of 808 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for a decrease of 1,291 vehicles, indicating a variance of 483 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a greater number of vehicles to the pool in November than projected.



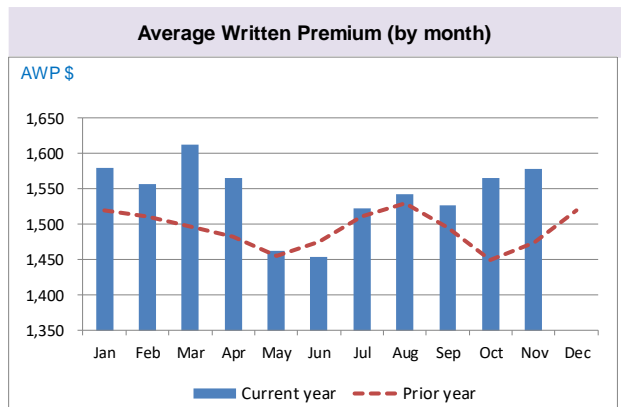
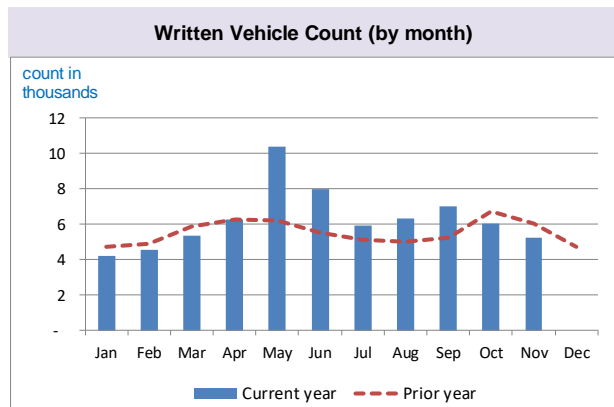
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Six member company groups transferred fewer vehicles to the pool this month compared to a year ago, while twelve transferred more. Of the 6 member company groups transferring fewer vehicles, 1 member company group accounted for 53% of

the total transfer decrease for these “decliner” members. Of the 12 member company groups transferring more vehicles, 2 member company groups accounted for 56% of the total transfers increase for these “grower” members.



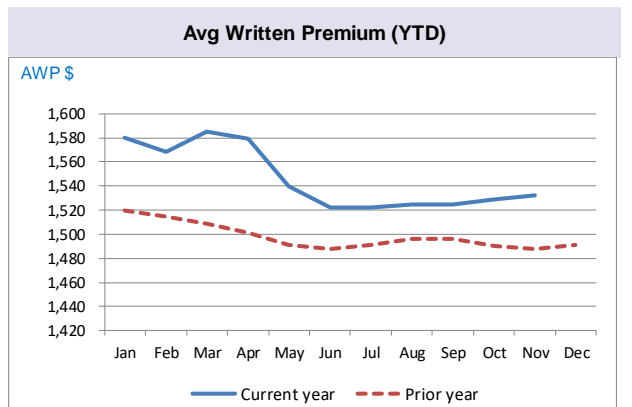
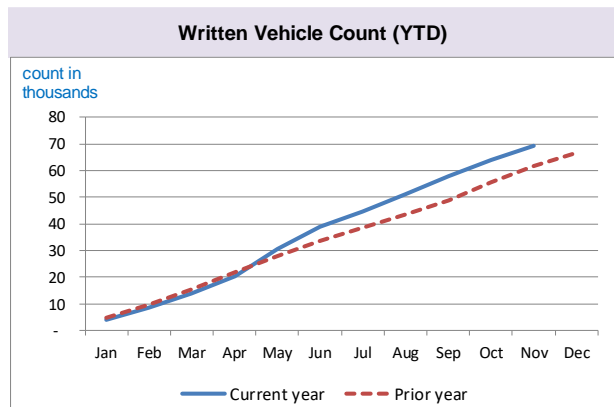
The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

November’s vehicle count transfers to the pool represent a 13.4% decrease from November 2017, but counts were up 12.3% year-to-date. Average written premium was up 7.1% in November 2018 compared with the same month in 2017, and up 3.0% year-to-date (see charts immediately below).



	Nov-18	Nov-17	Amt Chg	% Chg
W. Veh curr mth	5,228	6,037	(808)	-13.4%

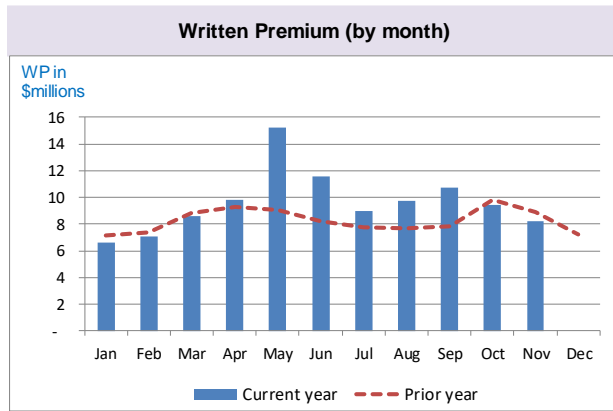
	Nov-18	Nov-17	Amt Chg	% Chg
AWP curr mth	1,578	1,474	104	7.1%



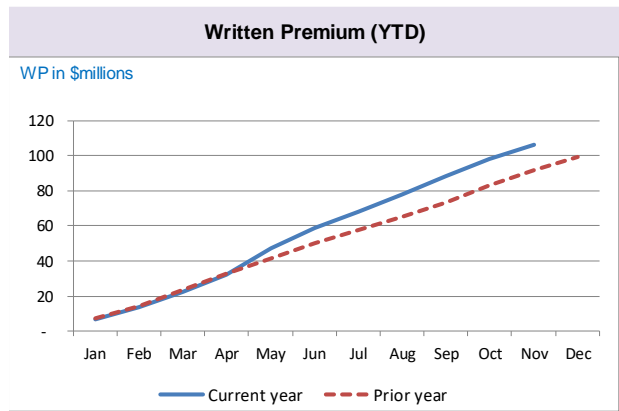
	Nov-18	Nov-17	Amt Chg	% Chg
W. Vehicles YTD	69,263	61,668	7,596	12.3%

	Nov-18	Nov-17	Amt Chg	% Chg
Avg W. Prem YTD	1,532	1,488	44	3.0%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 7.3% for the month compared with the 14.8% decrease we projected last month, but was up 15.6% year-to-date (see charts at the top of the next page).



	Nov-18	Nov-17	Amt Chg	% Chg
WP (\$000s) curr mth	8,253	8,900	(647)	-7.3%



	Nov-18	Nov-17	Amt Chg	% Chg
WP (\$000s) YTD	106,145	91,790	14,355	15.6%

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 November 2018 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2018**

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 11 Months Ended November 30, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	November	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	\$12,978	\$14,265	\$16,586	\$15,975	\$14,797	\$146,033	\$156,680	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	772	(23)	579	(703)	903	(630)	(3,514)	(2,422)	(1,637)	1,749	4,981	(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>\$13,881</b>	<b>\$13,635</b>	<b>\$13,072</b>	<b>\$13,553</b>	<b>\$13,160</b>	<b>\$147,782</b>	<b>\$161,661</b>	<b>\$149,448</b>
<b>Claims Incurred:</b>														
Prior Accident Years:														
Undiscounted	(\$318)	(\$292)	\$8,574	(\$276)	(\$1,565)	(\$211)	(\$8)	(\$923)	(\$14)	(\$4,415)	(\$4)	\$548	\$548	\$21,037
Effect of Discounting	(68)	(629)	1,625	(502)	(1,963)	(706)	(456)	(1,118)	(327)	(3,335)	(285)	(\$7,764)	(8,127)	(14,503)
Discounted	(\$386)	(\$921)	\$10,199	(\$778)	(\$3,528)	(\$917)	(\$464)	(\$2,041)	(\$341)	(\$7,750)	(\$289)	(\$7,216)	(\$7,579)	\$6,534
Current Accident Year:														
Undiscounted	\$11,970	\$10,743	\$13,963	\$12,317	\$13,615	\$12,468	\$12,769	\$12,503	\$12,011	\$9,742	\$11,824	\$133,925	\$146,377	\$135,791
Effect of Discounting	740	544	713	551	337	487	548	572	498	(769)	365	\$4,586	4,931	5,930
Discounted	\$12,710	\$11,287	\$14,676	\$12,868	\$13,952	\$12,955	\$13,317	\$13,075	\$12,509	\$8,973	\$12,189	\$138,511	\$151,308	\$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>\$12,853</b>	<b>\$11,034</b>	<b>\$12,168</b>	<b>\$1,223</b>	<b>\$11,900</b>	<b>\$131,295</b>	<b>\$143,729</b>	<b>\$148,255</b>
<b>Underwriting Expenses:</b>														
Expense Allowance	\$2,499	\$2,670	\$3,853	\$3,956	\$4,085	\$4,174	\$3,855	\$4,240	\$4,927	\$4,745	\$4,395	\$43,399	\$46,561	\$46,180
Change in UPDR/DPAC:														
Undiscounted	731	463	4,181	61	945	(35)	93	(628)	(411)	(1,841)	(254)	3,305	3,547	4,959
Effect of Discounting	(266)	(163)	286	5	(381)	37	(44)	59	172	(847)	62	(1,080)	(1,214)	(1,106)
Discounted	465	300	4,467	66	564	2	49	(569)	(239)	(2,688)	(192)	\$2,225	2,333	\$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>\$3,904</b>	<b>\$3,671</b>	<b>\$4,688</b>	<b>\$2,057</b>	<b>\$4,203</b>	<b>\$45,624</b>	<b>48,894</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>(\$2,876)</b>	<b>(\$1,070)</b>	<b>(\$3,784)</b>	<b>\$10,273</b>	<b>(\$2,943)</b>	<b>(\$29,137)</b>	<b>(\$30,962)</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>\$80</b>	<b>\$96</b>	<b>\$81</b>	<b>\$99</b>	<b>\$70</b>	<b>\$947</b>	<b>\$1,005</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>(\$2,956)</b>	<b>(\$1,166)</b>	<b>(\$3,865)</b>	<b>\$10,174</b>	<b>(\$3,013)</b>	<b>(\$30,084)</b>	<b>(\$31,967)</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%	-3.3%	-15.0%	-2.6%	-57.2%	-2.2%	-4.9%	-4.7%	4.4%
Current Accident Year	93.5%	92.5%	106.8%	96.9%	97.4%	97.1%	95.9%	95.9%	95.7%	66.2%	92.6%	93.7%	93.6%	94.8%
All Accident Years Combined (Earned)	90.7%	85.0%	181.0%	91.0%	72.8%	90.2%	92.6%	80.9%	93.1%	9.0%	90.4%	88.8%	88.9%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	25.1%	61.3%	30.9%	33.1%	31.9%	28.7%	27.6%	36.5%	15.9%	32.5%	31.5%	30.9%	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>121.3%</b>	<b>108.5%</b>	<b>129.6%</b>	<b>24.9%</b>	<b>122.9%</b>	<b>120.3%</b>	<b>119.8%</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 11 Months Ended November 30, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	September	October	November	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	\$9,008	\$9,741	\$10,706	\$9,471	\$8,253	\$106,145	\$114,351	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	(270)	(1,671)	(6,421)	(2,661)	279	(429)	(1,427)	193	1,172	(9,182)	(7,618)	(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>\$9,287</b>	<b>\$9,312</b>	<b>\$9,279</b>	<b>\$9,664</b>	<b>\$9,425</b>	<b>\$96,963</b>	<b>\$106,733</b>	<b>\$96,919</b>
<b>Claims Incurred:</b>														
Prior Accident Years:														
Undiscounted	(\$129)	(\$107)	(\$6,428)	(\$45)	\$1,812	(\$20)	\$26	(\$5,295)	(\$7)	(\$4,296)	(\$9)	(\$14,498)	(\$14,497)	\$6,938
Effect of Discounting	(129)	(301)	(452)	(245)	(926)	(282)	(231)	(736)	(154)	(1,853)	(220)	(5,529)	(5,737)	(9,421)
Discounted	(\$258)	(\$408)	(\$6,880)	(\$290)	\$886	(\$302)	(\$205)	(\$6,031)	(\$161)	(\$6,149)	(\$229)	(\$20,027)	(\$20,234)	(\$2,483)
Current Accident Year:														
Undiscounted	\$8,890	\$8,011	\$9,540	\$8,884	\$10,684	\$9,954	\$10,299	\$11,020	\$10,410	\$8,383	\$10,311	\$106,386	\$117,062	\$109,961
Effect of Discounting	533	363	400	367	283	366	409	486	337	(386)	220	3,378	3,620	4,086
Discounted	\$9,423	\$8,374	\$9,940	\$9,251	\$10,967	\$10,320	\$10,708	\$11,506	\$10,747	\$7,997	\$10,531	\$109,764	\$120,682	\$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>\$10,503</b>	<b>\$5,475</b>	<b>\$10,586</b>	<b>\$1,848</b>	<b>\$10,302</b>	<b>\$89,737</b>	<b>\$100,448</b>	<b>\$111,564</b>
<b>Underwriting Expenses:</b>														
Expense Allowance	\$1,971	\$2,105	\$2,557	\$2,917	\$4,524	\$3,444	\$2,676	\$2,894	\$3,180	\$2,813	\$2,451	\$31,532	\$33,969	\$28,599
Change in UPDR/DPAC:														
Undiscounted	(97)	(3)	1,358	210	1,923	285	(57)	(126)	(44)	(1,602)	(272)	1,575	1,229	3,745
Effect of Discounting	(101)	(22)	157	110	161	158	(20)	86	73	(484)	(73)	45	(44)	(918)
Discounted	(198)	(25)	1,515	320	2,084	443	(77)	(40)	29	(2,086)	(345)	1,620	1,185	\$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>\$2,599</b>	<b>\$2,854</b>	<b>\$3,209</b>	<b>\$727</b>	<b>\$2,106</b>	<b>\$33,152</b>	<b>\$35,154</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>(\$3,815)</b>	<b>\$983</b>	<b>(\$4,516)</b>	<b>\$7,089</b>	<b>(\$2,983)</b>	<b>(\$25,926)</b>	<b>(\$28,869)</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>\$83</b>	<b>\$99</b>	<b>\$83</b>	<b>\$101</b>	<b>\$69</b>	<b>\$962</b>	<b>\$1,075</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>(\$3,898)</b>	<b>\$884</b>	<b>(\$4,599)</b>	<b>\$6,988</b>	<b>(\$3,052)</b>	<b>(\$26,888)</b>	<b>(\$29,944)</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%	-2.2%	-64.8%	-1.7%	-63.6%	-2.4%	-20.7%	-19.0%	-2.6%
Current Accident Year	113.7%	112.0%	119.2%	113.5%	124.5%	115.5%	115.3%	123.6%	115.8%	82.8%	111.7%	113.2%	113.1%	117.7%
All Accident Years Combined	110.6%	106.5%	36.7%	109.9%	134.6%	112.1%	113.1%	58.8%	114.1%	19.2%	109.3%	92.5%	94.1%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	29.1%	50.1%	40.7%	76.1%	44.3%	28.9%	31.7%	35.5%	8.6%	23.1%	35.2%	33.9%	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>142.0%</b>	<b>90.5%</b>	<b>149.6%</b>	<b>27.8%</b>	<b>132.4%</b>	<b>127.7%</b>	<b>128.0%</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