

777 Bay Street, Suite 2400 T: 416 863 1750 P.O. Box 121 M5G 2C8

TO:	MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION:	CHIEF EXECUTIVE OFFICER Ontario Risk Sharing Pool Project Manager
BULLETIN NO.:	F19 – 005
DATE:	JANUARY 30, 2019
SUBJECT:	ONTARIO RISK SHARING POOL

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

- DECEMBER 2018 OPERATIONAL REPORT

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

New This Month

Quarterly Sharing Update

An update of the "Member's Usage" of the Ontario Risk Sharing Pool ("RSP") was performed since the release of the November 2018 Operational Report, bringing members' sharing current to the fourth quarter 2018. The usage update is reflected in the December 2018 Operational Report.

Summary of Financial Results

The calendar year-to-date Operating Result is -\$165.6 million and the incurred loss ratio to the end of 12 months is 116.0%, as summarized in the table at the top of the next page.

	December	December	Year to date	Year to Date		
Amounts in \$000s	2018	2017	Dec 2018	Dec 2017		
Premium Written	24,583	20,764	347,756	362,505		
Premium Earned	29,200	30,511	352,622	373,658		
Incurred Losses	38,144	38,717	408,882	381,566		
Underwriting & Admin Expense	5,911	3,557	109,340	110,426		
Operating Result	(14,855)	(11,763)	(165,600)	(118,334)		
Ratios:						
Loss ratio - Prior Accident Years	(4.6%)	(5.8%)	(20.5%)	(30.5%)		
- Current Accident Year	135.2%	132.7%	136.5%	132.7%		
Total	130.6%	126.9%	116.0%	102.2%		
Underwriting & Admin Expense	20.2%	11.7%	31.0%	29.6%		
Combined Operating Ratio	150.8%	138.6%	147.0%	131.8%		

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.

Compared with the Risk Sharing Pools' Final Outlook for 2018 (F17-078 posted Oct. 3, 2017), 2018 finished with written premium \$65.4 million (15.8%) lower than expected, and earned premium \$29.5 million (7.7%) lower than expected. The net operating deficit \$165.6 million was \$87.8 million (34.6%) lower than expected and the combined ratio was 19.3 points lower than expected (see table below).

ON RSP 2018 Yr-end Projection Amounts in \$000s	Current (Dec 2018)	Prior Mth (Nov 2018)	Change	Final 2018 Outlook*	
Premium Written	347,754	347,240	514	413,190	
Premium Earned	352,620	352,744	(124)	382,147	
Incurred Losses	408,880	408,774	106	487,967	
Underwriting & Admin Expense	109,341	108,838	502	147,584	
Net Result from Operations	(165,601)	(164,868)	(732)	(253,404)	
Ratios:					
Loss ratio - Prior Accident Years	(20.5%)	(20.5%)	0.0%	(7.5%)	
- Current Accident Year	136.5%	136.4%	0.1%	135.2%	
Total	116.0%	115.9%	0.1%	127.7%	
Underwriting & Admin Expense	31.0%	30.9%	0.1%	38.6%	
Combined Operating Ratio	147.0%	146.8%	0.2%	166.3%	

rounding differences may occur

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

Updated Projection to Year-end 2019

An Outlook had been prepared to provide Members with an estimate of Ontario RSP operating results for calendar year 2019 based on the actuarial valuation at June 30, 2018, and reflecting actual experience to date as detailed in the August 2018 Operational Report. This Outlook was posted on October 18, 2018 (please refer to Bulletin F18-077), and projected a Net Result from Operations for 2019 of -\$266.8 million, and a combined operating ratio of 168.0%. Projections for 2019 have been updated each month since, as per our usual practice (although until this month, the bulletins have focused on projections to the end of 2018 compared with the previous Outlook).

The projected calendar year Operating Result to December 2019 is now -\$288.4 million (a \$21.6 million deterioration relative to the Outlook) and the estimated combined operating ratio to December 2019 is 175.2% (a 7.2 point deterioration relative to the Outlook). The deterioration is composed of a \$27.6 million unfavourable impact stemming from the overall increase in the combined ratio (from 168.0% to 175.2% applied to \$383.8 million in projected earned premium), offset by an estimated \$5.7 million favourable impact associated with the \$8.4 million decrease in projected earned premium (at a combined ratio of 168.0%). The remaining \$0.3 million difference is due to other assumption updates.

Current Month Results

The Ontario Risk Sharing Pool produced a -\$14.9 million Operating Result in the month of December 2018, a \$3.1 million deterioration compared with the same month last year. This deterioration is composed of a \$3.6 million <u>un</u>favourable impact stemming from the overall increase in the combined ratio (from 138.6% to 150.8% applied to \$29.2 million in earned premium), offset by a \$0.5 million favourable impact associated with the \$1.3 million decrease in earned premium (at a combined ratio of 138.6%).

This month's results moved the year-to-date combined operating ratio from 146.6% at the end of 11 months to 147.0% at the end of 12 months. The 0.4 percentage point increase is composed of a 1.5 percentage point increase in the Prior Accident Year loss ratio, offset by a 0.1 percentage point decrease in the Current Accident Year loss ratio, and further offset by a 1.0 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.

December 2018	Actual	Projection	Difference	Difference %
Written Premium	24,583	24,069	514	2.1%
Earned Premium	29,200	29,324	(124)	(0.4%)
Reported Losses				
Paid Losses	32,883	34,525	(1,642)	(4.8%)
Paid Expenses	1,860	3,388	(1,528)	(45.1%)
Change in Outstanding Losses	(9,700)	(2,877)	(6,823)	237.2%
Total Reported Losses	25,043	35,036	(9,993)	(28.5%)
Change in IBNR Provision*	13,101	3,002	10,099	
Change in Premium Deficiency (DPAC)*	(1,732)	(1,941)	209	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in Ontario RSP December 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 December 2018, reported losses were \$10.0 million lower than projected. The Current Accident Year had a \$2.6 million favourable variance in reported losses, and the Prior Accident Years had a \$7.4 million favourable variance. Of the Prior Accident Years, 2017 had the largest variance in reported losses at \$2.3 million favourable, followed by Accident Year 2011 at \$1.3 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.

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 (other than the member reporting issue discussed in the previous section). IBNR is discussed in more detail in the <u>Ontario RSP December 2018 Operational Report</u> – <u>Actuarial Highlights</u>.

Effect of Quarterly Valuation

The December 2018 Ontario 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

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 2019 vehicle count up 17.1% from 2018, being 2.9% of the 2017 industry private passenger vehicle count (excluding farmers) and industry farmers private passenger vehicle count (as we don't have an industry count yet for 2018, we continue to use the 2017 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 pool by month, with December reporting an <u>in</u>crease of 1,236 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an <u>in</u>crease of 797 vehicles, indicating a variance of 439 from the actual transfers. This variance was mainly due to one member company groups transferring a greater number of vehicles to the pool in December 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 more¹. Of the 4 member company groups transferring fewer vehicles, 1 member company group accounted

for 54% of the total transfer decrease for the "decliner" members. Of the 14 member company groups transferring more vehicles, 1 member company group accounted for 36% of the total

¹For the purposes of discussion here, we only include those member company groups that transferred at least one vehicle in either 2017 or 2018. Groups that have not transferred vehicles in these two periods are ignored.

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.

December's year-on-year change in vehicle count transfers to the pool represents a 10.4% <u>in</u>crease from December 2017, but counts were down 4.7% year-to-date. Average written premium was up 7.2% in December 2018 compared with the same month in 2017, and was up 0.7% year-to-date (see charts immediately below).



As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 18.4% for the month compared with the 15.9% <u>increase</u> we projected last month, but was down 4.1% year-to-date (see charts at the top of the next page).



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 December 2018 Operational Report – Actuarial Highlights

SUMMARY OF OPERATIONS - CALENDAR YEAR 2018 Risk Sharing Pool - Ontario Operating Results for the 12 Months Ended December 31, 2018 (Discounted basis) *Source: Monthly Operational Report* (thousands of dollars)

January February March April May June July Augu September October Nommer December TD Projection Actual Net Permiums Written 3.22 3.21.02 3.22.04 <th></th> <th>CY2018</th> <th>12 MONTHS Updated</th> <th>CY2017 12 MONTHS</th>														CY2018	12 MONTHS Updated	CY2017 12 MONTHS
Decesse (transes) in Unearmed Prenume 9.392 6.076 (12.24) (15.420) (15.420) (15.127) (13.00) 320.000 52.0.00 54.001 52.0.00 54.017 4.086 (11.30) 11.153 Net Prenumes arrowd 530.020 530.010 530.000 520.000 520.000 530.010 530.000 520.000 530.010 530.000 520.000 530.010 530.000 520.000 530.010 530.000 540.017 4.080 520.000 530.010 530.000 540.017 4.080 530.010 530.000 540.017 530.010 530.000 540.017 530.010 530.000 540.017 530.010 530.000 540.017 530.010 <		January	February	March	April	Мау	June	July	August	September	October	November	December	YTD	Projection	Actual
Ne Premiums Earned \$30,420 \$27,100 \$30,135 \$20,891 \$30,890 \$29,135 \$29,622 \$30,010 \$28,600 \$29,000 \$332,622 \$338,765 \$373,689 Claims Incurred: Prof Accident Veart: Undescurred (\$305) (\$76,00) \$(\$10,977) (\$10,987) \$(\$10,983) \$(\$11,910) \$(\$12,487) \$(\$17,449) \$(\$14,477) \$(\$10,483) \$(\$14,577) \$(\$14,771) \$(\$14,772) </td <td>Net Premiums Written</td> <td>\$21,028</td> <td>\$21,024</td> <td>\$31,369</td> <td>\$33,621</td> <td>\$35,308</td> <td>\$35,280</td> <td>\$31,602</td> <td>\$32,224</td> <td>\$32,142</td> <td>\$25,915</td> <td>\$23,660</td> <td>\$24,583</td> <td>\$347,756</td> <td>\$445,095</td> <td>\$362,505</td>	Net Premiums Written	\$21,028	\$21,024	\$31,369	\$33,621	\$35,308	\$35,280	\$31,602	\$32,224	\$32,142	\$25,915	\$23,660	\$24,583	\$347,756	\$445,095	\$362,505
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Underwriting Control S550 S5260 S161 S170 S520 S527 S520	Net Premiums Earned	\$30,420	\$27,100	\$30,135	\$29,381	\$30,389	\$29,135	\$29,623	\$29,487	\$29,052	\$30,010	\$28,690	\$29,200	\$352,622	\$383,765	\$373,658
Underwriting Control S550 S5260 S161 S170 S520 S527 S520	Claims Incurred															
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Underwriting Expenses: Expense Allowance \$6,354 \$6,376 \$9,966 \$9,971 \$10,685 \$10,562 \$9,453 \$9,678 \$9,613 \$7,772 \$7,149 \$7,509 \$104,488 \$133,083 \$110,765 Change in UPDR/DAC: Undiscounted (2,100) (1,273) 6,072 1,589 525 1,876 826 1,513 956 (706) (1,354) (1,238) 6,686 23,745 6,779 Effect of Discounting (1,151) (734) 974 589 (816) 759 268 (2,599) 331 225 (540) (494) (3,188) 7,186 (8,538) Discounted (3,251) (2,007) 7,046 2,178 (291) 2,635 1,094 (1,086) 1,227 (441) (1,824) (1,732) 3,498 30,331 (\$16,904) Underwriting Gain (Loss) (\$12,671) (\$11,479) (\$12,683) (\$21,213) (\$18,275) (\$21,911) \$19,990 \$16,277 (\$20,094) (\$13,821) (\$13,756) <td>Discounted</td> <td>\$42,033</td> <td>\$30,493</td> <td>\$43,610</td> <td>\$40,500</td> <td>\$40,305</td> <td>\$39,506</td> <td>φ40,192</td> <td>\$36,051</td> <td>\$39,124</td> <td>\$43,405</td> <td>\$30,437</td> <td>\$39,400</td> <td>φ401,330</td> <td>φ<u></u>323,405</td> <td>\$495,670</td>	Discounted	\$42,033	\$30,493	\$43,610	\$40,500	\$40,305	\$39,506	φ40,192	\$36,051	\$39,124	\$43,405	\$30,437	\$39,400	φ401,330	φ <u></u> 323,405	\$495,670
Expense Allowance \$6,354 \$6,376 \$9,366 \$9,971 \$10,685 \$10,562 \$9,453 \$9,673 \$9,613 \$7,772 \$7,149 \$7,509 \$104,488 \$13,083 \$110,765 Change in UPDR/DPAC: Undiscounted (2,100) (1,273) 6,072 1,589 525 1,876 826 1,513 956 (706) (1,344) (1,238) 6,686 23,745 6,709 Effect of Discounting (1,151) (734) 974 589 (816) 759 268 (2,599) 331 225 (540) (494) (3,188) 7,186 (8,538) Discounted (3,251) (2,007) 7,046 2,178 (291) 2,635 1,094 (1,086) 1,287 (481) (1,294) (1,722) 3,498 30,931 (\$1,769) Underwriting Expenses \$3,103 \$4,369 \$16,417 \$10,947 \$10,947 \$10,900 \$130 \$132 \$1,772 \$1,770 \$11,900 \$116,901 Underwriting	Claims Incurred	\$39,988	\$34,210	\$26,406	\$38,445	\$38,270	\$37,849	\$38,975	\$4,618	\$38,246	\$36,540	\$37,191	\$38,144	\$408,882	\$506,041	\$381,566
Change in UPDR/DPAC: Undiscounted (2,100) (1,273) 6,072 1,589 525 1,876 826 1,513 956 (706) (1,234) 6,686 23,745 6,769 Effect of Discounting (1,151) (724) 974 589 525 1,876 826 1,513 956 (706) (1,354) (1,238) 6,686 23,745 6,769 Discounting (1,151) (724) 974 589 516,412 \$12,778 (291) 2,635 1,094 (1,086) 1,287 (481) (1,994) (1,732) 3,498 30,931 (\$1,769) Underwriting Expenses \$3,103 \$4,369 \$16,412 \$12,149 \$10,394 \$13,197 \$10,547 \$8,592 \$10,900 \$7,291 \$5,255 \$5,777 \$107,986 \$164,014 \$108,996 Net Underwriting Gain (Loss) (\$11,673) (\$11,479) (\$12,683) (\$21,213) (\$18,275) (\$21,911) (\$19,899) \$16,277 (\$20,094) (\$13,851) (\$14,721) (\$164,246) (\$286,290) (\$116,904) Administrative Expenses \$82	Underwriting Expenses:															
Undiscounted (2,100) (1,273) 6,072 1,589 525 1,876 826 1,513 956 (706) (1,354) (1,238) 6,686 23,745 6,769 Effect of Discounting (1,151) (704) 974 589 (816) 759 268 (2,599) 331 225 (540) (1494) (3,188) 7,186 (8,538) Discounted (3,251) (2,077) 7,046 2,178 (291) 2,635 1,094 (1,086) 1,287 (481) (1,1894) (1,722) 3,498 30,931 (\$1,769) Underwriting Expenses \$3,103 \$4,369 \$10,412 \$12,49 \$10,394 \$13,197 \$10,877 (\$20,094) (\$13,821) (\$13,756) (\$14,721) (\$164,246) (\$286,290) (\$116,904) Administrative Expenses \$82 \$124 \$128 \$102 \$127 \$95 \$109 \$130 \$134 \$13,455 (\$165,600) (\$288,426) (\$118,334) \$1,430 Operatin	Expense Allowance	\$6,354	\$6,376	\$9,366	\$9,971	\$10,685	\$10,562	\$9,453	\$9,678	\$9,613	\$7,772	\$7,149	\$7,509	\$104,488	\$133,083	\$110,765
Effect of Discounting (1,151) (734) 974 589 (816) 759 268 (2,599) 331 225 (540) (494) (3,188) 7,186 (8,538) Discounted (3,251) (2,007) 7,046 2,178 (291) 2,635 1,094 (1,086) 1,287 (481) (1,894) (1,722) 3,498 30,931 (\$1,769) Underwriting Expenses \$3,103 \$4,369 \$16,412 \$12,149 \$10,394 \$13,197 \$10,547 \$8,592 \$10,900 \$7,291 \$5,255 \$5,777 \$107,986 \$164,014 \$108,996 Net Underwriting Gain (Loss) (\$12,671) (\$11,479) (\$12,683) (\$21,213) \$18,275 (\$21,911) (\$19,899) \$16,277 (\$20,094) (\$13,821) (\$13,756) (\$14,721) (\$16,4246) (\$286,290) (\$116,904) Administrative Expenses \$82 \$124 \$128 \$102 \$127 \$95 \$109 \$130 \$103 \$126 \$94 \$134 \$1,354 \$2,136 \$1,430 Operating Result (\$12,753) (\$11,603)	Change in UPDR/DPAC:															
Discounted (3,251) (2,007) 7.046 2.178 (291) 2.635 1.094 (1.086) 1.287 (481) (1.894) (1.732) 3.498 30.931 (\$1.769) Underwriting Expenses \$3,103 \$4,369 \$12,149 \$10,394 \$13,197 \$10,547 \$8,592 \$10,900 \$7.291 \$5,255 \$5,777 \$107,986 \$164,014 \$108,996 Net Underwriting Gain (Loss) (\$12,671) (\$11,479) (\$12,683) (\$21,213) (\$18,275) (\$21,911) (\$19,999) \$16,277 (\$20,094) (\$13,821) (\$13,756) (\$14,721) (\$164,246) (\$286,290) (\$116,904) Administrative Expenses \$82 \$124 \$128 \$102 \$127 \$95 \$109 \$130 \$103 \$126 \$94 \$134 \$1,354 \$2,136 \$1,430 Operating Result (\$12,753) (\$11,603) (\$12,811) (\$21,315) (\$18,402) (\$22,006) \$20,008) \$16,147 (\$13,850) (\$14,855) (\$165,600) (\$288,426)	Undiscounted	(2,100)	(1,273)	6,072	1,589	525	1,876	826	1,513	956	(706)	(1,354)	(1,238)	6,686	23,745	6,769
Underwriting Expenses \$3,103 \$4,369 \$10,412 \$10,394 \$13,197 \$10,547 \$8,592 \$10,900 \$7,291 \$5,255 \$5,777 \$107,986 \$164,014 \$108,996 Net Underwriting Gain (Loss) (\$12,671) (\$11,479) (\$12,683) (\$21,213) (\$18,275) (\$21,911) (\$19,899) \$16,277 (\$20,094) (\$13,756) (\$14,721) (\$164,246) (\$286,290) (\$116,904) Administrative Expenses \$82 \$124 \$128 \$102 \$127 \$95 \$109 \$130 \$103 \$126 \$94 \$134 \$1,354 \$2,136 \$1,430 Operating Result (\$12,753) (\$11,603) (\$12,811) (\$21,315) (\$18,402) (\$22,006) (\$20,008) \$16,147 (\$20,197) (\$13,850) (\$14,855) (\$16,600) (\$288,426) (\$118,334) Ratios: Claims & Expenses Incurred (Earned) Prior Accident Year 136.2% 137.8% 132.6% 135.6% 135.7% 129.0% 134.7% 144.6% 134.0% 136.5% 136.4% 132.7% All Accident Years Combined 131.5% 126.3%<	Effect of Discounting	(1,151)	(734)	974	589	(816)	759	268	(2,599)	331	225	(540)	(494)	(3,188)	7,186	(8,538)
Net Underwriting Gain (Loss) (\$12,671) (\$11,479) (\$12,683) (\$21,213) (\$18,275) (\$21,911) (\$19,899) \$16,277 (\$20,094) (\$13,821) (\$13,756) (\$14,721) (\$164,246) (\$286,290) (\$116,904) Administrative Expenses \$82 \$124 \$128 \$102 \$127 \$95 \$109 \$130 \$103 \$126 \$94 \$134 \$1,354 \$2,136 \$1,430 Operating Result (\$12,753) (\$11,603) (\$12,811) (\$21,315) (\$18,402) \$22,006) (\$20,008) \$16,147 (\$20,197) (\$13,850) (\$14,855) (\$165,600) (\$288,426) (\$118,334) Ratios: Claims & Expenses Incurred (Earned) Prior Accident Years -6.7% -5.7% -4.1% -113.4% -3.0% -22.9% -4.3% -4.6% -20.5% -4.5% -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% 134.0% 135.2% 136.5% 136.4% 132.7% All Accident Years 131.5% 126.3%<	Discounted	(3,251)	(2,007)	7,046	2,178	(291)	2,635	1,094	(1,086)	1,287	(481)	(1,894)	(1,732)	3,498	30,931	(\$1,769)
Administrative Expenses \$82 \$124 \$128 \$102 \$127 \$95 \$109 \$130 \$103 \$126 \$94 \$134 \$1,354 \$2,136 \$1,430 Operating Result (\$12,753) (\$11,603) (\$12,811) (\$21,315) (\$18,402) (\$22,006) (\$20,008) \$16,147 (\$20,197) (\$13,850) (\$14,855) (\$165,600) (\$288,426) (\$118,334) Ratios: Claims & Expenses Incurred (Earned) Prior Accident Year -6.7% -57.8% -7.0% -6.7% -5.7% -4.1% -113.4% -3.0% -22.9% -4.3% -4.6% -20.5% -4.5% -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% 134.0% 135.2% 136.4% 132.7% All Accident Year 131.5% 126.3% 87.6% 130.8% 125.9% 131.6% 131.7% 121.7% 129.0% 131.7% 121.7% 130.6% 116.0% 131.9% 102.2% Underwriting & Administrative Expenses (Earned) 10.5%	Underwriting Expenses	\$3,103	\$4,369	\$16,412	\$12,149	\$10,394	\$13,197	\$10,547	\$8,592	\$10,900	\$7,291	\$5,255	\$5,777	\$107,986	\$164,014	\$108,996
Administrative Expenses \$82 \$124 \$128 \$102 \$127 \$95 \$109 \$130 \$103 \$126 \$94 \$134 \$1,354 \$2,136 \$1,430 Operating Result (\$12,753) (\$11,603) (\$12,811) (\$21,315) (\$18,402) (\$22,006) (\$20,008) \$16,147 (\$20,197) (\$13,850) (\$14,855) (\$165,600) (\$288,426) (\$118,334) Ratios: Claims & Expenses Incurred (Earned) Prior Accident Year -6.7% -57.8% -7.0% -6.7% -5.7% -4.1% -113.4% -3.0% -22.9% -4.3% -4.6% -20.5% -4.5% -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% 134.0% 135.2% 136.4% 132.7% All Accident Year 131.5% 126.3% 87.6% 130.8% 125.9% 131.6% 131.7% 121.7% 129.0% 131.7% 121.7% 130.6% 116.0% 131.9% 102.2% Underwriting & Administrative Expenses (Earned) 10.5%	Net Underwriting Gain (Loss)	(\$12.671)	(\$11.479)	(\$12.683)	(\$21.213)	(\$18.275)	(\$21.911)	(\$19.899)	\$16.277	(\$20.094)	(\$13.821)	(\$13.756)	(\$14.721)	(\$164.246)	(\$286.290)	(\$116.904)
Operating Result (\$12,753) (\$11,603) (\$12,811) (\$21,315) (\$18,402) (\$22,006) (\$20,008) \$16,147 (\$20,197) (\$13,850) (\$14,855) (\$165,600) (\$288,426) (\$118,334) Ratios: Claims & Expenses Incurred (Earned) Prior Accident Years -6.7% -57.8% -7.0% -6.7% -5.7% -4.1% -113.4% -3.0% -22.9% -4.3% -4.6% -20.5% -4.5% -30.5% Current Accident Year 138.2% 134.7% 145.4% 137.8% 132.6% 135.7% 129.0% 134.7% 144.6% 134.0% 135.2% 136.6% 132.7% All Accident Years Combined 131.5% 126.3% 87.6% 130.8% 125.9% 129.9% 131.6% 131.7% 121.7% 129.7% 130.6% 116.0% 131.9% 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% 18.6% 20.2% <td< td=""><td></td><td>(+ - , ,)</td><td>(***,***)</td><td>(+ - ,)</td><td>(+</td><td>(+,,</td><td>(+=-;+;</td><td>(+,,</td><td>••••</td><td>(+=+,+++,)</td><td>(***,****)</td><td>(***,***)</td><td>(* · ·,· = ·)</td><td>(****,_***)</td><td>(+,)</td><td>(****,****)</td></td<>		(+ - , ,)	(***,***)	(+ - ,)	(+	(+,,	(+=-;+;	(+,,	••••	(+=+,+++,)	(***,****)	(***,***)	(* · ·,· = ·)	(****,_***)	(+,)	(****,****)
Ratios: Claims & Expenses Incurred (Earned) Prior Accident Years -6.7% -57.8% -7.0% -6.7% -5.7% -4.1% -113.4% -3.0% -22.9% -4.3% -4.6% -20.5% -4.5% -30.5% Current Accident Years 138.2% 134.7% 145.4% 137.8% 132.6% 135.6% 134.7% 144.6% 134.0% 135.2% 136.5% 132.7% All Accident Years Combined 131.5% 126.3% 87.6% 130.8% 125.9% 129.9% 131.6% 131.7% 121.7% 129.7% 130.6% 116.0% 131.9% 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% 18.6% 20.2% 31.0% 43.3% 29.6%	Administrative Expenses	\$82	\$124	\$128	\$102	\$127	\$95	\$109	\$130	\$103	\$126	\$94	\$134	\$1,354	\$2,136	\$1,430
Claims & Expenses Incurred (Earned) Prior Accident Years -6.7% -8.4% -57.8% -7.0% -6.7% -5.7% -4.1% -113.4% -3.0% -22.9% -4.3% -4.6% -20.5% -4.5% -30.5% Current Accident Years 138.2% 134.7% 145.4% 137.8% 132.6% 135.6% 135.7% 129.0% 134.7% 144.6% 134.0% 135.2% 136.5% 136.4% 132.7% All Accident Years Combined 131.5% 126.3% 87.6% 130.8% 125.9% 131.6% 156.6% 131.7% 121.7% 129.7% 130.6% 136.9% 132.7% Underwriting & Administrative Expenses (Earned) 10.5% 54.9% 41.7% 34.6% 45.6% 36.0% 29.6% 37.9% 24.7% 18.6% 20.2% 31.0% 43.3% 29.6%	Operating Result	(\$12,753)	(\$11,603)	(\$12,811)	(\$21,315)	(\$18,402)	(\$22,006)	(\$20,008)	\$16,147	(\$20,197)	(\$13,947)	(\$13,850)	(\$14,855)	(\$165,600)	(\$288,426)	(\$118,334)
Prior Accident Years -6.7% -8.4% -57.8% -7.0% -6.7% -5.7% -4.1% -113.4% -3.0% -22.9% -4.3% -4.6% -20.5% -4.5% -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% 134.0% 135.2% 136.5% 132.7% All Accident Years Combined 131.5% 126.3% 87.6% 130.8% 125.9% 129.9% 131.6% 131.7% 121.7% 129.7% 130.6% 116.0% 131.9% 102.2% Underwriting & Administrative Expenses (Earned) 10.5% 54.9% 41.7% 34.6% 45.6% 36.0% 29.6% 37.9% 24.7% 18.6% 20.2% 31.0% 43.3% 29.6%	Ratios:															
Current Accident Year 138.2% 134.7% 145.4% 137.8% 132.6% 135.7% 129.0% 134.7% 144.6% 136.5% 136.5% 136.4% 132.7% All Accident Years Combined 131.5% 126.3% 87.6% 130.8% 125.9% 131.6% 135.6% 131.7% 124.7% 130.6% 136.6% 132.7% Underwriting & Administrative Expenses (Earned) 10.5% 16.6% 54.9% 41.7% 34.6% 45.6% 36.0% 29.6% 37.9% 24.7% 18.6% 20.2% 31.0% 43.3% 29.6%																
All Accident Years Combined 131.5% 126.3% 87.6% 130.8% 125.9% 129.9% 131.6% 15.6% 131.7% 121.7% 129.7% 130.6% 116.0% 131.9% 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% 18.6% 20.2% 31.0% 43.3% 29.6%																
Underwriting & Administrative Expenses (Earned) 10.5% 16.6% 54.9% 41.7% 34.6% 45.6% 36.0% 29.6% 37.9% 24.7% 18.6% 20.2% 31.0% 43.3% 29.6%										_						
	All Accident Years Combined	131.5%	126.3%	87.6%	130.8%	125.9%	129.9%	131.6%	15.6%	131.7%	121.7%	129.7%	130.6%	116.0%	131.9%	102.2%
Combined Operating Ratio 142.0% 142.5% 142.5% 172.5% 160.5% 175.5% 167.6% 45.2% 169.6% 146.4% 148.3% 150.8% 147.0% 175.2% 131.8%	Underwriting & Administrative Expenses (Earned)	10.5%	16.6%	54.9%	41.7%	34.6%	45.6%	36.0%	29.6%	37.9%	24.7%	18.6%	20.2%	31.0%	43.3%	29.6%
	Combined Operating Ratio	142.0%	142.9%	142.5%	172.5%	160.5%	175.5%	167.6%	45.2%	169.6%	146.4%	148.3%	150.8%	147.0%	175.2%	131.8%

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

EXHIBIT 1

CY2019