

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
 ALBERTA RISK SHARING POOL PROJECT MANAGER
BULLETIN NO.: F19 – 006
DATE: JANUARY 30, 2019
SUBJECT: ALBERTA RISK SHARING POOLS
 – DECEMBER 2018 OPERATIONAL REPORT

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

Please be advised that the December 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 -\$32.5 million and the incurred loss ratio to the end of 12 months is 88.9%, as summarized below.

Amounts in \$000s	December 2018	December 2017	Year to date Dec 2018	Year to Date Dec 2017
Premium Written	12,514	11,851	158,547	159,965
Premium Earned	13,786	13,447	161,568	149,448
Incurred Losses	12,406	12,119	143,701	148,255
Underwriting & Admin Expense	3,797	3,103	50,368	51,012
Operating Result	(2,417)	(1,775)	(32,501)	(49,819)
Ratios:				
Loss ratio - Prior Accident Years	(2.7%)	(3.2%)	(4.7%)	4.4%
- Current Accident Year	92.7%	93.3%	93.6%	94.8%
<i>Total</i>	90.0%	90.1%	88.9%	99.2%
<i>Underwriting & Admin Expense</i>	27.5%	23.1%	31.2%	34.1%
<i>Combined Operating Ratio</i>	117.5%	113.2%	120.1%	133.3%

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.

Compared with the Risk Sharing Pools’ Final Outlook for 2018 ([F17-078](#) posted Oct. 3, 2017), 2018 finished with written premium \$31.1 million (16.4%) lower than expected, and earned premium \$22.8 million (12.4%) lower than expected. The net operating deficit at \$32.5 million was \$9.9 million (23.3%) lower than expected and the combined ratio was 2.8 points lower than expected (see table below).

AB Grid RSP 2018 Yr-end Projection	Current	Prior Mth		Final 2018
Amounts in \$000s	(Dec 2018)	(Nov 2018)	Change	Outlook*
Premium Written	158,556	156,680	1,876	189,665
Premium Earned	161,577	161,661	(84)	184,393
Incurred Losses	143,702	143,729	(27)	167,321
Underwriting & Admin Expense	50,341	49,899	442	59,423
Net Result from Operations	(32,466)	(31,967)	(499)	(42,351)
Ratios:				
Loss ratio - Prior Accident Years	(4.7%)	(4.7%)	0.0%	(3.9%)
- Current Accident Year	93.6%	93.6%	0.0%	94.6%
<i>Total</i>	88.9%	88.9%	0.0%	90.7%
Underwriting & Admin Expense	31.2%	30.9%	0.3%	32.2%
Combined Operating Ratio	120.1%	119.8%	0.3%	122.9%

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 Alberta Grid 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 -\$38.2 million, and a combined operating ratio of 124.2%. 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).

The projected calendar year Operating Result to December 2019 is now -\$38.3 million (an insignificant change of \$37 thousand deterioration relative to the Outlook) and the estimated combined operating ratio to December 2019 is 122.2% (a 2.0 point improvement relative to the Outlook).

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$2.4 million Operating Result in the month of December 2018, a deterioration of \$0.6 million compared with the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 113.2% to 117.5% applied to \$13.8 million in earned premium).

This month’s results moved the year-to-date combined operating ratio from 120.3% at the end of

11 months to 120.1% at the end of 12 months. The 0.2 percentage point decrease is composed of a 0.1 percentage point decrease in the Current Accident Year loss ratio, and a 0.3 percentage point decrease in the expense ratio, offset by a 0.2 percentage point increase in the Prior Accident Years loss ratio.

Variances from Projections

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

December 2018	Actual	Projection	Difference	Difference %
Written Premium	12,514	10,633	1,881	17.7%
Earned Premium	13,786	13,865	(79)	(0.6%)
Reported Losses				
Paid Losses	10,345	11,140	(795)	(7.1%)
Paid Expenses	484	934	(450)	(48.2%)
Change in Outstanding Losses	(743)	307	(1,050)	(342.0%)
Total Reported Losses	10,086	12,381	(2,295)	(18.5%)
Change in IBNR Provision*	2,320	51	2,269	
Change in Premium Deficiency (DPAC)*	(12)	108	(120)	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Grid 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 \$2.3 million lower than projected. The Current Accident Year reported a favourable variance of \$0.2 million, and the Prior Accident Years reported a favourable variance of \$2.1 million. No single Prior Accident Year had a variance in excess of \$1.0 million.

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

Effect of Quarterly Valuation

The December 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 -\$29.8 million and the incurred loss ratio to the end of 12 months is 94.2%, as summarized in the table below.

Amounts in \$000s	December 2018	December 2017	Year to date Dec 2018	Year to Date Dec 2017
Premium Written	7,832	7,217	113,977	99,007
Premium Earned	9,741	8,216	106,704	96,919
Incurred Losses	10,708	9,214	100,445	111,564
Underwriting & Admin Expense	1,962	1,487	36,076	32,407
Operating Result	(2,929)	(2,485)	(29,817)	(47,052)
<i>Ratios:</i>				
Loss ratio - Prior Accident Years	(2.7%)	(4.2%)	(19.0%)	(2.6%)
- Current Accident Year	112.6%	116.3%	113.2%	117.7%
<i>Total</i>	109.9%	112.1%	94.2%	115.1%
<i>Underwriting & Admin Expense</i>	20.1%	18.1%	33.8%	33.4%
<i>Combined Operating Ratio</i>	130.0%	130.2%	128.0%	148.5%

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.

Compared with the Risk Sharing Pools' Final Outlook for 2018 (F17-078 posted Oct. 3, 2017), 2018 finished with written premium \$12.7 million (12.5%) higher than expected, and earned premium \$9.4 million (9.6%) higher than expected. The net operating deficit at \$29.8 million was \$13.9 million (31.7%) lower than expected and the combined ratio was 16.9 points lower than expected (see table at the top of the next page).

AB Non-Grid RSP 2018 Yr-end Proj.	Current	Prior Mth		Final 2018
Amounts in \$000s	(Dec 2018)	(Nov 2018)	Change	Outlook*
Premium Written	113,979	114,351	(372)	101,307
Premium Earned	106,705	106,733	(28)	97,354
Incurred Losses	100,445	100,448	(3)	107,678
Underwriting & Admin Expense	36,092	36,229	(136)	33,362
Net Result from Operations	(29,832)	(29,944)	111	(43,686)
Ratios:				
Loss ratio - Prior Accident Years	(19.0%)	(19.0%)	0.0%	(4.5%)
- Current Accident Year	113.1%	113.1%	0.0%	115.1%
<i>Total</i>	94.1%	94.1%	0.0%	110.6%
<i>Underwriting & Admin Expense</i>	33.8%	33.9%	(0.1%)	34.3%
<i>Combined Operating Ratio</i>	127.9%	128.0%	(0.1%)	144.9%

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 Alberta Non-Grid 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 -\$63.0 million, and a combined operating ratio of 150.6%. 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).

The projected calendar year Operating Result to December 2019 is now -\$62.1 million (a \$.9 million improvement relative to the Outlook) and the estimated combined operating ratio to December 2019 is 146.8% (a 3.8 point improvement relative to the Outlook). The improvement is composed of a \$5.0 million improvement stemming from the overall decrease in the combined ratio (from 150.6% to 146.8% applied to \$132.3 million in projected earned premium), offset by an estimated \$3.9 million unfavourable impact associated with the \$7.7 million increase in projected earned premium (at a combined ratio of 150.6%). The remaining \$0.2 million difference is due to other assumption updates.

Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$2.9 million Operating Result in the month of December 2018, a deterioration of \$0.4 million from the same month last year. This deterioration is mainly driven by an approximately \$0.4 million unfavourable impact associated with the \$1.5 million increase in earned premium (at a combined ratio of 130.2%).

This month's results moved the year-to-date combined operating ratio from 127.7% at the end of 11 months to 128.0% at the end of 12 months. The 0.3 percentage point increase is composed of a 1.7 percentage point increase in the Prior Accident Years loss ratio, offset by a 1.4 percentage point decrease in the expense ratio.

Variances from Projections

The table below 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	7,832	8,204	(372)	(4.5%)
Earned Premium	9,741	9,769	(28)	(0.3%)
Reported Losses				
Paid Losses	9,758	9,732	26	0.3%
Paid Expenses	243	378	(135)	(35.7%)
Change in Outstanding Losses	(1,556)	(74)	(1,482)	>999.9%
Total Reported Losses	8,445	10,036	(1,591)	(15.9%)
Change in IBNR Provision*	2,263	675	1,588	
Change in Premium Deficiency (DPAC)*	(456)	(436)	(20)	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Non-Grid RSP December 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 December 2018, reported losses were \$1.6 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 \$0.3 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

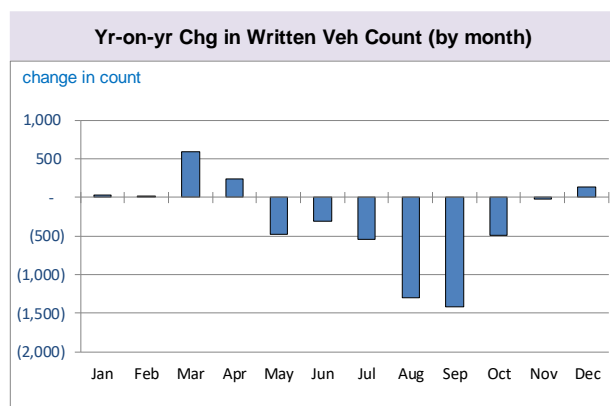
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

Effect of Quarterly Valuation

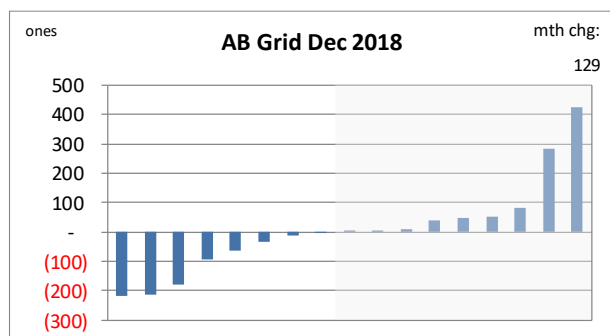
The December 2018 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2018). The actuarial valuation will be updated next as at December 31, 2018 and we anticipate that the results will be reflected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

Management Comments

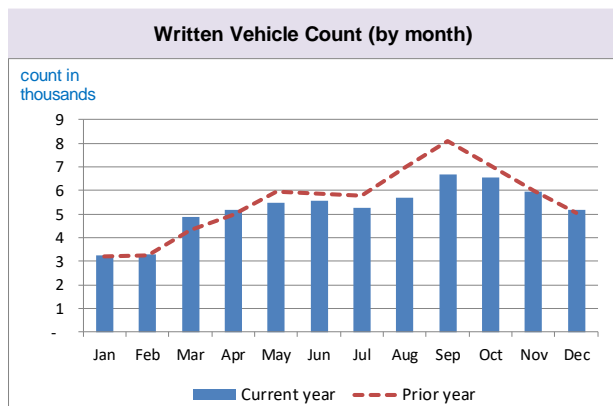
Alberta Grid



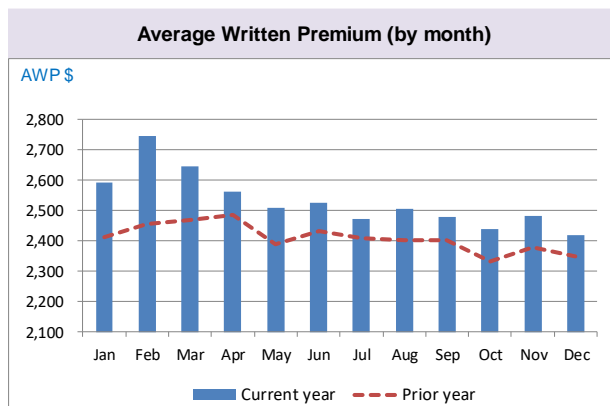
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with December showing an increase of 129 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 689 vehicles, indicating a variance of 818 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a greater number of vehicles to the pool in December than projected.



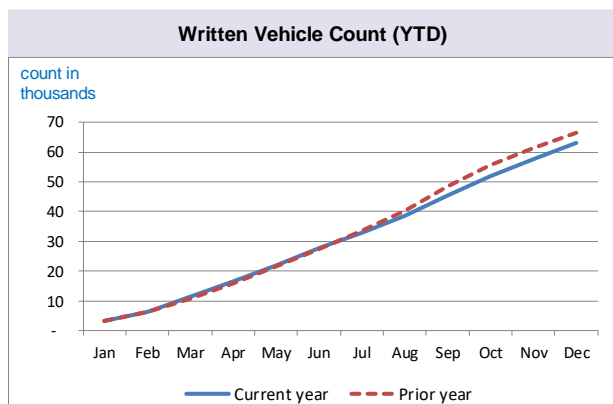
December's vehicle count transfers to the pool represent a 2.6% increase from December 2017, but counts were down 5.4% year-to-date. Average written premium was up 3.0% in December 2018 compared with the same month in 2017, and up 4.7% year-to-date (see charts immediately below).



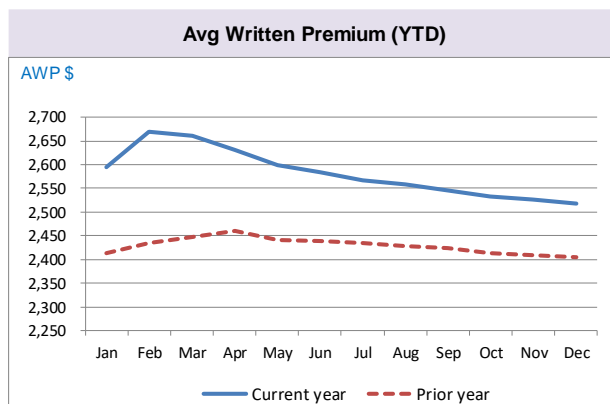
	Dec-18	Dec-17	Amt Chg	% Chg
W. Veh curr mth	5,174	5,044	129	2.6%



	Dec-18	Dec-17	Amt Chg	% Chg
AWP curr mth	2,419	2,349	70	3.0%

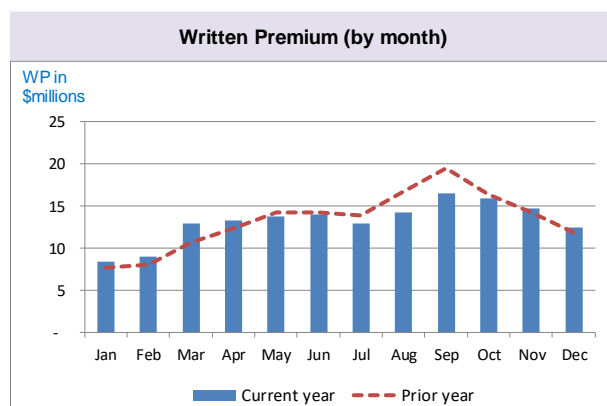


	Dec-18	Dec-17	Amt Chg	% Chg
W. Vehicles YTD	62,955	66,524	(3,569)	-5.4%

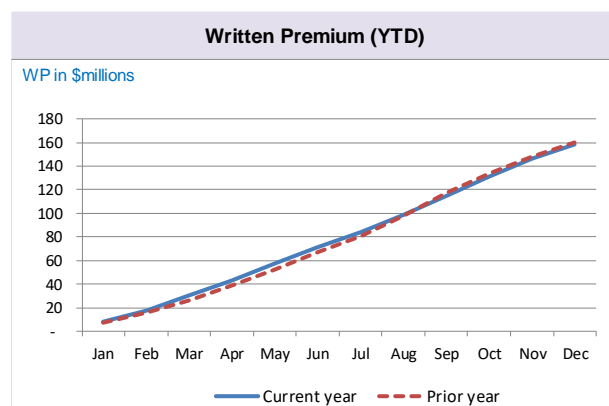


	Dec-18	Dec-17	Amt Chg	% Chg
Avg W. Prem YTD	2,518	2,405	113	4.7%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 5.6% for the month compared with the 10.3% decrease we projected last month, but was down 0.9% year-to-date (see charts at the top of the next page).



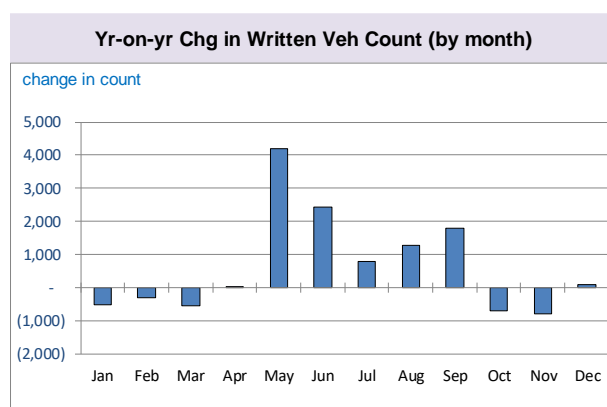
	Dec-18	Dec-17	Amt Chg	% Chg
WP (\$000s) curr mth	12,514	11,851	663	5.6%



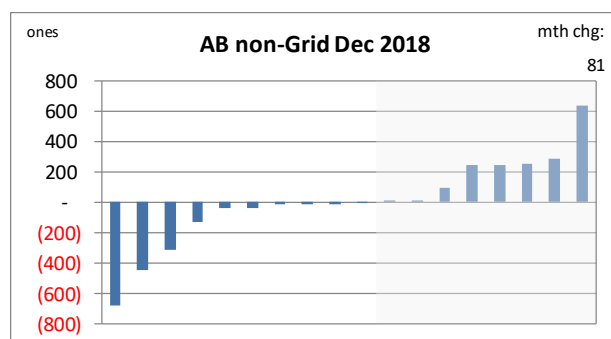
	Dec-18	Dec-17	Amt Chg	% Chg
WP (\$000s) YTD	158,548	159,965	(1,418)	-0.9%

Alberta Non-Grid

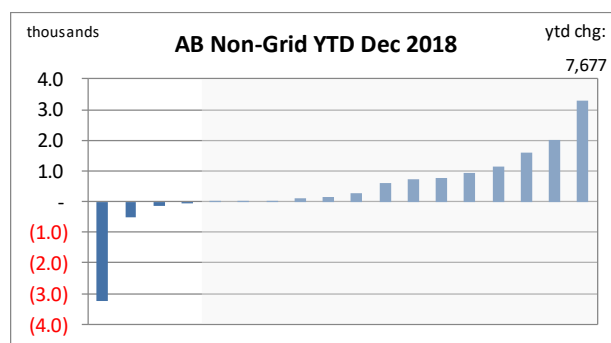
For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents 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 2019 vehicle count up 30.0% from 2018**, being 3.5% 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 Alberta Non-Grid pool by month, with December showing an increase of 81 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 434 vehicles, indicating a variance of 353 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 December than projected.



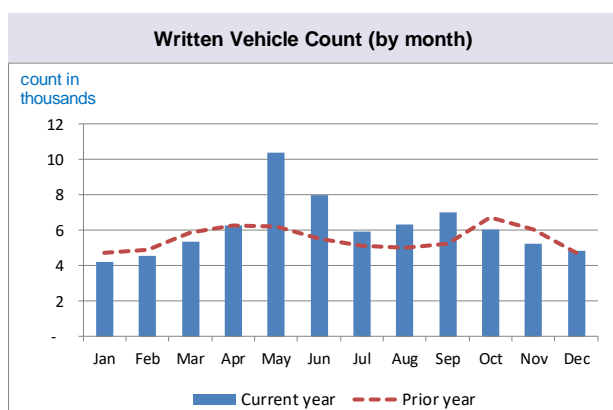
company groups accounted for 85% of the total transfer decrease for these “decliner” members. Of the 8 member company groups transferring more vehicles, 1 member company group accounted for 36% of the total transfers increase for these “grower” members.



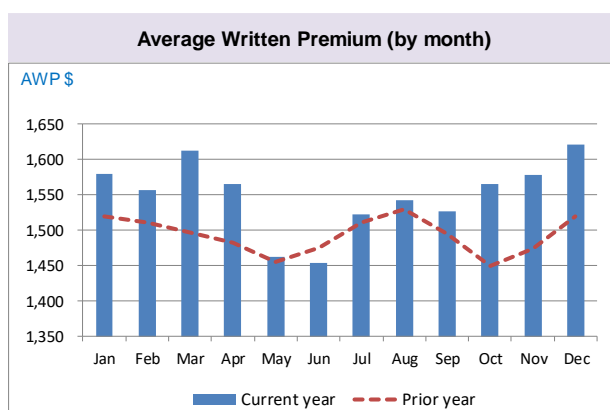
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the pool this month compared to a year ago, while eight transferred more. Of the 10 member company groups transferring fewer vehicles, 3 member

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.

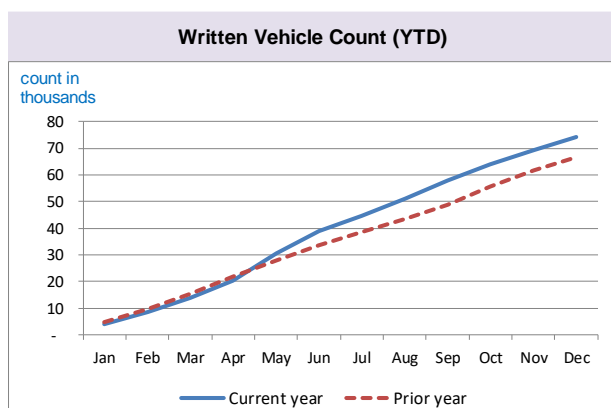
December’s vehicle count transfers to the pool represent a 1.7% increase from December 2017, and counts were up 11.6% year-to-date. Average written premium was up 6.6% in December 2018 compared with the same month in 2017, and up 3.2% year-to-date (see charts immediately below and at the top of the next page).



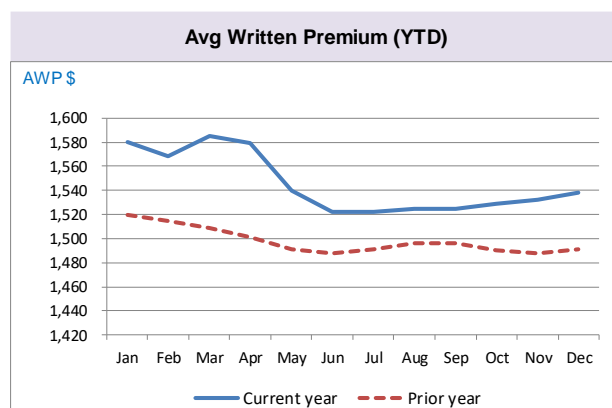
	Dec-18	Dec-17	Amt Chg	% Chg
W. Veh curr mth	4,830	4,749	81	1.7%



	Dec-18	Dec-17	Amt Chg	% Chg
AWP curr mth	1,621	1,520	101	6.6%

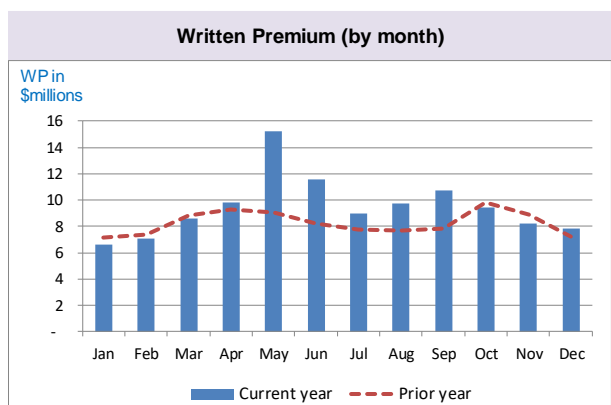


	Dec-18	Dec-17	Amt Chg	% Chg
W. Vehicles YTD	74,094	66,417	7,677	11.6%

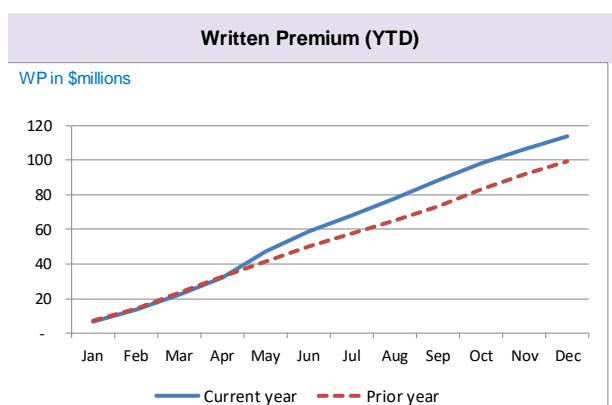


	Dec-18	Dec-17	Amt Chg	% Chg
Avg W. Prem YTD	1,538	1,491	47	3.2%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 8.5% for the month compared with the 13.7% increase we projected last month, and was up 15.1% year-to-date (see charts immediately below).



	Dec-18	Dec-17	Amt Chg	% Chg
WP (\$000s) curr mth	7,832	7,217	615	8.5%



	Dec-18	Dec-17	Amt Chg	% Chg
WP (\$000s) YTD	113,977	99,007	14,970	15.1%

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 December 2018 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

SUMMARY OF OPERATIONS - CALENDAR YEAR 2018

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 12 Months Ended December 31, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	November	December	CY2018 YTD	CY2019 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	\$14,265	\$16,586	\$15,975	\$14,797	\$12,514	\$158,547	\$179,744	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	772	(23)	579	(703)	903	(630)	(3,514)	(2,422)	(1,637)	1,272	3,021	(7,037)	(10,517)
Net Premiums Earned	\$13,590	\$12,199	\$13,738	\$13,282	\$14,328	\$13,344	\$13,881	\$13,635	\$13,072	\$13,553	\$13,160	\$13,786	\$161,568	\$172,707	\$149,448
Claims Incurred:															
Prior Accident Years:															
Undiscounted	(\$318)	(\$292)	\$8,574	(\$276)	(\$1,565)	(\$211)	(\$8)	(\$923)	(\$14)	(\$4,415)	(\$4)	\$7	\$555	\$0	\$21,037
Effect of Discounting	(68)	(629)	1,625	(502)	(1,963)	(706)	(456)	(1,118)	(327)	(3,335)	(285)	(378)	(\$8,142)	(3,680)	(14,503)
Discounted	(\$386)	(\$921)	\$10,199	(\$778)	(\$3,528)	(\$917)	(\$464)	(\$2,041)	(\$341)	(\$7,750)	(\$289)	(\$371)	(\$7,587)	(\$3,680)	\$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	\$12,370	\$146,295	\$153,879	\$135,791
Effect of Discounting	740	544	713	551	337	487	548	572	498	(769)	365	407	\$4,993	5,107	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	\$12,777	\$151,288	\$158,986	\$141,721
Claims Incurred	\$12,324	\$10,366	\$24,875	\$12,090	\$10,424	\$12,038	\$12,853	\$11,034	\$12,168	\$1,223	\$11,900	\$12,406	\$143,701	\$155,306	\$148,255
Underwriting Expenses:															
Expense Allowance	\$2,499	\$2,670	\$3,853	\$3,956	\$4,085	\$4,174	\$3,855	\$4,240	\$4,927	\$4,745	\$4,395	\$3,717	\$47,116	\$53,386	\$46,180
Change in UPDR/DPAC:															
Undiscounted	731	463	4,181	61	945	(35)	93	(628)	(411)	(1,841)	(254)	43	3,348	774	4,959
Effect of Discounting	(266)	(163)	286	5	(381)	37	(44)	59	172	(847)	62	(55)	(1,135)	351	(1,106)
Discounted	465	300	4,467	66	564	2	49	(569)	(239)	(2,688)	(192)	(12)	\$2,213	1,125	\$3,853
Underwriting Expenses	\$2,964	\$2,970	\$8,320	\$4,022	\$4,649	\$4,176	\$3,904	\$3,671	\$4,688	\$2,057	\$4,203	\$3,705	\$49,329	\$54,511	\$50,033
Net Underwriting Gain (Loss)	(\$1,698)	(\$1,137)	(\$19,457)	(\$2,830)	(\$745)	(\$2,870)	(\$2,876)	(\$1,070)	(\$3,784)	\$10,273	(\$2,943)	(\$2,325)	(\$31,462)	(\$37,110)	(\$48,840)
Administrative Expenses	\$70	\$97	\$101	\$82	\$96	\$75	\$80	\$96	\$81	\$99	\$70	\$92	\$1,039	\$1,149	\$979
Operating Result	(\$1,768)	(\$1,234)	(\$19,558)	(\$2,912)	(\$841)	(\$2,945)	(\$2,956)	(\$1,166)	(\$3,865)	\$10,174	(\$3,013)	(\$2,417)	(\$32,501)	(\$38,259)	(\$49,819)
Ratios:															
Claims & Expenses Incurred (Earned)															
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%	-2.7%	-4.7%	-2.1%	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%	92.7%	93.6%	92.1%	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%	90.0%	88.9%	90.0%	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%	27.5%	31.2%	32.2%	34.1%
Combined Operating Ratio	113.0%	110.1%	242.3%	121.9%	105.9%	122.1%	121.3%	108.5%	129.6%	24.9%	122.9%	117.5%	120.1%	122.2%	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 12 Months Ended December 31, 2018 (Discounted basis)

 Source: *Monthly Operational Report*

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	September	October	November	December	CY2018 YTD	CY2019 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	\$9,741	\$10,706	\$9,471	\$8,253	\$7,832	\$113,977	\$151,497	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	(270)	(1,671)	(6,421)	(2,661)	279	(429)	(1,427)	193	1,172	1,909	(7,273)	(19,158)	(2,088)
Net Premiums Earned	\$8,291	\$7,476	\$8,338	\$8,148	\$8,810	\$8,933	\$9,287	\$9,312	\$9,279	\$9,664	\$9,425	\$9,741	\$106,704	\$132,339	\$96,919
Claims Incurred:															
Prior Accident Years:															
Undiscounted	(\$129)	(\$107)	(\$6,428)	(\$45)	\$1,812	(\$20)	\$26	(\$5,295)	(\$7)	(\$4,296)	(\$9)	(\$8)	(\$14,506)	\$0	\$6,938
Effect of Discounting	(129)	(301)	(452)	(245)	(926)	(282)	(231)	(736)	(154)	(1,853)	(220)	(257)	(5,786)	(2,607)	(9,421)
Discounted	(\$258)	(\$408)	(\$6,880)	(\$290)	\$886	(\$302)	(\$205)	(\$6,031)	(\$161)	(\$6,149)	(\$229)	(\$265)	(\$20,292)	(\$2,607)	(\$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	\$10,653	\$117,039	\$141,735	\$109,961
Effect of Discounting	533	363	400	367	283	366	409	486	337	(386)	220	320	3,698	4,423	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	\$10,973	\$120,737	\$146,158	\$114,047
Claims Incurred	\$9,165	\$7,966	\$3,060	\$8,961	\$11,853	\$10,018	\$10,503	\$5,475	\$10,586	\$1,848	\$10,302	\$10,708	\$100,445	\$143,551	\$111,564
Underwriting Expenses:															
Expense Allowance	\$1,971	\$2,105	\$2,557	\$2,917	\$4,524	\$3,444	\$2,676	\$2,894	\$3,180	\$2,813	\$2,451	\$2,326	\$33,858	\$44,994	\$28,599
Change in UPDR/DPAC:															
Undiscounted	(97)	(3)	1,358	210	1,923	285	(57)	(126)	(44)	(1,602)	(272)	(348)	1,227	3,345	3,745
Effect of Discounting	(101)	(22)	157	110	161	158	(20)	86	73	(484)	(73)	(108)	(63)	1,089	(918)
Discounted	(198)	(25)	1,515	320	2,084	443	(77)	(40)	29	(2,086)	(345)	(456)	1,164	4,434	\$2,827
Underwriting Expenses	\$1,773	\$2,080	\$4,072	\$3,237	\$6,608	\$3,887	\$2,599	\$2,854	\$3,209	\$727	\$2,106	\$1,870	\$35,022	\$49,428	\$31,426
Net Underwriting Gain (Loss)	(\$2,647)	(\$2,570)	\$1,206	(\$4,050)	(\$9,651)	(\$4,972)	(\$3,815)	\$983	(\$4,516)	\$7,089	(\$2,983)	(\$2,837)	(\$28,763)	(\$60,640)	(\$46,071)
Administrative Expenses	\$71	\$98	\$106	\$83	\$97	\$72	\$83	\$99	\$83	\$101	\$69	\$92	\$1,054	\$1,455	\$981
Operating Result	(\$2,718)	(\$2,668)	\$1,100	(\$4,133)	(\$9,748)	(\$5,044)	(\$3,898)	\$884	(\$4,599)	\$6,988	(\$3,052)	(\$2,929)	(\$29,817)	(\$62,095)	(\$47,052)
Ratios:															
Claims & Expenses Incurred (Earned)															
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%	-2.7%	-19.0%	-2.0%	-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%	112.6%	113.2%	110.4%	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%	109.9%	94.2%	108.4%	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%	20.1%	33.8%	38.4%	33.4%
Combined Operating Ratio	132.8%	135.6%	86.8%	150.6%	210.7%	156.4%	142.0%	90.5%	149.6%	27.8%	132.4%	130.0%	128.0%	146.8%	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.

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