



**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F19 – 058**

**DATE: JULY 30, 2019**

**SUBJECT: ALBERTA RISK SHARING POOLS  
– JUNE 2019 OPERATIONAL REPORT**

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

Please be advised that the June 2019 Alberta Risk Sharing Pools Operational Reports are now available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

#### **New This Month**

##### *Annual Update of Member Sharing Ratios*

The June 2019 Operational Reports reflect the annual update of member sharing ratios for Accident Years 2017, 2018, 2019 and 2020. Please refer to Bulletin [F19-053](#) for additional information.

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

The calendar year-to-date Operating Result is -\$16.8 million and the incurred loss ratio to the end of 6 months is 82.6%, as summarized in the table at the top of the next page.

*AB-G RSP Summary of Financial Results (for month and year-to-date)*

Amounts in \$000s	June 2019	June 2018	Year to date Jun 2019	Year to Date Jun 2018
Premium Written	17,983	14,047	90,527	71,432
Premium Earned	13,997	13,344	82,624	80,481
Incurred Losses	12,741	12,038	68,267	82,117
Underwriting & Admin Expense	5,677	4,251	31,186	27,622
<b>Operating Result</b>	<b>(4,421)</b>	<b>(2,945)</b>	<b>(16,829)</b>	<b>(29,258)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(8.1%)</b>	<b>(6.9%)</b>	<b>(14.6%)</b>	4.6%
- Current Accident Year	99.1%	97.1%	97.2%	97.5%
<i>Total</i>	<b>91.0%</b>	<b>90.2%</b>	<b>82.6%</b>	<b>102.1%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>40.6%</b>	<b>31.9%</b>	<b>37.7%</b>	<b>34.3%</b>
<i>Combined Operating Ratio</i>	<b>131.6%</b>	<b>122.1%</b>	<b>120.3%</b>	<b>136.4%</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 2019 for Risk Sharing Pool - Alberta Grid” attached to this bulletin.

The June 2019 Prior Accident Years loss ratio at -8.1% is unusual for a month where there is no valuation implementation. In fact, last month’s projection for this ratio was -4.3%, indicating a variance of 3.8 points. This variance was driven by activity during the month resulting in risks with exposure in the Prior Accident Years being removed due to ineligibility, with the result that the earned premium associated with Prior Accident Years was -\$0.6 million for the month. As our booking process applies the Appointed Actuary’s approved accident year loss ratio to accident year earned premium, the negative earned premium resulted in a reduction of booked claims liabilities, reducing them by \$0.6 million relative to what would have been booked had the Prior Accident Years earned premium not changed during the month. The reduction in Prior Accident Years earned premium also had a minor impact on the current accident year claims ratio (as it is measured against the calendar month’s earned premium, which was reduced as discussed earlier).

*Updated Projection to Year-end 2019*

The projected calendar year Operating Result to December 2019 is -\$43.5 million and the estimated combined operating ratio to December 2019 is 124.2%, as summarized in the table at the top of the next page. This updated projection to the end of the year has improved by \$0.5 million from the projection provided last month (see the second and third columns in the table). This improvement is driven by a \$1.7 million decrease in the projected written premium for the year, reflecting the written premium variance for the month of June.

*AB-G RSP Summary of **Projected Year-end Financial Results** (current month's projection, prior month's projection, and Outlook posted last fall)*

<b>AB Grid RSP 2019 Yr-end Projection</b> <b>Amounts in \$000s</b>	<b>Current</b> <b>(Jun 2019)</b>	<b>Prior Mth</b> <b>(May 2019)</b>	<b>Change</b>	<b>Final 2019</b> <b>Outlook*</b>
Premium Written	198,689	200,368	(1,679)	158,031
Premium Earned	179,557	180,850	(1,293)	158,085
Incurred Losses	156,578	157,783	(1,205)	144,374
Underwriting & Admin Expense	66,483	67,039	(556)	51,933
<b>Net Result from Operations</b>	<b>(43,504)</b>	<b>(43,972)</b>	<b>468</b>	<b>(38,222)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(8.4%)	(8.0%)	(0.4%)	(3.1%)
- Current Accident Year	95.6%	95.2%	0.4%	94.4%
<i>Total</i>	<b>87.2%</b>	<b>87.2%</b>	<b>0.0%</b>	<b>91.3%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>37.0%</b>	<b>37.1%</b>	<b>(0.1%)</b>	<b>32.9%</b>
<b>Combined Operating Ratio</b>	<b>124.2%</b>	<b>124.3%</b>	<b>(0.1%)</b>	<b>124.2%</b>

*rounding differences may occur*

\*as posted to FA's website Oct. 18, 2018

### Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$4.4 million Operating Result in the month of June 2019, a deterioration of \$1.5 million compared with the same month last year. This deterioration is composed of an approximately \$0.2 million deterioration associated with the \$0.7 million increase in earned premium (at a combined ratio of 122.1%), with the remaining \$1.3 million deterioration stemming from the overall increase in the combined ratio (from 122.1% to 131.6% applied to \$14.0 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 118.1% at the end of 5 months to 120.3% at the end of 6 months. The 2.2 percentage point increase is composed of a 1.3 percentage point increase in the Prior Accident Years loss ratio, coupled with a 0.4 percentage point increase in the Current Accident Year loss ratio, and a 0.5 percentage point increase 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 compared to the estimates projected last month.

*AB-G RSP Summary of Actual vs Projected variances*

June 2019	Actual	Projection	Difference	Difference %
Written Premium	17,983	19,662	(1,679)	(8.5%)
Earned Premium	13,997	14,514	(517)	(3.6%)
Reported Losses				
Paid Losses	9,356	10,462	(1,106)	(10.6%)
Paid Expenses	285	995	(710)	(71.4%)
Change in Outstanding Losses	(3,399)	(2,457)	(942)	38.3%
<b>Total Reported Losses</b>	<b>6,242</b>	<b>9,000</b>	<b>(2,758)</b>	<b>(30.6%)</b>
Change in IBNR Provision*	6,499	4,102	2,397	
Change in Premium Deficiency (DPAC)*	3	(41)	44	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Grid RSP June 2019 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 June 2019, reported losses were \$2.8 million lower than projected. The Current Accident Year reported a favourable variance of \$1.8 million, and the Prior Accident Years reported a favourable variance of \$1.0 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 June 2019 Operational Report – Actuarial Highlights](#).

**Effect of Quarterly Valuation**

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

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

The calendar year-to-date Operating Result is -\$21.7 million and the incurred loss ratio to the end of 6 months is 99.9%, as summarized in the table below.

*AB-N RSP Summary of Financial Results (for month and year-to-date)*

Amounts in \$000s	June 2019	June 2018	Year to date Jun 2019	Year to Date Jun 2018
Premium Written	9,022	11,594	59,336	58,966
Premium Earned	7,950	8,933	56,132	49,996
Incurred Losses	8,841	10,018	56,039	51,023
Underwriting & Admin Expense	3,169	3,959	21,764	22,184
<b>Operating Result</b>	<b>(4,060)</b>	<b>(5,044)</b>	<b>(21,671)</b>	<b>(23,211)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(24.7%)	(3.4%)	(19.6%)	(14.5%)
- Current Accident Year	135.9%	115.5%	119.5%	116.6%
<i>Total</i>	<b>111.2%</b>	<b>112.1%</b>	<b>99.9%</b>	<b>102.1%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>39.9%</b>	<b>44.3%</b>	<b>38.8%</b>	<b>44.4%</b>
<i>Combined Operating Ratio</i>	<b>151.1%</b>	<b>156.4%</b>	<b>138.7%</b>	<b>146.5%</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 2019 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

Aligned with the earlier comments related to the Grid RSP, the non-Grid June 2019 Prior Accident Years loss ratio at -24.7% is unusual for a month where there is no valuation implementation. In fact, last month’s projection for this ratio was -3.3%, indicating a variance of 21.4 points. This variance was driven by activity during the month resulting in risks with exposure in the Prior Accident Years being removed due to ineligibility, with the result that the earned premium associated with Prior Accident Years was -\$1.7 million for the month. As our booking process applies the Appointed Actuary’s approved accident year loss ratio to accident year earned premium, the negative earned premium resulted in a reduction of booked claims liabilities, reducing them by \$1.8 million relative to what would have been booked had the Prior Accident Years earned premium not changed during the month. The reduction in Prior Accident Years earned premium also had a minor impact on the current accident year claims ratio (as it is measured against the calendar month’s earned premium, which was reduced as discussed earlier).

*Updated Projection to Year-end 2019*

The projected calendar year Operating Result to December 2019 is -\$56.4 million and the estimated combined operating ratio to December 2019 is 146.8%, as summarized in the table at the top of the next page. This updated projection to the end of the year has improved by \$1.7 million from the projection provided last month (see the second and third columns in the table). This improvement is driven by a \$3.8 million decrease in the projected written premium

for the year, reflecting the written premium variance for the month of June.

*AB-N RSP Summary of **Projected Year-end Financial Results** (current month's projection, prior month's projection, and Outlook posted last fall)*

<b>AB Non-Grid RSP 2019 Yr-end Proj.</b> <b>Amounts in \$000s</b>	<b>Current</b> <b>(Jun 2019)</b>	<b>Prior Mth</b> <b>(May 2019)</b>	<b>Change</b>	<b>Final 2019</b> <b>Outlook*</b>
Premium Written	135,436	139,230	(3,794)	141,592
Premium Earned	120,491	122,827	(2,336)	124,625
Incurred Losses	127,689	130,266	(2,577)	137,538
Underwriting & Admin Expense	49,181	50,671	(1,491)	50,104
<b>Net Result from Operations</b>	<b>(56,379)</b>	<b>(58,110)</b>	<b>1,732</b>	<b>(63,017)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(10.3%)	(8.8%)	(1.5%)	(2.6%)
- Current Accident Year	116.3%	114.8%	1.5%	113.0%
<i>Total</i>	<b>106.0%</b>	<b>106.0%</b>	<b>0.0%</b>	<b>110.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>40.8%</b>	<b>41.3%</b>	<b>(0.5%)</b>	<b>40.2%</b>
<b>Combined Operating Ratio</b>	<b>146.8%</b>	<b>147.3%</b>	<b>(0.5%)</b>	<b>150.6%</b>

*rounding differences may occur*

\*as posted to FA's website Oct. 18, 2018

### Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$4.1 million Operating Result in the month of June 2019, an improvement of \$1.0 million compared with the same month last year. This improvement is composed of a \$0.6 million favourable impact associated with the \$1.0 million decrease in earned premium (at a combined ratio of 156.4%), with the remaining \$0.4 million improvement stemming from the overall decrease in the combined ratio (from 156.4% to 151.1% applied to \$8.0 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 136.6% at the end of 5 months to 138.7% at the end of 6 months. The 2.1 percentage point increase is composed of a 2.7 percentage point increase in the Current Accident Years loss ratio, and a 0.2 percentage point increase in the expense loss ratio, offset by a 0.8 percentage point decrease in the Prior Accident loss ratio.

### Variances from Projections

The table at the top of the next page provides a summary of key components of the operating results as compared to the estimates projected last month.

*AB-N RSP Summary of Actual vs Projected variances*

June 2019	Actual	Projection	Difference	Difference %
Written Premium	9,022	12,816	(3,794)	(29.6%)
Earned Premium	7,950	8,547	(597)	(7.0%)
Reported Losses				
Paid Losses	6,006	7,421	(1,415)	(19.1%)
Paid Expenses	142	419	(277)	(66.1%)
Change in Outstanding Losses	(1,448)	(853)	(595)	69.8%
<b>Total Reported Losses</b>	<b>4,700</b>	<b>6,987</b>	<b>(2,287)</b>	<b>(32.7%)</b>
Change in IBNR Provision*	4,141	2,415	1,726	
Change in Premium Deficiency (DPAC)*	265	812	(547)	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Non-Grid RSP June 2019 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 June 2019, reported losses were \$2.3 million lower than projected. The Current Accident Year had a \$1.0 million unfavourable variance in reported losses, while the Prior Accident Years had a \$3.3 million favourable variance. Of the Prior Accident Years, 2016 had the largest variance in reported losses at \$1.2 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 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 June 2019 Operational Report – Actuarial Highlights](#).

**Effect of Quarterly Valuation**

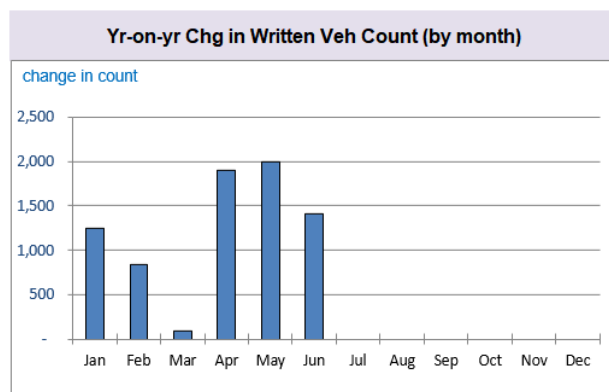
The June 2019 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at March 31, 2019). The actuarial valuation



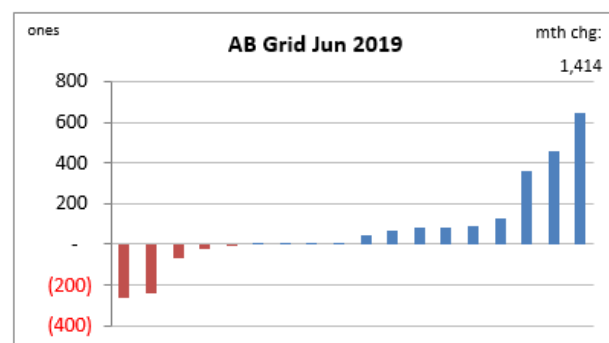
will be updated next as at June 30, 2019 and we anticipate that the results will be reflected in the August 2019 Operational Report.

## Management Comments

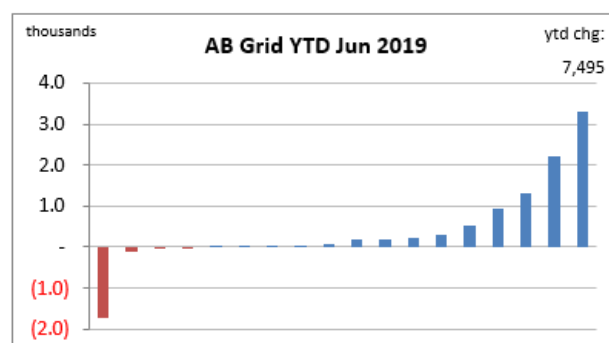
### Alberta Grid



projected.

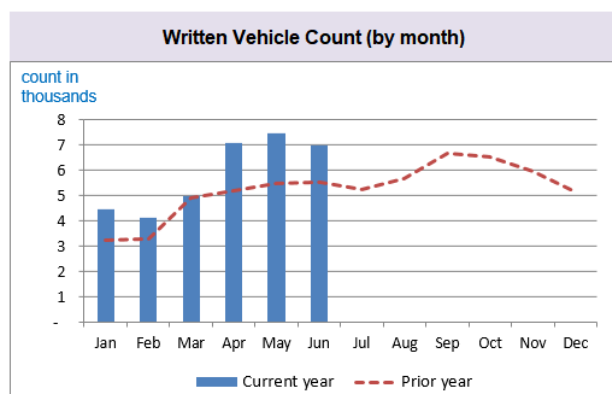


for 85% of the total transfer decrease for these “decliner” members. Of the 13 member company groups transferring more vehicles, 3 member company groups accounted for 73% of the total transfer increases for these “grower” members.

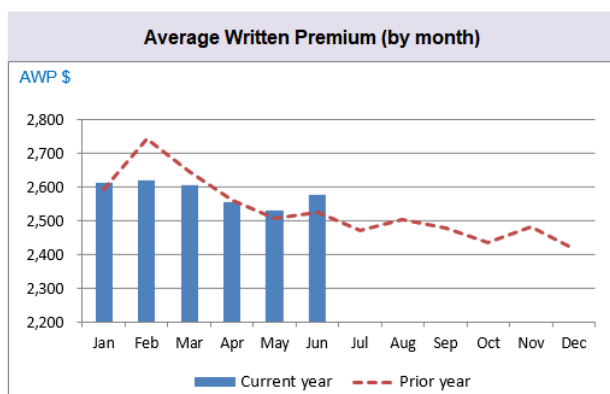


June’s vehicle count transfers to the RSP represent a 25.4% increase from June 2018, and counts were up 27.1% year-to-date. Average written premium was up 2.1% in June 2019 compared with the same month in 2018, but down 0.3% year-to-date (see charts at the top of the next page).

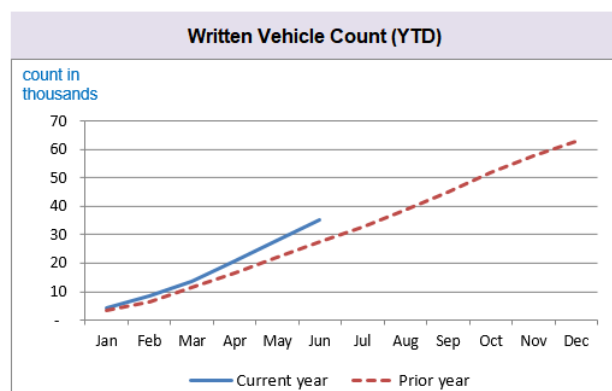




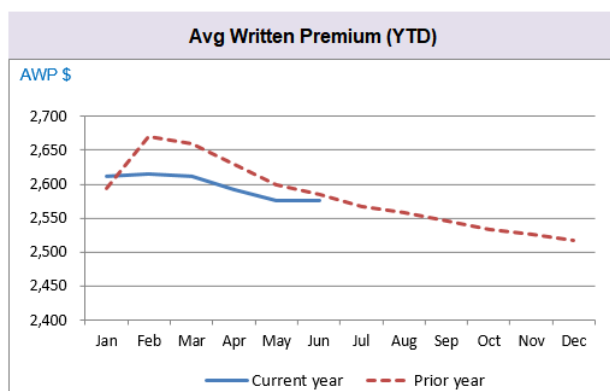
	Jun-19	Jun-18	Amt Chg	% Chg
W. Veh curr mth	6,973	5,558	1,414	25.4%



	Jun-19	Jun-18	Amt Chg	% Chg
AWP curr mth	2,579	2,527	52	2.1%

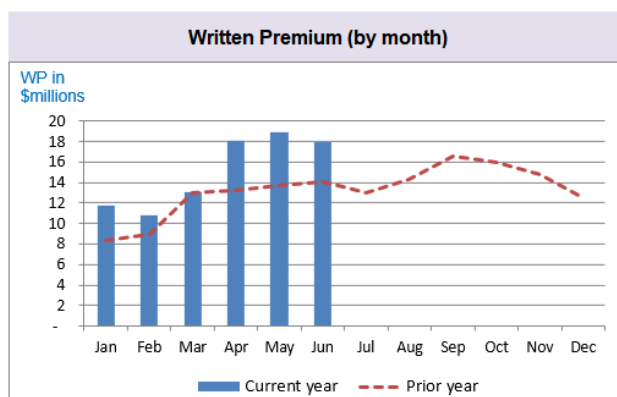


	Jun-19	Jun-18	Amt Chg	% Chg
W. Vehicles YTD	35,129	27,635	7,495	27.1%

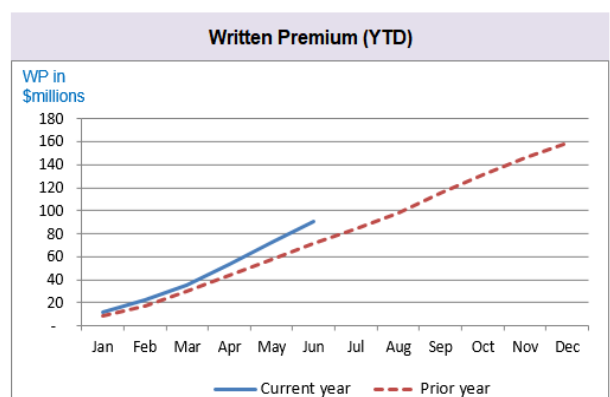


	Jun-19	Jun-18	Amt Chg	% Chg
Avg W. Prem YTD	2,577	2,585	(8)	-0.3%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 28.0% for the month compared with the 40.0% increase we projected last month, and was up 26.7% year-to-date (see charts below).



	Jun-19	Jun-18	Amt Chg	% Chg
WP (\$000s) curr mth	17,983	14,047	3,936	28.0%

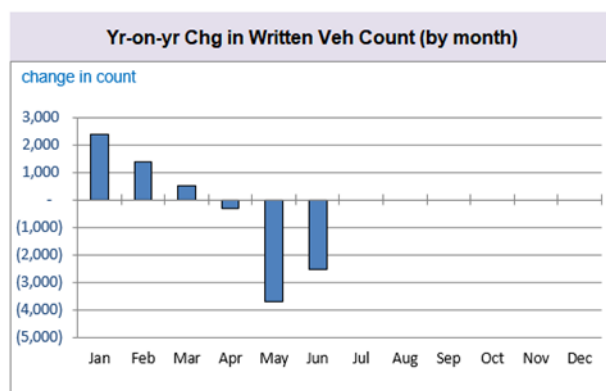


	Jun-19	Jun-18	Amt Chg	% Chg
WP (\$000s) YTD	90,526	71,432	19,094	26.7%

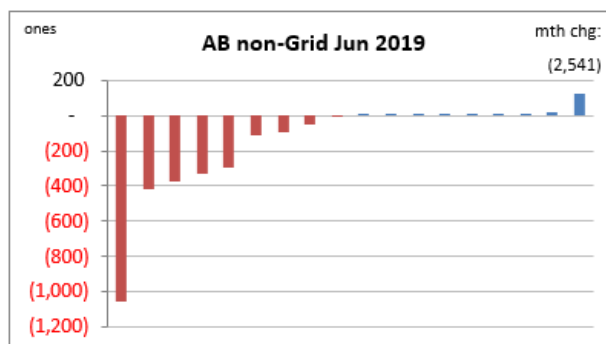
### Alberta Non-Grid

For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the

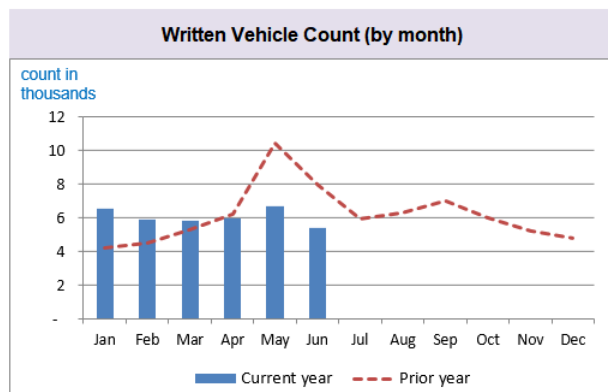
prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents member groups from exceeding their transfer limits during a calendar year. However, member groups 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 10.9% from 2018**, being 2.9% of the 2018 industry private passenger vehicle count (excluding farmers) and the 2017 industry farmers private passenger vehicle count (as we don't have an industry count for farmers 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.



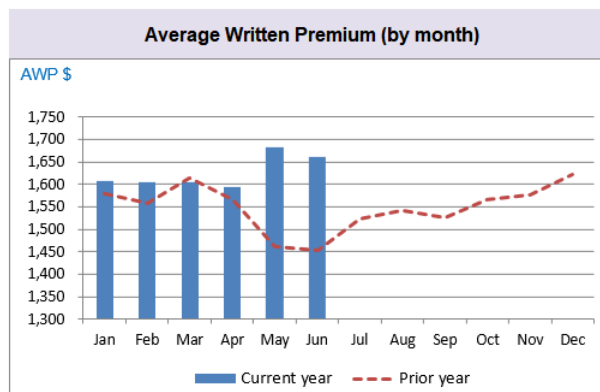
projected.



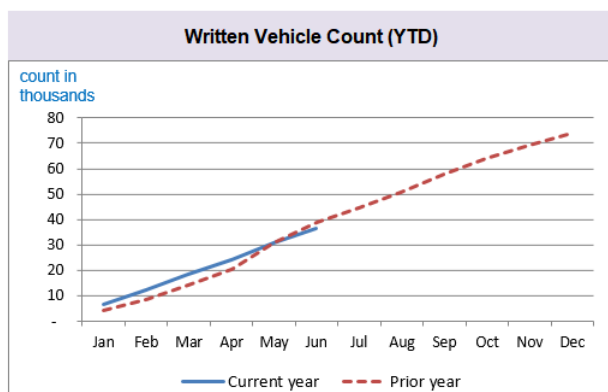
June's vehicle count transfers to the RSP represent a 31.9% decrease from June 2018, and counts were down 5.9% year-to-date. Average written premium was up 14.2% in June 2019 compared with the same month in 2018, and were up 6.9% year-to-date (see charts below).



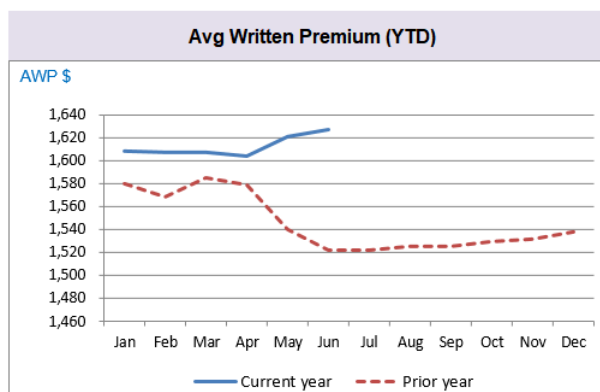
	Jun-19	Jun-18	Amt Chg	% Chg
W. Veh curr mth	5,434	7,975	(2,541)	-31.9%



	Jun-19	Jun-18	Amt Chg	% Chg
AWP curr mth	1,660	1,454	206	14.2%

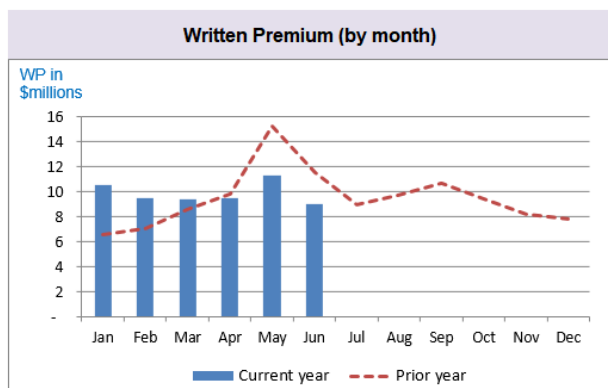


	Jun-19	Jun-18	Amt Chg	% Chg
W. Vehicles YTD	36,473	38,745	(2,271)	-5.9%

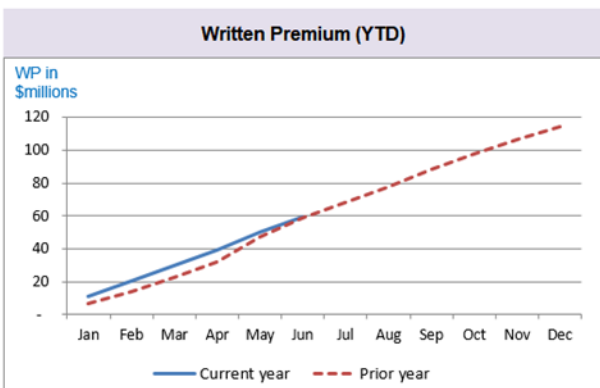


	Jun-19	Jun-18	Amt Chg	% Chg
Avg W. Prem YTD	1,627	1,522	105	6.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 22.2% for the month compared with the 10.5% increase we projected last month, but was up 0.6% year-to-date (see charts immediately below).



	Jun-19	Jun-18	Amt Chg	% Chg
WP (\$000s) curr mth	9,022	11,594	(2,572)	-22.2%



	Jun-19	Jun-18	Amt Chg	% Chg
WP (\$000s) YTD	59,335	58,967	369	0.6%

Should you require any further information, please call Shawn Doherty, Senior Vice President Actuarial & CFO at (416) 644-4968.

Saskia Matheson  
President & CEO

**Related Links:**

Alberta Grid RSP:

[Alberta Grid RSP June 2019 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP June 2019 Operational Report - Actuarial Highlights](#)

# SUMMARY OF OPERATIONS - CALENDAR YEAR 2019

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 6 Months Ended June 30, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	CY2019 YTD	CY2019 12 MONTHS Updated Projection	CY2018 12 MONTHS Actual
<b>Underwriting Revenue:</b>									
Net Premiums Written	\$11,700	\$10,771	\$13,009	\$18,131	\$18,933	\$17,983	\$90,527	\$198,689	\$158,547
Decrease (Increase) in Unearned Premiums	1,935	1,482	893	(4,247)	(3,980)	(3,986)	(7,903)	(19,132)	3,021
<b>Net Premiums Earned</b>	<b>\$13,635</b>	<b>\$12,253</b>	<b>\$13,902</b>	<b>\$13,884</b>	<b>\$14,953</b>	<b>\$13,997</b>	<b>\$82,624</b>	<b>\$179,557</b>	<b>\$161,568</b>
<b>Claims Incurred:</b>									
Prior Accident Years:									
Undiscounted	(\$336)	(\$453)	(\$15,477)	(\$157)	\$554	(\$565)	(\$16,434)	(\$16,434)	\$555
Effect of Discounting	779	(315)	1,873	(506)	3,132	(567)	\$4,396	1,410	(8,142)
Discounted	\$443	(\$768)	(\$13,604)	(\$663)	\$3,686	(\$1,132)	(\$12,038)	(\$15,024)	(\$7,587)
Current Accident Year:									
Undiscounted	\$12,482	\$11,366	\$12,301	\$12,485	\$13,919	\$13,111	\$75,664	\$162,610	\$146,295
Effect of Discounting	593	484	834	565	1,403	762	\$4,641	8,992	4,993
Discounted	\$13,075	\$11,850	\$13,135	\$13,050	\$15,322	\$13,873	\$80,305	\$171,602	\$151,288
<b>Claims Incurred</b>	<b>\$13,518</b>	<b>\$11,082</b>	<b>(\$469)</b>	<b>\$12,387</b>	<b>\$19,008</b>	<b>\$12,741</b>	<b>\$68,267</b>	<b>\$156,578</b>	<b>\$143,701</b>
<b>Underwriting Expenses:</b>									
Expense Allowance	\$3,644	\$3,360	\$4,049	\$5,645	\$5,889	\$5,605	\$28,192	\$61,832	\$47,116
Change in UPDR/DPAC:									
Undiscounted	213	178	(66)	(328)	424	(251)	170	344	3,348
Effect of Discounting	(76)	(61)	703	213	1,342	254	2,375	3,147	(1,135)
Discounted	137	117	637	(115)	1,766	3	2,545	3,491	2,213
<b>Underwriting Expenses</b>	<b>\$3,781</b>	<b>\$3,477</b>	<b>\$4,686</b>	<b>\$5,530</b>	<b>\$7,655</b>	<b>\$5,608</b>	<b>\$30,737</b>	<b>65,323</b>	<b>\$49,329</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$3,664)</b>	<b>(\$2,306)</b>	<b>\$9,685</b>	<b>(\$4,033)</b>	<b>(\$11,710)</b>	<b>(\$4,352)</b>	<b>(\$16,380)</b>	<b>(\$42,344)</b>	<b>(\$31,462)</b>
<b>Administrative Expenses</b>	<b>\$69</b>	<b>\$92</b>	<b>\$61</b>	<b>\$79</b>	<b>\$79</b>	<b>\$69</b>	<b>\$449</b>	<b>\$1,160</b>	<b>\$1,039</b>
<b>Operating Result</b>	<b>(\$3,733)</b>	<b>(\$2,398)</b>	<b>\$9,624</b>	<b>(\$4,112)</b>	<b>(\$11,789)</b>	<b>(\$4,421)</b>	<b>(\$16,829)</b>	<b>(\$43,504)</b>	<b>(\$32,501)</b>
<b>Ratios:</b>									
<b>Claims &amp; Expenses Incurred (Earned)</b>									
Prior Accident Years	3.2%	-6.3%	-97.9%	-4.8%	24.7%	-8.1%	-14.6%	-8.4%	-4.7%
Current Accident Year	95.9%	96.7%	94.5%	94.0%	102.5%	99.1%	97.2%	95.6%	93.6%
All Accident Years Combined (Earned)	99.1%	90.4%	-3.4%	89.2%	127.2%	91.0%	82.6%	87.2%	88.9%
Underwriting & Administrative Expenses (Earned)	28.2%	29.1%	34.1%	40.4%	51.7%	40.6%	37.7%	37.0%	31.2%
<b>Combined Operating Ratio</b>	<b>127.3%</b>	<b>119.5%</b>	<b>30.7%</b>	<b>129.6%</b>	<b>178.9%</b>	<b>131.6%</b>	<b>120.3%</b>	<b>124.2%</b>	<b>120.1%</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 2019

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 6 Months Ended June 30, 2019 (Discounted basis)

Source: Monthly Operational Report  
(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	CY2019 YTD	CY2019 12 MONTHS Updated Projection	CY2018 12 MONTHS Actual
<b>Underwriting Revenue:</b>									
Net Premiums Written	\$10,569	\$9,549	\$9,397	\$9,521	\$11,278	\$9,022	\$59,336	\$135,436	\$113,977
Decrease (Increase) in Unearned Premiums	(729)	(477)	695	(291)	(1,330)	(1,072)	(3,204)	(14,945)	(7,273)
<b>Net Premiums Earned</b>	<b>\$9,840</b>	<b>\$9,072</b>	<b>\$10,092</b>	<b>\$9,230</b>	<b>\$9,948</b>	<b>\$7,950</b>	<b>\$56,132</b>	<b>\$120,491</b>	<b>\$106,704</b>
<b>Claims Incurred:</b>									
Prior Accident Years:									
Undiscounted	(\$92)	(\$79)	(\$10,395)	(\$587)	(\$39)	(\$1,670)	(\$12,862)	(\$12,862)	(\$14,506)
Effect of Discounting	(301)	(372)	1,181	(229)	1,855	(297)	1,837	413	(5,786)
Discounted	(\$393)	(\$451)	(\$9,214)	(\$816)	\$1,816	(\$1,967)	(\$11,025)	(\$12,449)	(\$20,292)
Current Accident Year:									
Undiscounted	\$10,631	\$9,795	\$11,262	\$10,623	\$10,983	\$10,310	\$63,604	\$133,560	\$117,039
Effect of Discounting	548	409	612	417	976	498	3,460	6,578	3,698
Discounted	\$11,179	\$10,204	\$11,874	\$11,040	\$11,959	\$10,808	\$67,064	\$140,138	\$120,737
<b>Claims Incurred</b>	<b>\$10,786</b>	<b>\$9,753</b>	<b>\$2,660</b>	<b>\$10,224</b>	<b>\$13,775</b>	<b>\$8,841</b>	<b>\$56,039</b>	<b>\$127,689</b>	<b>\$100,445</b>
<b>Underwriting Expenses:</b>									
Expense Allowance	\$3,286	\$2,970	\$2,924	\$2,973	\$3,510	\$2,833	\$18,496	\$42,164	\$33,858
Change in UPDR/DPAC:									
Undiscounted	65	66	787	81	301	185	1,485	3,528	1,227
Effect of Discounting	38	27	488	21	676	80	1,330	2,227	(63)
Discounted	103	93	1,275	102	977	265	2,815	5,755	1,164
<b>Underwriting Expenses</b>	<b>\$3,389</b>	<b>\$3,063</b>	<b>\$4,199</b>	<b>\$3,075</b>	<b>\$4,487</b>	<b>\$3,098</b>	<b>\$21,311</b>	<b>\$47,919</b>	<b>\$35,022</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$4,335)</b>	<b>(\$3,744)</b>	<b>\$3,233</b>	<b>(\$4,069)</b>	<b>(\$8,314)</b>	<b>(\$3,989)</b>	<b>(\$21,218)</b>	<b>(\$55,117)</b>	<b>(\$28,763)</b>
<b>Administrative Expenses</b>	<b>\$69</b>	<b>\$92</b>	<b>\$62</b>	<b>\$79</b>	<b>\$80</b>	<b>\$71</b>	<b>\$453</b>	<b>\$1,262</b>	<b>\$1,054</b>
<b>Operating Result</b>	<b>(\$4,404)</b>	<b>(\$3,836)</b>	<b>\$3,171</b>	<b>(\$4,148)</b>	<b>(\$8,394)</b>	<b>(\$4,060)</b>	<b>(\$21,671)</b>	<b>(\$56,379)</b>	<b>(\$29,817)</b>
<b>Ratios:</b>									
<b>Claims &amp; Expenses Incurred (Earned)</b>									
Prior Accident Years	-4.0%	-5.0%	-91.3%	-8.8%	18.3%	-24.7%	-19.6%	-10.3%	-19.0%
Current Accident Year	113.6%	112.5%	117.7%	119.6%	120.2%	135.9%	119.5%	116.3%	113.2%
All Accident Years Combined	109.6%	107.5%	26.4%	110.8%	138.5%	111.2%	99.9%	106.0%	94.2%
Underwriting & Administrative Expenses (Earned)	35.1%	34.8%	42.2%	34.2%	45.9%	39.9%	38.8%	40.8%	33.8%
<b>Combined Operating Ratio</b>	<b>144.7%</b>	<b>142.3%</b>	<b>68.6%</b>	<b>145.0%</b>	<b>184.4%</b>	<b>151.1%</b>	<b>138.7%</b>	<b>146.8%</b>	<b>128.0%</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.

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