

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
 ALBERTA RISK SHARING POOL PROJECT MANAGER
BULLETIN NO.: F19 – 063
DATE: AUGUST 29, 2019
SUBJECT: ALBERTA RISK SHARING POOLS
 – JULY 2019 OPERATIONAL REPORT

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

Please be advised that the July 2019 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 -\$21.6 million and the incurred loss ratio to the end of 7 months is 84.1%, as summarized in the table below.

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

| Amounts in \$000s | July 2019 | July 2018 | Year to date Jul 2019 | Year to Date Jul 2018 |
|--|----------------|----------------|--------------------------|--------------------------|
| Premium Written | 18,582 | 12,978 | 109,109 | 84,410 |
| Premium Earned | 15,423 | 13,881 | 98,047 | 94,362 |
| Incurred Losses | 14,229 | 12,853 | 82,496 | 94,970 |
| Underwriting & Admin Expense | 5,932 | 3,984 | 37,118 | 31,606 |
| Operating Result | (4,738) | (2,956) | (21,567) | (32,214) |
| Ratios: | | | | |
| Loss ratio - Prior Accident Years | (3.2%) | (3.3%) | (12.8%) | 3.4% |
| - Current Accident Year | 95.5% | 95.9% | 96.9% | 97.2% |
| <i>Total</i> | 92.3% | 92.6% | 84.1% | 100.6% |
| <i>Underwriting & Admin Expense</i> | 38.5% | 28.7% | 37.9% | 33.5% |
| <i>Combined Operating Ratio</i> | 130.8% | 121.3% | 122.0% | 134.1% |

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.

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 124.3%, as summarized in the table below. This updated projection to the end of the year has not changed significantly from the projection provided last month (see the second and third columns in the table).

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

| AB Grid RSP 2019 Yr-end Projection | Current | Prior Mth | | Final 2019 |
|---|-------------------|-------------------|---------------|-------------------|
| Amounts in \$000s | (Jul 2019) | (Jun 2019) | Change | Outlook* |
| Premium Written | 198,423 | 198,689 | (266) | 158,031 |
| Premium Earned | 179,198 | 179,557 | (359) | 158,085 |
| Incurred Losses | 156,379 | 156,578 | (199) | 144,374 |
| Underwriting & Admin Expense | 66,346 | 66,483 | (137) | 51,933 |
| Net Result from Operations | (43,527) | (43,504) | (23) | (38,222) |
| Ratios: | | | | |
| Loss ratio - Prior Accident Years | (8.3%) | (8.4%) | 0.1% | (3.1%) |
| - Current Accident Year | 95.6% | 95.6% | 0.0% | 94.4% |
| <i>Total</i> | 87.3% | 87.2% | 0.1% | 91.3% |
| <i>Underwriting & Admin Expense</i> | 37.0% | 37.0% | 0.0% | 32.9% |
| <i>Combined Operating Ratio</i> | 124.3% | 124.2% | 0.1% | 124.2% |

rounding differences may occur

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

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$4.7 million Operating Result in the month of July 2019, a deterioration of \$1.8 million compared with the same month last year. This deterioration is composed of a \$0.3 million deterioration associated with the \$1.5 million increase in earned premium (at a combined ratio of 121.3%), with the remaining \$1.5 million deterioration stemming from the overall increase in the combined ratio (from 121.3% to 130.8% applied to \$15.4 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 120.3% at the end of 6 months to 122.0% at the end of 7 months. The 1.7 percentage point increase is composed of a 1.8 percentage point increase in the Prior Accident Years loss ratio, and a 0.2 percentage point increase in the expense ratio, offset by a 0.3 percentage point decrease in the Current Accident Year 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.

AB-G RSP Summary of Actual vs Projected variances

| July 2019 | Actual | Projection | Difference | Difference % |
|--------------------------------------|---------------|--------------|--------------|--------------|
| Written Premium | 18,582 | 18,907 | (325) | (1.7%) |
| Earned Premium | 15,423 | 15,680 | (257) | (1.6%) |
| Reported Losses | | | | |
| Paid Losses | 7,980 | 9,432 | (1,452) | (15.4%) |
| Paid Expenses | 424 | 917 | (493) | (53.8%) |
| Change in Outstanding Losses | 2,463 | (922) | 3,385 | (367.1%) |
| Total Reported Losses | 10,867 | 9,427 | 1,440 | 15.3% |
| Change in IBNR Provision* | 3,362 | 4,899 | (1,537) | |
| Change in Premium Deficiency (DPAC)* | 59 | 49 | 10 | |

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Grid RSP July 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 July 2019, reported losses were \$1.4 million higher than projected. The Current Accident Year reported an unfavourable variance of \$0.8 million, and the Prior Accident Years reported an approximately unfavourable variance of \$0.6 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 July 2019 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation

The July 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 -\$26.6 million and the incurred loss ratio to the end of 7 months is 101.8%, as summarized in the table below.

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

| Amounts in \$000s | July 2019 | July 2018 | Year to date Jul 2019 | Year to Date Jul 2018 |
|---|------------------|----------------|------------------------------|-----------------------|
| Premium Written | 10,707 | 9,008 | 70,043 | 67,974 |
| Premium Earned | 9,861 | 9,287 | 65,993 | 59,283 |
| Incurred Losses | 11,126 | 10,503 | 67,165 | 61,526 |
| Underwriting & Admin Expense | 3,673 | 2,682 | 25,437 | 24,866 |
| Operating Result | (4,938) | (3,898) | (26,609) | (27,109) |
| Ratios: | | | | |
| Loss ratio | | | | |
| - Prior Accident Years | (2.1%) | (2.2%) | (17.0%) | (12.6%) |
| - Current Accident Year | 114.9% | 115.3% | 118.8% | 116.4% |
| <i>Total</i> | 112.8% | 113.1% | 101.8% | 103.8% |
| <i>Underwriting & Admin Expense</i> | 37.2% | 28.9% | 38.5% | 41.9% |
| <i>Combined Operating Ratio</i> | 150.0% | 142.0% | 140.3% | 145.7% |

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.

Updated Projection to Year-end 2019

The projected calendar year Operating Result to December 2019 is -\$55.5 million and the estimated combined operating ratio to December 2019 is 146.5%, as summarized in the table at the top of the next page. This updated projection to the end of the year has improved by \$0.9 million from the projection provided last month (see the second and third columns in the table). This improvement is driven by a \$2.1 million decrease in the projected written premium for the year, with the associated impacts on claims and expenses.

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

| AB Non-Grid RSP 2019 Yr-end Proj. Amounts in \$000s | Current (Jul 2019) | Prior Mth (Jun 2019) | Change | Final 2019 Outlook* |
|---|------------------------------|-------------------------|---------------|------------------------|
| Premium Written | 133,340 | 135,436 | (2,096) | 141,592 |
| Premium Earned | 119,291 | 120,491 | (1,200) | 124,625 |
| Incurred Losses | 126,457 | 127,689 | (1,232) | 137,538 |
| Underwriting & Admin Expense | 48,323 | 49,181 | (858) | 50,104 |
| Net Result from Operations | (55,489) | (56,379) | 890 | (63,017) |
| Ratios: | | | | |
| Loss ratio - Prior Accident Years | (10.4%) | (10.3%) | (0.1%) | (2.6%) |
| - Current Accident Year | 116.4% | 116.3% | 0.1% | 113.0% |
| <i>Total</i> | 106.0% | 106.0% | 0.0% | 110.4% |
| Underwriting & Admin Expense | 40.5% | 40.8% | (0.3%) | 40.2% |
| Combined Operating Ratio | 146.5% | 146.8% | (0.3%) | 150.6% |

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 -\$4.9 million Operating Result in the month of July 2019, a deterioration of \$1.0 million compared with the same month last year. This deterioration is composed of a \$0.2 million unfavourable impact associated with the \$0.6 million increase in earned premium (at a combined ratio of 142.0%), with the remaining \$0.8 million deterioration stemming from the overall increase in the combined ratio (from 142.0% to 150.0% applied to \$9.9 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 138.7% at the end of 6 months to 140.3% at the end of 7 months. The 1.6 percentage point increase is composed of a 2.6 percentage point increase in the Prior Accident loss ratio, offset by a 0.7 percentage point decrease in the Current Accident Years loss ratio, further offset by a 0.3 percentage point decrease in the expense 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

| July 2019 | Actual | Projection | Difference | Difference % |
|--------------------------------------|--------------|--------------|------------|--------------|
| Written Premium | 10,707 | 12,804 | (2,097) | (16.4%) |
| Earned Premium | 9,861 | 10,166 | (305) | (3.0%) |
| Reported Losses | | | | |
| Paid Losses | 5,311 | 6,375 | (1,064) | (16.7%) |
| Paid Expenses | 312 | 387 | (75) | (19.4%) |
| Change in Outstanding Losses | 1,559 | 356 | 1,203 | 337.9% |
| Total Reported Losses | 7,182 | 7,118 | 64 | 0.9% |
| Change in IBNR Provision* | 3,944 | 4,271 | (327) | |
| Change in Premium Deficiency (DPAC)* | 246 | 556 | (310) | |

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Non-Grid RSP July 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 July 2019, reported losses were approximately \$0.1 million higher than projected. The Current Accident Year had an approximately \$0.1 million unfavourable variance in reported losses, while the Prior Accident Years had an approximately \$0.1 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 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

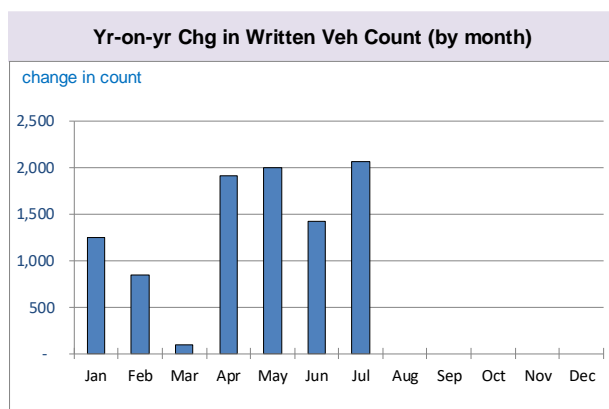
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium 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 July 2019 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation

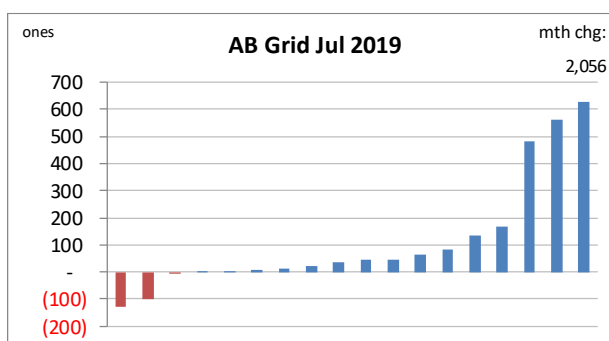
The July 2019 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at March 31, 2019). The actuarial valuation will be updated next as at June 30, 2019 and we anticipate that the results will be reflected in the

August 2019 Operational Report.

Management Comments

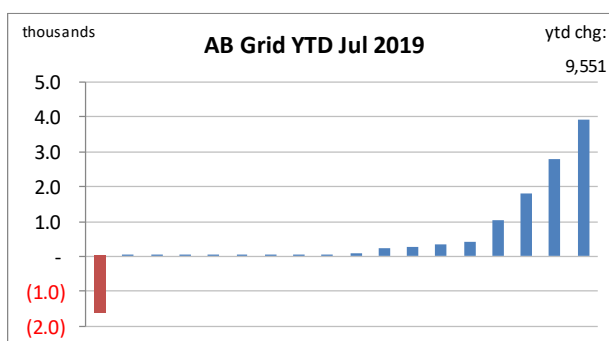
Alberta Grid

The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with July showing an increase of 2,056 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,629 vehicles, indicating a variance of 427 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a greater number of vehicles to the RSP in July than projected.



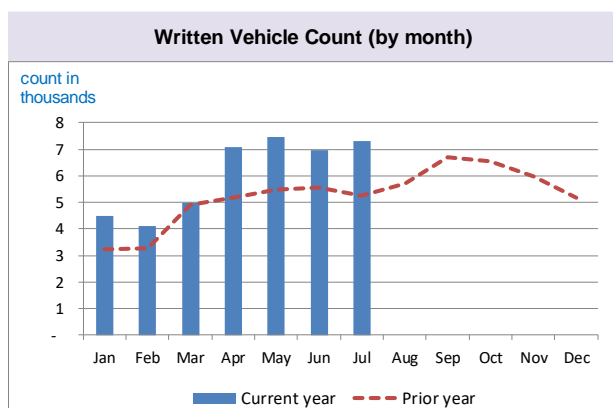
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Three member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while fifteen transferred more. Of the 3 member company groups transferring fewer vehicles, 2 member company groups accounted for 98% of the total transfer decrease for these “decliner” members.

Of the 15 member company groups transferring more vehicles, 3 member company groups accounted for 73% of the total transfer increases for these “grower” members.

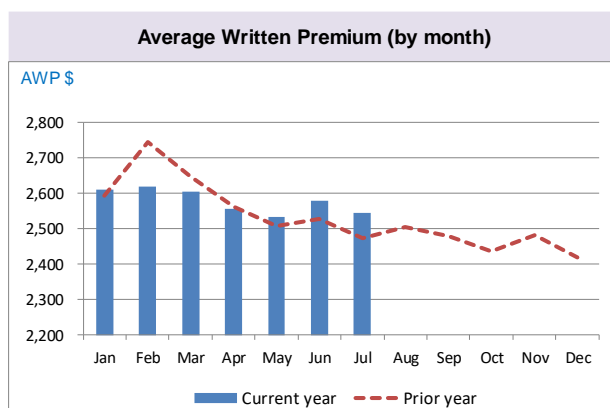


The chart on the left presents the same information as the previous chart, but on a year-to-date basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by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

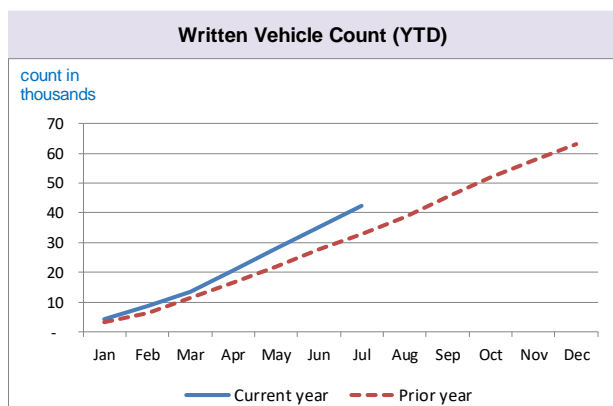
July’s vehicle count transfers to the RSP represent a 39.2% increase from July 2018, and counts were up 29.0% year-to-date. Average written premium was up 2.9% in July 2019 compared with the same month in 2018, and up 0.2% year-to-date (see charts at the top of the next page).



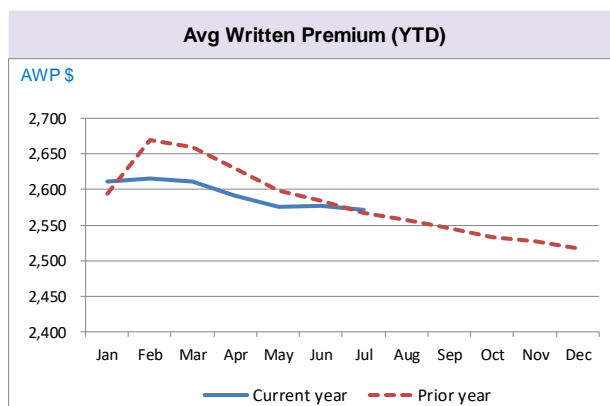
| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Veh curr mth | 7,301 | 5,245 | 2,056 | 39.2% |



| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|--------------|--------|--------|---------|-------|
| AWP curr mth | 2,545 | 2,474 | 71 | 2.9% |

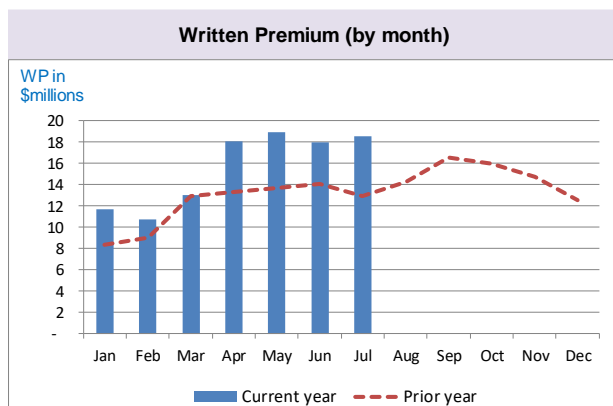


| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Vehicles YTD | 42,431 | 32,880 | 9,551 | 29.0% |

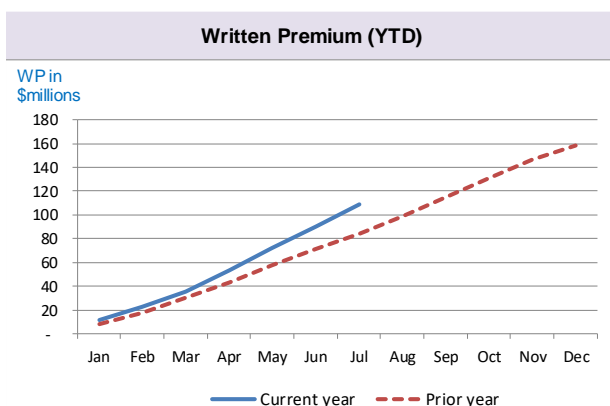


| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| Avg W. Prem YTD | 2,571 | 2,567 | 4 | 0.2% |

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 43.2% for the month compared with the 45.7% increase we projected last month, and was up 29.3% year-to-date (see charts below).



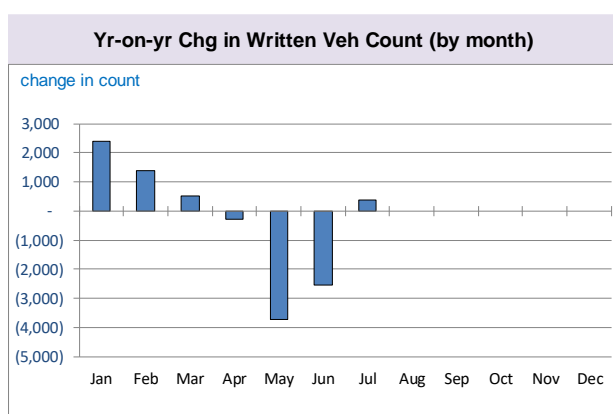
| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|----------------------|--------|--------|---------|-------|
| WP (\$000s) curr mth | 18,582 | 12,978 | 5,604 | 43.2% |



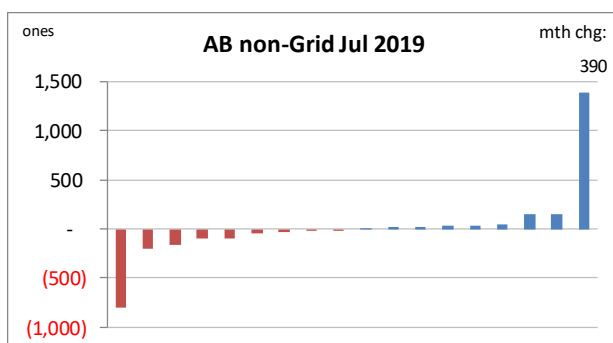
| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|---------|--------|---------|-------|
| WP (\$000s) YTD | 109,108 | 84,410 | 24,698 | 29.3% |

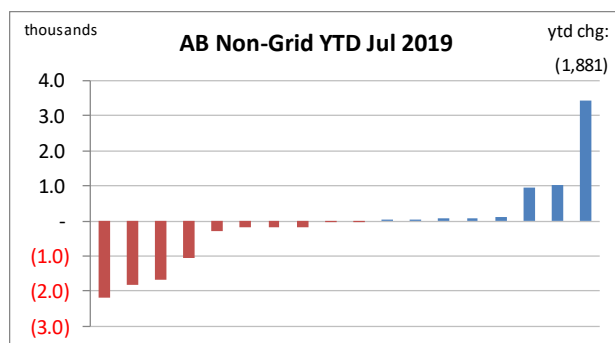
Alberta Non-Grid

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 9.2% from 2018**, being 2.9% of the 2018 industry private passenger vehicle count (including farmers). 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.



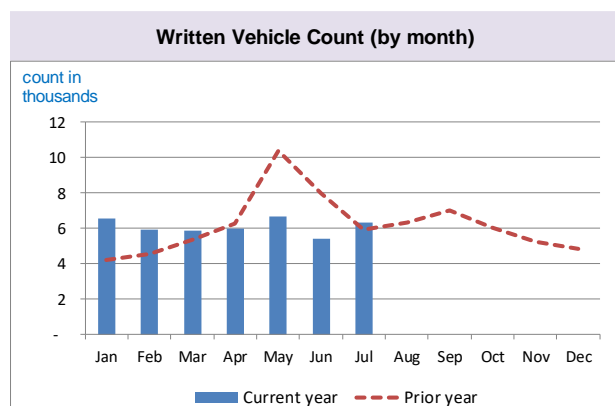
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with July showing an increase of 390 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,656 vehicles, indicating a variance of 1,266 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles to the RSP in July than projected.



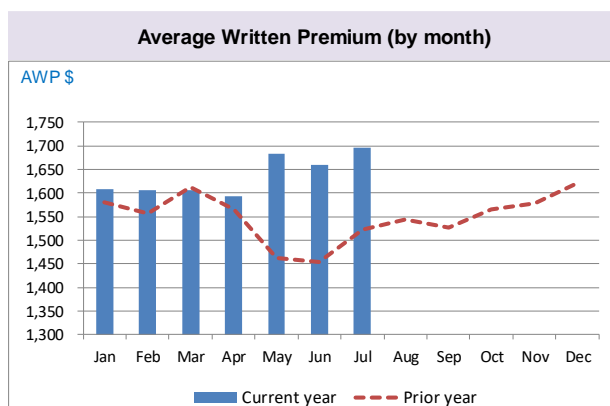


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

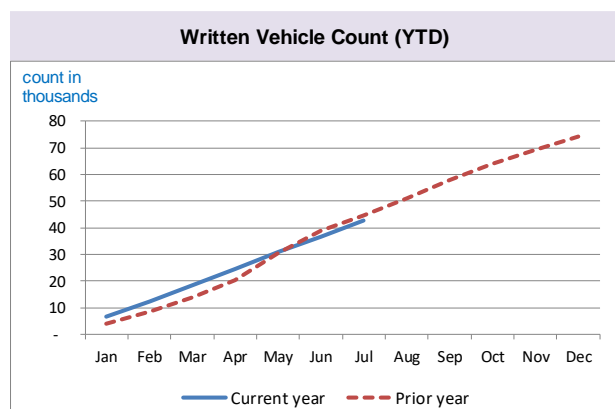
July's vehicle count transfers to the RSP represent a 6.6% increase from July 2018, but counts were down 4.2% year-to-date. Average written premium was up 11.5% in July 2019 compared with the same month in 2018, and were up 7.6% year-to-date (see charts below).



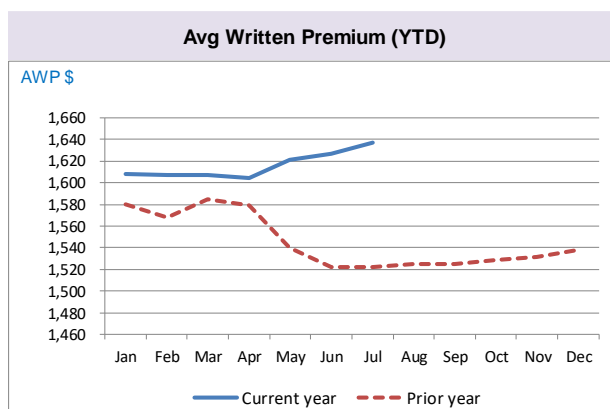
| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Veh curr mth | 6,310 | 5,920 | 390 | 6.6% |



| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|--------------|--------|--------|---------|-------|
| AWP curr mth | 1,697 | 1,522 | 175 | 11.5% |

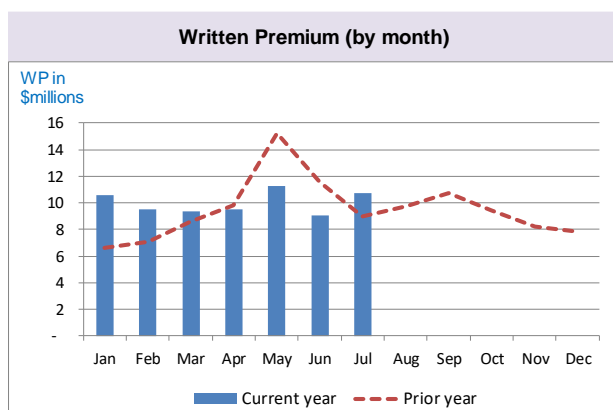


| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| W. Vehicles YTD | 42,784 | 44,664 | (1,881) | -4.2% |

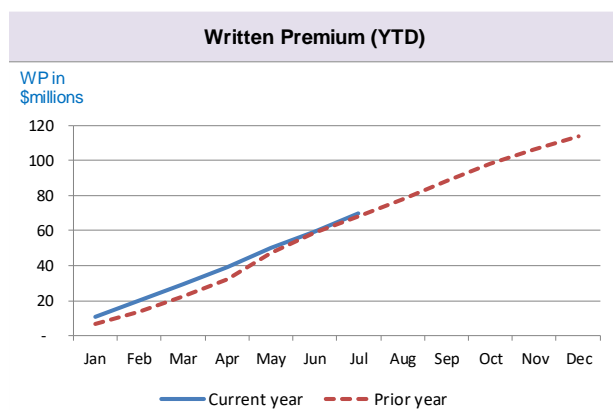


| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| Avg W. Prem YTD | 1,637 | 1,522 | 115 | 7.6% |

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 18.9% for the month compared with the 42.1% increase we projected last month, and was up 3.0% year-to-date (see charts at the top of the next page).



| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|----------------------|--------|--------|---------|-------|
| WP (\$000s) curr mth | 10,707 | 9,008 | 1,699 | 18.9% |



| | Jul-19 | Jul-18 | Amt Chg | % Chg |
|-----------------|--------|--------|---------|-------|
| WP (\$000s) YTD | 70,043 | 67,974 | 2,068 | 3.0% |

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 July 2019 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

SUMMARY OF OPERATIONS - CALENDAR YEAR 2019

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 7 Months Ended July 31, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

| | January | February | March | April | May | June | July | CY2019 YTD | CY2019 12 MONTHS Updated Projection | CY2018 12 MONTHS Actual |
|---|------------------|------------------|-----------------|------------------|-------------------|------------------|------------------|-------------------|--|-------------------------------|
| Underwriting Revenue: | | | | | | | | | | |
| Net Premiums Written | \$11,700 | \$10,771 | \$13,009 | \$18,131 | \$18,933 | \$17,983 | \$18,582 | \$109,109 | \$198,423 | \$158,547 |
| Decrease (Increase) in Unearned Premiums | 1,935 | 1,482 | 893 | (4,247) | (3,980) | (3,986) | (3,159) | (11,062) | (19,225) | 3,021 |
| Net Premiums Earned | \$13,635 | \$12,253 | \$13,902 | \$13,884 | \$14,953 | \$13,997 | \$15,423 | \$98,047 | \$179,198 | \$161,568 |
| Claims Incurred: | | | | | | | | | | |
| Prior Accident Years: | | | | | | | | | | |
| Undiscounted | (\$336) | (\$453) | (\$15,477) | (\$157) | \$554 | (\$565) | (\$61) | (\$16,495) | (\$16,495) | \$555 |
| Effect of Discounting | 779 | (315) | 1,873 | (506) | 3,132 | (567) | (437) | \$3,959 | 1,544 | (8,142) |
| Discounted | \$443 | (\$768) | (\$13,604) | (\$663) | \$3,686 | (\$1,132) | (\$498) | (\$12,536) | (\$14,951) | (\$7,587) |
| Current Accident Year: | | | | | | | | | | |
| Undiscounted | \$12,482 | \$11,366 | \$12,301 | \$12,485 | \$13,919 | \$13,111 | \$13,898 | \$89,562 | \$162,353 | \$146,295 |
| Effect of Discounting | 593 | 484 | 834 | 565 | 1,403 | 762 | 829 | \$5,470 | 8,977 | 4,993 |
| Discounted | \$13,075 | \$11,850 | \$13,135 | \$13,050 | \$15,322 | \$13,873 | \$14,727 | \$95,032 | \$171,330 | \$151,288 |
| Claims Incurred | \$13,518 | \$11,082 | (\$469) | \$12,387 | \$19,008 | \$12,741 | \$14,229 | \$82,496 | \$156,379 | \$143,701 |
| Underwriting Expenses: | | | | | | | | | | |
| Expense Allowance | \$3,644 | \$3,360 | \$4,049 | \$5,645 | \$5,889 | \$5,605 | \$5,781 | \$33,973 | \$61,749 | \$47,116 |
| Change in UPDR/DPAC: | | | | | | | | | | |
| Undiscounted | 213 | 178 | (66) | (328) | 424 | (251) | (146) | 24 | 335 | 3,348 |
| Effect of Discounting | (76) | (61) | 703 | 213 | 1,342 | 254 | 205 | 2,580 | 3,153 | (1,135) |
| Discounted | 137 | 117 | 637 | (115) | 1,766 | 3 | 59 | 2,604 | 3,488 | 2,213 |
| Underwriting Expenses | \$3,781 | \$3,477 | \$4,686 | \$5,530 | \$7,655 | \$5,608 | \$5,840 | \$36,577 | 65,237 | \$49,329 |
| Net Underwriting Gain (Loss) | (\$3,664) | (\$2,306) | \$9,685 | (\$4,033) | (\$11,710) | (\$4,352) | (\$4,646) | (\$21,026) | (\$42,418) | (\$31,462) |
| Administrative Expenses | \$69 | \$92 | \$61 | \$79 | \$79 | \$69 | \$92 | \$541 | \$1,109 | \$1,039 |
| Operating Result | (\$3,733) | (\$2,398) | \$9,624 | (\$4,112) | (\$11,789) | (\$4,421) | (\$4,738) | (\$21,567) | (\$43,527) | (\$32,501) |
| Ratios: | | | | | | | | | | |
| Claims & Expenses Incurred (Earned) | | | | | | | | | | |
| Prior Accident Years | 3.2% | -6.3% | -97.9% | -4.8% | 24.7% | -8.1% | -3.2% | -12.8% | -8.3% | -4.7% |
| Current Accident Year | 95.9% | 96.7% | 94.5% | 94.0% | 102.5% | 99.1% | 95.5% | 96.9% | 95.6% | 93.6% |
| All Accident Years Combined (Earned) | 99.1% | 90.4% | -3.4% | 89.2% | 127.2% | 91.0% | 92.3% | 84.1% | 87.3% | 88.9% |
| Underwriting & Administrative Expenses (Earned) | 28.2% | 29.1% | 34.1% | 40.4% | 51.7% | 40.6% | 38.5% | 37.9% | 37.0% | 31.2% |
| Combined Operating Ratio | 127.3% | 119.5% | 30.7% | 129.6% | 178.9% | 131.6% | 130.8% | 122.0% | 124.3% | 120.1% |

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 7 Months Ended July 31, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

| | January | February | March | April | May | June | July | CY2019 YTD | CY2019 12 MONTHS Updated Projection | CY2018 12 MONTHS Actual |
|---|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|-------------------|--|-------------------------------|
| Underwriting Revenue: | | | | | | | | | | |
| Net Premiums Written | \$10,569 | \$9,549 | \$9,397 | \$9,521 | \$11,278 | \$9,022 | \$10,707 | \$70,043 | \$133,340 | \$113,977 |
| Decrease (Increase) in Unearned Premiums | (729) | (477) | 695 | (291) | (1,330) | (1,072) | (846) | (4,050) | (14,049) | (7,273) |
| Net Premiums Earned | \$9,840 | \$9,072 | \$10,092 | \$9,230 | \$9,948 | \$7,950 | \$9,861 | \$65,993 | \$119,291 | \$106,704 |
| Claims Incurred: | | | | | | | | | | |
| Prior Accident Years: | | | | | | | | | | |
| Undiscounted | (\$92) | (\$79) | (\$10,395) | (\$587) | (\$39) | (\$1,670) | (\$60) | (\$12,922) | (\$12,922) | (\$14,506) |
| Effect of Discounting | (301) | (372) | 1,181 | (229) | 1,855 | (297) | (147) | 1,690 | 546 | (5,786) |
| Discounted | (\$393) | (\$451) | (\$9,214) | (\$816) | \$1,816 | (\$1,967) | (\$207) | (\$11,232) | (\$12,376) | (\$20,292) |
| Current Accident Year: | | | | | | | | | | |
| Undiscounted | \$10,631 | \$9,795 | \$11,262 | \$10,623 | \$10,983 | \$10,310 | \$10,778 | \$74,382 | \$132,316 | \$117,039 |
| Effect of Discounting | 548 | 409 | 612 | 417 | 976 | 498 | 555 | 4,015 | 6,517 | 3,698 |
| Discounted | \$11,179 | \$10,204 | \$11,874 | \$11,040 | \$11,959 | \$10,808 | \$11,333 | \$78,397 | \$138,833 | \$120,737 |
| Claims Incurred | \$10,786 | \$9,753 | \$2,660 | \$10,224 | \$13,775 | \$8,841 | \$11,126 | \$67,165 | \$126,457 | \$100,445 |
| Underwriting Expenses: | | | | | | | | | | |
| Expense Allowance | \$3,286 | \$2,970 | \$2,924 | \$2,973 | \$3,510 | \$2,833 | \$3,331 | \$21,827 | \$41,513 | \$33,858 |
| Change in UPDR/DPAC: | | | | | | | | | | |
| Undiscounted | 65 | 66 | 787 | 81 | 301 | 185 | 179 | 1,664 | 3,428 | 1,227 |
| Effect of Discounting | 38 | 27 | 488 | 21 | 676 | 80 | 67 | 1,397 | 2,161 | (63) |
| Discounted | 103 | 93 | 1,275 | 102 | 977 | 265 | 246 | 3,061 | 5,589 | 1,164 |
| Underwriting Expenses | \$3,389 | \$3,063 | \$4,199 | \$3,075 | \$4,487 | \$3,098 | \$3,577 | \$24,888 | \$47,102 | \$35,022 |
| Net Underwriting Gain (Loss) | (\$4,335) | (\$3,744) | \$3,233 | (\$4,069) | (\$8,314) | (\$3,989) | (\$4,842) | (\$26,060) | (\$54,268) | (\$28,763) |
| Administrative Expenses | \$69 | \$92 | \$62 | \$79 | \$80 | \$71 | \$96 | \$549 | \$1,221 | \$1,054 |
| Operating Result | (\$4,404) | (\$3,836) | \$3,171 | (\$4,148) | (\$8,394) | (\$4,060) | (\$4,938) | (\$26,609) | (\$55,489) | (\$29,817) |
| Ratios: | | | | | | | | | | |
| Claims & Expenses Incurred (Earned) | | | | | | | | | | |
| Prior Accident Years | -4.0% | -5.0% | -91.3% | -8.8% | 18.3% | -24.7% | -2.1% | -17.0% | -10.4% | -19.0% |
| Current Accident Year | 113.6% | 112.5% | 117.7% | 119.6% | 120.2% | 135.9% | 114.9% | 118.8% | 116.4% | 113.2% |
| All Accident Years Combined | 109.6% | 107.5% | 26.4% | 110.8% | 138.5% | 111.2% | 112.8% | 101.8% | 106.0% | 94.2% |
| Underwriting & Administrative Expenses (Earned) | 35.1% | 34.8% | 42.2% | 34.2% | 45.9% | 39.9% | 37.2% | 38.5% | 40.5% | 33.8% |
| Combined Operating Ratio | 144.7% | 142.3% | 68.6% | 145.0% | 184.4% | 151.1% | 150.0% | 140.3% | 146.5% | 128.0% |

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