

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F19 – 079

DATE: OCTOBER 30, 2019

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

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

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

Key Points

- (a) Liam McFarlane has resigned as the Facility Association's Appointed Actuary; Mr. Cosimo Pantaleo of Ernst & Young LLP has assumed the Appointed Actuary's role (effective as of October 24, 2019), pending formal appointment by the Facility Association Board (expected at its December 12, 2019 meeting); and
- (b) With premium for the month in the Alberta Grid RSP \$1.7 million (7%) lower than expected, the operating deficit for the month was \$0.5 million (9%) better than expected, moving the year-end projected net operating deficit to \$23.0 million with an associated COR of 112.8%; and
- (c) With premium for the month in the Alberta Non-Grid RSP \$4.5 million (31%) lower than expected, the operating deficit for the month was \$2.1 million (33%) better than expected, moving the year-end projected net operating deficit to \$32.3 million with an associated COR of 127.6%.

New This Month

Appointed Actuary

Liam McFarlane of Ernst & Young LLP was Facility Association's Appointed Actuary (effective as of June 1, 2013). Mr. McFarlane has resigned his Appointment to take on a role at a different organization. Mr. Cosimo Pantaleo of Ernst & Young LLP has assumed the Appointed Actuary's role (effective as of October 24, 2019), pending formal appointment by the Facility Association Board (expected at its December 12, 2019 meeting).

Alberta Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$10.8 million and the incurred loss ratio to the end of 9 months is 71.5%, as summarized in the table below.

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

Amounts in \$000s	September 2019	September 2018	Year to date Sep 2019	Year to Date Sep 2018
Premium Written	21,572	16,586	150,885	115,261
Premium Earned	15,767	13,072	129,747	121,069
Incurred Losses	13,954	12,168	92,724	118,172
Underwriting & Admin Expense	6,835	4,769	47,834	40,142
Operating Result	(5,022)	(3,865)	(10,811)	(37,245)
<i>Ratios:</i>				
Loss ratio				
- Prior Accident Years	(3.5%)	(2.6%)	(21.9%)	0.7%
- Current Accident Year	92.0%	95.7%	93.4%	96.9%
<i>Total</i>	88.5%	93.1%	71.5%	97.6%
<i>Underwriting & Admin Expense</i>	43.4%	36.5%	36.9%	33.2%
<i>Combined Operating Ratio</i>	131.9%	129.6%	108.4%	130.8%

rounding differences may occur

These results are discussed in some detail in the “Current Month Results” section. For additional numeric detail, please refer to Exhibit 1 “Summary of Operations for Calendar Year 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 -\$23.0 million and the estimated combined operating ratio to December 2019 is 112.8%, as summarized in the table at the top of the next page. 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 Amounts in \$000s	Current (Sep 2019)	Prior Mth (Aug 2019)	Change	Final 2019 Outlook*
Premium Written	204,376	208,396	(4,020)	158,031
Premium Earned	180,281	180,713	(432)	158,085
Incurred Losses	137,328	137,075	253	144,374
Underwriting & Admin Expense	65,972	67,180	(1,208)	51,933
Net Result from Operations	(23,019)	(23,542)	523	(38,222)
Ratios:				
Loss ratio - Prior Accident Years	(16.6%)	(16.5%)	(0.1%)	(3.1%)
- Current Accident Year	92.8%	92.4%	0.4%	94.4%
<i>Total</i>	76.2%	75.9%	0.3%	91.3%
Underwriting & Admin Expense	36.6%	37.2%	(0.6%)	32.9%
Combined Operating Ratio	112.8%	113.1%	(0.3%)	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 -\$5.0 million Operating Result in the month of September 2019, a deterioration of \$1.2 million compared with the same month last year. This deterioration is composed of a \$0.8 million deterioration associated with the \$2.7 million increase in earned premium (at a combined ratio of 129.6%), with the remaining \$0.4 million unfavourable impact stemming from the overall increase in the combined ratio (from 129.6% to 131.9% applied to \$15.8 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 105.1% at the end of 8 months to 108.4% at the end of 9 months. The 3.3 percentage point increase is composed of a 2.6 percentage point increase in the Prior Accident Years loss ratio, and a 0.9 percentage point increase in the expense ratio, offset by a 0.2 percentage point decrease in the Current Accident Year loss ratio.

Variances from Projections

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

AB-G RSP Summary of Actual vs Projected variances

September 2019	Actual	Projection	Difference	Difference %
Written Premium	21,572	23,230	(1,658)	(7.1%)
Earned Premium	15,767	16,080	(313)	(1.9%)
Reported Losses				
Paid Losses	10,294	9,973	321	3.2%
Paid Expenses	337	671	(334)	(49.8%)
Change in Outstanding Losses	(1,575)	432	(2,007)	(464.6%)
Total Reported Losses	9,056	11,076	(2,020)	(18.2%)
Change in IBNR Provision*	4,898	3,143	1,755	
Change in Premium Deficiency (DPAC)*	48	(5)	53	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Grid RSP September 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 September 2019, reported losses were \$2.0 million lower than projected. The Current Accident Year reported a favourable variance of \$1.7 million, and the Prior Accident Years reported a favourable variance of \$0.3 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 September 2019 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation

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

reflected in the October 2019 Operational Report.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$15.9 million and the incurred loss ratio to the end of 9 months is 84.1%, as summarized in the table below.

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

Amounts in \$000s	September 2019	September 2018	Year to date Sep 2019	Year to Date Sep 2018
Premium Written	10,007	10,706	89,555	88,421
Premium Earned	9,553	9,279	85,499	77,874
Incurred Losses	10,304	10,586	71,902	77,587
Underwriting & Admin Expense	3,394	3,292	29,486	31,111
Operating Result	(4,145)	(4,599)	(15,889)	(30,824)
Ratios:				
Loss ratio - Prior Accident Years	(1.7%)	(1.7%)	(29.2%)	(17.5%)
- Current Accident Year	109.5%	115.8%	113.3%	117.2%
<i>Total</i>	107.8%	114.1%	84.1%	99.7%
<i>Underwriting & Admin Expense</i>	35.5%	35.5%	34.5%	40.0%
<i>Combined Operating Ratio</i>	143.3%	149.6%	118.6%	139.7%

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 -\$32.3 million and the estimated combined operating ratio to December 2019 is 127.6%, as summarized in the table at the top of the next page. This updated projection to the end of the year has improved by \$2.3 million from the projection provided last month (see the second and third columns in the table). This improvement is driven by a \$5.3 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 (Sep 2019)	Prior Mth (Aug 2019)	Change	Final 2019 Outlook*
Premium Written	128,758	134,103	(5,345)	141,592
Premium Earned	116,720	118,275	(1,555)	124,625
Incurred Losses	105,205	106,807	(1,602)	137,538
Underwriting & Admin Expense	43,799	46,088	(2,290)	50,104
Net Result from Operations	(32,284)	(34,620)	2,337	(63,017)
Ratios:				
Loss ratio - Prior Accident Years	(22.0%)	(21.7%)	(0.3%)	(2.6%)
- Current Accident Year	112.1%	112.0%	0.1%	113.0%
<i>Total</i>	90.1%	90.3%	(0.2%)	110.4%
Underwriting & Admin Expense	37.5%	39.0%	(1.5%)	40.2%
Combined Operating Ratio	127.6%	129.3%	(1.7%)	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 -\$4.1 million Operating Result in the month of September 2019, an improvement of \$0.5 million compared with the same month last year. This improvement is composed of a \$0.6 million favourable impact stemming from the overall decrease in the combined ratio (from 149.6% to 143.3% applied to \$9.6 million in earned premium), partially offset by a \$0.1 million unfavourable impact associated with the \$0.3 million increase in earned premium (at a combined ratio of 149.6%).

This month's results moved the year-to-date combined operating ratio from 115.5% at the end of 8 months to 118.6% at the end of 9 months. The 3.1 percentage point increase is composed of a 3.5 percentage point increase in the Prior Accident Years loss ratio, and a 0.1 percentage point increase in the expense loss ratio, offset by a 0.5 percentage point decrease in the Current Accident Year loss ratio.

Variances from Projections

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

AB-N RSP Summary of Actual vs Projected variances

September 2019	Actual	Projection	Difference	Difference %
Written Premium	10,007	14,542	(4,535)	(31.2%)
Earned Premium	9,553	10,046	(493)	(4.9%)
Reported Losses				
Paid Losses	6,036	6,524	(488)	(7.5%)
Paid Expenses	287	267	20	7.5%
Change in Outstanding Losses	2,688	1,236	1,452	117.5%
Total Reported Losses	9,011	8,027	984	12.3%
Change in IBNR Provision*	1,293	2,798	(1,505)	
Change in Premium Deficiency (DPAC)*	198	770	(572)	

*(Amounts in \$000's)**rounding differences may occur*

*Detailed information is included in [Alberta Non-Grid RSP September 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 September 2019, reported losses were \$1.0 million higher than projected. The Current Accident Year had a \$0.2 million favourable variance in reported losses, while the Prior Accident Years had a \$1.2 million unfavourable 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 September 2019 Operational Report – Actuarial Highlights](#).

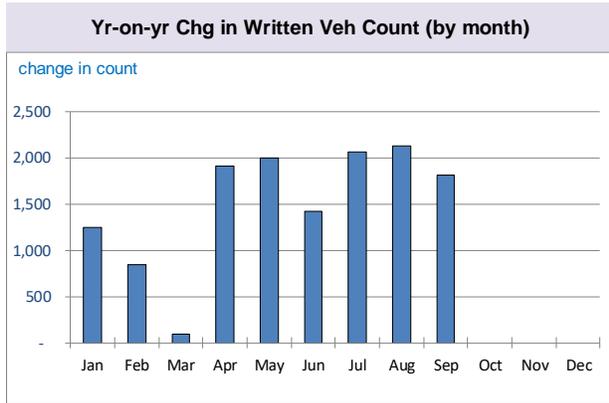
Effect of Quarterly Valuation

The September 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 June 30, 2019). The actuarial valuation will be updated next as at September 30, 2019 and we anticipate that the results will be

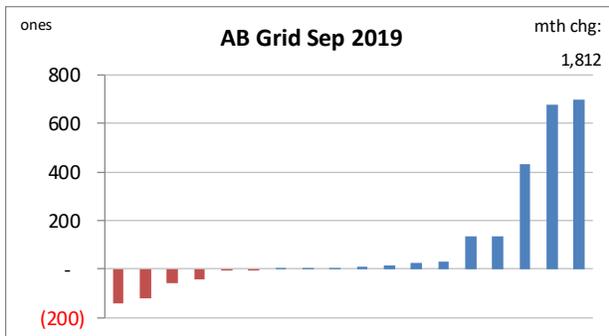
reflected in the October 2019 Operational Report.

Management Comments

Alberta Grid

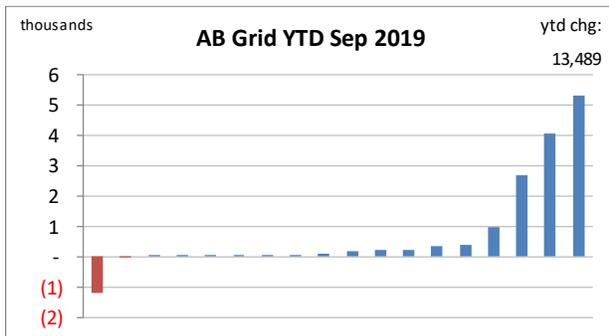


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with September showing an increase of 1,812 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 2,040 vehicles, indicating a variance of 228 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a greater number of vehicles to the RSP in September than projected.



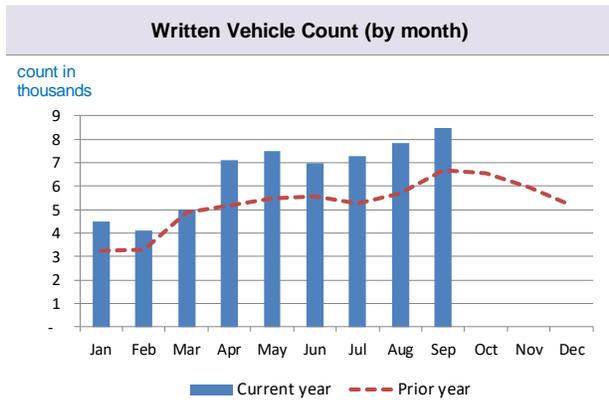
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Six member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while twelve transferred more. Of the 6 member company groups transferring fewer vehicles, 2 member company groups accounted for 71% of the total transfer decrease for these “decliner” members.

Of the 12 member company groups transferring more vehicles, 3 member company groups accounted for 83% of the total transfer increases for these “grower” members.

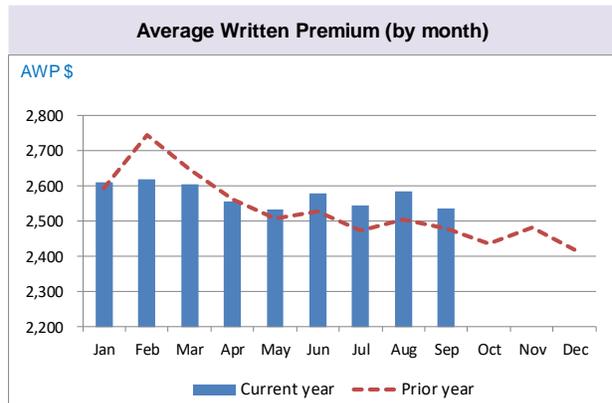


The chart on the left presents the same information as the previous chart, but on a year-to-date basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Note that only 2 member company groups decreased their transfers year-to-date.

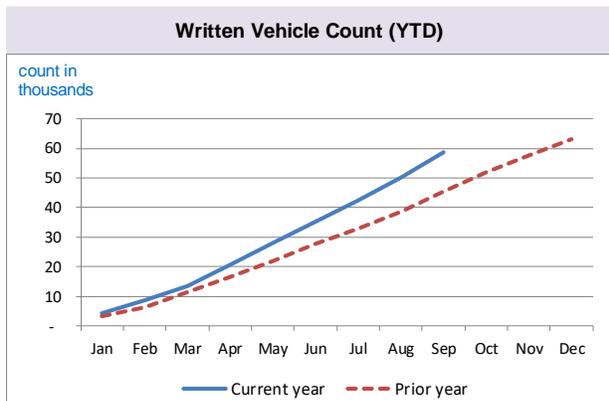
September’s vehicle count transfers to the RSP represent a 27.1% increase from September 2018, and counts were up 29.8% year-to-date. Average written premium was up 2.3% in September 2019 compared with the same month in 2018, and up 0.9% year-to-date (see charts at the top of the next page).



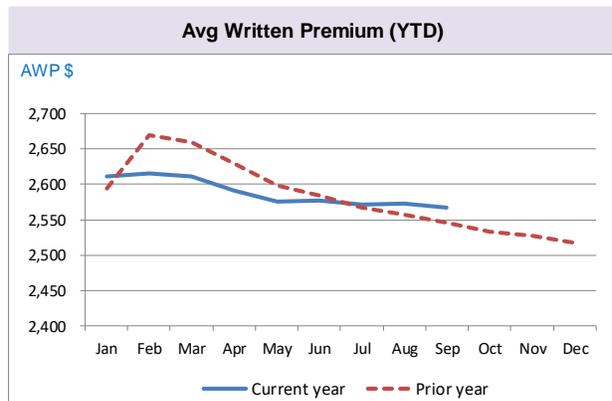
	Sep-19	Sep-18	Amt Chg	% Chg
W. Veh curr mth	8,504	6,691	1,812	27.1%



	Sep-19	Sep-18	Amt Chg	% Chg
AWP curr mth	2,537	2,479	58	2.3%

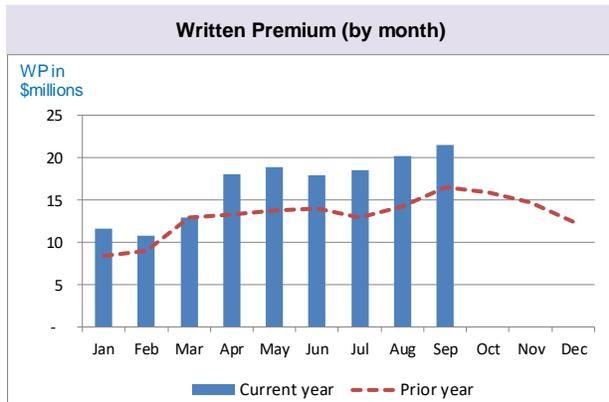


	Sep-19	Sep-18	Amt Chg	% Chg
W. Vehicles YTD	58,755	45,266	13,489	29.8%

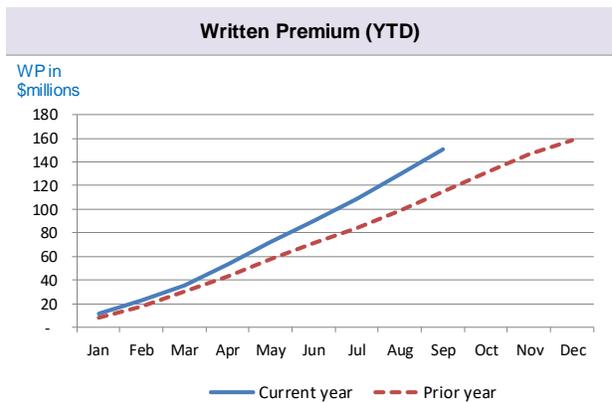


	Sep-19	Sep-18	Amt Chg	% Chg
Avg W. Prem YTD	2,568	2,546	22	0.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 30.1% for the month compared with the 40.1% increase we projected last month, and was up 30.9% year-to-date (see charts immediately below).



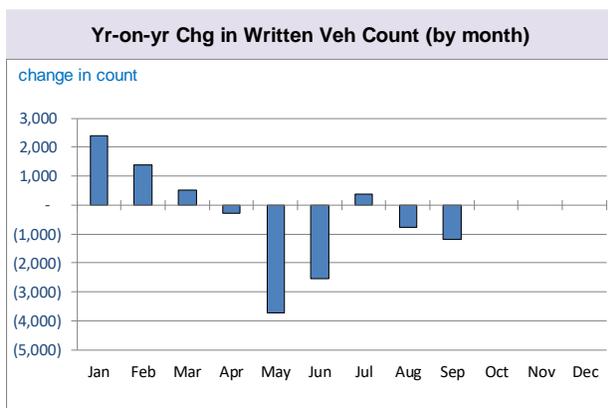
	Sep-19	Sep-18	Amt Chg	% Chg
WP (\$000s) curr mth	21,572	16,587	4,986	30.1%



	Sep-19	Sep-18	Amt Chg	% Chg
WP (\$000s) YTD	150,884	115,261	35,623	30.9%

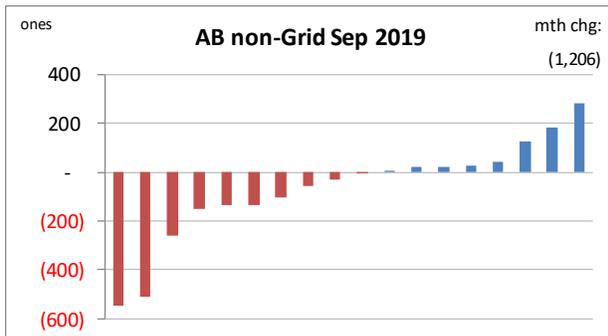
Alberta Non-Grid

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 4.7% from 2018**, being 2.8% 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.



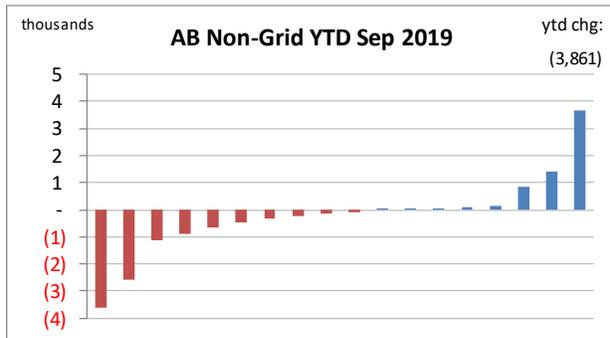
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with September showing a decrease of 1,206 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,594 vehicles, indicating a variance of 2,800 vehicles from the actual transfers. This variance was mainly due to three member company groups transferring a lower number of vehicles to the RSP in September than

projected.



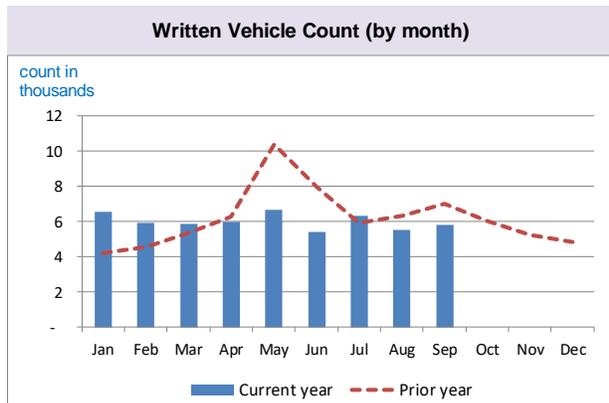
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the RSP this month compared to a year ago, while eight transferred more. Of the 10 member company groups transferring fewer vehicles, 2 member company groups accounted for 55% of the total transfer decrease for these “decliner” members. Of the 8 member company groups transferring more vehicles, 3 member company groups accounted for 83% of the total transfers increase for these “grower” members.

groups accounted for 55% of the total transfer decrease for these “decliner” members. Of the 8 member company groups transferring more vehicles, 3 member company groups accounted for 83% of the total transfers increase for these “grower” members.



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

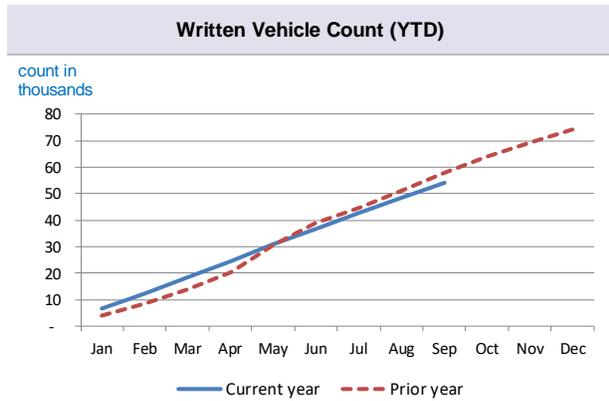
September's vehicle count transfers to the RSP represent a 17.2% decrease from September 2018, and counts were down 6.7% year-to-date. Average written premium was up 12.9% in September 2019 compared with the same month in 2018, and were up 8.5% year-to-date (see charts immediately below).



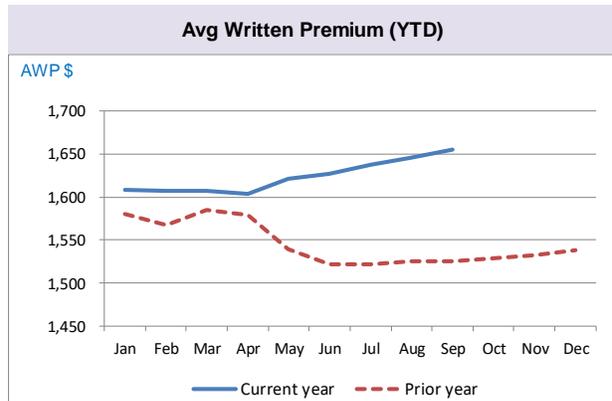
	Sep-19	Sep-18	Amt Chg	% Chg
W. Veh curr mth	5,803	7,009	(1,206)	-17.2%



	Sep-19	Sep-18	Amt Chg	% Chg
AWP curr mth	1,724	1,527	197	12.9%



	Sep-19	Sep-18	Amt Chg	% Chg
W. Vehicles YTD	54,125	57,986	(3,861)	-6.7%



	Sep-19	Sep-18	Amt Chg	% Chg
Avg W. Prem YTD	1,655	1,525	130	8.5%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 6.5% for the month compared with the 35.8% increase we projected last month, but was up 1.3% year-to-date (see charts at the top of the next page).



	Sep-19	Sep-18	Amt Chg	% Chg
WP (\$000s) curr mth	10,007	10,706	(699)	-6.5%



	Sep-19	Sep-18	Amt Chg	% Chg
WP (\$000s) YTD	89,554	88,421	1,133	1.3%

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 September 2019 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

SUMMARY OF OPERATIONS - CALENDAR YEAR 2019

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 9 Months Ended September 30, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	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	\$20,204	\$21,572	\$150,885	\$204,376	\$158,547
Decrease (Increase) in Unearned Premiums	1,935	1,482	893	(4,247)	(3,980)	(3,986)	(3,159)	(4,271)	(5,805)	(21,138)	(24,095)	3,021
Net Premiums Earned	\$13,635	\$12,253	\$13,902	\$13,884	\$14,953	\$13,997	\$15,423	\$15,933	\$15,767	\$129,747	\$180,281	\$161,568
Claims Incurred:												
Prior Accident Years:												
Undiscounted	(\$336)	(\$453)	(\$15,477)	(\$157)	\$554	(\$565)	(\$61)	(\$13,394)	(\$22)	(\$29,911)	(\$29,911)	\$555
Effect of Discounting	779	(315)	1,873	(506)	3,132	(567)	(437)	(1,991)	(536)	\$1,432	(83)	(8,142)
Discounted	\$443	(\$768)	(\$13,604)	(\$663)	\$3,686	(\$1,132)	(\$498)	(\$15,385)	(\$558)	(\$28,479)	(\$29,994)	(\$7,587)
Current Accident Year:												
Undiscounted	\$12,482	\$11,366	\$12,301	\$12,485	\$13,919	\$13,111	\$13,898	\$10,934	\$13,704	\$114,200	\$158,076	\$146,295
Effect of Discounting	593	484	834	565	1,403	762	829	725	808	\$7,003	9,246	4,993
Discounted	\$13,075	\$11,850	\$13,135	\$13,050	\$15,322	\$13,873	\$14,727	\$11,659	\$14,512	\$121,203	\$167,322	\$151,288
Claims Incurred	\$13,518	\$11,082	(\$469)	\$12,387	\$19,008	\$12,741	\$14,229	(\$3,726)	\$13,954	\$92,724	\$137,328	\$143,701
Underwriting Expenses:												
Expense Allowance	\$3,644	\$3,360	\$4,049	\$5,645	\$5,889	\$5,605	\$5,781	\$6,284	\$6,710	\$46,967	\$63,603	\$47,116
Change in UPDR/DPAC:												
Undiscounted	213	178	(66)	(328)	424	(251)	(146)	(2,683)	(329)	(2,988)	(2,098)	3,348
Effect of Discounting	(76)	(61)	703	213	1,342	254	205	209	377	3,166	3,429	(1,135)
Discounted	137	117	637	(115)	1,766	3	59	(2,474)	48	178	1,331	2,213
Underwriting Expenses	\$3,781	\$3,477	\$4,686	\$5,530	\$7,655	\$5,608	\$5,840	\$3,810	\$6,758	\$47,145	64,934	\$49,329
Net Underwriting Gain (Loss)	(\$3,664)	(\$2,306)	\$9,685	(\$4,033)	(\$11,710)	(\$4,352)	(\$4,646)	\$15,849	(\$4,945)	(\$10,122)	(\$21,981)	(\$31,462)
Administrative Expenses	\$69	\$92	\$61	\$79	\$79	\$69	\$92	\$71	\$77	\$689	\$1,038	\$1,039
Operating Result	(\$3,733)	(\$2,398)	\$9,624	(\$4,112)	(\$11,789)	(\$4,421)	(\$4,738)	\$15,778	(\$5,022)	(\$10,811)	(\$23,019)	(\$32,501)
Ratios:												
Claims & Expenses Incurred (Earned)												
Prior Accident Years	3.2%	-6.3%	-97.9%	-4.8%	24.7%	-8.1%	-3.2%	-96.6%	-3.5%	-21.9%	-16.6%	-4.7%
Current Accident Year	95.9%	96.7%	94.5%	94.0%	102.5%	99.1%	95.5%	73.2%	92.0%	93.4%	92.8%	93.6%
All Accident Years Combined (Earned)	99.1%	90.4%	-3.4%	89.2%	127.2%	91.0%	92.3%	-23.4%	88.5%	71.5%	76.2%	88.9%
Underwriting & Administrative Expenses (Earned)	28.2%	29.1%	34.1%	40.4%	51.7%	40.6%	38.5%	24.4%	43.4%	36.9%	36.6%	31.2%
Combined Operating Ratio	127.3%	119.5%	30.7%	129.6%	178.9%	131.6%	130.8%	1.0%	131.9%	108.4%	112.8%	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 9 Months Ended September 30, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	September	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	\$9,505	\$10,007	\$89,555	\$128,758	\$113,977
Decrease (Increase) in Unearned Premiums	(729)	(477)	695	(291)	(1,330)	(1,072)	(846)	448	(454)	(4,056)	(12,038)	(7,273)
Net Premiums Earned	\$9,840	\$9,072	\$10,092	\$9,230	\$9,948	\$7,950	\$9,861	\$9,953	\$9,553	\$85,499	\$116,720	\$106,704
Claims Incurred:												
Prior Accident Years:												
Undiscounted	(\$92)	(\$79)	(\$10,395)	(\$587)	(\$39)	(\$1,670)	(\$60)	(\$12,051)	(\$23)	(\$24,996)	(\$24,996)	(\$14,506)
Effect of Discounting	(301)	(372)	1,181	(229)	1,855	(297)	(147)	(1,525)	(135)	30	(636)	(5,786)
Discounted	(\$393)	(\$451)	(\$9,214)	(\$816)	\$1,816	(\$1,967)	(\$207)	(\$13,576)	(\$158)	(\$24,966)	(\$25,632)	(\$20,292)
Current Accident Year:												
Undiscounted	\$10,631	\$9,795	\$11,262	\$10,623	\$10,983	\$10,310	\$10,778	\$7,771	\$10,035	\$92,188	\$124,908	\$117,039
Effect of Discounting	548	409	612	417	976	498	555	238	427	4,680	5,929	3,698
Discounted	\$11,179	\$10,204	\$11,874	\$11,040	\$11,959	\$10,808	\$11,333	\$8,009	\$10,462	\$96,868	\$130,837	\$120,737
Claims Incurred	\$10,786	\$9,753	\$2,660	\$10,224	\$13,775	\$8,841	\$11,126	(\$5,567)	\$10,304	\$71,902	\$105,205	\$100,445
Underwriting Expenses:												
Expense Allowance	\$3,286	\$2,970	\$2,924	\$2,973	\$3,510	\$2,833	\$3,331	\$2,957	\$3,113	\$27,897	\$40,090	\$33,858
Change in UPDR/DPAC:												
Undiscounted	65	66	787	81	301	185	179	(2,274)	159	(451)	637	1,227
Effect of Discounting	38	27	488	21	676	80	67	(105)	39	1,331	1,930	(63)
Discounted	103	93	1,275	102	977	265	246	(2,379)	198	880	2,567	1,164
Underwriting Expenses	\$3,389	\$3,063	\$4,199	\$3,075	\$4,487	\$3,098	\$3,577	\$578	\$3,311	\$28,777	\$42,657	\$35,022
Net Underwriting Gain (Loss)	(\$4,335)	(\$3,744)	\$3,233	(\$4,069)	(\$8,314)	(\$3,989)	(\$4,842)	\$14,942	(\$4,062)	(\$15,180)	(\$31,142)	(\$28,763)
Administrative Expenses	\$69	\$92	\$62	\$79	\$80	\$71	\$96	\$77	\$83	\$709	\$1,142	\$1,054
Operating Result	(\$4,404)	(\$3,836)	\$3,171	(\$4,148)	(\$8,394)	(\$4,060)	(\$4,938)	\$14,865	(\$4,145)	(\$15,889)	(\$32,284)	(\$29,817)
Ratios:												
Claims & Expenses Incurred (Earned)												
Prior Accident Years	-4.0%	-5.0%	-91.3%	-8.8%	18.3%	-24.7%	-2.1%	-136.4%	-1.7%	-29.2%	-22.0%	-19.0%
Current Accident Year	113.6%	112.5%	117.7%	119.6%	120.2%	135.9%	114.9%	80.5%	109.5%	113.3%	112.1%	113.2%
All Accident Years Combined	109.6%	107.5%	26.4%	110.8%	138.5%	111.2%	112.8%	-55.9%	107.8%	84.1%	90.1%	94.2%
Underwriting & Administrative Expenses (Earned)	35.1%	34.8%	42.2%	34.2%	45.9%	39.9%	37.2%	6.6%	35.5%	34.5%	37.5%	33.8%
Combined Operating Ratio	144.7%	142.3%	68.6%	145.0%	184.4%	151.1%	150.0%	-49.3%	143.3%	118.6%	127.6%	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