

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER
ALBERTA RISK SHARING POOL PROJECT MANAGER

BULLETIN NO.: F2020 – 007

DATE: JANUARY 30, 2020

SUBJECT: ALBERTA RISK SHARING POOLS
– DECEMBER 2019 OPERATIONAL REPORT

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

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

Key Points

- (a) the *Alberta Grid 2019 year-end net operating deficit was \$20 million* with the addition of \$3.5 million in deficit generated in December, resulting in a year-to-date COR of 110.9% on earned premium of \$180 million;
- (b) the *Alberta Non-Grid 2019 year-end net operating deficit was \$27 million* with the addition of \$3.8 million in deficit generated in December, resulting in a year-to-date COR of 123.6% on earned premium of \$116 million;
- (c) in *comparison with the final Outlook for 2019*, the *Alberta Grid RSP* finished the year with a *net operating deficit \$18.7 million (48.8%) lower (i.e. better) than expected* and combined ratio 13.4 points lower than expected; the *Alberta Non-Grid RSP* finished the year with a *net operating deficit was \$35.7 million (56.7%) lower (i.e. better) than expected* and the combined ratio was 27.0 points lower than expected;
- (d) the *projected Alberta Grid 2020 year-end net operating deficit is now \$55 million*, with a COR at 124.1% on earned premium of \$226 million (our Outlook for 2020 was \$59 million of net operating deficit with a COR of 125.3% on earned premium of \$234 million); and
- (e) the *projected Alberta Non-Grid 2020 year-end net operating deficit is now \$63 million*, with a COR at 145.5% on earned premium of \$139 million (our Outlook for 2020 was \$66 million of net operating deficit with a COR of 143.8% on earned premium of \$151 million).

Alberta Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$19.6 million and the incurred loss ratio to the end

of 12 months is 73.7%, as summarized in the table below.

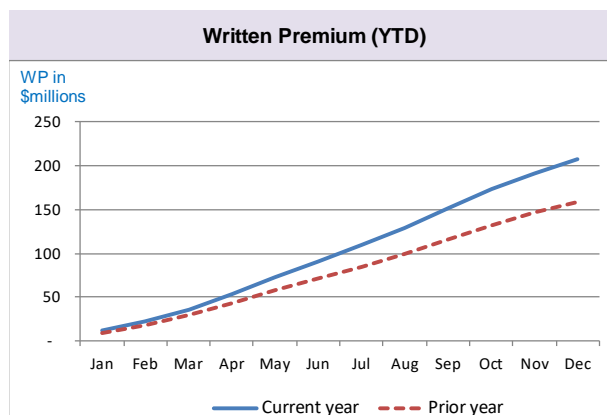
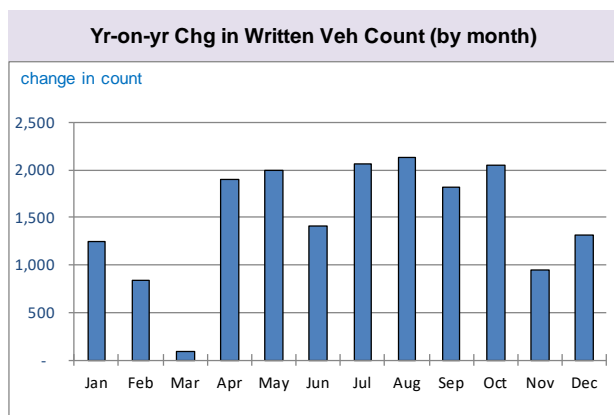
AB-G RSP Summary of Financial Results (for month and year-to-date)

Amounts in \$000s	December 2019	December 2018	Year to date Dec 2019	Year to Date Dec 2018
Premium Written	16,685	12,514	207,231	158,547
Premium Earned	17,381	13,786	180,339	161,568
Incurred Losses	14,632	12,406	132,936	143,701
Underwriting & Admin Expense	6,255	3,797	67,005	50,368
Operating Result	(3,506)	(2,417)	(19,602)	(32,501)
Ratios:				
Loss ratio - Prior Accident Years	(4.7%)	(2.7%)	(16.5%)	(4.7%)
- Current Accident Year	88.9%	92.7%	90.2%	93.6%
<i>Total</i>	84.2%	90.0%	73.7%	88.9%
Underwriting & Admin Expense	36.0%	27.5%	37.2%	31.2%
Combined Operating Ratio	120.2%	117.5%	110.9%	120.1%

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.

2019 finished with written premium up \$49 million (31%) but earned premium was up only \$19 million (12%), with growth in transfer counts pretty consistent after March (see by month changes in written annualized vehicle counts in the left chart below, and the year-to-date written premium by month in the right chart below). As a result of the increase in written premium, unearned premium also increased.



Because the Alberta Grid RSP operates at a deficit, increases in unearned premium result in increases in premium deficiency, which will increase the underwriting & administrative expense ratio relative to earned premium (as evident in the financial results table on the previous page).

Prior accident years were more favourable during 2019 than they were in 2018 (by \$22 million or 11.8 points of earned premium) and was the primary cause of the \$13 million (40%) improvement in the net operating deficit for 2019 from 2018. The current accident year, while \$11 million higher in amount than 2018, was 3.4 points of earned premium lower than 2018, thus having a favourable impact on the COR. The increase in the premium deficiency was the primary contributor to the \$17 million (34%) deterioration in the underwriting expenses, partially offsetting the favourable claims experience result on the COR.

Compared with the Alberta Grid RSP's projections found in the Risk Sharing Pools' Final Outlook for 2019 ([F18-077](#) posted October 18, 2018), 2019 finished with written premium \$49 million (31%) higher than expected, and earned premium \$22 million (14%) higher than expected. The net operating deficit of \$20 million was \$19 million (49%) lower than expected and the combined ratio was 13.4 points lower than expected as shown in the table below. (We don't explicitly show in the table the differences between the current/final result for 2019 and the Outlook, but they can be derived by comparing the first column and the last column). Both the prior accident years and current accident year performed better-than-expected (in both amount and points of earned premium), but the late increase in written premium also generated higher-than-expected unearned premium (by \$33 million), resulting in an adverse relative impact of the premium deficiency on the underwriting & administrative expense.

AB Grid RSP 2019 Yr-end Projection	Current	Prior Mth		Final 2019
Amounts in \$000s	(Dec 2019)	(Nov 2019)	Change	Outlook*
Premium Written	207,217	205,740	1,477	158,031
Premium Earned	180,325	180,470	(145)	158,085
Incurred Losses	132,936	133,383	(447)	144,374
Underwriting & Admin Expense	66,956	66,444	512	51,933
Net Result from Operations	(19,567)	(19,357)	(210)	(38,222)
Ratios:				
Loss ratio - Prior Accident Years	(16.5%)	(16.4%)	(0.1%)	(3.1%)
- Current Accident Year	90.2%	90.3%	(0.1%)	94.4%
<i>Total</i>	73.7%	73.9%	(0.2%)	91.3%
Underwriting & Admin Expense	37.1%	36.8%	0.3%	32.9%
Combined Operating Ratio	110.8%	110.7%	0.1%	124.2%

rounding differences may occur

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

Updated Projection to Year-end 2019 (Alberta Grid RSP)

An Outlook had been prepared to provide Members with an estimate of Alberta Grid RSP operating results for calendar year 2020 based on the actuarial valuation at June 30, 2019, and reflecting actual experience to date as detailed in the August 2019 Operational Report. This Outlook was posted on November 5, 2019 (please refer to Bulletin [F19-082](#)), and projected a Net Result from Operations for 2020 of -\$59.3 million, and a combined operating ratio of 125.3%. Projections for

2020 have been updated each month since, as per our usual practice (although until this month, the bulletins have focused on projections to the end of 2019 compared with the previous Outlook).

The projected calendar year Operating Result to December 2020 is now -\$54.7 million (an approximately \$4.5 million improvement relative to the Outlook) and the estimated combined operating ratio to December 2020 is 124.1% (a 1.2 point improvement relative to the Outlook). The improvement is composed of an estimated \$2.0 million favourable impact associated with the \$7.9 million increase in projected earned premium (at a combined ratio of 125.3%), offset by a \$2.7 million favourable impact stemming from the overall decrease in the combined ratio (from 125.3% to 124.1% applied to \$226.4 million in projected earned premium). The remaining \$0.1 million difference is due to other assumption updates.

Current Month Results (Alberta Grid RSP)

The Alberta Grid Risk Sharing Pool produced a -\$3.5 million Operating Result in the month of December 2019, a deterioration of \$1.1 million compared with the same month last year. This deterioration is composed of a \$0.6 million unfavourable impact associated with the \$3.6 million increase in earned premium (at a combined ratio of 117.5%), and a \$0.5 million unfavourable impact from the overall increase in the combined ratio (from 117.5% to 120.2% applied to \$17.4 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 109.9% at the end of 11 months to 110.9% at the end of 12 months. The 1.0 percentage point increase is composed of a 1.3 percentage point increase in the Prior Accident Year loss ratio, offset by a 0.2 percentage point decrease in the Current Accident Years loss ratio and a 0.1 percentage point decrease in the expense ratio.

Variances from Projections (Alberta Grid RSP)

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.

Alberta Grid RSP Summary of Actual vs Projected variances

December 2019	Actual	Projection	Difference	Difference %
Written Premium	16,685	15,208	1,477	9.7%
Earned Premium	17,381	17,526	(145)	(0.8%)
Reported Losses				
Paid Losses	15,259	10,227	5,032	49.2%
Paid Expenses	406	1,030	(624)	(60.6%)
Change in Outstanding Losses	(3,140)	1,223	(4,363)	(356.7%)
Total Reported Losses	12,525	12,480	45	0.4%
Change in IBNR Provision*	2,107	2,599	(492)	
Change in Premium Deficiency (DPAC)*	938	1,022	(84)	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Grid RSP December 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 December 2019, the reported losses were consistent with projected. The Current Accident Year had a \$0.1 million unfavourable variance in reported losses, while the Prior Accident Years had a \$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 Grid RSP December 2019 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation (Alberta Grid RSP)

The December 2019 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2019). The actuarial valuation will be updated next as at December 31, 2019 and we anticipate that the results will be reflected in the March 2020 Operational Report.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$27.3 million and the incurred loss ratio to the end of 12 months is 88.1%, as summarized in the table below.

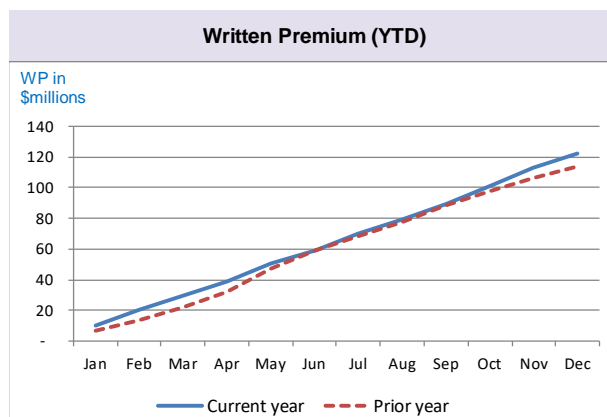
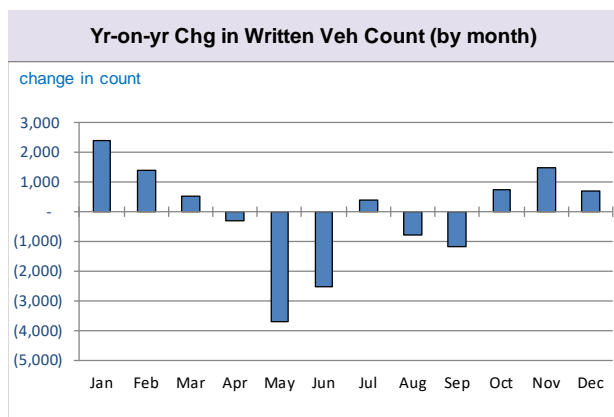
AB-N RSP Summary of **Financial Results** (for month and year-to-date)

Amounts in \$000s	December 2019	December 2018	Year to date Dec 2019	Year to Date Dec 2018
Premium Written	9,563	7,832	122,354	113,977
Premium Earned	10,450	9,741	115,757	106,704
Incurred Losses	10,791	10,708	101,997	100,445
Underwriting & Admin Expense	3,455	1,962	41,082	36,076
Operating Result	(3,796)	(2,929)	(27,322)	(29,817)
Ratios:				
Loss ratio - Prior Accident Years	(3.1%)	(2.7%)	(21.5%)	(19.0%)
- Current Accident Year	106.4%	112.6%	109.6%	113.2%
<i>Total</i>	103.3%	109.9%	88.1%	94.2%
Underwriting & Admin Expense	33.1%	20.1%	35.5%	33.8%
Combined Operating Ratio	136.4%	130.0%	123.6%	128.0%

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.

2019 finished with written premium up \$8 million (7%) but earned premium was up slightly more at \$9 million (9%). Transfer counts decreased overall, but written premium picked up in October onward (see by month changes in written annualized vehicle counts in the left chart at the top of the next page, and the year-to-date written premium by month in the right chart at the top of the next page). As a result of the increase in written premium, unearned premium also increased.



Because the Alberta Non-Grid RSP operates at a deficit, increases in unearned premium result in increases in premium deficiency, which will increase the underwriting & administrative expense ratio relative to earned premium (as evident in the financial results table on the previous page).

The prior accident years were more favourable during 2019 than they were in 2018 (by \$5 million or 2.5 points of earned premium). The current accident year, while \$6 million higher in amount

than 2018, was 3.5 points of earned premium lower than 2018. As a result, improvements in claims incurred relative to the increase in earned premium was more than enough to offset the adverse impact of the increase in the premium deficiency, resulting in an overall \$3 million (8%) improvement in the net operating deficit for 2019 from 2018.

Compared with the Alberta Non-Grid RSP projections found in the Risk Sharing Pools' Final Outlook for 2019 ([F18-077](#) posted October 18, 2018), 2019 finished with written premium \$19 million (14%) lower-than-expected, and earned premium \$9 million (7%) lower-than-expected. The net operating deficit of \$27 million was \$36 million (57%) lower-than-expected and the combined ratio was 27.0 points lower-than-expected as shown in the table at the top of the next page. (We don't explicitly show in the table the differences between the current/final result for 2019 and the Outlook, but they can be derived by comparing the first column and the last column). Both the prior accident years and current accident year performed better-than-expected (in both amount and points of earned premium), as did the underwriting & administrative expense.

AB Non-Grid RSP 2019 Yr-end Proj. Amounts in \$000s	Current (Dec 2019)	Prior Mth (Nov 2019)	Change	Final 2019 Outlook*
Premium Written	122,351	125,162	(2,811)	141,592
Premium Earned	115,754	115,952	(198)	124,625
Incurred Losses	101,994	102,286	(292)	137,538
Underwriting & Admin Expense	41,071	42,234	(1,163)	50,104
Net Result from Operations	(27,311)	(28,568)	1,257	(63,017)
Ratios:				
Loss ratio - Prior Accident Years	(21.5%)	(21.5%)	-	(2.6%)
- Current Accident Year	109.6%	109.7%	(0.1%)	113.0%
<i>Total</i>	88.1%	88.2%	(0.1%)	110.4%
Underwriting & Admin Expense	35.5%	36.4%	(0.9%)	40.2%
Combined Operating Ratio	123.6%	124.6%	(1.0%)	150.6%

rounding differences may occur

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

Updated Projection to Year-end 2019 (Alberta Non-Grid RSP)

An Outlook had been prepared to provide Members with an estimate of Alberta Non-Grid RSP operating results for calendar year 2020 based on the actuarial valuation at June 30, 2019, and reflecting actual experience to date as detailed in the August 2019 Operational Report. This Outlook was posted on November 5, 2019 (please refer to Bulletin [F19-082](#)), and projected a Net Result from Operations for 2020 of -\$66.4 million, and a combined operating ratio of 143.8%. Projections for 2020 have been updated each month since, as per our usual practice (although until this month, the bulletins have focused on projections to the end of 2019 compared with the previous Outlook).

The projected calendar year Operating Result to December 2020 is now -\$63.2 million (an approximately \$3.2 million improvement relative to the Outlook) and the estimated combined operating ratio to December 2020 is 145.5% (a 1.7 point deterioration relative to the Outlook).

The improvement is composed of an estimated \$5.4 million favourable impact associated with the \$12.3 million decrease in projected earned premium (at a combined ratio of 143.8%), offset by a \$2.4 million unfavourable impact stemming from the overall decrease in the combined ratio (from 143.8% to 145.5% applied to \$139.2 million in projected earned premium). The remaining \$0.2 million difference is due to other assumption updates.

Current month results (Alberta Non-Grid RSP)

The Alberta Non-Grid Risk Sharing Pool produced a -\$3.8 million Operating Result in the month of December 2019, a deterioration of \$0.9 million compared with the same month last year. This deterioration is composed of a \$0.2 million unfavourable impact associated with the \$0.7 million increase in earned premium (at a combined ratio of 130.0%), and a \$0.7 million unfavourable impact stemming from the overall increase in the combined ratio (from 130.0% to 136.4% applied to \$10.5 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 122.3% at the end of 11 months to 123.6% at the end of 12 months. The 1.3 percentage point increase is composed of a 1.8 percentage point increase in the Prior Accident loss ratio, offset by a 0.3 percentage point decrease in the Current Accident Years loss ratio and a 0.2 percentage point decrease in the expense loss ratio.

Variances from Projections (Alberta Non-Grid RSP)

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

Alberta Non-Grid RSP Summary of Actual vs Projected variances

December 2019	Actual	Projection	Difference	Difference %
Written Premium	9,563	12,374	(2,811)	(22.7%)
Earned Premium	10,450	10,648	(198)	(1.9%)
Reported Losses				
Paid Losses	9,272	8,226	1,046	12.7%
Paid Expenses	216	416	(200)	(48.1%)
Change in Outstanding Losses	2,366	1,230	1,136	92.4%
Total Reported Losses	11,854	9,872	1,982	20.1%
Change in IBNR Provision*	(1,063)	1,211	(2,274)	
Change in Premium Deficiency (DPAC)*	351	753	(402)	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Non-Grid RSP December 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 December 2019, reported losses were \$2.0 million higher than projected. The Current Accident Year had a \$0.4 million unfavourable variance in reported losses and the Prior Accident Years had a \$1.6 million unfavourable variance. Of all the Prior Accident Years, Accident Year 2018 had the largest variance of \$1.6 unfavourable; 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

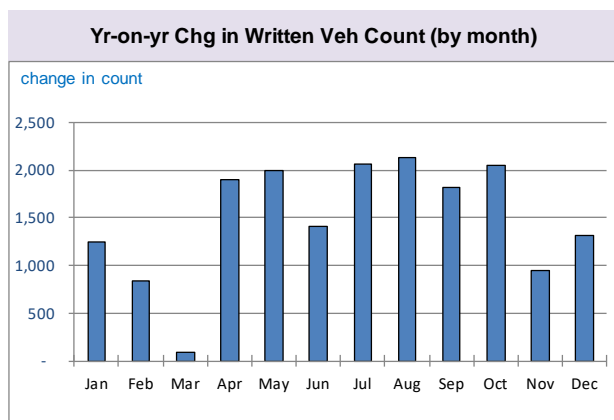
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

Effect of Quarterly Valuation (AB-N RSP)

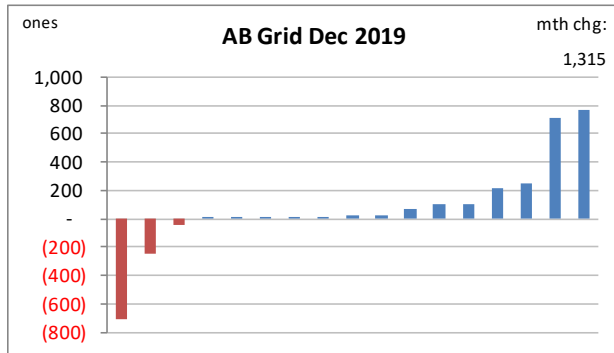
The December 2019 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2019). The actuarial valuation will be updated next as at December 31, 2019 and we anticipate that the results will be reflected in the March 2020 Operational Report.

Management Comments

Alberta Grid

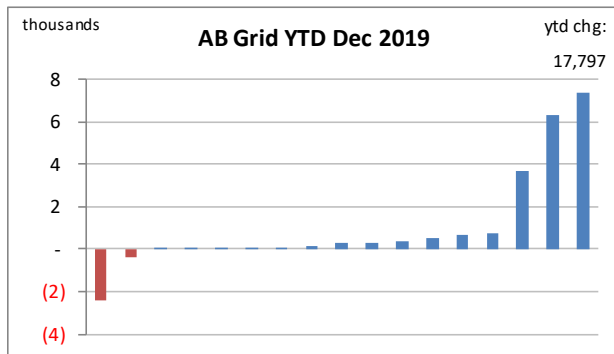


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with December showing an increase of 1,315 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 789 vehicles, indicating a variance of 526 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a higher number of vehicles than projected to the RSP in December.



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 fourteen transferred more. Of the 3 member company groups transferring fewer vehicles, 1 member

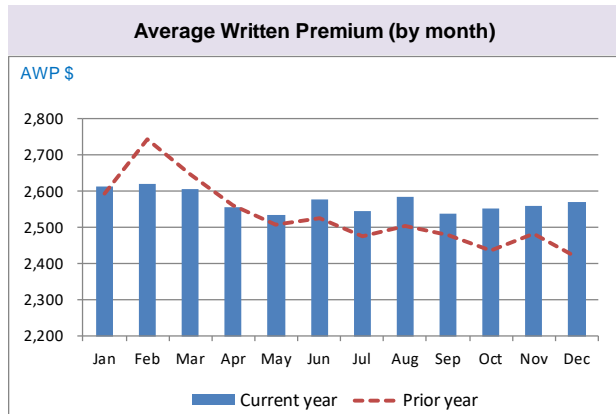
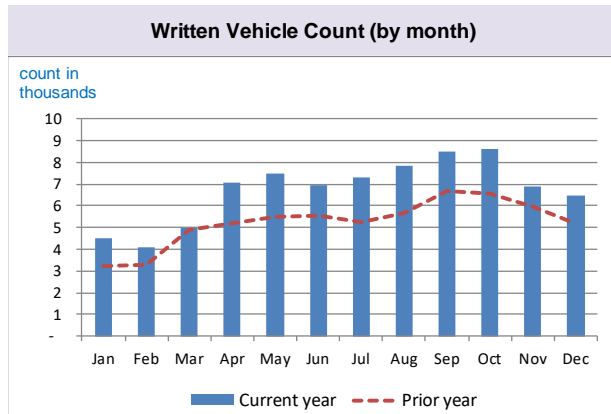
company group accounted for 71% of the total transfer decrease for these “decliner” members. Of the 14 member company groups transferring more vehicles, 2 member company groups accounted for 64% of the total transfer increases for these “grower” members.



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. Only two member company groups decreased their transfers to the RSP – all other member company groups that use the RSP have

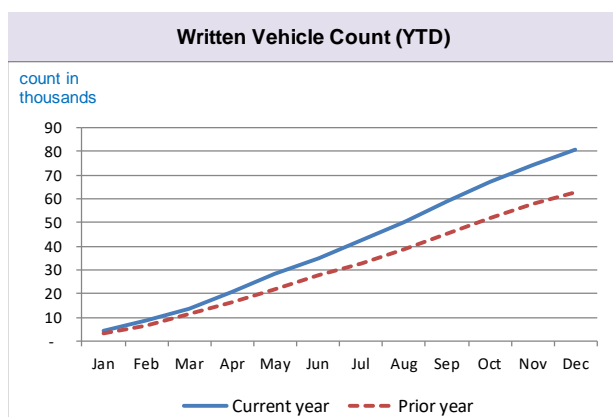
increased their transfers year-to-date.

December’s vehicle count transfers to the RSP represent a 25.4% increase from December 2018, and counts were up 28.3% year-to-date. Average written premium was up 6.3% in December 2019 compared with the same month in 2018, and up 1.9% year-to-date (see charts below).

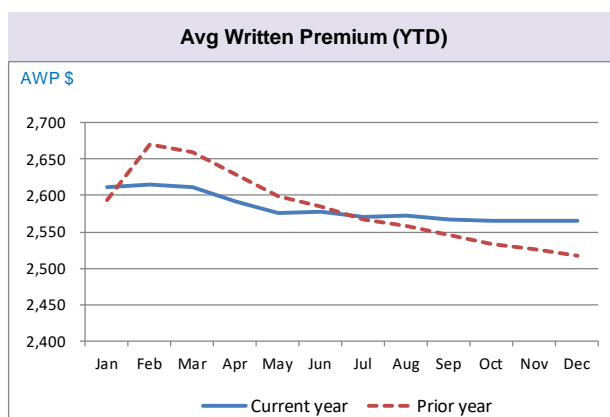


	Dec-19	Dec-18	Amt Chg	% Chg
W. Veh curr mth	6,489	5,174	1,315	25.4%

	Dec-19	Dec-18	Amt Chg	% Chg
AWP curr mth	2,571	2,419	152	6.3%

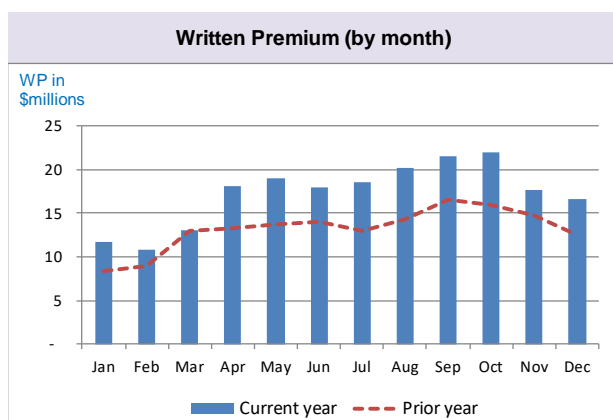


	Dec-19	Dec-18	Amt Chg	% Chg
W. Vehicles YTD	80,752	62,955	17,797	28.3%

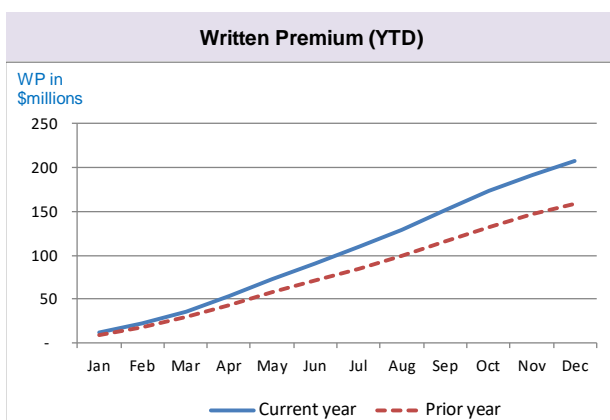


	Dec-19	Dec-18	Amt Chg	% Chg
Avg W. Prem YTD	2,566	2,518	48	1.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 33.3% for the month compared with the 21.5% increase we projected last month, and was up 30.7% year-to-date (see charts at the top of the next page).



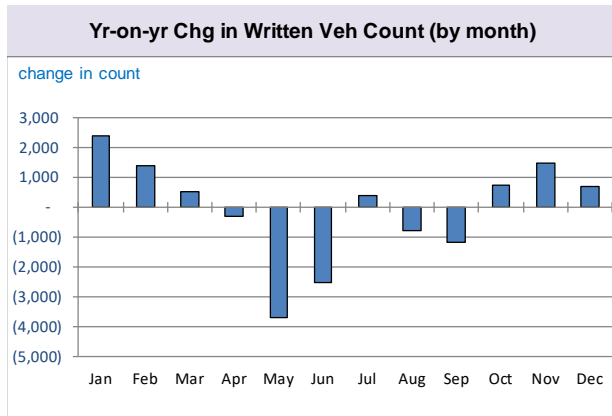
	Dec-19	Dec-18	Amt Chg	% Chg
WP (\$000s) curr mth	16,685	12,514	4,171	33.3%



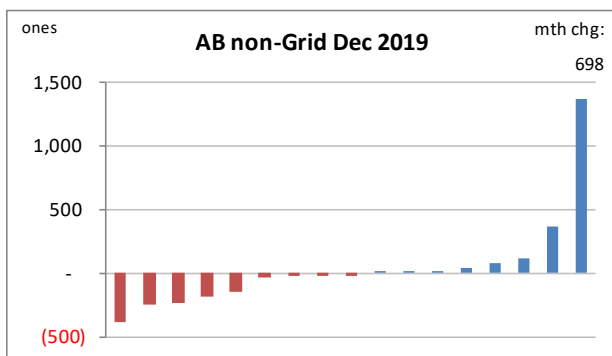
	Dec-19	Dec-18	Amt Chg	% Chg
WP (\$000s) YTD	207,230	158,548	48,683	30.7%

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 2020 vehicle count up 16.2% from 2019, being 3.0% of the 2018 industry private passenger vehicle count (excluding farmers) and industry farmers private passenger vehicle count (as we don't have an industry count yet for 2019, we continue to use the 2018 count as a proxy). There is the potential for the transferred vehicle count to change dramatically and quickly if member companies choose to take full advantage of their transfer limits.

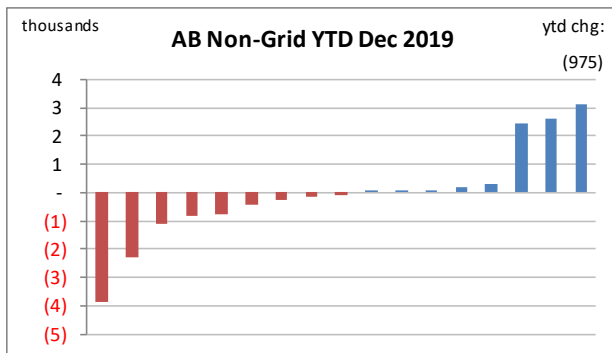


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with December showing an increase of 698 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 2,404 vehicles, indicating a variance of 1,706 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 December than projected.



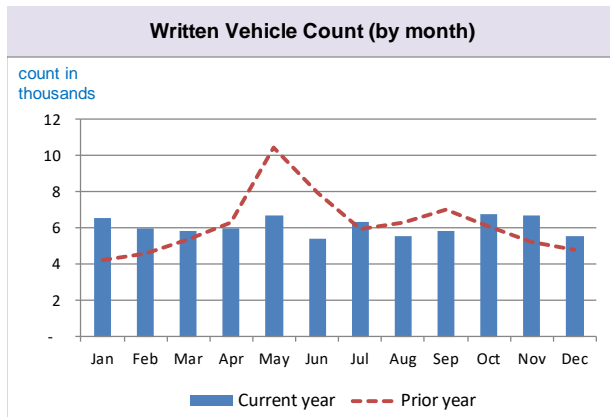
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Nine member company groups transferred fewer vehicles to the RSP this month compared to a year ago, while eight transferred more. Of the 9 member company groups transferring fewer vehicles, 1 member company

group accounted for 30% of the total transfer decrease for these “decliner” members. Of the 8 member company groups transferring more vehicles, 1 member company group accounted for 69% of the total transfers increase for these “grower” members.

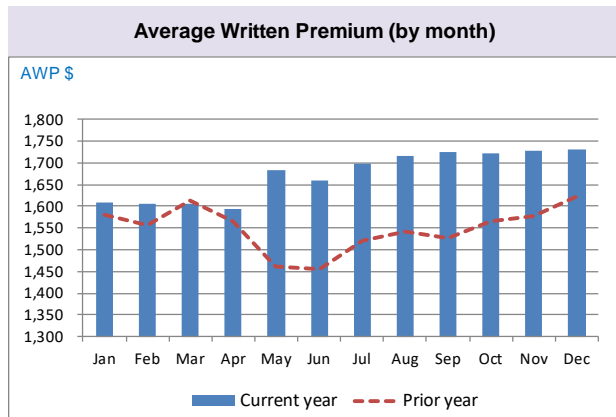


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

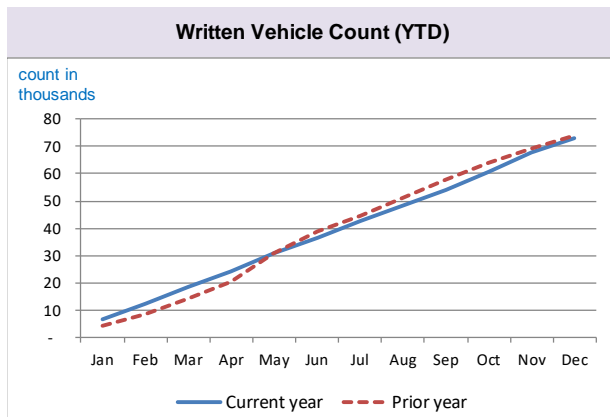
December’s vehicle count transfers to the RSP represent a 14.5% increase from December 2018, while counts were down 1.3% year-to-date. Average written premium was up 6.7% in December 2019 compared with the same month in 2018, and were up 8.8% year-to-date (see charts below and at the top of the next page).



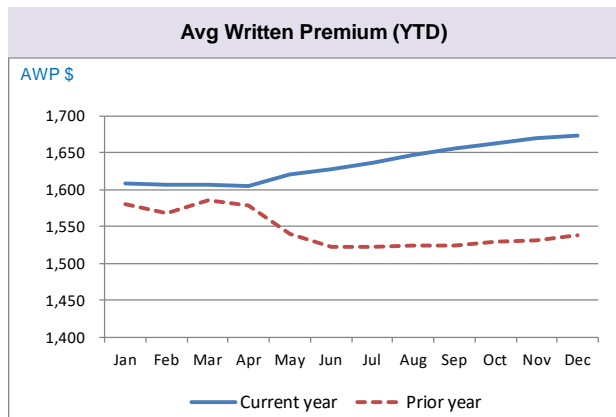
	Dec-19	Dec-18	Amt Chg	% Chg
W. Veh curr mth	5,529	4,830	698	14.5%



	Dec-19	Dec-18	Amt Chg	% Chg
AWP curr mth	1,730	1,621	109	6.7%

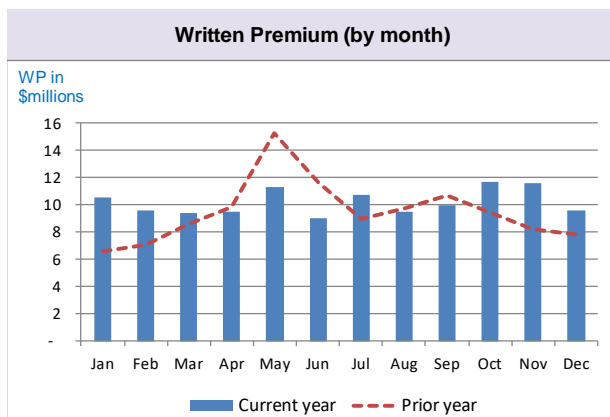


	Dec-19	Dec-18	Amt Chg	% Chg
W. Vehicles YTD	73,119	74,094	(975)	-1.3%

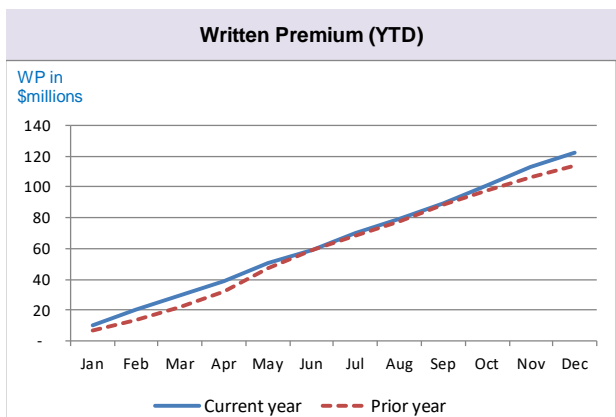


	Dec-19	Dec-18	Amt Chg	% Chg
Avg W. Prem YTD	1,673	1,538	135	8.8%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 22.1% for the month compared with the 58.0% increase we projected last month, and was up 7.3% year-to-date (see charts below).



	Dec-19	Dec-18	Amt Chg	% Chg
WP (\$000s) curr mth	9,563	7,832	1,730	22.1%



	Dec-19	Dec-18	Amt Chg	% Chg
WP (\$000s) YTD	122,353	113,977	8,375	7.3%

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Alberta Risk Sharing Pools – December 2019 Operational Reports

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 December 2019 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

SUMMARY OF OPERATIONS - CALENDAR YEAR 2019

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 12 Months Ended December 30, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	November	December	CY2019 YTD	CY2020 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	\$21,960	\$17,701	\$16,685	\$207,231	\$231,564	\$158,547
Decrease (Increase) in Unearned Premiums	1,935	1,482	893	(4,247)	(3,980)	(3,986)	(3,159)	(4,271)	(5,805)	(5,201)	(1,249)	696	(26,892)	(5,138)	3,021
Net Premiums Earned	\$13,635	\$12,253	\$13,902	\$13,884	\$14,953	\$13,997	\$15,423	\$15,933	\$15,767	\$16,759	\$16,452	\$17,381	\$180,339	\$226,426	\$161,568
Claims Incurred:															
Prior Accident Years:															
Undiscounted	(\$336)	(\$453)	(\$15,477)	(\$157)	\$554	(\$565)	(\$61)	(\$13,394)	(\$22)	\$829	(\$43)	(\$27)	(\$29,152)	\$0	\$555
Effect of Discounting	779	(315)	1,873	(506)	3,132	(567)	(437)	(1,991)	(536)	(793)	(486)	(789)	(\$636)	(6,259)	(8,142)
Discounted	\$443	(\$768)	(\$13,604)	(\$663)	\$3,686	(\$1,132)	(\$498)	(\$15,385)	(\$558)	\$36	(\$529)	(\$816)	(\$29,788)	(\$6,259)	(\$7,587)
Current Accident Year:															
Undiscounted	\$12,482	\$11,366	\$12,301	\$12,485	\$13,919	\$13,111	\$13,898	\$10,934	\$13,704	\$11,014	\$13,928	\$14,698	\$153,840	\$202,653	\$146,295
Effect of Discounting	593	484	834	565	1,403	762	829	725	808	373	758	750	\$8,884	11,190	4,993
Discounted	\$13,075	\$11,850	\$13,135	\$13,050	\$15,322	\$13,873	\$14,727	\$11,659	\$14,512	\$11,387	\$14,686	\$15,448	\$162,724	\$213,843	\$151,288
Claims Incurred	\$13,518	\$11,082	(\$469)	\$12,387	\$19,008	\$12,741	\$14,229	(\$3,726)	\$13,954	\$11,423	\$14,157	\$14,632	\$132,936	\$207,584	\$143,701
Underwriting Expenses:															
Expense Allowance	\$3,644	\$3,360	\$4,049	\$5,645	\$5,889	\$5,605	\$5,781	\$6,284	\$6,710	\$6,830	\$5,507	\$5,190	\$64,494	\$70,394	\$47,116
Change in UPDR/DPAC:															
Undiscounted	213	178	(66)	(328)	424	(251)	(146)	(2,683)	(329)	(947)	610	921	(2,404)	1,282	3,348
Effect of Discounting	(76)	(61)	703	213	1,342	254	205	209	377	462	131	17	3,776	452	(1,135)
Discounted	137	117	637	(115)	1,766	3	59	(2,474)	48	(485)	741	938	1,372	1,734	2,213
Underwriting Expenses	\$3,781	\$3,477	\$4,686	\$5,530	\$7,655	\$5,608	\$5,840	\$3,810	\$6,758	\$6,345	\$6,248	\$6,128	\$65,866	72,128	\$49,329
Net Underwriting Gain (Loss)	(\$3,664)	(\$2,306)	\$9,685	(\$4,033)	(\$11,710)	(\$4,352)	(\$4,646)	\$15,849	(\$4,945)	(\$1,009)	(\$3,953)	(\$3,379)	(\$18,463)	(\$53,286)	(\$31,462)
Administrative Expenses	\$69	\$92	\$61	\$79	\$79	\$69	\$92	\$71	\$77	\$93	\$230	\$127	\$1,139	\$1,436	\$1,039
Operating Result	(\$3,733)	(\$2,398)	\$9,624	(\$4,112)	(\$11,789)	(\$4,421)	(\$4,738)	\$15,778	(\$5,022)	(\$1,102)	(\$4,183)	(\$3,506)	(\$19,602)	(\$54,722)	(\$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%	0.2%	-3.2%	-4.7%	-16.5%	-2.8%	-4.7%
Current Accident Year	95.9%	96.7%	94.5%	94.0%	102.5%	99.1%	95.5%	73.2%	92.0%	67.9%	89.3%	88.9%	90.2%	94.4%	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%	68.1%	86.1%	84.2%	73.7%	91.6%	88.9%
Underwriting & Administrative Expenses (Earned)	28.2%	29.1%	34.1%	40.4%	51.7%	40.6%	38.5%	24.4%	43.4%	38.4%	39.4%	36.0%	37.2%	32.5%	31.2%
Combined Operating Ratio	127.3%	119.5%	30.7%	129.6%	178.9%	131.6%	130.8%	1.0%	131.9%	106.5%	125.5%	120.2%	110.9%	124.1%	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 12 Months Ended December 31, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	September	October	November	December	CY2019 YTD	CY2020 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	\$11,675	\$11,561	\$9,563	\$122,354	\$151,129	\$113,977
Decrease (Increase) in Unearned Premiums	(729)	(477)	695	(291)	(1,330)	(1,072)	(846)	448	(454)	(1,675)	(1,753)	887	(6,597)	(11,967)	(7,273)
Net Premiums Earned	\$9,840	\$9,072	\$10,092	\$9,230	\$9,948	\$7,950	\$9,861	\$9,953	\$9,553	\$10,000	\$9,808	\$10,450	\$115,757	\$139,162	\$106,704
Claims Incurred:															
Prior Accident Years:															
Undiscounted	(\$92)	(\$79)	(\$10,395)	(\$587)	(\$39)	(\$1,670)	(\$60)	(\$12,051)	(\$23)	\$954	(\$28)	(\$35)	(\$24,105)	\$0	(\$14,506)
Effect of Discounting	(301)	(372)	1,181	(229)	1,855	(297)	(147)	(1,525)	(135)	(293)	(228)	(293)	(784)	(3,907)	(5,786)
Discounted	(\$393)	(\$451)	(\$9,214)	(\$816)	\$1,816	(\$1,967)	(\$207)	(\$13,576)	(\$158)	\$661	(\$256)	(\$328)	(\$24,889)	(\$3,907)	(\$20,292)
Current Accident Year:															
Undiscounted	\$10,631	\$9,795	\$11,262	\$10,623	\$10,983	\$10,310	\$10,778	\$7,771	\$10,035	\$7,975	\$10,052	\$10,715	\$120,930	\$148,488	\$117,039
Effect of Discounting	548	409	612	417	976	498	555	238	427	475	397	404	5,956	7,080	3,698
Discounted	\$11,179	\$10,204	\$11,874	\$11,040	\$11,959	\$10,808	\$11,333	\$8,009	\$10,462	\$8,450	\$10,449	\$11,119	\$126,886	\$155,568	\$120,737
Claims Incurred	\$10,786	\$9,753	\$2,660	\$10,224	\$13,775	\$8,841	\$11,126	(\$5,567)	\$10,304	\$9,111	\$10,193	\$10,791	\$101,997	\$151,661	\$100,445
Underwriting Expenses:															
Expense Allowance	\$3,286	\$2,970	\$2,924	\$2,973	\$3,510	\$2,833	\$3,331	\$2,957	\$3,113	\$3,632	\$3,596	\$2,975	\$38,100	\$45,940	\$33,858
Change in UPDR/DPAC:															
Undiscounted	65	66	787	81	301	185	179	(2,274)	159	(219)	505	383	218	2,380	1,227
Effect of Discounting	38	27	488	21	676	80	67	(105)	39	146	150	(32)	1,595	957	(63)
Discounted	103	93	1,275	102	977	265	246	(2,379)	198	(73)	655	351	1,813	3,337	1,164
Underwriting Expenses	\$3,389	\$3,063	\$4,199	\$3,075	\$4,487	\$3,098	\$3,577	\$578	\$3,311	\$3,559	\$4,251	\$3,326	\$39,913	\$49,277	\$35,022
Net Underwriting Gain (Loss)	(\$4,335)	(\$3,744)	\$3,233	(\$4,069)	(\$8,314)	(\$3,989)	(\$4,842)	\$14,942	(\$4,062)	(\$2,670)	(\$4,636)	(\$3,667)	(\$26,153)	(\$61,776)	(\$28,763)
Administrative Expenses	\$69	\$92	\$62	\$79	\$80	\$71	\$96	\$77	\$83	\$98	\$233	\$129	\$1,169	\$1,451	\$1,054
Operating Result	(\$4,404)	(\$3,836)	\$3,171	(\$4,148)	(\$8,394)	(\$4,060)	(\$4,938)	\$14,865	(\$4,145)	(\$2,768)	(\$4,869)	(\$3,796)	(\$27,322)	(\$63,227)	(\$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%	6.6%	-2.6%	-3.1%	-21.5%	-2.8%	-19.0%
Current Accident Year	113.6%	112.5%	117.7%	119.6%	120.2%	135.9%	114.9%	80.5%	109.5%	84.5%	106.5%	106.4%	109.6%	111.8%	113.2%
All Accident Years Combined	109.6%	107.5%	26.4%	110.8%	138.5%	111.2%	112.8%	-55.9%	107.8%	91.1%	103.9%	103.3%	88.1%	109.0%	94.2%
Underwriting & Administrative Expenses (Earned)	35.1%	34.8%	42.2%	34.2%	45.9%	39.9%	37.2%	6.6%	35.5%	36.6%	45.7%	33.1%	35.5%	36.5%	33.8%
Combined Operating Ratio	144.7%	142.3%	68.6%	145.0%	184.4%	151.1%	150.0%	-49.3%	143.3%	127.7%	149.6%	136.4%	123.6%	145.5%	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