

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F2020 – 027

DATE: APRIL 29, 2020

**SUBJECT: ONTARIO RISK SHARING POOL
– MARCH 2020 OPERATIONAL REPORT**

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

Please be advised that the March 2020 Ontario Risk Sharing Pool Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

Key Points

- (a) The updated valuation loss ratios do NOT include any incurred impacts or adjustments related to COVID-19; any associated impacts and changes will be initially reflected in our March 31, 2020 valuation which we anticipate will be implemented in the May 2020 Operational Reports;
- (b) The *2020 year-to-date net operating result was \$5 million*, with a COR of 95.7% on earned premium of \$110 million;
- (c) This month's results include the implementation of the 2019 Q4 valuation, resulting in an estimated \$74 million favourable impact;
- (d) The *projected 2020 year-end net operating deficit is now \$163 million*, with a COR of 136.9% on earned premium of \$441 million (our Outlook for 2020 was \$261 million of net operating deficit with a COR of 165.2% on earned premium of \$401 million). However, our projections do NOT take into account any specific impacts that might arise due to the COVID-19 pandemic (FA is still in the process of considering impacts, which will be reflected in future projections, as deemed appropriate); and
- (e) As per the usual quarterly process for the Ontario RSP, member share ratios have been updated to reflect member usage of the RSP.

New This Month

Quarterly Sharing Update

An update of the "Member's Usage" of the Ontario Risk Sharing Pool ("RSP") was performed since the release of the February 2020 Operational Report, bringing members' sharing current to

the first quarter of 2020. The usage update is reflected in the March 2020 Operational Report.

Valuation

A valuation of the Ontario RSP as at December 31, 2019 has been completed since last month’s Operational Report and the results of that valuation have been incorporated into this month’s Operational Report. The valuation was completed by the Facility Association’s internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

The implementation of the new valuation resulted in an estimated overall **\$74.2 million favourable** impact on the month’s net result from operations, subtracting an estimated 67.6 points from the year-to-date Combined Operating Ratio (ending at 95.7%). The impact on the month’s results is summarized in the tables below¹.

Ontario	unfav / (fav) for the month and ytd						ytd EP 109,717 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ults & payout patterns			dsct rate		argins	ults & payout patterns			dsct rate		argins
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	(44,715)	(1,224)	(45,939)	(4,307)	-	(50,246)	(40.8%)	(1.1%)	(41.9%)	(3.9%)	-	(45.8%)
CAY	(6,281)	(962)	(7,243)	(591)	-	(7,834)	(5.7%)	(0.9%)	(6.6%)	(0.5%)	-	(7.1%)
Prem Def	(13,289)	(1,875)	(15,164)	(976)	-	(16,140)	(12.1%)	(1.7%)	(13.8%)	(0.9%)	-	(14.7%)
TOTAL	(64,285)	(4,061)	(68,346)	(5,874)	-	(74,220)	(58.6%)	(3.7%)	(62.3%)	(5.4%)	-	(67.6%)

Please see “Effect of Quarterly Valuation” on page 5 for additional valuation result detail.

Summary of Financial Results

The calendar year-to-date Operating Result is \$4.7 million and the incurred loss ratio to the end of 3 months is 79.4% as summarized in the table at the top of the next page.

¹In the tables, “ults & payout patterns” refers to the impacts associated with changes in selected ultimates and updated cash flows of claims payments; “dsct rate” refers to the impact of changes in the selected discount rate applied to projected cash flows; and “apv adj.” refers to “actuarial present value adjustments”.

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

Amounts in \$000s	March 2020	March 2019	Year to date Mar 2020	Year to Date Mar 2019
Premium Written	42,191	26,913	110,511	76,765
Premium Earned	38,545	24,283	109,717	82,855
Incurred Losses	(7,276)	25,918	87,165	104,628
Underwriting & Admin Expense	(1,783)	11,064	17,843	22,694
Operating Result	47,604	(12,699)	4,709	(44,467)
<i>Ratios:</i>				
Loss ratio - Prior Accident Years	(136.3%)	(57.1%)	(52.8%)	(15.0%)
- Current Accident Year	117.4%	163.8%	132.2%	141.3%
<i>Total</i>	(18.9%)	106.7%	79.4%	126.3%
<i>Underwriting & Admin Expense</i>	(4.6%)	45.6%	16.3%	27.4%
<i>Combined Operating Ratio</i>	(23.5%)	152.3%	95.7%	153.7%

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 2020” attached to this bulletin.

Updated Projection to Year-end 2020

PLEASE NOTE: our projections have NOT been adjusted in any way to reflect COVID-19 pandemic impacts. Such impacts are under investigation and will be reflected in future projections as deemed appropriate.

The projected calendar year Operating Result to December 2020 is -\$162.8 million and the estimated combined operating ratio to December 2020 is 136.9%, as summarized in the table at the top of the next page.

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

ON RSP 2020 Yr-end Projection Amounts in \$000s	Current (Mar 2020)	Prior Mth (Feb 2020)	Change	Final 2020 Outlook*
Premium Written	415,843	427,991	(12,148)	416,066
Premium Earned	441,252	437,867	3,385	400,999
Incurred Losses	497,519	571,807	(74,288)	523,840
Underwriting & Admin Expense	106,552	133,157	(26,605)	138,522
Net Result from Operations	(162,819)	(267,097)	104,278	(261,363)
Ratios:				
Loss ratio - Prior Accident Years	(16.8%)	(5.6%)	(11.2%)	(5.9%)
- Current Accident Year	129.6%	136.2%	(6.6%)	136.6%
<i>Total</i>	112.8%	130.6%	(17.8%)	130.7%
Underwriting & Admin Expense	24.1%	30.4%	(6.3%)	34.5%
Combined Operating Ratio	136.9%	161.0%	(24.1%)	165.2%

rounding differences may occur

*as posted to FA's website Nov. 5, 2019

This updated projection in Net Result from Operations to the end of the year has improved by \$104.3 million from the projection provided last month (see the second and third columns in the table). The updated projection includes the overall \$95.5 million favourable impact of the valuation as at December 31, 2019 as summarized in the table below (see more information under "Effect of Quarterly Valuation" on page 5) with the remaining favourable impact stemming from the overall decrease in projected written premium and the associated impacts on earned premium, claims, and expense projections.

Ontario	unfav / (fav) projected for full year						year EP 441,252 (projected this month)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & payout patterns			dsct rate	margins	
Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	
[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	(44,715)	(1,195)	(45,910)	(3,522)	-	(49,432)	(10.1%)	(0.3%)	(10.4%)	(0.8%)	-	(11.2%)
CAY	(25,178)	(2,455)	(27,633)	(1,937)	-	(29,570)	(5.7%)	(0.6%)	(6.3%)	(0.4%)	-	(6.7%)
Prem Def	(13,718)	(1,870)	(15,588)	(882)	-	(16,470)	(3.1%)	(0.4%)	(3.5%)	(0.2%)	-	(3.7%)
TOTAL	(83,611)	(5,520)	(89,131)	(6,341)	-	(95,472)	(18.9%)	(1.3%)	(20.2%)	(1.4%)	-	(21.6%)

Current Month Results

The Ontario Risk Sharing Pool produced a \$47.6 million Operating Result in the month of March 2020, a \$60.3 million improvement compared with the same month last year. This improvement is composed of an approximately \$7.5 million unfavourable impact associated with the \$14.3 million increase in earned premium (at a combined ratio of 152.3%), offset by a \$67.8 million favourable impact stemming from the overall decrease in the combined ratio (from 152.3% to -23.5% applied to \$38.5 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 160.3% at the end of 2 months to 95.7% at the end of 3 months. The 64.6 percentage point decrease is composed of a

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45.3 percentage point decrease in the Prior Accident Years loss ratio, a 8.0 percentage point decrease in the Current Accident Year loss ratio, and a 11.3 percentage point decrease in the expense ratio,.

Variances from Projections

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

ON RSP Summary of Actual vs Projected variances

March 2020	Actual	Projection	Difference	Difference %
Written Premium	42,191	31,161	11,030	35.4%
Earned Premium	38,545	37,957	588	1.5%
Reported Losses				
Paid Losses	31,737	30,643	1,094	3.6%
Paid Expenses	3,326	3,029	297	9.8%
Change in Outstanding Losses	(5,294)	3,175	(8,469)	(266.7%)
Total Reported Losses	29,769	36,847	(7,078)	(19.2%)
Change in IBNR Provision*	(37,045)	13,373	(50,418)	
Change in Premium Deficiency (DPAC)*	(14,443)	(2,378)	(12,065)	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Ontario RSP March 2020 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 March 2020, reported losses were \$7.1 million lower than projected. The Current Accident Year had a \$3.3 million favourable variance in reported losses, and the Prior Accident Years had a \$3.8 million favourable variance. Of all the Prior Accident Years, 2014 had the largest variance in reported losses at \$4.3 million favourable, followed by 2013 at \$1.0 million 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 Accident Years for the month. Management investigated paid 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.

Effect of Quarterly Valuation

The March 2020 Ontario Risk Sharing Pool Operational Report reflects the results of an updated valuation as at December 31, 2019, with the associated impacts in relation to the results for March

2020 summarized in the table below.

Ontario	unfav / (fav) for the month and ytd						mth EP 38,545 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	(44,715)	(1,224)	(45,939)	(4,307)	-	(50,246)	(116.0%)	(3.2%)	(119.2%)	(11.2%)	-	(130.4%)
CAY	(6,281)	(962)	(7,243)	(591)	-	(7,834)	(16.3%)	(2.5%)	(18.8%)	(1.5%)	-	(20.3%)
Prem Def	(13,289)	(1,875)	(15,164)	(976)	-	(16,140)	(34.5%)	(4.9%)	(39.3%)	(2.5%)	-	(41.9%)
TOTAL	(64,285)	(4,061)	(68,346)	(5,874)	-	(74,220)	(166.8%)	(10.5%)	(177.3%)	(15.2%)	-	(192.6%)

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a \$68.3 million favourable impact – see column [3] in the left table above). This was augmented by the impact due to a 17 basis point increase in the selected discount rate from 1.41% to 1.58% (generating a \$5.9 million favourable impact – see column [4] in the left table above).

There was no change in the margin for adverse deviation in investment yield (25 basis points). As well, the margins for adverse deviation for claims development as selected at the coverage / accident year level were left unchanged with this valuation. Our usual practice is to review / update margins for investment yield and claims development at the June 30 valuations. As a result, column [5] in the left table above shows \$0 impact for margin changes with this valuation.

Management has observed favourable *total* valuation impacts over the last 12 valuation implementations as shown in column [5] of the table at the top of the next page (summarizing the same information as provided in the left table above as relates to the most recent 12 valuation implementations). It should be noted that the impacts in column [3] are largely outside of the control of FA (as being related to macroeconomic factors).

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RSP: Ontario, as at: 2019 Q4		unfavourable / (favourable) Valuation Implementation Impact (\$000s)					\$000s		
Valuation	period implemented	updated LR & exp	APVs @ prior assumptions	updated dsct rate	updated margins	Total Impact	Booked Policy Liabilities	Total Impact as % Book Liabs	Nominal Impact as % Book Liabs
		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
						= sum([1] to [4])		= [5] / [6]	= [1] / [6]
2017 Q1	May 2017	6,929	646	3,204	-	10,779	1,224,460	0.9%	0.6%
2017 Q2	Aug 2017	(12,256)	(2,265)	(7,162)	(13,084)	(34,767)	1,242,002	(2.8%)	(1.0%)
2017 Q3	Oct 2017	8,279	882	(19,050)	-	(9,889)	1,235,584	(0.8%)	0.7%
2017 Q4	Mar 2018	(10,194)	3,623	1,101	-	(5,470)	1,235,959	(0.4%)	(0.8%)
2018 Q1	May 2018	3,936	(2,730)	(5,846)	-	(4,640)	1,265,737	(0.4%)	0.3%
2018 Q2	Aug 2018	(8,275)	463	2,024	(30,423)	(36,211)	1,272,626	(2.8%)	(0.7%)
2018 Q3	Oct 2018	(1,047)	(374)	(13,794)	13,943	(1,272)	1,285,282	(0.1%)	(0.1%)
2018 Q4	Mar 2019	(17,697)	2,445	11,612	-	(3,640)	1,279,486	(0.3%)	(1.4%)
2019 Q1	May 2019	6,481	970	16,580	-	24,031	1,343,909	1.8%	0.5%
2019 Q2	Aug 2019	(75,808)	(10,073)	1,073	(13,723)	(98,531)	1,284,531	(7.7%)	(5.9%)
2019 Q3	Oct 2019	(7,899)	(1,480)	(388)	-	(9,767)	1,335,488	(0.7%)	(0.6%)
2019 Q4	Mar 2020	(64,285)	(4,061)	(5,874)	-	(74,220)	1,346,373	(5.5%)	(4.8%)
12-qtrs		(171,836)	(11,954)	(16,520)	(43,287)	(243,597)			
% of total		70.5%	4.9%	6.8%	17.8%	100.0%			
		4 unfavourable (nominal) valuations						2 impacts were outside of 2.5%	
Averages									
12-qtrs		(14,320)	(996)	(1,377)	(3,607)	(20,300)	1,279,286	(1.6%)	(1.1%)
2017 Q1 to 2018 Q4		(3,791)	336	(3,489)	(3,696)	(10,639)	1,255,142	(0.8%)	(0.3%)
2019 Q1 to 2019 Q4		(35,378)	(3,661)	2,848	(3,431)	(39,622)	1,327,575	(3.0%)	(2.7%)

The FA valuation approach is focused on providing (i) best estimates on a nominal basis (i.e. the longer term average of nominal changes in column [1] should be close-to-zero); (ii) the nominal changes of any one valuation in relation to policy liabilities², should be “small” (less than 2.5%); and (iii) the valuation results should not indicate bias – that is, we generally anticipate approximately 1/3rd of nominal valuation impacts will be unfavourable, and 2/3^{rds} will be favourable (due to the skewness of the development). On these 3 measures:

- (i) **Best estimate measurement: This objective has not been met**, as the 12-quarter nominal change in column [1] is \$171.8 million favourable. While the average favourable impact over the 12 quarters had been improving, the 2019 Q2 and current valuation (2019 Q4) impacts drove the average impact of the most recent 4 valuations to be significantly more favourable than the earlier 8 valuations. That said, the 12-quarter average at \$14.3 million (nominal only) represents 1.1% of ending policy liabilities per column [8], which we would view as not significant.
- (ii) **Nominal size measurement: This objective has not been met**, with 2 individual valuation showing nominal changes in excess of 2.5% of ending policy liabilities per column [8] in the table above, above our expectation (0). At 4.8%, the current valuation is close to twice of the 2.5% top end criteria we have set. As indicated in the previous quarter, we are initiating a review of the valuation process (including

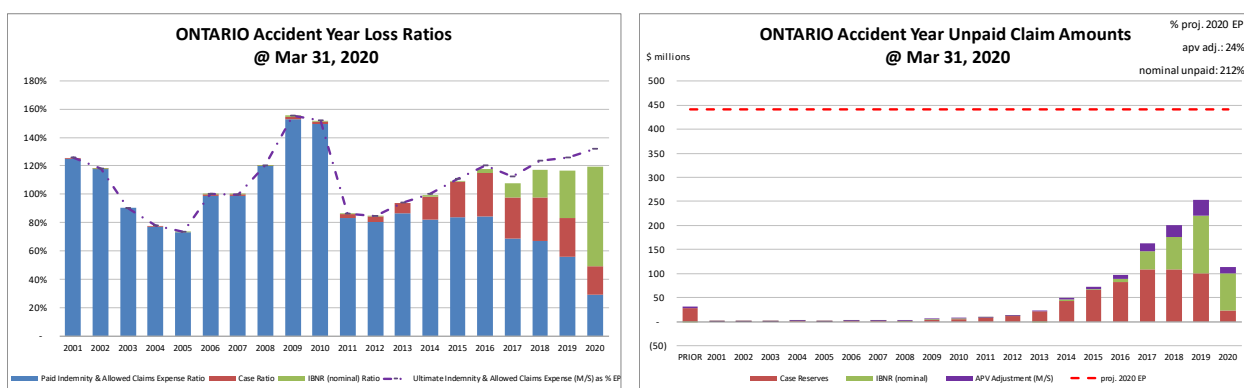
²We also consider changes in nominal estimates relative to beginning claims liabilities, with this metric also ideally being small, but in this case, less than 5.0%. Over time, our view of “small” for each of these metrics may change.

how assumptions are struck, the accuracy of various valuation methodologies, and our default selections). We expect this review to occur over the next 2-5 months.

- (iii) **Bias evidence measurement: This objective has been met**, as 4 of 12 valuations show unfavourable changes (column [1] of the table above), in line with our expectation (3 to 5 of 12).

In summary, we believe the nominal valuation impacts had been moving toward our target impacts (long term zero impact; individual valuation impact of no more than 2.5% of policy liabilities; no bias evident), but the recent valuations suggest some reflection on our processes is warranted, so we are taking action in response.

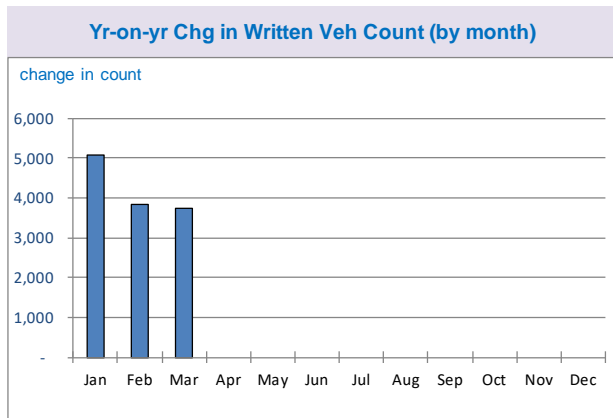
The charts below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities.



The preceding charts, latest valuation results, and related actuarial present value assumption updates are discussed in more detail in the [Ontario RSP March 2020 Operational Report – Actuarial Highlights](#). The Actuarial Quarterly Valuation Highlights for Risk Sharing Pools as at December 31, 2019 is expected to be posted in June 2020. The actuarial valuation will be updated next as at March 31, 2020 and we anticipate that the results will be reflected in the May 2020 Operational Report.

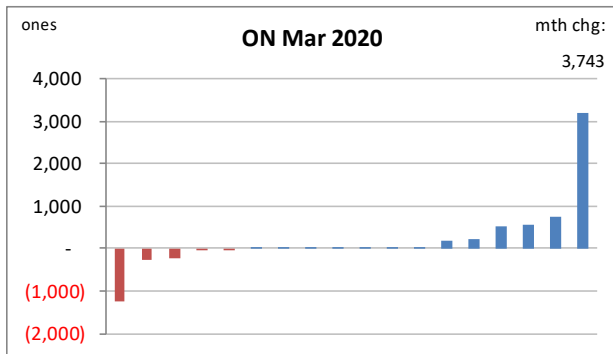
Management Comments

For the Ontario RSP, the transfer limit is 5.0% of 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 down 7.1% from 2019, being 2.5% 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.



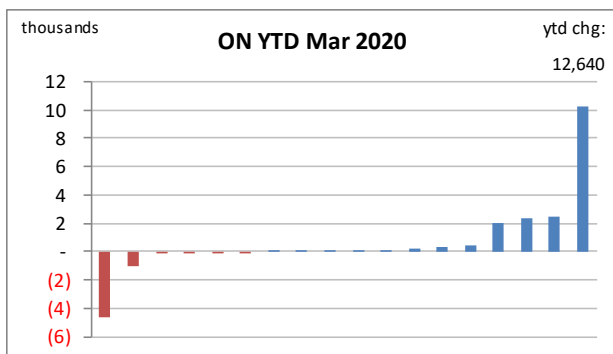
The chart on the left shows the year-on-year change in the vehicles transferred to the pool by month, with March reporting an increase of 3,743 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 1,113 vehicles, indicating a variance of 4,856 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 March than projected. One of these two company groups

has provided their updated projection which has been taken into account in this month’s projection.



The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Five member company groups transferred fewer vehicles to the pool this month compared to a year ago, while Thirteen transferred more³. Of the 5 member company groups transferring fewer vehicles, 1 member company group accounted for 69% of the total transfer decrease for the “decliner” members. Of the 13 member company groups transferring more vehicles, 1 member company group accounted for 58% of the total transfer increases for the “grower” members.

company group accounted for 69% of the total transfer decrease for the “decliner” members. Of the 13 member company groups transferring more vehicles, 1 member company group accounted for 58% of the total transfer increases for the “grower” members.

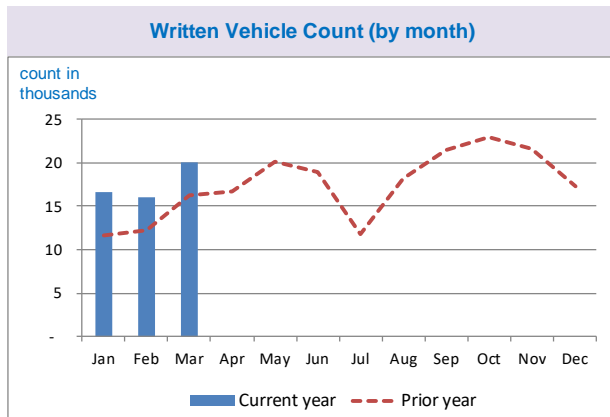


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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

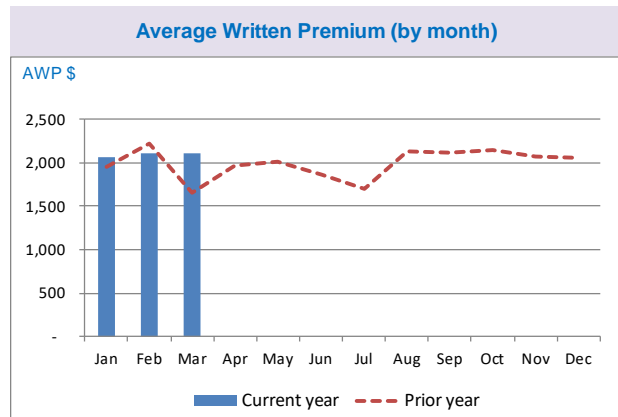
March’s vehicle count transfers to the pool represents a 23.0% increase from March 2019, and counts were up 31.5% year-to-date. Average written premium was up 27.4% in March 2020 compared with the same month in 2019, and was up 9.5% year-to-date (see charts at the top of the next page).

³For the purposes of discussion here, we only include those member company groups that transferred at least one vehicle in either 2019 or 2020. Groups that have not transferred vehicles in these two periods are ignored.

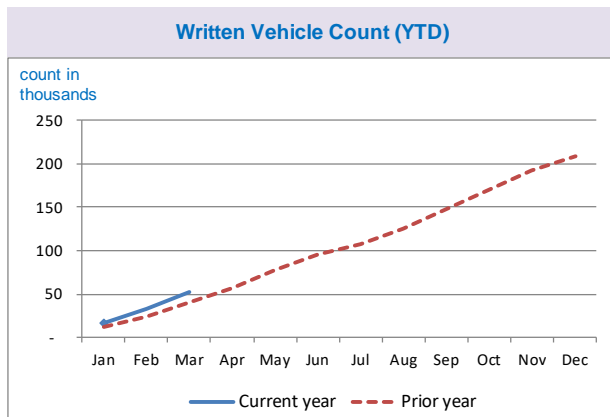
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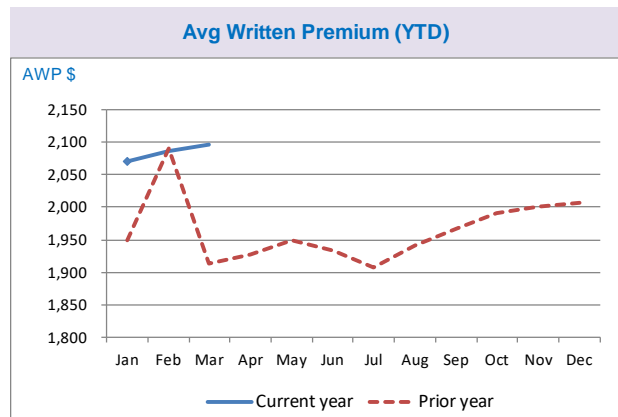
	Mar-20	Mar-19	Amt Chg	% Chg
W. Veh curr mth	20,007	16,264	3,743	23.0%



	Mar-20	Mar-19	Amt Chg	% Chg
AWP curr mth	2,109	1,655	454	27.4%

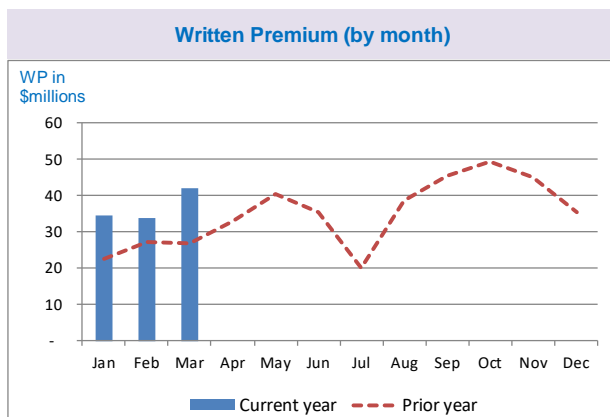


	Mar-20	Mar-19	Amt Chg	% Chg
W. Vehicles YTD	52,756	40,116	12,640	31.5%

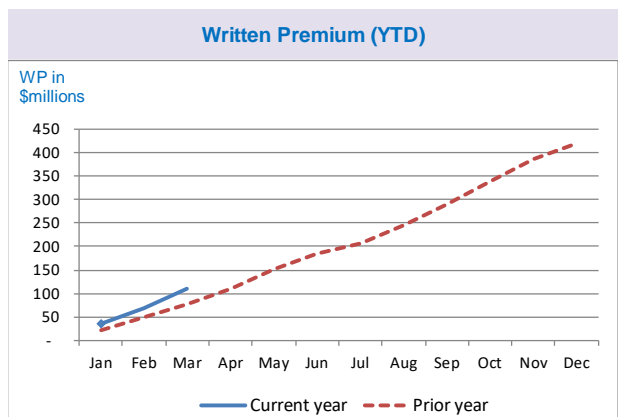


	Mar-20	Mar-19	Amt Chg	% Chg
Avg W. Prem YTD	2,095	1,914	181	9.5%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 56.8% for the month compared with the 15.8% increase we projected last month, and was up 44.0% year-to-date (see charts below).



	Mar-20	Mar-19	Amt Chg	% Chg
WP (\$000s) curr mth	42,191	26,913	15,278	56.8%



	Mar-20	Mar-19	Amt Chg	% Chg
WP (\$000s) YTD	110,511	76,764	33,747	44.0%

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Should you require any further information, please call Aidan Chen, AVP Data & Analytics at (416) 863-1750 x 4804.

Saskia Matheson
President & CEO

Related links:

[Ontario RSP March 2020 Operational Report – Actuarial Highlights](#)

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
Risk Sharing Pool - Ontario
Operating Results for the 3 Months Ended March 31, 2020 (Discounted basis)

EXHIBIT 1

Source: Monthly Operational Report

(thousands of dollars)

	January	February	March	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Net Premiums Written	\$34,572	\$33,748	\$42,191	\$110,511	\$415,843	\$419,790
Decrease (Increase) in Unearned Premiums	1,929	923	(3,646)	(794)	25,409	(60,036)
Net Premiums Earned	\$36,501	\$34,671	\$38,545	\$109,717	\$441,252	\$359,754
Claims Incurred:						
Prior Accident Years:						
Undiscounted	\$102	(\$383)	(\$45,015)	(\$45,296)	(\$45,296)	(\$78,927)
Effect of Discounting	(2,874)	(2,208)	(7,525)	(12,607)	(29,022)	(16,000)
Discounted	(\$2,772)	(\$2,591)	(\$52,540)	(\$57,903)	(\$74,318)	(\$94,927)
Current Accident Year:						
Undiscounted	\$45,573	\$43,809	\$42,285	\$131,667	\$527,853	\$444,417
Effect of Discounting	5,911	4,511	2,979	13,401	43,984	38,828
Discounted	\$51,484	\$48,320	\$45,264	\$145,068	\$571,837	\$483,245
Claims Incurred	\$48,712	\$45,729	(\$7,276)	\$87,165	\$497,519	\$388,318
Underwriting Expenses:						
Expense Allowance	\$10,247	\$10,010	\$12,548	\$32,805	\$123,182	\$123,090
Change in UPDR/DPAC:						
Undiscounted	(447)	(108)	(12,094)	(12,649)	(13,006)	11,983
Effect of Discounting	(247)	(106)	(2,349)	(2,702)	(5,304)	11,538
Discounted	(694)	(214)	(14,443)	(15,351)	(18,310)	23,521
Underwriting Expenses	\$9,553	\$9,796	(\$1,895)	\$17,454	\$104,872	\$146,611
Net Underwriting Gain (Loss)	(\$21,764)	(\$20,854)	\$47,716	\$5,098	(\$161,139)	(\$175,175)
Administrative Expenses	\$111	\$166	\$112	\$389	\$1,680	\$1,624
Operating Result	(\$21,875)	(\$21,020)	\$47,604	\$4,709	(\$162,819)	(\$176,799)
Ratios:						
Claims & Expenses Incurred (Earned)						
Prior Accident Years	-7.6%	-7.5%	-136.3%	-52.8%	-16.8%	-26.4%
Current Accident Year	141.0%	139.4%	117.4%	132.2%	129.6%	134.3%
All Accident Years Combined	133.4%	131.9%	-18.9%	79.4%	112.8%	107.9%
Underwriting & Administrative Expenses (Earned)	26.5%	28.7%	-4.6%	16.3%	24.1%	41.2%
Combined Operating Ratio	159.9%	160.6%	-23.5%	95.7%	136.9%	149.1%

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