

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F2020 – 058**

**DATE: AUGUST 28, 2020**

**SUBJECT: ALBERTA RISK SHARING POOLS  
– JULY 2020 OPERATIONAL REPORT**

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

Please be advised that the July 2020 Alberta Risk Sharing Pools Operational Reports are available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

### **Key Points**

- (a) The loss ratios currently being used include an initial assessment of the incurred impacts associated with the COVID-19 pandemic, with a further review and assessment to be included with the RSP 2020 Q2 actuarial valuation update (as at June 2020);
- (b) The *Alberta Grid 2020 year-to-date net operating surplus was \$2.4 million*, with a COR of 97.9% on earned premium of \$115.2 million;
- (c) The *Alberta Non-Grid 2020 year-to-date net operating deficit was \$18.4 million*, with a COR of 125.2% on earned premium of \$72.9 million;
- (d) The *projected Alberta Grid 2020 year-end net operating deficit is now \$10.1 million*, with a COR at 105.1% on earned premium of \$196.9 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 \$45.2 million*, with a COR at 134.5% on earned premium of \$131.4 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 \$2.4 million and the incurred loss ratio to the end of seven months is 78.6% as summarized in the following table.

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

<b>Amounts in \$000s</b>	<b>July 2020</b>	July 2019	<b>Year to date Jul 2020</b>	Year to Date Jul 2019
Premium Written	18,425	18,582	98,527	109,109
Premium Earned	15,919	15,423	115,203	98,047
Incurred Losses	12,565	14,229	90,532	82,496
Underwriting & Admin Expense	5,592	5,932	22,259	37,118
<b>Operating Result</b>	<b>(2,238)</b>	<b>(4,738)</b>	<b>2,412</b>	<b>(21,567)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - <i>Prior Accident Years</i>	<b>(4.5%)</b>	<b>(3.2%)</b>	<b>(7.1%)</b>	<b>(12.8%)</b>
- <i>Current Accident Year</i>	83.4%	95.5%	85.7%	96.9%
<i>Total</i>	<b>78.9%</b>	<b>92.3%</b>	<b>78.6%</b>	<b>84.1%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>35.1%</b>	<b>38.5%</b>	<b>19.3%</b>	<b>37.9%</b>
<b>Combined Operating Ratio</b>	<b>114.0%</b>	<b>130.8%</b>	<b>97.9%</b>	<b>122.0%</b>

*rounding differences may occur*

These results are discussed in some detail in the “Current Month Results” section. For additional numeric detail, please refer to Exhibit 1 “Summary of Operations for Calendar Year 2020 for Risk Sharing Pool - Alberta Grid” attached to this bulletin.

*Updated Projection to Year-end 2020 (Alberta Grid RSP)*

The projected calendar year Operating Result to December 2020 is -\$10.1 million and the estimated combined operating ratio to December 2020 is 105.1%, as summarized in the following table for the Alberta Grid RSP. This updated projection to the end of the year has deteriorated by \$0.4 million from the projection provided last month (see the second and third columns in the table). The deterioration is driven by a \$2.2 million increase in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections.

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

<b>AB Grid RSP 2020 Yr-end Projection</b> <b>Amounts in \$000s</b>	<b>Current</b> <b>(Jul 2020)</b>	Prior Mth (Jun 2020)	<b>Change</b>	Final 2020 Outlook*
Premium Written	190,828	188,587	2,241	247,866
Premium Earned	196,896	196,353	543	234,333
Incurred Losses	155,974	155,562	412	215,198
Underwriting & Admin Expense	51,033	50,539	495	78,403
<b>Net Result from Operations</b>	<b>(10,111)</b>	<b>(9,748)</b>	<b>(364)</b>	<b>(59,268)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(5.7%)	(5.6%)	(0.1%)	(2.7%)
- Current Accident Year	84.9%	84.9%	-	94.5%
<i>Total</i>	<b>79.2%</b>	<b>79.3%</b>	<b>(0.1%)</b>	<b>91.8%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>25.9%</b>	<b>25.7%</b>	<b>0.2%</b>	<b>33.5%</b>
<b>Combined Operating Ratio</b>	<b>105.1%</b>	<b>105.0%</b>	<b>0.1%</b>	<b>125.3%</b>

*rounding differences may occur*

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

*Current Month Results (Alberta Grid RSP)*

The Alberta Grid Risk Sharing Pool produced a -\$2.2 million Operating Result in the month of July 2020, an improvement of \$2.5 million compared with the same month last year. This improvement is associated with a \$2.7 million favourable impact from the overall decrease in the combined ratio (from 130.8% to 114.0% applied to \$15.9 million in earned premium), offset by a \$0.2 million unfavourable impact associated with the \$0.5 million increase in earned premium (at a prior combined ratio of 130.8%).

This month's results moved the year-to-date combined operating ratio from 95.4% at the end of six months to 97.9% at the end of seven months. The 2.5 percentage point increase is composed of a 0.4 percentage point increase in the Prior Accident Years loss ratio, coupled with a 2.5 percentage point increase in the expense ratio, offset by a 0.4 percentage point decrease in the Current Accident Year loss ratio.

*Variances from Projections (Alberta Grid RSP)*

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

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*Alberta Grid RSP Summary of Actual vs Projected variances*

July 2020	Actual	Projection	Difference	Difference %
Written Premium	18,425	16,185	2,240	13.8%
Earned Premium	15,919	16,960	(1,041)	(6.1%)
Reported Losses				
Paid Losses	11,335	13,379	(2,044)	(15.3%)
Paid Expenses	382	762	(380)	(49.9%)
Change in Outstanding Losses	(88)	(3,259)	3,171	(97.3%)
<b>Total Reported Losses</b>	<b>11,629</b>	<b>10,882</b>	<b>747</b>	<b>6.9%</b>
Change in IBNR Provision*	936	2,348	(1,412)	
Change in Premium Deficiency (DPAC)*	(116)	299	(415)	

(Amounts in \$000's)

rounding differences may occur

Each month, management reviews the variance between reported premium activity and claims activity (actual reported claims payments and changes in case reserves) and the associated actuarial projections. The projection process involves many assumptions including claims reporting patterns. Actual reporting patterns vary from month-to-month, sometimes considerably. Although variances from our projections are expected, management investigates variances beyond set thresholds and responds as appropriate.

For the month of July 2020, the reported losses were \$0.7 million higher than projected. The Current Accident Year had an approximately \$1.4 million favourable variance in reported losses, and the Prior Accident Years had a \$2.1 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 Accident Years for the month. Management investigated the 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

**Effect of Quarterly Valuation (AB-G RSP)**

The July 2020 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at March 31, 2020). The actuarial valuation

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will be updated next as at June 30, 2020 and we anticipate that the results will be reflected in the August 2020 Operational Report.

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

The calendar year-to-date Operating Result is -\$18.4 million and the incurred loss ratio to the end of seven months is 100.7%, as summarized in the following table.

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

<b>Amounts in \$000s</b>	<b>July 2020</b>	July 2019	<b>Year to date Jul 2020</b>	Year to Date Jul 2019
Premium Written	8,536	10,707	73,566	70,043
Premium Earned	10,403	9,861	72,874	65,993
Incurred Losses	9,369	11,126	73,447	67,165
Underwriting & Admin Expense	2,818	3,673	17,818	25,437
<b>Operating Result</b>	<b>(1,784)</b>	<b>(4,938)</b>	<b>(18,391)</b>	<b>(26,609)</b>
<i>Ratios:</i>				
<b>Loss ratio</b> - <i>Prior Accident Years</i>	<b>(4.4%)</b>	<b>(2.1%)</b>	<b>(3.0%)</b>	<b>(17.0%)</b>
- <i>Current Accident Year</i>	94.5%	114.9%	103.7%	118.8%
<i>Total</i>	<b>90.1%</b>	<b>112.8%</b>	<b>100.7%</b>	<b>101.8%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>27.1%</b>	<b>37.2%</b>	<b>24.5%</b>	<b>38.5%</b>
<b>Combined Operating Ratio</b>	<b>117.2%</b>	<b>150.0%</b>	<b>125.2%</b>	<b>140.3%</b>

*rounding differences may occur*

These results are discussed in some detail in the “Current Month Results” section. For additional numeric details, please refer to Exhibit 2 “Summary of Operations for Calendar Year 2020 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

**Updated Projection to Year-end 2020 (Alberta Non-Grid RSP)**

The projected calendar year Operating Result to December 2020 is -\$45.3 million and the estimated combined operating ratio to December 2020 is 134.5%, as summarized in the following table for Alberta Non-Grid RSP. This updated projection to the end of the year has deteriorated by \$0.7 million from the projection provided last month (see the second and third columns in the following table). The deterioration is driven by the \$1.2 million increase in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections.

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

<b>AB Non-Grid RSP 2020 Yr-end Proj.</b> <b>Amounts in \$000s</b>	<b>Current</b> <b>(Jul 2020)</b>	Prior Mth (Jun 2020)	<b>Change</b>	Final 2020 Outlook*
Premium Written	148,885	147,682	1,203	159,575
Premium Earned	131,368	131,901	(533)	151,437
Incurred Losses	131,888	132,317	(429)	164,961
Underwriting & Admin Expense	44,750	44,185	566	52,911
<b>Net Result from Operations</b>	<b>(45,270)</b>	<b>(44,601)</b>	<b>(670)</b>	<b>(66,435)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(2.9%)	(2.8%)	(0.1%)	(2.6%)
- Current Accident Year	103.3%	103.1%	0.2%	111.5%
<i>Total</i>	<b>100.4%</b>	<b>100.3%</b>	<b>0.1%</b>	<b>108.9%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>34.1%</b>	<b>33.5%</b>	<b>0.6%</b>	<b>34.9%</b>
<b>Combined Operating Ratio</b>	<b>134.5%</b>	<b>133.8%</b>	<b>0.7%</b>	<b>143.8%</b>

*rounding differences may occur*

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

*Current month results (Alberta Non-Grid RSP)*

The Alberta Non-Grid Risk Sharing Pool produced a -\$1.8 million Operating Result in the month of July 2020, an improvement of \$3.2 million compared with the same month last year. This improvement is a result of a \$3.4 million favourable impact from the overall decrease in the combined ratio (from 150.0% to 117.2% applied to \$10.4 million in earned premium), offset by an approximately \$0.2 million unfavourable impact associated with the \$0.5 million increase in earned premium (at a combined ratio of 150.0%).

This month's results moved the year-to-date combined operating ratio from 126.6% at the end of six months to 125.2% at the end of seven months. The 1.4 percentage point decrease is composed of a 0.3 percentage point decrease in the Prior Accident Years loss ratio and a 1.6 percentage point decrease in the Current Accident Year loss ratio, offset by a 0.5 percentage point increase in the expense ratio.

*Variances from Projections (Alberta Non-Grid RSP)*

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

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*Alberta Non-Grid RSP Summary of Actual vs Projected variances*

<b>July 2020</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	8,536	9,621	(1,085)	(11.3%)
Earned Premium	10,403	11,042	(639)	(5.8%)
Reported Losses				
Paid Losses	15,614	14,533	1,081	7.4%
Paid Expenses	224	518	(294)	(56.8%)
Change in Outstanding Losses	(1,375)	(6,743)	5,368	(79.6%)
<b>Total Reported Losses</b>	<b>14,463</b>	<b>8,308</b>	<b>6,155</b>	<b>74.1%</b>
Change in IBNR Provision*	(5,094)	1,838	(6,932)	
Change in Premium Deficiency (DPAC)*	124	153	(29)	

(Amounts in \$000's)

rounding differences may occur

As discussed in relation to the Alberta Grid RSP, each month management reviews the variance between reported premium activity and claims activity (actual reported claims payments and changes in case reserves) and the associated actuarial projections. The projection process involves many assumptions including claims reporting patterns. Actual reporting patterns vary from month-to-month, sometimes considerably. Although variances from our projections are expected, management investigates variances beyond set thresholds and responds as appropriate.

For the month of July 2020, reported losses were \$6.2 million higher than projected and it was mainly from the Current Accident Year. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

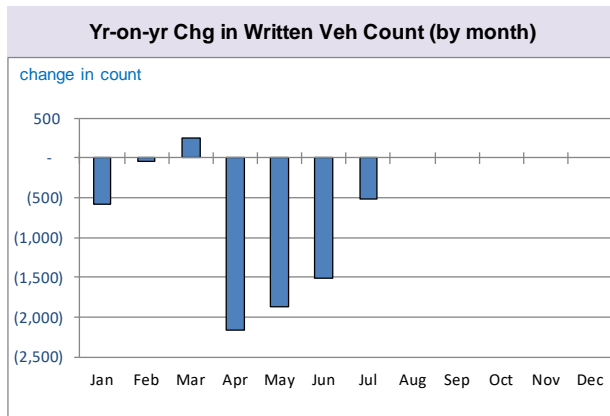
The variances for claims activity were beyond the set thresholds for some specific individual Accident Years for the month. Management investigated the claims activity and is satisfied that the variances are appropriately accounted for in our current booking process. All other variances were within the set thresholds for the month.

**Booking IBNR**

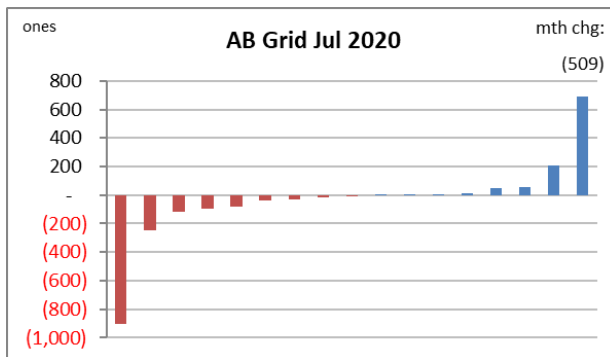
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

**Management Comments**

**Alberta Grid**

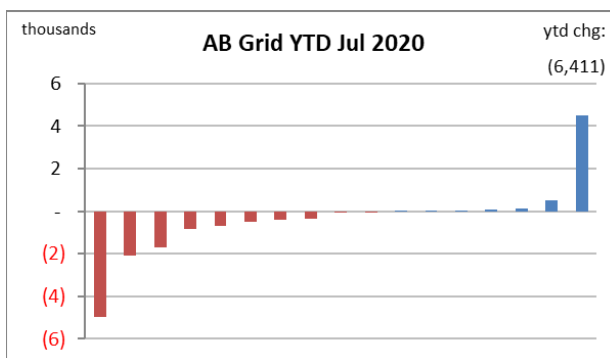


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with July showing a decrease of 509 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 1,340 vehicles, indicating a variance of 831 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a higher number of vehicles than projected to the RSP in July.



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. Nine member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while eight transferred more. Of the 9 member company groups transferring fewer vehicles, 1 member company group accounted

for 59% of the total transfer decrease for these “decliner” members. Of the 8 member company groups transferring more vehicles, one member company group accounted for 67% of the total transfer increases for these “grower” members.

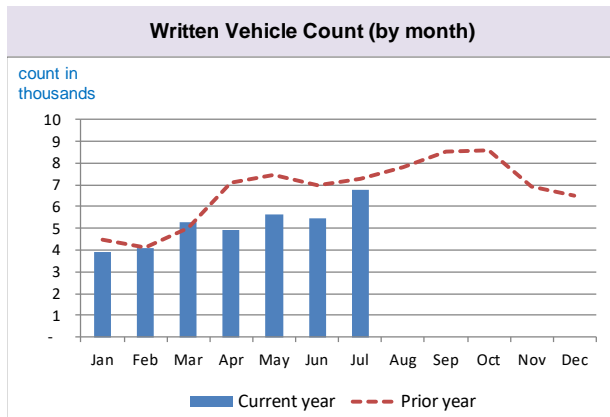


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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

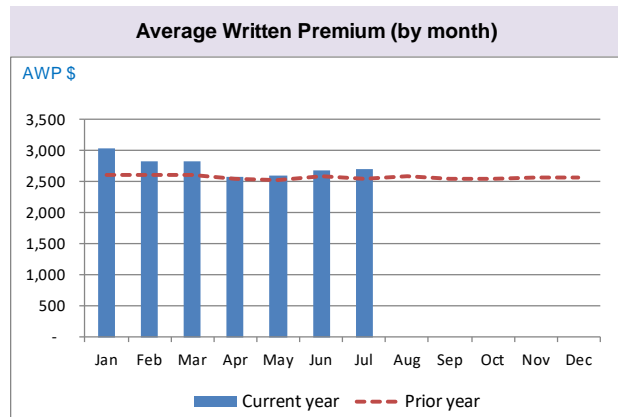
July’s vehicle count transfers to the RSP represent a 7.0% decrease from July 2019, and counts were down 15.1% year-to-date. Average written premium was up by 6.6% in July 2020 compared with the same month in 2019, and was up 6.4% year-to-date (see the following charts).



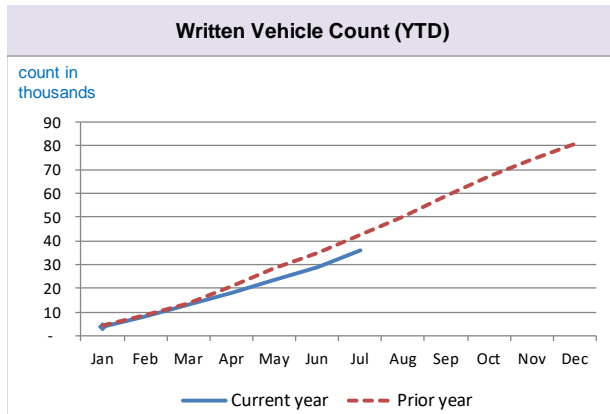
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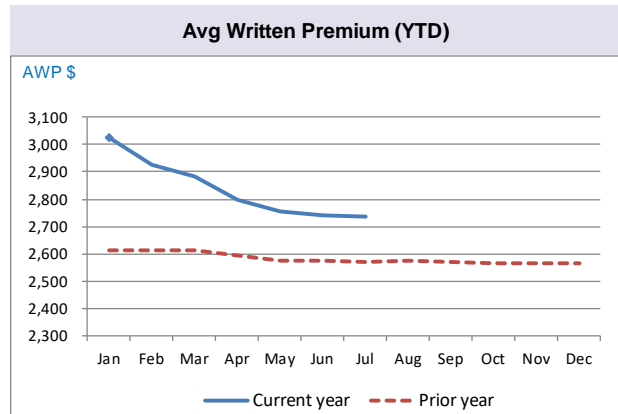
	Jul-20	Jul-19	Amt Chg	% Chg
W. Veh curr mth	6,792	7,301	(509)	-7.0%



	Jul-20	Jul-19	Amt Chg	% Chg
AWP curr mth	2,713	2,545	168	6.6%

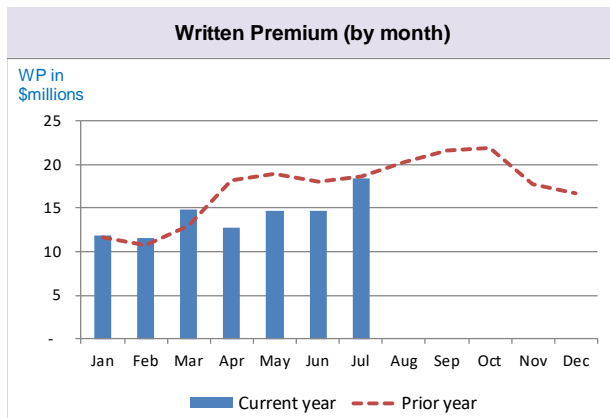


	Jul-20	Jul-19	Amt Chg	% Chg
W. Vehicles YTD	36,019	42,431	(6,411)	-15.1%

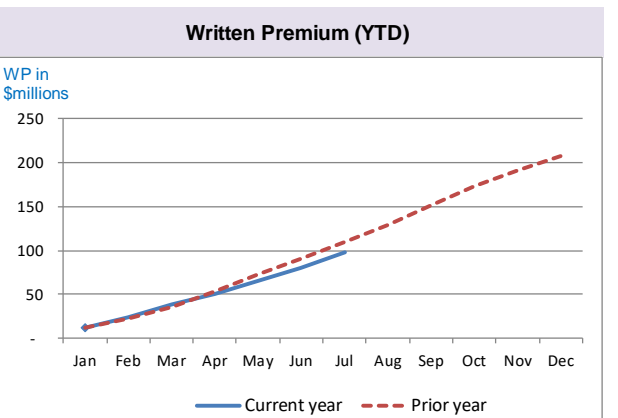


	Jul-20	Jul-19	Amt Chg	% Chg
Avg W. Prem YTD	2,735	2,571	164	6.4%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 0.8% for the month compared with the 12.9% decrease we projected last month, and was down 9.7% year-to-date (see the following charts).



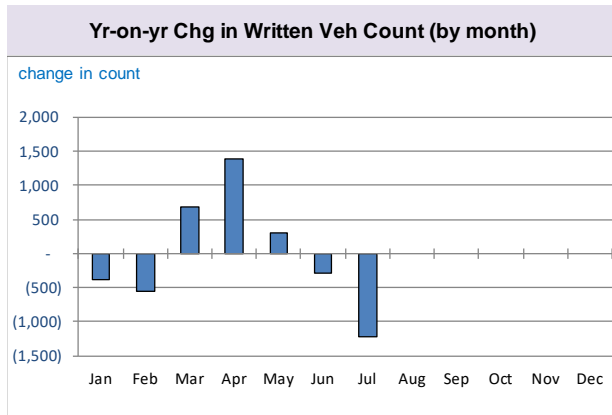
	Jul-20	Jul-19	Amt Chg	% Chg
WP (\$000s) curr mth	18,426	18,582	(157)	-0.8%



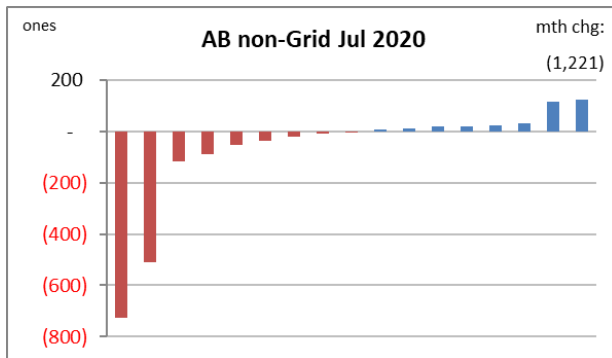
	Jul-20	Jul-19	Amt Chg	% Chg
WP (\$000s) YTD	98,526	109,108	(10,582)	-9.7%

**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 13.9% from 2019, being 2.9% of the 2019 industry private passenger vehicle count (including farmers). There is the potential for the transferred vehicle count to change dramatically and quickly if member companies choose to take full advantage of their transfer limits.

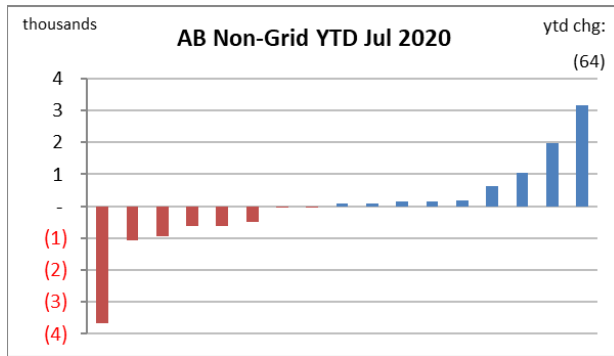


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with July showing a decrease of 1,221 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 102 vehicles, indicating a variance of 1,323 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles than projected to the RSP in July.



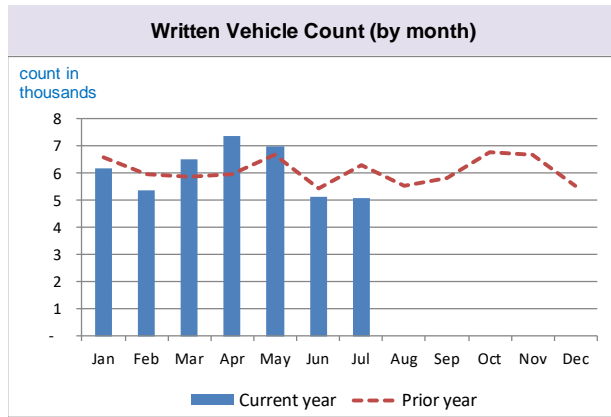
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Nine member company groups transferred fewer vehicles to the RSP this month compared to a year ago, while eight transferred more. Of the 9 member company groups transferring fewer vehicles, 2 member company groups accounted for 79% of the total transfer decrease for these “decliner” members. Of the 8 member company groups transferring more vehicles, 2 member company groups accounted for 68% of the total transfers increase for these “grower” members.

for 79% of the total transfer decrease for these “decliner” members. Of the 8 member company groups transferring more vehicles, 2 member company groups accounted for 68% of the total transfers increase for these “grower” members.

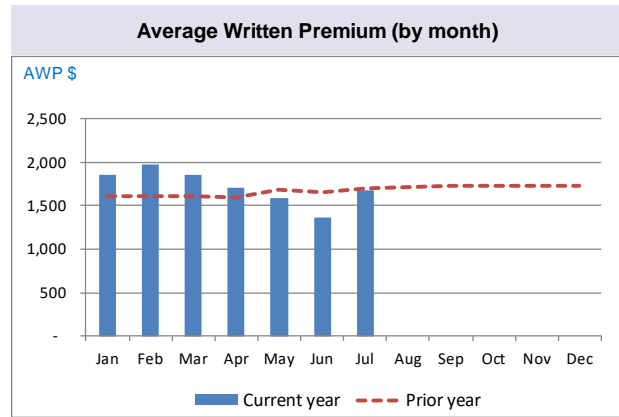


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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

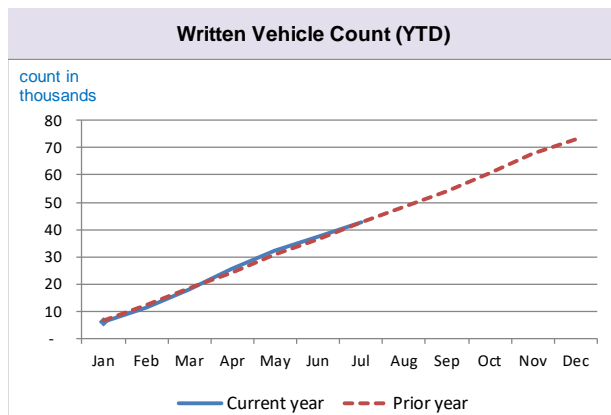
July’s vehicle count transfers to the RSP represent a 19.3% decrease from July 2019, and counts were down 0.2% year-to-date. Average written premium was down 1.2% in July 2020 compared with the same month in 2019, while up 5.2% year-to-date (see the following charts).



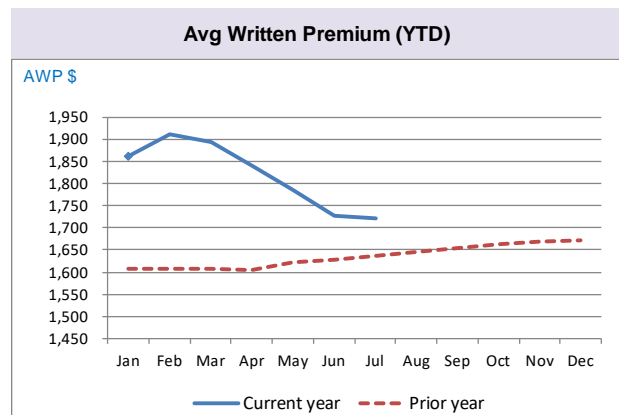
	Jul-20	Jul-19	Amt Chg	% Chg
W. Veh curr mth	5,090	6,310	(1,221)	-19.3%



	Jul-20	Jul-19	Amt Chg	% Chg
AWP curr mth	1,677	1,697	(20)	-1.2%



	Jul-20	Jul-19	Amt Chg	% Chg
W. Vehicles YTD	42,719	42,784	(64)	-0.2%

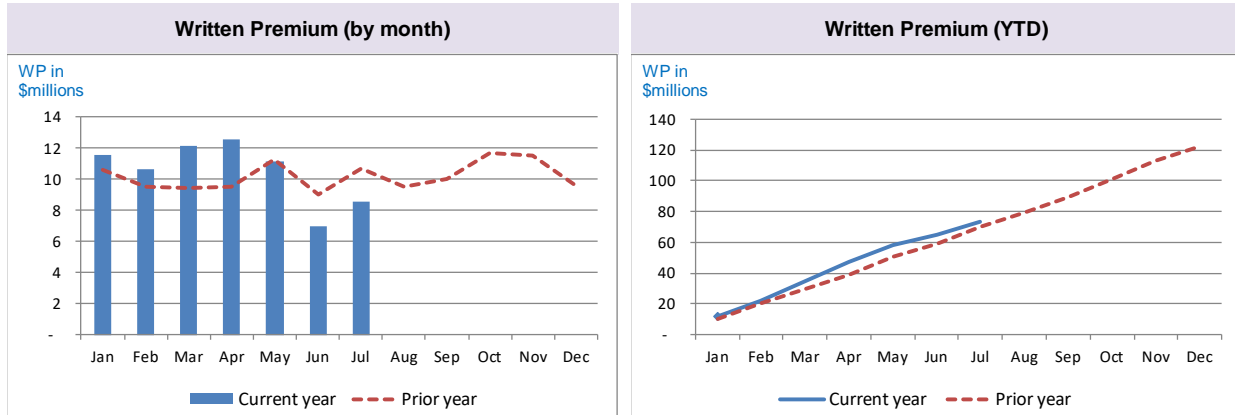


	Jul-20	Jul-19	Amt Chg	% Chg
Avg W. Prem YTD	1,722	1,637	85	5.2%

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As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 20.3% for the month compared with the 10.1% decrease we projected last month, while still up 5.0% year-to-date (see the following charts).



	Jul-20	Jul-19	Amt Chg	% Chg
WP (\$000s) curr mth	8,536	10,707	(2,171)	-20.3%

	Jul-20	Jul-19	Amt Chg	% Chg
WP (\$000s) YTD	73,568	70,043	3,526	5.0%

Should you require any further information, please call Aidan Chen, AVP Data & Analytics at (416) 863-1750 x4804.

Saskia Matheson  
 President & CEO

**Related Links:**

Alberta Grid RSP:

[Alberta Grid RSP July 2020 Operational Report - Actuarial Highlights](#)

\*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP July 2020 Operational Report - Actuarial Highlights](#)

\*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2020**

Risk Sharing Pool - Alberta (Grid)

EXHIBIT 1

Operating Results for the 7 Months Ended July 31, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

	January	February	March	April	May	June	July	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
<b>Underwriting Revenue:</b>										
Net Premiums Written	\$11,789	\$11,503	\$14,810	\$12,717	\$14,636	\$14,647	\$18,425	\$98,527	\$190,828	\$207,231
Decrease (Increase) in Unearned Premiums	5,632	4,829	2,853	3,830	1,926	112	(2,506)	16,676	6,068	(26,892)
<b>Net Premiums Earned</b>	<b>\$17,421</b>	<b>\$16,332</b>	<b>\$17,663</b>	<b>\$16,547</b>	<b>\$16,562</b>	<b>\$14,759</b>	<b>\$15,919</b>	<b>\$115,203</b>	<b>\$196,896</b>	<b>\$180,339</b>
<b>Claims Incurred:</b>										
Prior Accident Years:										
Undiscounted	(\$178)	(\$207)	(\$8,498)	(\$275)	(\$348)	(\$82)	(\$73)	(\$9,661)	(\$9,662)	(\$29,152)
Effect of Discounting	(83)	(666)	(2,354)	(911)	6,856	(746)	(645)	\$1,451	(1,548)	(636)
Discounted	(\$261)	(\$873)	(\$10,852)	(\$1,186)	\$6,508	(\$828)	(\$718)	(\$8,210)	(\$11,210)	(\$29,788)
Current Accident Year:										
Undiscounted	\$15,776	\$14,836	\$11,715	\$13,748	\$11,177	\$11,666	\$12,568	\$91,486	\$155,612	\$153,840
Effect of Discounting	1,183	963	421	759	2,331	884	715	\$7,256	11,572	8,884
Discounted	\$16,959	\$15,799	\$12,136	\$14,507	\$13,508	\$12,550	\$13,283	\$98,742	\$167,184	\$162,724
<b>Claims Incurred</b>	<b>\$16,698</b>	<b>\$14,926</b>	<b>\$1,284</b>	<b>\$13,321</b>	<b>\$20,016</b>	<b>\$11,722</b>	<b>\$12,565</b>	<b>\$90,532</b>	<b>\$155,974</b>	<b>\$132,936</b>
<b>Underwriting Expenses:</b>										
Expense Allowance	\$3,590	\$3,500	\$4,500	\$3,863	\$4,449	\$4,453	\$5,600	\$29,955	\$58,014	\$64,494
Change in UPDR/DPAC:										
Undiscounted	583	514	(7,962)	735	(2,198)	207	(322)	(8,443)	(9,217)	(2,404)
Effect of Discounting	(357)	(304)	(1,295)	(200)	1,984	8	206	42	965	3,776
Discounted	226	210	(9,257)	535	(214)	215	(116)	(8,401)	(8,252)	1,372
<b>Underwriting Expenses</b>	<b>\$3,816</b>	<b>\$3,710</b>	<b>(\$4,757)</b>	<b>\$4,398</b>	<b>\$4,235</b>	<b>\$4,668</b>	<b>\$5,484</b>	<b>\$21,554</b>	<b>49,762</b>	<b>65,866</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$3,093)</b>	<b>(\$2,304)</b>	<b>\$21,136</b>	<b>(\$1,172)</b>	<b>(\$7,689)</b>	<b>(\$1,631)</b>	<b>(\$2,130)</b>	<b>\$3,117</b>	<b>(\$8,840)</b>	<b>(\$18,463)</b>
<b>Administrative Expenses</b>	<b>\$86</b>	<b>\$124</b>	<b>\$93</b>	<b>\$102</b>	<b>\$93</b>	<b>\$99</b>	<b>\$108</b>	<b>\$705</b>	<b>\$1,271</b>	<b>\$1,139</b>
<b>Operating Result</b>	<b>(\$3,179)</b>	<b>(\$2,428)</b>	<b>\$21,043</b>	<b>(\$1,274)</b>	<b>(\$7,782)</b>	<b>(\$1,730)</b>	<b>(\$2,238)</b>	<b>\$2,412</b>	<b>(\$10,111)</b>	<b>(\$19,602)</b>
<b>Ratios:</b>										
<b>Claims &amp; Expenses Incurred (Earned)</b>										
Prior Accident Years	-1.5%	-5.3%	-61.4%	-7.2%	39.3%	-5.6%	-4.5%	-7.1%	-5.7%	-16.5%
Current Accident Year	97.3%	96.7%	68.7%	87.7%	81.6%	85.0%	83.4%	85.7%	84.9%	90.2%
All Accident Years Combined (Earned)	95.8%	91.4%	7.3%	80.5%	120.9%	79.4%	78.9%	78.6%	79.2%	73.7%
Underwriting & Administrative Expenses (Earned)	22.4%	23.5%	-26.4%	27.2%	26.1%	32.3%	35.1%	19.3%	25.9%	37.2%
<b>Combined Operating Ratio</b>	<b>118.2%</b>	<b>114.9%</b>	<b>-19.1%</b>	<b>107.7%</b>	<b>147.0%</b>	<b>111.7%</b>	<b>114.0%</b>	<b>97.9%</b>	<b>105.1%</b>	<b>110.9%</b>

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2020**

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 7 Months Ended July 31, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
<b>Underwriting Revenue:</b>										
Net Premiums Written	\$11,535	\$10,617	\$12,139	\$12,601	\$11,127	\$7,011	\$8,536	\$73,566	\$148,885	\$122,354
Decrease (Increase) in Unearned Premiums	(918)	(668)	(1,316)	(2,043)	(298)	2,684	1,867	(692)	(17,517)	(6,597)
<b>Net Premiums Earned</b>	<b>\$10,617</b>	<b>\$9,949</b>	<b>\$10,823</b>	<b>\$10,558</b>	<b>\$10,829</b>	<b>\$9,695</b>	<b>\$10,403</b>	<b>\$72,874</b>	<b>\$131,368</b>	<b>\$115,757</b>
<b>Claims Incurred:</b>										
Prior Accident Years:										
Undiscounted	(\$46)	(\$230)	\$2,640	(\$319)	(\$5,077)	(\$230)	(\$173)	(\$3,435)	(\$3,434)	(\$24,105)
Effect of Discounting	(565)	(464)	(781)	(335)	4,052	(333)	(289)	1,285	(337)	(784)
Discounted	(\$611)	(\$694)	\$1,859	(\$654)	(\$1,025)	(\$563)	(\$462)	(\$2,150)	(\$3,771)	(\$24,889)
Current Accident Year:										
Undiscounted	\$11,377	\$10,857	\$9,537	\$10,839	\$9,214	\$9,541	\$10,167	\$71,532	\$127,744	\$120,930
Effect of Discounting	855	626	239	573	1,530	578	(336)	4,065	7,915	5,956
Discounted	\$12,232	\$11,483	\$9,776	\$11,412	\$10,744	\$10,119	\$9,831	\$75,597	\$135,659	\$126,886
<b>Claims Incurred</b>	<b>\$11,621</b>	<b>\$10,789</b>	<b>\$11,635</b>	<b>\$10,758</b>	<b>\$9,719</b>	<b>\$9,556</b>	<b>\$9,369</b>	<b>\$73,447</b>	<b>\$131,888</b>	<b>\$101,997</b>
<b>Underwriting Expenses:</b>										
Expense Allowance	\$3,510	\$3,227	\$3,689	\$3,830	\$3,382	\$2,129	\$2,595	\$22,362	\$45,257	\$38,100
Change in UPDR/DPAC:										
Undiscounted	77	72	(4,633)	1	(2,006)	270	260	(5,959)	(4,206)	218
Effect of Discounting	66	48	(505)	127	1,304	(202)	(136)	702	2,253	1,595
Discounted	143	120	(5,138)	128	(702)	68	124	(5,257)	(1,953)	1,813
<b>Underwriting Expenses</b>	<b>\$3,653</b>	<b>\$3,347</b>	<b>(\$1,449)</b>	<b>\$3,958</b>	<b>\$2,680</b>	<b>\$2,197</b>	<b>\$2,719</b>	<b>\$17,105</b>	<b>\$43,304</b>	<b>\$39,913</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$4,657)</b>	<b>(\$4,187)</b>	<b>\$637</b>	<b>(\$4,158)</b>	<b>(\$1,570)</b>	<b>(\$2,058)</b>	<b>(\$1,685)</b>	<b>(\$17,678)</b>	<b>(\$43,824)</b>	<b>(\$26,153)</b>
<b>Administrative Expenses</b>	<b>\$88</b>	<b>\$127</b>	<b>\$93</b>	<b>\$102</b>	<b>\$94</b>	<b>\$110</b>	<b>\$99</b>	<b>713</b>	<b>\$1,446</b>	<b>\$1,169</b>
<b>Operating Result</b>	<b>(\$4,745)</b>	<b>(\$4,314)</b>	<b>\$544</b>	<b>(\$4,260)</b>	<b>(\$1,664)</b>	<b>(\$2,168)</b>	<b>(\$1,784)</b>	<b>(\$18,391)</b>	<b>(\$45,270)</b>	<b>(\$27,322)</b>
<b>Ratios:</b>										
<b>Claims &amp; Expenses Incurred (Earned)</b>										
Prior Accident Years	-5.8%	-7.0%	17.2%	-6.2%	-9.5%	-5.8%	-4.4%	-3.0%	-2.9%	-21.5%
Current Accident Year	115.2%	115.4%	90.3%	108.1%	99.2%	104.4%	94.5%	103.7%	103.3%	109.6%
All Accident Years Combined	109.4%	108.4%	107.5%	101.9%	89.7%	98.6%	90.1%	100.7%	100.4%	88.1%
Underwriting & Administrative Expenses (Earned)	35.2%	34.9%	-12.5%	38.5%	25.6%	23.8%	27.1%	24.5%	34.1%	35.5%
<b>Combined Operating Ratio</b>	<b>144.6%</b>	<b>143.3%</b>	<b>95.0%</b>	<b>140.4%</b>	<b>115.3%</b>	<b>122.4%</b>	<b>117.2%</b>	<b>125.2%</b>	<b>134.5%</b>	<b>123.6%</b>

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply