

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

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

**BULLETIN NO.:** F2020 – 077

**DATE:** OCTOBER 29, 2020

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

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

Please be advised that the September 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 a review and assessment of the incurred impacts associated with the COVID-19 pandemic;
- (b) The *Alberta Grid 2020 year-to-date net operating surplus was \$5.0 million*, with a COR of 96.6% on earned premium of \$147.6 million;
- (c) The *Alberta Non-Grid 2020 year-to-date net operating deficit was \$27.8million*, with a COR of 129.9% on earned premium of \$93.2 million;
- (d) The *projected Alberta Grid 2020 year-end net operating deficit is now \$1.2 million*, with a COR at 100.6% on earned premium of \$196.5 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 \$47.3 million*, with a COR at 137.5% on earned premium of \$126.2 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 \$5.0 million and the incurred loss ratio to the end of nine months is 73.9% as summarized in the following table.

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

Amounts in \$000s	September 2020	September 2019	Year to date Sep 2020	Year to Date Sep 2019
Premium Written	19,454	21,572	138,042	150,885
Premium Earned	15,964	15,767	147,640	129,747
Incurred Losses	12,670	13,954	109,155	92,724
Underwriting & Admin Expense	5,881	6,835	33,516	47,834
<b>Operating Result</b>	<b>(2,587)</b>	<b>(5,022)</b>	<b>4,969</b>	<b>(10,811)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(3.6%)	(3.5%)	(10.3%)	(21.9%)
- Current Accident Year	83.0%	92.0%	84.2%	93.4%
<i>Total</i>	<b>79.4%</b>	<b>88.5%</b>	<b>73.9%</b>	<b>71.5%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>36.8%</b>	<b>43.4%</b>	<b>22.7%</b>	<b>36.9%</b>
<b>Combined Operating Ratio</b>	<b>116.2%</b>	<b>131.9%</b>	<b>96.6%</b>	<b>108.4%</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 -\$1.2 million and the estimated combined operating ratio to December 2020 is 100.6%, as summarized in the following table for the Alberta Grid RSP. This updated projection to the end of the year has improved by \$0.2 million from the projection provided last month (see the second and third columns in the table). The improvement is driven by the \$1.1 million decrease in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections.

*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>(Sep 2020)</b>	<b>Prior Mth</b> <b>(Aug 2020)</b>	<b>Change</b>	<b>Final 2020</b> <b>Outlook*</b>
Premium Written	188,797	189,907	(1,110)	247,866
Premium Earned	196,501	197,043	(542)	234,333
Incurred Losses	147,552	147,984	(432)	215,198
Underwriting & Admin Expense	50,176	50,485	(309)	78,403
<b>Net Result from Operations</b>	<b>(1,227)</b>	<b>(1,426)</b>	<b>199</b>	<b>(59,268)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(8.8%)	(8.8%)	-	(2.7%)
- Current Accident Year	83.9%	83.9%	-	94.5%
<i>Total</i>	<b>75.1%</b>	<b>75.1%</b>	-	<b>91.8%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>25.5%</b>	<b>25.6%</b>	<b>(0.1%)</b>	<b>33.5%</b>
<b>Combined Operating Ratio</b>	<b>100.6%</b>	<b>100.7%</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 -\$2.6 million Operating Result in the month of September 2020, a \$2.4 million improvement compared with the same month last year. This improvement is associated with a \$2.5 million favourable impact from the overall decrease in the combined ratio (from 131.9% to 116.2% applied to \$16.0 million in earned premium), offset by an approximately \$0.1 million unfavourable impact associated with the \$0.2 million increase in earned premium (at a prior combined ratio of 131.9%).

This month's results moved the year-to-date combined operating ratio from 94.3% at the end of eight months to 96.6% at the end of nine months. The 2.3 percentage point increase is composed of a 0.8 percentage point increase in the Prior Accident Years loss ratio, a 1.7 percentage point increase in the expense ratio, offset by a 0.2 percentage point decrease in the Current Accident Year loss ratio.

### Variances from Projections (Alberta Grid RSP)

The following table 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*

September 2020	Actual	Projection	Difference	Difference %
Written Premium	19,454	20,563	(1,109)	(5.4%)
Earned Premium	15,964	16,401	(437)	(2.7%)
Reported Losses				
Paid Losses	8,865	9,912	(1,047)	(10.6%)
Paid Expenses	330	587	(257)	(43.8%)
Change in Outstanding Losses	4,588	60	4,528	>999.9%
<b>Total Reported Losses</b>	<b>13,783</b>	<b>10,559</b>	<b>3,224</b>	<b>30.5%</b>
Change in IBNR Provision*	(1,113)	2,330	(3,443)	
Change in Premium Deficiency (DPAC)*	(133)	(230)	97	

(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 September 2020, the reported losses were \$3.2 million higher than projected. The Current Accident Year had a \$1.8 million unfavourable variance in reported losses, and the Prior Accident Years had a \$1.4 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 September 2020 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at June 30, 2020). The actuarial valuation will be updated next as at September 30, 2020 and we anticipate that the results will be reflected in the October 2020 Operational Report.

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

The calendar year-to-date Operating Result is -\$27.8 million and the incurred loss ratio to the end of nine months is 102.8%, 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>September 2020</b>	September 2019	<b>Year to date Sep 2020</b>	Year to Date Sep 2019
Premium Written	9,286	10,007	91,480	89,555
Premium Earned	9,862	9,553	93,157	85,499
Incurred Losses	9,546	10,304	95,730	71,902
Underwriting & Admin Expense	2,800	3,394	25,199	29,486
<b>Operating Result</b>	<b>(2,484)</b>	<b>(4,145)</b>	<b>(27,772)</b>	<b>(15,889)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(8.1%)	(1.7%)	(4.7%)	(29.2%)
- Current Accident Year	104.9%	109.5%	107.5%	113.3%
<i>Total</i>	<b>96.8%</b>	<b>107.8%</b>	<b>102.8%</b>	<b>84.1%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>28.4%</b>	<b>35.5%</b>	<b>27.1%</b>	<b>34.5%</b>
<b>Combined Operating Ratio</b>	<b>125.2%</b>	<b>143.3%</b>	<b>129.9%</b>	<b>118.6%</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 -\$47.3 million and the estimated combined operating ratio to December 2020 is 137.5%, as summarized in the following table for Alberta Non-Grid RSP. This updated projection to the end of the year has improved by \$1.3 million from the projection provided last month (see the second and third columns in the table). The improvement is driven by the \$1.4 million decrease in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections.

*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>(Sep 2020)</b>	<b>Prior Mth</b> <b>(Aug 2020)</b>	<b>Change</b>	<b>Final 2020</b> <b>Outlook*</b>
Premium Written	143,320	145,627	(2,307)	159,575
Premium Earned	126,177	127,576	(1,399)	151,437
Incurred Losses	130,670	132,526	(1,856)	164,961
Underwriting & Admin Expense	42,803	43,609	(806)	52,911
<b>Net Result from Operations</b>	<b>(47,296)</b>	<b>(48,559)</b>	<b>1,263</b>	<b>(66,435)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(4.3%)	(3.9%)	(0.4%)	(2.6%)
- Current Accident Year	107.9%	107.8%	0.1%	111.5%
<i>Total</i>	<b>103.6%</b>	<b>103.9%</b>	<b>(0.3%)</b>	<b>108.9%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>33.9%</b>	<b>34.2%</b>	<b>(0.3%)</b>	<b>34.9%</b>
<b>Combined Operating Ratio</b>	<b>137.5%</b>	<b>138.1%</b>	<b>(0.6%)</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 -\$2.5 million Operating Result in the month of September 2020, a \$1.7 million improvement compared with the same month last year. This improvement is a result of a \$1.8 million favourable impact from the overall decrease in the combined ratio (from 143.3% to 125.2% applied to \$9.9 million in earned premium), offset by a \$0.1 million unfavourable impact associated with the \$0.3 million increase in earned premium (at a prior combined ratio of 143.3%).

This month's results moved the year-to-date combined operating ratio from 130.4% at the end of eight months to 129.9% at the end of nine months. The 0.5 percentage point decrease is composed of a 0.4 percentage point decrease in the Prior Accident Years loss ratio, coupled with a 0.3 percentage point decrease in the Current Accident Year loss ratio, offset by a 0.2 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.

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

September 2020	Actual	Projection	Difference	Difference %
Written Premium	9,286	11,830	(2,544)	(21.5%)
Earned Premium	9,862	10,437	(575)	(5.5%)
Reported Losses				
Paid Losses	12,635	8,724	3,911	44.8%
Paid Expenses	227	332	(105)	(31.6%)
Change in Outstanding Losses	(1,860)	1,688	(3,548)	(210.2%)
<b>Total Reported Losses</b>	<b>11,002</b>	<b>10,744</b>	<b>258</b>	<b>2.4%</b>
Change in IBNR Provision*	(1,456)	(171)	(1,285)	
Change in Premium Deficiency (DPAC)*	(125)	43	(168)	

(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 September 2020, reported losses were \$0.3 million higher than projected. The Current Accident Year had an approximately \$1.4 million favourable variance, and the Prior Accident Years had a \$1.7 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

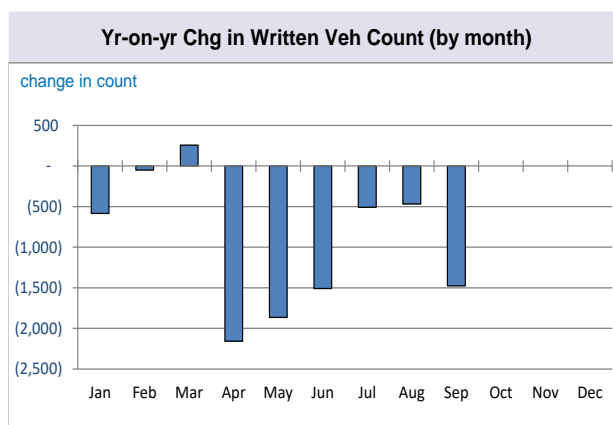


### Effect of Quarterly Valuation (AB-N RSP)

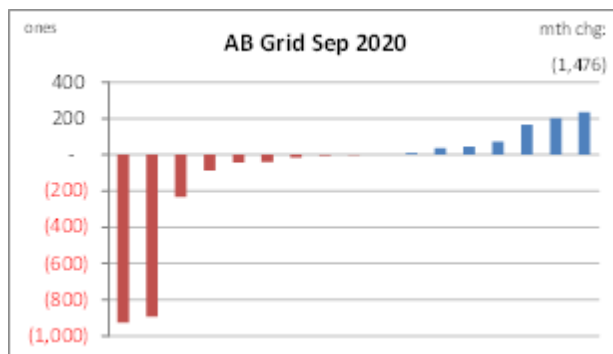
The September 2020 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at June 30, 2020). The actuarial valuation will be updated next as at September 30, 2020 and we anticipate that the results will be reflected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

### Management Comments

#### Alberta Grid

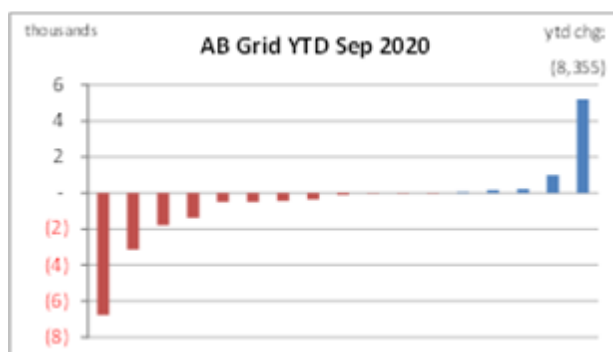


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with September showing a decrease of 1,476 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 907 vehicles, indicating a variance of 569 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 September.



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, 2 member company groups accounted for 81% of the total transfer decrease for these “decliner” members.

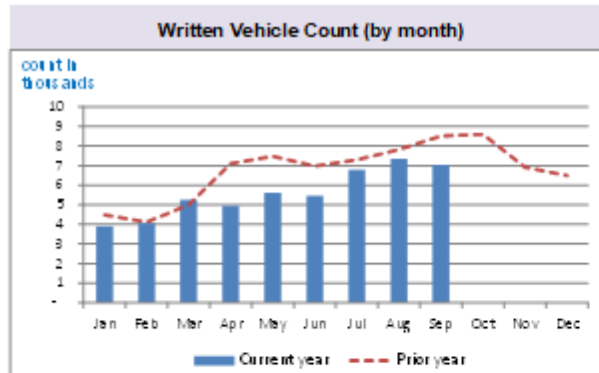
Of the 8 member company groups transferring more vehicles, 3 member company groups accounted for 78% of the total transfer increases for these “grower” members.



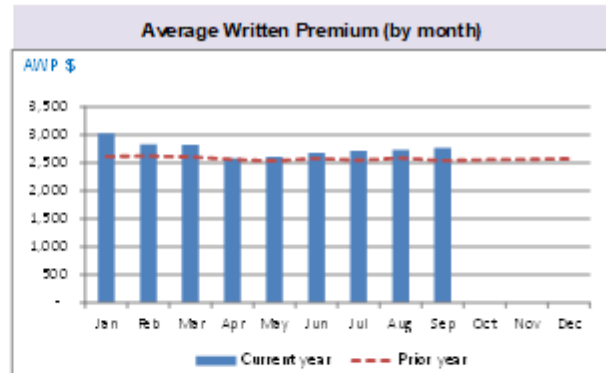
The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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



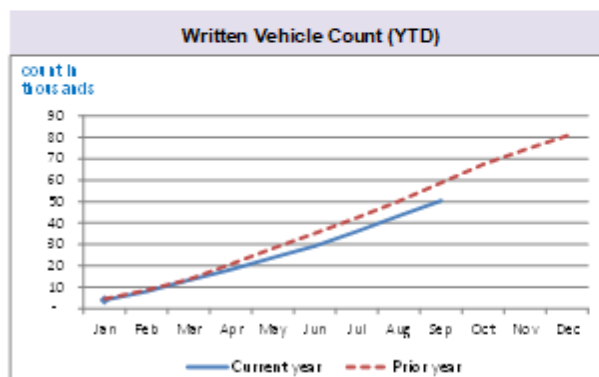
September's vehicle count transfers to the RSP represent a 17.4% decrease from September 2019, and counts were down 14.2% year-to-date. Average written premium was up by 9.1% in September 2020 compared with the same month in 2019, and was up 6.7% year-to-date (see the following charts).



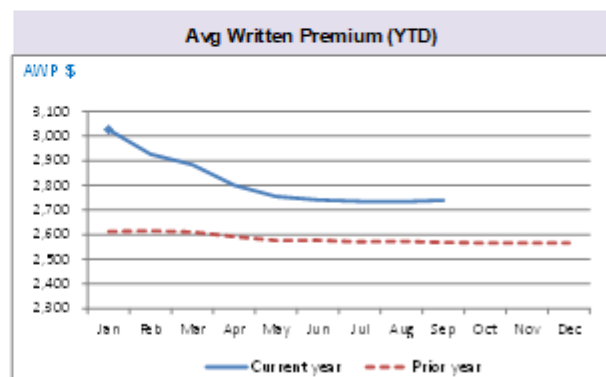
	Sep-20	Sep-19	Amt Chg	% Chg
W. Veh curr mth	7,028	8,504	(1,476)	-17.4%



	Sep-20	Sep-19	Amt Chg	% Chg
AWP curr mth	2,768	2,537	231	9.1%

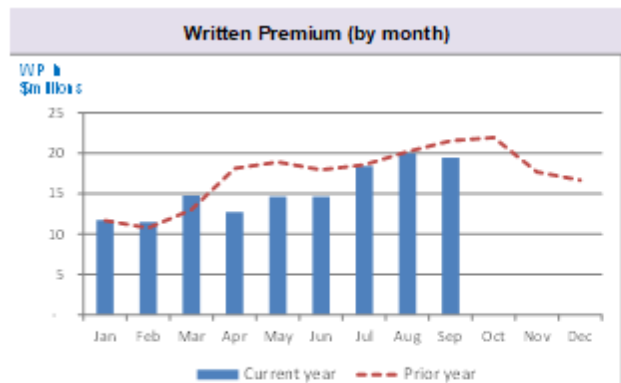


	Sep-20	Sep-19	Amt Chg	% Chg
W. Vehicles YTD	50,400	58,755	(8,355)	-14.2%

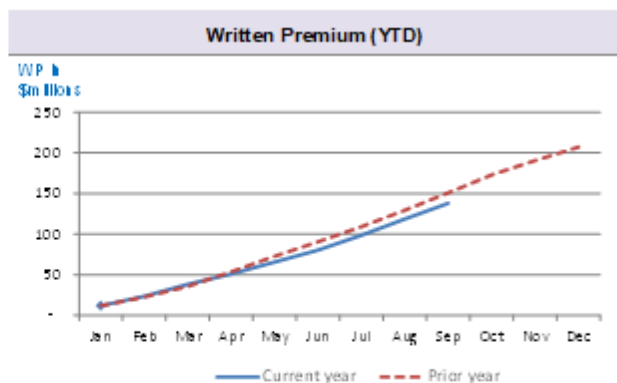


	Sep-20	Sep-19	Amt Chg	% Chg
Avg W. Prem YTD	2,739	2,568	171	6.7%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 9.8% for the month compared with the 4.7% decrease we projected last month, and was down 8.5% year-to-date (see the following charts).



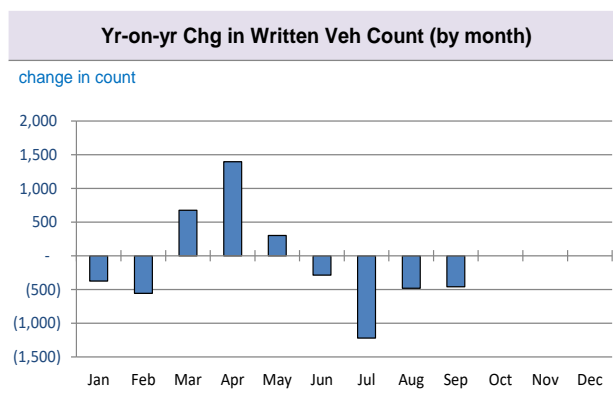
	Sep-20	Sep-19	Amt Chg	% Chg
WP (\$000s) curr mth	19,454	21,572	(2,118)	-9.8%



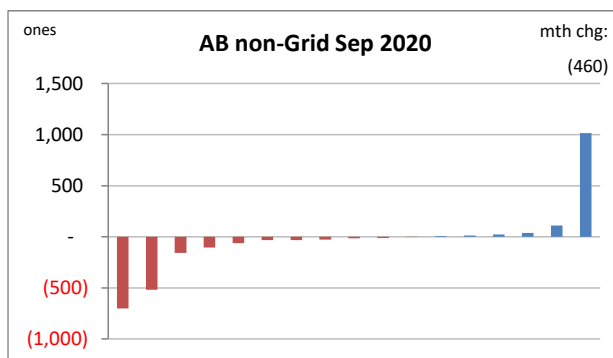
	Sep-20	Sep-19	Amt Chg	% Chg
WP (\$000s) YTD	138,041	150,884	(12,843)	-8.5%

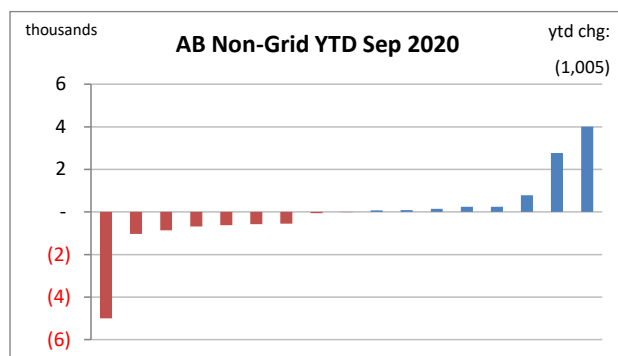
### Alberta Non-Grid

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 9.4% from 2019, being 2.8% 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.



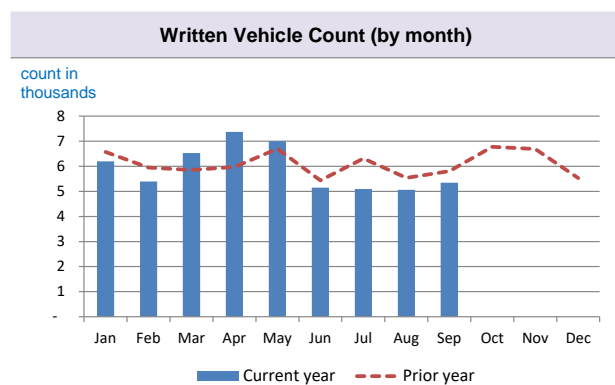
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with September showing a decrease of 460 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,416 vehicles, indicating a variance of 1,876 vehicles from the actual transfers. This variance was mainly due to four member company groups transferring a lower number of vehicles than projected to the RSP in September.



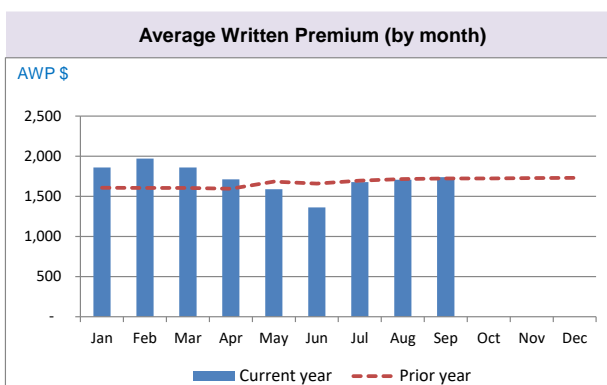


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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

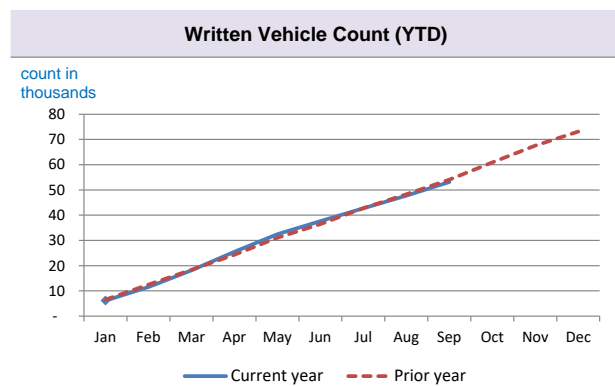
September's vehicle count transfers to the RSP represent a 7.9% decrease from September 2019, and counts were down 1.9% year-to-date. Average written premium was up 0.8% in September 2020 compared with the same month in 2019, and was up 4.0% year-to-date (see the following charts).



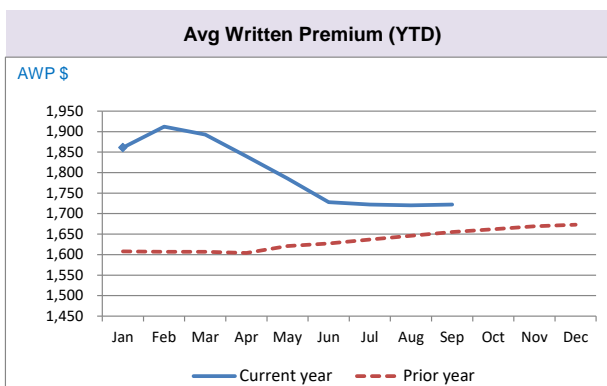
	Sep-20	Sep-19	Amt Chg	% Chg
W. Veh curr mth	5,343	5,803	(460)	-7.9%



	Sep-20	Sep-19	Amt Chg	% Chg
AWP curr mth	1,738	1,724	14	0.8%

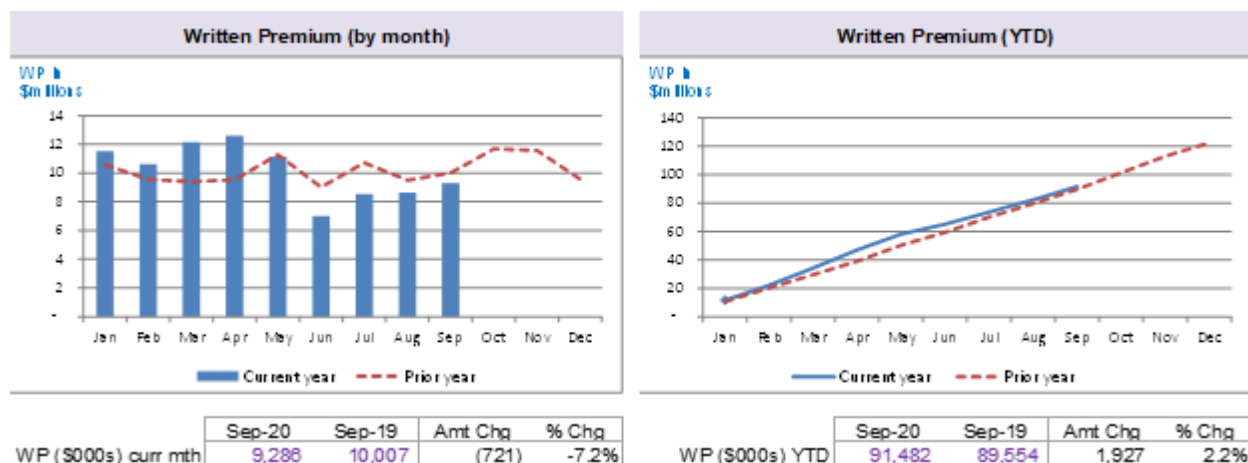


	Sep-20	Sep-19	Amt Chg	% Chg
W. Vehicles YTD	53,120	54,125	(1,005)	-1.9%



	Sep-20	Sep-19	Amt Chg	% Chg
Avg W. Prem YTD	1,722	1,655	67	4.0%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 7.2% for the month compared with the 18.2% increase we projected last month, while still up 2.2% year-to-date (see the following charts).



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 September 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 September 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)**  
**Operating Results for the 9 Months Ended September 30, 2020 (Discounted basis)**  
**Source: Monthly Operational Report**  
**(thousands of dollars)**

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	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	\$20,061	\$19,454	\$138,042	\$188,797	\$207,231
Decrease (Increase) in Unearned Premiums	5,632	4,829	2,853	3,830	1,926	112	(2,506)	(3,588)	(3,490)	9,598	7,704	(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>\$16,473</b>	<b>\$15,964</b>	<b>\$147,640</b>	<b>\$196,501</b>	<b>\$180,339</b>
<b>Claims Incurred:</b>												
Prior Accident Years:												
Undiscounted	(\$178)	(\$207)	(\$8,498)	(\$275)	(\$348)	(\$82)	(\$73)	(\$6,914)	(\$59)	(\$16,634)	(\$16,634)	(\$29,152)
Effect of Discounting	(83)	(666)	(2,354)	(911)	6,856	(746)	(645)	469	(515)	\$1,405	(713)	(636)
Discounted	(\$261)	(\$873)	(\$10,852)	(\$1,186)	\$6,508	(\$828)	(\$718)	(\$6,445)	(\$574)	(\$15,229)	(\$17,347)	(\$29,788)
Current Accident Year:												
Undiscounted	\$15,776	\$14,836	\$11,715	\$13,748	\$11,177	\$11,666	\$12,568	\$10,841	\$12,334	\$114,661	\$152,234	\$153,840
Effect of Discounting	1,183	963	421	759	2,331	884	715	1,557	910	\$9,723	12,665	8,884
Discounted	\$16,959	\$15,799	\$12,136	\$14,507	\$13,508	\$12,550	\$13,283	\$12,398	\$13,244	\$124,384	\$164,899	\$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>\$5,953</b>	<b>\$12,670</b>	<b>\$109,155</b>	<b>\$147,552</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	\$6,098	\$5,913	\$41,966	\$57,398	\$64,494
Change in UPDR/DPAC:												
Undiscounted	583	514	(7,962)	735	(2,198)	207	(322)	(1,938)	(454)	(10,835)	(10,194)	(2,404)
Effect of Discounting	(357)	(304)	(1,295)	(200)	1,984	8	206	1,125	321	1,488	1,758	3,776
Discounted	226	210	(9,257)	535	(214)	215	(116)	(813)	(133)	(9,347)	(8,436)	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>\$5,285</b>	<b>\$5,780</b>	<b>\$32,619</b>	<b>48,962</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>\$5,235</b>	<b>(\$2,486)</b>	<b>\$5,866</b>	<b>(\$13)</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>\$91</b>	<b>\$101</b>	<b>\$897</b>	<b>\$1,214</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>\$5,144</b>	<b>(\$2,587)</b>	<b>\$4,969</b>	<b>(\$1,227)</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%	-39.1%	-3.6%	-10.3%	-8.8%	-16.5%
Current Accident Year	97.3%	96.7%	68.7%	87.7%	81.6%	85.0%	83.4%	75.3%	83.0%	84.2%	83.9%	90.2%
All Accident Years Combined (Earned)	95.8%	91.4%	7.3%	80.5%	120.9%	79.4%	78.9%	36.2%	79.4%	73.9%	75.1%	73.7%
Underwriting & Administrative Expenses (Earned)	22.4%	23.5%	-26.4%	27.2%	26.1%	32.3%	35.1%	32.6%	36.8%	22.7%	25.5%	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>68.8%</b>	<b>116.2%</b>	<b>96.6%</b>	<b>100.6%</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 9 Months Ended September 30, 2020 (Discounted basis)

 Source: *Monthly Operational Report*

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	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	\$8,628	\$9,286	\$91,480	\$143,320	\$122,354
Decrease (Increase) in Unearned Premiums	(918)	(668)	(1,316)	(2,043)	(298)	2,684	1,867	1,793	576	1,677	(17,143)	(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>\$10,421</b>	<b>\$9,862</b>	<b>\$93,157</b>	<b>\$126,177</b>	<b>\$115,757</b>
<b>Claims Incurred:</b>												
Prior Accident Years:												
Undiscounted	(\$46)	(\$230)	\$2,640	(\$319)	(\$5,077)	(\$230)	(\$173)	(\$1,812)	(\$73)	(\$5,320)	(\$5,319)	(\$24,105)
Effect of Discounting	(565)	(464)	(781)	(335)	4,052	(333)	(289)	370	(728)	927	(152)	(784)
Discounted	(\$611)	(\$694)	\$1,859	(\$654)	(\$1,025)	(\$563)	(\$462)	(\$1,442)	(\$801)	(\$4,393)	(\$5,471)	(\$24,889)
Current Accident Year:												
Undiscounted	\$11,377	\$10,857	\$9,537	\$10,839	\$9,214	\$9,541	\$10,167	\$13,216	\$9,915	\$94,663	\$127,617	\$120,930
Effect of Discounting	855	626	239	573	1,530	578	(336)	963	432	5,460	8,524	5,956
Discounted	\$12,232	\$11,483	\$9,776	\$11,412	\$10,744	\$10,119	\$9,831	\$14,179	\$10,347	\$100,123	\$136,141	\$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>\$12,737</b>	<b>\$9,546</b>	<b>\$95,730</b>	<b>\$130,670</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	\$2,623	\$2,823	\$27,808	\$43,567	\$38,100
Change in UPDR/DPAC:												
Undiscounted	77	72	(4,633)	1	(2,006)	270	260	1,296	(65)	(4,728)	(5,101)	218
Effect of Discounting	66	48	(505)	127	1,304	(202)	(136)	570	(60)	1,212	2,929	1,595
Discounted	143	120	(5,138)	128	(702)	68	124	1,866	(125)	(3,516)	(2,172)	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>\$4,489</b>	<b>\$2,698</b>	<b>\$24,292</b>	<b>\$41,395</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>(\$6,805)</b>	<b>(\$2,382)</b>	<b>(\$26,865)</b>	<b>(\$45,888)</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>\$92</b>	<b>\$102</b>	<b>907</b>	<b>\$1,408</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>(\$6,897)</b>	<b>(\$2,484)</b>	<b>(\$27,772)</b>	<b>(\$47,296)</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%	-13.8%	-8.1%	-4.7%	-4.3%	-21.5%
Current Accident Year	115.2%	115.4%	90.3%	108.1%	99.2%	104.4%	94.5%	136.1%	104.9%	107.5%	107.9%	109.6%
All Accident Years Combined	109.4%	108.4%	107.5%	101.9%	89.7%	98.6%	90.1%	122.3%	96.8%	102.8%	103.6%	88.1%
Underwriting & Administrative Expenses (Earned)	35.2%	34.9%	-12.5%	38.5%	25.6%	23.8%	27.1%	44.0%	28.4%	27.1%	33.9%	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>166.3%</b>	<b>125.2%</b>	<b>129.9%</b>	<b>137.5%</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