

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO.: F16 – 075

DATE: SEPTEMBER 28, 2016

SUBJECT: RISK SHARING POOLS’ FINAL OUTLOOK FOR CALENDAR YEAR 2017 BASED ON AUGUST 2016 OPERATIONAL REPORTS

To assist member companies in planning for their share of Risk Sharing Pools’ (RSP) results for the next calendar year, Facility Association prepares RSP “Outlook” projections of Net Results from Operations. The Outlook presentation format (Exhibits B1 – B5) is very similar to that of the “Summary of Operations – Calendar Year” exhibits of the monthly Operational Reports Member Bulletins (“Bulletins”).

The attached is the *final* calendar year 2017 RSP Outlook by pool, based on actual results as found in the August 2016 Operational Reports. Recall that a *preliminary* calendar year 2017 RSP Outlook by pool, based on actual results as found in the May 2016 Operational Reports, was released and posted to the Facility Association website on June 24, 2016 (Bulletin F16-048). Differences between the two projections are summarized in the attached *final* Outlook (section 2.2). In particular, projected 2017 written premium across all of the RSPs in total has decreased by \$32.1 million (4.8%), and the projected net operating deficit improved by \$10.2 million (3.8%).

The attached *final* RSP Outlook is derived through a projection process that attempts to model future outcomes based on a set of simplifying assumptions. As with any such process of projecting future outcomes, inherent uncertainty exists. For example, RSP premium volumes have in the past varied in ways that are difficult to model or project (charts showing history of premium volumes can be found at the “Provincial Profiles” section of our website) – this is further evidenced by the 4.8% reduction in the 2017 written premium projection from the *preliminary* Outlook released 3 month prior to this *final* Outlook. (Volume projections are based on projections provided by larger users of the RSPs.) **As such, we stress that it is important to recognize that future Operating Results may deviate from these projections by material amounts.**

The tables on the next page provide a summary of the projections for calendar years 2017 and 2016 and the actuals for calendar year 2015 for reference purposes.

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RISK SHARING POOLS' FINAL OUTLOOK FOR CALENDAR YEAR 2017

BASED ON AUGUST 2016 OPERATIONAL REPORTS

Actual and Projected Calendar Year Results						
Ontario RSP		2017	2016	Change (to 2017 from 2016)		2015
Written	Premium (\$000s)	342,156	321,926	20,230	6.3%	239,006
	Vehicle Count	179,923	175,838	4,085	2.3%	135,802
Earned	Premium (\$000s)	342,151	267,184	74,967	28.1%	262,567
Net Operating Result (\$000s)		(193,336)	(96,532)	(96,804)	100.3%	47,546
	COR	156.5%	136.2%	20.3%	14.9%	81.9%
Prior Accident Years' incurred claims (\$000s)		(30,099)	(106,571)	76,472	(71.8%)	(188,898)

Actual and Projected Calendar Year Results						
Alberta Grid RSP		2017	2016	Change (to 2017 from 2016)		2015
Written	Premium (\$000s)	178,561	153,180	25,381	16.6%	138,310
	Vehicle Count	74,940	65,075	9,865	15.2%	61,813
Earned	Premium (\$000s)	179,590	133,341	46,249	34.7%	146,209
Net Operating Result (\$000s)		(24,198)	(69,867)	45,669	(65.4%)	(5,360)
	COR	113.5%	152.5%	(39.0%)	(25.6%)	103.7%
Prior Accident Years' incurred claims (\$000s)		(7,061)	34,870	(41,931)	(120.2%)	(9,203)

Actual and Projected Calendar Year Results						
Alberta Non-Grid RSP		2017	2016	Change (to 2017 from 2016)		2015
Written	Premium (\$000s)	96,290	100,033	(3,743)	(3.7%)	85,986
	Vehicle Count	65,497	67,031	(1,534)	(2.3%)	57,845
Earned	Premium (\$000s)	97,853	90,839	7,014	7.7%	89,842
Net Operating Result (\$000s)		(32,148)	(42,671)	10,523	(24.7%)	(21,022)
	COR	132.9%	146.9%	(14.0%)	(9.5%)	123.4%
Prior Accident Years' incurred claims (\$000s)		(4,446)	(2,961)	(1,485)	50.2%	(9,282)

Actual and Projected Calendar Year Results						
New Brunswick RSP		2017	2016	Change (to 2017 from 2016)		2015
Written	Premium (\$000s)	10,545	9,428	1,117	11.8%	11,164
	Vehicle Count	9,141	8,331	810	9.7%	10,096
Earned	Premium (\$000s)	10,399	10,009	390	3.9%	10,237
Net Operating Result (\$000s)		(1,643)	1,897	(3,540)	(186.6%)	(4,413)
	COR	115.8%	81.0%	34.8%	43.0%	143.2%
Prior Accident Years' incurred claims (\$000s)		(390)	(3,573)	3,183	(89.1%)	917

Actual and Projected Calendar Year Results						
Nova Scotia RSP		2017	2016	Change (to 2017 from 2016)		2015
Written	Premium (\$000s)	15,943	15,243	700	4.6%	14,501
	Vehicle Count	13,165	12,231	934	7.6%	12,700
Earned	Premium (\$000s)	15,564	14,844	720	4.9%	14,080
Net Operating Result (\$000s)		(5,700)	(4,513)	(1,187)	26.3%	(7,029)
	COR	136.7%	130.4%	6.3%	4.8%	149.9%
Prior Accident Years' incurred claims (\$000s)		(801)	(1,452)	651	(44.8%)	176

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**RISK SHARING POOLS' FINAL OUTLOOK FOR CALENDAR YEAR 2017
BASED ON AUGUST 2016 OPERATIONAL REPORTS**

Questions regarding the Outlook should be directed to Shawn Doherty, SVP, Actuarial and CFO at Facility Association, (416) 644-4968 or sdoherty@facilityassociation.com

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President & CEO

Attach.

Please forward a copy of this bulletin to your Chief Financial Officer.