

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 006**

**DATE: JANUARY 30, 2018**

**SUBJECT: ALBERTA RISK SHARING POOLS  
– DECEMBER 2017 OPERATIONAL REPORT**

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

Please be advised that the December 2017 Alberta Risk Sharing Pools Operational Reports are now available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

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

The calendar year-to-date Operating Result is -\$49.8 million and the incurred loss ratio to the end of 12 months is 99.2%, as summarized in the table below.

<b>Amounts in \$000s</b>	<b>December 2017</b>	December 2016	<b>Year to date Dec 2017</b>	Year to Date Dec 2016
Premium Written	11,851	10,453	159,965	148,473
Premium Earned	13,447	12,365	149,448	131,820
Incurred Losses	12,119	10,318	148,255	157,533
Underwriting & Admin Expense	3,103	2,772	51,012	48,230
<b>Operating Result</b>	<b>(1,775)</b>	<b>(725)</b>	<b>(49,819)</b>	<b>(73,943)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(3.2%)</b>	<b>(5.3%)</b>	4.4%	29.9%
- Current Accident Year	93.3%	88.7%	94.8%	89.6%
<i>Total</i>	<b>90.1%</b>	<b>83.4%</b>	<b>99.2%</b>	<b>119.5%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>23.1%</b>	<b>22.4%</b>	<b>34.1%</b>	<b>36.6%</b>
<b>Combined Operating Ratio</b>	<b>113.2%</b>	<b>105.8%</b>	<b>133.3%</b>	<b>156.1%</b>

*rounding differences may occur*

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**Alberta Risk Sharing Pools – December 2017 Operational Reports**

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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 2017 for Risk Sharing Pool - Alberta Grid” attached to this bulletin.

Updated Projection to Year-end 2018

An Outlook had been prepared to provide Members with an estimate of Alberta Grid RSP operating results for calendar year 2018 based on the actuarial valuation at June 30, 2017, and reflecting actual experience to date as detailed in the August 2017 Operational Report. This Outlook was posted on October 3, 2017 (please refer to Bulletin [F17-078](#)), and projected a Net Result from Operations for 2018 of -\$42.4 million, and a combined operating ratio of 122.9%. Projections for 2018 have been updated each month since as per our usual practice (although until this month, the bulletins have focused on projections to the end of 2017).

The projected calendar year Operating Result to December 2018 is now -\$32.5 million (a \$9.8 million improvement relative to the Outlook) and the estimated combined operating ratio to December 2018 is 117.7% (a 5.2 point improvement relative to the Outlook). The improvement is composed of an estimated \$0.2 million favourable impact associated with the \$0.7 million decrease in projected earned premium (at a combined ratio of 122.9%), with the remaining \$9.6 million improvement stemming from the overall decrease in the combined ratio (from 122.9% to 117.7% applied to \$183.7 million in projected earned premium).

<b>AB Grid RSP 2018 Yr-end Projection</b>	<b>Current</b>	Prior Mth	<b>Change</b>	Final 2018
<b>Amounts in \$000s</b>	<b>(Dec 2017)</b>	(Nov 2017)		Outlook*
Premium Written	181,613	182,262	(649)	189,665
Premium Earned	183,680	184,528	(848)	184,393
Incurred Losses	159,421	160,104	(683)	167,321
Underwriting & Admin Expense	56,790	57,038	(248)	59,423
<b>Net Result from Operations</b>	<b>(32,531)</b>	<b>(32,614)</b>	<b>83</b>	<b>(42,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(2.7%)	(2.6%)	(0.1%)	(3.9%)
- Current Accident Year	89.5%	89.4%	0.1%	94.6%
<i>Total</i>	<b>86.8%</b>	<b>86.8%</b>	<b>0.0%</b>	<b>90.7%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>30.9%</b>	<b>30.9%</b>	<b>0.0%</b>	<b>32.2%</b>
<b>Combined Operating Ratio</b>	<b>117.7%</b>	<b>117.7%</b>	<b>0.0%</b>	<b>122.9%</b>

*rounding differences may occur*

\*as posted to FA's website Oct. 3, 2017

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$1.8 million Operating Result in the month of December 2017, a deterioration of \$1.1 million compared with the same month last year. This deterioration is composed of an estimated \$0.1 million unfavourable impact associated with the

\$1.1 million increase in earned premium (at a combined ratio of 105.8%), with the remaining \$1.0 million deterioration stemming from the overall increase in the combined ratio (from 105.8% to 113.2% applied to \$13.4 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 135.3% at the end of 11 months to 133.3% at the end of 12 months. The 2.0 percentage point decrease is composed of a 0.7 percentage point decrease in the Prior Accident Years loss ratio, coupled with a 0.2 percentage point decrease in the Current Accident Year loss ratio, and a 1.1 percentage point decrease in the expense ratio.

*Variances from Projections*

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

<b>December 2017</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	11,851	12,501	(650)	(5.2%)
Earned Premium	13,447	13,740	(293)	(2.1%)
Reported Losses				
Paid Losses	11,177	12,295	(1,118)	(9.1%)
Paid Expenses	442	636	(194)	(30.5%)
Change in Outstanding Losses	(388)	(1,249)	861	(68.9%)
<b>Total Reported Losses</b>	<b>11,231</b>	<b>11,682</b>	<b>(451)</b>	<b>(3.9%)</b>
Change in IBNR Provision*	888	643	245	
Change in Premium Deficiency (DPAC)*	(444)	(493)	49	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Grid RSP December 2017 Operational Report - Actuarial Highlights](#).

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

For the month of December 2017, reported losses were \$0.5 million lower than projected. The Current Accident Year reported a favourable variance of \$0.9 million, while the Prior Accident Years reported a unfavourable variance of \$0.4 million. No single Prior Accident Year had a variance in excess of \$1.0 million.

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

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**Alberta Risk Sharing Pools – December 2017 Operational Reports**

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set thresholds for the month.

*Booking IBNR*

The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management’s investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend. IBNR is discussed in more detail in the [Alberta Grid RSP December 2017 Operational Report – Actuarial Highlights](#).

**Effect of Quarterly Valuation**

The December 2017 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2017). The actuarial valuation will be updated next as at December 31, 2017 and we anticipate that the results will be reflected in the March 2018 Operational Report.

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

The calendar year-to-date Operating Result is -\$47.1 million and the incurred loss ratio to the end of 12 months is 115.1%, as summarized in the table immediately below.

<b>Amounts in \$000s</b>	<b>December 2017</b>	December 2016	<b>Year to date Dec 2017</b>	Year to Date Dec 2016
Premium Written	7,217	6,257	99,007	99,667
Premium Earned	8,216	8,157	96,919	90,471
Incurred Losses	9,214	9,386	111,564	106,962
Underwriting & Admin Expense	1,487	574	32,407	32,904
<b>Operating Result</b>	<b>(2,485)</b>	<b>(1,803)</b>	<b>(47,052)</b>	<b>(49,395)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(4.2%)	(2.5%)	(2.6%)	(1.0%)
- Current Accident Year	116.3%	117.5%	117.7%	119.2%
<i>Total</i>	<b>112.1%</b>	<b>115.0%</b>	<b>115.1%</b>	<b>118.2%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>18.1%</b>	<b>7.0%</b>	<b>33.4%</b>	<b>36.4%</b>
<b>Combined Operating Ratio</b>	<b>130.2%</b>	<b>122.0%</b>	<b>148.5%</b>	<b>154.6%</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 2017 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

Updated Projection to Year-end 2018

An Outlook had been prepared to provide Members with an estimate of Alberta Non-Grid RSP operating results for calendar year 2018 based on the actuarial valuation at June 30, 2017, and reflecting actual experience to date as detailed in the August 2017 Operational Report. This Outlook was posted on October 3, 2017 (please refer to Bulletin [F17-078](#)), and projected a Net Result from Operations for 2018 of -\$43.7 million, and a combined operating ratio of 144.9%. Projections for 2018 have been updated each month since as per our usual practice (although until this month, the bulletins have focused on projections to the end of 2017).

The projected calendar year Operating Result to December 2018 is now -\$40.5 million (a \$3.2 million improvement relative to the Outlook) and the estimated combined operating ratio to December 2018 is 138.5% (a 6.4 point improvement relative to the Outlook). The improvement is composed of an approximately \$6.8 million stemming from the overall decrease in the combined ratio (from 144.9% to 138.5% applied to \$105.4 million in projected earned premium), offset by an estimated \$3.6 million unfavourable impact associated with the \$8.1 million increase in projected earned premium (at a combined ratio of 144.9%).

<b>AB Non-Grid RSP 2018 Yr-end Proj.</b>	<b>Current</b>	Prior Mth	<b>Change</b>	Final 2018
<b>Amounts in \$000s</b>	<b>(Dec 2017)</b>	(Nov 2017)		Outlook*
Premium Written	105,000	105,570	(570)	101,307
Premium Earned	105,413	106,408	(995)	97,354
Incurred Losses	112,436	113,622	(1,186)	107,678
Underwriting & Admin Expense	33,505	33,647	(142)	33,362
<b>Net Result from Operations</b>	<b>(40,528)</b>	<b>(40,861)</b>	<b>333</b>	<b>(43,686)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(2.8%)	(2.7%)	(0.1%)	(4.5%)
- Current Accident Year	109.5%	109.5%	0.0%	115.1%
<i>Total</i>	<b>106.7%</b>	<b>106.8%</b>	<b>(0.1%)</b>	<b>110.6%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>31.8%</b>	<b>31.6%</b>	<b>0.2%</b>	<b>34.3%</b>
<b>Combined Operating Ratio</b>	<b>138.5%</b>	<b>138.4%</b>	<b>0.1%</b>	<b>144.9%</b>

*rounding differences may occur*

\*as posted to FA's website Oct. 3, 2017

Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$2.5 million Operating Result in the month of December 2017, a deterioration of \$0.7 million from the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 122.0% to 130.2% applied to \$8.2 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 150.3% at the end of 11 months to 148.5% at the end of 12 months. The 1.8 percentage point decrease is composed of

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a 0.2 percentage point decrease in the Prior Accident Years loss ratio, coupled with a 0.1 percentage point decrease in the Current Accident Year loss ratio, and a 1.5 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.

<b>December 2017</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	7,217	8,155	(938)	(11.5%)
Earned Premium	8,216	8,393	(177)	(2.1%)
Reported Losses				
Paid Losses	10,171	9,492	679	7.2%
Paid Expenses	145	294	(149)	(50.7%)
Change in Outstanding Losses	(1,587)	(374)	(1,213)	324.3%
<b>Total Reported Losses</b>	<b>8,729</b>	<b>9,412</b>	<b>(683)</b>	<b>(7.3%)</b>
Change in IBNR Provision*	485	35	450	
Change in Premium Deficiency (DPAC)*	(722)	(628)	(94)	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Non-Grid RSP December 2017 Operational Report - Actuarial Highlights](#).

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

For the month of December 2017, reported losses were \$0.7 million lower than projected. The Current Accident Year had a \$0.3 million favourable variance in reported losses, and the Prior Accident Years had a \$0.4 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

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

*Booking IBNR*

The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to

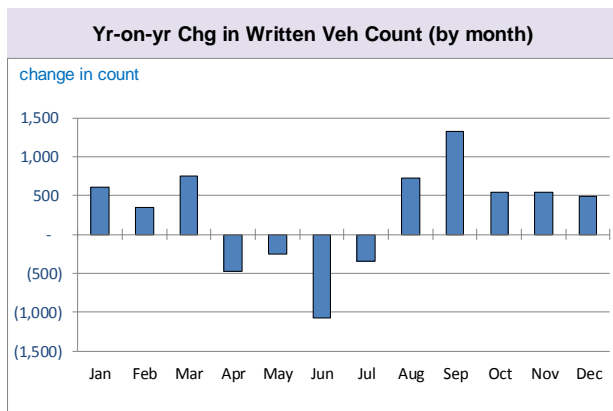
offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management’s investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend. IBNR is discussed in more detail in the [Alberta Non-Grid RSP December 2017 Operational Report – Actuarial Highlights](#).

**Effect of Quarterly Valuation**

The December 2017 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2017). The actuarial valuation will be updated next as at December 31, 2017 and we anticipate that the results will be reflected in the March 2018 Operational Report.

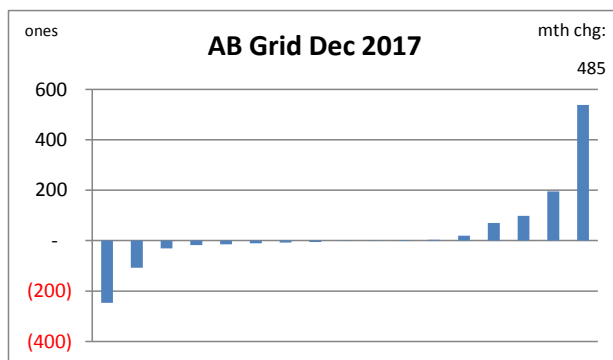
**Management Comments**

**Alberta Grid**



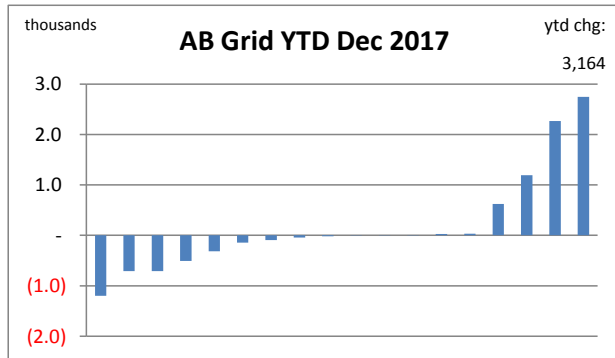
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with December showing an increase of 485 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 734 vehicles, indicating a variance of 249 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of vehicles to the pool in December than

projected.



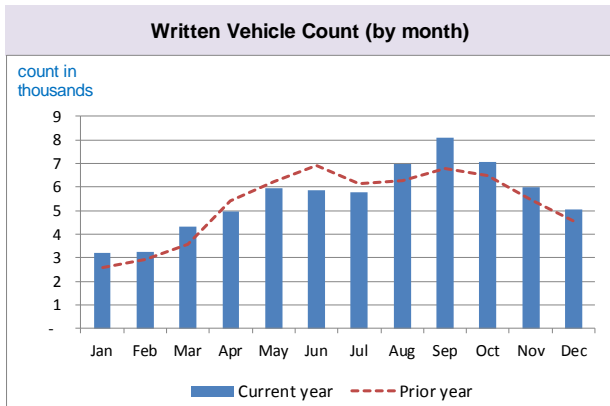
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the pool this month compared with a year ago, while seven transferred more. Of the 10 member company groups transferring fewer vehicles, 1 member company group accounted for 56% of the total transfer decrease for these “decliner” members.

Of the 7 member company groups transferring more vehicles, 1 member company group accounted for 58% of the total transfer increases for these “grower” members.

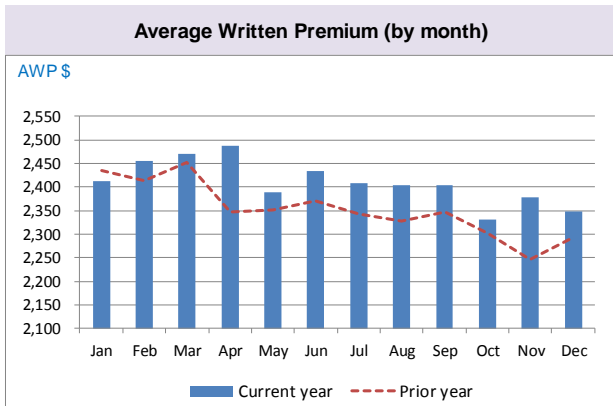


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

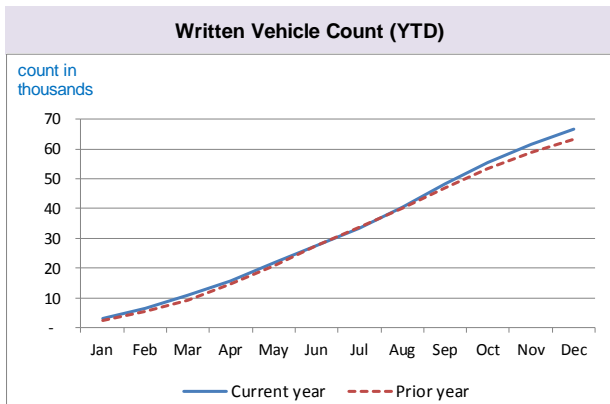
December's vehicle count transfers to the pool represent a 10.6% increase from December 2016, and counts were up 5.0% year-to-date. Average written premium was up 2.4% in December 2017 compared with the same month in 2016, and up 2.6% year-to-date (see charts immediately below).



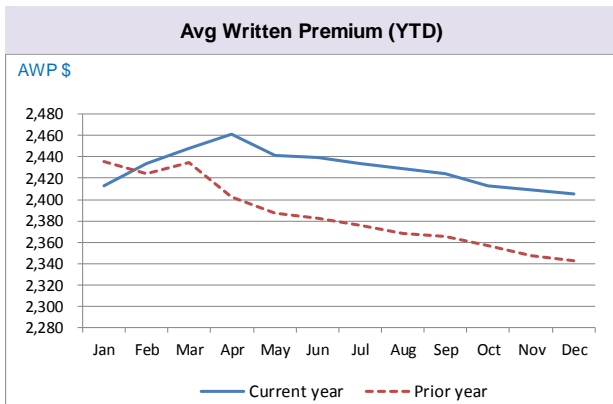
	Dec-17	Dec-16	Amt Chg	% Chg
W. Veh curr mth	5,044	4,559	485	10.6%



	Dec-17	Dec-16	Amt Chg	% Chg
AWP curr mth	2,349	2,293	56	2.4%



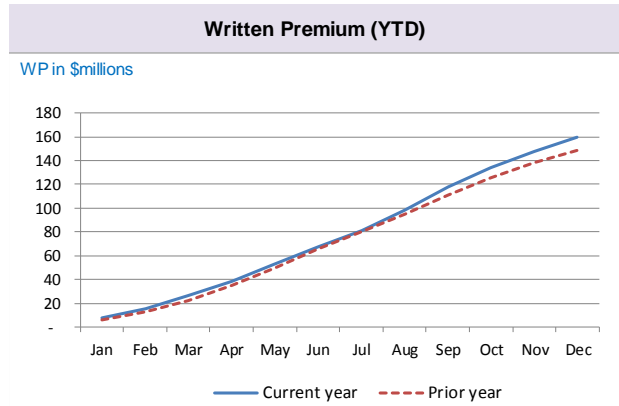
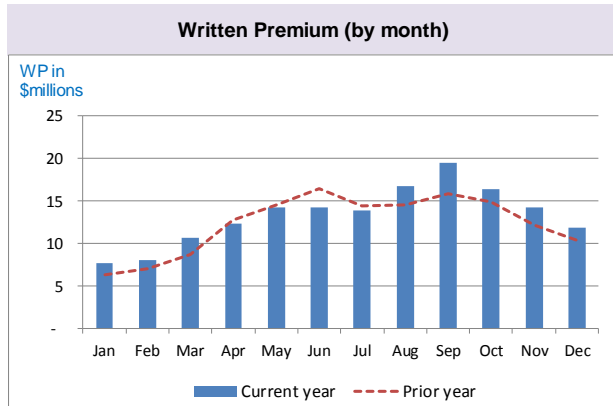
	Dec-17	Dec-16	Amt Chg	% Chg
W. Vehicles YTD	66,524	63,360	3,164	5.0%



	Dec-17	Dec-16	Amt Chg	% Chg
Avg W. Prem YTD	2,405	2,343	62	2.6%



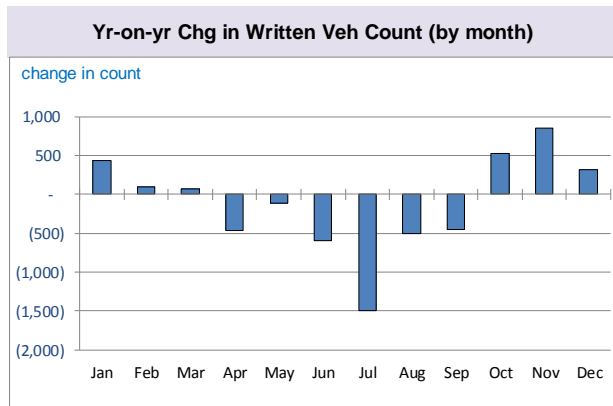
As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 13.4% for the month compared with the 19.6% increase we projected last month, and was up 7.7% year-to-date (see charts immediately below).



	Dec-17	Dec-16	Amt Chg	% Chg
WP (\$000s) curr mth	11,851	10,453	1,398	13.4%

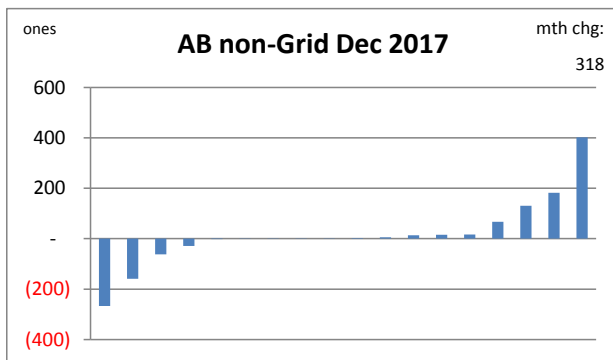
	Dec-17	Dec-16	Amt Chg	% Chg
WP (\$000s) YTD	159,965	148,472	11,493	7.7%

**Alberta Non-Grid**



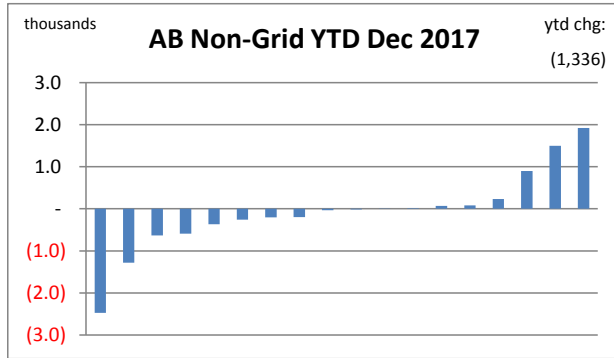
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with December showing an increase of 318 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 1,225 vehicles, indicating a variance of 907 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles to the pool in December

than projected.



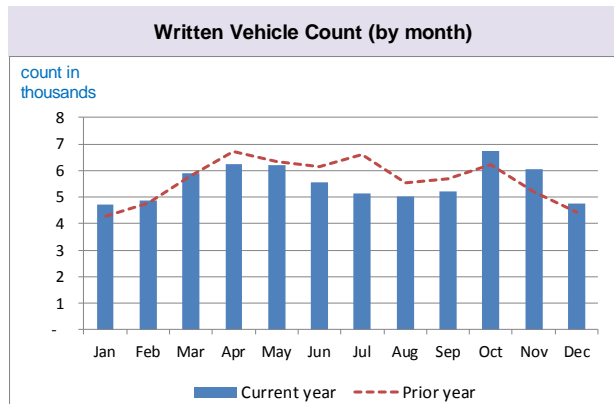
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Six member company groups transferred fewer vehicles to the pool this month compared to a year ago, while twelve transferred more. Of the 6 member company groups transferring fewer vehicles, 2 member

company groups accounted for 82% of the total transfer decrease for these “decliner” members. Of the 12 member company groups transferring more vehicles, 1 member company group accounted for 48% of the total transfers increase for these “grower” members.

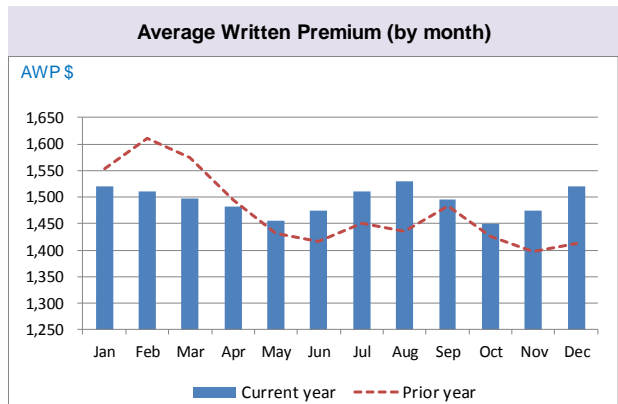


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

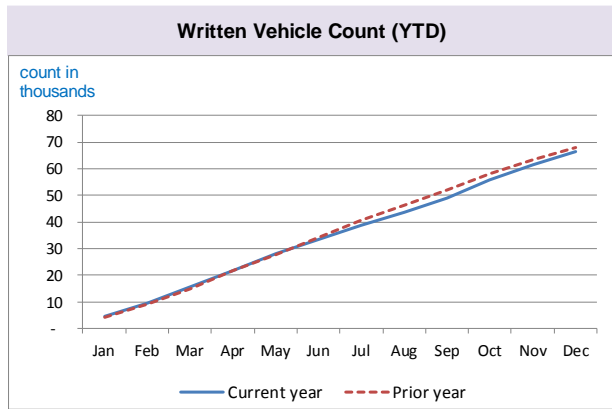
December’s vehicle count transfers to the pool represent a 7.2% increase from December 2016, but counts were down 2.0% year-to-date. Average written premium was up 7.6% in December 2017 compared with the same month in 2016, and up 1.4% year-to-date (see charts immediately below and at the top of the next page).



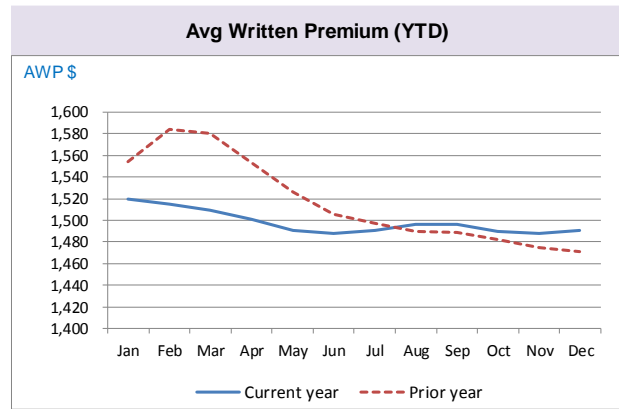
	Dec-17	Dec-16	Amt Chg	% Chg
W. Veh curr mth	4,749	4,431	318	7.2%



	Dec-17	Dec-16	Amt Chg	% Chg
AWP curr mth	1,520	1,412	108	7.6%

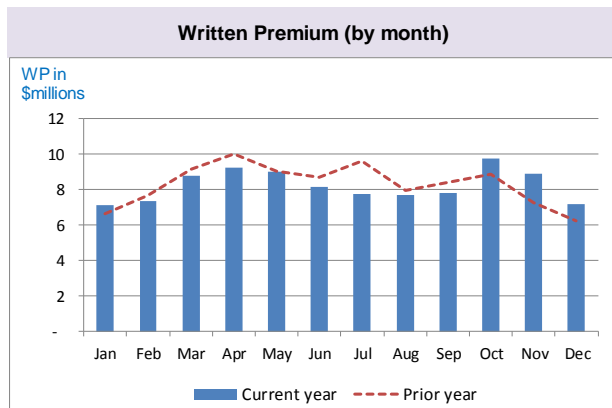


	Dec-17	Dec-16	Amt Chg	% Chg
W. Vehicles YTD	66,417	67,752	(1,336)	-2.0%

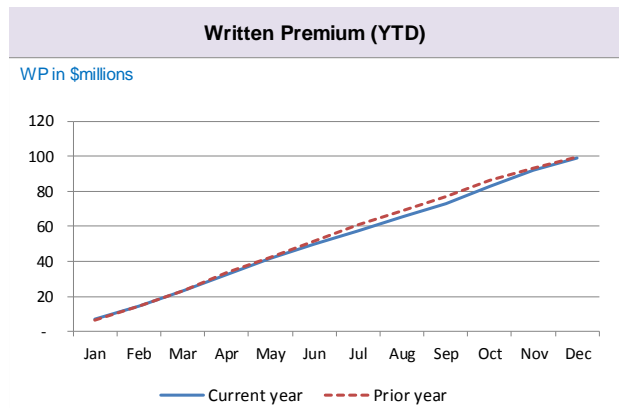


	Dec-17	Dec-16	Amt Chg	% Chg
Avg W. Prem YTD	1,491	1,471	20	1.4%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 15.3% for the month compared with the 30.3% increase we projected last month, but was down 0.7% year-to-date (see charts immediately below).



	Dec-17	Dec-16	Amt Chg	% Chg
WP (\$000s) curr mth	7,217	6,257	960	15.3%



	Dec-17	Dec-16	Amt Chg	% Chg
WP (\$000s) YTD	99,007	99,668	(661)	-0.7%

Should you require any further information, please call Norm Seeney, Vice President, Finance and Member Services at (416) 644-4914.

David J. Simpson, M.B.A., FCIP, C. Dir.  
President & CEO

**Related Links:**

Alberta Grid RSP:

[Alberta Grid RSP December 2017 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP December 2017 Operational Report - Actuarial Highlights](#)

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2017**

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 12 Months Ended December 31, 2017 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	November	December	CY2017 YTD	CY2018 12 MONTHS Updated Projection	CY2016 12 MONTHS Actual
<b>Underwriting Revenue:</b>															
Net Premiums Written	\$7,717	\$8,020	\$10,642	\$12,325	\$14,222	\$14,275	\$13,957	\$16,796	\$19,499	\$16,428	\$14,233	\$11,851	\$159,965	\$181,613	\$148,473
Decrease (Increase) in Unearned Premiums	4,472	3,146	1,612	(298)	(1,967)	(2,465)	(1,363)	(3,970)	(6,701)	(3,247)	(1,332)	1,596	(10,517)	2,067	(16,653)
<b>Net Premiums Earned</b>	<b>\$12,189</b>	<b>\$11,166</b>	<b>\$12,254</b>	<b>\$12,027</b>	<b>\$12,255</b>	<b>\$11,810</b>	<b>\$12,594</b>	<b>\$12,826</b>	<b>\$12,798</b>	<b>\$13,181</b>	<b>\$12,901</b>	<b>\$13,447</b>	<b>\$149,448</b>	<b>\$183,680</b>	<b>\$131,820</b>
<b>Claims Incurred:</b>															
Prior Accident Years:															
Undiscounted	(\$396)	(\$174)	\$12,337	(\$124)	\$4,260	(\$98)	(\$40)	\$3,919	(\$31)	\$1,433	(\$44)	(\$5)	\$21,037	\$0	\$41,142
Effect of Discounting	(744)	(926)	(3,120)	(384)	251	(623)	(639)	(2,719)	(612)	(4,051)	(511)	(425)	(\$14,503)	(4,912)	(1,682)
Discounted	(\$1,140)	(\$1,100)	\$9,217	(\$508)	\$4,511	(\$721)	(\$679)	\$1,200	(\$643)	(\$2,618)	(\$555)	(\$430)	\$6,534	(\$4,912)	\$39,460
Current Accident Year:															
Undiscounted	\$9,865	\$8,860	\$12,016	\$10,242	\$11,874	\$10,309	\$10,931	\$14,800	\$11,582	\$11,578	\$11,642	\$12,092	\$135,791	\$157,598	\$110,558
Effect of Discounting	992	713	445	567	864	638	658	429	629	(902)	440	457	\$5,930	6,735	7,515
Discounted	\$10,857	\$9,573	\$12,461	\$10,809	\$12,738	\$10,947	\$11,589	\$15,229	\$12,211	\$10,676	\$12,082	\$12,549	\$141,721	\$164,333	\$118,073
<b>Claims Incurred</b>	<b>\$9,717</b>	<b>\$8,473</b>	<b>\$21,678</b>	<b>\$10,301</b>	<b>\$17,249</b>	<b>\$10,226</b>	<b>\$10,910</b>	<b>\$16,429</b>	<b>\$11,568</b>	<b>\$8,058</b>	<b>\$11,527</b>	<b>\$12,119</b>	<b>\$148,255</b>	<b>\$159,421</b>	<b>\$157,533</b>
<b>Underwriting Expenses:</b>															
Expense Allowance	\$2,215	\$2,312	\$3,069	\$3,557	\$4,103	\$4,121	\$4,031	\$4,852	\$5,635	\$4,747	\$4,113	\$3,425	\$46,180	\$53,940	\$44,732
Change in UPDR/DPAC:															
Undiscounted	979	697	4,930	25	1,197	(353)	(212)	2,510	(676)	(3,149)	(662)	(327)	4,959	1,710	689
Effect of Discounting	(318)	(224)	(561)	24	269	161	90	151	437	(1,059)	41	(117)	(1,106)	(21)	1,915
Discounted	661	473	4,369	49	1,466	(192)	(122)	2,661	(239)	(4,208)	(621)	(444)	\$3,853	1,689	\$2,604
<b>Underwriting Expenses</b>	<b>\$2,876</b>	<b>\$2,785</b>	<b>\$7,438</b>	<b>\$3,606</b>	<b>\$5,569</b>	<b>\$3,929</b>	<b>\$3,909</b>	<b>\$7,513</b>	<b>\$5,396</b>	<b>\$539</b>	<b>\$3,492</b>	<b>\$2,981</b>	<b>\$50,033</b>	<b>55,629</b>	<b>\$47,336</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$404)</b>	<b>(\$92)</b>	<b>(\$16,862)</b>	<b>(\$1,880)</b>	<b>(\$10,563)</b>	<b>(\$2,345)</b>	<b>(\$2,225)</b>	<b>(\$11,116)</b>	<b>(\$4,166)</b>	<b>\$4,584</b>	<b>(\$2,118)</b>	<b>(\$1,653)</b>	<b>(\$48,840)</b>	<b>(\$31,370)</b>	<b>(\$73,049)</b>
<b>Administrative Expenses</b>	<b>\$73</b>	<b>\$79</b>	<b>\$70</b>	<b>\$83</b>	<b>\$94</b>	<b>\$75</b>	<b>\$74</b>	<b>\$81</b>	<b>\$69</b>	<b>\$82</b>	<b>\$77</b>	<b>\$122</b>	<b>\$979</b>	<b>\$1,161</b>	<b>\$894</b>
<b>Operating Result</b>	<b>(\$477)</b>	<b>(\$171)</b>	<b>(\$16,932)</b>	<b>(\$1,963)</b>	<b>(\$10,657)</b>	<b>(\$2,420)</b>	<b>(\$2,299)</b>	<b>(\$11,197)</b>	<b>(\$4,235)</b>	<b>\$4,502</b>	<b>(\$2,195)</b>	<b>(\$1,775)</b>	<b>(\$49,819)</b>	<b>(\$32,531)</b>	<b>(\$73,943)</b>
<b>Ratios:</b>															
<b>Claims &amp; Expenses Incurred (Earned)</b>															
Prior Accident Years	-9.4%	-9.9%	75.2%	-4.2%	36.8%	-6.1%	-5.4%	9.4%	-5.0%	-19.9%	-4.3%	-3.2%	4.4%	-2.7%	29.9%
Current Accident Year	89.1%	85.7%	101.7%	89.9%	103.9%	92.7%	92.0%	118.7%	95.4%	81.0%	93.7%	93.3%	94.8%	89.5%	89.6%
All Accident Years Combined (Earned)	79.7%	75.8%	176.9%	85.7%	140.7%	86.6%	86.6%	128.1%	90.4%	61.1%	89.4%	90.1%	99.2%	86.8%	119.5%
Underwriting & Administrative Expenses (Earned)	24.2%	25.6%	61.3%	30.7%	46.2%	33.9%	31.6%	59.2%	42.7%	4.7%	27.7%	23.1%	34.1%	30.9%	36.6%
<b>Combined Operating Ratio</b>	<b>103.9%</b>	<b>101.4%</b>	<b>238.2%</b>	<b>116.4%</b>	<b>186.9%</b>	<b>120.5%</b>	<b>118.2%</b>	<b>187.3%</b>	<b>133.1%</b>	<b>65.8%</b>	<b>117.1%</b>	<b>113.2%</b>	<b>133.3%</b>	<b>117.7%</b>	<b>156.1%</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 2017**

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 12 Months Ended December 31, 2017 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	September	October	November	December	CY2017 YTD	CY2018 12 MONTHS Updated Projection	CY2016 12 MONTHS Actual
<b>Underwriting Revenue:</b>															
Net Premiums Written	\$7,162	\$7,368	\$8,817	\$9,262	\$9,048	\$8,190	\$7,738	\$7,704	\$7,811	\$9,790	\$8,900	\$7,217	\$99,007	\$105,000	\$99,667
Decrease (Increase) in Unearned Premiums	1,014	152	(499)	(1,191)	(721)	(295)	508	482	31	(1,649)	(919)	999	(2,088)	413	(9,196)
<b>Net Premiums Earned</b>	<b>\$8,176</b>	<b>\$7,520</b>	<b>\$8,318</b>	<b>\$8,071</b>	<b>\$8,327</b>	<b>\$7,895</b>	<b>\$8,246</b>	<b>\$8,186</b>	<b>\$7,842</b>	<b>\$8,141</b>	<b>\$7,981</b>	<b>\$8,216</b>	<b>\$96,919</b>	<b>\$105,413</b>	<b>\$90,471</b>
<b>Claims Incurred:</b>															
Prior Accident Years:															
Undiscounted	(\$209)	(\$89)	(\$538)	(\$42)	\$2,928	(\$72)	(\$30)	\$2,843	(\$19)	\$2,183	(\$6)	(\$11)	\$6,938	\$0	\$2,286
Effect of Discounting	(826)	(520)	(2,601)	(400)	126	(336)	(293)	(1,299)	(333)	(2,381)	(225)	(333)	(9,421)	(2,978)	(3,163)
Discounted	(\$1,035)	(\$609)	(\$3,139)	(\$442)	\$3,054	(\$408)	(\$323)	\$1,544	(\$352)	(\$198)	(\$231)	(\$344)	(\$2,483)	(\$2,978)	(\$877)
Current Accident Year:															
Undiscounted	\$8,220	\$7,472	\$9,476	\$8,375	\$9,927	\$8,466	\$8,799	\$11,000	\$8,639	\$11,299	\$9,010	\$9,278	\$109,961	\$111,527	\$102,363
Effect of Discounting	764	521	232	418	588	438	399	188	292	(290)	256	280	4,086	3,887	5,476
Discounted	\$8,984	\$7,993	\$9,708	\$8,793	\$10,515	\$8,904	\$9,198	\$11,188	\$8,931	\$11,009	\$9,266	\$9,558	\$114,047	\$115,414	\$107,839
<b>Claims Incurred</b>	<b>\$7,949</b>	<b>\$7,384</b>	<b>\$6,569</b>	<b>\$8,351</b>	<b>\$13,569</b>	<b>\$8,496</b>	<b>\$8,875</b>	<b>\$12,732</b>	<b>\$8,579</b>	<b>\$10,811</b>	<b>\$9,035</b>	<b>\$9,214</b>	<b>\$111,564</b>	<b>\$112,436</b>	<b>\$106,962</b>
<b>Underwriting Expenses:</b>															
Expense Allowance	\$2,066	\$2,129	\$2,546	\$2,675	\$2,613	\$2,365	\$2,235	\$2,226	\$2,257	\$2,829	\$2,572	\$2,086	\$28,599	\$31,184	\$30,016
Change in UPDR/DPAC:															
Undiscounted	15	10	2,424	109	1,363	(6)	(65)	1,900	26	(970)	(431)	(630)	3,745	1,264	1,003
Effect of Discounting	(83)	(11)	(390)	94	159	19	(40)	(80)	(2)	(519)	27	(92)	(918)	49	987
Discounted	(68)	(1)	2,034	203	1,522	13	(105)	1,820	24	(1,489)	(404)	(722)	2,827	1,313	\$1,990
<b>Underwriting Expenses</b>	<b>\$1,998</b>	<b>\$2,128</b>	<b>\$4,580</b>	<b>\$2,878</b>	<b>\$4,135</b>	<b>\$2,378</b>	<b>\$2,130</b>	<b>\$4,046</b>	<b>\$2,281</b>	<b>\$1,340</b>	<b>\$2,168</b>	<b>\$1,364</b>	<b>\$31,426</b>	<b>\$32,497</b>	<b>\$32,006</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$1,771)</b>	<b>(\$1,992)</b>	<b>(\$2,831)</b>	<b>(\$3,158)</b>	<b>(\$9,377)</b>	<b>(\$2,979)</b>	<b>(\$2,759)</b>	<b>(\$8,592)</b>	<b>(\$3,018)</b>	<b>(\$4,010)</b>	<b>(\$3,222)</b>	<b>(\$2,362)</b>	<b>(\$46,071)</b>	<b>(\$39,520)</b>	<b>(\$48,497)</b>
<b>Administrative Expenses</b>	<b>\$73</b>	<b>\$79</b>	<b>\$70</b>	<b>\$83</b>	<b>\$94</b>	<b>\$75</b>	<b>\$76</b>	<b>\$79</b>	<b>\$69</b>	<b>\$82</b>	<b>\$78</b>	<b>\$123</b>	<b>\$981</b>	<b>\$1,008</b>	<b>\$898</b>
<b>Operating Result</b>	<b>(\$1,844)</b>	<b>(\$2,071)</b>	<b>(\$2,901)</b>	<b>(\$3,241)</b>	<b>(\$9,471)</b>	<b>(\$3,054)</b>	<b>(\$2,835)</b>	<b>(\$8,671)</b>	<b>(\$3,087)</b>	<b>(\$4,092)</b>	<b>(\$3,300)</b>	<b>(\$2,485)</b>	<b>(\$47,052)</b>	<b>(\$40,528)</b>	<b>(\$49,395)</b>
<b>Ratios:</b>															
<b>Claims &amp; Expenses Incurred (Earned)</b>															
Prior Accident Years	-12.7%	-8.1%	-37.7%	-5.5%	36.7%	-5.2%	-3.9%	18.9%	-4.5%	-2.4%	-2.9%	-4.2%	-2.6%	-2.8%	-1.0%
Current Accident Year	109.9%	106.3%	116.7%	108.9%	126.3%	112.8%	111.5%	136.7%	113.9%	135.2%	116.1%	116.3%	117.7%	109.5%	119.2%
All Accident Years Combined	97.2%	98.2%	79.0%	103.4%	163.0%	107.6%	107.6%	155.6%	109.4%	132.8%	113.2%	112.1%	115.1%	106.7%	118.2%
(Earned)	25.3%	29.3%	55.9%	36.7%	50.8%	31.1%	26.8%	50.4%	30.0%	17.5%	28.1%	18.1%	33.4%	31.8%	36.4%
<b>Combined Operating Ratio</b>	<b>122.5%</b>	<b>127.5%</b>	<b>134.9%</b>	<b>140.1%</b>	<b>213.8%</b>	<b>138.7%</b>	<b>134.4%</b>	<b>206.0%</b>	<b>139.4%</b>	<b>150.3%</b>	<b>141.3%</b>	<b>130.2%</b>	<b>148.5%</b>	<b>138.5%</b>	<b>154.6%</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