

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F18 – 020

DATE: MARCH 29, 2018

**SUBJECT: ALBERTA RISK SHARING POOLS
– FEBRUARY 2018 OPERATIONAL REPORT**

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

Please be advised that the February 2018 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 -\$3.0 million and the incurred loss ratio to the end of 2 months is 88.0%, as summarized in the table below.

Amounts in \$000s	February 2018	February 2017	Year to date Feb 2018	Year to Date Feb 2017
Premium Written	8,986	8,020	17,365	15,737
Premium Earned	12,199	11,166	25,789	23,355
Incurred Losses	10,366	8,473	22,690	18,190
Underwriting & Admin Expense	3,067	2,864	6,101	5,813
Operating Result	(1,234)	(171)	(3,002)	(648)
Ratios:				
Loss ratio - Prior Accident Years	(7.5%)	(9.9%)	(5.1%)	(9.6%)
- Current Accident Year	92.5%	85.7%	93.1%	87.5%
<i>Total</i>	85.0%	75.8%	88.0%	77.9%
Underwriting & Admin Expense	25.1%	25.6%	23.7%	24.9%
Combined Operating Ratio	110.1%	101.4%	111.7%	102.8%

rounding differences may occur

Bulletin F18-020**Alberta Risk Sharing Pools – February 2018 Operational Reports**

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 2018 for Risk Sharing Pool - Alberta Grid” attached to this bulletin.

Updated Projection to Year-end 2018

The projected calendar year Operating Result to December 2018 is -\$31.2 million and the estimated combined operating ratio to December 2018 is 117.5%, as summarized in the table below. This updated projection to the end of the year has improved by \$1.0 million from the projection provided last month (-\$32.1 million and 117.8%). This improvement is driven by a \$3.6 million decrease in the projected written premium for the year, based on updated projections provided by members.

AB Grid RSP 2018 Yr-end Projection	Current	Prior Mth		Final 2018
Amounts in \$000s	(Feb 2018)	(Jan 2018)	Change	Outlook*
Premium Written	176,510	180,061	(3,551)	189,665
Premium Earned	177,375	180,247	(2,872)	184,393
Incurred Losses	153,351	156,151	(2,800)	167,321
Underwriting & Admin Expense	55,192	56,214	(1,022)	59,423
Net Result from Operations	(31,168)	(32,118)	950	(42,351)
Ratios:				
Loss ratio - Prior Accident Years	(3.3%)	(3.0%)	(0.3%)	(3.9%)
- Current Accident Year	89.7%	89.6%	0.1%	94.6%
<i>Total</i>	86.4%	86.6%	(0.2%)	90.7%
Underwriting & Admin Expense	31.1%	31.2%	(0.1%)	32.2%
Combined Operating Ratio	117.5%	117.8%	(0.3%)	122.9%

rounding differences may occur

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

Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$1.2 million Operating Result in the month of February 2018, a deterioration of \$1.1 million compared with the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 101.4% to 110.1% applied to \$12.2 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 113.0% at the end of 1 month to 111.7% at the end of 2 months. The 1.3 percentage point decrease is composed of a 2.3 percentage point decrease in the Prior Accident Years loss ratio, coupled with a 0.4 percentage point decrease in the Current Accident Year loss ratio, offset by a 1.4 percentage point increase in the expense ratio.

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Alberta Risk Sharing Pools – February 2018 Operational Reports

Variations from Projections

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

February 2018	Actual	Projection	Difference	Difference %
Written Premium	8,986	10,860	(1,874)	(17.3%)
Earned Premium	12,199	12,479	(280)	(2.2%)
Reported Losses				
Paid Losses	11,324	10,264	1,060	10.3%
Paid Expenses	246	765	(519)	(67.8%)
Change in Outstanding Losses	(274)	2,046	(2,320)	(113.4%)
Total Reported Losses	11,296	13,075	(1,779)	(13.6%)
Change in IBNR Provision*	(930)	(2,398)	1,468	
Change in Premium Deficiency (DPAC)*	300	164	136	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Grid RSP February 2018 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 February 2018, reported losses were \$1.8 million lower than projected. The Current Accident Year reported an unfavourable variance of \$1.3 million, while the Prior Accident Years reported a favourable variance of approximately \$3.1 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 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 February 2018 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation

The February 2018 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 -\$5.4 million and the incurred loss ratio to the end of 2 months is 108.7%, as summarized in the table below.

Amounts in \$000s	February 2018	February 2017	Year to date Feb 2018	Year to Date Feb 2017
Premium Written	7,087	7,368	13,714	14,530
Premium Earned	7,476	7,520	15,767	15,696
Incurred Losses	7,966	7,384	17,131	15,333
Underwriting & Admin Expense	2,178	2,207	4,022	4,278
Operating Result	(2,668)	(2,071)	(5,386)	(3,915)
Ratios:				
Loss ratio - Prior Accident Years	(5.5%)	(8.1%)	(4.2%)	(10.5%)
- Current Accident Year	112.0%	106.3%	112.9%	108.2%
<i>Total</i>	106.5%	98.2%	108.7%	97.7%
<i>Underwriting & Admin Expense</i>	29.1%	29.3%	25.5%	27.3%
<i>Combined Operating Ratio</i>	135.6%	127.5%	134.2%	125.0%

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 2018 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

Updated Projection to Year-end 2018

The projected calendar year Operating Result to December 2018 is -\$51.7 million and the estimated combined operating ratio to December 2018 is 144.9%, as summarized in the table at the top of the next page. This updated projection to the end of the year has deteriorated by \$11.6 million from the projection provided last month (-\$40.1 million and 138.7%). This deterioration is driven by a \$26.7 million increase in the projected written premium for the year, based on updated projections provided by members.

Bulletin F18-020**Alberta Risk Sharing Pools – February 2018 Operational Reports**

AB Non-Grid RSP 2018 Yr-end Proj.	Current	Prior Mth		Final 2018
Amounts in \$000s	(Feb 2018)	(Jan 2018)	Change	Outlook*
Premium Written	130,461	103,782	26,679	101,307
Premium Earned	115,190	103,872	11,318	97,354
Incurred Losses	123,166	110,796	12,370	107,678
Underwriting & Admin Expense	43,716	33,216	10,500	33,362
Net Result from Operations	(51,692)	(40,140)	(11,552)	(43,686)
Ratios:				
Loss ratio				
- Prior Accident Years	(2.8%)	(2.9%)	0.1%	(4.5%)
- Current Accident Year	109.7%	109.6%	0.1%	115.1%
<i>Total</i>	106.9%	106.7%	0.2%	110.6%
<i>Underwriting & Admin Expense</i>	38.0%	32.0%	6.0%	34.3%
<i>Combined Operating Ratio</i>	144.9%	138.7%	6.2%	144.9%

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 -\$2.7 million Operating Result in the month of February 2018, a deterioration of \$0.6 million from the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 127.5% to 135.6% applied to \$7.5 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 132.8% at the end of 1 month to 134.2% at the end of 2 months. The 1.4 percentage point increase is composed of a 3.3 percentage point increase in the expense ratio, offset by a 1.1 percentage point decrease in the Prior Accident Years loss ratio and a 0.8 percentage point decrease in the Current Accident Year loss ratio.

As noted in last month's bulletin, FA management was notified on January 31, 2018 by a member of a potential recorded case reserve overstatement. Management investigated and estimated the overstatement for the Alberta non-Grid RSP as at October 31, 2017 as indicated in the table at the top of the next page.

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Alberta Risk Sharing Pools – February 2018 Operational Reports

Estimated case reserve overstatement as at Oct 31, 2017

Case Reserve Overstatement

250 RSP AB-N

	Amounts in \$000s
2010	9
2011	-
2012	-
2013	(32)
2014	102
2015	517
2016	2,531
2017	1,594
TOTAL	4,721

The overstatement of \$4.7 million represented 3.8% of total case reserves recorded at October 31, 2017 for the Alberta non-Grid RSP, and 2.6% of nominal claims liabilities.

Variances from Projections

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

February 2018	Actual	Projection	Difference	Difference %
Written Premium	7,087	7,627	(540)	(7.1%)
Earned Premium	7,476	7,604	(128)	(1.7%)
Reported Losses				
Paid Losses	6,850	8,780	(1,930)	(22.0%)
Paid Expenses	131	634	(503)	(79.3%)
Change in Outstanding Losses	2,533	89	2,444	>999.9%
Total Reported Losses	9,514	9,503	11	0.1%
Change in IBNR Provision*	(1,548)	(1,542)	(6)	
Change in Premium Deficiency (DPAC)*	(25)	26	(51)	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Non-Grid RSP February 2018 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 February 2018, reported losses were \$11 thousand higher than projected. The Current Accident Year had a \$0.9 million unfavourable variance in reported losses, while the Prior Accident Years had a \$0.9 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

Booking IBNR

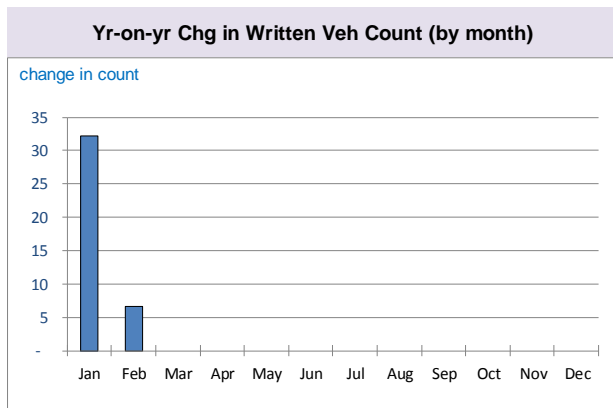
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium 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 February 2018 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation

The February 2018 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.

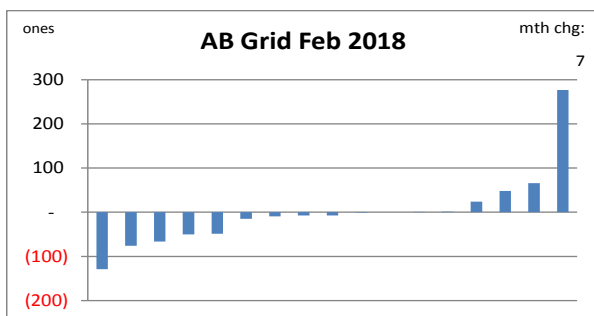
Management Comments

Alberta Grid



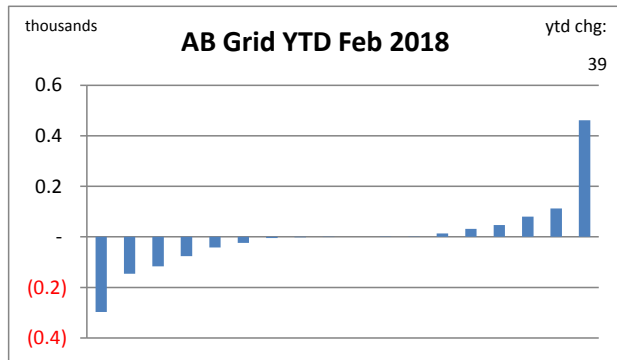
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with February showing an increase of 7 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 964 vehicles, indicating a variance of 957 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 February than

projected.



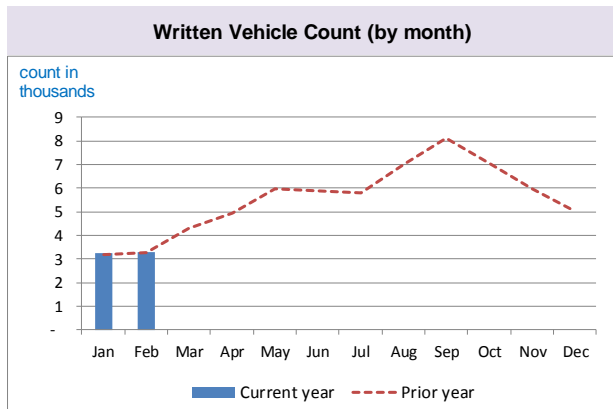
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the pool this month compared with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

while six transferred more, and one remained the same. Of the 10 member company groups transferring fewer vehicles, 3 member company groups accounted for 66% of the total transfer decrease for these “decliner” members. Of the 6 member company groups transferring more vehicles, 1 member company group accounted for 66% of the total transfer increases for these “grower” members.

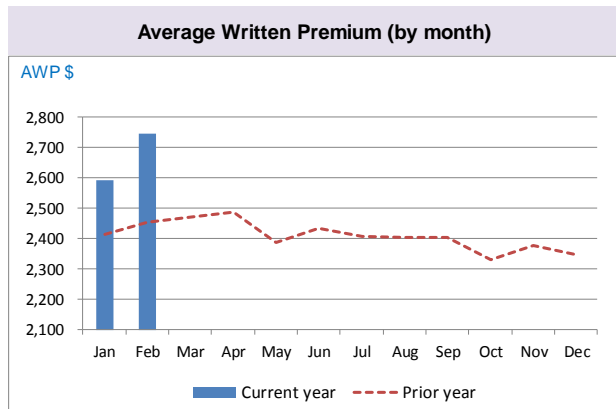


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

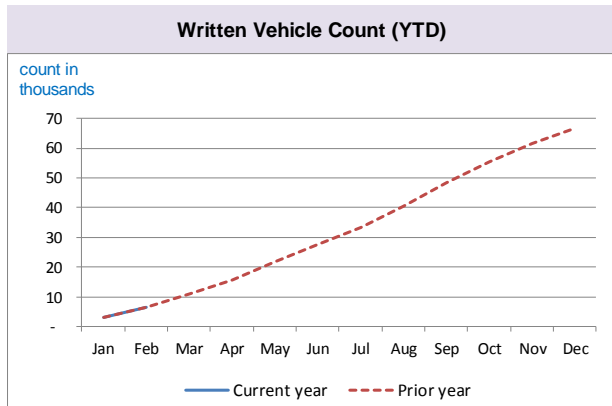
February’s vehicle count transfers to the pool represent a 0.2% increase from February 2017, and counts were up 0.6% year-to-date. Average written premium was up 11.8% in February 2018 compared with the same month in 2017, and up 9.7% year-to-date (see charts immediately below and at the top of the next page).



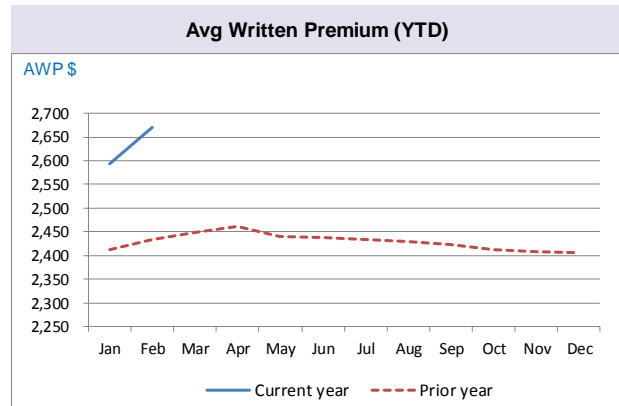
	Feb-18	Feb-17	Amt Chg	% Chg
W. Veh curr mth	3,274	3,267	7	0.2%



	Feb-18	Feb-17	Amt Chg	% Chg
AWP curr mth	2,745	2,455	290	11.8%

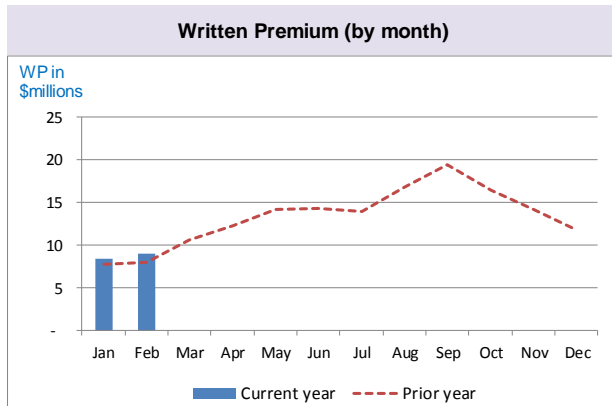


	Feb-18	Feb-17	Amt Chg	% Chg
W. Vehicles YTD	6,504	6,465	39	0.6%

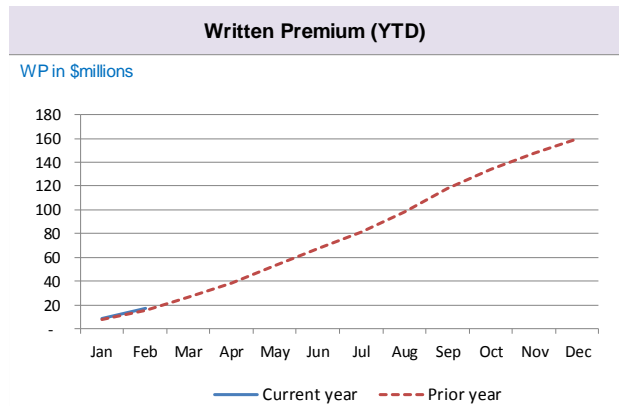


	Feb-18	Feb-17	Amt Chg	% Chg
Avg W. Prem YTD	2,670	2,434	236	9.7%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 12.0% for the month compared with the 35.4% increase we projected last month, and was up 10.3% year-to-date (see charts immediately below).

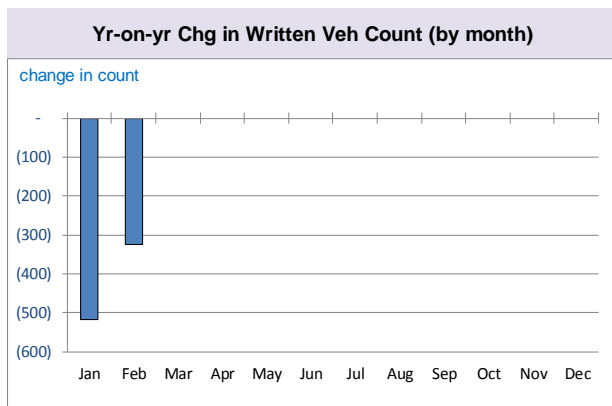


	Feb-18	Feb-17	Amt Chg	% Chg
WP (\$000s) curr mth	8,986	8,020	966	12.0%

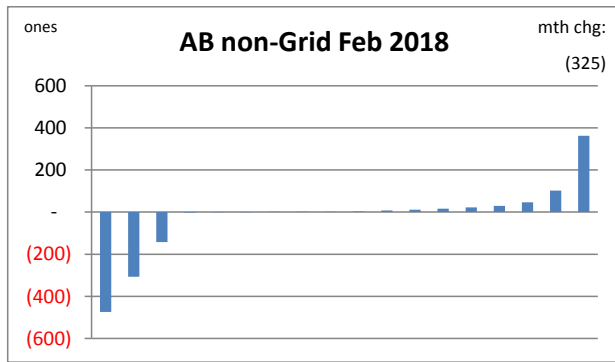


	Feb-18	Feb-17	Amt Chg	% Chg
WP (\$000s) YTD	17,365	15,737	1,628	10.3%

Alberta Non-Grid

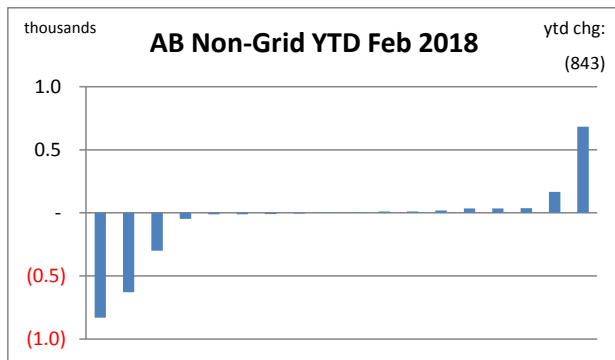


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with February showing a decrease of 325 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 313 vehicles, indicating a variance of 638 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 February than projected.



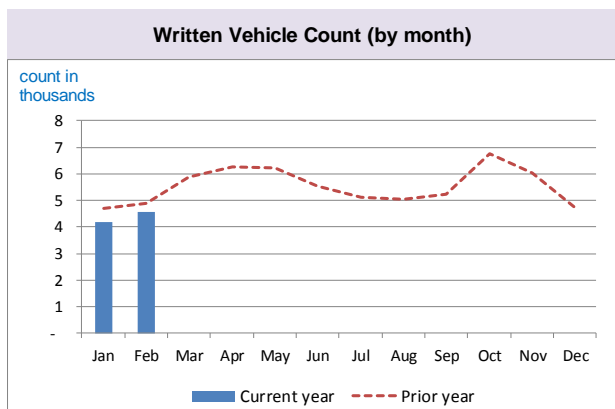
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Six member company groups transferred fewer vehicles to the pool this month compared to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

company groups accounted for 84% of the total transfer decrease for these “decliner” members. Of the 12 member company groups transferring more vehicles, 1 member company group accounted for 60% of the total transfers increase for these “grower” members.

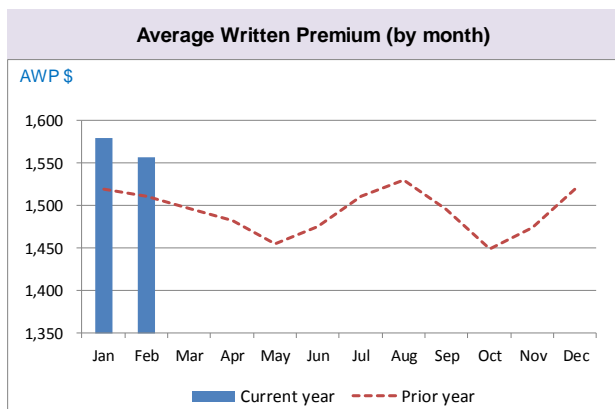


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

February’s vehicle count transfers to the pool represent a 6.7% decrease from February 2017, and counts were down 8.8% year-to-date. Average written premium was up 3.0% in February 2018 compared with the same month in 2017, and counts were up 3.5% year-to-date (see charts immediately below and at the top of the next page).



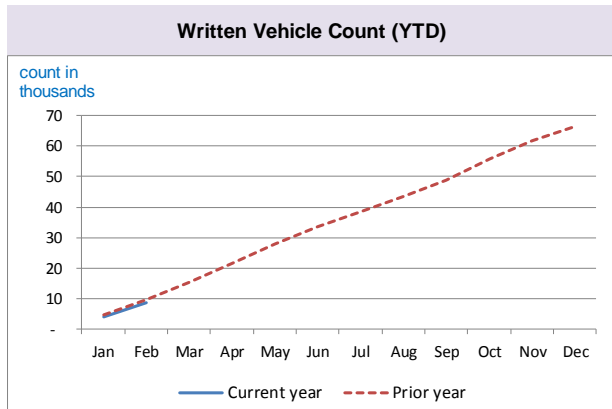
	Feb-18	Feb-17	Amt Chg	% Chg
W. Veh curr mth	4,552	4,877	(325)	-6.7%



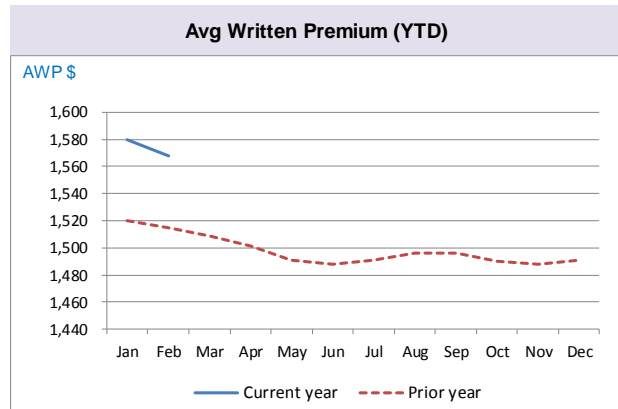
	Feb-18	Feb-17	Amt Chg	% Chg
AWP curr mth	1,557	1,511	46	3.0%

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Alberta Risk Sharing Pools – February 2018 Operational Reports

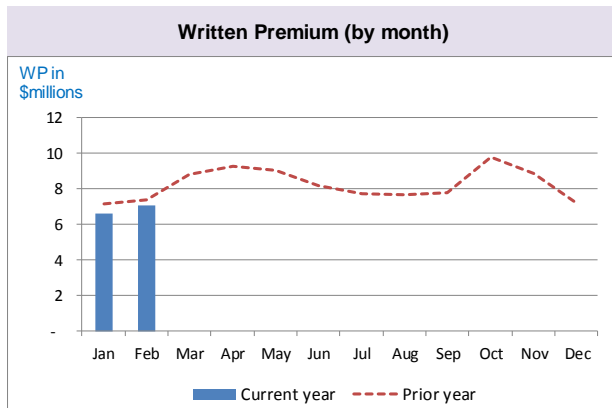


	Feb-18	Feb-17	Amt Chg	% Chg
W. Vehicles YTD	8,745	9,588	(843)	-8.8%

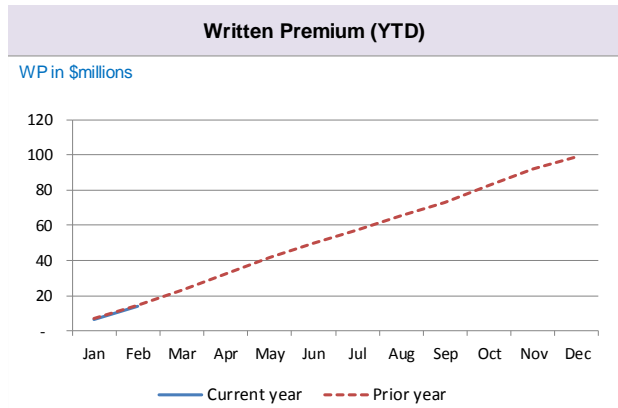


	Feb-18	Feb-17	Amt Chg	% Chg
Avg W. Prem YTD	1,568	1,515	53	3.5%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 3.8% for the month compared with the 3.5% increase we projected last month, and was down 5.6% year-to-date (see charts immediately below).



	Feb-18	Feb-17	Amt Chg	% Chg
WP (\$000s) curr mth	7,087	7,368	(281)	-3.8%



	Feb-18	Feb-17	Amt Chg	% Chg
WP (\$000s) YTD	13,714	14,530	(816)	-5.6%

Should you require any further information, please call Norm Seenev, 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 February 2018 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP February 2018 Operational Report - Actuarial Highlights](#)

SUMMARY OF OPERATIONS - CALENDAR YEAR 2018

Risk Sharing Pool - Alberta (Grid)

EXHIBIT 1

Operating Results for the 2 Months Ended February 28, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

	January	February	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
Underwriting Revenue:					
Net Premiums Written	\$8,379	\$8,986	\$17,365	\$176,510	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	8,424	865	(10,517)
Net Premiums Earned	\$13,590	\$12,199	\$25,789	\$177,375	\$149,448
Claims Incurred:					
Prior Accident Years:					
Undiscounted	(\$318)	(\$292)	(\$610)	(\$610)	\$21,037
Effect of Discounting	(68)	(629)	(\$697)	(5,228)	(14,503)
Discounted	(\$386)	(\$921)	(\$1,307)	(\$5,838)	\$6,534
Current Accident Year:					
Undiscounted	\$11,970	\$10,743	\$22,713	\$152,761	\$135,791
Effect of Discounting	740	544	\$1,284	6,428	5,930
Discounted	\$12,710	\$11,287	\$23,997	\$159,189	\$141,721
Claims Incurred	\$12,324	\$10,366	\$22,690	\$153,351	\$148,255
Underwriting Expenses:					
Expense Allowance	\$2,499	\$2,670	\$5,169	\$52,435	\$46,180
Change in UPDR/DPAC:					
Undiscounted	731	463	1,194	1,569	4,959
Effect of Discounting	(266)	(163)	(429)	42	(1,106)
Discounted	465	300	\$765	1,611	\$3,853
Underwriting Expenses	\$2,964	\$2,970	\$5,934	54,046	\$50,033
Net Underwriting Gain (Loss)	(\$1,698)	(\$1,137)	(\$2,835)	(\$30,022)	(\$48,840)
Administrative Expenses	\$70	\$97	\$167	\$1,146	\$979
Operating Result	(\$1,768)	(\$1,234)	(\$3,002)	(\$31,168)	(\$49,819)
Ratios:					
Claims & Expenses Incurred (Earned)					
Prior Accident Years	-2.8%	-7.5%	-5.1%	-3.3%	4.4%
Current Accident Year	93.5%	92.5%	93.1%	89.7%	94.8%
All Accident Years Combined (Earned)	90.7%	85.0%	88.0%	86.4%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	25.1%	23.7%	31.1%	34.1%
Combined Operating Ratio	113.0%	110.1%	111.7%	117.5%	133.3%

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 2018

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 2 Months Ended February 28, 2018 (Discounted basis)

EXHIBIT 2

Source: *Monthly Operational Report*

(thousands of dollars)

	January	February	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
Underwriting Revenue:					
Net Premiums Written	\$6,627	\$7,087	\$13,714	\$130,461	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	2,053	(15,271)	(2,088)
Net Premiums Earned	\$8,291	\$7,476	\$15,767	\$115,190	\$96,919
Claims Incurred:					
Prior Accident Years:					
Undiscounted	(\$129)	(\$107)	(\$236)	(\$236)	\$6,938
Effect of Discounting	(129)	(301)	(430)	(2,941)	(9,421)
Discounted	(\$258)	(\$408)	(\$666)	(\$3,177)	(\$2,483)
Current Accident Year:					
Undiscounted	\$8,890	\$8,011	\$16,901	\$122,088	\$109,961
Effect of Discounting	533	363	896	4,255	4,086
Discounted	\$9,423	\$8,374	\$17,797	\$126,343	\$114,047
Claims Incurred	\$9,165	\$7,966	\$17,131	\$123,166	\$111,564
Underwriting Expenses:					
Expense Allowance	\$1,971	\$2,105	\$4,076	\$38,751	\$28,599
Change in UPDR/DPAC:					
Undiscounted	(97)	(3)	(100)	2,661	3,745
Effect of Discounting	(101)	(22)	(123)	1,026	(918)
Discounted	(198)	(25)	(223)	3,687	\$2,827
Underwriting Expenses	\$1,773	\$2,080	\$3,853	\$42,438	\$31,426
Net Underwriting Gain (Loss)	(\$2,647)	(\$2,570)	(\$5,217)	(\$50,414)	(\$46,071)
Administrative Expenses	\$71	\$98	\$169	\$1,278	\$981
Operating Result	(\$2,718)	(\$2,668)	(\$5,386)	(\$51,692)	(\$47,052)
Ratios:					
Claims & Expenses Incurred (Earned)					
Prior Accident Years	-3.1%	-5.5%	-4.2%	-2.8%	-2.6%
Current Accident Year	113.7%	112.0%	112.9%	109.7%	117.7%
All Accident Years Combined	110.6%	106.5%	108.7%	106.9%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	29.1%	25.5%	38.0%	33.4%
Combined Operating Ratio	132.8%	135.6%	134.2%	144.9%	148.5%

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