

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 035**

**DATE: MAY 30, 2018**

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

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

Please be advised that the April 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 -\$25.5 million and the incurred loss ratio to the end of 4 months is 113.0%, as summarized in the table below.

<b>Amounts in \$000s</b>	<b>April 2018</b>	April 2017	<b>Year to date Apr 2018</b>	Year to Date Apr 2017
Premium Written	13,305	12,325	43,636	38,704
Premium Earned	13,282	12,027	52,809	47,636
Incurred Losses	12,090	10,301	59,655	50,169
Underwriting & Admin Expense	4,104	3,689	18,626	17,010
<b>Operating Result</b>	<b>(2,912)</b>	<b>(1,963)</b>	<b>(25,472)</b>	<b>(19,543)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(5.9%)</b>	<b>(4.2%)</b>	15.4%	13.6%
- Current Accident Year	96.9%	89.9%	97.6%	91.7%
<i>Total</i>	<b>91.0%</b>	<b>85.7%</b>	<b>113.0%</b>	<b>105.3%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>30.9%</b>	<b>30.7%</b>	<b>35.3%</b>	<b>35.7%</b>
<b>Combined Operating Ratio</b>	<b>121.9%</b>	<b>116.4%</b>	<b>148.3%</b>	<b>141.0%</b>

*rounding differences may occur*

These results are discussed in some detail in the “Current Month Results” section. For additional numeric detail, please refer to Exhibit 1 “Summary of Operations for Calendar Year 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 -\$54.5 million and the estimated combined operating ratio to December 2018 is 131.5%, as summarized in the table below. This updated projection to the end of the year has improved by \$0.8 million from the projection provided last month (-\$55.3 million and 131.4%). This improvement is driven by a \$3.4 million decrease in the projected written premium for the year, reflecting the written premium variance for the month of April.

<b>AB Grid RSP 2018 Yr-end Projection</b>	<b>Current</b>	Prior Mth		Final 2018
<b>Amounts in \$000s</b>	<b>(Apr 2018)</b>	(Mar 2018)	<b>Change</b>	Outlook*
Premium Written	172,165	175,587	(3,422)	189,665
Premium Earned	173,024	176,189	(3,165)	184,393
Incurred Losses	168,905	171,887	(2,982)	167,321
Underwriting & Admin Expense	58,613	59,628	(1,015)	59,423
<b>Net Result from Operations</b>	<b>(54,494)</b>	<b>(55,326)</b>	<b>832</b>	<b>(42,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	2.4%	2.5%	(0.1%)	(3.9%)
- Current Accident Year	95.2%	95.1%	0.1%	94.6%
<i>Total</i>	<b>97.6%</b>	<b>97.6%</b>	<b>0.0%</b>	<b>90.7%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>33.9%</b>	<b>33.8%</b>	<b>0.1%</b>	<b>32.2%</b>
<b>Combined Operating Ratio</b>	<b>131.5%</b>	<b>131.4%</b>	<b>0.1%</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 -\$2.9 million Operating Result in the month of April 2018, a deterioration of \$0.9 million compared with the same month last year. This deterioration is composed of an estimated \$0.2 million unfavourable impact associated with the \$1.3 million increase in earned premium (at a combined ratio of 116.4%), with the remaining \$0.7 million deterioration stemming from the overall increase in the combined ratio (from 116.4% to 121.9% applied to \$13.3 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 157.0% at the end of 3 months to 148.3% at the end of 4 months. The 8.7 percentage point decrease is composed of a 7.1 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 1.4 percentage point decrease in the expense ratio.

**Bulletin F18-035**  
**Alberta Risk Sharing Pools – April 2018 Operational Reports**

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*Variances from Projections*

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

<b>April 2018</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	13,305	16,726	(3,421)	(20.5%)
Earned Premium	13,282	13,933	(651)	(4.7%)
Reported Losses				
Paid Losses	10,233	10,449	(216)	(2.1%)
Paid Expenses	329	874	(545)	(62.4%)
Change in Outstanding Losses	646	(599)	1,245	(207.8%)
<b>Total Reported Losses</b>	<b>11,208</b>	<b>10,724</b>	<b>484</b>	<b>4.5%</b>
Change in IBNR Provision*	882	1,948	(1,066)	
Change in Premium Deficiency (DPAC)*	66	(20)	86	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Grid RSP April 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 April 2018, reported losses were \$0.5 million higher than projected. The Current Accident Year reported an unfavourable variance of \$0.4 million, and the Prior Accident Years reported an unfavourable variance of \$0.1 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 April 2018 Operational Report – Actuarial Highlights.](#)**Effect of Quarterly Valuation**

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

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

The calendar year-to-date Operating Result is -\$8.4 million and the incurred loss ratio to the end of 4 months is 90.4%, as summarized in the table below.

Amounts in \$000s	April 2018	April 2017	Year to date Apr 2018	Year to Date Apr 2017
Premium Written	9,819	9,262	32,141	32,609
Premium Earned	8,148	8,071	32,253	32,085
Incurred Losses	8,961	8,351	29,152	30,253
Underwriting & Admin Expense	3,320	2,961	11,520	11,889
<b>Operating Result</b>	<b>(4,133)</b>	<b>(3,241)</b>	<b>(8,419)</b>	<b>(10,057)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(3.6%)</b>	<b>(5.5%)</b>	<b>(24.3%)</b>	<b>(16.3%)</b>
- Current Accident Year	113.5%	108.9%	114.7%	110.6%
<i>Total</i>	<b>109.9%</b>	<b>103.4%</b>	<b>90.4%</b>	<b>94.3%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>40.7%</b>	<b>36.7%</b>	<b>35.7%</b>	<b>37.1%</b>
<i>Combined Operating Ratio</i>	<b>150.6%</b>	<b>140.1%</b>	<b>126.1%</b>	<b>131.4%</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 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 -\$48.6 million and the estimated combined operating ratio to December 2018 is 143.5%, as summarized in the table at the top of the next page. This updated projection to the end of the year has improved by \$2.1 million from the projection provided last month (-\$50.7 million and 143.8%). This improvement is driven by a \$4.8 million decrease in the projected written premium for the year, reflecting the written premium variance for the month of April.

<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>(Apr 2018)</b>	(Mar 2018)		Outlook*
Premium Written	126,301	131,143	(4,842)	101,307
Premium Earned	112,038	115,648	(3,610)	97,354
Incurred Losses	116,669	120,707	(4,038)	107,678
Underwriting & Admin Expense	43,976	45,669	(1,693)	33,362
<b>Net Result from Operations</b>	<b>(48,607)</b>	<b>(50,728)</b>	<b>2,121</b>	<b>(43,686)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(8.7%)	(8.5%)	(0.2%)	(4.5%)
- Current Accident Year	112.9%	112.8%	0.1%	115.1%
<i>Total</i>	<b>104.2%</b>	<b>104.3%</b>	<b>(0.1%)</b>	<b>110.6%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>39.3%</b>	<b>39.5%</b>	<b>(0.2%)</b>	<b>34.3%</b>
<i>Combined Operating Ratio</i>	<b>143.5%</b>	<b>143.8%</b>	<b>(0.3%)</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 -\$4.1 million Operating Result in the month of April 2018, a deterioration of \$0.9 million from the same month last year. This deterioration mainly stems from the overall increase in the combined ratio (from 140.1% to 150.6% applied to \$8.1 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 117.8% at the end of 3 months to 126.1% at the end of 4 months. The 8.3 percentage point increase is composed of a 7.0 percentage point increase in the Prior Accident Years loss ratio, and a 1.7 percentage point increase in the expense ratio, offset by a 0.4 percentage point decrease in the Current Accident Year loss ratio.

### Variances from Projections

The table at the top of the next page provides a summary of key components of the operating results as compared to the estimates projected last month.

April 2018	Actual	Projection	Difference	Difference %
Written Premium	9,819	14,661	(4,842)	(33.0%)
Earned Premium	8,148	8,630	(482)	(5.6%)
Reported Losses				
Paid Losses	6,643	7,141	(498)	(7.0%)
Paid Expenses	220	430	(210)	(48.8%)
Change in Outstanding Losses	817	(663)	1,480	(223.2%)
<b>Total Reported Losses</b>	<b>7,680</b>	<b>6,908</b>	<b>772</b>	<b>11.2%</b>
Change in IBNR Provision*	1,281	2,570	(1,289)	
Change in Premium Deficiency (DPAC)*	320	1,019	(699)	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Non-Grid RSP April 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 April 2018, reported losses were \$0.8 million higher than projected. The Current Accident Year had a \$0.4 million unfavourable variance in reported losses, and the Prior Accident Years had a \$0.4 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 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

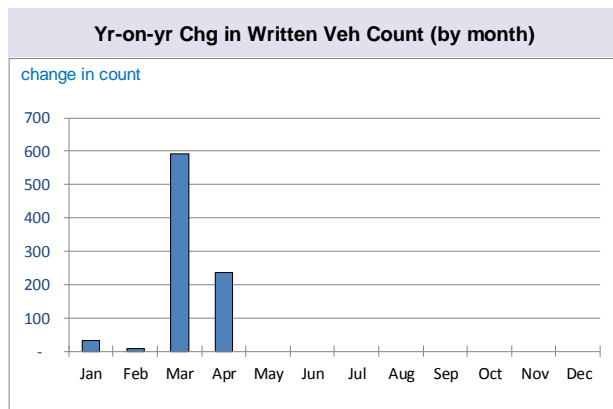
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

### Effect of Quarterly Valuation

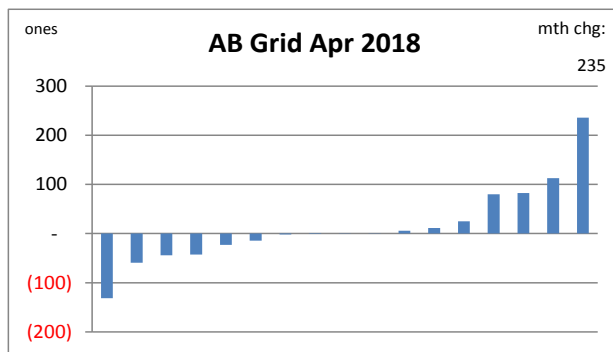
The April 2018 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at December 31, 2017). The actuarial valuation will be updated next as at March 31, 2018 and we anticipate that the results will be reflected in the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

### Management Comments

#### Alberta Grid

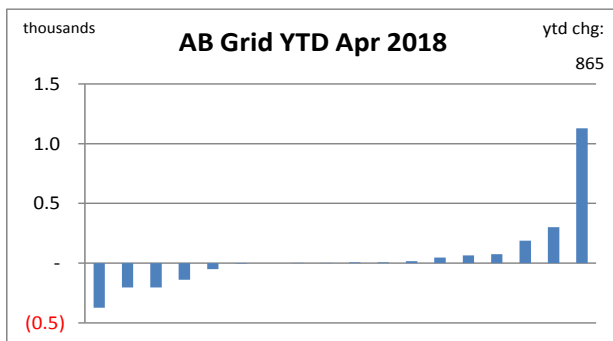


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with April showing an increase of 235 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,469 vehicles, indicating a variance of 1,234 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 April than projected.

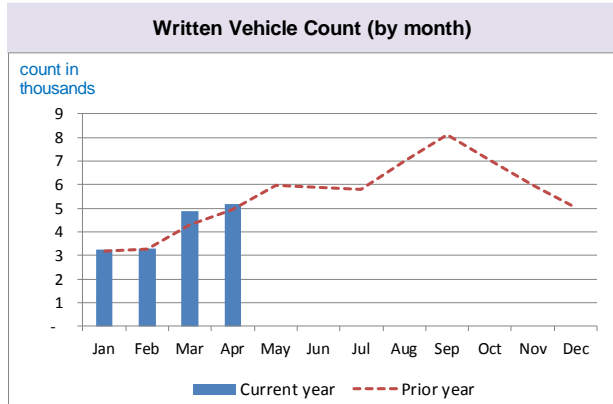


The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Nine member company groups transferred fewer vehicles to the pool this month compared with a year ago, while eight transferred more. Of the 9 member company groups transferring fewer vehicles, 1 member company group accounted for 41% of the total transfer decrease for these “decliner” members.

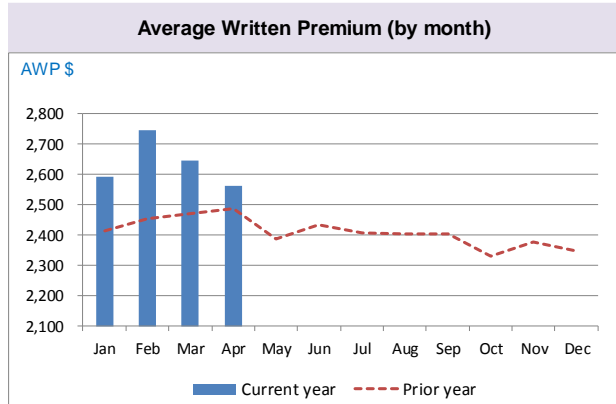
Of the 8 member company groups transferring more vehicles, 1 member company group accounted for 43% of the total transfer increases for these “grower” members.



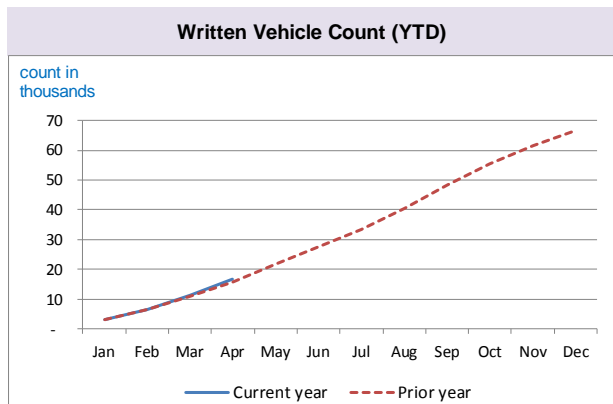
April’s vehicle count transfers to the pool represent a 4.7% increase from April 2017, and counts were up 5.5% year-to-date. Average written premium was up 3.1% in April 2018 compared with the same month in 2017, and up 6.9% year-to-date (see charts immediately below).



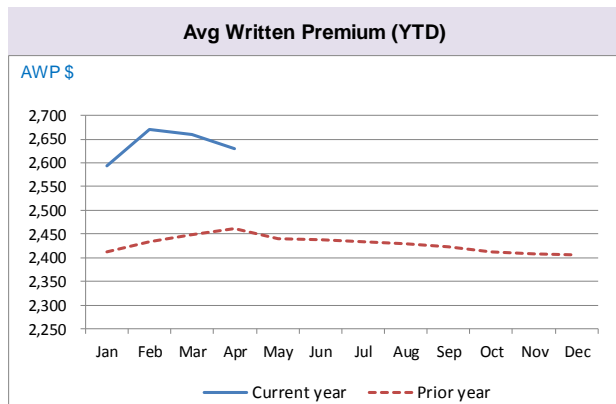
	Apr-18	Apr-17	Amt Chg	% Chg
W. Veh curr mth	5,191	4,956	235	4.7%



	Apr-18	Apr-17	Amt Chg	% Chg
AWP curr mth	2,563	2,487	76	3.1%



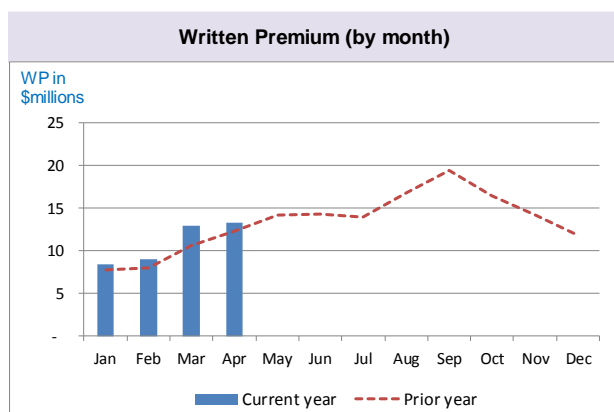
	Apr-18	Apr-17	Amt Chg	% Chg
W. Vehicles YTD	16,595	15,729	865	5.5%



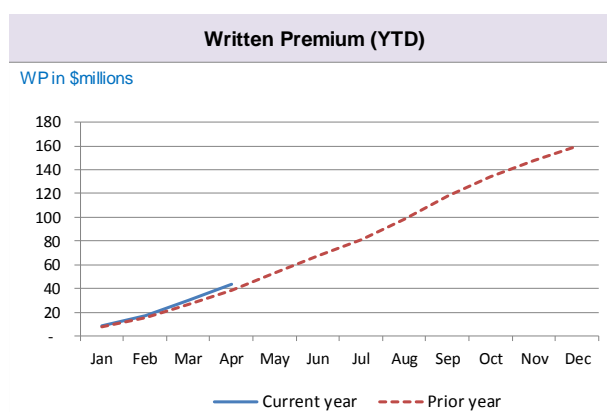
	Apr-18	Apr-17	Amt Chg	% Chg
Avg W. Prem YTD	2,630	2,461	169	6.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 8.0% for the month compared with the 35.7% increase we projected last month, and was up 12.7% year-to-date (see charts at the top of the next page).





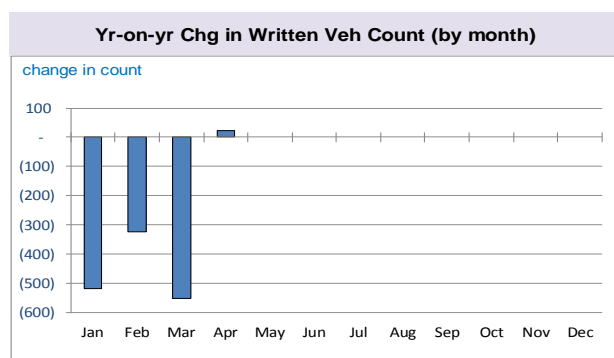
	Apr-18	Apr-17	Amt Chg	% Chg
WP (\$000s) curr mth	13,305	12,325	980	8.0%



	Apr-18	Apr-17	Amt Chg	% Chg
WP (\$000s) YTD	43,636	38,704	4,932	12.7%

### Alberta Non-Grid

For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents member groups from exceeding their transfer limits during a calendar year. However, member groups can transfer their entire limit for a given year at any time throughout the year including, for example, the last day of that year. **Our current projection has the 2018 vehicle count up 28.1% from 2017**, being 3.1% of the 2.6 million 2016 industry private passenger vehicle count including farmers that were not Grid-rated<sup>1</sup>. 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<sup>2</sup>.

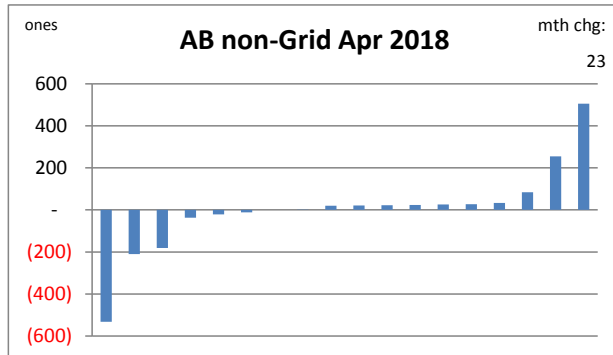


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with April showing an increase of 23 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 3,538 vehicles, indicating a variance of 3,515 vehicles from the actual transfers. This

<sup>1</sup>As we don't have an industry count yet for the 2017 accident year, we continue to use the 2016 count as a proxy for 2017. The December 31, 2017 Industry AIX loss development data showed that individually-rated private passenger written vehicle counts in Alberta at 2,724,129 for accident year 2017, up 18,193 or 0.7% from accident year 2016. Grid-rated counts are not available in this data set.

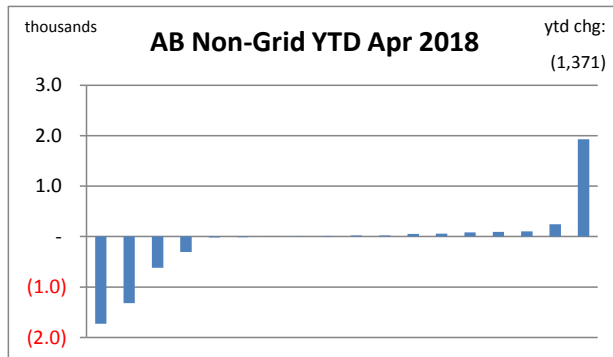
<sup>2</sup>At 4% of Non-Grid risks, the AB Non-Grid RSP limit represents approximately 104 thousand vehicles or 19 thousand more than currently projected for 2018. Assuming an average written premium of \$1,550 (the current projection for 2018), the premium at the 4% limit transfer would be approximately \$161 million, or \$29 million more than we are currently projecting. In the unlikely event that the full transfer was to take place, and generating an operating loss of 52 cents per dollar of premium, the additional \$29 million in premium would generate an additional \$15 million in operating loss for sharing.

variance was mainly due to two member company groups transferring a lower number of vehicles to the pool in April than projected.



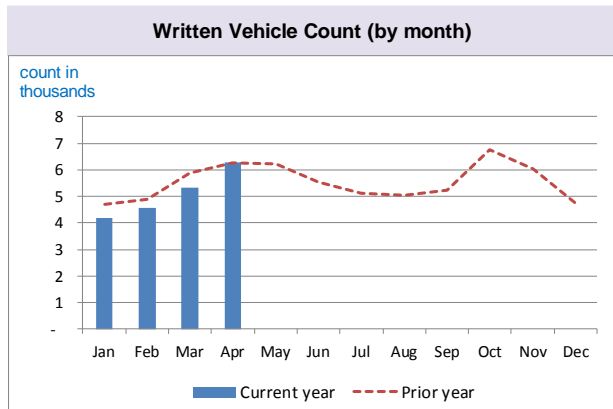
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Six member company groups transferred fewer vehicles to the pool this month compared to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

fewer vehicles, 1 member company group accounted for 54% of the total transfer decrease for these “decliner” members. Of the 11 member company groups transferring more vehicles, 2 member company groups accounted for 75% of the total transfers increase for these “grower” members.

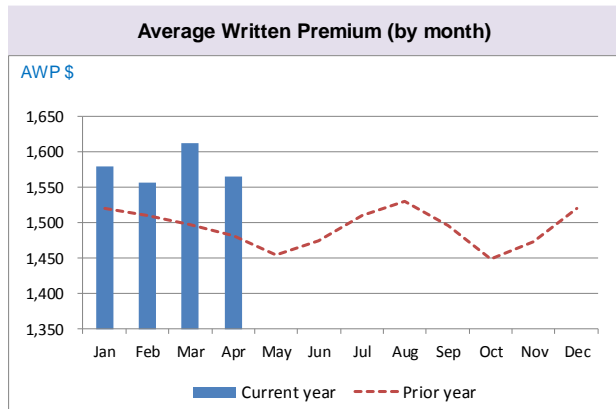


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

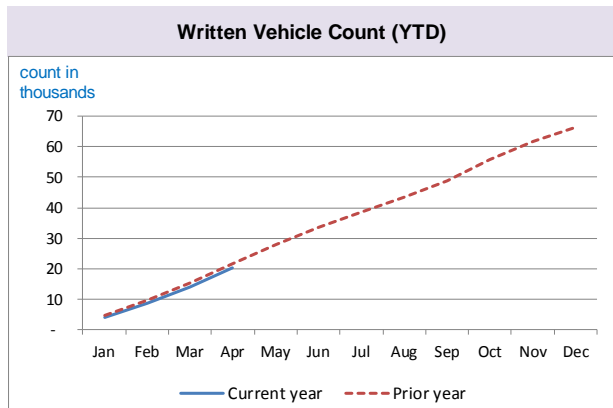
April’s vehicle count transfers to the pool represent a 0.4% increase from April 2017, but counts were down 6.3% year-to-date. Average written premium was up 5.7% in April 2018 compared with the same month in 2017, and counts were up 5.2% year-to-date (see charts at the top of the next page).



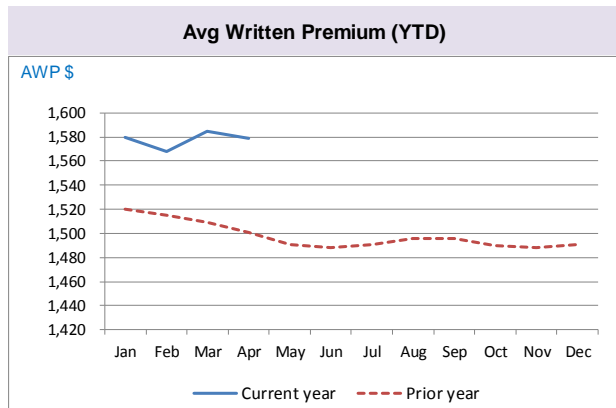
	Apr-18	Apr-17	Amt Chg	% Chg
W. Veh curr mth	6,272	6,248	23	0.4%



	Apr-18	Apr-17	Amt Chg	% Chg
AWP curr mth	1,566	1,482	84	5.7%

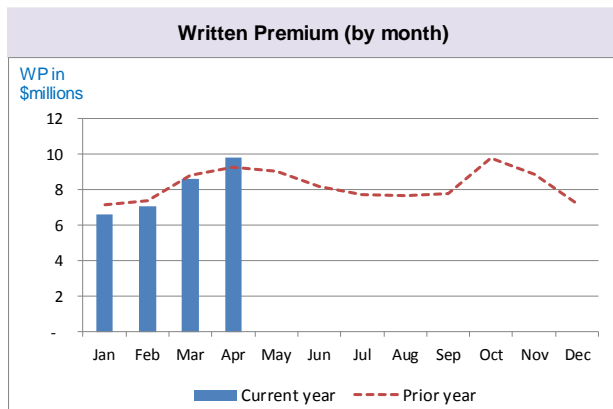


	Apr-18	Apr-17	Amt Chg	% Chg
W. Vehicles YTD	20,354	21,725	(1,371)	-6.3%

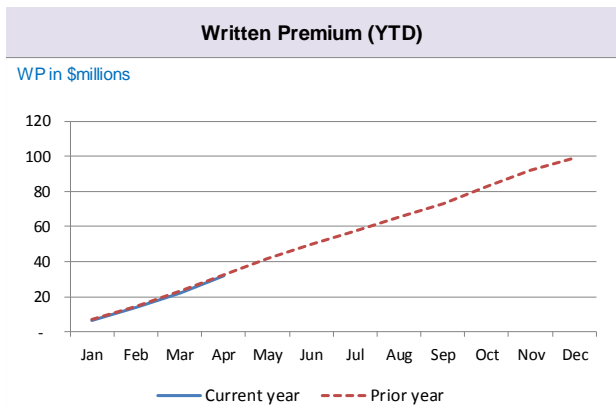


	Apr-18	Apr-17	Amt Chg	% Chg
Avg W. Prem YTD	1,579	1,501	78	5.2%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 6.0% for the month compared with the 58.3% increase we projected last month, but was down 1.4% year-to-date (see charts immediately below).



	Apr-18	Apr-17	Amt Chg	% Chg
WP (\$000s) curr mth	9,819	9,262	558	6.0%



	Apr-18	Apr-17	Amt Chg	% Chg
WP (\$000s) YTD	32,141	32,609	(468)	-1.4%

**Bulletin F18-035**

**Alberta Risk Sharing Pools – April 2018 Operational Reports**

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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 April 2018 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2018**

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 4 Months Ended April 30, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
<b>Underwriting Revenue:</b>							
Net Premiums Written	\$8,379	\$8,986	\$12,966	\$13,305	\$43,636	\$172,165	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	772	(23)	9,173	859	(10,517)
<b>Net Premiums Earned</b>	<b>\$13,590</b>	<b>\$12,199</b>	<b>\$13,738</b>	<b>\$13,282</b>	<b>\$52,809</b>	<b>\$173,024</b>	<b>\$149,448</b>
<b>Claims Incurred:</b>							
Prior Accident Years:							
Undiscounted	(\$318)	(\$292)	\$8,574	(\$276)	\$7,688	\$7,688	\$21,037
Effect of Discounting	(68)	(629)	1,625	(502)	\$426	(3,558)	(14,503)
Discounted	(\$386)	(\$921)	\$10,199	(\$778)	\$8,114	\$4,130	\$6,534
Current Accident Year:							
Undiscounted	\$11,970	\$10,743	\$13,963	\$12,317	\$48,993	\$158,014	\$135,791
Effect of Discounting	740	544	713	551	\$2,548	6,761	5,930
Discounted	\$12,710	\$11,287	\$14,676	\$12,868	\$51,541	\$164,775	\$141,721
<b>Claims Incurred</b>	<b>\$12,324</b>	<b>\$10,366</b>	<b>\$24,875</b>	<b>\$12,090</b>	<b>\$59,655</b>	<b>\$168,905</b>	<b>\$148,255</b>
<b>Underwriting Expenses:</b>							
Expense Allowance	\$2,499	\$2,670	\$3,853	\$3,956	\$12,978	\$51,150	\$46,180
Change in UPDR/DPAC:							
Undiscounted	731	463	4,181	61	5,436	5,918	4,959
Effect of Discounting	(266)	(163)	286	5	(138)	393	(1,106)
Discounted	465	300	4,467	66	\$5,298	6,311	\$3,853
<b>Underwriting Expenses</b>	<b>\$2,964</b>	<b>\$2,970</b>	<b>\$8,320</b>	<b>\$4,022</b>	<b>\$18,276</b>	<b>57,461</b>	<b>\$50,033</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$1,698)</b>	<b>(\$1,137)</b>	<b>(\$19,457)</b>	<b>(\$2,830)</b>	<b>(\$25,122)</b>	<b>(\$53,342)</b>	<b>(\$48,840)</b>
<b>Administrative Expenses</b>	<b>\$70</b>	<b>\$97</b>	<b>\$101</b>	<b>\$82</b>	<b>\$350</b>	<b>\$1,152</b>	<b>\$979</b>
<b>Operating Result</b>	<b>(\$1,768)</b>	<b>(\$1,234)</b>	<b>(\$19,558)</b>	<b>(\$2,912)</b>	<b>(\$25,472)</b>	<b>(\$54,494)</b>	<b>(\$49,819)</b>
<b>Ratios:</b>							
<b>Claims &amp; Expenses Incurred (Earned)</b>							
Prior Accident Years	-2.8%	-7.5%	74.2%	-5.9%	15.4%	2.4%	4.4%
Current Accident Year	93.5%	92.5%	106.8%	96.9%	97.6%	95.2%	94.8%
All Accident Years Combined (Earned)	90.7%	85.0%	181.0%	91.0%	113.0%	97.6%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	25.1%	61.3%	30.9%	35.3%	33.9%	34.1%
<b>Combined Operating Ratio</b>	<b>113.0%</b>	<b>110.1%</b>	<b>242.3%</b>	<b>121.9%</b>	<b>148.3%</b>	<b>131.5%</b>	<b>133.3%</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 2018

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 4 Months Ended April 30, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	CY2018 YTD	CY2018 12 MONTHS Updated Projection	CY2017 12 MONTHS Actual
<b>Underwriting Revenue:</b>							
Net Premiums Written	\$6,627	\$7,087	\$8,608	\$9,819	\$32,141	\$126,301	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	(270)	(1,671)	112	(14,263)	(2,088)
<b>Net Premiums Earned</b>	<b>\$8,291</b>	<b>\$7,476</b>	<b>\$8,338</b>	<b>\$8,148</b>	<b>\$32,253</b>	<b>\$112,038</b>	<b>\$96,919</b>
<b>Claims Incurred:</b>							
Prior Accident Years:							
Undiscounted	(\$129)	(\$107)	(\$6,428)	(\$45)	(\$6,709)	(\$6,709)	\$6,938
Effect of Discounting	(129)	(301)	(452)	(245)	(1,127)	(3,091)	(9,421)
Discounted	(\$258)	(\$408)	(\$6,880)	(\$290)	(\$7,836)	(\$9,800)	(\$2,483)
Current Accident Year:							
Undiscounted	\$8,890	\$8,011	\$9,540	\$8,884	\$35,325	\$121,889	\$109,961
Effect of Discounting	533	363	400	367	1,663	4,580	4,086
Discounted	\$9,423	\$8,374	\$9,940	\$9,251	\$36,988	\$126,469	\$114,047
<b>Claims Incurred</b>	<b>\$9,165</b>	<b>\$7,966</b>	<b>\$3,060</b>	<b>\$8,961</b>	<b>\$29,152</b>	<b>\$116,669</b>	<b>\$111,564</b>
<b>Underwriting Expenses:</b>							
Expense Allowance	\$1,971	\$2,105	\$2,557	\$2,917	\$9,550	\$37,516	\$28,599
Change in UPDR/DPAC:							
Undiscounted	(97)	(3)	1,358	210	1,468	4,054	3,745
Effect of Discounting	(101)	(22)	157	110	144	1,135	(918)
Discounted	(198)	(25)	1,515	320	1,612	5,189	\$2,827
<b>Underwriting Expenses</b>	<b>\$1,773</b>	<b>\$2,080</b>	<b>\$4,072</b>	<b>\$3,237</b>	<b>\$11,162</b>	<b>\$42,705</b>	<b>\$31,426</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$2,647)</b>	<b>(\$2,570)</b>	<b>\$1,206</b>	<b>(\$4,050)</b>	<b>(\$8,061)</b>	<b>(\$47,336)</b>	<b>(\$46,071)</b>
<b>Administrative Expenses</b>	<b>\$71</b>	<b>\$98</b>	<b>\$106</b>	<b>\$83</b>	<b>\$358</b>	<b>\$1,271</b>	<b>\$981</b>
<b>Operating Result</b>	<b>(\$2,718)</b>	<b>(\$2,668)</b>	<b>\$1,100</b>	<b>(\$4,133)</b>	<b>(\$8,419)</b>	<b>(\$48,607)</b>	<b>(\$47,052)</b>
<b>Ratios:</b>							
<b>Claims &amp; Expenses Incurred (Earned)</b>							
Prior Accident Years	-3.1%	-5.5%	-82.5%	-3.6%	-24.3%	-8.7%	-2.6%
Current Accident Year	113.7%	112.0%	119.2%	113.5%	114.7%	112.9%	117.7%
All Accident Years Combined	110.6%	106.5%	36.7%	109.9%	90.4%	104.2%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	29.1%	50.1%	40.7%	35.7%	39.3%	33.4%
<b>Combined Operating Ratio</b>	<b>132.8%</b>	<b>135.6%</b>	<b>86.8%</b>	<b>150.6%</b>	<b>126.1%</b>	<b>143.5%</b>	<b>148.5%</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