

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 044**

**DATE: JUNE 28, 2018**

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

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

Please be advised that the May 2018 Alberta Risk Sharing Pools Operational Reports are now available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

## **New This Month**

### *Annual Update of Member Sharing Ratios*

The May 2018 Operational Reports reflect the annual update of member sharing ratios for Accident Years 2016, 2017, 2018 and 2019. Please refer to Bulletin [F18-049](#) for additional information.

### *Valuation*

Valuations of the Alberta Grid Risk Sharing Pool (“RSP”) and Non-Grid RSP as at March 31, 2018 have been completed since last month’s Operational Reports and the results of these valuations have been incorporated into this month’s Operational Reports. The valuations were completed by the Facility Association’s internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

For the **Alberta Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$2.1 million favourable** impact on the month’s net result from operations, subtracting an estimated 3.2 points from the year-to-date Combined Operating Ratio (ending at 139.2%). The impact is summarized in the tables at the top of the next page<sup>1</sup>.

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<sup>1</sup>In the tables, “ults & payout patterns” refers to the impacts associated with changes in selected ultimates and updated cashflows of claims payments; “dsct rate” refers to the impact of changes in the selected discount rate applied to projected cashflows; and “apv adj.” refers to “actuarial present value adjustments”.

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### Alberta Risk Sharing Pools – May 2018 Operational Reports

AB Grid	unfav / (fav) for the month and ytd						ytd EP 67,137 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	(1,783)	(215)	(1,998)	(1,211)	-	(3,209)	(2.7%)	(0.3%)	(3.0%)	(1.8%)	-	(4.8%)
CAY	817	55	872	(263)	-	609	1.2%	0.1%	1.3%	(0.4%)	-	0.9%
Prem Def	809	(24)	785	(330)	-	455	1.2%	-	1.2%	(0.5%)	-	0.7%
<b>TOTAL</b>	<b>(157)</b>	<b>(184)</b>	<b>(341)</b>	<b>(1,804)</b>	<b>-</b>	<b>(2,145)</b>	<b>(0.2%)</b>	<b>(0.3%)</b>	<b>(0.5%)</b>	<b>(2.7%)</b>	<b>-</b>	<b>(3.2%)</b>

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a favourable impact of \$0.3 million – see column [3] in the left table above), augmented by the impact due to a 17 basis point increase in the selected discount rate (from 1.75% to 1.92%, generating a \$1.8 million favourable impact – see column [4] in the left table above). There was no change in the margin for adverse deviation in investment yield (remains at 25 basis points), and no change in the margins for adverse deviation for claims development as selected at the coverage / accident year level (hence generating no impact – see column [5] in the left table above).

Management has observed unfavourable *total* valuation impacts over the last 12 valuation implementations for the Alberta Grid RSP, with only 3 of 12 valuation implementations being favourable over that period, as shown in the table below (summarizing the same information as provided in the left table above as relates to the most recent 12 valuation implementations). Nominal estimate updates (column [1]) drive the overall impacts. It should be noted that the impacts in column [3] are largely outside of the control of FA (as being related to macroeconomic factors).

RSP: Alberta Grid, as at: 2018 Q1		unfavourable / (favourable) Valuation Implementation Impact (\$000s)					\$000s		
Valuation	period implemented	updated LRs & exp	APVs @ prior assumptions	updated dsct rate	updated margins	Total Impact	Booked Policy Liabilities	Total Impact as % Book Liabs	Nominal Impact as % Book Liabs
		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
						= sum([1] to [5])		= [5] / [6]	= [1] / [6]
2015 Q2	Aug 2015	(2,405)	1,964	(2,317)	(1,433)	(4,191)	329,238	(1.3%)	(0.7%)
2015 Q3	Oct 2015	3,402	315	1,683	-	5,400	333,060	1.6%	1.0%
2015 Q4	Mar 2016	20,151	2,474	524	-	23,149	328,237	7.1%	6.1%
2016 Q1	May 2016	17,793	1,778	509	-	20,080	349,340	5.7%	5.1%
2016 Q2	Aug 2016	11,942	1,410	556	(820)	13,088	372,965	3.5%	3.2%
2016 Q3	Oct 2016	4,867	406	603	-	5,876	384,652	1.5%	1.3%
2016 Q4	Mar 2017	19,370	2,700	(5,507)	-	16,563	383,713	4.3%	5.0%
2017 Q1	May 2017	7,217	455	934	-	8,606	395,177	2.2%	1.8%
2017 Q2	Aug 2017	10,704	914	(2,369)	(941)	8,308	410,268	2.0%	2.6%
2017 Q3	Oct 2017	(1,685)	119	(6,466)	-	(8,032)	412,971	(1.9%)	(0.4%)
2017 Q4	Mar 2018	14,787	2,697	26	-	17,510	419,351	4.2%	3.5%
2018 Q1	May 2018	(157)	(184)	(1,804)	-	(2,145)	419,196	(0.5%)	-
12-qtrs		105,986	15,048	(13,628)	(3,194)	104,212			
% of total		101.7%	14.4%	(13.1%)	(3.1%)	100.0%			
Averages									
12-qtrs		8,832	1,254	(1,136)	(266)	8,684	378,181	2.3%	2.3%
2015 Q2 to 2017 Q1		10,292	1,438	(377)	(282)	11,071	359,548	3.1%	2.9%
2017 Q2 to 2018 Q1		5,912	887	(2,653)	(235)	3,910	415,447	0.9%	1.4%

The FA valuation approach is focused on providing best estimates on a nominal basis, and we expect this to manifest itself as a close-to-zero 12-quarter impact for column [1] in the table at the bottom of the previous page. While this objective has not been met, we are encouraged that the average impact over the most recent 4 valuations has been much smaller than the earliest 8 valuations shown. Further, the nominal impacts, as a percentage of booked policy liabilities, should ideally be small (less than 2.5%) – this percentage is provided in column [8] above, showing 6 of the 12 valuation implementations above indicate an impact greater than 2.5%, but the overall average impact at 2.3% being (slightly) below the 2.5% level. Finally, potential “bias” in the nominal impacts should be considered (per either column [1] or [8]). We generally anticipate approximately 1/3<sup>rd</sup> of nominal valuation impacts will be unfavourable, and 2/3<sup>rd</sup> will be favourable (due to the skewness of the development), and there seems to be evidence of improvement in this measure toward less bias.

In summary, we believe the nominal valuation impacts have been moving toward our target impacts (long term zero impact; individual valuation impact of no more than 2.5% of policy liabilities; no bias evident).

For the **Alberta Non-Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$3.2 million unfavourable** impact on the month’s net result from operations, adding an estimated 7.7 points to the year-to-date Combined Operating Ratio (ending at 139.2%). The impact is summarized in the tables immediately below.

AB Non-Grid	unfav / (fav) for the month and ytd						ytd EP 41,063 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ults & payout patterns			dsct rate		margins	ults & payout patterns			dsct rate		margins
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	1,818	68	1,886	(719)	-	1,167	4.4%	0.2%	4.6%	(1.8%)	-	2.8%
CAY	1,117	47	1,164	(139)	-	1,025	2.7%	0.1%	2.8%	(0.3%)	-	2.5%
Prem Def	1,223	(49)	1,174	(205)	-	969	3.0%	(0.1%)	2.9%	(0.5%)	-	2.4%
<b>TOTAL</b>	<b>4,158</b>	<b>66</b>	<b>4,224</b>	<b>(1,063)</b>	<b>-</b>	<b>3,161</b>	<b>10.1%</b>	<b>0.2%</b>	<b>10.3%</b>	<b>(2.6%)</b>	<b>-</b>	<b>7.7%</b>

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating an unfavourable impact of \$4.2 million – see column [3] in the left table above), partially offset by the impact due to a 17 basis point increase in the selected discount rate (from 1.76% to 1.93%, generating a \$1.1 million favourable impact – see column [4] in the left table above). There was no change in the margin for adverse deviation in investment yield (remains at 25 basis points), and no change in the margins for adverse deviation for claims development as selected at the coverage / accident year level (hence generating no impact – see column [5] in the left table above).

The valuation implementations related to the last 12 quarterly valuations are summarized in the table at the top of the next page, indicating an overall unfavourable result over those implementations. Only 4 of the 12 implementations over the period have been favourable. Nominal estimate updates (column [1]) drive the overall impacts. As previously noted, the impacts in column [3] are largely outside of the control of FA (as being related to macroeconomic factors).

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RSP: Alberta Non-Grid, as at: 2018 Q1		unfavourable / (favourable) Valuation Implementation Impact (\$000s)					\$000s		
Valuation	period implemented	updated LRs & exp	APVs @ prior assumptions	updated dsct rate	updated margins	Total Impact	Booked Policy Liabilities	Total Impact as % Book Liabs	Nominal Impact as % Book Liabs
		[1]	[2]	[3]	[4]	[5] = sum([1] to [5])	[6]	[7] = [5] / [6]	[8] = [1] / [6]
2015 Q2	Aug 2015	(4,412)	(455)	(1,631)	(597)	(7,095)	226,467	(3.1%)	(1.9%)
2015 Q3	Oct 2015	(2,686)	(124)	1,175	-	(1,635)	222,481	(0.7%)	(1.2%)
2015 Q4	Mar 2016	(980)	248	306	-	(426)	212,621	(0.2%)	(0.5%)
2016 Q1	May 2016	800	(49)	304	-	1,055	218,423	0.5%	0.4%
2016 Q2	Aug 2016	10,902	1,022	395	(493)	11,826	235,294	5.0%	4.6%
2016 Q3	Oct 2016	7,041	888	452	-	8,381	245,539	3.4%	2.9%
2016 Q4	Mar 2017	3,188	682	(3,361)	-	509	234,950	0.2%	1.4%
2017 Q1	May 2017	5,516	280	645	-	6,441	242,689	2.7%	2.3%
2017 Q2	Aug 2017	7,100	687	(1,376)	(550)	5,861	251,367	2.3%	2.8%
2017 Q3	Oct 2017	3,358	497	(3,737)	-	118	251,978	-	1.3%
2017 Q4	Mar 2018	(4,409)	69	-	-	(4,340)	247,518	(1.8%)	(1.8%)
2018 Q1	May 2018	4,158	66	(1,063)	-	3,161	263,797	1.2%	1.6%
12-qtrs	-	29,576	3,811	(7,891)	(1,640)	23,856			
% of total		124.0%	16.0%	(33.1%)	(6.9%)	100.0%			
Averages									
12-qtrs		2,465	318	(658)	(137)	1,988	237,760	0.8%	1.0%
2015 Q2 to 2017 Q1		2,421	312	(214)	(136)	2,382	229,808	1.0%	1.1%
2017 Q2 to 2018 Q1		2,552	330	(1,544)	(138)	1,200	253,665	0.5%	1.0%

As previously noted, the FA valuation approach is focused on providing best estimates on a nominal basis, and we expect this to manifest itself as a close-to-zero 12-quarter impact for column [1] in the table above. While this objective has not been met, we are encouraged that the average impact is relatively small. Further, the nominal impacts, as a percentage of booked policy liabilities, should ideally be small (less than 2.5%) – this percentage is provided in column [8] above, and shows only 3 of the 12 valuation implementations above indicate an impact greater than 2.5%, and the overall average impact at 1.0% is below the 2.5% level. Finally, potential “bias” in the nominal impacts should be considered (per either column [1] or [8]). We generally anticipate approximately 1/3<sup>rd</sup> of nominal valuation impacts will be unfavourable, and 2/3<sup>rd</sup> will be favourable (due to the skewness of the development), and there seems to evidence of bias by this measure (there are more unfavourable impacts than we would expect).

In summary, we believe the nominal valuation impacts are moving toward our target impacts (long term zero impact; individual valuation impact of no more than 2.5% of policy liabilities; no bias evident), although we have been challenged by bias in the results where there have tended to be more unfavourable impacts than we expect (recognizing that the valuation impacts have tended to be small).

Please see “Effect of Quarterly Valuation” sections for additional valuation result detail (page 8 for Grid and page 12 for Non-Grid).

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

The calendar year-to-date Operating Result is -\$26.3 million and the incurred loss ratio to the end of 5 months is 104.4%, as summarized in the table below.

<b>Amounts in \$000s</b>	<b>May 2018</b>	May 2017	<b>Year to date May 2018</b>	Year to Date May 2017
Premium Written	13,749	14,222	57,385	52,926
Premium Earned	14,328	12,255	67,137	59,891
Incurred Losses	10,424	17,249	70,079	67,418
Underwriting & Admin Expense	4,745	5,663	23,371	22,673
<b>Operating Result</b>	<b>(841)</b>	<b>(10,657)</b>	<b>(26,313)</b>	<b>(30,200)</b>
<i>Ratios:</i>				
<b>Loss ratio</b> - <i>Prior Accident Years</i>	<b>(24.6%)</b>	36.8%	6.8%	18.3%
- <i>Current Accident Year</i>	97.4%	103.9%	97.6%	94.2%
<i>Total</i>	<b>72.8%</b>	<b>140.7%</b>	<b>104.4%</b>	<b>112.5%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>33.1%</b>	<b>46.2%</b>	<b>34.8%</b>	<b>37.9%</b>
<i>Combined Operating Ratio</i>	<b>105.9%</b>	<b>186.9%</b>	<b>139.2%</b>	<b>150.4%</b>

*rounding differences may occur*

These results are discussed in some detail in the “Current Month Results” section. For additional numeric detail, please refer to Exhibit 1 “Summary of Operations for Calendar Year 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 -\$47.3 million and the estimated combined operating ratio to December 2018 is 128.9%, as summarized in the table at the top of the next page.

<b>AB Grid RSP 2018 Yr-end Projection</b> Amounts in \$000s	<b>Current</b> (May 2018)	Prior Mth (Apr 2018)	<b>Change</b>	Final 2018 Outlook*
Premium Written	152,048	172,165	(20,117)	189,665
Premium Earned	163,969	173,024	(9,055)	184,393
Incurred Losses	158,923	168,905	(9,982)	167,321
Underwriting & Admin Expense	52,328	58,613	(6,285)	59,423
<b>Net Result from Operations</b>	<b>(47,282)</b>	<b>(54,494)</b>	<b>7,212</b>	<b>(42,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	0.9%	2.4%	(1.5%)	(3.9%)
- Current Accident Year	96.1%	95.2%	0.9%	94.6%
<i>Total</i>	<b>97.0%</b>	<b>97.6%</b>	<b>(0.6%)</b>	<b>90.7%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>31.9%</b>	<b>33.9%</b>	<b>(2.0%)</b>	<b>32.2%</b>
<b>Combined Operating Ratio</b>	<b>128.9%</b>	<b>131.5%</b>	<b>(2.6%)</b>	<b>122.9%</b>

rounding differences may occur

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

This updated projection to the end of the year has improved by \$7.2 million from the projection provided last month (-\$54.5 million and 131.5%), partially due to the overall \$1.9 million favourable impact of the valuation as at March 31, 2018, as summarized in the table below (see more information under “Effect of Quarterly Valuation” on page 8). Remaining differences were driven by changes in projected premium volumes, and the associated impacts on claims and expense projections. In particular, there has been a \$20.1 million (11.7%) reduction in the projected written premium, with updated projections from a number of member companies, and the significant transfer reduction is the primary driver of the reduced net operating result projected for this RSP.

AB Grid	unfav / (fav) projected for full year						year EP 163,969 (projected this month)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYS	(1,783)	(185)	(1,968)	(1,011)	-	(2,979)	(1.1%)	(0.1%)	(1.2%)	(0.6%)	-	(1.8%)
CAY	1,979	85	2,064	(543)	-	1,521	1.2%	0.1%	1.3%	(0.3%)	-	0.9%
Prem Def	-	(70)	(70)	(322)	-	(392)	-	-	-	(0.2%)	-	(0.2%)
<b>TOTAL</b>	<b>196</b>	<b>(170)</b>	<b>26</b>	<b>(1,876)</b>	<b>-</b>	<b>(1,850)</b>	<b>0.1%</b>	<b>(0.1%)</b>	<b>-</b>	<b>(1.1%)</b>	<b>-</b>	<b>(1.1%)</b>

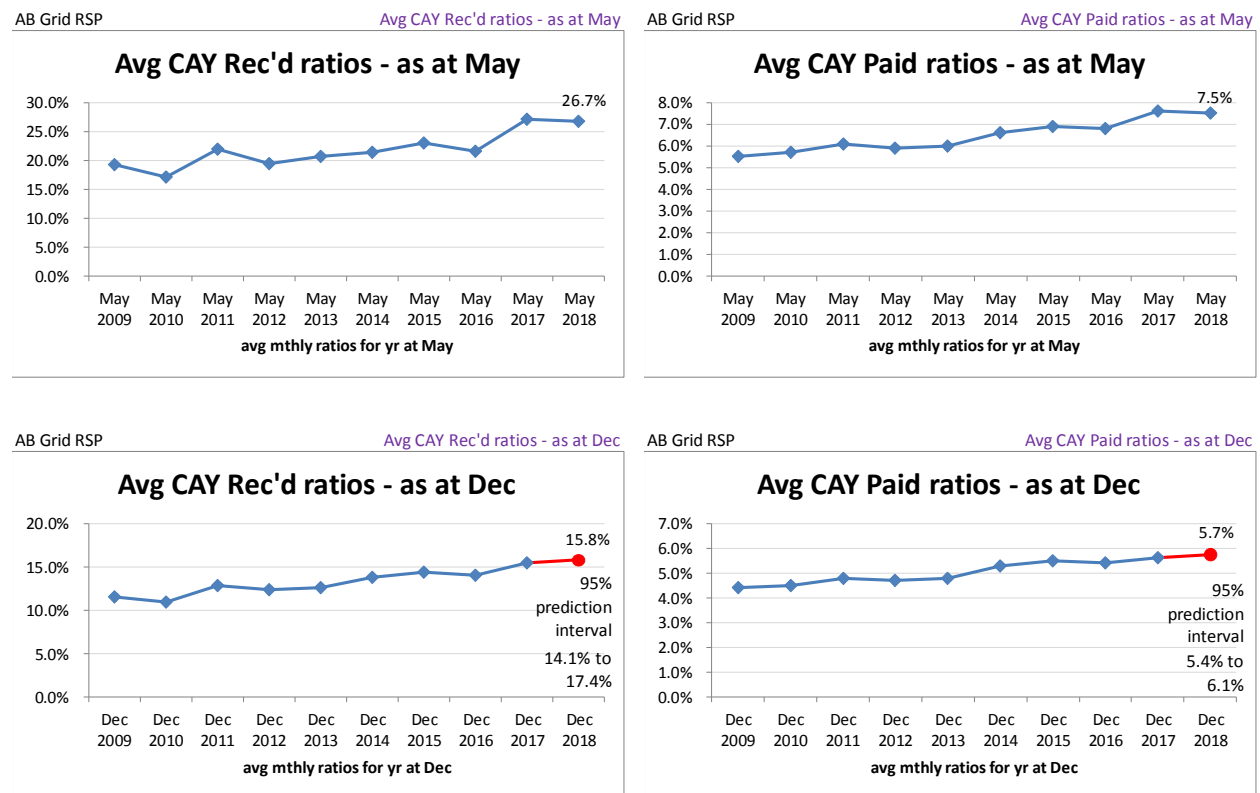
### Current Month Results

The Alberta Grid Risk Sharing Pool produced a -\$0.8 million Operating Result in the month of May 2018, an improvement of \$9.8 million compared with the same month last year. This improvement is composed of an \$11.6 million improvement stemming from the overall decrease in the combined ratio (from 186.9% to 105.9% applied to \$14.3 million in earned premium), offset by an estimated \$1.8 million unfavourable impact associated with the \$2.1 million increase

in earned premium (at a combined ratio of 186.9%). The primary driver of the difference in combined ratios is the difference in the respective valuation implementation impacts.

As has been presented and discussed over the past several months in the Actuarial Highlights, the Alberta Grid RSP averages of monthly ratios for the current accident year (CAY) recorded and paid to year-to-date earned premium have been on the rise generally since 2009, as is evident in the charts below. These charts show the average monthly CAY ratio for each calendar year. For example, the lower charts (as at Dec) provide the average of the 12 monthly-ratios (i.e. Jan, Feb, ... Dec) for each calendar year, whereas the upper charts (as at May) provide the average of the 5 monthly ratios (i.e. Jan-May) for each calendar year.

*Alberta Grid RSP average of monthly CAY claims activity ratios to EP*



As indicated above, the monthly average CAY ratios for 2018 at May (the average of the ratios for Jan 2018 –May 2018) are at the second highest level for both recorded and paid over 2009-2018. The monthly average at December we can expect can be projected from the monthly average ratios at May with a fair degree of confidence, and we have included those projections on the lower charts above, along with a 95% prediction interval for those predicted monthly average ratios (note: we are NOT predicting the year-to-date recorded or paid ratio at December, but are instead projecting the average of ratios over the 12 months Jan 2018 – Dec 2018). For both recorded and paid, we are projecting the 2018 monthly average ratios to be the highest of any calendar year since 2009.

This month's results moved the year-to-date combined operating ratio from 148.3% at the end of 4 months to 139.2% at the end of 5 months. The 9.1 percentage point decrease is composed of a

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8.6 percentage point decrease in the Prior Accident Years loss ratio, and a 0.5 percentage point decrease in the expense ratio.

*Variances from Projections*

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

<b>May 2018</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	13,749	17,792	(4,043)	(22.7%)
Earned Premium	14,328	14,494	(166)	(1.1%)
Reported Losses				
Paid Losses	11,760	11,436	324	2.8%
Paid Expenses	422	1,307	(885)	(67.7%)
Change in Outstanding Losses	(2,464)	(1,034)	(1,430)	138.3%
<b>Total Reported Losses</b>	<b>9,718</b>	<b>11,709</b>	<b>(1,991)</b>	<b>(17.0%)</b>
Change in IBNR Provision*	706	1,405	(699)	
Change in Premium Deficiency (DPAC)*	564	(13)	577	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Grid RSP May 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 May 2018, reported losses were \$2.0 million lower than projected. The Current Accident Year reported an unfavourable variance of \$0.8 million, while the Prior Accident Years reported a favourable variance of \$2.8 million. Of the Prior Accident Years, 2017 had the largest variance in reported losses at \$1.4 million favourable and Accident Year 2015 at a \$1.0 million favourable. No other 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.

**Effect of Quarterly Valuation**

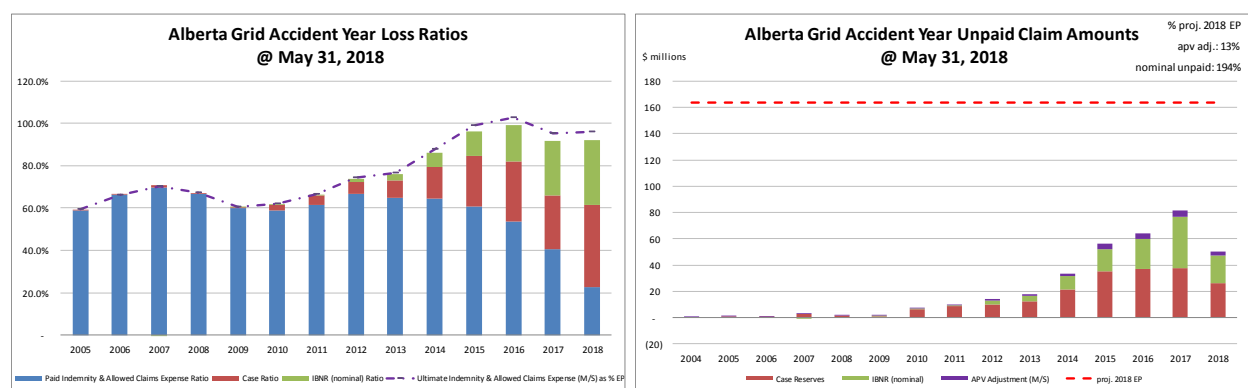
The May 2018 Alberta Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at March 31, 2018, with the associated impacts in relation to the results for May 2018 summarized in the table immediately below.



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AB Grid	unfav / (fav) for the month and ytd						mth EP 14,328 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ults & payout patterns			dsct rate		margins	ults & payout patterns			dsct rate		margins
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]	
PAYs	(1,783)	(215)	(1,998)	(1,211)	-	(3,209)	(12.4%)	(1.5%)	(13.9%)	(8.5%)	-	(22.4%)
CAY	817	55	872	(263)	-	609	5.7%	0.4%	6.1%	(1.8%)	-	4.3%
Prem Def	809	(24)	785	(330)	-	455	5.6%	(0.2%)	5.5%	(2.3%)	-	3.2%
<b>TOTAL</b>	<b>(157)</b>	<b>(184)</b>	<b>(341)</b>	<b>(1,804)</b>	<b>-</b>	<b>(2,145)</b>	<b>(1.1%)</b>	<b>(1.3%)</b>	<b>(2.4%)</b>	<b>(12.6%)</b>	<b>-</b>	<b>(15.0%)</b>

The charts immediately below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities. We have included the associated claims liabilities in the chart on the right.



The preceding charts, latest valuation results, and related actuarial present value assumptions are discussed in more detail in the [Alberta Grid RSP May 2018 Operational Report - Actuarial Highlights](#). The Actuarial Quarterly Valuation Highlights for Risk Sharing Pools as at March 31, 2018 is expected to be posted on or before July 20, 2018. The actuarial valuation will be updated next as at June 30, 2018 and we anticipate that the results will be reflected in the August 2018 Operational Report.

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

The calendar year-to-date Operating Result is -\$18.2 million and the incurred loss ratio to the end of 5 months is 99.9%, as summarized in the table at the top of the next page.

**Bulletin F18-044**  
**Alberta Risk Sharing Pools – May 2018 Operational Reports**

<b>Amounts in \$000s</b>	<b>May 2018</b>	May 2017	<b>Year to date May 2018</b>	Year to Date May 2017
Premium Written	15,231	9,048	47,372	41,657
Premium Earned	8,810	8,327	41,063	40,412
Incurred Losses	11,853	13,569	41,005	43,822
Underwriting & Admin Expense	6,705	4,229	18,225	16,118
<b>Operating Result</b>	<b>(9,748)</b>	<b>(9,471)</b>	<b>(18,167)</b>	<b>(19,528)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	10.1%	36.7%	(16.9%)	(5.4%)
- Current Accident Year	124.5%	126.3%	116.8%	113.8%
<i>Total</i>	<b>134.6%</b>	<b>163.0%</b>	<b>99.9%</b>	<b>108.4%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>76.1%</b>	<b>50.8%</b>	<b>44.4%</b>	<b>39.9%</b>
<i>Combined Operating Ratio</i>	<b>210.7%</b>	<b>213.8%</b>	<b>144.3%</b>	<b>148.3%</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 -\$50.1 million and the estimated combined operating ratio to December 2018 is 146.4%, as summarized in the table below.

<b>AB Non-Grid RSP 2018 Yr-end Proj.</b>	<b>Current (May 2018)</b>	Prior Mth (Apr 2018)	<b>Change</b>	Final 2018 Outlook*
<b>Amounts in \$000s</b>				
Premium Written	121,780	126,301	(4,521)	101,307
Premium Earned	108,098	112,038	(3,940)	97,354
Incurred Losses	116,171	116,669	(498)	107,678
Underwriting & Admin Expense	42,065	43,976	(1,912)	33,362
<b>Net Result from Operations</b>	<b>(50,138)</b>	<b>(48,607)</b>	<b>(1,530)</b>	<b>(43,686)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(7.9%)	(8.7%)	0.8%	(4.5%)
- Current Accident Year	115.4%	112.9%	2.5%	115.1%
<i>Total</i>	<b>107.5%</b>	<b>104.2%</b>	<b>3.3%</b>	<b>110.6%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>38.9%</b>	<b>39.3%</b>	<b>(0.4%)</b>	<b>34.3%</b>
<i>Combined Operating Ratio</i>	<b>146.4%</b>	<b>143.5%</b>	<b>2.9%</b>	<b>144.9%</b>

*rounding differences may occur*

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

This updated projection to the end of the year has deteriorated by \$1.5 million from the projection provided last month (-\$48.6 million and 143.5%), mainly due to the overall \$3.6 million unfavourable impact of the valuation as at March 31, 2018, as summarized in the table below (see more information under “Effect of Quarterly Valuation” on page 12). Remaining differences were driven by changes in projected premium volumes, and the associated impacts on claims and expense projections. In particular, the decrease in the projected written premium level for the year has a favourable impact, partially offsetting the unfavourable valuation implementation impact.

AB Non-Grid	unfav / (fav) projected for full year						year EP 108,098 (projected this month)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ults & payout patterns			dsct rate		argins	ults & payout patterns			dsct rate		argins
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	1,818	62	1,880	(606)	-	1,274	1.7%	0.1%	1.7%	(0.6%)	-	1.2%
CAY	2,927	47	2,974	(295)	-	2,679	2.7%	-	2.8%	(0.3%)	-	2.5%
Prem Def	-	(136)	(136)	(231)	-	(367)	-	(0.1%)	(0.1%)	(0.2%)	-	(0.3%)
TOTAL	4,745	(27)	4,718	(1,132)	-	3,586	4.4%	-	4.4%	(1.0%)	-	3.3%

### Current month results

The Alberta Non-Grid Risk Sharing Pool produced a -\$9.7 million Operating Result in the month of May 2018, a deterioration of \$0.3 million from the same month last year. This deterioration is composed of an approximately \$0.6 million unfavourable impact associated with the \$0.5 million increase in earned premium (at a combined ratio of 213.8%), offset by a \$0.3 million improvement stemming from the overall decrease in the combined ratio (from 213.8% to 210.7% applied to \$8.8 million in earned premium). The primary driver of the difference in combined ratios is the difference in the respective valuation implementation impacts.

This month’s results moved the year-to-date combined operating ratio from 126.1% at the end of 4 months to 144.3% at the end of 5 months. The 18.2 percentage point increase is composed of a 7.4 percentage point increase in the Prior Accident Years loss ratio, coupled with a 2.1 percentage point increase in the Current Accident Year loss ratio, and an 8.7 percentage point increase in the expense 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.

**Bulletin F18-044**  
**Alberta Risk Sharing Pools – May 2018 Operational Reports**

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May 2018	Actual	Projection	Difference	Difference %
Written Premium	15,231	16,625	(1,394)	(8.4%)
Earned Premium	8,810	8,926	(116)	(1.3%)
Reported Losses				
Paid Losses	7,985	7,010	975	13.9%
Paid Expenses	183	450	(267)	(59.3%)
Change in Outstanding Losses	(119)	(3,347)	3,228	(96.4%)
<b>Total Reported Losses</b>	<b>8,049</b>	<b>4,113</b>	<b>3,936</b>	<b>95.7%</b>
Change in IBNR Provision*	3,804	5,722	(1,918)	
Change in Premium Deficiency (DPAC)*	2,084	1,322	762	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Non-Grid RSP May 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 May 2018, reported losses were \$3.9 million higher than projected. The Current Accident Year had a \$0.4 million favourable variance in reported losses, while the Prior Accident Years had a \$4.3 million unfavourable variance. Of the Prior Accident Years, 2016 had the largest variance in reported losses at \$2.2 million unfavourable and Accident Year 2017 at a \$2.1 million unfavourable. No other 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.

### Effect of Quarterly Valuation

The May 2018 Alberta Non-Grid Risk Sharing Pool Operational Report reflects the results of an updated valuation as at March 31, 2018, with the associated impacts in relation to the results for May 2018 summarized in the tables at the top of the next page.

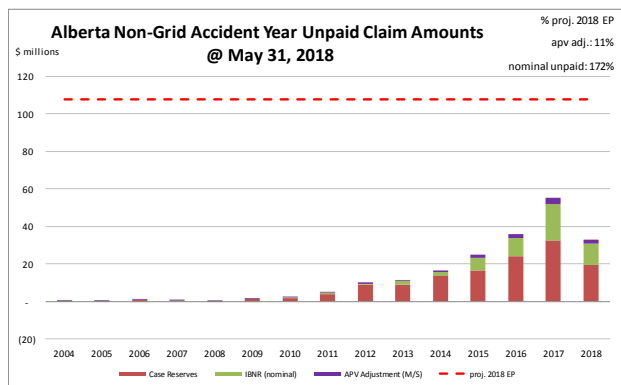
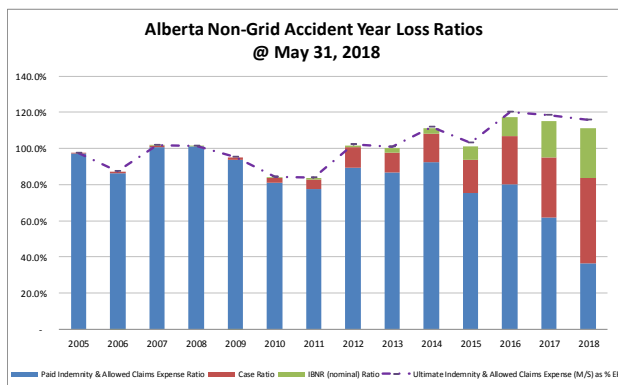
**Bulletin F18-044**

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

**AB Non-Grid**

	unfav / (fav) for the month and ytd						mth EP 8,810 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ults & payout patterns			dsct rate	margins		ults & payout patterns			dsct rate	margins	
	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	Nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	1,818	68	1,886	(719)	-	1,167	20.6%	0.8%	21.4%	(8.2%)	-	13.2%
CAY	1,117	47	1,164	(139)	-	1,025	12.7%	0.5%	13.2%	(1.6%)	-	11.6%
Prem Def	1,223	(49)	1,174	(205)	-	969	13.9%	(0.6%)	13.3%	(2.3%)	-	11.0%
<b>TOTAL</b>	<b>4,158</b>	<b>66</b>	<b>4,224</b>	<b>(1,063)</b>	<b>-</b>	<b>3,161</b>	<b>47.2%</b>	<b>0.7%</b>	<b>47.9%</b>	<b>(12.1%)</b>	<b>-</b>	<b>35.9%</b>

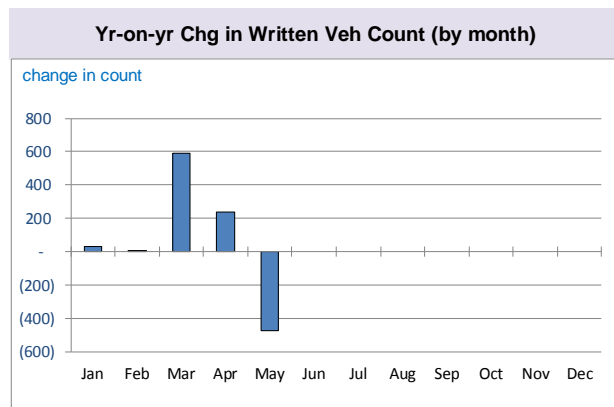
The charts below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities. We have included the associated claims liabilities in the chart on the right.



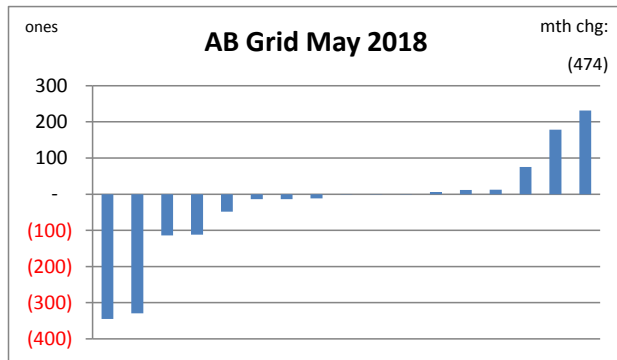
The preceding charts, latest valuation results and related discounting assumptions are discussed in more detail in the [Alberta Non-Grid RSP May 2018 Operational Report - Actuarial Highlights](#). The Actuarial Quarterly Valuation Highlights for Risk Sharing Pools as at March 31, 2018 is expected to be posted on or before July 20, 2018. The actuarial valuation will be updated next as at June 30, 2018 and we anticipate that the results will be reflected in the August 2018 Operational Report.

**Management Comments**

**Alberta Grid**

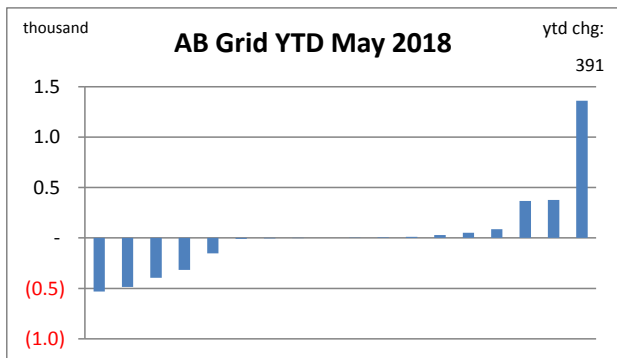


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with May showing a decrease of 474 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 958 vehicles, indicating a variance of 1,432 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 May than projected.



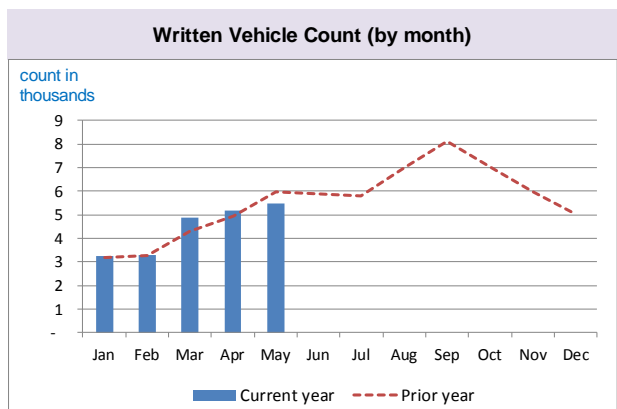
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Eleven member company groups transferred fewer vehicles to the pool this month compared with a year ago, while six transferred more. Of the 11 member company groups transferring fewer vehicles, 2 member

company groups accounted for 68% of the total transfer decrease for these “decliner” members. Of the 6 member company groups transferring more vehicles, 2 member company groups accounted for 80% of the total transfer increases for these “grower” members.

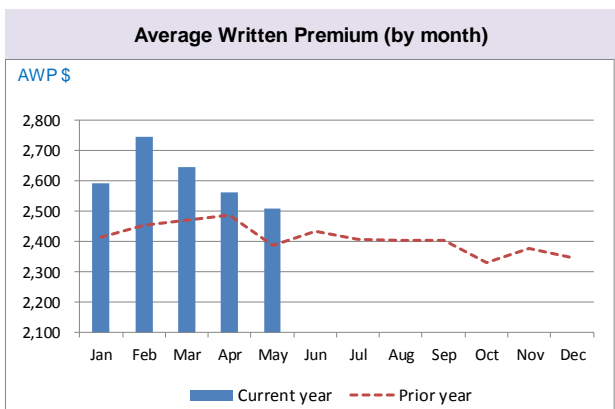


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

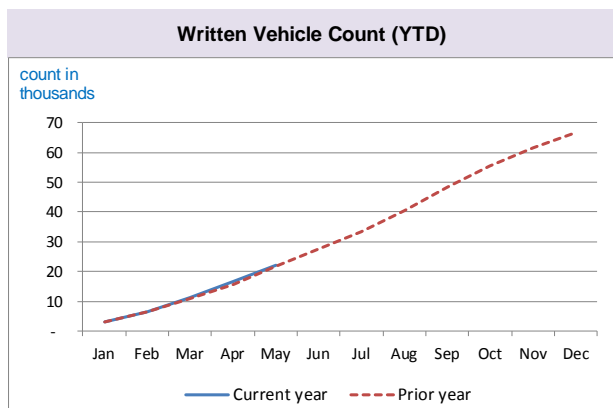
May’s vehicle count transfers to the pool represent an 8.0% decrease from May 2017, but counts were up 1.8% year-to-date. Average written premium was up 5.0% in May 2018 compared with the same month in 2017, and up 6.5% year-to-date (see charts immediately below and at the top of the next page).



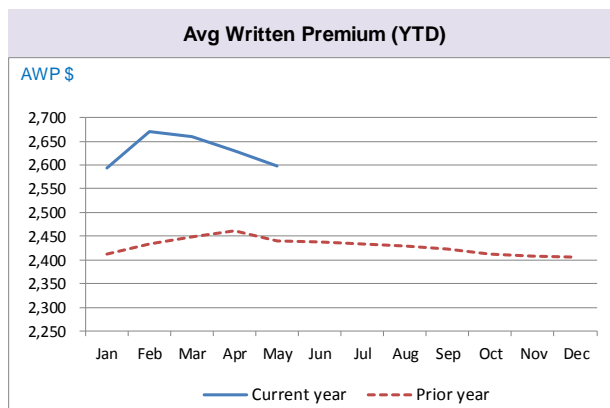
	May-18	May-17	Amt Chg	% Chg
W. Veh curr mth	5,482	5,956	(474)	-8.0%



	May-18	May-17	Amt Chg	% Chg
AWP curr mth	2,508	2,388	120	5.0%

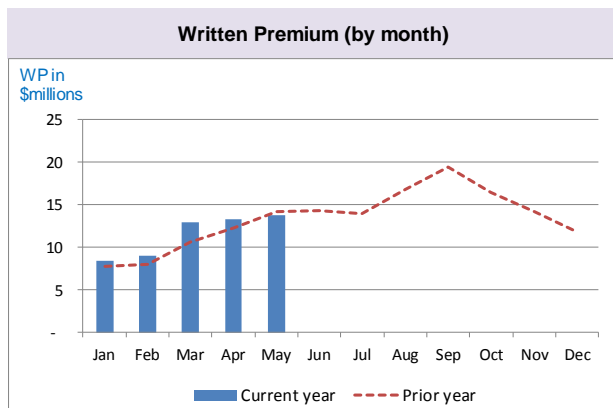


	May-18	May-17	Amt Chg	% Chg
W. Vehicles YTD	22,076	21,685	391	1.8%

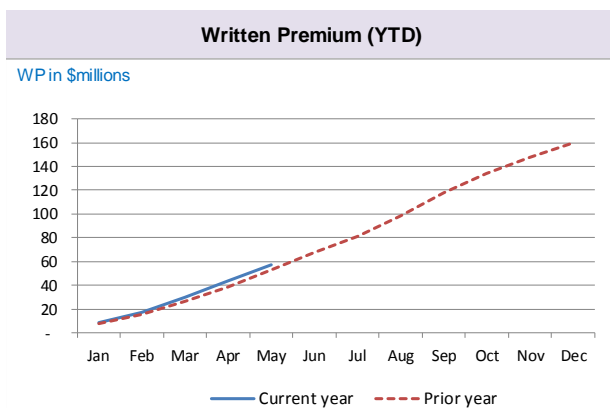


	May-18	May-17	Amt Chg	% Chg
Avg W. Prem YTD	2,599	2,441	158	6.5%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 3.3% for the month compared with the 25.1% increase we projected last month, and was up 8.4% year-to-date (see charts immediately below).



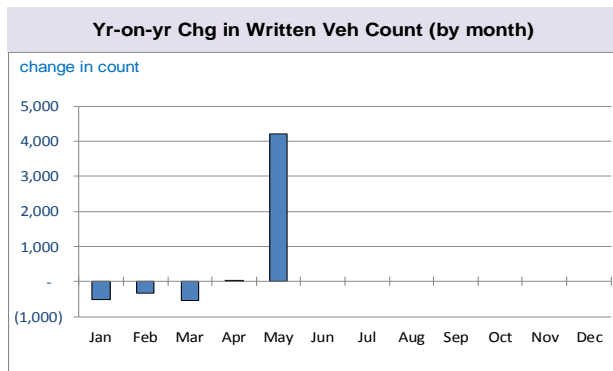
	May-18	May-17	Amt Chg	% Chg
WP (\$000s) curr mth	13,749	14,222	(473)	-3.3%



	May-18	May-17	Amt Chg	% Chg
WP (\$000s) YTD	57,385	52,926	4,459	8.4%

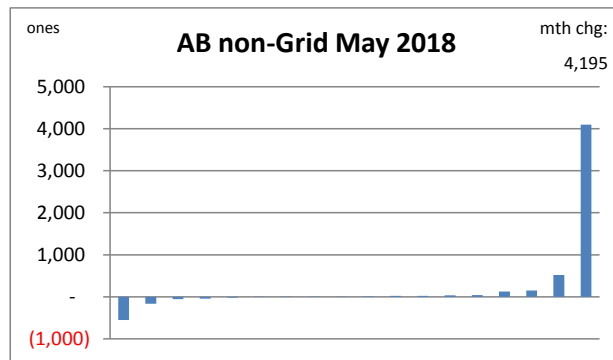
### Alberta Non-Grid

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 17.1% from 2017**, being 2.8% of the 2.8 million industry 2017 private passenger vehicle count including farmers on the May 2018 Transfer Limit Report (by Entry Date) that were not Grid-rated. There is the potential for the transferred vehicle count to change dramatically and quickly if member companies choose to take full advantage of their transfer limits.



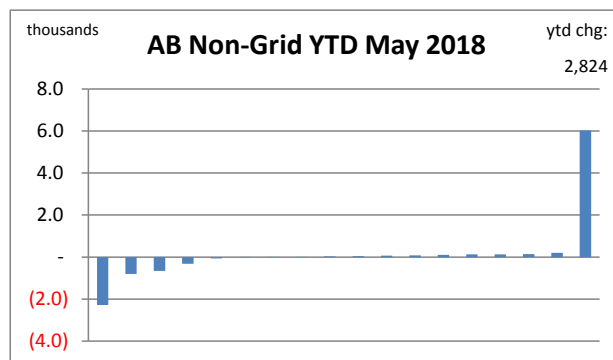
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with May showing an increase of 4,195 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 4,897 vehicles, indicating a variance of 702 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 May 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. Five member company groups transferred fewer vehicles to the pool this month compared to a year ago, while thirteen transferred more. Of the 5 member company groups transferring fewer vehicles, 1 member company group accounted for 66% of the total transfer decrease for these “decliner” members.

Of the 13 member company groups transferring more vehicles, 1 member company group accounted for 81% of the total transfers increase for these “grower” members.

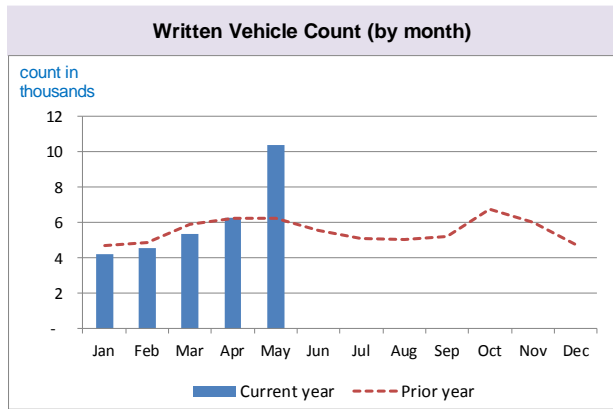


The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

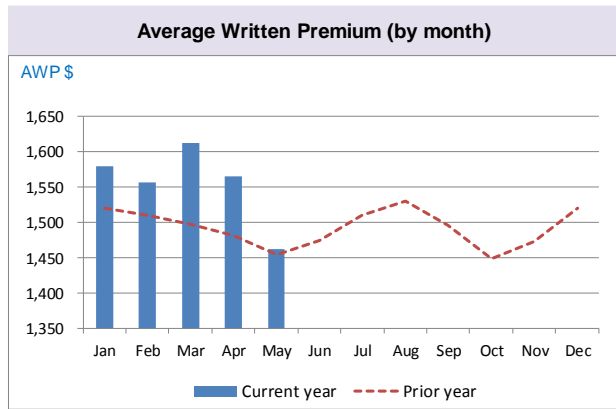
May’s vehicle count transfers to the pool represent a 67.4% increase from May 2017, and counts were up 10.1% year-to-date. Average written premium was up 0.5% in May 2018 compared with the same month in 2017, and counts were up 3.3% year-to-date (see charts at the top of the next page).



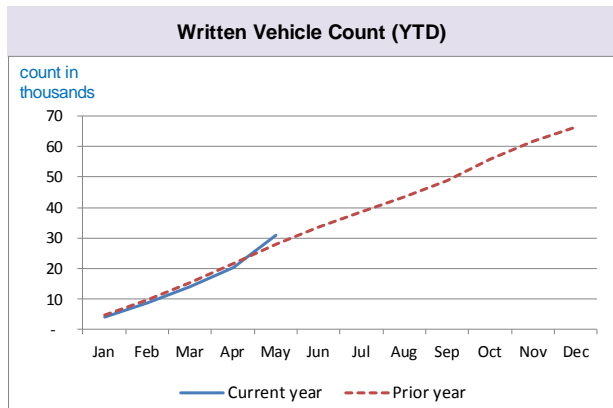
**Bulletin F18-044**  
**Alberta Risk Sharing Pools – May 2018 Operational Reports**



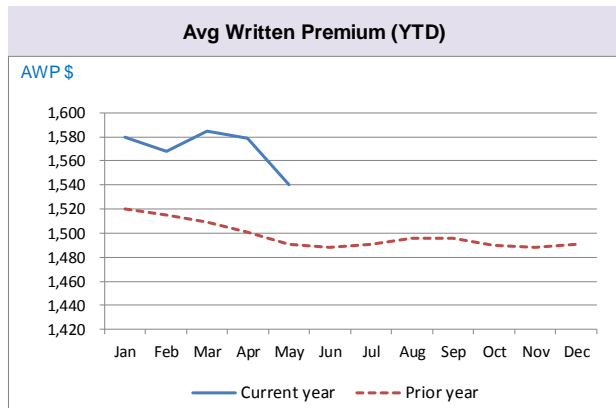
	May-18	May-17	Amt Chg	% Chg
W. Veh curr mth	10,416	6,220	4,195	67.4%



	May-18	May-17	Amt Chg	% Chg
AWP curr mth	1,462	1,455	7	0.5%

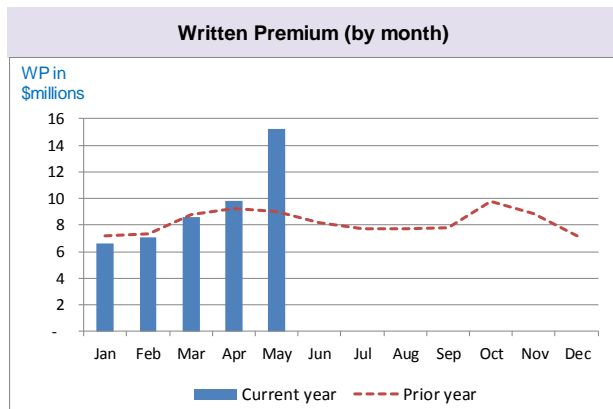


	May-18	May-17	Amt Chg	% Chg
W. Vehicles YTD	30,769	27,945	2,824	10.1%

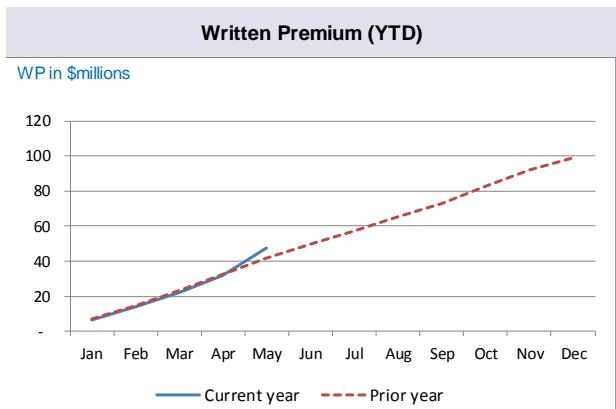


	May-18	May-17	Amt Chg	% Chg
Avg W. Prem YTD	1,540	1,491	49	3.3%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 68.3% for the month compared with the 83.7% increase we projected last month, and was up 13.7% year-to-date (see charts immediately below).



	May-18	May-17	Amt Chg	% Chg
WP (\$000s) curr mth	15,231	9,048	6,183	68.3%



	May-18	May-17	Amt Chg	% Chg
WP (\$000s) YTD	47,372	41,657	5,715	13.7%

**Bulletin F18-044**  
**Alberta Risk Sharing Pools – May 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 May 2018 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2018**  
**Risk Sharing Pool - Alberta (Grid)**  
**Operating Results for the 5 Months Ended May 31, 2018 (Discounted basis)**  
**Source: Monthly Operational Report**  
**(thousands of dollars)**

EXHIBIT 1

	January	February	March	April	May	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	\$13,749	\$57,385	\$152,048	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	772	(23)	579	9,752	11,921	(10,517)
<b>Net Premiums Earned</b>	<b>\$13,590</b>	<b>\$12,199</b>	<b>\$13,738</b>	<b>\$13,282</b>	<b>\$14,328</b>	<b>\$67,137</b>	<b>\$163,969</b>	<b>\$149,448</b>
<b>Claims Incurred:</b>								
Prior Accident Years:								
Undiscounted	(\$318)	(\$292)	\$8,574	(\$276)	(\$1,565)	\$6,123	\$6,123	\$21,037
Effect of Discounting	(68)	(629)	1,625	(502)	(1,963)	(\$1,537)	(4,727)	(14,503)
Discounted	(\$386)	(\$921)	\$10,199	(\$778)	(\$3,528)	\$4,586	\$1,396	\$6,534
Current Accident Year:								
Undiscounted	\$11,970	\$10,743	\$13,963	\$12,317	\$13,615	\$62,608	\$151,583	\$135,791
Effect of Discounting	740	544	713	551	337	\$2,885	5,944	5,930
Discounted	\$12,710	\$11,287	\$14,676	\$12,868	\$13,952	\$65,493	\$157,527	\$141,721
<b>Claims Incurred</b>	<b>\$12,324</b>	<b>\$10,366</b>	<b>\$24,875</b>	<b>\$12,090</b>	<b>\$10,424</b>	<b>\$70,079</b>	<b>\$158,923</b>	<b>\$148,255</b>
<b>Underwriting Expenses:</b>								
Expense Allowance	\$2,499	\$2,670	\$3,853	\$3,956	\$4,085	\$17,063	\$45,178	\$46,180
Change in UPDR/DPAC:								
Undiscounted	731	463	4,181	61	945	6,381	6,745	4,959
Effect of Discounting	(266)	(163)	286	5	(381)	(519)	(618)	(1,106)
Discounted	465	300	4,467	66	564	\$5,862	6,127	\$3,853
<b>Underwriting Expenses</b>	<b>\$2,964</b>	<b>\$2,970</b>	<b>\$8,320</b>	<b>\$4,022</b>	<b>\$4,649</b>	<b>\$22,925</b>	<b>51,305</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>(\$745)</b>	<b>(\$25,867)</b>	<b>(\$46,259)</b>	<b>(\$48,840)</b>
<b>Administrative Expenses</b>	<b>\$70</b>	<b>\$97</b>	<b>\$101</b>	<b>\$82</b>	<b>\$96</b>	<b>\$446</b>	<b>\$1,023</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>(\$841)</b>	<b>(\$26,313)</b>	<b>(\$47,282)</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%	-24.6%	6.8%	0.9%	4.4%
Current Accident Year	93.5%	92.5%	106.8%	96.9%	97.4%	97.6%	96.1%	94.8%
All Accident Years Combined (Earned)	90.7%	85.0%	181.0%	91.0%	72.8%	104.4%	97.0%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	25.1%	61.3%	30.9%	33.1%	34.8%	31.9%	34.1%
<b>Combined Operating Ratio</b>	<b>113.0%</b>	<b>110.1%</b>	<b>242.3%</b>	<b>121.9%</b>	<b>105.9%</b>	<b>139.2%</b>	<b>128.9%</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 5 Months Ended May 31, 2018 (Discounted basis)**  
**Source: Monthly Operational Report**  
**(thousands of dollars)**

EXHIBIT 2

	January	February	March	April	May	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	\$15,231	\$47,372	\$121,780	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	(270)	(1,671)	(6,421)	(6,309)	(13,682)	(2,088)
<b>Net Premiums Earned</b>	<b>\$8,291</b>	<b>\$7,476</b>	<b>\$8,338</b>	<b>\$8,148</b>	<b>\$8,810</b>	<b>\$41,063</b>	<b>\$108,098</b>	<b>\$96,919</b>
<b>Claims Incurred:</b>								
Prior Accident Years:								
Undiscounted	(\$129)	(\$107)	(\$6,428)	(\$45)	\$1,812	(\$4,897)	(\$4,897)	\$6,938
Effect of Discounting	(129)	(301)	(452)	(245)	(926)	(2,053)	(3,652)	(9,421)
Discounted	(\$258)	(\$408)	(\$6,880)	(\$290)	\$886	(\$6,950)	(\$8,549)	(\$2,483)
Current Accident Year:								
Undiscounted	\$8,890	\$8,011	\$9,540	\$8,884	\$10,684	\$46,009	\$120,549	\$109,961
Effect of Discounting	533	363	400	367	283	1,946	4,171	4,086
Discounted	\$9,423	\$8,374	\$9,940	\$9,251	\$10,967	\$47,955	\$124,720	\$114,047
<b>Claims Incurred</b>	<b>\$9,165</b>	<b>\$7,966</b>	<b>\$3,060</b>	<b>\$8,961</b>	<b>\$11,853</b>	<b>\$41,005</b>	<b>\$116,171</b>	<b>\$111,564</b>
<b>Underwriting Expenses:</b>								
Expense Allowance	\$1,971	\$2,105	\$2,557	\$2,917	\$4,524	\$14,074	\$36,173	\$28,599
Change in UPDR/DPAC:								
Undiscounted	(97)	(3)	1,358	210	1,923	3,391	3,990	3,745
Effect of Discounting	(101)	(22)	157	110	161	305	730	(918)
Discounted	(198)	(25)	1,515	320	2,084	3,696	4,720	\$2,827
<b>Underwriting Expenses</b>	<b>\$1,773</b>	<b>\$2,080</b>	<b>\$4,072</b>	<b>\$3,237</b>	<b>\$6,608</b>	<b>\$17,770</b>	<b>\$40,893</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>(\$9,651)</b>	<b>(\$17,712)</b>	<b>(\$48,966)</b>	<b>(\$46,071)</b>
<b>Administrative Expenses</b>	<b>\$71</b>	<b>\$98</b>	<b>\$106</b>	<b>\$83</b>	<b>\$97</b>	<b>\$455</b>	<b>\$1,172</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>(\$9,748)</b>	<b>(\$18,167)</b>	<b>(\$50,138)</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%	10.1%	-16.9%	-7.9%	-2.6%
Current Accident Year	113.7%	112.0%	119.2%	113.5%	124.5%	116.8%	115.4%	117.7%
All Accident Years Combined	110.6%	106.5%	36.7%	109.9%	134.6%	99.9%	107.5%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	29.1%	50.1%	40.7%	76.1%	44.4%	38.9%	33.4%
<b>Combined Operating Ratio</b>	<b>132.8%</b>	<b>135.6%</b>	<b>86.8%</b>	<b>150.6%</b>	<b>210.7%</b>	<b>144.3%</b>	<b>146.4%</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