

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F18 – 080**

**DATE: OCTOBER 30, 2018**

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

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

Please be advised that the September 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 -\$37.2 million and the incurred loss ratio to the end of 9 months is 97.6%, as summarized below.

<b>Amounts in \$000s</b>	<b>September 2018</b>	September 2017	<b>Year to date Sep 2018</b>	Year to Date Sep 2017
Premium Written	16,586	19,499	115,261	117,453
Premium Earned	13,072	12,798	121,069	109,919
Incurring Losses	12,168	11,568	118,172	116,551
Underwriting & Admin Expense	4,769	5,465	40,142	43,719
<b>Operating Result</b>	<b>(3,865)</b>	<b>(4,235)</b>	<b>(37,245)</b>	<b>(50,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b>				
- Prior Accident Years	(2.6%)	(5.0%)	0.7%	9.2%
- Current Accident Year	95.7%	95.4%	96.9%	96.8%
<i>Total</i>	<b>93.1%</b>	<b>90.4%</b>	<b>97.6%</b>	<b>106.0%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>36.5%</b>	<b>42.7%</b>	<b>33.2%</b>	<b>39.8%</b>
<b>Combined Operating Ratio</b>	<b>129.6%</b>	<b>133.1%</b>	<b>130.8%</b>	<b>145.8%</b>

*rounding differences may occur*

These results are discussed in some detail in the “Current Month Results” section. For additional

**Bulletin F18-080****Alberta Risk Sharing Pools – September 2018 Operational Reports**

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 -\$45.0 million and the estimated combined operating ratio to December 2018 is 127.8%, as summarized in the table below. This updated projection to the end of the year has not changed significantly from the projection provided last month (-\$44.7 million and 127.7%).

<b>AB Grid RSP 2018 Yr-end Projection</b> <b>Amounts in \$000s</b>	<b>Current</b> <b>(Sep 2018)</b>	<b>Prior Mth</b> <b>(Aug 2018)</b>	<b>Change</b>	<b>Final 2018</b> <b>Outlook*</b>
Premium Written	152,420	152,024	396	189,665
Premium Earned	161,497	161,547	(50)	184,393
Incurred Losses	155,368	155,272	96	167,321
Underwriting & Admin Expense	51,105	51,017	89	59,423
<b>Net Result from Operations</b>	<b>(44,976)</b>	<b>(44,742)</b>	<b>(235)</b>	<b>(42,351)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(0.3%)	(0.4%)	0.1%	(3.9%)
- Current Accident Year	96.5%	96.5%	0.0%	94.6%
<i>Total</i>	<b>96.2%</b>	<b>96.1%</b>	<b>0.1%</b>	<b>90.7%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>31.6%</b>	<b>31.6%</b>	<b>0.0%</b>	<b>32.2%</b>
<i>Combined Operating Ratio</i>	<b>127.8%</b>	<b>127.7%</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 -\$3.9 million Operating Result in the month of September 2018, an improvement of \$0.4 million compared with the same month last year. This improvement is composed of \$0.5 million favourable impact stemming from the overall decrease in the combined ratio (from 133.1% to 129.6% applied to \$13.1 million in earned premium), offset by an estimated \$0.1 million unfavourable impact associated with the \$0.3 million increase in earned premium (at a combined ratio of 133.1%).

This month's results moved the year-to-date combined operating ratio from 131.0% at the end of 8 months to 130.8% at the end of 9 months. The 0.2 percentage point decrease is composed of a 0.4 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, offset by a 0.4 percentage point increase in the expense ratio.

Variiances from Projections

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

September 2018	Actual	Projection	Difference	Difference %
Written Premium	16,586	16,122	464	2.9%
Earned Premium	13,072	13,258	(186)	(1.4%)
Reported Losses				
Paid Losses	8,516	10,579	(2,063)	(19.5%)
Paid Expenses	236	801	(565)	(70.5%)
Change in Outstanding Losses	(1,863)	(1,603)	(260)	16.2%
<b>Total Reported Losses</b>	<b>6,889</b>	<b>9,777</b>	<b>(2,888)</b>	<b>(29.5%)</b>
Change in IBNR Provision*	5,279	2,410	2,869	
Change in Premium Deficiency (DPAC)*	(239)	(215)	(24)	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Grid RSP September 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 September 2018, reported losses were \$2.9 million lower than projected. The Current Accident Year reported a favourable variance of \$0.8 million, and the Prior Accident Years reported a favourable variance of \$2.1 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 September 2018 Operational Report – Actuarial Highlights](#).

#### **Effect of Quarterly Valuation**

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

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

The calendar year-to-date Operating Result is -\$30.8 million and the incurred loss ratio to the end of 9 months is 99.7%, as summarized in the table below.

Amounts in \$000s	September 2018	September 2017	Year to date Sep 2018	Year to Date Sep 2017
Premium Written	10,706	7,811	88,421	73,100
Premium Earned	9,279	7,842	77,874	72,581
Incurred Losses	10,586	8,579	77,587	82,504
Underwriting & Admin Expense	3,292	2,350	31,111	27,252
<b>Operating Result</b>	<b>(4,599)</b>	<b>(3,087)</b>	<b>(30,824)</b>	<b>(37,175)</b>
<b>Ratios:</b>				
<b>Loss ratio</b>				
- Prior Accident Years	(1.7%)	(4.5%)	(17.5%)	(2.4%)
- Current Accident Year	115.8%	113.9%	117.2%	116.0%
<i>Total</i>	<b>114.1%</b>	<b>109.4%</b>	<b>99.7%</b>	<b>113.6%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>35.5%</b>	<b>30.0%</b>	<b>40.0%</b>	<b>37.5%</b>
<i>Combined Operating Ratio</i>	<b>149.6%</b>	<b>139.4%</b>	<b>139.7%</b>	<b>151.1%</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 -\$39.6 million and the estimated combined operating ratio to December 2018 is 137.1%, as summarized in the table at the top of the next page. This updated projection to the end of the year has not changed significantly from the projection provided last month (-\$39.3 million and 136.9%).

<b>AB Non-Grid RSP 2018 Yr-end Proj.</b>	<b>Current</b>	Prior Mth		Final 2018
<b>Amounts in \$000s</b>	<b>(Sep 2018)</b>	(Aug 2018)	<b>Change</b>	Outlook*
Premium Written	110,505	109,754	751	101,307
Premium Earned	106,580	106,280	300	97,354
Incurred Losses	110,091	109,789	302	107,678
Underwriting & Admin Expense	36,050	35,756	294	33,362
<b>Net Result from Operations</b>	<b>(39,561)</b>	<b>(39,265)</b>	<b>(296)</b>	<b>(43,686)</b>
<b>Ratios:</b>				
<b>Loss ratio</b>				
- Prior Accident Years	(13.4%)	(13.5%)	0.1%	(4.5%)
- Current Accident Year	116.7%	116.8%	(0.1%)	115.1%
<i>Total</i>	<b>103.3%</b>	<b>103.3%</b>	<b>0.0%</b>	<b>110.6%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>33.8%</b>	<b>33.6%</b>	<b>0.2%</b>	<b>34.3%</b>
<i>Combined Operating Ratio</i>	<b>137.1%</b>	<b>136.9%</b>	<b>0.2%</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 -\$4.6 million Operating Result in the month of September 2018, a deterioration of \$1.5 million from the same month last year. This deterioration is composed of a \$0.6 million unfavourable impact associated with the \$1.4 million increase in earned premium (at a combined ratio of 139.4%), with the remaining \$0.9 million deterioration stemming from the overall increase in the combined ratio (from 139.4% to 149.6% applied to \$9.3 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 138.2% at the end of 8 months to 139.7% at the end of 9 months. The 1.5 percentage point increase is composed of a 2.2 percentage point increase in the Prior Accident Years loss ratio, offset by a 0.1 percentage point decrease in the Current Accident Year loss ratio, further offset by a 0.6 percentage point decrease 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.

September 2018	Actual	Projection	Difference	Difference %
Written Premium	10,706	9,479	1,227	12.9%
Earned Premium	9,279	9,269	10	0.1%
Reported Losses				
Paid Losses	7,604	7,357	247	3.4%
Paid Expenses	187	354	(167)	(47.2%)
Change in Outstanding Losses	(6,768)	1,952	(8,720)	(446.7%)
<b>Total Reported Losses</b>	<b>1,023</b>	<b>9,663</b>	<b>(8,640)</b>	<b>(89.4%)</b>
Change in IBNR Provision*	9,563	901	8,662	
Change in Premium Deficiency (DPAC)*	29	(179)	208	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Alberta Non-Grid RSP September 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 September 2018, reported losses were \$8.6 million lower than projected. The Current Accident Year had a \$1.7 million favourable variance in reported losses, and the Prior Accident Years had an approximately \$6.9 million favourable variance. Of the Prior Accident Years, 2017 had the largest variance in reported losses at \$3.8 million favourable, followed by Accident Year 2016 at \$2.2 million favourable and Accident Year 2015 at \$1.0 million favourable. 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. A portion of the Prior Accident Years' variances were the result of a member company group providing correcting case reserve transactions during the month. FA management reviewed the results of the transactions and have determined that they were appropriate based on available information. Management investigated the remaining 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

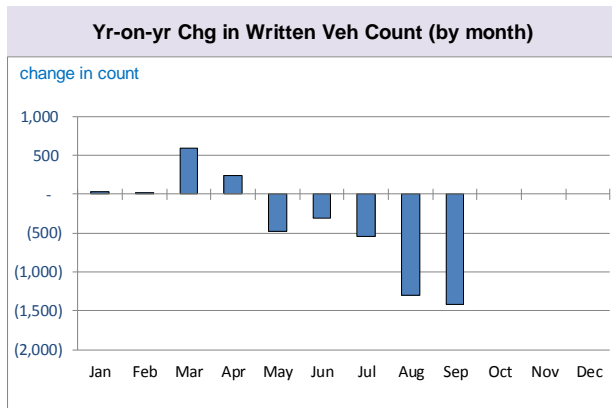
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

**Effect of Quarterly Valuation**

The September 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 June 30, 2018). The actuarial valuation will be updated next as at September 30, 2018 and we anticipate that the results will be reflected in the October 2018 Operational Report.

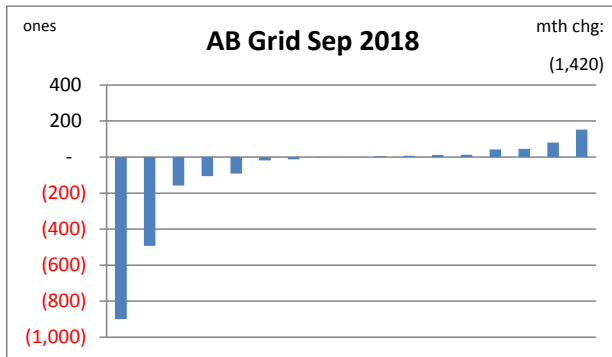
**Management Comments**

**Alberta Grid**



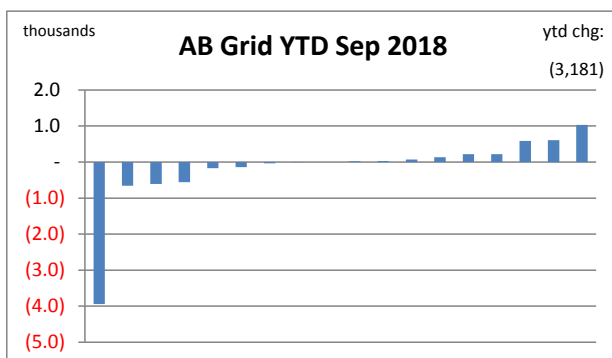
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid pool by month, with September showing a decrease of 1,420 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 1,682 vehicles, indicating a variance of 262 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a greater number of vehicles to the pool in September than

projected.



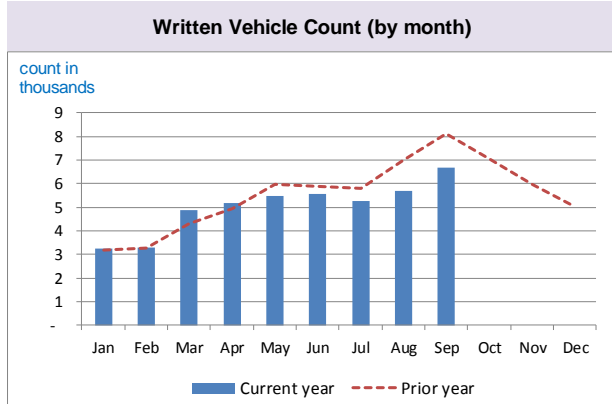
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Eight member company groups transferred fewer vehicles to the pool this month compared with a year ago, while nine transferred more. Of the 8 member company groups transferring fewer vehicles, 1 member

company group accounted for 51% of the total transfer decrease for these “decliner” members. Of the 9 member company groups transferring more vehicles, 2 member company groups accounted for 65% of the total transfer increases for these “grower” members.

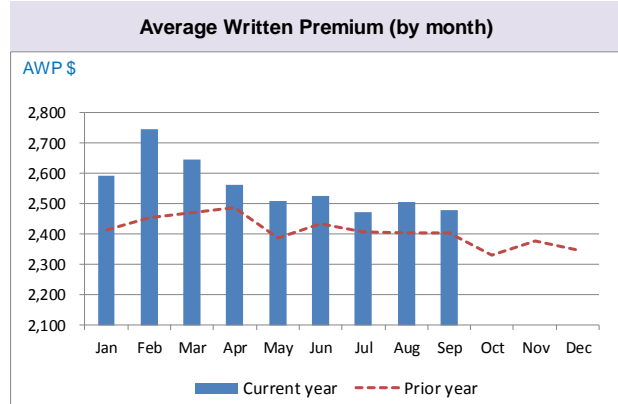


The chart on the left presents the same information as the previous chart, but on a year-to-date basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by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

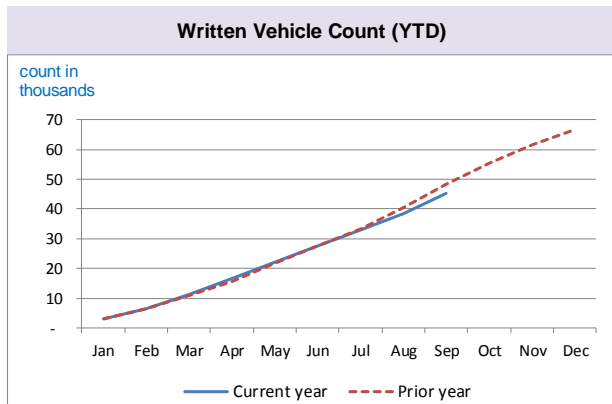
September’s vehicle count transfers to the pool represent a 17.5% decrease from September 2017, and counts were down 6.6% year-to-date. Average written premium was up 3.1% in September 2018 compared with the same month in 2017, and up 5.0% year-to-date (see charts immediately below).



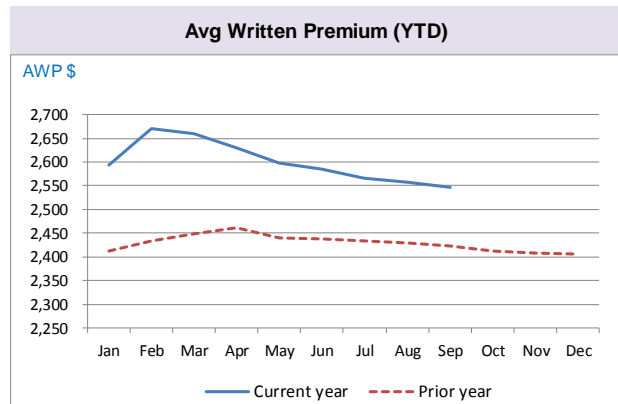
	Sep-18	Sep-17	Amt Chg	% Chg
W. Veh curr mth	6,691	8,112	(1,420)	-17.5%



	Sep-18	Sep-17	Amt Chg	% Chg
AWP curr mth	2,479	2,404	75	3.1%



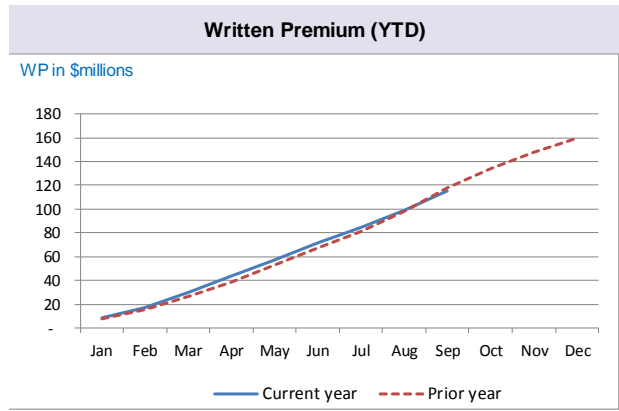
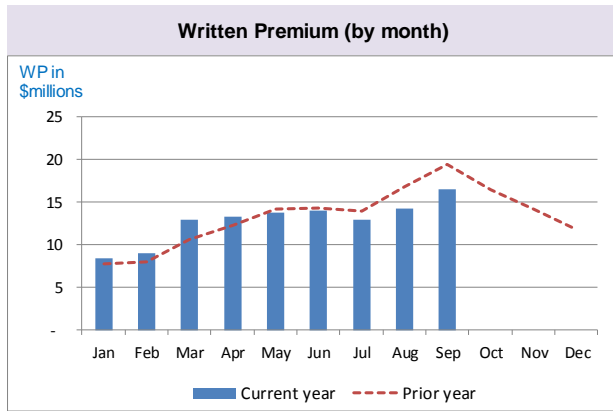
	Sep-18	Sep-17	Amt Chg	% Chg
W. Vehicles YTD	45,266	48,447	(3,181)	-6.6%



	Sep-18	Sep-17	Amt Chg	% Chg
Avg W. Prem YTD	2,546	2,424	122	5.0%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 14.9% for the month compared with the 17.3% decrease we projected last month, and was down 1.9% year-to-date (see charts at the top of the next page).



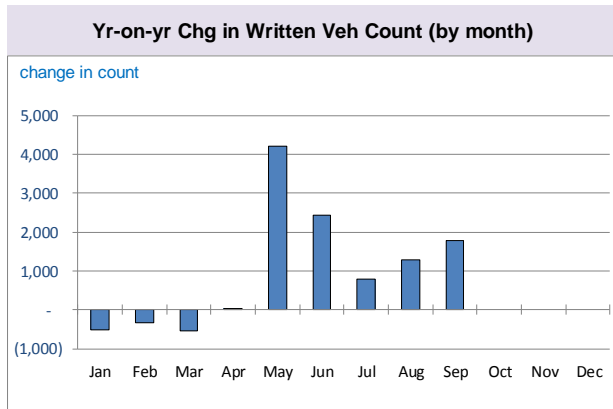


	Sep-18	Sep-17	Amt Chg	% Chg
WP (\$000s) curr mth	16,587	19,499	(2,913)	-14.9%

	Sep-18	Sep-17	Amt Chg	% Chg
WP (\$000s) YTD	115,261	117,453	(2,192)	-1.9%

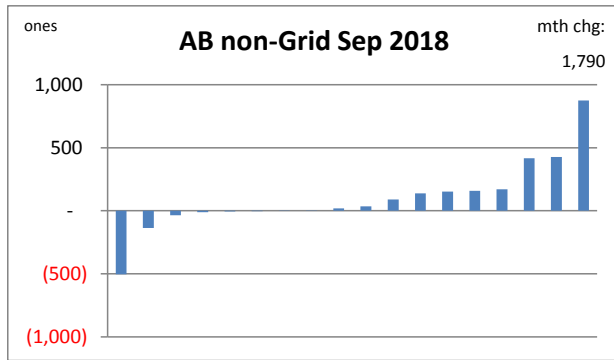
**Alberta Non-Grid**

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 8.1% from 2017**, being 2.6% of the 2017 industry private passenger vehicle count (excluding farmers) and industry farmers private passenger vehicle count. 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.



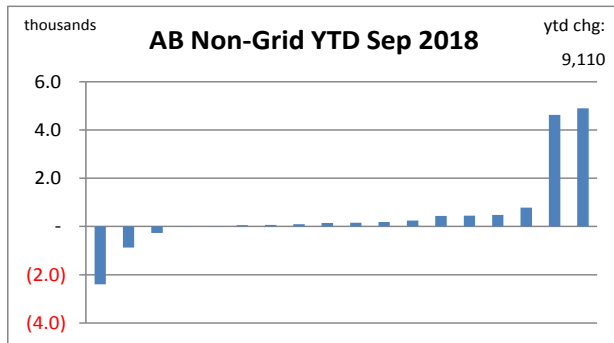
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid pool by month, with September showing an increase of 1,790 vehicles. Our projection last month (in part based on previous projections provided by select large pool participants) was for an increase of 950 vehicles, indicating a variance of 840 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a greater number of vehicles to the pool in September than

projected.



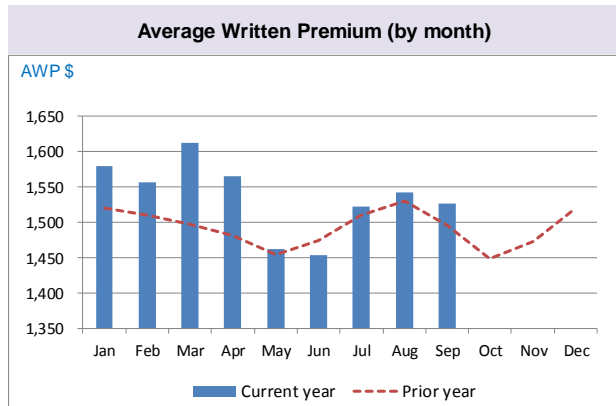
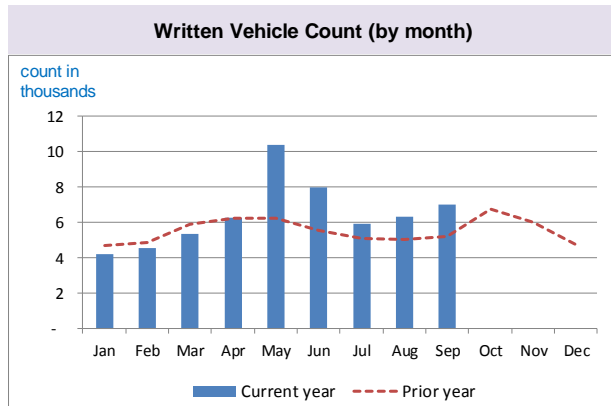
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Six member company groups transferred fewer vehicles to the pool this month compared to a year ago, while twelve transferred more. Of the 6 member company groups transferring fewer vehicles, 1 member company group accounted for 73% of the total transfer decrease for these “decliner” members.

Of the 12 member company groups transferring more vehicles, 1 member company group accounted for 35% of the total transfers increase for these “grower” members.



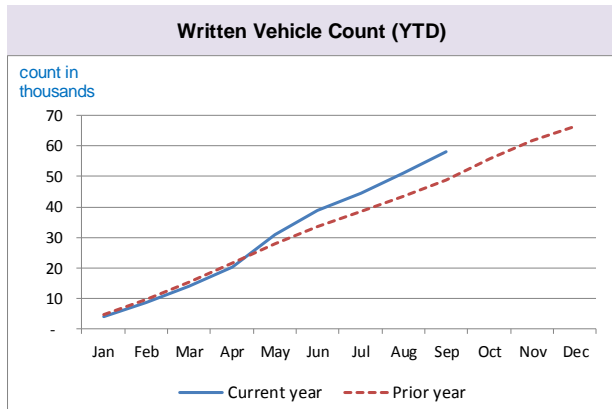
The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted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

September’s vehicle count transfers to the pool represent a 34.3% increase from September 2017, and counts were up 18.6% year-to-date. Average written premium was up 2.1% in September 2018 compared with the same month in 2017, and up 1.9% year-to-date (see charts immediately below and at the top of the next page).

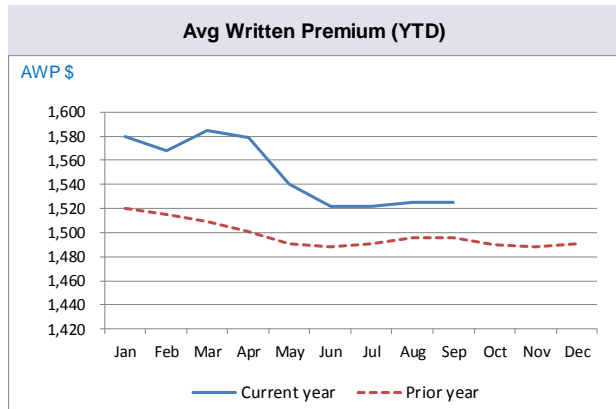


	Sep-18	Sep-17	Amt Chg	% Chg
W. Veh curr mth	7,009	5,219	1,790	34.3%

	Sep-18	Sep-17	Amt Chg	% Chg
AWP curr mth	1,527	1,496	31	2.1%

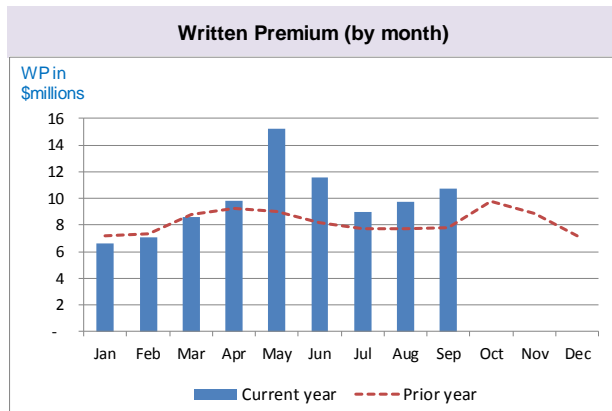


	Sep-18	Sep-17	Amt Chg	% Chg
W. Vehicles YTD	57,986	48,875	9,110	18.6%

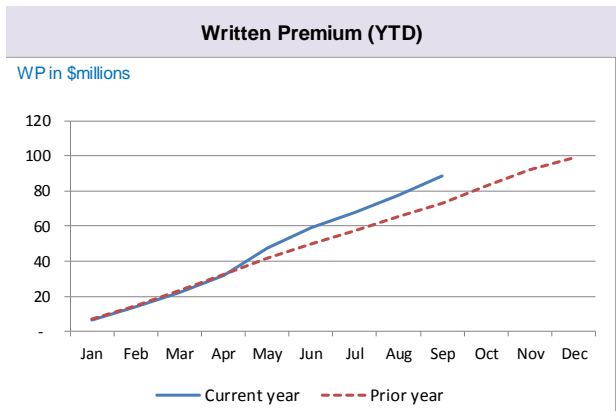


	Sep-18	Sep-17	Amt Chg	% Chg
Avg W. Prem YTD	1,525	1,496	29	1.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 37.1% for the month compared with the 21.4% increase we projected last month, and was up 21.0% year-to-date (see charts immediately below).



	Sep-18	Sep-17	Amt Chg	% Chg
WP (\$000s) curr mth	10,706	7,811	2,895	37.1%



	Sep-18	Sep-17	Amt Chg	% Chg
WP (\$000s) YTD	88,421	73,099	15,322	21.0%

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 September 2018 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

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

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2018**

Risk Sharing Pool - Alberta (Grid)

Operating Results for the 9 Months Ended September 30, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	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	\$14,047	\$12,978	\$14,265	\$16,586	\$115,261	\$152,420	\$159,965
Decrease (Increase) in Unearned Premiums	5,211	3,213	772	(23)	579	(703)	903	(630)	(3,514)	5,808	9,077	(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>\$13,344</b>	<b>\$13,881</b>	<b>\$13,635</b>	<b>\$13,072</b>	<b>\$121,069</b>	<b>\$161,497</b>	<b>\$149,448</b>
<b>Claims Incurred:</b>												
Prior Accident Years:												
Undiscounted	(\$318)	(\$292)	\$8,574	(\$276)	(\$1,565)	(\$211)	(\$8)	(\$923)	(\$14)	\$4,967	\$4,967	\$21,037
Effect of Discounting	(68)	(629)	1,625	(502)	(1,963)	(706)	(456)	(1,118)	(327)	(\$4,144)	(5,494)	(14,503)
Discounted	(\$386)	(\$921)	\$10,199	(\$778)	(\$3,528)	(\$917)	(\$464)	(\$2,041)	(\$341)	\$823	(\$527)	\$6,534
Current Accident Year:												
Undiscounted	\$11,970	\$10,743	\$13,963	\$12,317	\$13,615	\$12,468	\$12,769	\$12,503	\$12,011	\$112,359	\$149,460	\$135,791
Effect of Discounting	740	544	713	551	337	487	548	572	498	\$4,990	6,435	5,930
Discounted	\$12,710	\$11,287	\$14,676	\$12,868	\$13,952	\$12,955	\$13,317	\$13,075	\$12,509	\$117,349	\$155,895	\$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>\$12,038</b>	<b>\$12,853</b>	<b>\$11,034</b>	<b>\$12,168</b>	<b>\$118,172</b>	<b>\$155,368</b>	<b>\$148,255</b>
<b>Underwriting Expenses:</b>												
Expense Allowance	\$2,499	\$2,670	\$3,853	\$3,956	\$4,085	\$4,174	\$3,855	\$4,240	\$4,927	\$34,259	\$45,294	\$46,180
Change in UPDR/DPAC:												
Undiscounted	731	463	4,181	61	945	(35)	93	(628)	(411)	5,400	5,298	4,959
Effect of Discounting	(266)	(163)	286	5	(381)	37	(44)	59	172	(295)	(482)	(1,106)
Discounted	465	300	4,467	66	564	2	49	(569)	(239)	\$5,105	4,816	\$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>\$4,176</b>	<b>\$3,904</b>	<b>\$3,671</b>	<b>\$4,688</b>	<b>\$39,364</b>	<b>50,110</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>(\$2,870)</b>	<b>(\$2,876)</b>	<b>(\$1,070)</b>	<b>(\$3,784)</b>	<b>(\$36,467)</b>	<b>(\$43,981)</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>\$75</b>	<b>\$80</b>	<b>\$96</b>	<b>\$81</b>	<b>\$778</b>	<b>\$995</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>(\$2,945)</b>	<b>(\$2,956)</b>	<b>(\$1,166)</b>	<b>(\$3,865)</b>	<b>(\$37,245)</b>	<b>(\$44,976)</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%	-6.9%	-3.3%	-15.0%	-2.6%	0.7%	-0.3%	4.4%
Current Accident Year	93.5%	92.5%	106.8%	96.9%	97.4%	97.1%	95.9%	95.9%	95.7%	96.9%	96.5%	94.8%
All Accident Years Combined (Earned)	90.7%	85.0%	181.0%	91.0%	72.8%	90.2%	92.6%	80.9%	93.1%	97.6%	96.2%	99.2%
Underwriting & Administrative Expenses (Earned)	22.3%	25.1%	61.3%	30.9%	33.1%	31.9%	28.7%	27.6%	36.5%	33.2%	31.6%	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>122.1%</b>	<b>121.3%</b>	<b>108.5%</b>	<b>129.6%</b>	<b>130.8%</b>	<b>127.8%</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 9 Months Ended September 30, 2018 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	July	August	September	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	\$11,594	\$9,008	\$9,741	\$10,706	\$88,421	\$110,505	\$99,007
Decrease (Increase) in Unearned Premiums	1,664	389	(270)	(1,671)	(6,421)	(2,661)	279	(429)	(1,427)	(10,547)	(3,925)	(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>\$8,933</b>	<b>\$9,287</b>	<b>\$9,312</b>	<b>\$9,279</b>	<b>\$77,874</b>	<b>\$106,580</b>	<b>\$96,919</b>
<b>Claims Incurred:</b>												
Prior Accident Years:												
Undiscounted	(\$129)	(\$107)	(\$6,428)	(\$45)	\$1,812	(\$20)	\$26	(\$5,295)	(\$7)	(\$10,193)	(\$10,192)	\$6,938
Effect of Discounting	(129)	(301)	(452)	(245)	(926)	(282)	(231)	(736)	(154)	(3,456)	(4,134)	(9,421)
Discounted	(\$258)	(\$408)	(\$6,880)	(\$290)	\$886	(\$302)	(\$205)	(\$6,031)	(\$161)	(\$13,649)	(\$14,326)	(\$2,483)
Current Accident Year:												
Undiscounted	\$8,890	\$8,011	\$9,540	\$8,884	\$10,684	\$9,954	\$10,299	\$11,020	\$10,410	\$87,692	\$119,870	\$109,961
Effect of Discounting	533	363	400	367	283	366	409	486	337	3,544	4,547	4,086
Discounted	\$9,423	\$8,374	\$9,940	\$9,251	\$10,967	\$10,320	\$10,708	\$11,506	\$10,747	\$91,236	\$124,417	\$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>\$10,018</b>	<b>\$10,503</b>	<b>\$5,475</b>	<b>\$10,586</b>	<b>\$77,587</b>	<b>\$110,091</b>	<b>\$111,564</b>
<b>Underwriting Expenses:</b>												
Expense Allowance	\$1,971	\$2,105	\$2,557	\$2,917	\$4,524	\$3,444	\$2,676	\$2,894	\$3,180	\$26,268	\$32,825	\$28,599
Change in UPDR/DPAC:												
Undiscounted	(97)	(3)	1,358	210	1,923	285	(57)	(126)	(44)	3,449	2,032	3,745
Effect of Discounting	(101)	(22)	157	110	161	158	(20)	86	73	602	168	(918)
Discounted	(198)	(25)	1,515	320	2,084	443	(77)	(40)	29	4,051	2,200	\$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>\$3,887</b>	<b>\$2,599</b>	<b>\$2,854</b>	<b>\$3,209</b>	<b>\$30,319</b>	<b>\$35,025</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>(\$4,972)</b>	<b>(\$3,815)</b>	<b>\$983</b>	<b>(\$4,516)</b>	<b>(\$30,032)</b>	<b>(\$38,536)</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>\$72</b>	<b>\$83</b>	<b>\$99</b>	<b>\$83</b>	<b>\$792</b>	<b>\$1,025</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>(\$5,044)</b>	<b>(\$3,898)</b>	<b>\$884</b>	<b>(\$4,599)</b>	<b>(\$30,824)</b>	<b>(\$39,561)</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%	-3.4%	-2.2%	-64.8%	-1.7%	-17.5%	-13.4%	-2.6%
Current Accident Year	113.7%	112.0%	119.2%	113.5%	124.5%	115.5%	115.3%	123.6%	115.8%	117.2%	116.7%	117.7%
All Accident Years Combined	110.6%	106.5%	36.7%	109.9%	134.6%	112.1%	113.1%	58.8%	114.1%	99.7%	103.3%	115.1%
Underwriting & Administrative Expenses (Earned)	22.2%	29.1%	50.1%	40.7%	76.1%	44.3%	28.9%	31.7%	35.5%	40.0%	33.8%	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>156.4%</b>	<b>142.0%</b>	<b>90.5%</b>	<b>149.6%</b>	<b>139.7%</b>	<b>137.1%</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