

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F19 – 072**

**DATE: SEPTEMBER 27, 2019**

**SUBJECT: ONTARIO RISK SHARING POOL  
– AUGUST 2019 OPERATIONAL REPORT**

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

Please be advised that the August 2019 Ontario Risk Sharing Pool Operational Report is now available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

## New This Month

### Valuation

A valuation of the Ontario RSP as at June 30, 2019 has been completed since last month's Operational Report and the results of that valuation have been incorporated into this month's Operational Report. The valuation was completed by the Facility Association's internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

The implementation of the new valuation resulted in an estimated overall **\$98.5 million favourable** impact on the month's net result from operations, subtracting an estimated 43.3 points from the year-to-date Combined Operating Ratio (ending at 134.3%). The impact on the month's results is summarized in the tables below<sup>1</sup>.

Ontario	unfav / (fav) for the month and ytd						ytd EP 227,665 (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	(56,386)	(7,232)	(63,618)	587	(13,723)	(76,754)	(24.8%)	(3.2%)	(27.9%)	0.3%	(6.0%)	(33.7%)
CAY	(10,631)	(1,685)	(12,316)	221	-	(12,095)	(4.7%)	(0.7%)	(5.4%)	0.1%	-	(5.3%)
Prem Def	(8,791)	(1,156)	(9,947)	265	-	(9,682)	(3.9%)	(0.5%)	(4.4%)	0.1%	-	(4.3%)
<b>TOTAL</b>	<b>(75,808)</b>	<b>(10,073)</b>	<b>(85,881)</b>	<b>1,073</b>	<b>(13,723)</b>	<b>(98,531)</b>	<b>(33.3%)</b>	<b>(4.4%)</b>	<b>(37.7%)</b>	<b>0.5%</b>	<b>(6.0%)</b>	<b>(43.3%)</b>

<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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Please see “Effect of Quarterly Valuation” on page 4 for additional valuation result detail.

**Summary of Financial Results**

The calendar year-to-date Operating Result is -\$78.2 million and the incurred loss ratio to the end of 8 months is 100.1%, as summarized in the table below.

*ON RSP Summary of **Financial Results** (for month and year-to-date)*

<b>Amounts in \$000s</b>	<b>August 2019</b>	August 2018	<b>Year to date Aug 2019</b>	Year to Date Aug 2018
Premium Written	38,779	32,224	244,459	241,456
Premium Earned	30,019	29,487	227,665	235,670
Incurred Losses	(48,744)	4,618	228,063	258,761
Underwriting & Admin Expense	6,018	8,722	77,819	79,660
<b>Operating Result</b>	<b>72,745</b>	<b>16,147</b>	<b>(78,217)</b>	<b>(102,751)</b>
<i>Ratios:</i>				
<b>Loss ratio</b> - <i>Prior Accident Years</i>	(260.8%)	(113.4%)	(36.4%)	(26.4%)
- <i>Current Accident Year</i>	98.4%	129.0%	136.5%	136.2%
<i>Total</i>	<b>(162.4%)</b>	<b>15.6%</b>	<b>100.1%</b>	<b>109.8%</b>
<i>Underwriting &amp; Admin Expense</i>	<b>20.0%</b>	<b>29.6%</b>	<b>34.2%</b>	<b>33.8%</b>
<i>Combined Operating Ratio</i>	<b>(142.4%)</b>	<b>45.2%</b>	<b>134.3%</b>	<b>143.6%</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 2019” attached to this bulletin.

*Updated Projection to Year-end 2019*

The projected calendar year Operating Result to December 2019 is -\$152.4 million and the estimated combined operating ratio to December 2019 is 143.4%, as summarized in the table at the top of the next page.

ON RSP Summary of **Projected Year-end Financial Results** (current month's projection, prior month's projection, and Outlook posted last fall)

<b>ON RSP 2019 Yr-end Projection</b> Amounts in \$000s	<b>Current</b> (Aug 2019)	Prior Mth (Jul 2019)	<b>Change</b>	Final 2019 Outlook*
Premium Written	370,298	376,784	(6,486)	424,778
Premium Earned	351,213	351,856	(643)	392,210
Incurred Losses	385,401	481,373	(95,972)	514,677
Underwriting & Admin Expense	118,211	132,640	(14,428)	144,373
<b>Net Result from Operations</b>	<b>(152,399)</b>	<b>(262,157)</b>	<b>109,757</b>	<b>(266,840)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(25.4%)	(4.1%)	(21.3%)	(4.6%)
- Current Accident Year	135.1%	140.9%	(5.8%)	135.8%
<i>Total</i>	<b>109.7%</b>	<b>136.8%</b>	<b>(27.1%)</b>	<b>131.2%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>33.7%</b>	<b>37.7%</b>	<b>(4.0%)</b>	<b>36.8%</b>
<b>Combined Operating Ratio</b>	<b>143.4%</b>	<b>174.5%</b>	<b>(31.1%)</b>	<b>168.0%</b>

rounding differences may occur

\*as posted to FA's website Oct. 18, 2018

This updated projection to the end of the year has improved by \$109.8 million from the projection provided last month (see the second and third columns in the table), and included the overall \$104.7 million favourable impact of the valuation as at June 30, 2019, as summarized in the table below (see more information under "Effect of Quarterly Valuation" on page 4). Remaining differences were driven by changes in projected premium volumes, and the associated impacts on claims and expense projections.

Ontario	unfav / (fav) projected for full year						year EP 351,213 (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		TOTAL	ults & payout patterns		dsct rate	margins		TOTAL
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	(56,386)	(6,701)	(63,087)	534	(12,508)	(75,061)	(16.1%)	(1.9%)	(18.0%)	0.2%	(3.6%)	(21.4%)
CAY	(16,314)	(3,617)	(19,931)	320	-	(19,611)	(4.6%)	(1.0%)	(5.7%)	0.1%	-	(5.6%)
Prem Def	(9,082)	(1,194)	(10,276)	270	-	(10,006)	(2.6%)	(0.3%)	(2.9%)	0.1%	-	(2.8%)
<b>TOTAL</b>	<b>(81,782)</b>	<b>(11,512)</b>	<b>(93,294)</b>	<b>1,124</b>	<b>(12,508)</b>	<b>(104,678)</b>	<b>(23.3%)</b>	<b>(3.3%)</b>	<b>(26.6%)</b>	<b>0.3%</b>	<b>(3.6%)</b>	<b>(29.8%)</b>

### Current Month Results

The Ontario Risk Sharing Pool produced a \$72.7 million Operating Result in the month of August 2019, a \$56.6 million improvement compared with the same month last year. This improvement is composed of a \$0.3 million favourable impact associated with the \$0.5 million increase in earned premium (at a combined ratio of 45.2%), with the remaining \$56.3 million favourable impact stemming from the overall decrease in the combined ratio (from 45.2% to -142.4% applied to \$30.0 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 176.3% at the end of 7 months to 134.3% at the end of 8 months. The 42.0 percentage point decrease is composed of a 34.1 percentage point decrease in the Prior Accident Year loss ratio, coupled with a 5.8 percentage

point decrease in the Current Accident Year loss ratio, and a 2.1 percentage point decrease in the expense ratio.

### Variances from Projections

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

#### *ON RSP Summary of Actual vs Projected variances*

August 2019	Actual	Projection	Difference	Difference %
Written Premium	38,779	39,060	(281)	(0.7%)
Earned Premium	30,019	30,103	(84)	(0.3%)
Reported Losses				
Paid Losses	26,869	28,624	(1,755)	(6.1%)
Paid Expenses	1,554	2,671	(1,117)	(41.8%)
Change in Outstanding Losses	(266)	1,739	(2,005)	(115.3%)
<b>Total Reported Losses</b>	<b>28,157</b>	<b>33,034</b>	<b>(4,877)</b>	<b>(14.8%)</b>
Change in IBNR Provision*	(76,901)	7,025	(83,926)	
Change in Premium Deficiency (DPAC)*	(5,427)	4,331	(9,758)	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Ontario RSP August 2019 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 August 2019, reported losses were \$4.9 million lower than projected. The Current Accident Year had an approximately \$3.4 million favourable variance in reported losses, and the Prior Accident Years had a \$1.5 million favourable variance. Of the Prior Accident Years, 2013 had the largest variance in reported losses at \$1.1 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 some specific individual Prior Accident Years for the month. Management investigated paid 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 August 2019 Ontario Risk Sharing Pool Operational Report reflects the results of an updated valuation as at June 30, 2019, with the associated impacts in relation to the results for August 2019 summarized in the table at the top of the next page.

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**Ontario Risk Sharing Pool – August 2019 Operational Report**

Ontario	unfav / (fav) for the month and ytd						mth EP 30,019 (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	(56,386)	(7,232)	(63,618)	587	(13,723)	(76,754)	(187.8%)	(24.1%)	(211.9%)	2.0%	(45.7%)	(255.7%)
CAY	(10,631)	(1,685)	(12,316)	221	-	(12,095)	(35.4%)	(5.6%)	(41.0%)	0.7%	-	(40.3%)
Prem Def	(8,791)	(1,156)	(9,947)	265	-	(9,682)	(29.3%)	(3.9%)	(33.1%)	0.9%	-	(32.3%)
<b>TOTAL</b>	<b>(75,808)</b>	<b>(10,073)</b>	<b>(85,881)</b>	<b>1,073</b>	<b>(13,723)</b>	<b>(98,531)</b>	<b>(252.5%)</b>	<b>(33.6%)</b>	<b>(286.1%)</b>	<b>3.6%</b>	<b>(45.7%)</b>	<b>(328.2%)</b>

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a \$85.9 million favourable impact – see column [3] in the left table above), partially offset by the impact due to a 3 basis point decrease in the selected discount rate (from 1.43% to 1.40% generating a \$1.1 million unfavourable impact – see column [4] in the left table above). While there was no change in the margin for adverse deviation in investment yield (remains at 25 basis points), as per our usual practice with the June 30 valuations, the margins for adverse deviation for claims development as selected at the coverage / accident year level were updated with this valuation (generating a \$13.7 million favourable impact – see column [5] in the left table above).

Management has observed favourable *total* valuation impacts over the last 12 valuation implementations as shown in column [5] of the table below (summarizing the same information as provided in the left table above as relates to the most recent 12 valuation implementations). 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: Ontario, as at: 2019 Q2		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 [4])		= [5] / [6]	= [1] / [6]	
2016 Q3	Oct 2016	1,048	(965)	1,885	-	1,968	1,184,757	0.2%	0.1%	
2016 Q4	Mar 2017	(35,665)	(2,640)	(17,825)	-	(56,130)	1,174,423	(4.8%)	(3.0%)	
2017 Q1	May 2017	6,929	646	3,204	-	10,779	1,224,460	0.9%	0.6%	
2017 Q2	Aug 2017	(12,256)	(2,265)	(7,162)	(13,084)	(34,767)	1,242,002	(2.8%)	(1.0%)	
2017 Q3	Oct 2017	8,279	882	(19,050)	-	(9,889)	1,235,584	(0.8%)	0.7%	
2017 Q4	Mar 2018	(10,194)	3,623	1,101	-	(5,470)	1,235,959	(0.4%)	(0.8%)	
2018 Q1	May 2018	3,936	(2,730)	(5,846)	-	(4,640)	1,265,737	(0.4%)	0.3%	
2018 Q2	Aug 2018	(8,275)	463	2,024	(30,423)	(36,211)	1,272,626	(2.8%)	(0.7%)	
2018 Q3	Oct 2018	(1,047)	(374)	(13,794)	13,943	(1,272)	1,285,282	(0.1%)	(0.1%)	
2018 Q4	Mar 2019	(17,697)	2,445	11,612	-	(3,640)	1,279,486	(0.3%)	(1.4%)	
2019 Q1	May 2019	6,481	970	16,580	-	24,031	1,343,909	1.8%	0.5%	
2019 Q2	Aug 2019	(75,808)	(10,073)	1,073	(13,723)	(98,531)	1,284,531	(7.7%)	(5.9%)	
<b>12-qtrs</b>		<b>(134,269)</b>	<b>(10,018)</b>	<b>(26,198)</b>	<b>(43,287)</b>	<b>(213,772)</b>				
% of total		62.8%	4.7%	12.3%	20.2%	100.0%				
		5 unfavourable (nominal) valuations						2 impacts were outside of 2.5%		
Averages										
12-qtrs		(11,189)	(835)	(2,183)	(3,607)	(17,814)	1,252,396	(1.4%)	(0.9%)	
2016 Q3 to 2018 Q2		(5,775)	(373)	(5,209)	(5,438)	(16,795)	1,229,444	(1.4%)	(0.5%)	
2018 Q3 to 2019 Q2		(22,018)	(1,758)	3,868	55	(19,853)	1,298,302	(1.5%)	(1.7%)	

The FA valuation approach is focused on providing (i) best estimates on a nominal basis (i.e. the longer term average of nominal changes in column [1] should be close-to-zero); (ii) the nominal

changes of any one valuation in relation to policy liabilities<sup>2</sup>, should be “small” (less than 2.5%); and (iii) the valuation results should not indicate bias – that is, we generally anticipate approximately 1/3<sup>rd</sup> of nominal valuation impacts will be unfavourable, and 2/3<sup>rd</sup>s will be favourable (due to the skewness of the development). On these 3 measures:

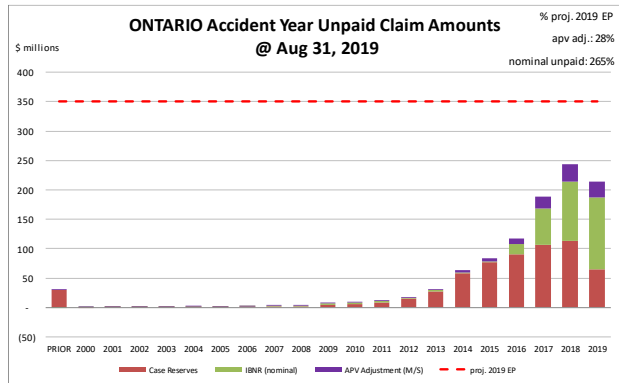
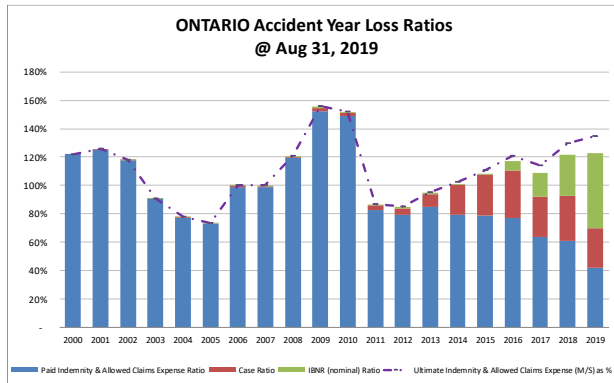
- (i) **Best estimate measurement: This objective has not been met**, as the 12-quarter nominal change in column [1] is \$134.3 million favourable. While the average favourable impact over the 12 quarters had been improving, the current valuation impact is a set back, causing the average impact of the most recent 4 valuations to be more favourable than the earlier 8 valuations. That said, the 12-quarter average at \$11.2 million (nominal only) represents 0.9% of ending policy liabilities per column [8], which we would view as not significant.
- (ii) **Nominal size measurement: This objective has not been met**, with 2 individual valuation showing nominal changes in excess of 2.5% of ending policy liabilities per column [8] in the table above, above our expectation (0). At 5.9%, the current valuation is more than twice the 2.5% top end criteria we have set. As a result, we have reviewed our valuation process, but did not find evidence of bias (the results of this valuation are more related to specific issues like data quality issues being resolved, and experience simply performing better than expected). We are, nonetheless, initiating a review of the valuation process (including how assumptions are struck, the accuracy of various valuation methodologies, and our default selections). We expect this review to occur over the next 3-6 months.
- (iii) **Bias evidence measurement: This objective has been met**, as 5 of 12 valuations show unfavourable changes (column [1] of the table above), in line with our expectation (3 to 5 of 12).

In summary, we believe the nominal valuation impacts had 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), but the latest valuation suggests some reflection on our processes is warranted, so we are taking action in response.

The charts at the top of the next page summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities.

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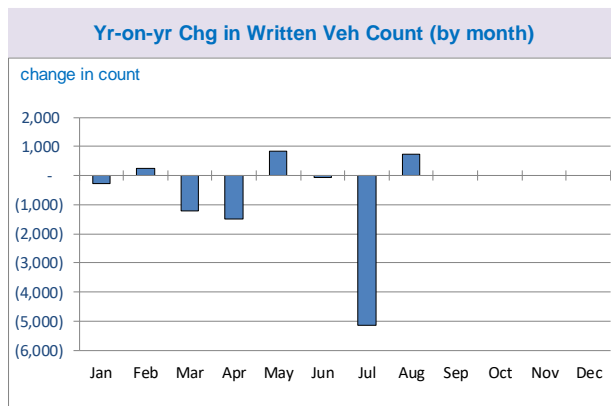
<sup>2</sup>We also consider changes in nominal estimates relative to beginning claims liabilities, with this metric also ideally being small, but in this case, less than 5.0%. Over time, our view of “small” for each of these metrics may change.



The preceding charts, latest valuation results, and related actuarial present value assumption updates are discussed in more detail in the [Ontario RSP August 2019 Operational Report – Actuarial Highlights](#). The Actuarial Quarterly Valuation Highlights for Risk Sharing Pools as at June 30, 2019 is expected to be posted in October 2019. The actuarial valuation will be updated next as at September 30, 2019 and we anticipate that the results will be reflected in the October 2019 Operational Report.

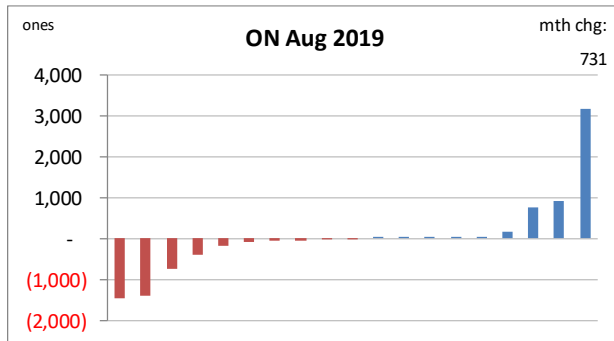
**Management Comments**

For the Ontario RSP, the transfer limit is 5.0% of 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 2019 vehicle count up 1.8% from 2018, being 2.5% of the 2018 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.



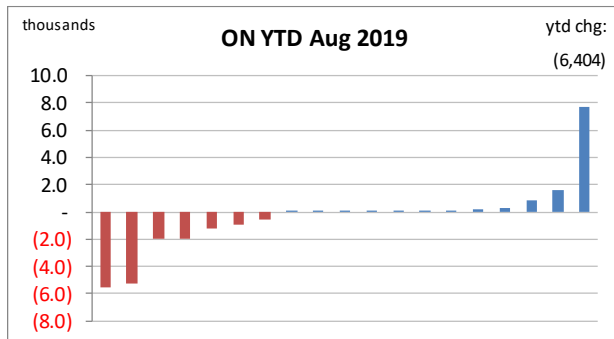
The chart on the left shows the year-on-year change in the vehicles transferred to the pool by month, with August reporting an increase of 731 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,848 vehicles, indicating a variance of 1,117 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of vehicles to the RSP in August than projected.





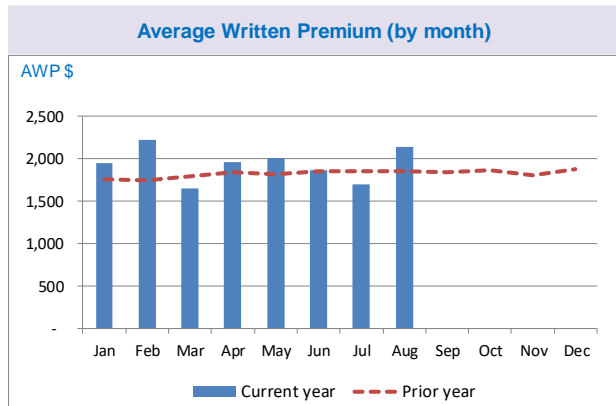
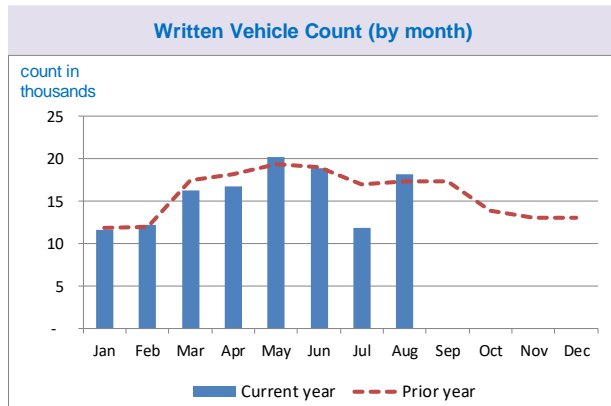
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the pool this month compared to a year ago, while nine transferred more<sup>3</sup>. Of the 10 member company groups transferring fewer vehicles, 1 member company

group accounted for 34% of the total transfer decrease for the “decliner” members. Of the 9 member company groups transferring more vehicles, 2 member company groups accounted for 81% of the total transfer increases for the “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.

August’s year-on-year change in vehicle count transfers to the pool represents a 4.2% increase from August 2018, but counts were down 4.8% year-to-date. Average written premium was up 15.5% in August 2019 compared with the same month in 2018, and was up 6.4% year-to-date (see charts immediately below and at the top of the next page).



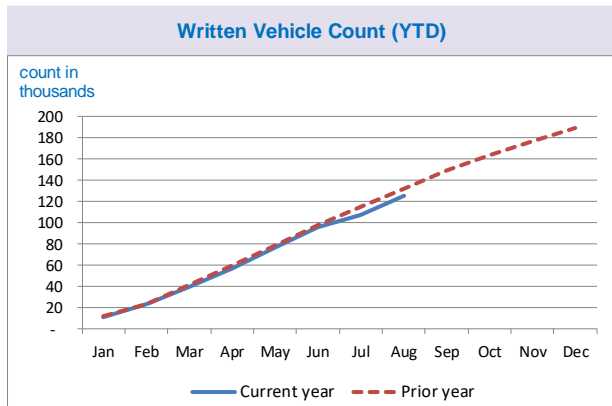
	Aug-19	Aug-18	Amt Chg	% Chg
W. Veh curr mth	18,148	17,417	731	4.2%

	Aug-19	Aug-18	Amt Chg	% Chg
AWP curr mth	2,137	1,850	287	15.5%

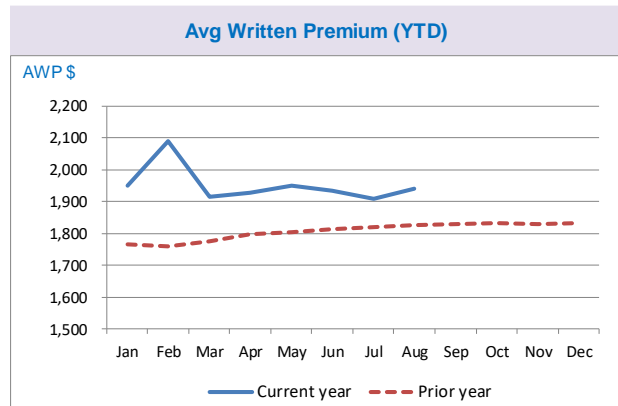
<sup>3</sup>For the purposes of discussion here, we only include those member company groups that transferred at least one vehicle in either 2018 or 2019. Groups that have not transferred vehicles in these two periods are ignored.



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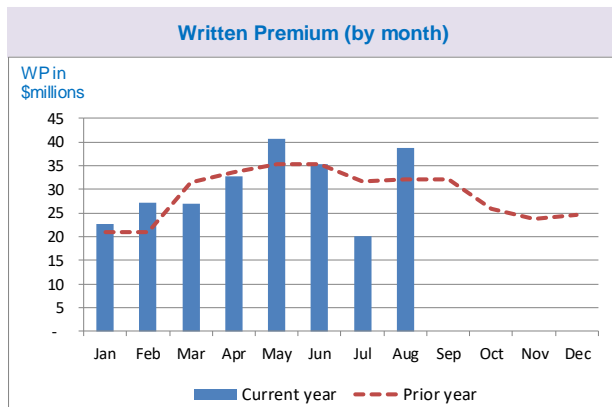


	Aug-19	Aug-18	Amt Chg	% Chg
W. Vehicles YTD	125,920	132,324	(6,404)	-4.8%

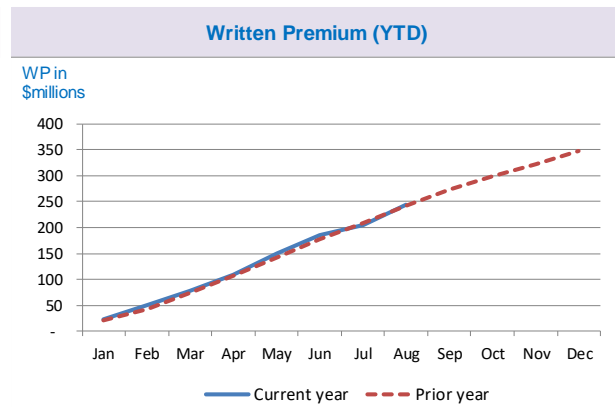


	Aug-19	Aug-18	Amt Chg	% Chg
Avg W. Prem YTD	1,941	1,825	116	6.4%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 20.3% for the month compared with the 21.2% increase we projected last month, and was up 1.2% year-to-date (see charts immediately below).



	Aug-19	Aug-18	Amt Chg	% Chg
WP (\$000s) curr mth	38,779	32,224	6,555	20.3%



	Aug-19	Aug-18	Amt Chg	% Chg
WP (\$000s) YTD	244,458	241,455	3,003	1.2%

Should you require any further information, please call Shawn Doherty, Senior Vice President Actuarial & CFO at (416) 644-4968.

Saskia Matheson  
 President & CEO

**Related links:**

[Ontario RSP August 2019 Operational Report – Actuarial Highlights](#)

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2019**

Risk Sharing Pool - Ontario

Operating Results for the 8 Months Ended August 31, 2019 (Discounted basis)

Source: *Monthly Operational Report*

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	CY2019 YTD	CY2019 12 MONTHS Updated Projection	CY2018 12 MONTHS Actual
Net Premiums Written	\$22,666	\$27,186	\$26,913	\$32,790	\$40,607	\$35,385	\$20,133	\$38,779	\$244,459	\$370,298	\$347,756
Decrease (Increase) in Unearned Premiums	6,641	2,079	(2,630)	(\$4,851)	(\$10,947)	(\$8,186)	\$9,860	(\$8,760)	(16,794)	(19,085)	4,866
<b>Net Premiums Earned</b>	<b>\$29,307</b>	<b>\$29,265</b>	<b>\$24,283</b>	<b>\$27,939</b>	<b>\$29,660</b>	<b>\$27,199</b>	<b>\$29,993</b>	<b>\$30,019</b>	<b>\$227,665</b>	<b>\$351,213</b>	<b>\$352,622</b>
<b>Claims Incurred:</b>											
Prior Accident Years:											
Undiscounted	\$346	\$3,446	(\$23,095)	(\$441)	\$4,769	(\$1,648)	(\$189)	(\$56,479)	(\$73,291)	(\$73,291)	(\$27,680)
Effect of Discounting	(1,015)	(1,367)	9,238	(1,477)	10,662	(1,883)	(1,882)	(21,796)	(9,520)	(15,945)	(44,774)
Discounted	(\$669)	\$2,079	(\$13,857)	(\$1,918)	\$15,431	(\$3,531)	(\$2,071)	(\$78,275)	(\$82,811)	(\$89,236)	(\$72,454)
Current Accident Year:											
Undiscounted	\$36,918	\$33,768	\$36,284	\$35,970	\$38,699	\$36,401	\$38,463	\$27,765	\$284,268	\$436,231	\$449,107
Effect of Discounting	3,864	2,750	3,491	2,878	5,120	3,264	3,473	1,766	26,606	38,406	32,229
Discounted	\$40,782	\$36,518	\$39,775	\$38,848	\$43,819	\$39,665	\$41,936	\$29,531	\$310,874	\$474,637	\$481,336
<b>Claims Incurred</b>	<b>\$40,113</b>	<b>\$38,597</b>	<b>\$25,918</b>	<b>\$36,930</b>	<b>\$59,250</b>	<b>\$36,134</b>	<b>\$39,865</b>	<b>(\$48,744)</b>	<b>\$228,063</b>	<b>\$385,401</b>	<b>\$408,882</b>
<b>Underwriting Expenses:</b>											
Expense Allowance	\$6,664	\$7,928	\$8,089	\$9,715	\$12,040	\$10,408	\$5,564	\$11,335	\$71,743	\$108,237	\$104,488
Change in UPDR/DPAC:											
Undiscounted	(1,786)	(485)	896	1,598	4,151	2,678	(2,428)	(5,782)	(1,158)	1,619	6,686
Effect of Discounting	(711)	(215)	1,989	598	4,474	1,149	(1,300)	355	6,339	6,875	(3,188)
Discounted	(2,497)	(700)	2,885	2,196	8,625	3,827	(3,728)	(5,427)	5,181	8,494	3,498
<b>Underwriting Expenses</b>	<b>\$4,167</b>	<b>\$7,228</b>	<b>\$10,974</b>	<b>\$11,911</b>	<b>\$20,665</b>	<b>\$14,235</b>	<b>\$1,836</b>	<b>\$5,908</b>	<b>\$76,924</b>	<b>\$116,731</b>	<b>\$107,986</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$14,973)</b>	<b>(\$16,560)</b>	<b>(\$12,609)</b>	<b>(\$20,902)</b>	<b>(\$50,255)</b>	<b>(\$23,170)</b>	<b>(\$11,708)</b>	<b>\$72,855</b>	<b>(\$77,322)</b>	<b>(\$150,919)</b>	<b>(\$164,246)</b>
<b>Administrative Expenses</b>	<b>\$104</b>	<b>\$131</b>	<b>\$90</b>	<b>\$109</b>	<b>\$112</b>	<b>\$100</b>	<b>\$139</b>	<b>\$110</b>	<b>\$895</b>	<b>\$1,480</b>	<b>\$1,354</b>
<b>Operating Result</b>	<b>(\$15,077)</b>	<b>(\$16,691)</b>	<b>(\$12,699)</b>	<b>(\$21,011)</b>	<b>(\$50,367)</b>	<b>(\$23,270)</b>	<b>(\$11,847)</b>	<b>\$72,745</b>	<b>(\$78,217)</b>	<b>(\$152,399)</b>	<b>(\$165,600)</b>
<b>Ratios:</b>											
<b>Claims &amp; Expenses Incurred (Earned)</b>											
Prior Accident Years	-2.3%	7.1%	-57.1%	-6.9%	52.0%	-13.0%	-6.9%	-260.8%	-36.4%	-25.4%	-20.5%
Current Accident Year	139.2%	124.8%	163.8%	139.0%	147.7%	145.8%	139.8%	98.4%	136.5%	135.1%	136.5%
All Accident Years Combined	136.9%	131.9%	106.7%	132.1%	199.7%	132.8%	132.9%	-162.4%	100.1%	109.7%	116.0%
Underwriting & Administrative Expenses (Earned)	14.6%	25.1%	45.6%	43.0%	70.1%	52.7%	6.6%	20.0%	34.2%	33.7%	31.0%
<b>Combined Operating Ratio</b>	<b>151.5%</b>	<b>157.0%</b>	<b>152.3%</b>	<b>175.1%</b>	<b>269.8%</b>	<b>185.5%</b>	<b>139.5%</b>	<b>-142.4%</b>	<b>134.3%</b>	<b>143.4%</b>	<b>147.0%</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