

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F19 – 090**

**DATE: NOVEMBER 28, 2019**

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

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

Please be advised that the October 2019 Ontario Risk Sharing Pool Operational Report was available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com> on November 21, 2019.

### **Key Points**

- (a) The **2019 year-to-date net operating deficit is \$127 million** with the addition of \$20 million in deficit generated in October, resulting in a year-to-date COR of 143.8% on earned premium of \$291 million;
- (b) this month's results include the implementation of the 2019 Q3 valuation, resulting in an estimated \$10 million favourable impact;
- (c) the **projected 2019 year-end net operating deficit is \$160 million**, with a COR at 144.6% on earned premium of \$358 million (our Outlook for 2019 was \$168 million of net operating deficit with a COR of 168.0% on earned premium of \$392 million) – the favourable \$10 million valuation impact was offset by increases in projected volume; and
- (d) transfer counts and premium were higher than expected in the month, leading a higher projected operating deficit than we would have otherwise projected.

### **New This Month**

#### Valuation

A valuation of the Ontario RSP as at September 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 **\$9.8 million favourable**

**Bulletin F19-090**  
**Ontario Risk Sharing Pool – October 2019 Operational Report**

impact on the month's net result from operations, subtracting an estimated 3.4 points from the year-to-date Combined Operating Ratio (ending at 143.8%). 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 290,764 (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	(5,412)	(235)	(5,647)	(345)	-	(5,992)	(1.9%)	(0.1%)	(1.9%)	(0.1%)	-	(2.1%)
CAY	(2,060)	(459)	(2,519)	(43)	-	(2,562)	(0.7%)	(0.2%)	(0.9%)	-	-	(0.9%)
Prem Def	(427)	(786)	(1,213)	-	-	(1,213)	(0.1%)	(0.3%)	(0.4%)	-	-	(0.4%)
<b>TOTAL</b>	<b>(7,899)</b>	<b>(1,480)</b>	<b>(9,379)</b>	<b>(388)</b>	<b>-</b>	<b>(9,767)</b>	<b>(2.7%)</b>	<b>(0.5%)</b>	<b>(3.2%)</b>	<b>(0.1%)</b>	<b>-</b>	<b>(3.4%)</b>

Please see “Effect of Quarterly Valuation” on page 5 for additional valuation result detail.

**Summary of Financial Results**

The calendar year-to-date Operating Result is -\$127.4 million and the incurred loss ratio to the end of 10 months is 103.3%, as summarized in the table below.

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

Amounts in \$000s	October 2019	October 2018	Year to date Oct 2019	Year to Date Oct 2018	
Premium Written	49,304	25,915	339,188	299,513	
Premium Earned	32,708	30,010	290,764	294,732	
Incurred Losses	32,794	36,540	300,374	333,547	
Underwriting & Admin Expense	20,359	7,417	117,772	98,080	
<b>Operating Result</b>	<b>(20,445)</b>	<b>(13,947)</b>	<b>(127,382)</b>	<b>(136,895)</b>	
<b>Ratios:</b>					
<b>Loss ratio</b>	- Prior Accident Years	(23.8%)	(22.9%)	(31.6%)	(23.7%)
	- Current Accident Year	124.1%	144.6%	134.9%	136.9%
	<i>Total</i>	<b>100.3%</b>	<b>121.7%</b>	<b>103.3%</b>	<b>113.2%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>62.2%</b>	<b>24.7%</b>	<b>40.5%</b>	<b>33.3%</b>	
<b>Combined Operating Ratio</b>	<b>162.5%</b>	<b>146.4%</b>	<b>143.8%</b>	<b>146.5%</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 -\$159.8 million and the

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

**Bulletin F19-090**  
**Ontario Risk Sharing Pool – October 2019 Operational Report**

estimated combined operating ratio to December 2019 is 144.6%, as summarized in the table below.

*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> (Oct 2019)	Prior Mth (Sep 2019)	<b>Change</b>	Final 2019 Outlook*
Premium Written	395,473	380,269	15,204	424,778
Premium Earned	358,169	354,803	3,366	392,210
Incurred Losses	385,885	390,979	(5,094)	514,677
Underwriting & Admin Expense	132,075	123,633	8,442	144,373
<b>Net Result from Operations</b>	<b>(159,791)</b>	<b>(159,809)</b>	<b>18</b>	<b>(266,840)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(26.6%)	(25.1%)	(1.5%)	(4.6%)
- Current Accident Year	134.3%	135.3%	(1.0%)	135.8%
<i>Total</i>	<b>107.7%</b>	<b>110.2%</b>	<b>(2.5%)</b>	<b>131.2%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>36.9%</b>	<b>34.8%</b>	<b>2.1%</b>	<b>36.8%</b>
<b>Combined Operating Ratio</b>	<b>144.6%</b>	<b>145.0%</b>	<b>(0.4%)</b>	<b>168.0%</b>

*rounding differences may occur*

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

This updated projection in Net Result from Operations to the end of the year has improved by \$18 thousand from the projection provided last month (see the second and third columns in the table). The updated projection includes the overall \$9.7 million favourable impact of the valuation as at September 30, 2019 as summarized in the table below (see more information under “Effect of Quarterly Valuation” on page 5). However, the favourable valuation impact is offset by the unfavourable impact of the increase in projected written premium and the associated impacts on earned premium, claims, and expense projections.

Ontario	unfav / (fav) projected for full year						year EP 358,169 (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	(5,412)	(228)	(5,640)	(324)	-	(5,964)	(1.5%)	(0.1%)	(1.6%)	(0.1%)	-	(1.7%)
CAY	(2,532)	(423)	(2,955)	(51)	-	(3,006)	(0.7%)	(0.1%)	(0.8%)	-	-	(0.8%)
Prem Def	-	(710)	(710)	-	-	(710)	-	(0.2%)	(0.2%)	-	-	(0.2%)
<b>TOTAL</b>	<b>(7,944)</b>	<b>(1,361)</b>	<b>(9,305)</b>	<b>(375)</b>	<b>-</b>	<b>(9,680)</b>	<b>(2.2%)</b>	<b>(0.4%)</b>	<b>(2.6%)</b>	<b>(0.1%)</b>	<b>-</b>	<b>(2.7%)</b>

**Current Month Results**

The Ontario Risk Sharing Pool produced a -\$20.4 million Operating Result in the month of October 2019, a \$6.5 million deterioration compared with the same month last year. This deterioration is composed of an approximately \$1.2 million unfavourable impact associated with the \$2.7 million increase in earned premium (at a combined ratio of 146.4%), with the remaining \$5.3 million unfavourable impact stemming from the overall increase in the combined ratio (from 146.4% to 162.5% applied to \$32.7 million in earned premium).

**Bulletin F19-090**  
**Ontario Risk Sharing Pool – October 2019 Operational Report**

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This month's results moved the year-to-date combined operating ratio from 141.3% at the end of 9 months to 143.8% at the end of 10 months. The 2.5 percentage point increase is composed of a 2.8 percentage point increase in the expense ratio, a 1.0 percentage point increase in the Prior Accident Years loss ratio, offset by a 1.3 percentage point decrease in the Current Accident Year loss 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*

<b>October 2019</b>	<b>Actual</b>	<b>Projection</b>	<b>Difference</b>	<b>Difference %</b>
Written Premium	49,304	34,110	15,194	44.5%
Earned Premium	32,708	32,499	209	0.6%
Reported Losses				
Paid Losses	36,751	31,715	5,036	15.9%
Paid Expenses	1,506	2,897	(1,391)	(48.0%)
Change in Outstanding Losses	(2,207)	(1,451)	(756)	52.1%
<b>Total Reported Losses</b>	<b>36,050</b>	<b>33,161</b>	<b>2,889</b>	<b>8.7%</b>
Change in IBNR Provision*	(3,256)	8,471	(11,727)	
Change in Premium Deficiency (DPAC)*	5,737	1,240	4,497	

(Amounts in \$000's)

rounding differences may occur

\*Detailed information is included in [Ontario RSP October 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 October 2019, reported losses were \$2.9 million higher than projected. The Current Accident Year had a \$4.4 million unfavourable variance in reported losses, while the Prior Accident Years had a \$1.5 million favourable variance. Of the Prior Accident Years, 2016 had the largest variance in reported losses at \$2.2 million unfavourable, followed by 2015 at \$2.0 million favourable, 2013 at \$1.1 million favourable, and 2014 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 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 October 2019 Ontario Risk Sharing Pool Operational Report reflects the results of an updated valuation as at September 30, 2019, with the associated impacts in relation to the results for October 2019 summarized in the table below.

Ontario	unfav / (fav) for the month and ytd						mth EP 32,708 (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	(5,412)	(235)	(5,647)	(345)	-	(5,992)	(16.5%)	(0.7%)	(17.3%)	(1.1%)	-	(18.3%)
CAY	(2,060)	(459)	(2,519)	(43)	-	(2,562)	(6.3%)	(1.4%)	(7.7%)	(0.1%)	-	(7.8%)
Prem Def	(427)	(786)	(1,213)	-	-	(1,213)	(1.3%)	(2.4%)	(3.7%)	-	-	(3.7%)
TOTAL	(7,899)	(1,480)	(9,379)	(388)	-	(9,767)	(24.2%)	(4.5%)	(28.7%)	(1.2%)	-	(29.9%)

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a \$9.4 million favourable impact – see column [3] in the left table above). This was augmented by the impact due to a 3 basis point increase in the selected discount rate from 1.43% to 1.46% (generating a \$0.4 million favourable impact – see column [4] in the left table above).

There was no change in the margin for adverse deviation in investment yield (25 basis points). As well, the margins for adverse deviation for claims development as selected at the coverage / accident year level were left unchanged with this valuation. (Our usual practice is to review / update margins for claims development at the June 30 valuations.) As a result, column [5] in the left table above shows \$0 impact for margin changes with this valuation.

Management has observed favourable *total* valuation impacts over the last 12 valuation implementations as shown in column [5] of the table at the top of the next page (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).

**Bulletin F19-090**  
**Ontario Risk Sharing Pool – October 2019 Operational Report**

RSP: Ontario, as at: 2019 Q3		unfavourable / (favourable) Valuation Implementation Impact (\$000s)					\$000s		
Valuation	period implemented	updated LR & 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 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%)
2019 Q3	Oct 2019	(7,899)	(1,480)	(388)	-	(9,767)	1,335,488	(0.7%)	(0.6%)
12-qtrs		(143,216)	(10,533)	(28,471)	(43,287)	(225,507)			
% of total		63.5%	4.7%	12.6%	19.2%	100.0%			
		4 unfavourable (nominal) valuations						2 impacts were outside of 2.5%	
Averages									
12-qtrs		(11,935)	(878)	(2,373)	(3,607)	(18,792)	1,264,957	(1.5%)	(0.9%)
2016 Q4 to 2018 Q3		(6,037)	(299)	(7,169)	(3,696)	(17,200)	1,242,009	(1.4%)	(0.5%)
2018 Q4 to 2019 Q3		(23,731)	(2,035)	7,219	(3,431)	(21,977)	1,310,854	(1.7%)	(1.8%)

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>rds</sup> will be favourable (due to the skewness of the development). On these 3 measures:

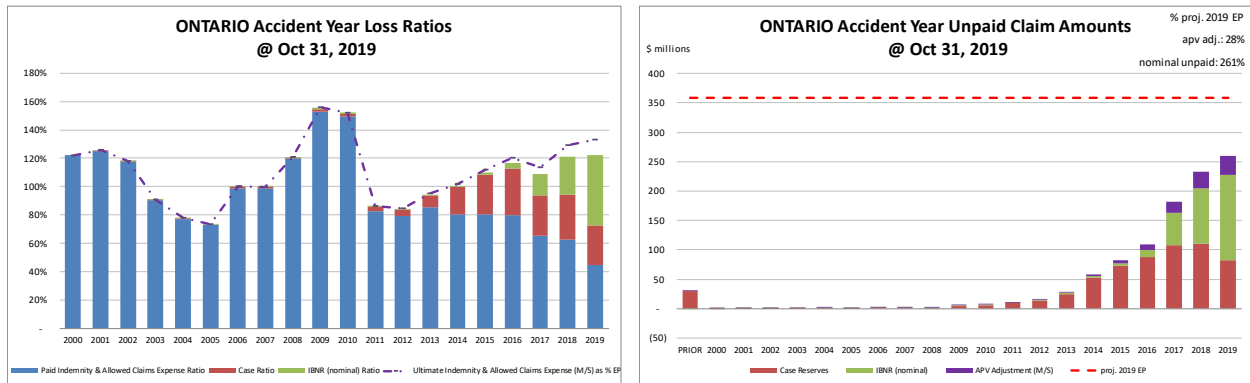
- (i) **Best estimate measurement: This objective has not been met**, as the 12-quarter nominal change in column [1] is \$143.2 million favourable. While the average favourable impact over the 12 quarters had been improving, the 2019 Q2 valuation impact was a setback, resulting in the average impact of the most recent 4 valuations to be more favourable than the earlier 8 valuations. That said, the 12-quarter average at \$11.9 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). As indicated last month, we are 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 2-5 months.

<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.

- (iii) **Bias evidence measurement: This objective has been met**, as 4 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.

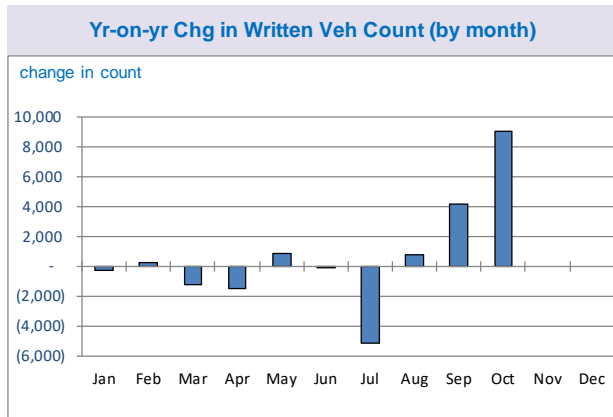
The charts below summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities.



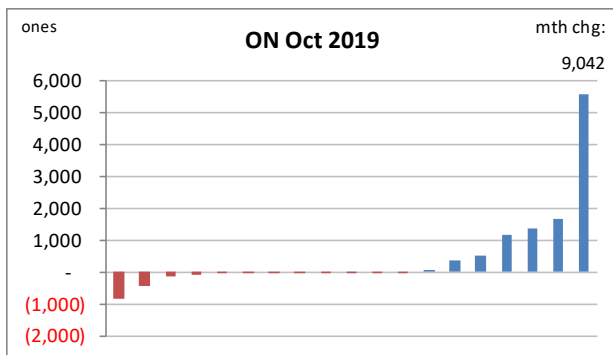
The preceding charts, latest valuation results, and related actuarial present value assumption updates are discussed in more detail in the [Ontario RSP October 2019 Operational Report – Actuarial Highlights](#). The Actuarial Quarterly Valuation Highlights for Risk Sharing Pools as at September 30, 2019 is expected to be posted in January 2020. The actuarial valuation will be updated next as at December 31, 2019 and we anticipate that the results will be reflected in the March 2020 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 5.3% from 2018, being 2.6% of the 2019 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.

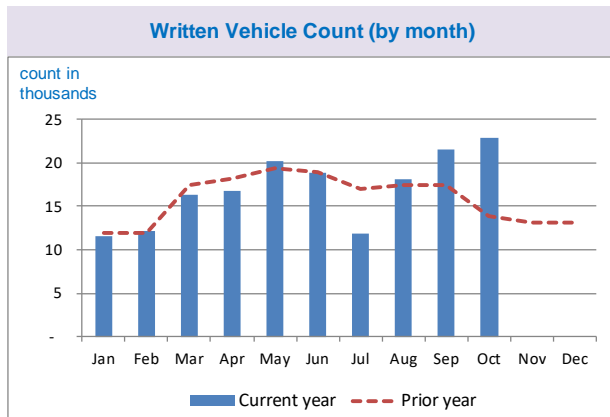


The chart on the left shows the year-on-year change in the vehicles transferred to the pool by month, with October reporting an increase of 9,042 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 3,900 vehicles, indicating a variance of 5,142 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a greater number of vehicles to the RSP in October than projected.

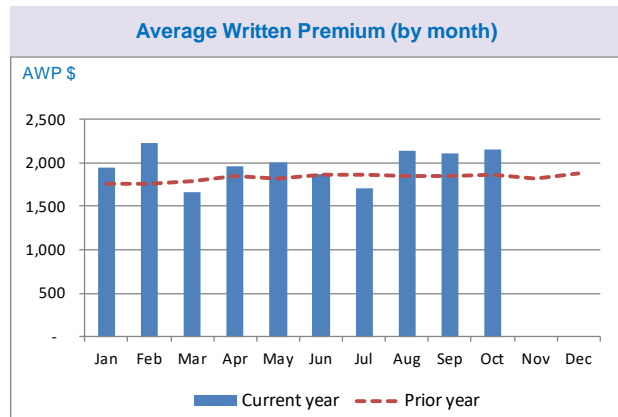




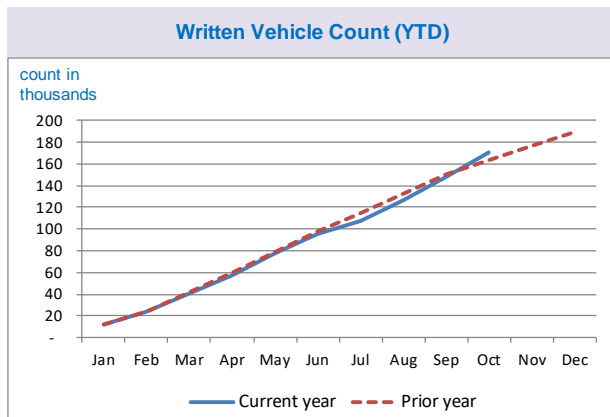
**Bulletin F19-090**  
**Ontario Risk Sharing Pool – October 2019 Operational Report**



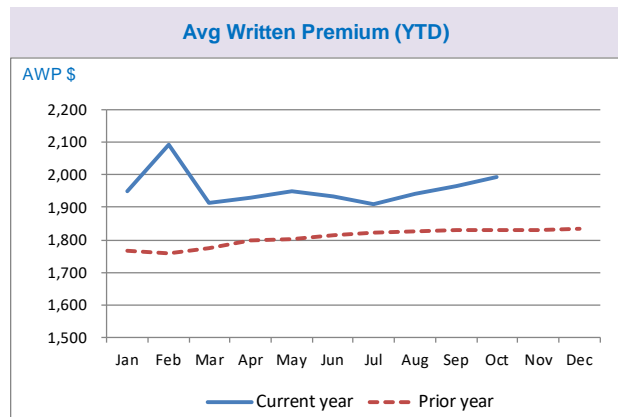
	Oct-19	Oct-18	Amt Chg	% Chg
W. Veh curr mth	22,917	13,875	9,042	65.2%



	Oct-19	Oct-18	Amt Chg	% Chg
AWP curr mth	2,151	1,868	283	15.1%

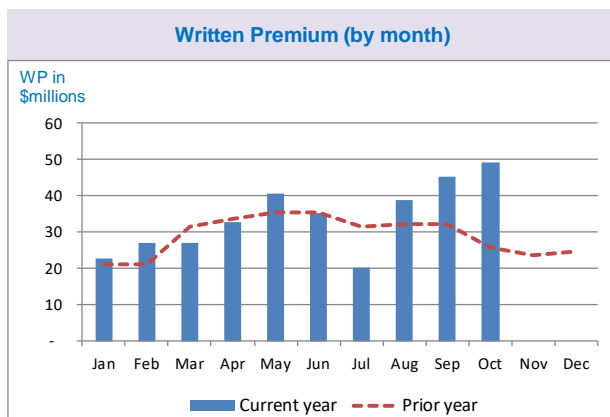


	Oct-19	Oct-18	Amt Chg	% Chg
W. Vehicles YTD	170,343	163,581	6,761	4.1%

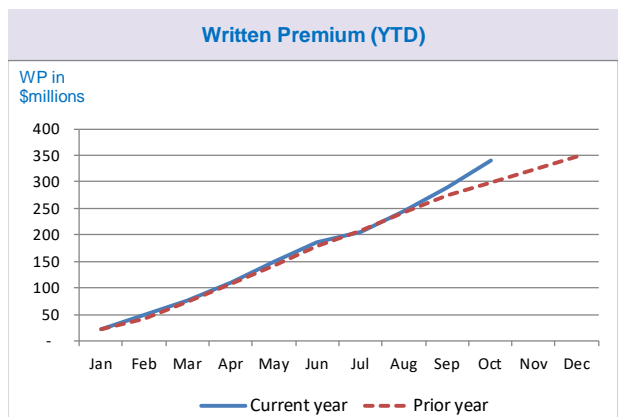


	Oct-19	Oct-18	Amt Chg	% Chg
Avg W. Prem YTD	1,991	1,831	160	8.7%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 90.3% for the month compared with the 31.6% increase we projected last month, and was up 13.2% year-to-date (see charts below).



	Oct-19	Oct-18	Amt Chg	% Chg
WP (\$000s) curr mth	49,304	25,915	23,389	90.3%



	Oct-19	Oct-18	Amt Chg	% Chg
WP (\$000s) YTD	339,186	299,511	39,675	13.2%

**Bulletin F19-090**

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

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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 October 2019 Operational Report – Actuarial Highlights](#)

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2019**

Risk Sharing Pool - Ontario

Operating Results for the 10 Months Ended October 31, 2019 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	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	\$45,425	\$49,304	\$339,188	\$395,473	\$347,756
Decrease (Increase) in Unearned Premiums	6,641	2,079	(2,630)	(\$4,851)	(\$10,947)	(\$8,186)	\$9,860	(\$8,760)	(\$15,034)	(\$16,596)	(48,424)	(37,304)	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>\$30,391</b>	<b>\$32,708</b>	<b>\$290,764</b>	<b>\$358,169</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)	(\$33)	(\$5,531)	(\$78,855)	(\$78,855)	(\$27,680)
Effect of Discounting	(1,015)	(1,367)	9,238	(1,477)	10,662	(1,883)	(1,882)	(21,796)	(1,158)	(2,257)	(12,935)	(16,366)	(44,774)
Discounted	(\$669)	\$2,079	(\$13,857)	(\$1,918)	\$15,431	(\$3,531)	(\$2,071)	(\$78,275)	(\$1,191)	(\$7,788)	(\$91,790)	(\$95,221)	(\$72,454)
Current Accident Year:													
Undiscounted	\$36,918	\$33,768	\$36,284	\$35,970	\$38,699	\$36,401	\$38,463	\$27,765	\$37,414	\$38,289	\$359,971	\$442,407	\$449,107
Effect of Discounting	3,864	2,750	3,491	2,878	5,120	3,264	3,473	1,766	3,294	2,293	32,193	38,699	32,229
Discounted	\$40,782	\$36,518	\$39,775	\$38,848	\$43,819	\$39,665	\$41,936	\$29,531	\$40,708	\$40,582	\$392,164	\$481,106	\$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>\$39,517</b>	<b>\$32,794</b>	<b>\$300,374</b>	<b>\$385,885</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	\$13,276	\$14,491	\$99,510	\$115,832	\$104,488
Change in UPDR/DPAC:													
Undiscounted	(1,786)	(485)	896	1,598	4,151	2,678	(2,428)	(5,782)	4,172	4,265	7,279	6,250	6,686
Effect of Discounting	(711)	(215)	1,989	598	4,474	1,149	(1,300)	355	2,039	1,472	9,850	8,590	(3,188)
Discounted	(2,497)	(700)	2,885	2,196	8,625	3,827	(3,728)	(5,427)	6,211	5,737	17,129	14,840	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>\$19,487</b>	<b>\$20,228</b>	<b>\$116,639</b>	<b>\$130,672</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>(\$28,613)</b>	<b>(\$20,314)</b>	<b>(\$126,249)</b>	<b>(\$158,388)</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>\$107</b>	<b>\$131</b>	<b>\$1,133</b>	<b>\$1,403</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>(\$28,720)</b>	<b>(\$20,445)</b>	<b>(\$127,382)</b>	<b>(\$159,791)</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%	-3.9%	-23.8%	-31.6%	-26.6%	-20.5%
Current Accident Year	139.2%	124.8%	163.8%	139.0%	147.7%	145.8%	139.8%	98.4%	133.9%	124.1%	134.9%	134.3%	136.5%
All Accident Years Combined	136.9%	131.9%	106.7%	132.1%	199.7%	132.8%	132.9%	-162.4%	130.0%	100.3%	103.3%	107.7%	116.0%
Underwriting & Administrative Expenses (Earned)	14.6%	25.1%	45.6%	43.0%	70.1%	52.7%	6.6%	20.0%	64.5%	62.2%	40.5%	36.9%	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>194.5%</b>	<b>162.5%</b>	<b>143.8%</b>	<b>144.6%</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