

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER
ALBERTA RISK SHARING POOL PROJECT MANAGER

BULLETIN NO.: F2020 – 021

DATE: MARCH 30, 2020

SUBJECT: ALBERTA RISK SHARING POOLS
– FEBRUARY 2020 OPERATIONAL REPORT

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

Please be advised that the February 2020 Alberta Risk Sharing Pools Operational Reports are available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

Key Points

- (a) The *Alberta Grid 2020 year-to-date net operating deficit was \$5.6 million*, with a COR of 116.6% on earned premium of \$33.8 million;
- (b) The *Alberta Non-Grid 2020 year-to-date net operating deficit was \$9.1 million*, with a COR of 144.1% on earned premium of \$20.6 million;
- (c) The *projected Alberta Grid 2020 year-end net operating deficit is now \$56 million*, with a COR at 125.2% on earned premium of \$223 million (our Outlook for 2020 was \$59 million of net operating deficit with a COR of 125.3% on earned premium of \$234 million). However, our projections do NOT taken into account any specific impacts that might arise due to the COVID-19 pandemic (FA is still in the process of considering impacts);
- (d) The *projected Alberta Non-Grid 2020 year-end net operating deficit is now \$64 million*, with a COR at 145.9% on earned premium of \$139 million (our Outlook for 2020 was \$66 million of net operating deficit with a COR of 143.8% on earned premium of \$151 million). (COVID-19 comment above applies here as well); and
- (e) With the current situation of COVID-19, we were still able to release our member statements on time as a result of our continuous effort in ensuring the timeliness of member reporting.

Alberta Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$5.6 million and the incurred loss ratio to the end of 2 months is 93.7% as summarized in the table at the top of the next page.

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Alberta Risk Sharing Pools – February 2020 Operational Reports

AB-G RSP Summary of Financial Results (for month and year-to-date)

Amounts in \$000s	February 2020	February 2019	Year to date Feb 2020	Year to Date Feb 2019
Premium Written	11,503	10,771	23,292	22,471
Premium Earned	16,332	12,253	33,753	25,888
Incurring Losses	14,926	11,082	31,624	24,600
Underwriting & Admin Expense	3,834	3,569	7,736	7,419
Operating Result	(2,428)	(2,398)	(5,607)	(6,131)
Ratios:				
Loss ratio - Prior Accident Years	(5.3%)	(6.3%)	(3.4%)	(1.3%)
- Current Accident Year	96.7%	96.7%	97.1%	96.3%
<i>Total</i>	91.4%	90.4%	93.7%	95.0%
Underwriting & Admin Expense	23.5%	29.1%	22.9%	28.7%
Combined Operating Ratio	114.9%	119.5%	116.6%	123.7%

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 2020 for Risk Sharing Pool - Alberta Grid” attached to this bulletin.

Updated Projection to Year-end 2020 (Alberta Grid RSP)

PLEASE NOTE: our projections have NOT been adjusted in any way to reflect COVID-19 pandemic impacts. Such impacts are under investigation and will be reflected in future projections as deemed appropriate.

The projected calendar year Operating Result to December 2020 is -\$56.2 million and the estimated combined operating ratio to December 2020 is 125.2%, as summarized in the table at the top of the next page for the Alberta Grid RSP. This updated projection to the end of the year has deteriorated by \$3.1 million from the projection provided last month (see the second and third columns in the table). The deterioration is driven by the \$10.8 million increase in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections. The updated written premium projection reflects information provided by certain members.

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

AB Grid RSP 2020 Yr-end Projection Amounts in \$000s	Current (Feb 2020)	Prior Mth (Jan 2020)	Change	Final 2020 Outlook*
Premium Written	235,061	224,306	10,755	247,866
Premium Earned	222,786	220,115	2,671	234,333
Incurred Losses	204,420	201,797	2,623	215,198
Underwriting & Admin Expense	74,520	71,352	3,168	78,403
Net Result from Operations	(56,154)	(53,034)	(3,120)	(59,268)
Ratios:				
Loss ratio - Prior Accident Years	(2.9%)	(2.9%)	-	(2.7%)
- Current Accident Year	94.7%	94.6%	0.1%	94.5%
<i>Total</i>	91.8%	91.7%	0.1%	91.8%
Underwriting & Admin Expense	33.4%	32.4%	1.0%	33.5%
Combined Operating Ratio	125.2%	124.1%	1.1%	125.3%

rounding differences may occur

*as posted to FA's website Nov. 5, 2019

Current Month Results (Alberta Grid RSP)

The Alberta Grid Risk Sharing Pool produced a -\$2.4 million Operating Result in the month of February 2020, not much change compared with the same month last year. However, it is composed of a \$0.8 million unfavourable impact associated with the \$4.1 million increase in earned premium (at a combined ratio of 119.5%), offset by a \$0.8 million favourable impact from the overall decrease in the combined ratio (from 119.5% to 114.9% applied to \$16.3 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 118.2% at the end of 1 month to 116.6% at the end of 2 months. The 1.6 percentage point decrease is composed of a 1.9 percentage point decrease in the Prior Accident Years loss ratio, a 0.2 percentage point decrease in the Current Accident Year loss ratio, offset by a 0.5 percentage point increase in the expense ratio.

Variations from Projections (Alberta Grid RSP)

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.

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Alberta Risk Sharing Pools – February 2020 Operational Reports

Alberta Grid RSP Summary of Actual vs Projected variances

February 2020	Actual	Projection	Difference	Difference %
Written Premium	11,503	12,610	(1,107)	(8.8%)
Earned Premium	16,332	16,665	(333)	(2.0%)
Reported Losses				
Paid Losses	10,600	11,159	(559)	(5.0%)
Paid Expenses	361	702	(341)	(48.6%)
Change in Outstanding Losses	(241)	928	(1,169)	(126.0%)
Total Reported Losses	10,720	12,789	(2,069)	(16.2%)
Change in IBNR Provision*	4,206	2,361	1,845	
Change in Premium Deficiency (DPAC)*	210	180	30	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Grid RSP February 2020 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 February 2020, the reported losses were \$2.1 million lower than projected. The Current Accident Year had a \$1.3 million favourable variance in reported losses, and the Prior Accident Years had a \$0.8 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

The variances for claims activity were beyond the set thresholds for some specific individual 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 February 2020 Operational Report – Actuarial Highlights](#).

Effect of Quarterly Valuation (Alberta Grid RSP)

The February 2020 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2019). 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.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$9.1 million and the incurred loss ratio to the end of 2 months is 109.0%, as summarized in the table below.

AB-N RSP Summary of Financial Results (for month and year-to-date)

Amounts in \$000s	February 2020	February 2019	Year to date Feb 2020	Year to Date Feb 2019
Premium Written	10,617	9,549	22,152	20,118
Premium Earned	9,949	9,072	20,566	18,912
Incurred Losses	10,789	9,753	22,410	20,539
Underwriting & Admin Expense	3,474	3,155	7,215	6,613
Operating Result	(4,314)	(3,836)	(9,059)	(8,240)
Ratios:				
Loss ratio - Prior Accident Years	(7.0%)	(5.0%)	(6.3%)	(4.5%)
- Current Accident Year	115.4%	112.5%	115.3%	113.1%
<i>Total</i>	108.4%	107.5%	109.0%	108.6%
<i>Underwriting & Admin Expense</i>	34.9%	34.8%	35.1%	35.0%
<i>Combined Operating Ratio</i>	143.3%	142.3%	144.1%	143.6%

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 2020 for Risk Sharing Pool - Alberta Non-Grid” attached to this bulletin.

Updated Projection to Year-end 2019 (Alberta Non-Grid RSP)

PLEASE NOTE: our projections have NOT been adjusted in any way to reflect covid-19 pandemic impacts. Such impacts are under investigation and will be reflected in future projections as deemed appropriate.

The projected calendar year Operating Result to December 2020 is -\$64.0 million and the estimated combined operating ratio to December 2020 is 145.9%, as summarized in the table at the top of the next page for Alberta Non-Grid RSP. This updated projection to the end of the year has deteriorated by \$1.5 million from the projection provided last month (see the second and third columns in the table). This deterioration is driven by the \$3.4 million increase in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections. The updated written premium projection reflects information provided by certain members.

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

AB Non-Grid RSP 2020 Yr-end Proj. Amounts in \$000s	Current (Feb 2020)	Prior Mth (Jan 2020)	Change	Final 2020 Outlook*
Premium Written	152,459	149,089	3,370	159,575
Premium Earned	139,351	137,610	1,741	151,437
Incurred Losses	151,976	150,014	1,962	164,961
Underwriting & Admin Expense	51,328	50,024	1,304	52,911
Net Result from Operations	(63,953)	(62,428)	(1,525)	(66,435)
Ratios:				
Loss ratio - Prior Accident Years	(3.0%)	(2.9%)	(0.1%)	(2.6%)
- Current Accident Year	112.1%	111.9%	0.2%	111.5%
<i>Total</i>	109.1%	109.0%	0.1%	108.9%
Underwriting & Admin Expense	36.8%	36.4%	0.4%	34.9%
Combined Operating Ratio	145.9%	145.4%	0.5%	143.8%

rounding differences may occur

*as posted to FA's website Nov. 5, 2019

Current month results (Alberta Non-Grid RSP)

The Alberta Non-Grid Risk Sharing Pool produced a -\$4.3 million Operating Result in the month of February 2020, a deterioration of \$0.5 million compared with the same month last year. This deterioration is a result of a \$0.4 million unfavourable impact associated with the \$0.9 million increase in earned premium (at a combined ratio of 142.3%), and a \$0.1 million unfavourable impact from the overall increase in the combined ratio (from 142.3% to 143.3% applied to \$9.9 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 144.6% at the end of 1 month to 144.1% at the end of 2 months. The 0.5 percentage point decrease is composed of a 0.5 percentage point decrease in the Prior Accident Years loss ratio, a 0.1 percentage point decrease in the expense ratio, offset by a 0.1 percentage point increase in the Current Accident Year loss ratio.

Variances from Projections (Alberta Non-Grid RSP)

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.

Alberta Non-Grid RSP Summary of Actual vs Projected variances

February 2020	Actual	Projection	Difference	Difference %
Written Premium	10,617	8,070	2,547	31.6%
Earned Premium	9,949	9,956	(7)	(0.1%)
Reported Losses				
Paid Losses	8,605	7,939	666	8.4%
Paid Expenses	193	588	(395)	(67.2%)
Change in Outstanding Losses	1,893	1,931	(38)	(2.0%)
Total Reported Losses	10,691	10,458	233	2.2%
Change in IBNR Provision*	98	357	(259)	
Change in Premium Deficiency (DPAC)*	120	(253)	373	

(Amounts in \$000's)

rounding differences may occur

*Detailed information is included in [Alberta Non-Grid RSP February 2020 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 February 2020, reported losses were \$0.2 million higher than projected. The Current Accident Year had a \$1.0 million favourable variance in reported losses, while the Prior Accident Years had a \$1.2 million unfavourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

The variances for claims activity were beyond the set thresholds for some specific individual Accident Years for the month. Management investigated claims activity and is satisfied that the variances are appropriately accounted for in our current booking process. All other variances were within the set thresholds for the month.

Booking IBNR

The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management's investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend. IBNR is discussed in more detail in the [Alberta Non-Grid RSP February 2020 Operational Report – Actuarial Highlights](#).

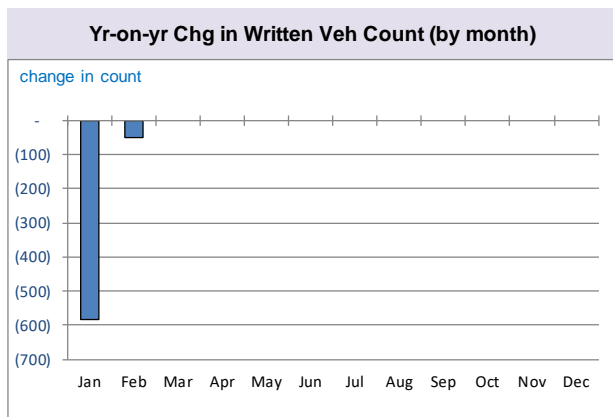
Effect of Quarterly Valuation (AB-N RSP)

The February 2020 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at September 30, 2019). 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.

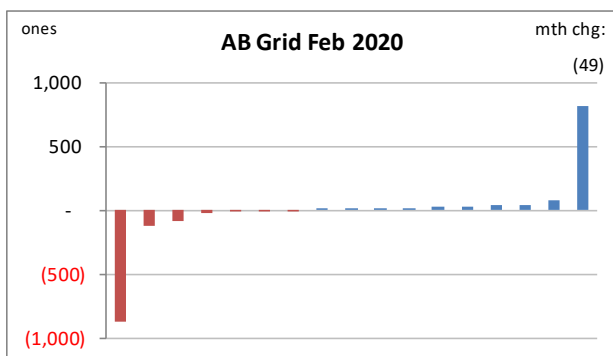
Management Comments

Alberta Grid

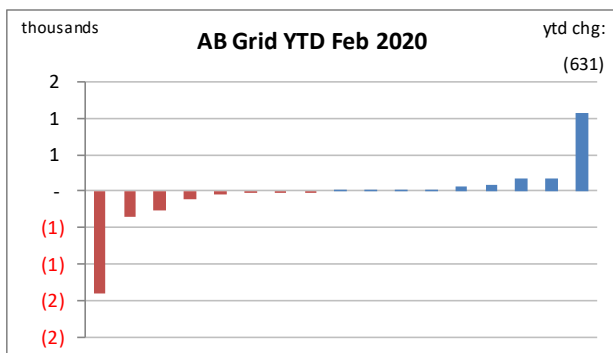


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with February showing a decrease of 49 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 511 vehicles, indicating a variance of 560 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of vehicles than projected to the RSP in February. This member company group has

provided their updated written counts estimates, which we have already included in this month’s projection.



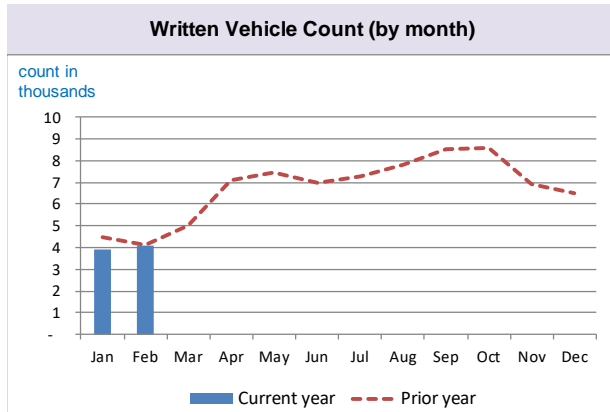
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Seven member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while ten transferred more. Of the 7 member company groups transferring fewer vehicles, 1 member company group accounted for 78% of the total transfer decrease for these “decliner” members. Of the 10 member company groups transferring more vehicles, 1 member company groups accounted for 77% of the total transfer increases for these “grower” members.



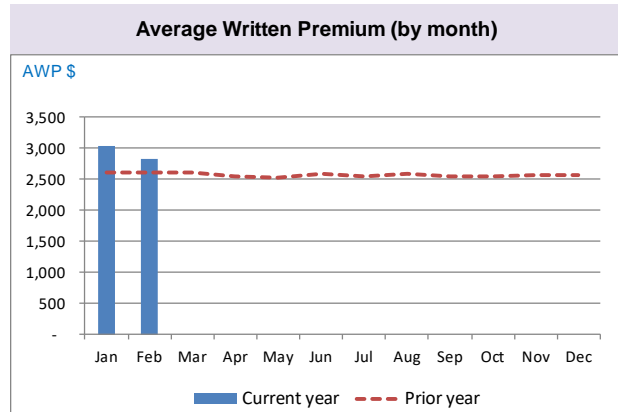
The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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

February’s vehicle count transfers to the RSP represent a 1.2% decrease from February 2019, and counts were down 7.3% year-to-date. Average written premium was up by 8.1% in February 2020

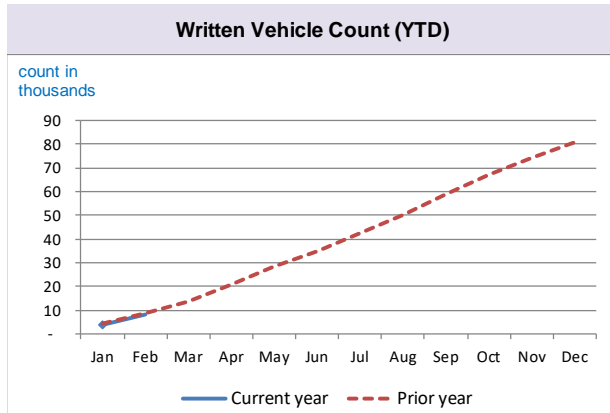
compared with the same month in 2019, and up 11.9% year-to-date (see charts below).



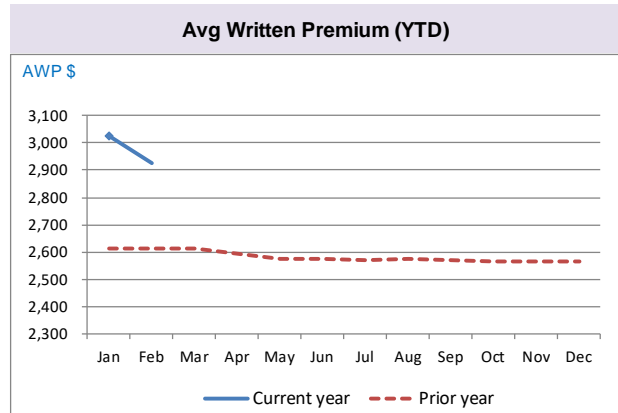
	Feb-20	Feb-19	Amt Chg	% Chg
W. Veh curr mth	4,064	4,113	(49)	-1.2%



	Feb-20	Feb-19	Amt Chg	% Chg
AWP curr mth	2,830	2,619	211	8.1%

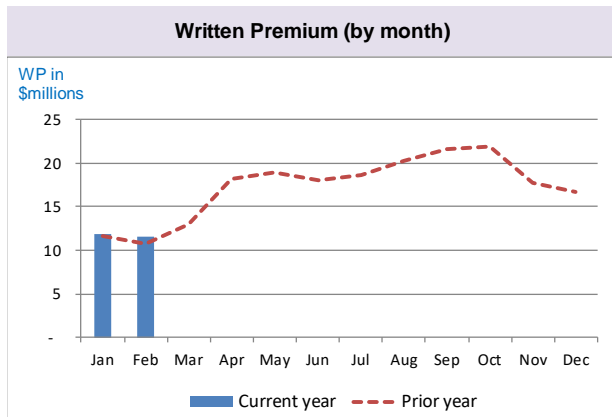


	Feb-20	Feb-19	Amt Chg	% Chg
W. Vehicles YTD	7,961	8,592	(631)	-7.3%

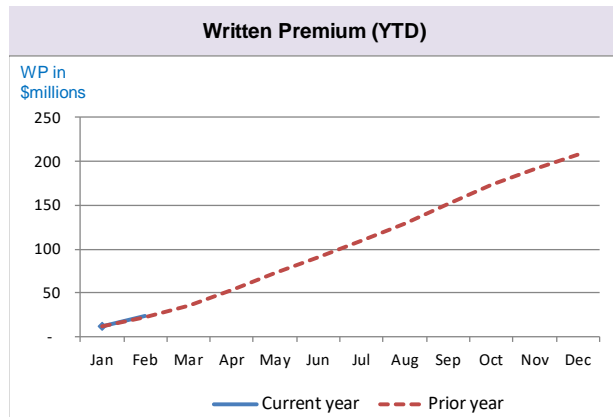


	Feb-20	Feb-19	Amt Chg	% Chg
Avg W. Prem YTD	2,926	2,615	311	11.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 6.8% for the month compared with the 17.1% increase we projected last month, and was up 3.7% year-to-date (see charts at the top of the next page).



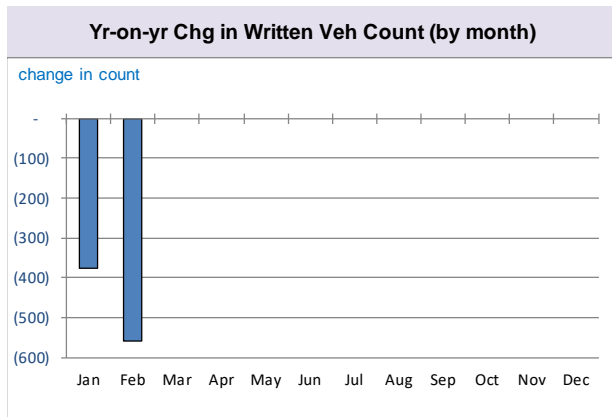
	Feb-20	Feb-19	Amt Chg	% Chg
WP (\$000s) curr mth	11,503	10,771	732	6.8%



	Feb-20	Feb-19	Amt Chg	% Chg
WP (\$000s) YTD	23,292	22,470	821	3.7%

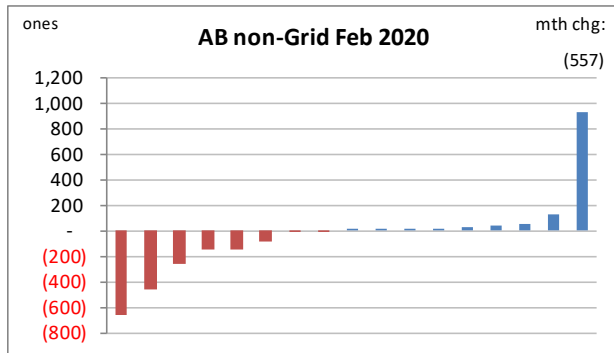
Alberta Non-Grid

For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents member groups from exceeding their transfer limits during a calendar year. However, member groups can transfer their entire limit for a given year at any time throughout the year including, for example, the last day of that year. Our current projection has the 2020 vehicle count up 15.1% from 2019, being 3.0% of the 2018 industry private passenger vehicle count (excluding farmers) and industry farmers private passenger vehicle count (as we don't have an industry count yet for 2019, we continue to use the 2018 count as a proxy). 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.



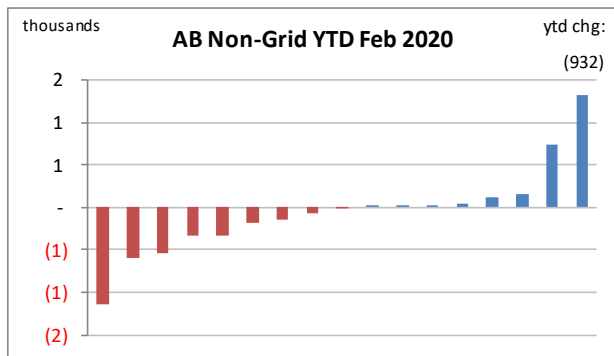
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with February showing a decrease of 557 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 1,202 vehicles, indicating a variance of 645 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a higher number of vehicles than projected to the RSP in February. These

two member company groups have provided their updated written counts estimates, which we have already included in this month's projection.



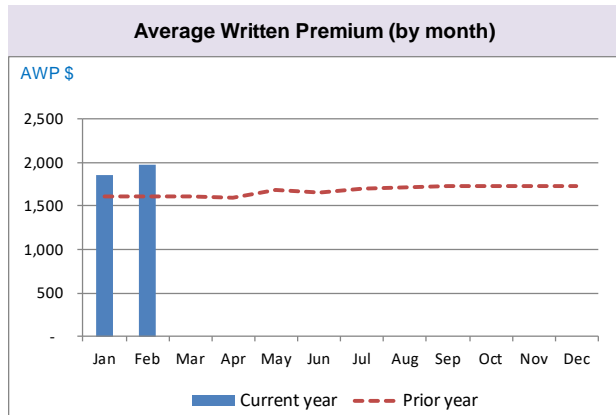
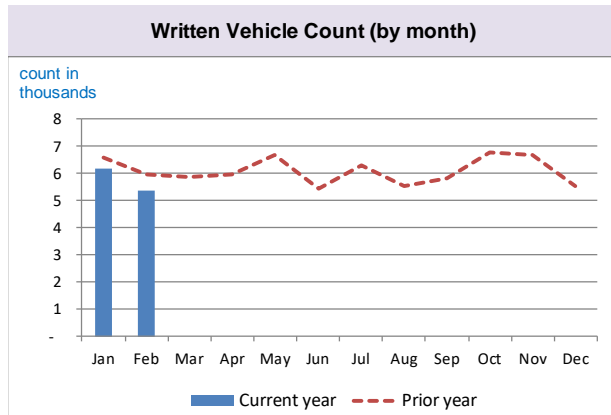
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Eight member company groups transferred fewer vehicles to the RSP this month compared to a year ago, while nine transferred more. Of the 8 member company groups transferring fewer vehicles, 3 member company

groups accounted for 78% of the total transfer decrease for these “decliner” members. Of the 9 member company groups transferring more vehicles, 1 member company group accounted for 77% 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 or red bar represents the change for a single member company group), sorted by magnitude of change.

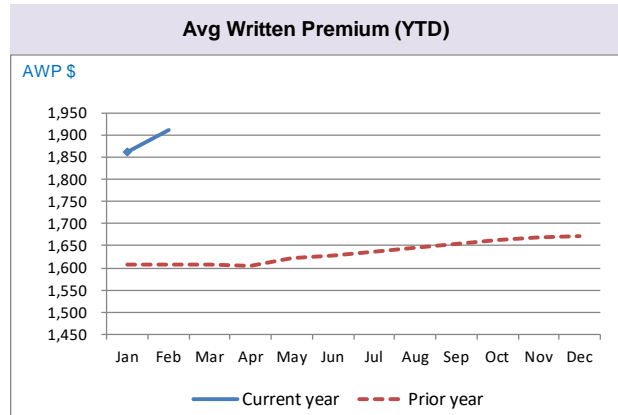
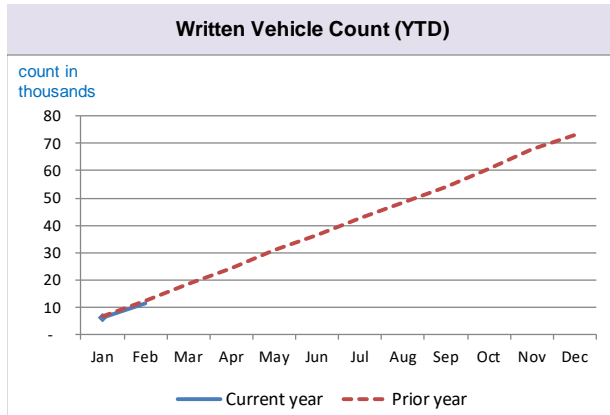
February’s vehicle count transfers to the RSP represent a 9.4% decrease from February 2019, and counts were down 7.4% year-to-date. Average written premium was up 22.7% in February 2020 compared with the same month in 2019, and up 19.0% year-to-date (see charts below and at the top of the next page).



	Feb-20	Feb-19	Amt Chg	% Chg
W. Veh curr mth	5,390	5,946	(557)	-9.4%

	Feb-20	Feb-19	Amt Chg	% Chg
AWP curr mth	1,970	1,606	364	22.7%

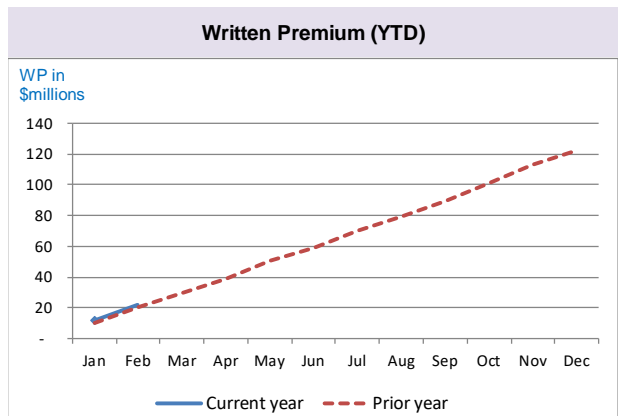
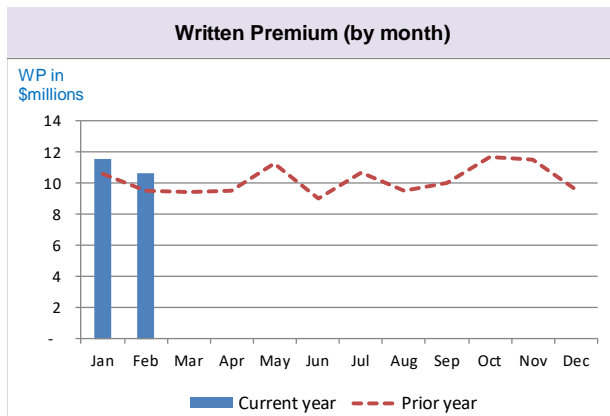
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	Feb-20	Feb-19	Amt Chg	% Chg
W. Vehicles YTD	11,589	12,521	(932)	-7.4%

	Feb-20	Feb-19	Amt Chg	% Chg
Avg W. Prem YTD	1,912	1,607	305	19.0%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 11.2% for the month compared with the 15.5% decrease we projected last month, and was up 10.1% year-to-date (see chart below).



	Feb-20	Feb-19	Amt Chg	% Chg
WP (\$000s) curr mth	10,617	9,549	1,069	11.2%

	Feb-20	Feb-19	Amt Chg	% Chg
WP (\$000s) YTD	22,153	20,118	2,035	10.1%

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

Saskia Matheson
 President & CEO

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Related Links:

Alberta Grid RSP:

[Alberta Grid RSP February 2020 Operational Report - Actuarial Highlights](#)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP February 2020 Operational Report - Actuarial Highlights](#)

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020

Risk Sharing Pool - Alberta (Grid)

EXHIBIT 1

Operating Results for the 2 Months Ended February 29, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

	January	February	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:					
Net Premiums Written	\$11,789	\$11,503	\$23,292	\$235,061	\$207,231
Decrease (Increase) in Unearned Premiums	5,632	4,829	10,461	(12,275)	(26,892)
Net Premiums Earned	\$17,421	\$16,332	\$33,753	\$222,786	\$180,339
Claims Incurred:					
Prior Accident Years:					
Undiscounted	(\$178)	(\$207)	(\$385)	(\$386)	(\$29,152)
Effect of Discounting	(83)	(666)	(\$749)	(6,180)	(636)
Discounted	(\$261)	(\$873)	(\$1,134)	(\$6,566)	(\$29,788)
Current Accident Year:					
Undiscounted	\$15,776	\$14,836	\$30,612	\$199,796	\$153,840
Effect of Discounting	1,183	963	\$2,146	11,190	8,884
Discounted	\$16,959	\$15,799	\$32,758	\$210,986	\$162,724
Claims Incurred	\$16,698	\$14,926	\$31,624	\$204,420	\$132,936
Underwriting Expenses:					
Expense Allowance	\$3,590	\$3,500	\$7,090	\$71,467	\$64,494
Change in UPDR/DPAC:					
Undiscounted	583	514	1,097	663	(2,404)
Effect of Discounting	(357)	(304)	(661)	914	3,776
Discounted	226	210	436	1,577	1,372
Underwriting Expenses	\$3,816	\$3,710	\$7,526	73,044	65,866
Net Underwriting Gain (Loss)	(\$3,093)	(\$2,304)	(\$5,397)	(\$54,678)	(\$18,463)
Administrative Expenses	\$86	\$124	\$210	\$1,476	\$1,139
Operating Result	(\$3,179)	(\$2,428)	(\$5,607)	(\$56,154)	(\$19,602)
Ratios:					
Claims & Expenses Incurred (Earned)					
Prior Accident Years	-1.5%	-5.3%	-3.4%	-2.9%	-16.5%
Current Accident Year	97.3%	96.7%	97.1%	94.7%	90.2%
All Accident Years Combined (Earned)	95.8%	91.4%	93.7%	91.8%	73.7%
Underwriting & Administrative Expenses (Earned)	22.4%	23.5%	22.9%	33.4%	37.2%
Combined Operating Ratio	118.2%	114.9%	116.6%	125.2%	110.9%

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 2020

Risk Sharing Pool - Alberta (Non-Grid)

Operating Results for the 2 Months Ended February 29, 2020 (Discounted basis)

EXHIBIT 2

Source: Monthly Operational Report

(thousands of dollars)

	January	February	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:					
Net Premiums Written	\$11,535	\$10,617	\$22,152	\$152,459	\$122,354
Decrease (Increase) in Unearned Premiums	(918)	(668)	(1,586)	(13,108)	(6,597)
Net Premiums Earned	\$10,617	\$9,949	\$20,566	\$139,351	\$115,757
Claims Incurred:					
Prior Accident Years:					
Undiscounted	(\$46)	(\$230)	(\$276)	(\$276)	(\$24,105)
Effect of Discounting	(565)	(464)	(1,029)	(3,949)	(784)
Discounted	(\$611)	(\$694)	(\$1,305)	(\$4,225)	(\$24,889)
Current Accident Year:					
Undiscounted	\$11,377	\$10,857	\$22,234	\$148,976	\$120,930
Effect of Discounting	855	626	1,481	7,225	5,956
Discounted	\$12,232	\$11,483	\$23,715	\$156,201	\$126,886
Claims Incurred	\$11,621	\$10,789	\$22,410	\$151,976	\$101,997
Underwriting Expenses:					
Expense Allowance	\$3,510	\$3,227	\$6,737	\$46,352	\$38,100
Change in UPDR/DPAC:					
Undiscounted	77	72	149	2,485	218
Effect of Discounting	66	48	114	1,040	1,595
Discounted	143	120	263	3,525	1,813
Underwriting Expenses	\$3,653	\$3,347	\$7,000	\$49,877	\$39,913
Net Underwriting Gain (Loss)	(\$4,657)	(\$4,187)	(\$8,844)	(\$62,502)	(\$26,153)
Administrative Expenses	\$88	\$127	\$215	\$1,451	\$1,169
Operating Result	(\$4,745)	(\$4,314)	(\$9,059)	(\$63,953)	(\$27,322)
Ratios:					
Claims & Expenses Incurred (Earned)					
Prior Accident Years	-5.8%	-7.0%	-6.3%	-3.0%	-21.5%
Current Accident Year	115.2%	115.4%	115.3%	112.1%	109.6%
All Accident Years Combined	109.4%	108.4%	109.0%	109.1%	88.1%
Underwriting & Administrative Expenses (Earned)	35.2%	34.9%	35.1%	36.8%	35.5%
Combined Operating Ratio	144.6%	143.3%	144.1%	145.9%	123.6%

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