

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F2020 – 033

DATE: MAY 28, 2020

**SUBJECT: ALBERTA RISK SHARING POOLS
– APRIL 2020 OPERATIONAL REPORT**

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

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

Key Points

- (a) The loss ratios being used under our current assumptions do NOT include any incurred impacts or adjustments related to COVID-19; any associated impacts and changes will be initially reflected in our March 31, 2020 valuation which we anticipate will be implemented in the May 2020 Operational Reports;
- (b) The *Alberta Grid 2020 year-to-date net operating surplus was \$14.2 million*, with a COR of 79.1% on earned premium of \$68.0 million;
- (c) The *Alberta Non-Grid 2020 year-to-date net operating deficit was \$12.8 million*, with a COR of 130.5% on earned premium of \$41.9 million;
- (d) The *projected Alberta Grid 2020 year-end net operating deficit is now \$12 million*, with a COR at 105.8% on earned premium of \$216 million (our Outlook for 2020 was \$59 million of net operating deficit with a COR of 125.3% on earned premium of \$234 million). **April's reported claims projections for the next two months (May 2020 and June 2020) have been adjusted to reflect COVID-19 pandemic impacts: a 30% decrease in Current Accident Year physical damage claim activity**, as per discussion with FA's Appointed Actuary. No adjustment has been made to this month's premium projections); and
- (e) The *projected Alberta Non-Grid 2020 year-end net operating deficit is now \$48 million*, with a COR at 134.2% 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) (projection adjustment above applies here as well).
- (f) April's vehicle count transfers to the Alberta Grid RSP represent a 30.4% decrease from

April 2019, with counts down 12.2% year-to-date. For the Non-Grid RSP, April's vehicle count transfers represent a 23.4% increase from April 2019, and counts were up 4.7% year-to-date.

Alberta Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is \$14.2 million and the incurred loss ratio to the end of 4 months is 68.0% as summarized in the following table.

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

Amounts in \$000s	April 2020	April 2019	Year to date Apr 2020	Year to Date Apr 2019
Premium Written	12,717	18,131	50,819	53,611
Premium Earned	16,547	13,884	67,963	53,674
Incurred Losses	13,321	12,387	46,229	36,518
Underwriting & Admin Expense	4,500	5,609	7,572	17,775
Operating Result	(1,274)	(4,112)	14,162	(619)
Ratios:				
Loss ratio - Prior Accident Years	(7.2%)	(4.8%)	(19.4%)	(27.2%)
- Current Accident Year	87.7%	94.0%	87.4%	95.2%
<i>Total</i>	80.5%	89.2%	68.0%	68.0%
<i>Underwriting & Admin Expense</i>	27.2%	40.4%	11.1%	33.1%
Combined Operating Ratio	107.7%	129.6%	79.1%	101.1%

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: April's reported claims projections for the next two months (May 2020 and June 2020) have been adjusted to reflect COVID-19 pandemic impacts; this includes a 30% decrease in Current Accident Year physical damage claim activity, as per discussion with FA's Appointed Actuary. No adjustment has been made to this month's premium projections.

The projected calendar year Operating Result to December 2020 is -\$12.4 million and the estimated combined operating ratio to December 2020 is 105.8%, as summarized in the following table for the Alberta Grid RSP. This updated projection to the end of the year has improved by \$1.9 million from the projection provided last month (see the second and third columns in the table). The improvement is driven by a \$9.8 million decrease in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections, as well as the adjustments made on the claims projections due to COVID-19 pandemic (as indicated at the beginning of this section).

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 (Apr 2020)	Prior Mth (Mar 2020)	Change	Final 2020 Outlook*
Premium Written	226,993	236,829	(9,836)	247,866
Premium Earned	215,562	223,228	(7,666)	234,333
Incurred Losses	168,472	175,283	(6,811)	215,198
Underwriting & Admin Expense	59,466	62,247	(2,780)	78,403
Net Result from Operations	(12,376)	(14,302)	1,925	(59,268)
Ratios:				
Loss ratio - Prior Accident Years	(7.8%)	(7.3%)	(0.5%)	(2.7%)
- Current Accident Year	86.0%	85.9%	0.1%	94.5%
<i>Total</i>	78.2%	78.6%	(0.4%)	91.8%
Underwriting & Admin Expense	27.6%	27.9%	(0.3%)	33.5%
Combined Operating Ratio	105.8%	106.5%	(0.7%)	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 -\$1.3 million Operating Result in the month of April 2020, an improvement of \$2.8 million compared with the same month last year. This improvement is associated with a \$3.6 million favourable impact from the overall decrease in the combined ratio (from 129.6% to 107.7% applied to \$16.5 million in earned premium), offset by a \$0.8 million unfavourable impact associated with the \$2.7 million increase in earned premium (at a combined ratio of 129.6%).

This month's results moved the year-to-date combined operating ratio from 70.0% at the end of 3 months to 79.1% at the end of 4 months. The 9.1 percentage point increase is composed of a 3.9 percentage point increase in the Prior Accident Years loss ratio, coupled with a 0.1 percentage point increase in the Current Accident Year loss ratio, and a 5.1 percentage point increase in the expense ratio.

Variations from Projections (Alberta Grid RSP)

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

Alberta Grid RSP Summary of Actual vs Projected variances

April 2020	Actual	Projection	Difference	Difference %
Written Premium	12,717	21,977	(9,260)	(42.1%)
Earned Premium	16,547	17,978	(1,431)	(8.0%)
Reported Losses				
Paid Losses	14,495	10,482	4,013	38.3%
Paid Expenses	845	816	29	3.6%
Change in Outstanding Losses	(7,798)	(181)	(7,617)	>999.9%
Total Reported Losses	7,542	11,117	(3,575)	(32.2%)
Change in IBNR Provision*	5,779	3,736	2,043	
Change in Premium Deficiency (DPAC)*	535	(468)	1,003	

*(Amounts in \$000's)**rounding differences may occur*

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 April 2020, the reported losses were \$3.6 million lower than projected. The Current Accident Year had a \$4.3 million favourable variance in reported losses, and the Prior Accident Years had an approximately \$0.7 million unfavourable variance. Of all the Prior Accident years, accident year 2015 had the largest variance at \$1.8 million unfavorable. 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 Accident Years for the month. Management investigated the 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.

With respect to the Current Accident Year, we attribute the lower than projected reported losses to a reduction in written premium and physical damage claims experience in relation to the COVID-19 pandemic impact, consistent with discussion with FA's Appointed Actuary and leading to the adjustment made on projected physical damage claims activity over the next two projection months.

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.

Effect of Quarterly Valuation (AB-G RSP)

The April 2020 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at December 31, 2019). The actuarial valuation will be updated next as at March 31, 2020 and we anticipate that the results will be reflected in the May 2020 Operational Report.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$12.8 million and the incurred loss ratio to the end of 4 months is 106.8%, as summarized in the following table.

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

Amounts in \$000s	April 2020	April 2019	Year to date Apr 2020	Year to Date Apr 2019
Premium Written	12,601	9,521	46,892	39,036
Premium Earned	10,558	9,230	41,947	38,234
Incurred Losses	10,758	10,224	44,803	33,423
Underwriting & Admin Expense	4,060	3,154	9,936	14,028
Operating Result	(4,260)	(4,148)	(12,792)	(9,217)
Ratios:				
Loss ratio - Prior Accident Years	(6.2%)	(8.8%)	(0.2%)	(28.4%)
- Current Accident Year	108.1%	119.6%	107.0%	115.9%
<i>Total</i>	101.9%	110.8%	106.8%	87.5%
<i>Underwriting & Admin Expense</i>	38.5%	34.2%	23.7%	36.7%
<i>Combined Operating Ratio</i>	140.4%	145.0%	130.5%	124.2%

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: April’s reported claims projections for the next two months (May 2020 and June 2020) have been adjusted to reflect COVID-19 pandemic impacts; this includes a 30% decrease in Current Accident Year physical damage claim activity, as per discussion with FA’s Appointed Actuary. No adjustment has been made to this month’s premium projections.

The projected calendar year Operating Result to December 2020 is -\$47.5 million and the estimated combined operating ratio to December 2020 is 134.2%, as summarized in the following table for Alberta Non-Grid RSP. This updated projection to the end of the year has improved by \$0.6 million from the projection provided last month (see the second and third columns in the table). The improvement is driven by the \$1.5 million decrease in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections, as

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well as the adjustments made on the claims projections due to COVID-19 pandemic (as indicated at the beginning of this section).

*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 (Apr 2020)	Prior Mth (Mar 2020)	Change	Final 2020 Outlook*
Premium Written	151,170	152,654	(1,484)	159,575
Premium Earned	139,075	139,336	(261)	151,437
Incurred Losses	143,563	143,866	(303)	164,961
Underwriting & Admin Expense	43,027	43,599	(572)	52,911
Net Result from Operations	(47,515)	(48,129)	614	(66,435)
<i>Ratios:</i>				
Loss ratio - Prior Accident Years	(1.5%)	(1.3%)	(0.2%)	(2.6%)
- Current Accident Year	104.8%	104.5%	0.3%	111.5%
<i>Total</i>	103.3%	103.2%	0.1%	108.9%
<i>Underwriting & Admin Expense</i>	30.9%	31.3%	(0.4%)	34.9%
<i>Combined Operating Ratio</i>	134.2%	134.5%	(0.3%)	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 April 2020, a deterioration of \$0.1 million compared with the same month last year. This deterioration is a result of a \$0.6 million unfavourable impact associated with the \$1.3 million increase in earned premium (at a combined ratio of 145.0%), offset by a \$0.5 million favourable impact from the overall decrease in the combined ratio (from 145.0% to 140.4% applied to \$10.6 million in earned premium).

This month's results moved the year-to-date combined operating ratio from 127.2% at the end of 3 months to 130.5% at the end of 4 months. The 3.3 percentage point increase is composed of a 5.0 percentage point increase in the expense ratio, a 0.3 percentage point increase in the Current Accident Years loss ratio, offset by a 2.0 percentage point decrease in the Prior Accident Year loss ratio.

Variances from Projections (Alberta Non-Grid RSP)

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

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Alberta Non-Grid RSP Summary of Actual vs Projected variances

April 2020	Actual	Projection	Difference	Difference %
Written Premium	12,601	12,708	(107)	(0.8%)
Earned Premium	10,558	10,965	(407)	(3.7%)
Reported Losses				
Paid Losses	6,819	7,421	(602)	(8.1%)
Paid Expenses	446	392	54	13.8%
Change in Outstanding Losses	(3,216)	120	(3,336)	<-999.9%
Total Reported Losses	4,049	7,933	(3,884)	(49.0%)
Change in IBNR Provision*	6,709	3,234	3,475	
Change in Premium Deficiency (DPAC)*	128	110	18	

(Amounts in \$000's)

rounding differences may occur

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 April 2020, reported losses were \$3.8 million lower than projected. The Current Accident Year had a \$3.5 million favourable variance in reported losses, and the Prior Accident Years had a \$0.3 million favourable variance. Of all the Prior Accident Years, accident year 2018 had the largest variance at \$1.1 million unfavourable, followed by 2019 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 Accident Years for the month. Management investigated the 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.

With respect to the Current Accident Year, we attribute the lower than projected reported losses to a reduction in physical damage claims experience in relation to the COVID-19 pandemic impact, consistent with discussion with FA's Appointed Actuary and leading to the adjustment made on projected physical damage claims activity over the next two projection months.

Booking IBNR

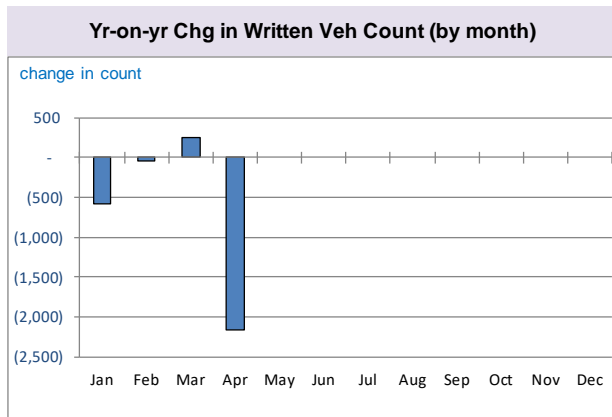
The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium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

Effect of Quarterly Valuation (AB-N RSP)

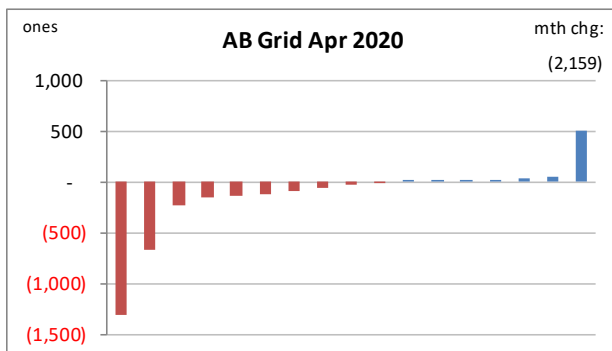
The April 2020 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at December 31, 2019). The actuarial valuation will be updated next as at March 31, 2019 and we anticipate that the results will be reflected in the May 2020 Operational Report.

Management Comments

Alberta Grid

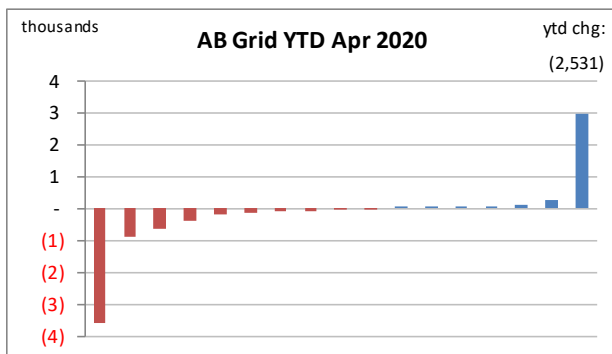


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with April showing a decrease of 2,159 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 639 vehicles, indicating a variance of 2,798 vehicles from the actual transfers. This variance was mainly due to three member company group transferring a lower number of vehicles than projected to the RSP in April.



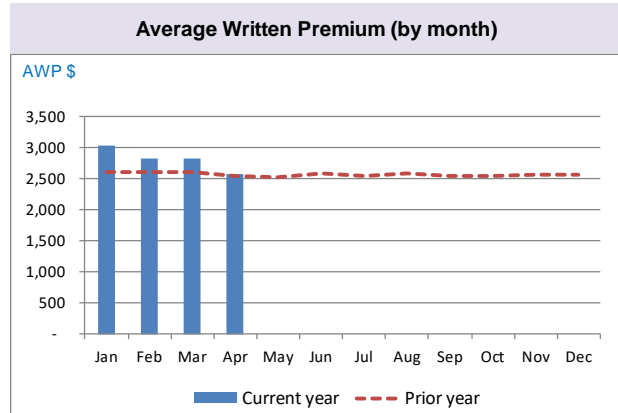
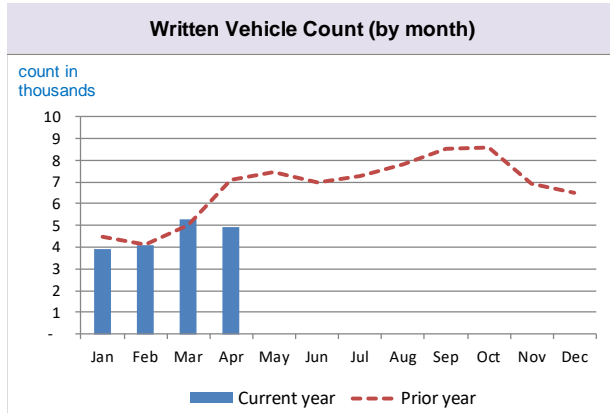
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while seven transferred more. Of the 10 member company groups transferring fewer vehicles, 1 member company group accounted for 47% of the total transfer decrease for these “decliner” members. Of the 7 member company groups transferring more vehicles, 1 member company group accounted for 82% of the total transfer increases for these “grower” members.

company group accounted for 47% of the total transfer decrease for these “decliner” members. Of the 7 member company groups transferring more vehicles, 1 member company group accounted for 82% of the total transfer increases for these “grower” members.



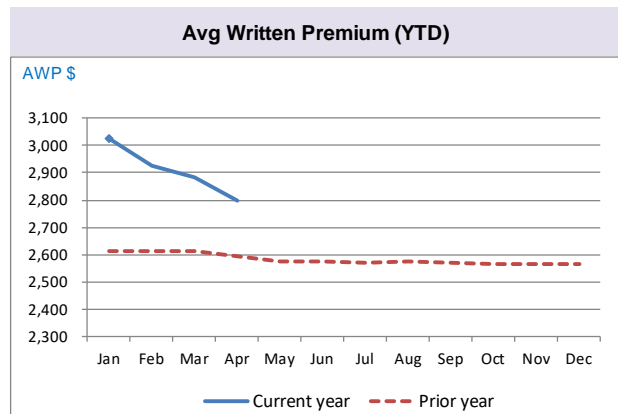
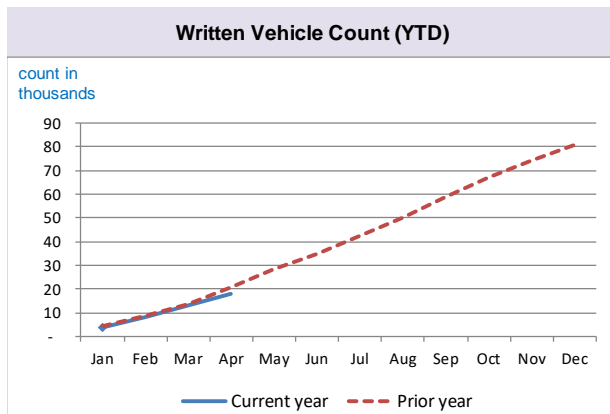
The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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

April’s vehicle count transfers to the RSP represent a 30.4% decrease from April 2019, and counts were down 12.2% year-to-date. Average written premium was up by 0.8% in April 2020 compared with the same month in 2019, and was up 8.0% year-to-date (see the following charts).



	Apr-20	Apr-19	Amt Chg	% Chg
W. Veh curr mth	4,936	7,095	(2,159)	-30.4%

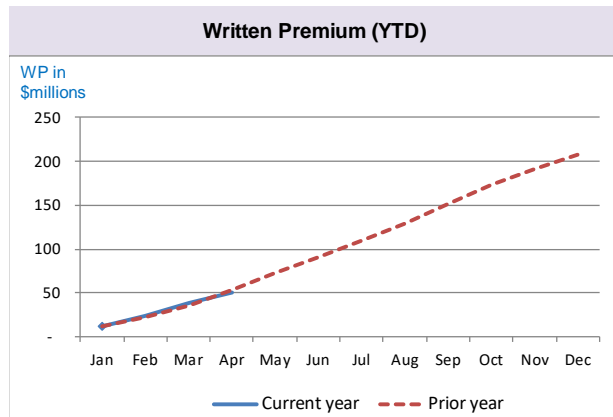
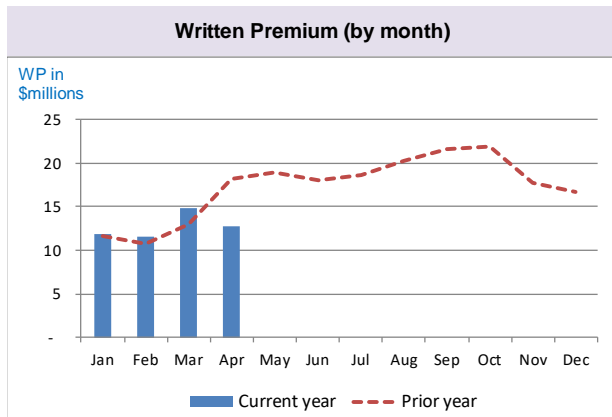
	Apr-20	Apr-19	Amt Chg	% Chg
AWP curr mth	2,576	2,556	20	0.8%



	Apr-20	Apr-19	Amt Chg	% Chg
W. Vehicles YTD	18,150	20,681	(2,531)	-12.2%

	Apr-20	Apr-19	Amt Chg	% Chg
Avg W. Prem YTD	2,800	2,592	208	8.0%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 29.9% for the month compared with the 21.2% increase we projected last month, and was down 5.2% year-to-date (see the following charts).

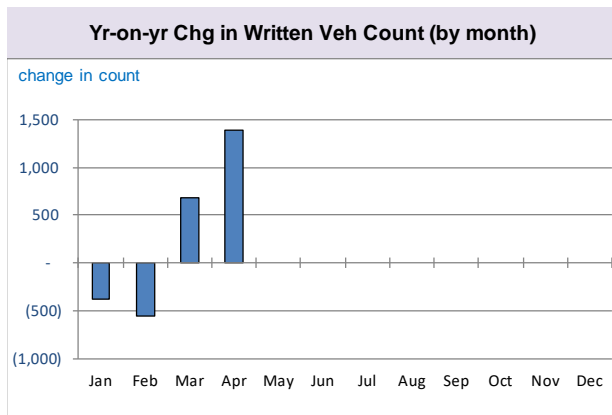


	Apr-20	Apr-19	Amt Chg	% Chg
WP (\$000s) curr mth	12,717	18,131	(5,414)	-29.9%

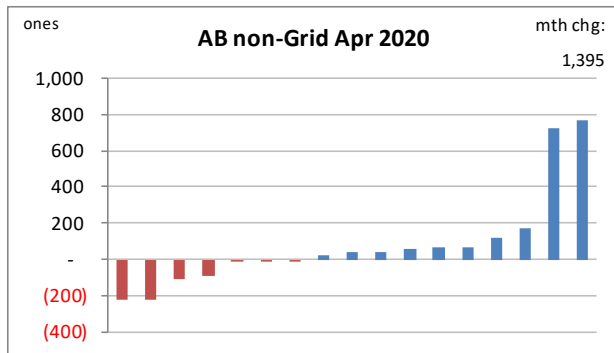
	Apr-20	Apr-19	Amt Chg	% Chg
WP (\$000s) YTD	50,818	53,610	(2,792)	-5.2%

Alberta Non-Grid

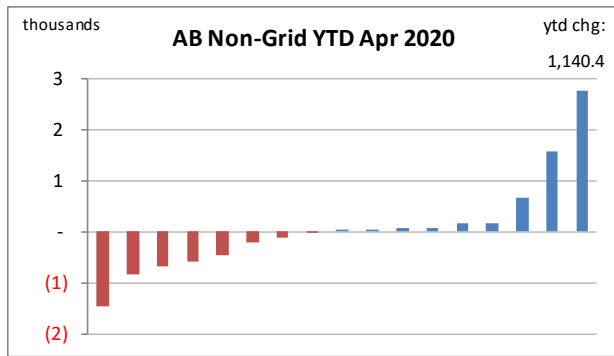
For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents 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 13% from 2019, being 2.9% 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 April showing an increase of 1,395 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,446 vehicles, indicating a variance of 51 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a higher number of vehicles than projected to the RSP in April.

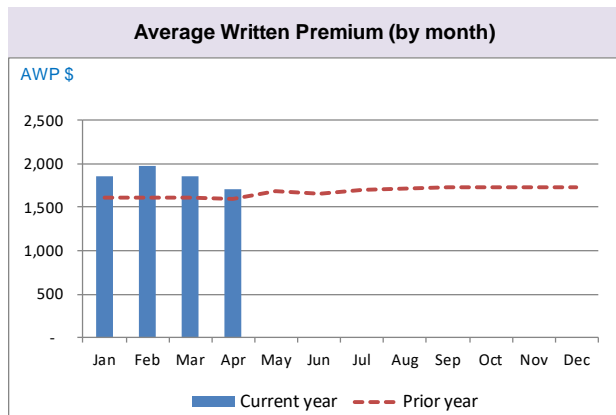
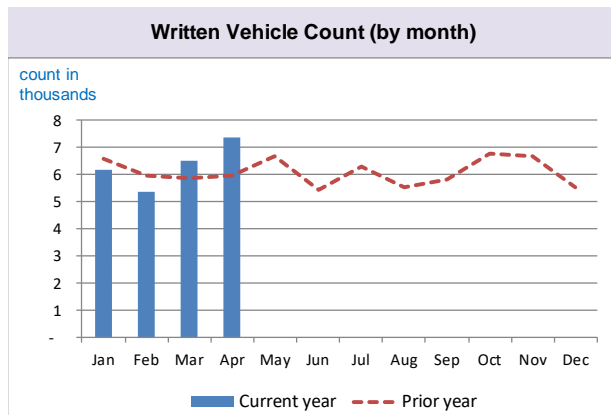


The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Seven member company groups transferred fewer vehicles to the RSP this month compared to a year ago, while ten transferred more. Of the 7 member company groups transferring fewer vehicles, 2 member company groups accounted for 67% of the total transfer decrease for these “decliner” members. Of the 10 member company groups transferring more vehicles, 2 member company groups accounted for 72% 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.

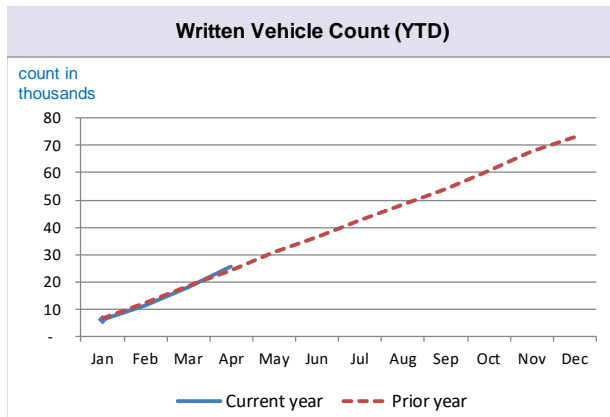
April’s vehicle count transfers to the RSP represent a 23.4% increase from April 2019, and counts were up 4.7% year-to-date. Average written premium was up 7.3% in April 2020 compared with the same month in 2019, and up 14.7% year-to-date (see the following charts).



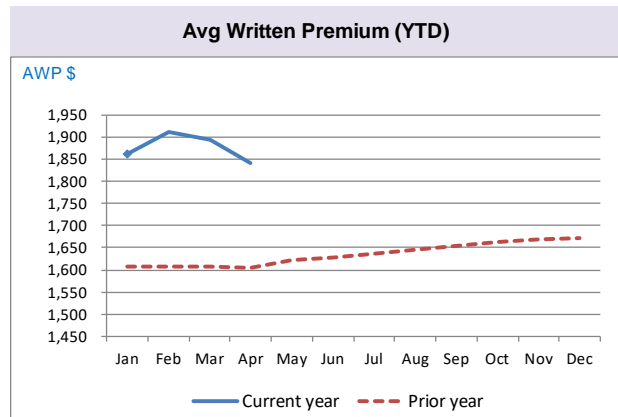
	Apr-20	Apr-19	Amt Chg	% Chg
W. Veh curr mth	7,367	5,972	1,395	23.4%

	Apr-20	Apr-19	Amt Chg	% Chg
AWP curr mth	1,711	1,594	117	7.3%

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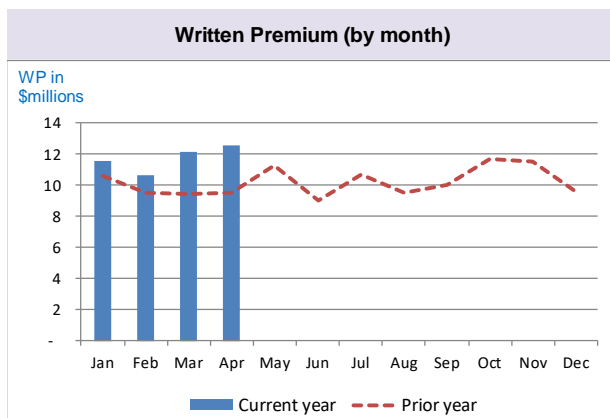


	Apr-20	Apr-19	Amt Chg	% Chg
W. Vehicles YTD	25,484	24,343	1,140	4.7%

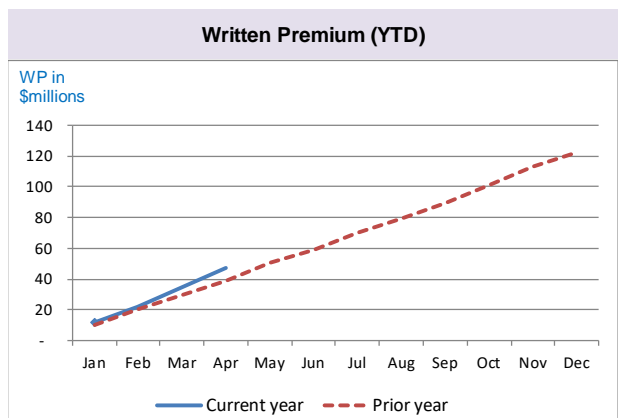


	Apr-20	Apr-19	Amt Chg	% Chg
Avg W. Prem YTD	1,840	1,604	236	14.7%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was up 32.4% for the month compared with the 33.5% increase we projected last month, and was up 20.1% year-to-date (see the following charts).



	Apr-20	Apr-19	Amt Chg	% Chg
WP (\$000s) curr mth	12,602	9,521	3,081	32.4%



	Apr-20	Apr-19	Amt Chg	% Chg
WP (\$000s) YTD	46,894	39,035	7,858	20.1%

Should you require any further information, please call Aidan Chen, AVP Data & Analytics at (416) 863-1750 x4804.

Saskia Matheson
 President & CEO

Related Links:

Alberta Grid RSP:

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

*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

Bulletin F2020-033
Alberta Risk Sharing Pools – April 2020 Operational Reports

Alberta Non-Grid RSP:

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

*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020

Risk Sharing Pool - Alberta (Grid)

EXHIBIT 1

Operating Results for the 4 Months Ended April 30, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

	January	February	March	April	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:							
Net Premiums Written	\$11,789	\$11,503	\$14,810	\$12,717	\$50,819	\$226,993	\$207,231
Decrease (Increase) in Unearned Premiums	5,632	4,829	2,853	3,830	17,144	(11,431)	(26,892)
Net Premiums Earned	\$17,421	\$16,332	\$17,663	\$16,547	\$67,963	\$215,562	\$180,339
Claims Incurred:							
Prior Accident Years:							
Undiscounted	(\$178)	(\$207)	(\$8,498)	(\$275)	(\$9,158)	(\$9,159)	(\$29,152)
Effect of Discounting	(83)	(666)	(2,354)	(911)	(\$4,014)	(7,752)	(636)
Discounted	(\$261)	(\$873)	(\$10,852)	(\$1,186)	(\$13,172)	(\$16,911)	(\$29,788)
Current Accident Year:							
Undiscounted	\$15,776	\$14,836	\$11,715	\$13,748	\$56,075	\$176,220	\$153,840
Effect of Discounting	1,183	963	421	759	\$3,326	9,163	8,884
Discounted	\$16,959	\$15,799	\$12,136	\$14,507	\$59,401	\$185,383	\$162,724
Claims Incurred	\$16,698	\$14,926	\$1,284	\$13,321	\$46,229	\$168,472	\$132,936
Underwriting Expenses:							
Expense Allowance	\$3,590	\$3,500	\$4,500	\$3,863	\$15,453	\$69,011	\$64,494
Change in UPDR/DPAC:							
Undiscounted	583	514	(7,962)	735	(6,130)	(10,421)	(2,404)
Effect of Discounting	(357)	(304)	(1,295)	(200)	(2,156)	(597)	3,776
Discounted	226	210	(9,257)	535	(8,286)	(11,018)	1,372
Underwriting Expenses	\$3,816	\$3,710	(\$4,757)	\$4,398	\$7,167	57,993	65,866
Net Underwriting Gain (Loss)	(\$3,093)	(\$2,304)	\$21,136	(\$1,172)	\$14,567	(\$10,903)	(\$18,463)
Administrative Expenses	\$86	\$124	\$93	\$102	\$405	\$1,473	\$1,139
Operating Result	(\$3,179)	(\$2,428)	\$21,043	(\$1,274)	\$14,162	(\$12,376)	(\$19,602)
Ratios:							
Claims & Expenses Incurred (Earned)							
Prior Accident Years	-1.5%	-5.3%	-61.4%	-7.2%	-19.4%	-7.8%	-16.5%
Current Accident Year	97.3%	96.7%	68.7%	87.7%	87.4%	86.0%	90.2%
All Accident Years Combined (Earned)	95.8%	91.4%	7.3%	80.5%	68.0%	78.2%	73.7%
Underwriting & Administrative Expenses (Earned)	22.4%	23.5%	-26.4%	27.2%	11.1%	27.6%	37.2%
Combined Operating Ratio	118.2%	114.9%	-19.1%	107.7%	79.1%	105.8%	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 4 Months Ended April 30, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:							
Net Premiums Written	\$11,535	\$10,617	\$12,139	\$12,601	\$46,892	\$151,170	\$122,354
Decrease (Increase) in Unearned Premiums	(918)	(668)	(1,316)	(2,043)	(4,945)	(12,095)	(6,597)
Net Premiums Earned	\$10,617	\$9,949	\$10,823	\$10,558	\$41,947	\$139,075	\$115,757
Claims Incurred:							
Prior Accident Years:							
Undiscounted	(\$46)	(\$230)	\$2,640	(\$319)	\$2,045	\$2,046	(\$24,105)
Effect of Discounting	(565)	(464)	(781)	(335)	(2,145)	(4,178)	(784)
Discounted	(\$611)	(\$694)	\$1,859	(\$654)	(\$100)	(\$2,132)	(\$24,889)
Current Accident Year:							
Undiscounted	\$11,377	\$10,857	\$9,537	\$10,839	\$42,610	\$139,448	\$120,930
Effect of Discounting	855	626	239	573	2,293	6,247	5,956
Discounted	\$12,232	\$11,483	\$9,776	\$11,412	\$44,903	\$145,695	\$126,886
Claims Incurred	\$11,621	\$10,789	\$11,635	\$10,758	\$44,803	\$143,563	\$101,997
Underwriting Expenses:							
Expense Allowance	\$3,510	\$3,227	\$3,689	\$3,830	\$14,256	\$45,957	\$38,100
Change in UPDR/DPAC:							
Undiscounted	77	72	(4,633)	1	(4,483)	(4,538)	218
Effect of Discounting	66	48	(505)	127	(264)	179	1,595
Discounted	143	120	(5,138)	128	(4,747)	(4,359)	1,813
Underwriting Expenses	\$3,653	\$3,347	(\$1,449)	\$3,958	\$9,509	\$41,598	\$39,913
Net Underwriting Gain (Loss)	(\$4,657)	(\$4,187)	\$637	(\$4,158)	(\$12,365)	(\$46,086)	(\$26,153)
Administrative Expenses	\$88	\$127	\$93	\$102	\$427	\$1,429	\$1,169
Operating Result	(\$4,745)	(\$4,314)	\$544	(\$4,260)	(\$12,792)	(\$47,515)	(\$27,322)
Ratios:							
Claims & Expenses Incurred (Earned)							
Prior Accident Years	-5.8%	-7.0%	17.2%	-6.2%	-0.2%	-1.5%	-21.5%
Current Accident Year	115.2%	115.4%	90.3%	108.1%	107.0%	104.8%	109.6%
All Accident Years Combined	109.4%	108.4%	107.5%	101.9%	106.8%	103.3%	88.1%
Underwriting & Administrative Expenses (Earned)	35.2%	34.9%	-12.5%	38.5%	23.7%	30.9%	35.5%
Combined Operating Ratio	144.6%	143.3%	95.0%	140.4%	130.5%	134.2%	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