



**TO: MEMBERS OF THE FACILITY ASSOCIATION**

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

**BULLETIN NO.: F2020 – 046**

**DATE: JUNE 29, 2020**

**SUBJECT: ONTARIO RISK SHARING POOL  
– MAY 2020 OPERATIONAL REPORT**

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

Please be advised that the May 2020 Ontario Risk Sharing Pool Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

### **Key Points**

- (a) The updated valuation loss ratios include an initial assessment of the incurred impacts associated with the COVID-19 pandemic;
- (b) This month's results include the *implementation of the 2020 Q1 valuation*, resulting in an estimated *\$20 million favourable impact*;
- (c) The *2020 year-to-date net operating deficit was \$11 million*, with a COR of 105.9% on earned premium of \$184 million;
- (d) The *projected 2020 year-end net operating deficit is now \$164 million*, with a COR of 136.8% on earned premium of \$447 million (our Outlook for 2020 was \$261 million of net operating deficit with a COR of 165.2% on earned premium of \$401 million); this update reflects current assumptions under the 2020 Q1 valuation as well as updated written premium projections received from certain members; and
- (e) As per the annual process for the RSPs, member share ratios have been updated to reflect recent market share information.

### **New This Month**

#### *Annual Update of Member Sharing Ratios*

The May 2020 Operational Report reflects the annual update of member sharing ratios for Accident Years 2018, 2019, 2020 and 2021. Please refer to Bulletin [F2020-041](#) for additional information.

**Bulletin F2020-046**  
**Ontario Risk Sharing Pool – May 2020 Operational Report**

*Valuation*

A valuation of the Ontario RSP as at March 31, 2020 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 **\$19.6 million favourable** impact on the month's net result from operations, subtracting an estimated 10.6 points from the year-to-date Combined Operating Ratio (ending at 105.9%). The impact on the month's results is summarized in the following tables<sup>1</sup>.

Ontario	unfav / (fav) for the month and ytd						ytd EP 184,330 (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	(18,057)	(2,125)	(20,182)	22,741	-	2,559	(9.8%)	(1.2%)	(10.9%)	12.3%	-	1.4%
CAY	(14,428)	(1,756)	(16,184)	4,951	-	(11,233)	(7.8%)	(1.0%)	(8.8%)	2.7%	-	(6.1%)
Prem Def	(14,987)	(1,678)	(16,665)	5,780	-	(10,885)	(8.1%)	(0.9%)	(9.0%)	3.1%	-	(5.9%)
<b>TOTAL</b>	<b>(47,472)</b>	<b>(5,559)</b>	<b>(53,031)</b>	<b>33,472</b>	<b>-</b>	<b>(19,559)</b>	<b>(25.8%)</b>	<b>(3.0%)</b>	<b>(28.8%)</b>	<b>18.2%</b>	<b>-</b>	<b>(10.6%)</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 -\$11.1 million and the incurred loss ratio to the end of 5 months is 94.4% as summarized in the following table.

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

Amounts in \$000s	May 2020	May 2019	Year to date May 2020	Year to Date May 2019
Premium Written	30,705	40,607	170,524	150,162
Premium Earned	37,191	29,660	184,330	140,454
Incurred Losses	39,353	59,250	174,179	200,808
Underwriting & Admin Expense	(3,331)	20,777	21,218	55,491
<b>Operating Result</b>	<b>1,169</b>	<b>(50,367)</b>	<b>(11,067)</b>	<b>(115,845)</b>
<i>Ratios:</i>				
<b>Loss ratio</b> - Prior Accident Years	2.9%	52.0%	(31.8%)	0.8%
- Current Accident Year	103.0%	147.7%	126.2%	142.2%
<i>Total</i>	<b>105.9%</b>	<b>199.7%</b>	<b>94.4%</b>	<b>143.0%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>(9.0%)</b>	<b>70.1%</b>	<b>11.5%</b>	<b>39.5%</b>
<b>Combined Operating Ratio</b>	<b>96.9%</b>	<b>269.8%</b>	<b>105.9%</b>	<b>182.5%</b>

*rounding differences may occur*

<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 F2020-046**  
**Ontario Risk Sharing Pool – May 2020 Operational Report**

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” attached to this bulletin.

Updated Projection to Year-end 2020

PLEASE NOTE: With the current May operational report, premium projections have been updated to reflect the most recent information provided by certain members. Updated claims assumptions are derived from the current valuation, as at March 31, 2020, and include an assessment of, and adjustments related to, the COVID-19 pandemic impact. May’s reported claims projections include an additional 10% decrease in Current Accident Year reported claims activity - reducing the projected reported activity over the next 2 months and spreading over the remainder of the year, reflecting a shift in Current Accident Year claims reporting and emergence patterns due to the COVID-19 pandemic impact.

The projected calendar year Operating Result to December 2020 is -\$164.2 million and the estimated combined operating ratio to December 2020 is 136.8%, as summarized in the following table.

*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 2020 Yr-end Projection</b>	<b>Current</b>	Prior Mth	<b>Change</b>	Final 2020
<b>Amounts in \$000s</b>	<b>(May 2020)</b>	<b>(Apr 2020)</b>		<b>Outlook*</b>
Premium Written	461,266	424,774	36,492	416,066
Premium Earned	446,864	442,649	4,215	400,999
Incurred Losses	477,126	499,549	(22,423)	523,840
Underwriting & Admin Expense	133,929	111,978	21,952	138,522
<b>Net Result from Operations</b>	<b>(164,191)</b>	<b>(168,878)</b>	<b>4,686</b>	<b>(261,363)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	(16.7%)	(16.8%)	0.1%	(5.9%)
- Current Accident Year	123.5%	129.6%	(6.1%)	136.6%
<i>Total</i>	<b>106.8%</b>	<b>112.8%</b>	<b>(6.0%)</b>	<b>130.7%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>30.0%</b>	<b>25.3%</b>	<b>4.7%</b>	<b>34.5%</b>
<b>Combined Operating Ratio</b>	<b>136.8%</b>	<b>138.1%</b>	<b>(1.3%)</b>	<b>165.2%</b>

*rounding differences may occur*

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

This updated projection in Net Result from Operations to the end of the year has improved by \$4.7 million from the projection provided last month (see the second and third columns in the table). The updated projection includes the overall \$28.3 million favourable impact of the valuation, as at March 31, 2020, as summarized in the following table (see more information under “Effect of Quarterly Valuation” on page 5), and a \$23.6 million unfavourable impact driven by the overall increase in projected written premium and the associated impacts on earned premium, claims, and expense projections.

**Bulletin F2020-046**  
**Ontario Risk Sharing Pool – May 2020 Operational Report**

Ontario	unfav / (fav) projected for full year						year EP 446,864 (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	(18,057)	(1,946)	(20,003)	19,315	-	(688)	(4.0%)	(0.4%)	(4.5%)	4.3%	-	(0.2%)
CAY	(34,906)	(2,542)	(37,448)	9,843	-	(27,605)	(7.8%)	(0.6%)	(8.4%)	2.2%	-	(6.2%)
Prem Def	(6,113)	(843)	(6,956)	6,907	-	(49)	(1.4%)	(0.2%)	(1.6%)	1.5%	-	-
<b>TOTAL</b>	<b>(59,076)</b>	<b>(5,331)</b>	<b>(64,407)</b>	<b>36,065</b>	<b>-</b>	<b>(28,342)</b>	<b>(13.2%)</b>	<b>(1.2%)</b>	<b>(14.4%)</b>	<b>8.1%</b>	<b>-</b>	<b>(6.3%)</b>

Current Month Results

The Ontario Risk Sharing Pool produced a \$1.2 million Operating Result in the month of May 2020, a \$51.5 million improvement compared with the same month last year. This improvement is composed of a \$64.3 million favourable impact stemming from the overall decrease in the combined ratio (from 269.8% to 96.9% applied to \$37.2 million in earned premium), offset by a \$12.8 million unfavourable impact associated with the \$7.5 million increase in earned premium (at a combined ratio of 269.8%).

This month's results moved the year-to-date combined operating ratio from 108.3% at the end of 4 months to 105.9% at the end of 5 months. The 2.4 percentage point decrease is composed of a 5.9 percentage point decrease in the Current Accident Year loss ratio, coupled with a 5.2 percentage point decrease in the expense ratio, offset by an 8.7 percentage point increase in the Prior Accident Years loss ratio.

Variances from Projections

The following table 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*

May 2020	Actual	Projection	Difference	Difference %
Written Premium	30,705	37,223	(6,518)	(17.5%)
Earned Premium	37,191	38,129	(938)	(2.5%)
Reported Losses				
Paid Losses	18,904	26,082	(7,178)	(27.5%)
Paid Expenses	1,670	2,796	(1,126)	(40.3%)
Change in Outstanding Losses	3,650	(458)	4,108	(896.9%)
<b>Total Reported Losses</b>	<b>24,224</b>	<b>28,420</b>	<b>(4,196)</b>	<b>(14.8%)</b>
Change in IBNR Provision*	15,129	19,944	(4,815)	
Change in Premium Deficiency (DPAC)*	(12,564)	91	(12,655)	

(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

**Bulletin F2020-046**  
**Ontario Risk Sharing Pool – May 2020 Operational Report**

considerably. Although variances from our projections are expected, management investigates variances beyond set thresholds and responds as appropriate.

For the month of May 2020, reported losses were \$4.2 million lower than projected. The Current Accident Year had a \$7.6 million favourable variance in reported losses, while the Prior Accident Years had a \$3.4 million unfavourable variance. Of all the Prior Accident Years, 2018 had the largest variance in reported losses at \$1.5 million unfavourable, followed by 2013 at \$1.1 million unfavourable. 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. 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. All other variances were within the set thresholds for the month.

**Effect of Quarterly Valuation**

The May 2020 Ontario Risk Sharing Pool Operational Report reflects the results of an updated valuation as at March 31, 2020, with the associated impacts in relation to the results for May 2020 summarized in the following tables.

Ontario	unfav / (fav) for the month and ytd						mth EP 37,191 (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	(18,057)	(2,125)	(20,182)	22,741	-	2,559	(48.6%)	(5.7%)	(54.3%)	61.1%	-	6.9%
CAY	(14,428)	(1,756)	(16,184)	4,951	-	(11,233)	(38.8%)	(4.7%)	(43.5%)	13.3%	-	(30.2%)
Prem Def	(14,987)	(1,678)	(16,665)	5,780	-	(10,885)	(40.3%)	(4.5%)	(44.8%)	15.5%	-	(29.3%)
<b>TOTAL</b>	<b>(47,472)</b>	<b>(5,559)</b>	<b>(53,031)</b>	<b>33,472</b>	<b>-</b>	<b>(19,559)</b>	<b>(127.6%)</b>	<b>(14.9%)</b>	<b>(142.6%)</b>	<b>90.0%</b>	<b>-</b>	<b>(52.6%)</b>

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a \$53.0 million favourable impact – see column [3] in the preceding table on the left), partially offset by the impact due to a 92 basis point decrease in the selected discount rate from 1.58% to 0.66% (generating a \$33.5 million unfavourable impact – see column [4] in the preceding table on the left).

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 investment yield and 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.

***COVID-19 impact***

The current valuation includes a nominal \$18.8M favourable AY2020 adjustment related to the COVID-19 pandemic impact. This adjustment reflects a 30% reduction in a priori loss ratios for short-tailed physical damage coverages over the mid-March to end-of-June period. Given the uncertainties associated with the current RSP reporting environment, this adjustment will be revisited with the 2020 Q2 valuation. Additional discussion can be found in the Ontario RSP May

**Bulletin F2020-046**  
**Ontario Risk Sharing Pool – May 2020 Operational Report**

2020 Actuarial highlights.

Management has observed favourable *total* valuation impacts over the last 12 valuation implementations as shown in column [5] of the following table (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: 2020 Q1		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]	
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%)	
2019 Q4	Mar 2020	(64,285)	(4,061)	(5,874)	-	(74,220)	1,346,373	(5.5%)	(4.8%)	
2020 Q1	May 2020	(47,472)	(5,559)	33,472	-	(19,559)	1,358,679	(1.4%)	(3.5%)	
12-qtrs		(226,237)	(18,159)	13,748	(43,287)	(273,935)				
% of total		82.6%	6.6%	(5.0%)	15.8%	100.0%				
		3 unfavourable (nominal) valuations						3 impacts were outside of 2.5%		
Averages										
12-qtrs		(18,853)	(1,513)	1,146	(3,607)	(22,828)	1,290,471	(1.8%)	(1.5%)	
2017 Q2 to 2019 Q1		(3,847)	377	(1,817)	(3,696)	(8,982)	1,270,073	(0.7%)	(0.3%)	
2019 Q2 to 2020 Q1		(48,866)	(5,293)	7,071	(3,431)	(50,519)	1,331,268	(3.8%)	(3.7%)	

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

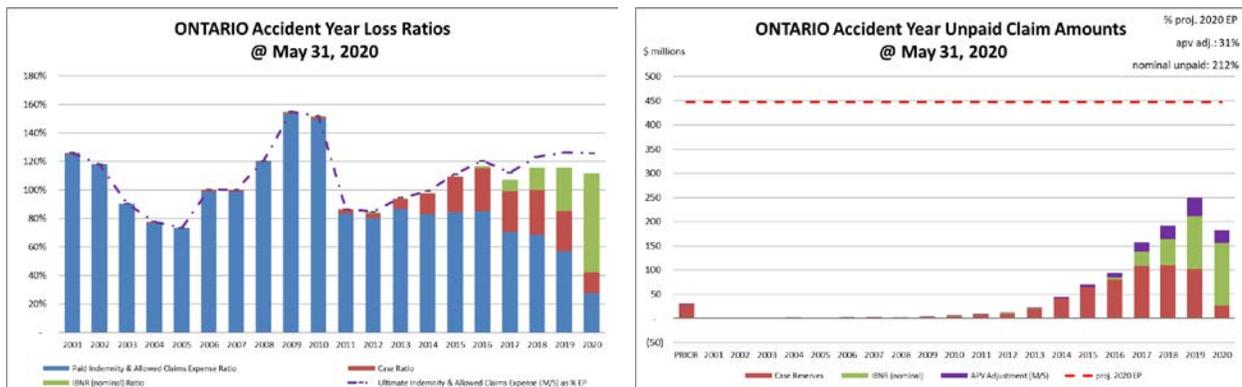
- (i) **Best estimate measurement: This objective has not been met**, as the 12-quarter nominal change in column [1] is \$226.2 million favourable. We note that the average impact of the most recent 4 valuations is significantly more favourable than the earlier 8 valuations. That said, the 12-quarter average at \$18.9 million (nominal only) represents 1.5% of ending policy liabilities per column [8], which we would view as not significant.

<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.

- (ii) **Nominal size measurement: This objective has not been met**, with 3 individual valuation showing nominal changes in excess of 2.5% of ending policy liabilities per column [8] in the preceding table, above our expectation (0). As indicated in the previous quarter, 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.
- (iii) **Bias evidence measurement: This objective has been met**, as 3 of 12 valuations show unfavourable changes (column [1] of the preceding table), 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), the recent valuations suggest some reflection on our processes is warranted, so we are taking action in response.

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



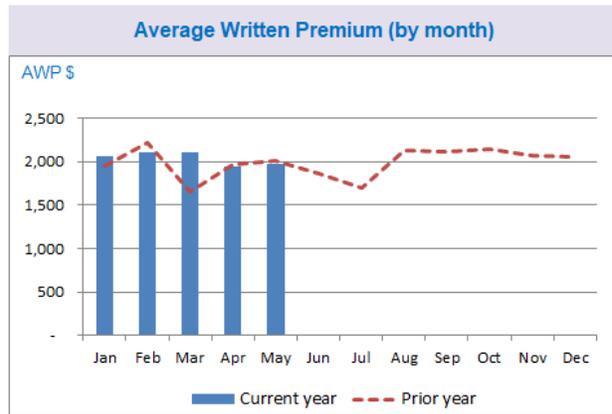
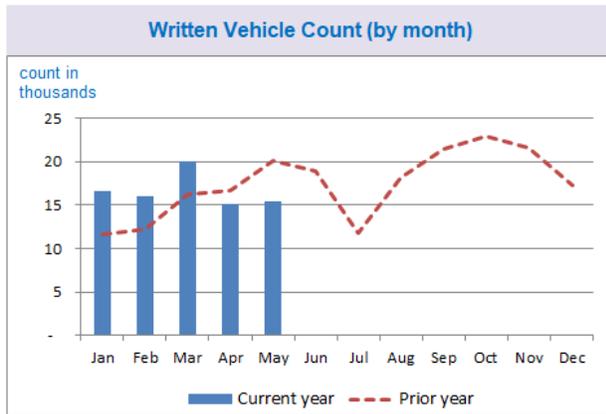
The actuarial valuation will be updated next as at June 30, 2020 and we anticipate that the results will be reflected in the August 2020 Operational Report.

### 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 2020 vehicle count up 1.8% from 2019, being 2.7% 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.

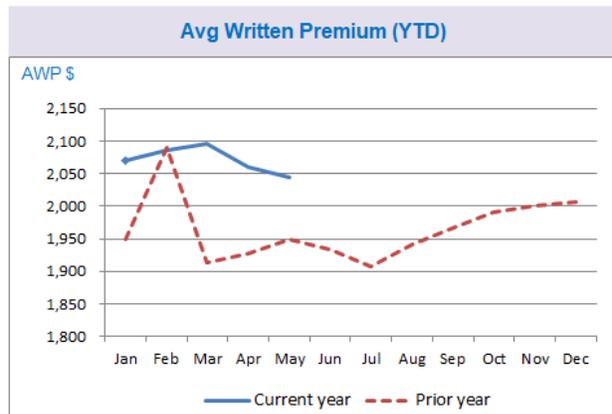
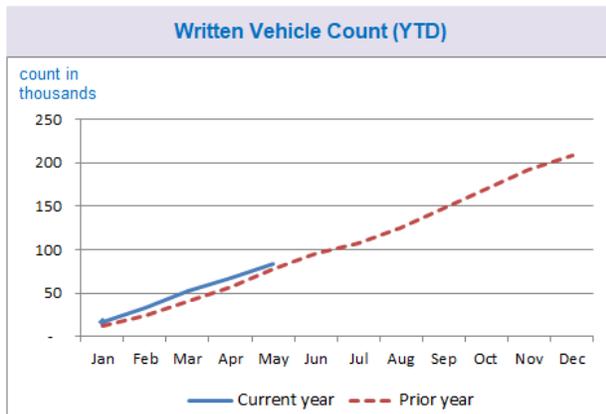


**Bulletin F2020-046**  
**Ontario Risk Sharing Pool – May 2020 Operational Report**



	May-20	May-19	Amt Chg	% Chg
W. Veh curr mth	15,504	20,187	(4,683)	-23.2%

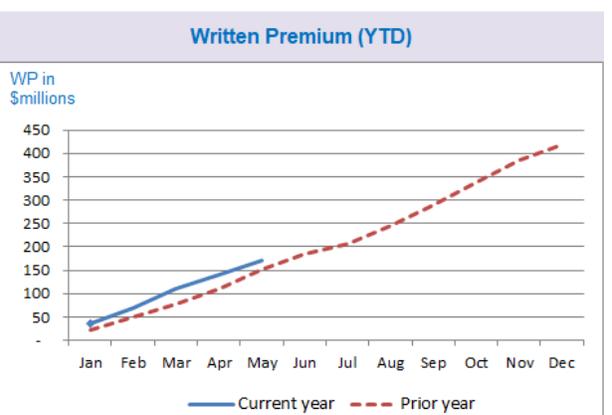
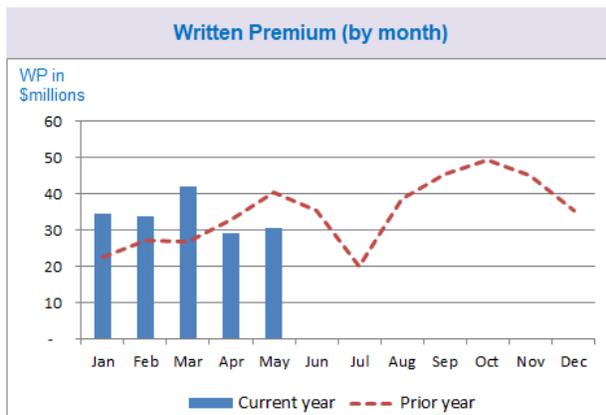
	May-20	May-19	Amt Chg	% Chg
AWP curr mth	1,980	2,012	(32)	-1.6%



	May-20	May-19	Amt Chg	% Chg
W. Vehicles YTD	83,375	77,019	6,355	8.3%

	May-20	May-19	Amt Chg	% Chg
Avg W. Prem YTD	2,045	1,950	95	4.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 24.4% for the month compared with the 8.3% decrease we projected last month, while still up 13.6% year-to-date (see the following charts).



	May-20	May-19	Amt Chg	% Chg
WP (\$000s) curr mth	30,705	40,607	(9,902)	-24.4%

	May-20	May-19	Amt Chg	% Chg
WP (\$000s) YTD	170,523	150,161	20,362	13.6%

**Bulletin F2020-046**  
**Ontario Risk Sharing Pool – May 2020 Operational Report**

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Should you require any further information, please call Aidan Chen, AVP Data & Analytics at (416) 863-1750 x 4804.

Saskia Matheson  
President & CEO

**Related links:**

[Ontario RSP May 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 - Ontario**  
**Operating Results for the 5 Months Ended May 31, 2020 (Discounted basis)**  
*Source: Monthly Operational Report*  
(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Net Premiums Written	\$34,572	\$33,748	\$42,191	\$29,308	\$30,705	\$170,524	\$461,266	\$419,790
Decrease (Increase) in Unearned Premiums	1,929	923	(3,646)	\$8,114	\$6,486	13,806	(14,402)	(60,036)
<b>Net Premiums Earned</b>	<b>\$36,501</b>	<b>\$34,671</b>	<b>\$38,545</b>	<b>\$37,422</b>	<b>\$37,191</b>	<b>\$184,330</b>	<b>\$446,864</b>	<b>\$359,754</b>
<b>Claims Incurred:</b>								
Prior Accident Years:								
Undiscounted	\$102	(\$383)	(\$45,015)	(\$101)	(\$18,176)	(\$63,573)	(\$63,572)	(\$78,927)
Effect of Discounting	(2,874)	(2,208)	(7,525)	(1,594)	19,237	5,036	(11,038)	(16,000)
Discounted	(\$2,772)	(\$2,591)	(\$52,540)	(\$1,695)	\$1,061	(\$58,537)	(\$74,610)	(\$94,927)
Current Accident Year:								
Undiscounted	\$45,573	\$43,809	\$42,285	\$44,818	\$30,138	\$206,623	\$499,873	\$444,417
Effect of Discounting	5,911	4,511	2,979	4,538	8,154	26,093	51,863	38,828
Discounted	\$51,484	\$48,320	\$45,264	\$49,356	\$38,292	\$232,716	\$551,736	\$483,245
<b>Claims Incurred</b>	<b>\$48,712</b>	<b>\$45,729</b>	<b>(\$7,276)</b>	<b>\$47,661</b>	<b>\$39,353</b>	<b>\$174,179</b>	<b>\$477,126</b>	<b>\$388,318</b>
<b>Underwriting Expenses:</b>								
Expense Allowance	\$10,247	\$10,010	\$12,548	\$8,855	\$9,120	\$50,780	\$136,837	\$123,090
Change in UPDR/DPAC:								
Undiscounted	(447)	(108)	(12,094)	(1,349)	(15,938)	(29,936)	(10,280)	11,983
Effect of Discounting	(247)	(106)	(2,349)	(927)	3,374	(255)	5,529	11,538
Discounted	(694)	(214)	(14,443)	(2,276)	(12,564)	(30,191)	(4,751)	23,521
<b>Underwriting Expenses</b>	<b>\$9,553</b>	<b>\$9,796</b>	<b>(\$1,895)</b>	<b>\$6,579</b>	<b>(\$3,444)</b>	<b>\$20,589</b>	<b>\$132,086</b>	<b>\$146,611</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$21,764)</b>	<b>(\$20,854)</b>	<b>\$47,716</b>	<b>(\$16,818)</b>	<b>\$1,282</b>	<b>(\$10,438)</b>	<b>(\$162,348)</b>	<b>(\$175,175)</b>
<b>Administrative Expenses</b>	<b>\$111</b>	<b>\$166</b>	<b>\$112</b>	<b>\$127</b>	<b>\$113</b>	<b>\$629</b>	<b>\$1,843</b>	<b>\$1,624</b>
<b>Operating Result</b>	<b>(\$21,875)</b>	<b>(\$21,020)</b>	<b>\$47,604</b>	<b>(\$16,945)</b>	<b>\$1,169</b>	<b>(\$11,067)</b>	<b>(\$164,191)</b>	<b>(\$176,799)</b>
<b>Ratios:</b>								
<b>Claims &amp; Expenses Incurred (Earned)</b>								
Prior Accident Years	-7.6%	-7.5%	-136.3%	-4.5%	2.9%	-31.8%	-16.7%	-26.4%
Current Accident Year	141.0%	139.4%	117.4%	131.9%	103.0%	126.2%	123.5%	134.3%
All Accident Years Combined	133.4%	131.9%	-18.9%	127.4%	105.9%	94.4%	106.8%	107.9%
Underwriting & Administrative Expenses (Earned)	26.5%	28.7%	-4.6%	17.9%	-9.0%	11.5%	30.0%	41.2%
<b>Combined Operating Ratio</b>	<b>159.9%</b>	<b>160.6%</b>	<b>-23.5%</b>	<b>145.3%</b>	<b>96.9%</b>	<b>105.9%</b>	<b>136.8%</b>	<b>149.1%</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