

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F2020 – 047

DATE: JUNE 29, 2020

**SUBJECT: ALBERTA RISK SHARING POOLS
– 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 Alberta Risk Sharing Pools Operational Reports are 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 **\$5.9 million unfavourable impact** for the Alberta Grid RSP and a **\$2.2 million favourable impact** for the Alberta Non-Grid RSP;
- (c) The *Alberta Grid 2020 year-to-date net operating surplus was \$6.4 million*, with a COR of 92.5% on earned premium of \$84.5 million;
- (d) The *Alberta Non-Grid 2020 year-to-date net operating deficit was \$14.4 million*, with a COR of 127.2% on earned premium of \$52.8 million;
- (e) The *projected Alberta Grid 2020 year-end net operating deficit is now \$10 million*, with a COR at 105.0% on earned premium of \$200 million (our Outlook for 2020 was \$59 million of net operating deficit with a COR of 125.3% on earned premium of \$234 million); this update reflects current assumptions under the 2020 Q1 valuation as well as updated written premium projections received from certain members;
- (f) The *projected Alberta Non-Grid 2020 year-end net operating deficit is now \$45 million*, with a COR at 133.6% on earned premium of \$134 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 comment above for Alberta Grid applies here as well); and
- (g) 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 [F2020-042](#) for additional information.

Valuation

Valuations of the Alberta Grid Risk Sharing Pool (“RSP”) and Non-Grid RSP as at March 31, 2020 have been completed since last month’s Operational Reports and the results of these valuations have been incorporated into this month’s Operational Reports. The valuations were completed by the Facility Association’s internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

For the **Alberta Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$5.9 million unfavourable** impact on the month’s net result from operations, adding an estimated 7.0 points to the year-to-date Combined Operating Ratio (ending at 92.5%). The impact is summarized in the following tables ¹.

AB Grid	unfav / (fav) for the month and ytd						ytd EP 84,525 (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	(170)	101	(69)	7,448	-	7,379	(0.2%)	0.1%	(0.1%)	8.8%	-	8.7%
CAY	(2,485)	(233)	(2,718)	1,753	-	(965)	(2.9%)	(0.3%)	(3.2%)	2.1%	-	(1.1%)
Prem Def	(2,600)	(180)	(2,780)	2,261	-	(519)	(3.1%)	(0.2%)	(3.3%)	2.7%	-	(0.6%)
TOTAL	(5,255)	(312)	(5,567)	11,462	-	5,895	(6.2%)	(0.4%)	(6.6%)	13.6%	-	7.0%

For the **Alberta Non-Grid RSP**, the implementation of the new valuation resulted in an estimated overall **\$2.2 million favourable** impact on the month’s net result from operations, subtracting an estimated 4.1 points from the year-to-date Combined Operating Ratio (ending at 127.2%). The impact is summarized in the following tables.

AB Non-Grid	unfav / (fav) for the month and ytd						ytd EP 52,776 (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	(4,716)	(398)	(5,114)	4,701	-	(413)	(8.9%)	(0.8%)	(9.7%)	8.9%	-	(0.8%)
CAY	(1,942)	(182)	(2,124)	1,094	-	(1,030)	(3.7%)	(0.3%)	(4.0%)	2.1%	-	(2.0%)
Prem Def	(2,002)	(176)	(2,178)	1,462	-	(716)	(3.8%)	(0.3%)	(4.1%)	2.8%	-	(1.4%)
TOTAL	(8,660)	(756)	(9,416)	7,257	-	(2,159)	(16.4%)	(1.4%)	(17.8%)	13.8%	-	(4.1%)

Please see “Effect of Quarterly Valuation” sections for additional valuation result detail (page 5 for Grid and page 11 for Non-Grid).

Alberta Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is \$6.4 million and the incurred loss ratio to the end of

¹In 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 F2020-047
Alberta Risk Sharing Pools – May 2020 Operational Reports

5 months is 78.4% as summarized in the following table.

*AB-G 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	14,636	18,933	65,455	72,544
Premium Earned	16,562	14,953	84,525	68,627
Incurred Losses	20,016	19,008	66,245	55,526
Underwriting & Admin Expense	4,328	7,734	11,900	25,509
Operating Result	(7,782)	(11,789)	6,380	(12,408)
Ratios:				
Loss ratio - Prior Accident Years	39.3%	24.7%	(7.9%)	(15.9%)
- Current Accident Year	81.6%	102.5%	86.3%	96.8%
<i>Total</i>	120.9%	127.2%	78.4%	80.9%
Underwriting & Admin Expense	26.1%	51.7%	14.1%	37.2%
Combined Operating Ratio	147.0%	178.9%	92.5%	118.1%

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: 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 -\$10.1 million and the estimated combined operating ratio to December 2020 is 105.0%, as summarized in the following table for the Alberta Grid RSP.

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 (May 2020)	Prior Mth (Apr 2020)	Change	Final 2020 Outlook*
Premium Written	190,823	226,993	(36,170)	247,866
Premium Earned	199,988	215,562	(15,574)	234,333
Incurred Losses	158,721	168,472	(9,751)	215,198
Underwriting & Admin Expense	51,407	59,466	(8,059)	78,403
Net Result from Operations	(10,140)	(12,376)	2,236	(59,268)
Ratios:				
Loss ratio - Prior Accident Years	(5.5%)	(7.8%)	2.3%	(2.7%)
- Current Accident Year	84.8%	86.0%	(1.2%)	94.5%
<i>Total</i>	79.3%	78.2%	1.1%	91.8%
Underwriting & Admin Expense	25.7%	27.6%	(1.9%)	33.5%
Combined Operating Ratio	105.0%	105.8%	(0.8%)	125.3%

rounding differences may occur

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

This updated projection to the end of the year has improved by \$2.2 million from the projection provided last month (see the second and third columns in the table). The update includes the overall \$4.3 million unfavourable impact of the valuation as at March 31, 2020, as summarized in the following tables (see more information under “Effect of Quarterly Valuation” on page 5), and a \$6.5 million favourable impact stemming from the overall decrease in projected written premium and the associated impacts on earned premium, claims, and expense projections.

AB Grid	unfav / (fav) projected for full year						year EP 199,988 (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	(170)	103	(67)	6,353	-	6,286	(0.1%)	0.1%	-	3.2%	-	3.1%
CAY	(5,833)	(409)	(6,242)	3,638	-	(2,604)	(2.9%)	(0.2%)	(3.1%)	1.8%	-	(1.3%)
Prem Def	(1,805)	(129)	(1,934)	2,544	-	610	(0.9%)	(0.1%)	(1.0%)	1.3%	-	0.3%
TOTAL	(7,808)	(435)	(8,243)	12,535	-	4,292	(3.9%)	(0.2%)	(4.1%)	6.3%	-	2.1%

Current Month Results (Alberta Grid RSP)

The Alberta Grid Risk Sharing Pool produced a -\$7.8 million Operating Result in the month of May 2020, an improvement of \$4.0 million compared with the same month last year. This improvement is associated with a \$5.3 million favourable impact from the overall decrease in the combined ratio (from 178.9% to 147.0% applied to \$16.6 million in earned premium), offset by a \$1.3 million unfavourable impact associated with the \$1.6 million increase in earned premium (at a combined ratio of 147.0%).

This month's results moved the year-to-date combined operating ratio from 79.1% at the end of 4 months to 92.5% at the end of 5 months. The 13.4 percentage point increase is composed of a 11.5 percentage point increase in the Prior Accident Years loss ratio, coupled with a 3.0 percentage

Bulletin F2020–047
Alberta Risk Sharing Pools – May 2020 Operational Reports

point increase in the expense ratio, offset by a 1.1 percentage point decrease in the Current Accident Year loss ratio.

Variances 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

May 2020	Actual	Projection	Difference	Difference %
Written Premium	14,636	21,838	(7,202)	(33.0%)
Earned Premium	16,562	18,091	(1,529)	(8.5%)
Reported Losses				
Paid Losses	10,719	10,523	196	1.9%
Paid Expenses	498	867	(369)	(42.6%)
Change in Outstanding Losses	(7,540)	(2,316)	(5,224)	225.6%
Total Reported Losses	3,677	9,074	(5,397)	(59.5%)
Change in IBNR Provision*	16,339	5,867	10,472	
Change in Premium Deficiency (DPAC)*	(214)	(419)	205	

(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 May 2020, the reported losses were \$5.4 million lower than projected. The Current Accident Year had a \$4.2 million favourable variance in reported losses, and the Prior Accident Years had an approximately \$1.2 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 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 (AB-G RSP)

The May 2020 Alberta Grid 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 following tables.

AB Grid	unfav / (fav) for the month and ytd						mth EP 16,562 (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	(170)	101	(69)	7,448	-	7,379	(1.0%)	0.6%	(0.4%)	45.0%	-	44.6%
CAY	(2,485)	(233)	(2,718)	1,753	-	(965)	(15.0%)	(1.4%)	(16.4%)	10.6%	-	(5.8%)
Prem Def	(2,600)	(180)	(2,780)	2,261	-	(519)	(15.7%)	(1.1%)	(16.8%)	13.7%	-	(3.1%)
TOTAL	(5,255)	(312)	(5,567)	11,462	-	5,895	(31.7%)	(1.9%)	(33.6%)	69.2%	-	35.6%

The valuation result is due to changes generated from updated nominal ultimate selections and projected cash flows (generating a \$5.6 million favourable impact – see column [3] in the preceding table on the left), offset by the impact due to a 100 basis point decrease in the selected discount rate from 1.63% to 0.63% (generating a \$11.5 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 \$4.6M 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 Alberta Grid RSP May 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).

Bulletin F2020–047
Alberta Risk Sharing Pools – May 2020 Operational Reports

RSP: Alberta Grid, 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] = sum([1] to [4])	[6]	[7] = [5] / [6]	[8] = [1] / [6]
2017 Q2	Aug 2017	10,704	914	(2,369)	(941)	8,308	410,268	2.0%	2.6%
2017 Q3	Oct 2017	(1,685)	119	(6,466)	-	(8,032)	412,971	(1.9%)	(0.4%)
2017 Q4	Mar 2018	14,787	2,697	26	-	17,510	419,351	4.2%	3.5%
2018 Q1	May 2018	(157)	(184)	(1,804)	-	(2,145)	419,196	(0.5%)	-
2018 Q2	Aug 2018	(1,555)	(151)	514	(1,093)	(2,285)	421,922	(0.5%)	(0.4%)
2018 Q3	Oct 2018	(8,623)	(412)	(4,596)	-	(13,631)	416,479	(3.3%)	(2.1%)
2018 Q4	Mar 2019	(15,773)	(233)	3,631	-	(12,375)	414,703	(3.0%)	(3.8%)
2019 Q1	May 2019	1,865	58	5,395	-	7,318	434,451	1.7%	0.4%
2019 Q2	Aug 2019	(19,217)	(1,428)	432	(925)	(21,138)	442,053	(4.8%)	(4.3%)
2019 Q3	Oct 2019	(3,453)	(132)	(355)	-	(3,940)	454,938	(0.9%)	(0.8%)
2019 Q4	Mar 2020	(20,899)	(1,105)	(2,177)	-	(24,181)	437,311	(5.5%)	(4.8%)
2020 Q1	May 2020	(5,255)	(312)	11,462	-	5,895	438,655	1.3%	(1.2%)
12-qtrs		(49,261)	(169)	3,693	(2,959)	(48,696)			
% of total		101.2%	0.3%	(7.6%)	6.1%	100.0%			
		3 unfavourable (nominal) valuations						5 impacts were outside of 2.5%	
Averages									
12-qtrs		(4,105)	(14)	308	(247)	(4,058)	426,858	(1.0%)	(1.0%)
2017 Q2 to 2019 Q1		(55)	351	(709)	(254)	(667)	418,668	(0.2%)	-
2019 Q2 to 2020 Q1		(12,206)	(744)	2,341	(231)	(10,841)	443,239	(2.4%)	(2.8%)

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 liabilities², should be “small” (less than 2.5%); and (iii) the valuation results should not indicate bias – that is, we generally anticipate approximately 1/3rd of nominal valuation impacts will be unfavourable, and 2/3^{rds} will be favourable (due to the skewness of the development). On these 3 measures:

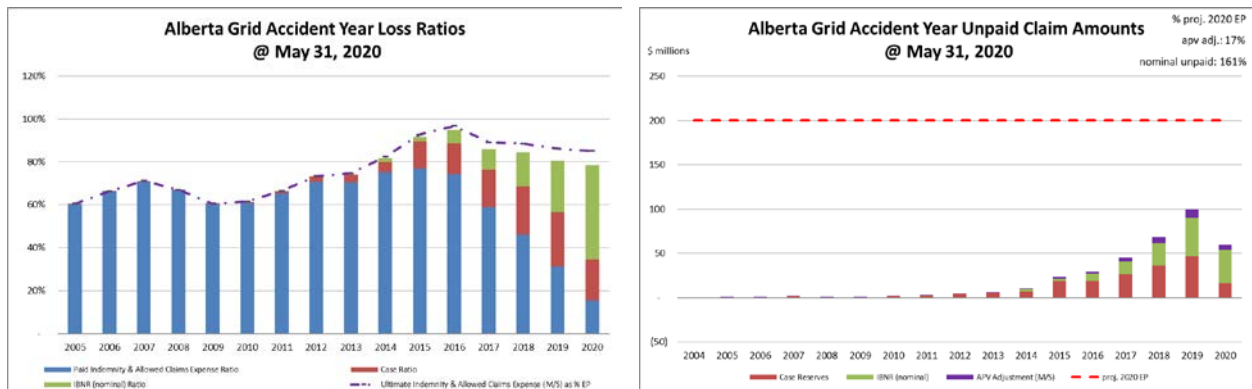
- (i) **Best estimate measurement:** This objective has not been met, as the 12-quarter nominal change in column [1] is \$49.3 million favourable. We note that the average impact of the most recent 4 valuations is significantly more favourable than the earlier 8 valuations. That said, the average favourable impact over the 12 quarters at \$4.1 million (nominal only) represents 1.0% 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 5 individual valuations showing nominal changes in excess of 2.5% of ending policy liabilities per column [8] in the preceding table, being higher than our expectation (0). 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.

²We 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 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), but 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.

Alberta Non-Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is -\$14.4 million and the incurred loss ratio to the end of 5 months is 103.3%, as summarized in the following table.

Bulletin F2020-047
Alberta Risk Sharing Pools – May 2020 Operational Reports

*AB-N 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	11,127	11,278	58,019	50,314
Premium Earned	10,829	9,948	52,776	48,182
Incurred Losses	9,719	13,775	54,522	47,198
Underwriting & Admin Expense	2,774	4,567	12,616	18,595
Operating Result	(1,664)	(8,394)	(14,362)	(17,611)
<i>Ratios:</i>				
Loss ratio - Prior Accident Years	(9.5%)	18.3%	(2.1%)	(18.8%)
- Current Accident Year	99.2%	120.2%	105.4%	116.8%
<i>Total</i>	89.7%	138.5%	103.3%	98.0%
<i>Underwriting & Admin Expense</i>	25.6%	45.9%	23.9%	38.6%
<i>Combined Operating Ratio</i>	115.3%	184.4%	127.2%	136.6%

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: 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 -\$45.2 million and the estimated combined operating ratio to December 2020 is 133.6%, as summarized in the following table for Alberta Non-Grid RSP.

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 (May 2020)	Prior Mth (Apr 2020)	Change	Final 2020 Outlook*
Premium Written	149,790	151,170	(1,380)	159,575
Premium Earned	134,476	139,075	(4,599)	151,437
Incurred Losses	134,907	143,563	(8,656)	164,961
Underwriting & Admin Expense	44,797	43,027	1,770	52,911
Net Result from Operations	(45,228)	(47,515)	2,287	(66,435)
Ratios:				
Loss ratio - Prior Accident Years	(2.6%)	(1.5%)	(1.1%)	(2.6%)
- Current Accident Year	102.9%	104.8%	(1.9%)	111.5%
<i>Total</i>	100.3%	103.3%	(3.0%)	108.9%
Underwriting & Admin Expense	33.3%	30.9%	2.4%	34.9%
Combined Operating Ratio	133.6%	134.2%	(0.6%)	143.8%

rounding differences may occur

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

This updated projection to the end of the year has improved by \$2.3 million from the projection provided last month (see the second and third columns in the table). The update includes the overall \$2.2 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 11). Remaining differences were driven by the overall decrease in projected written premium, and the associated impacts on earned premium, claims, and expense projections.

AB Non-Grid	unfav / (fav) for the month and ytd						mth EP 10,829 (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	(4,716)	(398)	(5,114)	4,701	-	(413)	(43.5%)	(3.7%)	(47.2%)	43.4%	-	(3.8%)
CAY	(1,942)	(182)	(2,124)	1,094	-	(1,030)	(17.9%)	(1.7%)	(19.6%)	10.1%	-	(9.5%)
Prem Def	(2,002)	(176)	(2,178)	1,462	-	(716)	(18.5%)	(1.6%)	(20.1%)	13.5%	-	(6.6%)
TOTAL	(8,660)	(756)	(9,416)	7,257	-	(2,159)	(80.0%)	(7.0%)	(87.0%)	67.0%	-	(19.9%)

Current month results (Alberta Non-Grid RSP)

The Alberta Non-Grid Risk Sharing Pool produced a -\$1.7 million Operating Result in the month of May 2020, an improvement of \$6.7 million compared with the same month last year. This improvement is a result of a \$7.5 million favourable impact from the overall decrease in the combined ratio (from 184.4% to 115.3% applied to \$10.8 million in earned premium), offset by an approximately \$0.8 million unfavourable impact associated with the \$0.9 million increase in earned premium (at a combined ratio of 184.4%).

This month's results moved the year-to-date combined operating ratio from 130.5% at the end of 4 months to 127.2% at the end of 5 months. The 3.3 percentage point decrease is composed of a 1.9 percentage point decrease in the Prior Accident Year loss ratio, and a 1.6 percentage point

Bulletin F2020-047
Alberta Risk Sharing Pools – May 2020 Operational Reports

decrease in the Current Accident Years loss ratio, offset by a 0.2 percentage point increase in the expense 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.

*Alberta Non-Grid RSP Summary of **Actual vs Projected** variances*

May 2020	Actual	Projection	Difference	Difference %
Written Premium	11,127	14,258	(3,131)	(22.0%)
Earned Premium	10,829	11,609	(780)	(6.7%)
Reported Losses				
Paid Losses	5,881	7,114	(1,233)	(17.3%)
Paid Expenses	263	428	(165)	(38.6%)
Change in Outstanding Losses	(60)	57	(117)	(205.3%)
Total Reported Losses	6,084	7,599	(1,515)	(19.9%)
Change in IBNR Provision*	3,635	4,287	(652)	
Change in Premium Deficiency (DPAC)*	(702)	168	(870)	

(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 May 2020, reported losses were \$1.5 million lower than projected. The Current Accident Year had a \$2.3 million favourable variance in reported losses, while the Prior Accident Years had a \$0.8 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 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 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 (AB-N RSP)

The May 2020 Alberta Non-Grid 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.

AB Non-Grid	unfav / (fav) for the month and ytd						mth EP 10,829 (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	(4,716)	(398)	(5,114)	4,701	-	(413)	(43.5%)	(3.7%)	(47.2%)	43.4%	-	(3.8%)
CAY	(1,942)	(182)	(2,124)	1,094	-	(1,030)	(17.9%)	(1.7%)	(19.6%)	10.1%	-	(9.5%)
Prem Def	(2,002)	(176)	(2,178)	1,462	-	(716)	(18.5%)	(1.6%)	(20.1%)	13.5%	-	(6.6%)
TOTAL	(8,660)	(756)	(9,416)	7,257	-	(2,159)	(80.0%)	(7.0%)	(87.0%)	67.0%	-	(19.9%)

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 preceding table on the left), partially offset by the impact due to a 101 basis point decrease in the selected discount rate (from 1.64% to 0.63% generating a \$7.3 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 \$5.0M 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 Alberta Non-Grid RSP May 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).

Bulletin F2020–047
Alberta Risk Sharing Pools – May 2020 Operational Reports

RSP: Alberta Non-Grid, 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	7,100	687	(1,376)	(550)	5,861	251,367	2.3%	2.8%
2017 Q3	Oct 2017	3,358	497	(3,737)	-	118	251,978	-	1.3%
2017 Q4	Mar 2018	(4,409)	69	-	-	(4,340)	247,518	(1.8%)	(1.8%)
2018 Q1	May 2018	4,158	66	(1,063)	-	3,161	263,797	1.2%	1.6%
2018 Q2	Aug 2018	(4,771)	(248)	325	(495)	(5,189)	270,140	(1.9%)	(1.8%)
2018 Q3	Oct 2018	(8,099)	(75)	(2,704)	-	(10,878)	264,348	(4.1%)	(3.1%)
2018 Q4	Mar 2019	(9,148)	39	2,211	-	(6,898)	258,566	(2.7%)	(3.5%)
2019 Q1	May 2019	246	17	3,116	-	3,379	271,962	1.2%	0.1%
2019 Q2	Aug 2019	(17,438)	(1,435)	170	(519)	(19,222)	268,613	(7.2%)	(6.5%)
2019 Q3	Oct 2019	(2,036)	276	(189)	-	(1,949)	274,797	(0.7%)	(0.7%)
2019 Q4	Mar 2020	(4,156)	13	(1,296)	-	(5,439)	283,726	(1.9%)	(1.5%)
2020 Q1	May 2020	(8,660)	(756)	7,257	-	(2,159)	292,561	(0.7%)	(3.0%)
12-qtrs	-	(43,855)	(850)	2,714	(1,564)	(43,555)			
% of total		100.7%	2.0%	(6.2%)	3.6%	100.0%			
		4 unfavourable (nominal) valuations						5 impacts were outside of 2.5%	
Averages									
12-qtrs		(3,655)	(71)	226	(130)	(3,630)	266,614	(1.4%)	(1.4%)
2017 Q2 to 2019 Q1		(1,446)	132	(404)	(131)	(1,848)	259,960	(0.7%)	(0.6%)
2019 Q2 to 2020 Q1		(8,073)	(476)	1,486	(130)	(7,192)	279,924	(2.6%)	(2.9%)

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 liabilities³, should be “small” (less than 2.5%); and (iii) the valuation results should not indicate bias – that is, we generally anticipate approximately 1/3rd of nominal valuation impacts will be unfavourable, and 2/3^{rds} will be favourable (due to the skewness of the development). On these 3 measures:

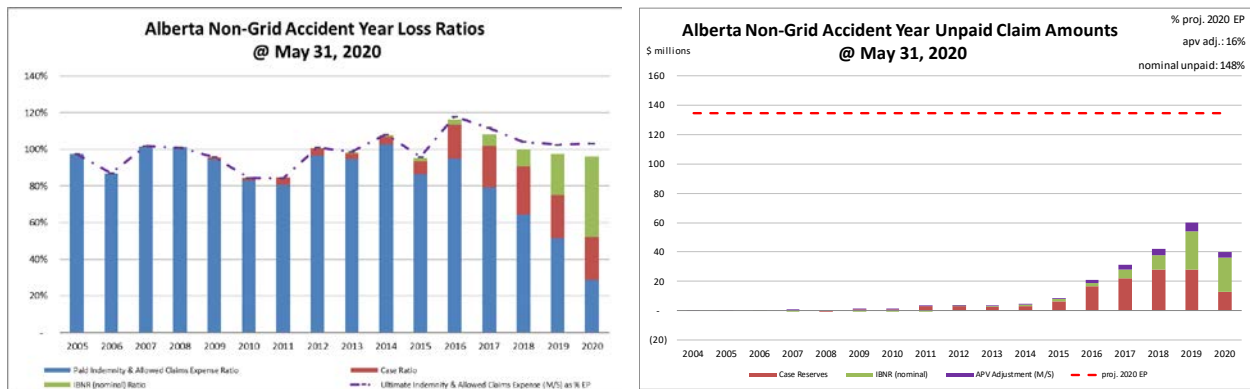
- (i) **Best estimate measurement: This objective has not been met**, as the 12-quarter nominal change in column [1] is \$43.9 million favourable. We note that the average impact of the most recent 4 valuations is significantly more favourable than the earlier 8 valuations. That said, the average favourable impact over the 12 quarters at \$3.7 million (nominal only) represents 1.4% of ending policy liabilities, which we would view as not significant.
- (ii) **Nominal size measurement: This objective has not been met**, with 5 individual valuations showing nominal changes in excess of 2.5% of ending policy liabilities per column [8] in the preceding table, being higher than our expectation (0). 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.

³We 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 preceding table), in line with our expectation (3 to 5 of 12).

In summary, we believe the nominal valuation impacts are 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 two of the three objectives indicate improvement needed and suggests some reflection on our processes is warranted, so we are taking action in response.

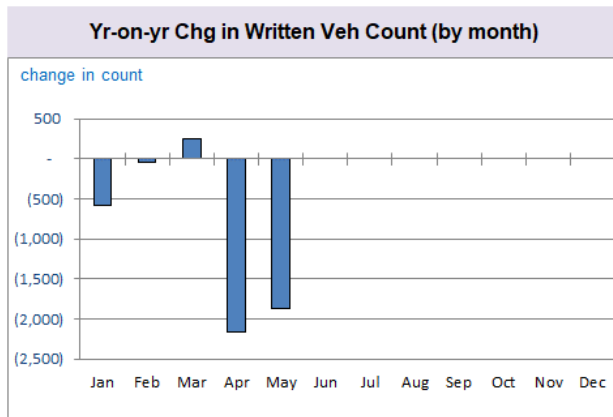
The following charts summarize the current view of the historical loss ratios (indemnity and allowed claims adjustment expenses on a nominal basis) and the associated claims liabilities.



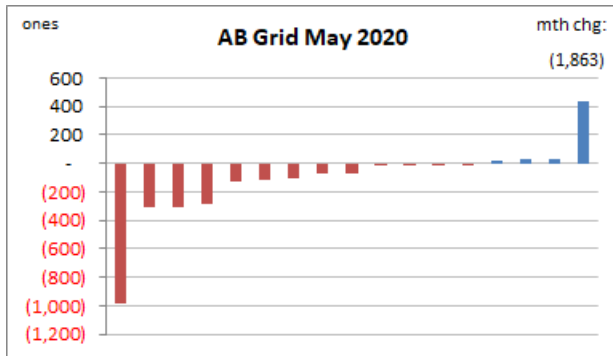
The actuarial valuation will be updated next as at June 30, 2020 and we anticipate that the results will be reflected in the August 2020 Operational Report.

Management Comments

Alberta Grid

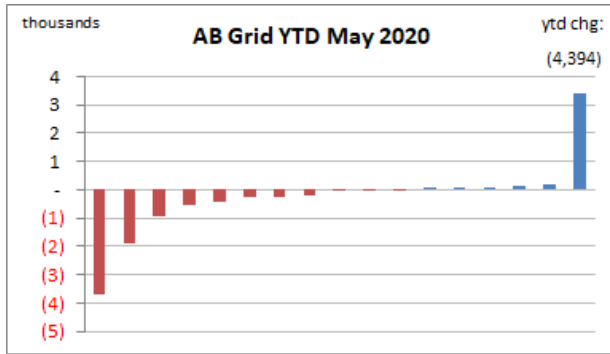


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with May showing a decrease of 1,863 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 358 vehicles, indicating a variance of 2,221 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles than projected to the RSP in May.



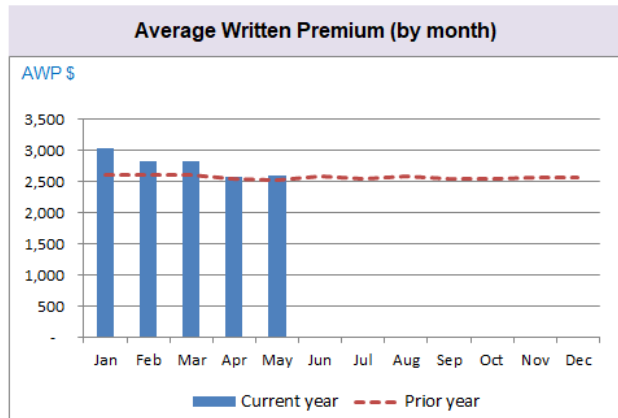
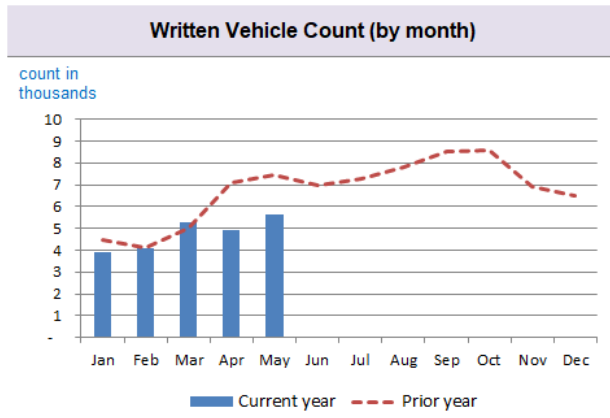
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Thirteen member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while four transferred more. Of the 13 member company groups transferring fewer vehicles, 1 member

company group accounted for 41% of the total transfer decrease for these “decliner” members. Of the 4 member company groups transferring more vehicles, 1 member company group accounted for 84% of the total transfer increases for these “grower” members.



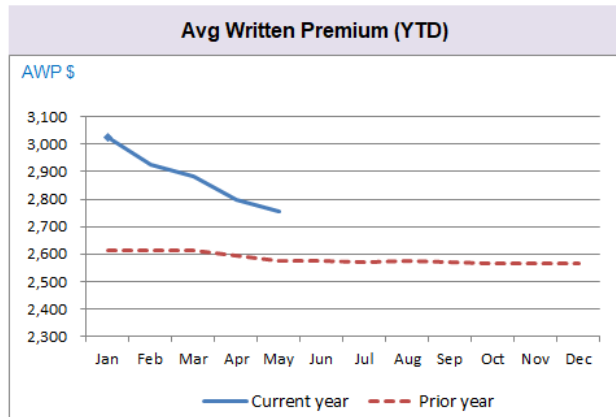
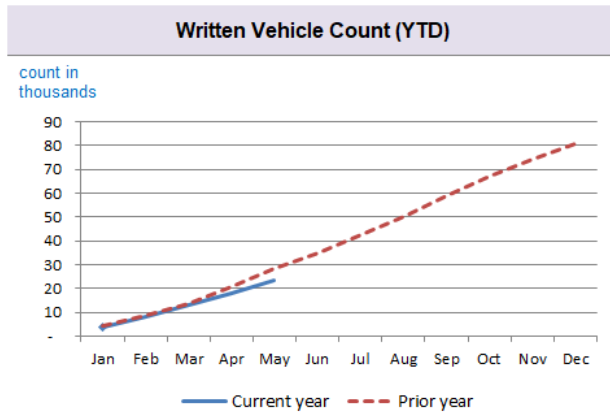
The chart on the left presents the same information as the previous chart, but on a **year-to-date** basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group),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

May’s vehicle count transfers to the RSP represent a 24.9% decrease from May 2019, and counts were down 15.6% year-to-date. Average written premium was up by 3.0% in May 2020 compared with the same month in 2019, and was up 6.9% year-to-date (see the following charts).



	May-20	May-19	Amt Chg	% Chg
W. Veh curr mth	5,613	7,475	(1,863)	-24.9%

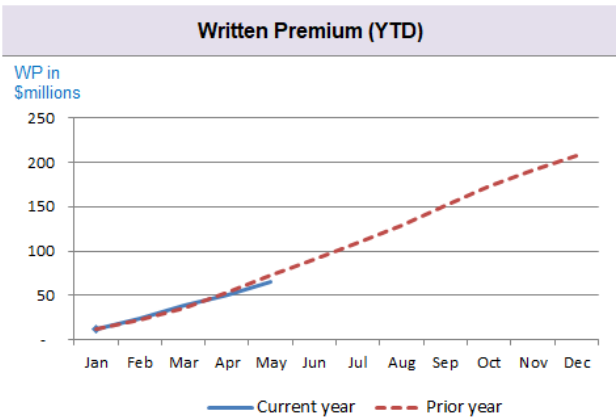
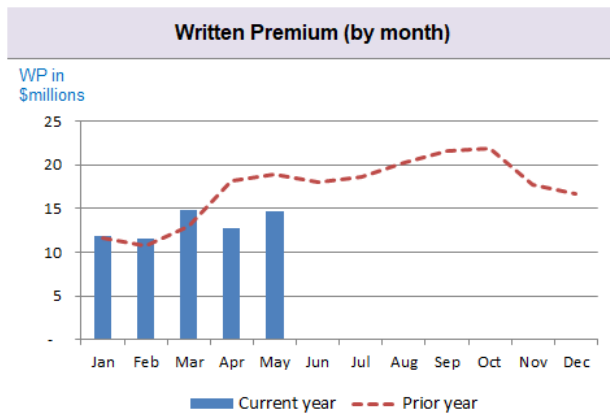
	May-20	May-19	Amt Chg	% Chg
AWP curr mth	2,608	2,533	75	3.0%



	May-20	May-19	Amt Chg	% Chg
W. Vehicles YTD	23,762	28,157	(4,394)	-15.6%

	May-20	May-19	Amt Chg	% Chg
Avg W. Prem YTD	2,755	2,576	179	6.9%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 22.7% for the month compared with the 15.3% increase we projected last month, and was down 9.8% year-to-date (see the following charts).

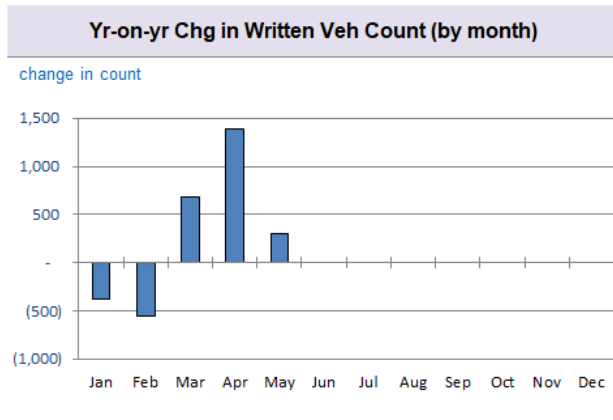


	May-20	May-19	Amt Chg	% Chg
WP (\$000s) curr mth	14,636	18,933	(4,297)	-22.7%

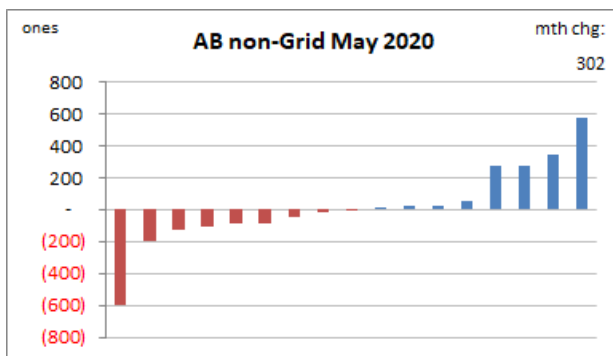
	May-20	May-19	Amt Chg	% Chg
WP (\$000s) YTD	65,454	72,543	(7,089)	-9.8%

Alberta Non-Grid

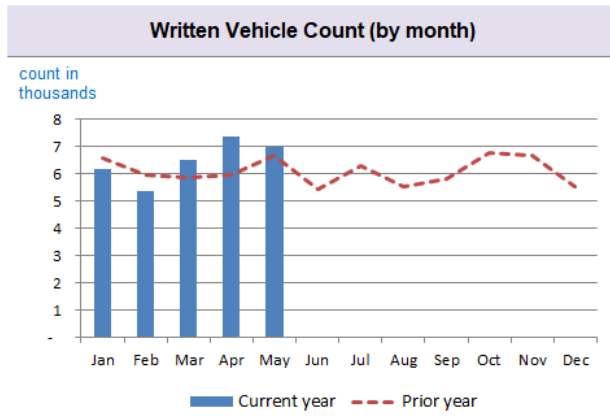
For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents 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 14.5% from 2019, being 3% 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.



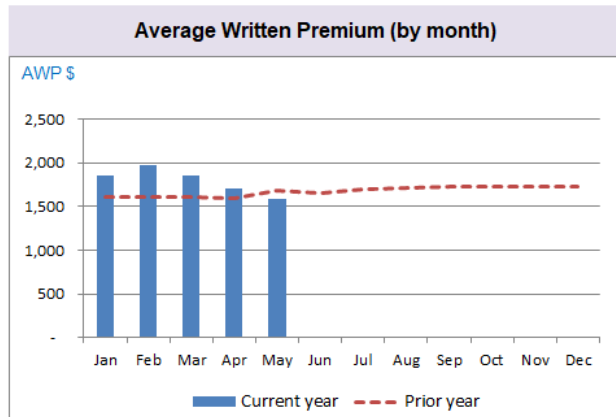
The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with May showing an increase of 302 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 1,330 vehicles, indicating a variance of 1,028 vehicles from the actual transfers. This variance was mainly due to two member company groups transferring a lower number of vehicles than projected to the RSP in May.



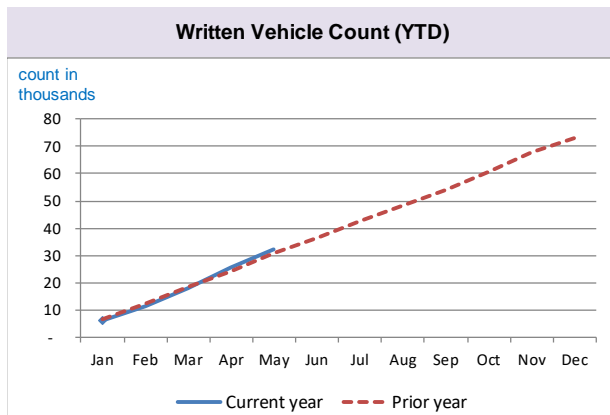
Bulletin F2020-047
Alberta Risk Sharing Pools – May 2020 Operational Reports



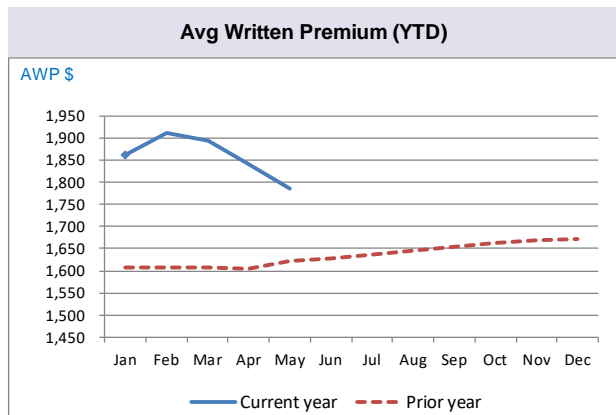
	May-20	May-19	Amt Chg	% Chg
W. Veh curr mth	6,998	6,696	302	4.5%



	May-20	May-19	Amt Chg	% Chg
AWP curr mth	1,590	1,684	(94)	-5.6%

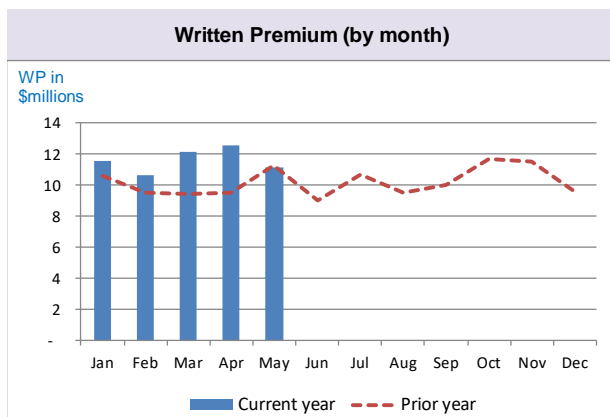


	May-20	May-19	Amt Chg	% Chg
W. Vehicles YTD	32,482	31,039	1,442	4.6%

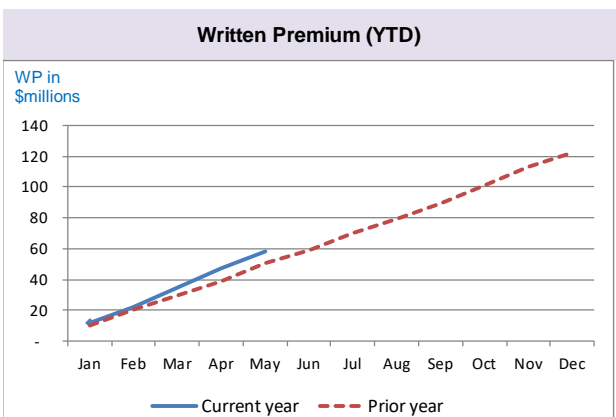


	May-20	May-19	Amt Chg	% Chg
Avg W. Prem YTD	1,786	1,621	165	10.2%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 1.3% for the month compared with the 26.4% increase we projected last month, and was up 15.3% year-to-date (see the following charts).



	May-20	May-19	Amt Chg	% Chg
WP (\$000s) curr mth	11,127	11,278	(150)	-1.3%



	May-20	May-19	Amt Chg	% Chg
WP (\$000s) YTD	58,021	50,313	7,708	15.3%

Bulletin F2020-047
Alberta Risk Sharing Pools – May 2020 Operational Reports

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 May 2020 Operational Report - Actuarial Highlights](#)

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

Alberta Non-Grid RSP:

[Alberta Non-Grid 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 - Alberta (Grid)

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
Underwriting Revenue:								
Net Premiums Written	\$11,789	\$11,503	\$14,810	\$12,717	\$14,636	\$65,455	\$190,823	\$207,231
Decrease (Increase) in Unearned Premiums	5,632	4,829	2,853	3,830	1,926	19,070	9,165	(26,892)
Net Premiums Earned	\$17,421	\$16,332	\$17,663	\$16,547	\$16,562	\$84,525	\$199,988	\$180,339
Claims Incurred:								
Prior Accident Years:								
Undiscounted	(\$178)	(\$207)	(\$8,498)	(\$275)	(\$348)	(\$9,506)	(\$9,507)	(\$29,152)
Effect of Discounting	(83)	(666)	(2,354)	(911)	6,856	\$2,842	(1,403)	(636)
Discounted	(\$261)	(\$873)	(\$10,852)	(\$1,186)	\$6,508	(\$6,664)	(\$10,910)	(\$29,788)
Current Accident Year:								
Undiscounted	\$15,776	\$14,836	\$11,715	\$13,748	\$11,177	\$67,252	\$157,889	\$153,840
Effect of Discounting	1,183	963	421	759	2,331	\$5,657	11,742	8,884
Discounted	\$16,959	\$15,799	\$12,136	\$14,507	\$13,508	\$72,909	\$169,631	\$162,724
Claims Incurred	\$16,698	\$14,926	\$1,284	\$13,321	\$20,016	\$66,245	\$158,721	\$132,936
Underwriting Expenses:								
Expense Allowance	\$3,590	\$3,500	\$4,500	\$3,863	\$4,449	\$19,902	\$58,014	\$64,494
Change in UPDR/DPAC:								
Undiscounted	583	514	(7,962)	735	(2,198)	(8,328)	(8,623)	(2,404)
Effect of Discounting	(357)	(304)	(1,295)	(200)	1,984	(172)	728	3,776
Discounted	226	210	(9,257)	535	(214)	(8,500)	(7,895)	1,372
Underwriting Expenses	\$3,816	\$3,710	(\$4,757)	\$4,398	\$4,235	\$11,402	50,119	65,866
Net Underwriting Gain (Loss)	(\$3,093)	(\$2,304)	\$21,136	(\$1,172)	(\$7,689)	\$6,878	(\$8,852)	(\$18,463)
Administrative Expenses	\$86	\$124	\$93	\$102	\$93	\$498	\$1,288	\$1,139
Operating Result	(\$3,179)	(\$2,428)	\$21,043	(\$1,274)	(\$7,782)	\$6,380	(\$10,140)	(\$19,602)
Ratios:								
Claims & Expenses Incurred (Earned)								
Prior Accident Years	-1.5%	-5.3%	-61.4%	-7.2%	39.3%	-7.9%	-5.5%	-16.5%
Current Accident Year	97.3%	96.7%	68.7%	87.7%	81.6%	86.3%	84.8%	90.2%
All Accident Years Combined (Earned)	95.8%	91.4%	7.3%	80.5%	120.9%	78.4%	79.3%	73.7%
Underwriting & Administrative Expenses (Earned)	22.4%	23.5%	-26.4%	27.2%	26.1%	14.1%	25.7%	37.2%
Combined Operating Ratio	118.2%	114.9%	-19.1%	107.7%	147.0%	92.5%	105.0%	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 5 Months Ended May 31, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	CY2020 YTD	CY2020 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:								
Net Premiums Written	\$11,535	\$10,617	\$12,139	\$12,601	\$11,127	\$58,019	\$149,790	\$122,354
Decrease (Increase) in Unearned Premiums	(918)	(668)	(1,316)	(2,043)	(298)	(5,243)	(15,314)	(6,597)
Net Premiums Earned	\$10,617	\$9,949	\$10,823	\$10,558	\$10,829	\$52,776	\$134,476	\$115,757
Claims Incurred:								
Prior Accident Years:								
Undiscounted	(\$46)	(\$230)	\$2,640	(\$319)	(\$5,077)	(\$3,032)	(\$3,031)	(\$24,105)
Effect of Discounting	(565)	(464)	(781)	(335)	4,052	1,907	(474)	(784)
Discounted	(\$611)	(\$694)	\$1,859	(\$654)	(\$1,025)	(\$1,125)	(\$3,505)	(\$24,889)
Current Accident Year:								
Undiscounted	\$11,377	\$10,857	\$9,537	\$10,839	\$9,214	\$51,824	\$130,337	\$120,930
Effect of Discounting	855	626	239	573	1,530	3,823	8,075	5,956
Discounted	\$12,232	\$11,483	\$9,776	\$11,412	\$10,744	\$55,647	\$138,412	\$126,886
Claims Incurred	\$11,621	\$10,789	\$11,635	\$10,758	\$9,719	\$54,522	\$134,907	\$101,997
Underwriting Expenses:								
Expense Allowance	\$3,510	\$3,227	\$3,689	\$3,830	\$3,382	\$17,638	\$45,537	\$38,100
Change in UPDR/DPAC:								
Undiscounted	77	72	(4,633)	1	(2,006)	(6,489)	(4,218)	218
Effect of Discounting	66	48	(505)	127	1,304	1,040	2,069	1,595
Discounted	143	120	(5,138)	128	(702)	(5,449)	(2,149)	1,813
Underwriting Expenses	\$3,653	\$3,347	(\$1,449)	\$3,958	\$2,680	\$12,189	\$43,388	\$39,913
Net Underwriting Gain (Loss)	(\$4,657)	(\$4,187)	\$637	(\$4,158)	(\$1,570)	(\$13,935)	(\$43,819)	(\$26,153)
Administrative Expenses	\$88	\$127	\$93	\$102	\$94	\$427	\$1,409	\$1,169
Operating Result	(\$4,745)	(\$4,314)	\$544	(\$4,260)	(\$1,664)	(\$14,362)	(\$45,228)	(\$27,322)
Ratios:								
Claims & Expenses Incurred (Earned)								
Prior Accident Years	-5.8%	-7.0%	17.2%	-6.2%	-9.5%	-2.1%	-2.6%	-21.5%
Current Accident Year	115.2%	115.4%	90.3%	108.1%	99.2%	105.4%	102.9%	109.6%
All Accident Years Combined	109.4%	108.4%	107.5%	101.9%	89.7%	103.3%	100.3%	88.1%
Underwriting & Administrative Expenses (Earned)	35.2%	34.9%	-12.5%	38.5%	25.6%	23.9%	33.3%	35.5%
Combined Operating Ratio	144.6%	143.3%	95.0%	140.4%	115.3%	127.2%	133.6%	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