

TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F2020 – 053

DATE: JULY 30, 2020

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

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

Please be advised that the June 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 currently being used include an initial assessment of the incurred impacts associated with the COVID-19 pandemic;
- (b) The *Alberta Grid 2020 year-to-date net operating surplus was \$4.7 million*, with a COR of 95.4% on earned premium of \$99.3 million;
- (c) The *Alberta Non-Grid 2020 year-to-date net operating deficit was \$16.6 million*, with a COR of 126.6% on earned premium of \$62.5 million;
- (d) The *projected Alberta Grid 2020 year-end net operating deficit is now \$9.7 million*, with a COR at 105.0% on earned premium of \$196 million (our Outlook for 2020 was \$59 million of net operating deficit with a COR of 125.3% on earned premium of \$234 million); and
- (e) The *projected Alberta Non-Grid 2020 year-end net operating deficit is now \$45 million*, with a COR at 133.8% on earned premium of \$132 million (our Outlook for 2020 was \$66 million of net operating deficit with a COR of 143.8% on earned premium of \$151 million); and
- (f) Current Accident Year recorded activity was higher than projected for both Alberta Grid and Alberta Non-Grid; we attribute the higher than projected reported losses to the high level of Comprehensive claims activity reported in the month in relation to the June hailstorm in and around the Calgary area. In response to this, the Current Accident Year payment projections for next month (July) have been adjusted to reflect the high level of reported Comprehensive case reserves for both of the Alberta risk sharing pools.

Alberta Grid RSP - Summary of Financial Results

The calendar year-to-date Operating Result is \$4.7 million and the incurred loss ratio to the end of six months is 78.6% as summarized in the following table.

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

Amounts in \$000s	June 2020	June 2019	Year to date Jun 2020	Year to Date Jun 2019
Premium Written	14,647	17,983	80,102	90,527
Premium Earned	14,759	13,997	99,284	82,624
Incurred Losses	11,722	12,741	77,967	68,267
Underwriting & Admin Expense	4,767	5,677	16,667	31,186
Operating Result	(1,730)	(4,421)	4,650	(16,829)
Ratios:				
Loss ratio - Prior Accident Years	(5.6%)	(8.1%)	(7.5%)	(14.6%)
- Current Accident Year	85.0%	99.1%	86.1%	97.2%
<i>Total</i>	79.4%	91.0%	78.6%	82.6%
<i>Underwriting & Admin Expense</i>	32.3%	40.6%	16.8%	37.7%
<i>Combined Operating Ratio</i>	111.7%	131.6%	95.4%	120.3%

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: June’s projection includes the following adjustments,

- Reported claims projections include an additional 10% decrease in Current Accident Year reported claims activity - reducing the projected reported activity over the next month 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. This is consistent with the adjustments included in previous month’s projections following the valuation assumptions update.
- Projected Current Accident Year paid activity for next month (July) has been adjusted to reflect the high level of comprehensive case reserves reported in the month, driven by the June 13th, 2020 hailstorm in and around the Calgary area.

The projected calendar year Operating Result to December 2020 is -\$9.7 million and the estimated combined operating ratio to December 2020 is 105.0%, as summarized in the following table for the Alberta Grid RSP. This updated projection to the end of the year has improved by \$0.4 million from the projection provided last month (see the second and third columns in the table). The improvement is driven by a \$2.2 million decrease in the projected written premium for the year

and the associated impacts on earned premium, claims, and expense projections, offset by the adjustment made on the payment projection due to the Alberta hailstorm.

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 (Jun 2020)	Prior Mth (May 2020)	Change	Final 2020 Outlook*
Premium Written	188,587	190,823	(2,236)	247,866
Premium Earned	196,353	199,988	(3,635)	234,333
Incurred Losses	155,562	158,721	(3,159)	215,198
Underwriting & Admin Expense	50,539	51,407	(868)	78,403
Net Result from Operations	(9,748)	(10,140)	392	(59,268)
<i>Ratios:</i>				
Loss ratio - Prior Accident Years	(5.6%)	(5.5%)	(0.1%)	(2.7%)
- Current Accident Year	84.9%	84.8%	0.1%	94.5%
<i>Total</i>	79.3%	79.3%	-	91.8%
<i>Underwriting & Admin Expense</i>	25.7%	25.7%	-	33.5%
<i>Combined Operating Ratio</i>	105.0%	105.0%	-	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 -\$1.7 million Operating Result in the month of June 2020, an improvement of \$2.7 million compared with the same month last year. This improvement is associated with a \$2.9 million favourable impact from the overall decrease in the combined ratio (from 131.6% to 111.7% applied to \$14.8 million in earned premium), offset by a \$0.2 million unfavourable impact associated with the \$0.8 million increase in earned premium (at a prior combined ratio of 131.6%).

This month's results moved the year-to-date combined operating ratio from 92.5% at the end of five months to 95.4% at the end of six months. The 2.9 percentage point increase is composed of a 0.4 percentage point increase in the Prior Accident Years loss ratio, coupled with a 2.7 percentage point increase in the expense ratio, offset by a 0.2 percentage point decrease in the Current Accident Year loss 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.

Bulletin F2020–053
Alberta Risk Sharing Pools – June 2020 Operational Reports

Alberta Grid RSP Summary of Actual vs Projected variances

June 2020	Actual	Projection	Difference	Difference %
Written Premium	14,647	16,899	(2,252)	(13.3%)
Earned Premium	14,759	16,878	(2,119)	(12.6%)
Reported Losses				
Paid Losses	9,794	8,804	990	11.2%
Paid Expenses	384	843	(459)	(54.4%)
Change in Outstanding Losses	1,074	657	417	63.5%
Total Reported Losses	11,252	10,304	948	9.2%
Change in IBNR Provision*	470	3,329	(2,859)	
Change in Premium Deficiency (DPAC)*	215	164	51	

(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 June 2020, the reported losses were \$0.9 million higher than projected. The Current Accident Year had a \$2.1 million unfavourable 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 higher than projected reported losses to the high level of Comprehensive recorded claim activity reported in the month in relation to the June 13th hailstorm in and around the Calgary area. All other variances were within the set thresholds for the month.

Booking IBNR

The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management's investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend

Effect of Quarterly Valuation (AB-G RSP)

The June 2020 Alberta Grid Risk Sharing Pool Operational Report does not reflect the results of an updated valuation (the most recent valuation is as at March 31, 2020). 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 -\$16.6 million and the incurred loss ratio to the end of six months is 102.6%, as summarized in the following table.

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

Amounts in \$000s	June 2020	June 2019	Year to date Jun 2020	Year to Date Jun 2019
Premium Written	7,011	9,022	65,030	59,336
Premium Earned	9,695	7,950	62,471	56,132
Incurred Losses	9,556	8,841	64,078	56,039
Underwriting & Admin Expense	2,307	3,169	15,000	21,764
Operating Result	(2,168)	(4,060)	(16,607)	(21,671)
Ratios:				
Loss ratio - Prior Accident Years	(5.8%)	(24.7%)	(2.7%)	(19.6%)
- Current Accident Year	104.4%	135.9%	105.3%	119.5%
<i>Total</i>	98.6%	111.2%	102.6%	99.9%
<i>Underwriting & Admin Expense</i>	23.8%	39.9%	24.0%	38.8%
<i>Combined Operating Ratio</i>	122.4%	151.1%	126.6%	138.7%

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 2020 (Alberta Non-Grid RSP)

PLEASE NOTE: June’s projection includes the following adjustments,

- Reported claims projections include an additional 10% decrease in Current Accident Year reported claims activity - reducing the projected reported activity over the next month 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. This is consistent with the adjustments included in previous month’s projections following the valuation assumptions update.
- Projected Current Accident Year paid activity for next month (July) has been adjusted to reflect the high level of comprehensive case reserves reported in the month, driven by the June 13th, 2020 hailstorm in and around the Calgary area.

The projected calendar year Operating Result to December 2020 is -\$44.6 million and the estimated combined operating ratio to December 2020 is 133.8%, 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 following table). The improvement is driven by the \$2.1 million decrease in the projected written premium for the year and the associated impacts on earned premium, claims, and expense projections, offset by the adjustment made on the payment projection due to the Alberta hailstorm.

*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 (Jun 2020)	Prior Mth (May 2020)	Change	Final 2020 Outlook*
Premium Written	147,682	149,790	(2,108)	159,575
Premium Earned	131,901	134,476	(2,575)	151,437
Incurred Losses	132,317	134,907	(2,590)	164,961
Underwriting & Admin Expense	44,185	44,797	(612)	52,911
Net Result from Operations	(44,601)	(45,228)	627	(66,435)
Ratios:				
Loss ratio - Prior Accident Years	(2.8%)	(2.6%)	(0.2%)	(2.6%)
- Current Accident Year	103.1%	102.9%	0.2%	111.5%
<i>Total</i>	100.3%	100.3%	-	108.9%
Underwriting & Admin Expense	33.5%	33.3%	0.2%	34.9%
Combined Operating Ratio	133.8%	133.6%	0.2%	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 -\$2.2 million Operating Result in the month of June 2020, an improvement of \$1.9 million compared with the same month last year. This improvement is a result of a \$2.8 million favourable impact from the overall decrease in the combined ratio (from 151.1% to 122.4% applied to \$9.7 million in earned premium), offset by an approximately \$0.9 million unfavourable impact associated with the \$1.7 million increase in earned premium (at a combined ratio of 151.1%).

This month's results moved the year-to-date combined operating ratio from 127.2% at the end of five months to 126.6% at the end of six months. The 0.6 percentage point decrease is composed of a 0.6 percentage point decrease in the Prior Accident Years loss ratio and a 0.1 percentage point decrease in the Current Accident Year loss ratio, offset by a 0.1 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.

Bulletin F2020–053
Alberta Risk Sharing Pools – June 2020 Operational Reports

Alberta Non-Grid RSP Summary of Actual vs Projected variances

June 2020	Actual	Projection	Difference	Difference %
Written Premium	7,011	9,965	(2,954)	(29.6%)
Earned Premium	9,695	11,017	(1,322)	(12.0%)
Reported Losses				
Paid Losses	6,779	7,128	(349)	(4.9%)
Paid Expenses	228	449	(221)	(49.2%)
Change in Outstanding Losses	10,428	567	9,861	>999.9%
Total Reported Losses	17,435	8,144	9,291	114.1%
Change in IBNR Provision*	(7,879)	2,761	(10,640)	
Change in Premium Deficiency (DPAC)*	68	147	(79)	

(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 June 2020, reported losses were \$9.3 million higher than projected. The Current Accident Year had a \$7.4 million unfavourable variance in reported losses, while the Prior Accident Years had a \$1.9 million unfavourable variance. Of all the Prior Accident Years, 2018 had the largest variance in reported losses 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 higher than projected reported losses to the high level of Comprehensive recorded claim activity reported in the month in relation to the June 13th hailstorm in and around the Calgary area. All other variances were within the set thresholds for the month.

Booking IBNR

The IBNR booking process this month allowed the nominal IBNR (i.e. before the impact of discounting and changes in provisions for adverse deviation) to vary from projected in order to offset the Prior Accident Years and Current Accident Year variances from projected, including the impact of earned premium variances (as IBNR is based on loss ratios). This is consistent with management's investigation into reported claims variances, concluding they were random and not necessarily indicative of a trend.

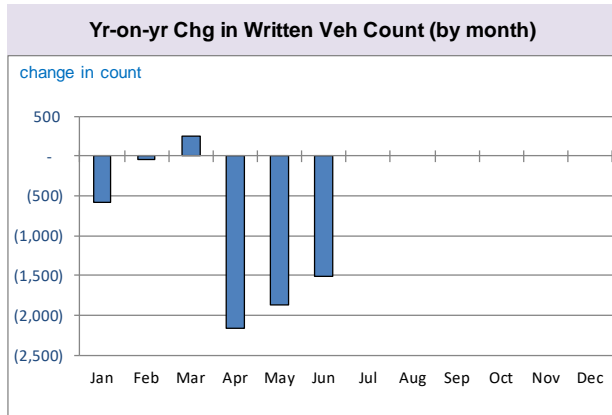
Effect of Quarterly Valuation (AB-N RSP)

The June 2020 Alberta Non-Grid Risk Sharing Pool Operational Report does not reflect the results

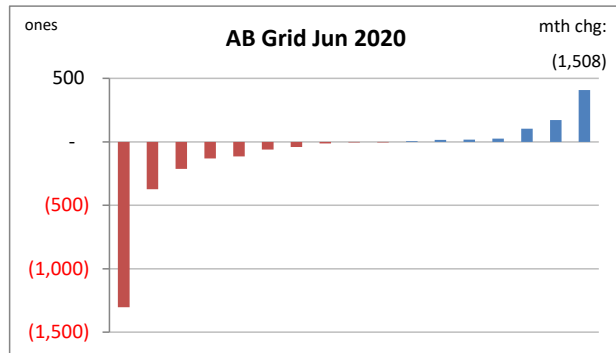
of an updated valuation (the most recent valuation is as at March 31, 2020). The actuarial valuation will be updated next as at June 30, 2020 and we anticipate that the results will be reflected in the August 2020 Operational Report.

Management Comments

Alberta Grid

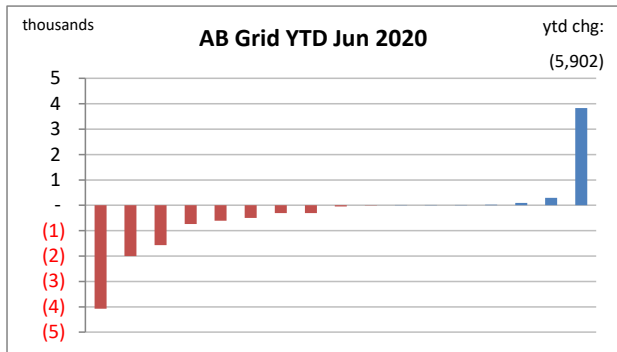


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Grid RSP by month, with June showing a decrease of 1,508 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for a decrease of 887 vehicles, indicating a variance of 621 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of vehicles than projected to the RSP in June.



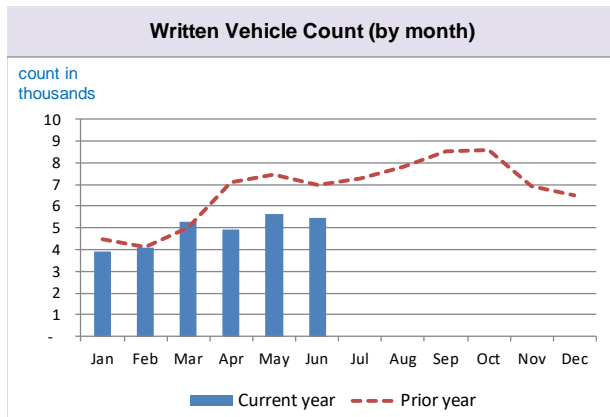
The chart on the left shows the overall change in the month, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Ten member company groups transferred fewer vehicles to the RSP this month compared with a year ago, while seven transferred more. Of the 10 member company groups transferring fewer vehicles, 1 member

company group accounted for 58% of the total transfer decrease for these “decliner” members. Of the 7 member company groups transferring more vehicles, one member company group accounted for 54% of the total transfer increases for these “grower” members.

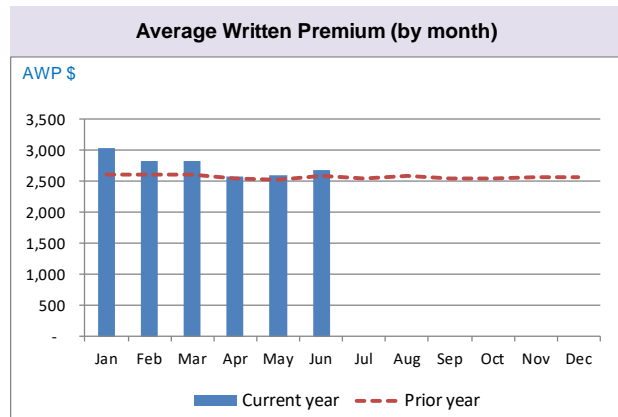


The chart on the left presents the same information as the previous chart, but on a year-to-date basis. That is, it shows the overall change in transfer counts year-to-date, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted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

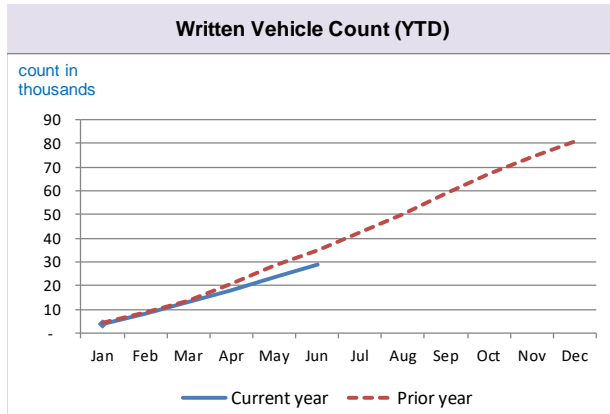
June’s vehicle count transfers to the RSP represent a 21.6% decrease from June 2019, and counts were down 16.8% year-to-date. Average written premium was up by 3.9% in June 2020 compared with the same month in 2019, and was up 6.4% year-to-date (see the following charts).



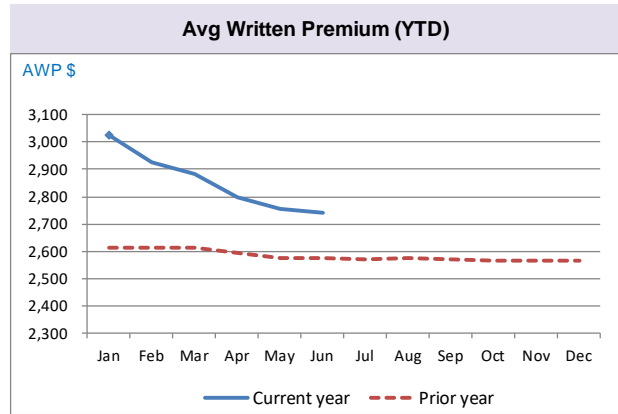
	Jun-20	Jun-19	Amt Chg	% Chg
W. Veh curr mth	5,465	6,973	(1,508)	-21.6%



	Jun-20	Jun-19	Amt Chg	% Chg
AWP curr mth	2,680	2,579	101	3.9%

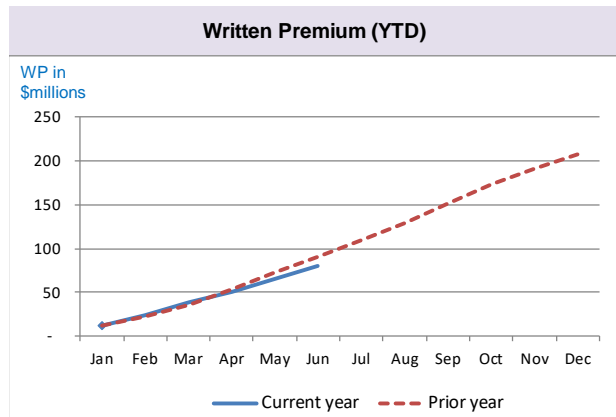
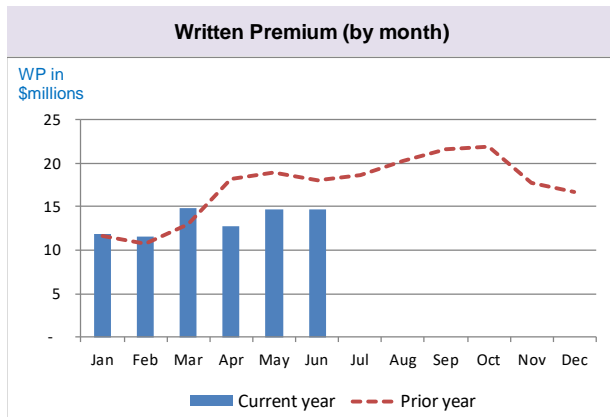


	Jun-20	Jun-19	Amt Chg	% Chg
W. Vehicles YTD	29,227	35,129	(5,902)	-16.8%



	Jun-20	Jun-19	Amt Chg	% Chg
Avg W. Prem YTD	2,741	2,577	164	6.4%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 18.6% for the month compared with the 6% decrease we projected last month, and was down 11.5% year-to-date (see the following charts).

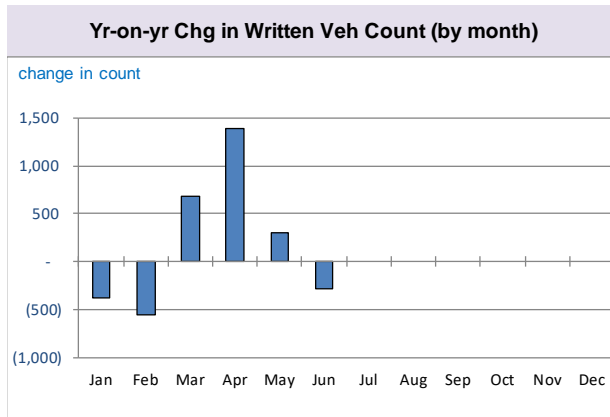


	Jun-20	Jun-19	Amt Chg	% Chg
WP (\$000s) curr mth	14,647	17,983	(3,336)	-18.6%

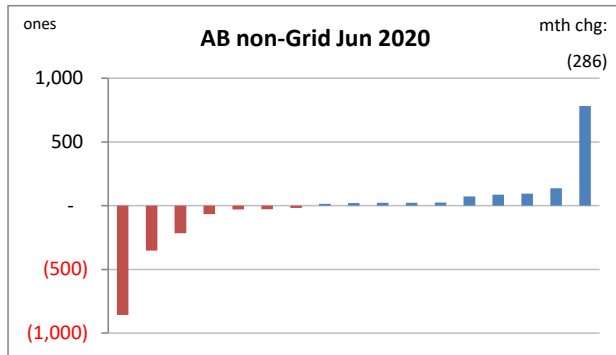
	Jun-20	Jun-19	Amt Chg	% Chg
WP (\$000s) YTD	80,101	90,526	(10,425)	-11.5%

Alberta Non-Grid

For the Alberta Non-Grid RSP, the transfer limit is 4.0% of Non-Grid exposures written in the prior year at the member company group level (that is, within a group under common management or ownership, a single member can transfer the entire transfer limit for the group). System programming prevents member groups from exceeding their transfer limits during a calendar year. However, member groups can transfer their entire limit for a given year at any time throughout the year including, for example, the last day of that year. Our current projection has the 2020 vehicle count up 15.4% 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.

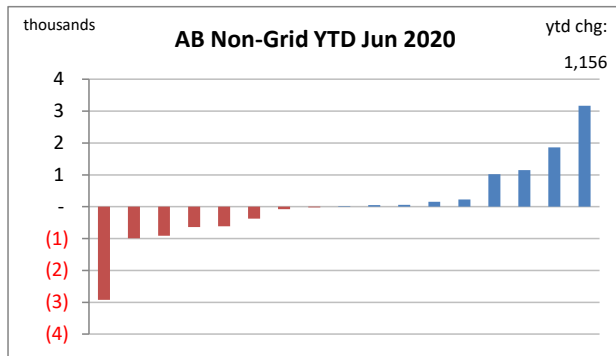


The chart on the left shows the year-on-year change in the vehicles transferred to the Alberta Non-Grid RSP by month, with June showing a decrease of 286 vehicles. Our projection last month (in part based on previous projections provided by select member company groups) was for an increase of 908 vehicles, indicating a variance of 1,194 vehicles from the actual transfers. This variance was mainly due to one member company group transferring a lower number of vehicles than projected to the RSP in June.



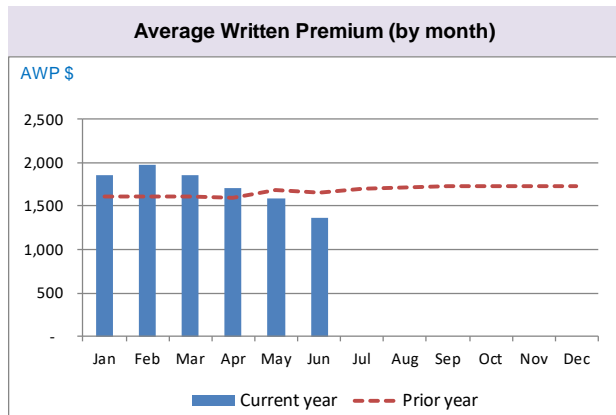
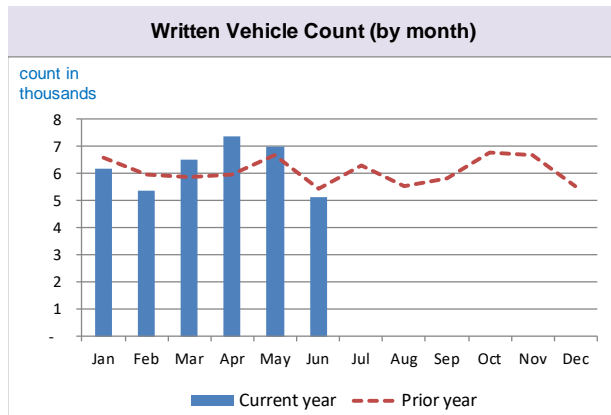
The chart on the left shows the overall change in the **month**, broken down by member company group changes (each blue or red bar represents the change for a single member company group), sorted by magnitude of change. Seven member company groups transferred fewer vehicles to the RSP this month compared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

Of the 7 member company groups transferring fewer vehicles, 1 member company group accounted for 55% of the total transfer decrease for these “decliner” members. Of the 10 member company groups transferring more vehicles, 1 member company group accounted for 61% 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.

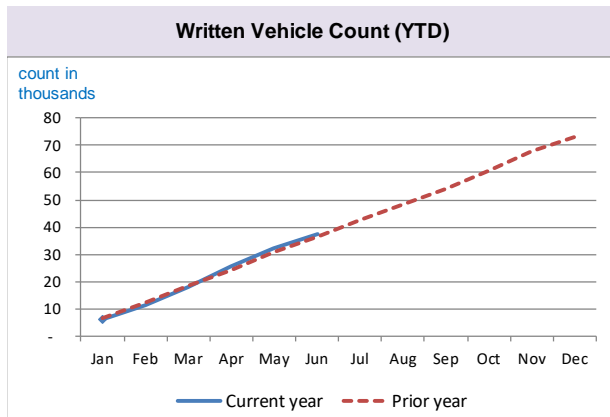
June’s vehicle count transfers to the RSP represent a 5.3% decrease from June 2019; however, counts were up 3.2% year-to-date. Average written premium was down 18.0% in June 2020 compared with the same month in 2019, while up 6.2% year-to-date (see the following charts).



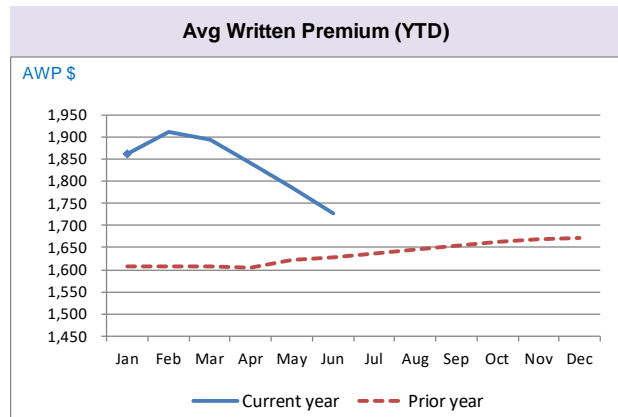
	Jun-20	Jun-19	Amt Chg	% Chg
W. Veh curr mth	5,148	5,434	(286)	-5.3%

	Jun-20	Jun-19	Amt Chg	% Chg
AWP curr mth	1,362	1,660	(298)	-18.0%

Bulletin F2020-053
Alberta Risk Sharing Pools – June 2020 Operational Reports

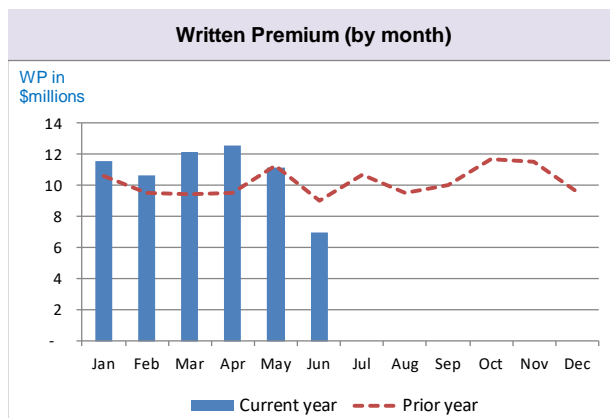


	Jun-20	Jun-19	Amt Chg	% Chg
W. Vehicles YTD	37,630	36,473	1,156	3.2%

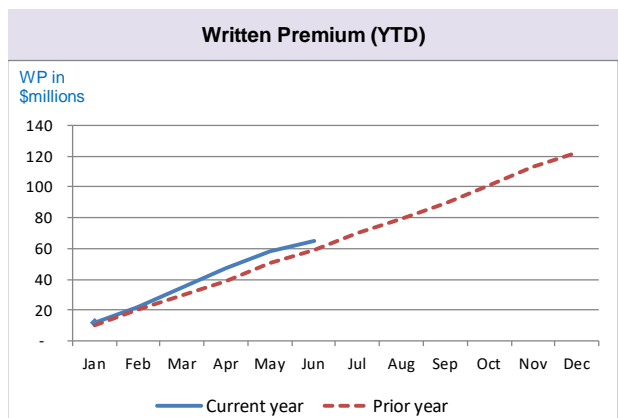


	Jun-20	Jun-19	Amt Chg	% Chg
Avg W. Prem YTD	1,728	1,627	101	6.2%

As a result of the movements in transfer vehicle counts and average written premium, the transferred premium was down 22.3% for the month compared with the 10.5% increase we projected last month, while was still up 9.6% year-to-date (see the following charts).



	Jun-20	Jun-19	Amt Chg	% Chg
WP (\$000s) curr mth	7,011	9,022	(2,011)	-22.3%



	Jun-20	Jun-19	Amt Chg	% Chg
WP (\$000s) YTD	65,032	59,335	5,697	9.6%

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

Bulletin F2020-053
Alberta Risk Sharing Pools – June 2020 Operational Reports

Saskia Matheson
President & CEO

Related Links:

Alberta Grid RSP:

[Alberta Grid RSP June 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 June 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 6 Months Ended June 30, 2020 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	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	\$14,647	\$80,102	\$188,587	\$207,231
Decrease (Increase) in Unearned Premiums	5,632	4,829	2,853	3,830	1,926	112	19,182	7,766	(26,892)
Net Premiums Earned	\$17,421	\$16,332	\$17,663	\$16,547	\$16,562	\$14,759	\$99,284	\$196,353	\$180,339
Claims Incurred:									
Prior Accident Years:									
Undiscounted	(\$178)	(\$207)	(\$8,498)	(\$275)	(\$348)	(\$82)	(\$9,588)	(\$9,589)	(\$29,152)
Effect of Discounting	(83)	(666)	(2,354)	(911)	6,856	(746)	\$2,096	(1,499)	(636)
Discounted	(\$261)	(\$873)	(\$10,852)	(\$1,186)	\$6,508	(\$828)	(\$7,492)	(\$11,088)	(\$29,788)
Current Accident Year:									
Undiscounted	\$15,776	\$14,836	\$11,715	\$13,748	\$11,177	\$11,666	\$78,918	\$155,115	\$153,840
Effect of Discounting	1,183	963	421	759	2,331	884	\$6,541	11,535	8,884
Discounted	\$16,959	\$15,799	\$12,136	\$14,507	\$13,508	\$12,550	\$85,459	\$166,650	\$162,724
Claims Incurred	\$16,698	\$14,926	\$1,284	\$13,321	\$20,016	\$11,722	\$77,967	\$155,562	\$132,936
Underwriting Expenses:									
Expense Allowance	\$3,590	\$3,500	\$4,500	\$3,863	\$4,449	\$4,453	\$24,355	\$57,333	\$64,494
Change in UPDR/DPAC:									
Undiscounted	583	514	(7,962)	735	(2,198)	207	(8,121)	(8,893)	(2,404)
Effect of Discounting	(357)	(304)	(1,295)	(200)	1,984	8	(164)	834	3,776
Discounted	226	210	(9,257)	535	(214)	215	(8,285)	(8,059)	1,372
Underwriting Expenses	\$3,816	\$3,710	(\$4,757)	\$4,398	\$4,235	\$4,668	\$16,070	49,274	65,866
Net Underwriting Gain (Loss)	(\$3,093)	(\$2,304)	\$21,136	(\$1,172)	(\$7,689)	(\$1,631)	\$5,247	(\$8,483)	(\$18,463)
Administrative Expenses	\$86	\$124	\$93	\$102	\$93	\$99	\$597	\$1,265	\$1,139
Operating Result	(\$3,179)	(\$2,428)	\$21,043	(\$1,274)	(\$7,782)	(\$1,730)	\$4,650	(\$9,748)	(\$19,602)
Ratios:									
Claims & Expenses Incurred (Earned)									
Prior Accident Years	-1.5%	-5.3%	-61.4%	-7.2%	39.3%	-5.6%	-7.5%	-5.6%	-16.5%
Current Accident Year	97.3%	96.7%	68.7%	87.7%	81.6%	85.0%	86.1%	84.9%	90.2%
All Accident Years Combined (Earned)	95.8%	91.4%	7.3%	80.5%	120.9%	79.4%	78.6%	79.3%	73.7%
Underwriting & Administrative Expenses (Earned)	22.4%	23.5%	-26.4%	27.2%	26.1%	32.3%	16.8%	25.7%	37.2%
Combined Operating Ratio	118.2%	114.9%	-19.1%	107.7%	147.0%	111.7%	95.4%	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 6 Months Ended June 30, 2020 (Discounted basis)
Source: Monthly Operational Report
(thousands of dollars)

EXHIBIT 2

	January	February	March	April	May	June	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	\$7,011	\$65,030	\$147,682	\$122,354
Decrease (Increase) in Unearned Premiums	(918)	(668)	(1,316)	(2,043)	(298)	2,684	(2,559)	(15,781)	(6,597)
Net Premiums Earned	\$10,617	\$9,949	\$10,823	\$10,558	\$10,829	\$9,695	\$62,471	\$131,901	\$115,757
Claims Incurred:									
Prior Accident Years:									
Undiscounted	(\$46)	(\$230)	\$2,640	(\$319)	(\$5,077)	(\$230)	(\$3,262)	(\$3,261)	(\$24,105)
Effect of Discounting	(565)	(464)	(781)	(335)	4,052	(333)	1,574	(446)	(784)
Discounted	(\$611)	(\$694)	\$1,859	(\$654)	(\$1,025)	(\$563)	(\$1,688)	(\$3,707)	(\$24,889)
Current Accident Year:									
Undiscounted	\$11,377	\$10,857	\$9,537	\$10,839	\$9,214	\$9,541	\$61,365	\$128,088	\$120,930
Effect of Discounting	855	626	239	573	1,530	578	4,401	7,936	5,956
Discounted	\$12,232	\$11,483	\$9,776	\$11,412	\$10,744	\$10,119	\$65,766	\$136,024	\$126,886
Claims Incurred	\$11,621	\$10,789	\$11,635	\$10,758	\$9,719	\$9,556	\$64,078	\$132,317	\$101,997
Underwriting Expenses:									
Expense Allowance	\$3,510	\$3,227	\$3,689	\$3,830	\$3,382	\$2,129	\$19,767	\$44,892	\$38,100
Change in UPDR/DPAC:									
Undiscounted	77	72	(4,633)	1	(2,006)	270	(6,219)	(4,216)	218
Effect of Discounting	66	48	(505)	127	1,304	(202)	838	2,107	1,595
Discounted	143	120	(5,138)	128	(702)	68	(5,381)	(2,109)	1,813
Underwriting Expenses	\$3,653	\$3,347	(\$1,449)	\$3,958	\$2,680	\$2,197	\$14,386	\$42,783	\$39,913
Net Underwriting Gain (Loss)	(\$4,657)	(\$4,187)	\$637	(\$4,158)	(\$1,570)	(\$2,058)	(\$15,993)	(\$43,199)	(\$26,153)
Administrative Expenses	\$88	\$127	\$93	\$102	\$94	\$110	614	\$1,402	\$1,169
Operating Result	(\$4,745)	(\$4,314)	\$544	(\$4,260)	(\$1,664)	(\$2,168)	(\$16,607)	(\$44,601)	(\$27,322)
Ratios:									
Claims & Expenses Incurred (Earned)									
Prior Accident Years	-5.8%	-7.0%	17.2%	-6.2%	-9.5%	-5.8%	-2.7%	-2.8%	-21.5%
Current Accident Year	115.2%	115.4%	90.3%	108.1%	99.2%	104.4%	105.3%	103.1%	109.6%
All Accident Years Combined	109.4%	108.4%	107.5%	101.9%	89.7%	98.6%	102.6%	100.3%	88.1%
Underwriting & Administrative Expenses (Earned)	35.2%	34.9%	-12.5%	38.5%	25.6%	23.8%	24.0%	33.5%	35.5%
Combined Operating Ratio	144.6%	143.3%	95.0%	140.4%	115.3%	122.4%	126.6%	133.8%	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