

FACILITY ASSOCIATION

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TO: Members of Facility Association

**ATTENTION: Chief Executive Officer
Chief Financial Officer
New Brunswick Risk Sharing Pool Project Manager**

BULLETIN NO.: F05-039

DATE: August 11, 2005

**SUBJECT: NEW BRUNSWICK RISK SHARING POOL – MEMBER SHARING RATIO
JUNE 2005 OPERATIONAL REPORT**

As required by Article V of the Facility Association Plan of Operation for New Brunswick, the present share ratios underlying the monthly New Brunswick Risk Sharing Pool Operational Report were calculated by taking the ratio that each member's "Voluntary private passenger non-fleet third party liability direct earned car years" not ceded to a risk sharing pool is to the total of all "voluntary private passenger non-fleet third party liability direct earned car years" not ceded to a risk sharing pool by all members for the province.

The June 2005 Operational Report reflects a retroactive adjustment in respect of Accident Year 2005 where the Market share is now being determined on the basis of Accident Year 2004 earned car years. The share ratios were previously based on Accident Year 2003 earned car years.

IBNR Not Yet Included in Operational Report

Work is underway to derive an expected loss ratio for business ceded to the New Brunswick Risk Sharing Pool, based on recent Industry experience as well as the limited amount of pool-specific experience currently available. Prior to the completion of this analysis, and discussion of the results with the Actuarial Committee, F.A. considers it prudent to exclude any provisional IBNR and Development projections from the New Brunswick Risk Sharing Pool Operational Report.

It is important that members be aware that the outstanding losses shown in the June 2005 Operational Report does not represent an estimate of the total claims liabilities for the Risk Sharing Pool. Members may wish to consider deriving an estimate for IBNR and Development.

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Similarly, the June 2005 Operational Report does not include estimates of a Premium Deficiency Reserve (or Deferrable Expenses if negative) as these estimates are closely related to the loss ratio assumptions underlying the provision for IBNR and Development.

Estimates Included in the June 2005 Operational Report

The June 2005 Operational Report for New Brunswick Risk Sharing Pool includes estimates for each of the following items for the months of July 2005 and August 2005:

- Written Premiums
- Expense Allowance
- Earned Premiums
- Incremental Paid Losses
- Incremental Paid Expenses
- Outstanding Losses

Should you require any further information, please call Norm Seeney, Vice President, Finance & Chief Financial Officer, Facility Association at (416) 644-4914.

David J. Simpson, M.B.A., FCIP
President & C.E.O.

Note: A copy of this bulletin has been attached to your June 2005 New Brunswick Risk Sharing Pool Operational Report.