

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2024 – 050

DATE: December 23, 2024

SUBJECT: Risk Sharing Pool – November 2024 Operational Report

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

Please be advised that the November 2024 Risk Sharing Pool IFRS 17 Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

The results in this report are shown on the IFRS 17 accounting basis. However, please note that for interested members, the RSP operational report on the IFRS 4 basis are available on the FA Portal. The results presented in this bulletin reflect the combined results of the six pools for RSPs unless otherwise specified.

Highlights

- (a) The **November 2024 received premium** was \$147.5 million, higher than prior year by \$29.0 million. The **projected 2024 year-end received premium** is \$1,316.9 million;
- (b) The **November 2024 insurance revenue** was \$70.2 million, higher than prior year by \$8.1 million. The **projected 2024 year-end insurance revenue** is \$814.8 million;
- (c) The **November 2024 operating result** was a deficit of \$19.4 million, higher than prior year by \$16.1 million. The **projected 2024 year-end operating result** is a deficit of \$891.5 million;
- (d) The **November 2024 combined operating ratio** was 127.7%, lower than prior year by 29.5 percentage points. The **projected year-end combined operating ratio** is 209.4%;

RSP Summary of IFRS17 Financial Results

RSP 2024 Summary Amounts in \$000s	Actual (November 2024)	Projection (November 2024)	Prior Year (November 2023)	2024 year-to-date as at 11 months	2023 year-to-date as at 11 months	2024 year-end Projection	Outlook* Full year 2024	2023 year-end Actual
Written Premium	119,746	101,251	117,922	1,200,603	1,050,776	1,300,577	1,144,373	1,155,412
Received Premium	147,518	147,686	118,496	1,196,988	1,004,400	1,316,921	1,142,793	1,122,400
Earned Premium	106,213	106,223	90,906	1,122,037	963,662	1,230,692	1,099,356	1,060,392
Earned Expense Allowance	(35,969)	(35,935)	(28,764)	(379,142)	(301,916)	(415,929)	(371,330)	(332,276)
Insurance Revenue	70,244	70,288	62,142	742,895	661,746	814,763	728,026	728,116
Total Claims Incurred	113,811	113,998	93,646	1,235,238	1,047,398	1,351,592	1,164,826	1,159,445
Claims incurred (CAY)	117,030	117,134	96,227	1,241,376	1,035,625	1,361,015	1,206,259	1,137,895
Adjustments to Liabilities for Incurred Claims (PAYs)	(3,219)	(3,136)	(2,580)	(6,138)	11,773	(9,424)	(41,433)	21,550
Administrative Expense	795	1,005	615	7,810	7,093	8,756	10,015	8,240
Losses on Onerous Contracts	10,579	0	25,690	601,826	534,601	601,826	535,063	544,155
Reversal of Losses on Onerous Contracts	(44,121)	(44,121)	(32,517)	(524,877)	(332,417)	(569,905)	(487,491)	(366,883)
Insurance Service Expenses	81,065	70,883	87,434	1,319,996	1,256,675	1,392,269	1,222,414	1,344,957
Insurance Service Result	(10,821)	(594)	(25,292)	(577,101)	(594,930)	(577,506)	(494,388)	(616,840)
Insurance Finance Expense from PV FCF	(6,315)	(6,315)	(7,782)	(156,141)	(58,009)	(162,615)	(94,121)	(65,922)
Insurance Finance Expense from Risk Adjustment	(471)	(471)	(623)	(11,989)	(4,824)	(12,469)	(7,126)	(5,456)
Insurance Finance Expense from Loss Component	(1,816)	(1,816)	(1,835)	(137,053)	4,121	(138,955)	(42,102)	2,108
Insurance Finance Income (Expense)	(8,603)	(8,603)	(10,240)	(305,183)	(58,712)	(314,039)	(143,350)	(69,270)
Operating Result	(19,423)	(9,197)	(35,532)	(882,284)	(653,642)	(891,545)	(637,737)	(686,110)
Ratios:								
Loss ratio - Claims Incurred (CAY)	166.6%	166.6%	154.8%	167.1%	156.5%	167.0%	165.7%	156.3%
- Adjustments to Liabilities for Incurred Claims (PAYs)	(4.6%)	(4.5%)	(4.2%)	(0.8%)	1.8%	(1.2%)	(5.7%)	3.0%
Total	162.0%	162.2%	150.7%	166.3%	158.3%	165.9%	160.0%	159.2%
Earned Expense allowance	33.9%	33.8%	31.6%	33.8%	31.3%	33.8%	33.8%	31.3%
Change in Loss Component (excluding IFE)	(47.8%)	(62.8%)	(11.0%)	10.4%	30.6%	3.9%	6.5%	24.3%
Administrative Expenses	1.1%	1.4%	1.0%	1.1%	1.1%	1.1%	1.4%	1.1%
Insurance Service Ratio	115.4%	100.8%	140.7%	177.7%	189.9%	170.9%	167.9%	184.7%
Combined Operating Ratio	127.7%	113.1%	157.2%	218.8%	198.8%	209.4%	187.6%	194.2%

rounding differences may occur

*as posted to FA's website Dec 22, 2023

RSP 2024 Summary of Liabilities Amounts in \$000s	Actual (November 2024)	Projection (November 2024)	Prior Year (November 2023)	2024 year-end Projection	Outlook* Full year 2024	2023 year-end Actual
LIC	1,995,184	1,986,230	1,701,295	2,004,495	1,955,063	1,691,580
Undiscounted Case Reserves	1,214,217	1,204,372	1,084,552	1,228,470	1,341,347	1,072,734
Undiscounted IBNR	843,203	843,841	742,886	839,998	744,488	736,542
Discount	(200,413)	(199,581)	(252,035)	(201,935)	(264,170)	(242,287)
PV FCF	1,857,007	1,848,633	1,575,403	1,866,533	1,821,666	1,566,989
Risk Adjustment	138,177	137,597	125,892	137,962	133,398	124,591
Risk Adjustment %	7.44%	7.44%	7.99%	7.39%	7.32%	7.95%
LRC	1,091,074	1,080,576	848,563	1,055,316	905,887	837,723
LRC excl. Loss Component	386,520	386,602	335,111	393,888	352,397	347,171
Loss Component	704,553	693,974	513,452	661,429	553,490	490,552

Insurance Service Expenses Key Drivers

- **Claims Incurred** - Incurred losses were \$113.8 million, lower than projection by \$0.2 million and \$20.2 million higher compared with the same month last year. Loss ratio was at 162.0%, in-line with projected, and 11.3 percentage points higher than prior year.
 - The total CAT impact on a full year basis remains at \$80.0 million (consistent with prior report), of which \$77.3 million has already been incurred. We will continue to closely monitor the development of these claims. See below breakdown of incurred losses by month:

Date	Pool	Paid Loss	Case Reserve	Total Incurred	Additional CAT booking amount (rounded)	Total CAT impact (rounded)
		[1]	[2]	[3] = [1]+[2]	[5]	[6] = [3]+[5]
Change in Aug-2024	Alberta Grid	2,794,627	11,415,049	14,210,306		
	Alberta non-Grid	4,063,408	21,022,129	25,085,537		
Total change in Aug-2024		6,858,035	32,437,178	39,295,843		
Change in Sep-2024	Alberta Grid	7,882,682	(243,525)	7,639,640		
	Alberta non-Grid	12,136,100	(274,241)	11,862,674		
Total change in Sep-2024		20,018,782	(517,766)	19,502,314		
Change in Oct-2024	Alberta Grid	6,970,261	(2,395,261)	4,594,173		
	Alberta non-Grid	11,695,345	(2,759,744)	8,949,636		
Total change in Oct-2024		18,665,606	(5,155,005)	13,543,809		
Change in Nov-2024	Alberta Grid	3,875,965	(2,287,751)	1,610,046		
	Alberta non-Grid	6,658,280	(3,340,283)	3,342,205		
Total change in Nov-2024		10,534,245	(5,628,034)	4,952,251		
Full Year CAT Impact	Alberta Grid	21,523,535	6,488,512	28,054,165	945,835	29,000,000
	Alberta non-Grid	34,553,133	14,647,861	49,240,052	1,759,948	51,000,000
Full Year CAT Impact		56,076,668	21,136,373	77,294,217	2,705,783	80,000,000

- **Losses on Onerous Contracts** – This represents a change in the loss component during the reporting period arising from initial recognition and subsequent re-estimation of the loss component (due to changes in premium or loss ratio projections, for example). This month the losses on onerous contracts increased by \$10.6 million driven by higher than projected premium.
- **Reversal of Losses on Onerous Contracts** – This represents changes in the loss component during the reporting period arising from the portion of the opening LRC earned during the period. Excludes the impact of change in discount rates, and completely aligns with projection.

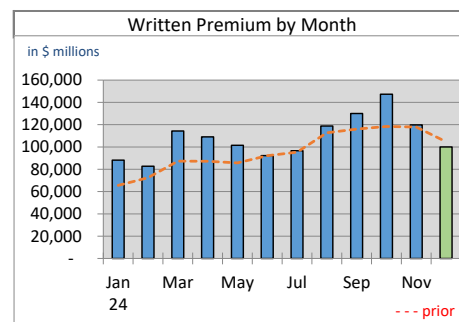
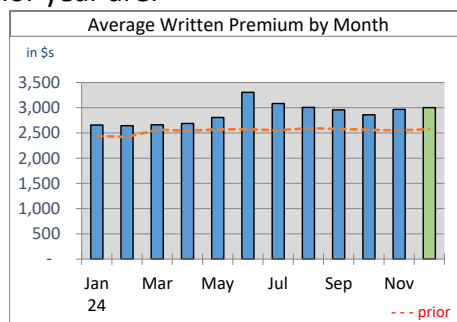
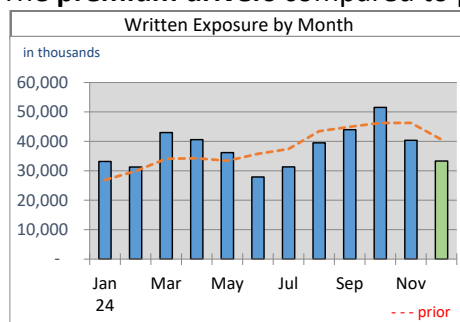
Insurance Finance Income

Insurance Finance income/ (expense) is comprised of:

- The release of the effect of discounting due to the passage of time (also known as discount unwinding)
- The effect due to changes in discounting assumptions. This change is only reflected in implementation months (March, May, August, and November), when the yield curve is updated.

Premium

The **premium drivers** compared to prior year are:



The vehicle count transfer for the month was 40,358 vehicles, which was lower than prior year by 5,902 vehicles and 1,765 vehicles higher than The Outlook for the month. The green bars represent our current projection for the remainder of the year.

RSP Summary of full year Vehicle Count

	January	February	March	April	May	June	July	August	September	October	November	December	CY 2024
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj.	Year-End
Ontario	16,530	14,858	20,753	19,793	20,962	13,259	15,726	18,219	19,087	19,581	18,237	15,773	212,780
Alberta Grid	8,181	7,782	10,325	9,886	5,306	5,872	5,706	8,299	9,116	9,659	8,610	5,327	94,069
Alberta Non-Grid	6,644	6,651	9,566	8,502	7,428	6,951	7,511	9,718	12,820	17,945	10,831	9,076	113,645
New Brunswick	764	933	1,086	974	1,056	818	1,277	975	539	1,420	893	1,308	12,043
Nova Scotia	920	921	1,031	1,175	1,151	735	740	1,637	1,798	2,289	1,110	1,096	14,604
Newfoundland & Labrador	145	158	211	250	277	276	378	640	601	655	676	732	4,998
Total	33,184	31,302	42,973	40,579	36,180	27,912	31,339	39,488	43,962	51,550	40,358	33,312	452,139

RSP Summary of full year Written Premium

	January	February	March	April	May	June	July	August	September	October	November	December	CY 2024
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj.	Year-End
Ontario	48,242	44,096	61,399	58,575	62,498	52,575	54,837	62,058	65,773	70,128	63,887	50,693	694,761
Alberta Grid	22,636	20,781	28,112	27,713	17,529	20,608	19,971	27,669	30,228	31,726	27,741	20,209	294,922
Alberta Non-Grid	14,128	14,354	20,855	18,646	16,971	15,665	17,421	22,761	28,446	37,479	23,094	22,944	252,766
New Brunswick	1,276	1,576	1,770	1,621	1,790	1,435	2,045	1,731	949	2,549	1,570	2,359	20,672
Nova Scotia	1,641	1,696	1,887	2,154	2,274	1,491	1,602	3,338	3,541	4,081	2,217	2,199	28,120
Newfoundland & Labrador	257	244	322	383	485	445	765	1,189	1,070	1,369	1,236	1,570	9,336
Total	88,181	82,747	114,345	109,092	101,547	92,220	96,641	118,747	130,006	147,332	119,746	99,974	1,300,577

RSP Summary of full year **Average Written Premiums**

Jurisdiction	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Proj.	CY 2024 Year-End
Ontario	2,919	2,968	2,958	2,959	2,981	3,965	3,487	3,406	3,446	3,581	3,503	3,214	3,265
Alberta Grid	2,767	2,670	2,723	2,803	3,304	3,509	3,500	3,334	3,316	3,285	3,222	3,794	3,135
Alberta Non-Grid	2,126	2,158	2,180	2,193	2,285	2,253	2,319	2,342	2,219	2,089	2,132	2,528	2,224
New Brunswick	1,671	1,688	1,630	1,664	1,696	1,754	1,602	1,776	1,760	1,795	1,758	1,803	1,716
Nova Scotia	1,784	1,842	1,830	1,834	1,976	2,029	2,165	2,038	1,969	1,783	1,996	2,005	1,925
Newfoundland & Labrador	1,769	1,547	1,527	1,533	1,753	1,613	2,023	1,859	1,780	2,089	1,830	2,146	1,868
Total	2,657	2,644	2,661	2,688	2,807	3,304	3,084	3,007	2,957	2,858	2,967	3,001	2,876

Projected Year-End 2024

Compared with The Outlook released in December 2023, written premium has increased by \$156.2 million primarily driven by higher average written premium than projected, and higher vehicle count in Alberta Non Grid. Calendar year earned premium is up by \$131.3 million. The projected year-end 2024 operating deficit is \$891.5 million, \$253.8 million deterioration compared with The Outlook.

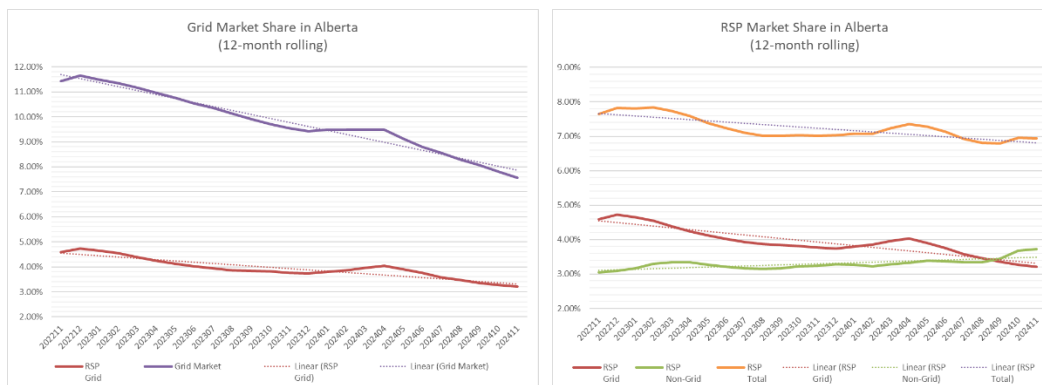
Alberta Market Share Update

Recent announcements in Alberta include:

- Adjustments to the Grid premiums effective Jan 1, 2025 including a 10% base rate increase outlined in the [AIRB Order 02-2024](#)
- Increasing the differentials for the lowest Grid steps outlined in the [GRID Guidance](#)
- “Good Driver” rate cap of 3.7% which is set to expire at the end of the year will increase to 7.5% effective Jan 1, 2025. See further detail [here](#)
- The Grid system will be formally withdrawn on Jan 1, 2027. At this time, we do not yet know the future structure of the RSPs in Alberta but they may be subject to change. As well, Alberta will introduce a “care-first” accident benefits system to replace the current injury tort liability system with an expected go-live date of Jan 1, 2027. See further detail [here](#)

These measures are expected to result in continued reductions to the Grid RSP vehicle counts and potentially a further increase in the Non-Grid RSP vehicle counts. The bottom left graph below shows the 12-month rolling Grid market share and the bottom right graph shows the 12-month rolling RSP market share in Alberta.

Following more than 2 years of consistent growth in the rolling 12 month market share of the combined Alberta RSPs, RSP volume and market share declined from a high of 7.84% in February 2023 back down to 6.94% in November 2024. Beginning September 2023, the Non-Grid started to see an increase and is sitting at 3.73% in November. The Grid market share has been decreasing in recent months and is sitting at 7.84% in November. We will continue to monitor the market share of these pools closely.



Should you require any further information, please call Philippe Gosselin, VP Actuarial and CRO at (416) 863-1750 x4968.

Saskia Matheson
President & CEO

Related links:

[RSP Summary of Operations - Calendar Year 2024](#)

*11 month ended November 2024 (discounted basis)