

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023 – 077

DATE: December 22, 2023

SUBJECT: Risk Sharing Pool Outlook for Calendar Year 2024
Based on September 2023 Operational Reports

This Outlook was prepared for the Member companies of Facility Association to assist Member companies in estimating their share of RSP results for planning purposes. It is not intended, nor is it necessarily suitable, for any other purpose.

Key Takeaways

- **The combined 6 RSPs** are projected to have **continued growth in written premium** (5.6% overall for 2024) based on member projections as of September 2023. The projected premium is significantly higher for Alberta Grid, Nova Scotia, New Brunswick, and Newfoundland. While Ontario and Alberta Non-Grid show minimal change compared to 2023;
- Across **all 6 RSPs**, we are projecting **written premium** of \$1,083 million for 2023, increasing to **\$1,144 million for 2024**, with a **COR** of 190.5% for 2023, decreasing to **187.6% for 2024** – please note, the members' assumed COR for the pool may not align with these figures due to differences such as investment income on assets held by the members;
- We are projecting the **6 RSPs** to generate an **operating cash outflow¹ of \$306 million in 2024**, compared to a projected outflow of \$302 million for 2023 (compared with cash outflow of \$14 million in calendar year 2022 and a cash inflow of \$20 million in 2021), due to the projected written premium growth of the RSPs and the higher expected loss ratios for the current and future accident years;
- Facility Association has adopted the IFRS 17 accounting standards effective Nov. 1, 2022, and the 2023-2024 financial projections in this paper have been prepared on the IFRS 17 basis, as was the case with last year's RSP Outlook;
- Higher expense allowance was introduced in 2023 following the adoption of IFRS 17 as the use of RSPs will no longer be classified as negative direct written premium for insurance carriers, but instead will be classified as reinsurance ceded. This results in higher expense allowance as FA must reimburse Members Companies for premium tax and health levies that were previously not incurred on business ceded to the RSPs. This has an impact on both Calendar Year 2023 and 2024 as it takes time for the changes to earn through.

¹An operating cash outflow is generated when premium submitted to / collected for an RSP is less than the RSP's disbursements for claims and all expenses. Operating cash outflows are funded by the FA membership via monthly cash settlements with members.



The calendar year 2024 RSP Outlook based on actual results as found in the September 2023 Operational Reports can be found on our website: [RSP Outlook CY 2024](#)

Questions regarding the Outlook should be directed to Philippe Gosselin, VP Actuarial and CRO at Facility Association, 416-644-4968, PGosselin@facilityassociation.com

Saskia Matheson,
President & CEO

Please forward a copy of this bulletin to your Chief Financial Officer.