

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023 – 075

DATE: December 22, 2023

SUBJECT: Risk Sharing Pool – November 2023 Operational Report

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

Please be advised that the November 2023 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 (IFRS 17)

- (a) The **November 2023 received premium** was \$118.5 million, higher than prior year by \$25.0 million. The **projected 2023 year-end received premium** is \$1,122.4 million;
- (b) The *November 2023 insurance revenue* was \$62.1 million, higher than prior year by \$1.6 million. The *projected 2023 year-end insurance revenue* is \$726.2 million;
- (c) The **November 2023 operating result** was a deficit of \$35.5 million, lower than prior year by \$37.2 million. The **projected 2023 year-end operating result** is a deficit of \$660.9 million;
- (d) The **November 2023 combined operating ratio** was 157.2%, higher than prior year by 60.0 percentage points. The **projected year-end combined operating ratio** is 191.0%.



RSP Summary of IFRS17 Financial Results

RSP 2023 Summary	Actual	Projection	Prior Year	2023 year-to-date	2022 year-to-date	2023 year-end	Outlook*	2022 year-end
Amounts in \$000s	(November 2023)	(November 2023)	(November 2022)	as at 11 months	as at 11 months	Projection	Full year 2023	Actual
Written Premium	117,922	87,422	81,245	1,050,776	974,389	1,138,114	1,135,886	1,044,968
Received Premium	118,496	118,548	93,459	1,004,400	946,142	1,122,379	1,133,465	1,026,378
Earned Premium	90,906	88,963	85,453	963,662	888,645	1,057,483	1,096,519	976,005
Earned Expense Allowance	(28,764)	(28,070)	(24,864)	(301,916)	(258,689)	(331,328)	(342,844)	(284,104)
Insurance Revenue	62,142	60,893	60,589	661,746	629,955	726,155	753,675	691,901
Total Claims Incurred	93,646	89,905	83,984	1,047,398	810,366	1,142,345	1,166,434	896,379
Claims incurred (CAY)	96,227	92,966	82,725	1,035,625	885,690	1,133,683	1,105,370	971,638
Adjustments to Liabilities for Incurred Claims (PAYs)	(2,580)	(3,062)	1,258	11,773	(75,324)	8,662	61,064	(75,259)
Administrative Expense	615	690	290	7,093	6,768	7,747	8,764	7,878
Losses on Onerous Contracts	25,690	0	0	534,601	446,923	534,601	406,897	446,923
Reversal of Losses on Onerous Contracts	(32,517)	(32,517)	(25,375)	(332,417)	(277,222)	(366,883)	(310,756)	(296,346)
Insurance Service Expenses	87,434	58,077	58,899	1,256,675	986,835	1,317,810	1,271,338	1,054,834
Insurance Service Result	(25,292)	2,816	1,690	(594,930)	(356,880)	(591,655)	(517,664)	(362,933)
Insurance Finance Expense from PV FCF	(7,782)	(7,782)	0	(58,009)	110,665	(65,908)	0	110,665
Insurance Finance Expense from Risk Adjustment	(623)	(623)	0	(4,824)	9,070	(5,454)	0	9,070
Insurance Finance Expense from Loss Component	(1,835)	(1,835)	0	4,121	146,268	2,108	0	146,268
Insurance Finance Income (Expense)	(10,240)	(10,240)	0	(58,712)	266,003	(69,254)	0	266,003
Operating Result	(35,532)	(7,424)	1,690	(653,642)	(90,876)	(660,909)	(517,664)	(96,929)
Ratios:								
Loss ratio - Claims Incurred (CAY)	154.8%	152.7%	136.5%	156.5%	140.6%	156.1%	146.7%	140.4%
- Adjustments to Liabilities for Incurred Claims (PAYs)	(4.2%)	(5.0%)	2.1%	1.8%	(12.0%)	1.2%	8.1%	(10.9%)
Total	150.7%	147.6%	138.6%	158.3%	128.6%	157.3%	154.8%	129.6%
Earned Expense allowance	31.6%	31.6%	29.1%	31.3%	29.1%	31.3%	31.3%	29.1%
Change in Loss Component (excluding IFE)	(11.0%)	(53.4%)	(41.9%)	30.6%	26.9%	23.1%	12.8%	21.8%
Administrative Expenses	1.0%	1.1%	0.5%	1.1%	1.1%	1.1%	1.2%	1.1%
Insurance Service Ratio	140.7%	95.4%	97.2%	189.9%	156.7%	181.5%	168.7%	152.5%
Combined Operating Ratio	157.2%	112.2%	97.2%	198.8%	114.4%	191.0%	168.7%	114.0%

rounding differences may occur *as posted to FA's website Jan 17, 2023

Insurance Service Expenses Key Drivers

- Claims Incurred Incurred losses were \$93.6 million, higher than projection by \$3.7 million and \$9.7 million higher compared with the same month from last year. Loss ratio was at 154.8%, 2.2 percentage points higher than projected, and 18.3 percentage points compared with prior year.
- Losses on Onerous Contracts This represents 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). The change for the month is \$25.7 million unfavorable change primarily driven by an increase in unearned premium compared to what was projected.
- 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

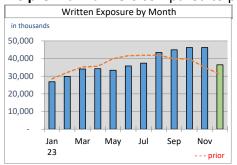
Insurance Finance income/ (expense) is comprised of:

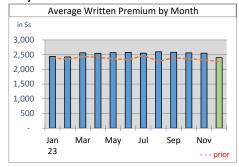
- The release of the effect of discounting due to the passage of time (also known as discount unwinding)
- The effect due to changes in discounting assumptions. This change is only reflected in implementation months (March, May, August, and October), when the yield curve is updated.

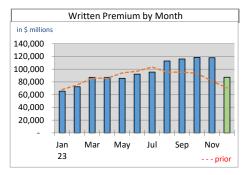


Premium

The premium drivers compared to prior year are:







The vehicle count transfer for the month was 46,260 vehicles, which was higher than prior year by 11,257 vehicles, and 8,763 vehicles higher than The Outlook for the month. Alberta Grid shows significant decrease compared to prior year, primarily due to the Grid rate increase effective January 1, 2023. Members have been reviewing their ceding strategies following the grid rate change. While Ontario is showing increase counts for the current month compared to prior year.

The average premium for the month was higher than The Outlook by 1.0%, and higher compared with prior year. The green bars represent our current projection for the remainder of the year.

RSP Summary of full year Vehicle Count

2023 Vehicle Count	January	February	March	April	May	June	July	August	September	October	November	December	CY 2023
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj.	Year-End
Ontario	11,863	13,697	17,957	17,272	16,257	17,127	16,818	20,262	20,440	21,770	24,145	17,504	215,112
Alberta Grid	6,222	6,068	6,940	7,372	9,235	10,073	10,353	11,458	12,287	11,848	10,118	8,647	110,621
Alberta Non-Grid	6,858	8,185	7,742	6,847	5,620	6,985	7,909	9,451	9,756	10,170	9,189	7,986	96,698
New Brunswick	862	1,305	620	1,636	1,097	130	1,229	990	918	1,050	1,301	948	12,089
Nova Scotia	941	490	606	897	903	1,168	851	1,048	1,330	1,186	1,230	1,071	11,722
Newfoundland & Labrador	120	158	195	245	262	297	244	226	226	231	276	295	2,775
Total	26 066	20.002	24.060	24.260	22 274	25 700	27 404	42.425	44.050	46 355	46 260	26 452	440.017

RSP Summary of full year Average Written Premiums

2023 Average Premiums	January	February	March	April	May	June	July	August	September	October	November	December	CY 2023
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj.	Year-End
Ontario	2,722	2,754	2,805	2,741	2,762	2,772	2,739	2,790	2,787	2,803	2,768	2,602	2,757
Alberta Grid	2,713	2,789	2,782	2,837	2,718	2,709	2,771	2,779	2,770	2,747	2,747	2,679	2,752
Alberta Non-Grid	1,977	1,985	2,010	2,124	2,178	2,127	2,131	2,173	2,154	2,035	2,021	1,854	2,063
New Brunswick	1,412	963	1,503	1,530	1,500	3,618	1,559	1,657	1,621	1,751	1,689	1,805	1,557
Nova Scotia	1,544	78	1,417	1,784	1,640	1,465	1,806	1,837	1,609	1,669	1,688	1,629	1,582
Newfoundland & Labrador	1,228	1,295	1,130	1,253	1,281	1,294	1,279	1,359	1,474	1,514	1,635	1,247	1,341
Total	2.44	0 2.42	2 563	2 5/	2 569	2 57	6 2 5 5	0 2 50	2 2 50	2 560	2 5/0	2 206	2 525

RSP Summary of full year Written Premium

2023 Premiums (in thousands)	January	February	March	April	May	June	July	August	September	October	November	December	CY 2023
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj.	Year-End
Ontario	32,293	37,722	50,377	47,338	44,897	47,468	46,069	56,530	56,970	61,013	66,834	45,541	593,054
Alberta Grid	16,882	16,924	19,308	20,915	25,101	27,284	28,689	31,839	34,031	32,548	27,793	23,167	304,482
Alberta Non-Grid	13,555	16,250	15,561	14,546	12,241	14,857	16,857	20,533	21,018	20,699	18,569	14,806	199,492
New Brunswick	1,218	1,257	932	2,503	1,646	471	1,917	1,640	1,488	1,838	2,198	1,712	18,822
Nova Scotia	1,453	38	859	1,600	1,480	1,710	1,537	1,926	2,139	1,980	2,076	1,745	18,545
Newfoundland & Labrador	147	205	220	307	335	385	312	307	333	351	451	368	3,720
Total	65,549	72,397	87,258	87,210	85,700	92,175	95,381	112,775	115,980	118,429	117,922	87,338	1,138,114

Projection to year-end 2023

Compared with The Outlook released in January 2023, written premiums has increased by \$2.2 million driven by a increase in premium year to date due to higher vehicle count in Ontario compared to projections offset by the impacts from Alberta Grid Rate change leading to lower counts in Alberta Grid pool. Earned premium full year projection is down by \$39.0 million. The year-end 2023 operating deficit is projected to be a deficit of \$660.9 million, \$143.2 million deterioration compared with The Outlook.



We continue to monitor the business volume of the Alberta RSPs following the significant growth seen in the Grid Pool during 2022. We are seeing continued decline in November 2023 in the Grid pool following the January 2023 Grid rate increase. However, we are beginning to see elevated volume in the non-Grid pool this year, as members adjust their ceding strategy for the 2023 market conditions including the rate pause 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 January to November 2023, to 9.52% market share. Beginning September 2023, the Non-Grid started to see an increase and is sitting at 3.26% in October. Overall market share increased slightly from 7.03% to 7.04%. We will continue to monitor the market share of these pools closely.

Rolling 12 month BI/TPL Written Vehicles
(simulating an annual vehicle count up to the displayed entry month)

	AB			RSP G	rid	RSP Non-	-Grid	RSP Total		
			Rolling	Market	Rolling	Market	Rolling	Market		
	Total PPxF	Grid Capped	% of Grid	12MTH	Share	12 MTH	Share	12 MTH	Share	
2020-12	2,785,997	197,423	7.09%	66,575	2.39%	69,346	2.49%	135,921	4.88%	
2021-01	2,784,584	197,360	7.09%	66,606	2.39%	68,500	2.46%	135,106	4.85%	
2021-02	2,785,136	197,459	7.09%	66,695	2.39%	68,189	2.45%	134,884	4.84%	
2021-03	2,798,828	198,527	7.09%	66,680	2.38%	66,929	2.39%	133,609	4.77%	
2021-04	2,816,246	201,034	7.14%	68,004	2.41%	66,969	2.38%	134,973	4.79%	
2021-05	2,814,441	200, 456	7.12%	69,542	2.47%	68,192	2.42%	137,734	4.89%	
2021-06	2,814,412	200,047	7.11%	71,834	2.55%	72,011	2.56%	143,845	5.11%	
2021-07	2,860,386	199,712	6.98%	72,845	2.55%	75,608	2.64%	148,453	5.19%	
2021-08	2,864,257	198,640	6.94%	73,501	2.57%	78,707	2.75%	152,208	5.31%	
2021-09	2,814,455	195,387	6.94%	74,244	2.64%	80,690	2.87%	154,934	5.50%	
2021-10	2,816,427	193, 124	6.86%	75,127	2.67%	82,335	2.92%	157,462	5.59%	
2021-11	2,819,922	193,579	6.86%	76,423	2.71%	83,539	2.96%	159,962	5.67%	
2021-12	2,822,004	194, 433	6.89%	76,802	2.72%	84,816	3.01%	161,618	5.73%	
2022-01	2,821,302	202,663	7.18%	81,012	2.87%	84,045	2.98%	165,057	5.85%	
2022-02	2,823,523	211,696	7.50%	85, 462	3.03%	83,192	2.95%	168,654	5.97%	
2022-03	2,823,416	223,467	7.91%	91,361	3.24%	83,855	2.97%	175,216	6.21%	
2022-04	2,823,667	235,948	8.36%	96,412	3.41%	82,957	2.94%	179,369	6.35%	
2022-05	2,830,413	249,673	8.82%	101,590	3.59%	82,586	2.92%	184,176	6.51%	
2022-06	2,831,102	262,907	9.29%	106, 496	3.76%	82,038	2.90%	188,534	6.66%	
2022-07	2,832,228	275,660	9.73%	111,534	3.94%	82,337	2.91%	193,871	6.85%	
2022-08	2,840,646	289,772	10.20%	116,512	4.10%	83,714	2.95%	200,226	7.05%	
2022-09	2,849,050	303, 457	10.65%	121,778	4.27%	85,396	3.00%	207,174	7.27%	
2022-10	2,854,708	316,570	11.09%	126, 430	4.43%	86,095	3.02%	212,525	7.44%	
2022-11	2,862,381	326,878	11.42%	131,484	4.59%	87,475	3.06%	218,959	7.65%	
2022-12	2,868,453	334, 140	11.65%	135,625	4.73%	88,776	3.09%	224,401	7.82%	
2023-01	2,876,587	330, 564	11.49%	133,710	4.65%	91,052	3.17%	224,762	7.81%	
2023-02	2,885,417	327,175	11.34%	131, 175	4.55%	95,011	3.29%	226,186	7.84%	
2023-03	2,894,494	323,016	11.16%	126,978	4.39%	96,822	3.35%	223,800	7.73%	
2023-04	2,902,497	318,025	10.96%	123,039	4.24%	97,160	3.35%	220,199	7.59%	
2023-05	2,908,740	312,806	10.75%	119,945	4.12%	94,930	3.26%	214,875	7.39%	
2023-06	2,916,279	307,501	10.54%	117,355	4.02%	93,496	3.21%	210,851	7.23%	
2023-07	2,920,606	302,319	10.35%	114,867	3.93%	92,419	3.16%	207,286	7.10%	
2023-08	2,929,291	296, 673	10.13%	113,339	3.87%	92,336	3.15%	205,675	7.02%	
2023-09	2,933,355	290, 444	9.90%	112,589	3.84%	93,084	3.17%	205,673	7.01%	
2023-10	2,942,540	285,588	9.71%	112,238	3.81%	94,740	3.22%	206,978	7.03%	
2023-11	2,939,860	279,919	9.52%	111,126	3.78%	95,745	3.26%	206,871	7.04%	
Min 2018-	2023	_	5.65%		2.27%		2.38%		4.77%	
Max 2018	-2023	•	11.65%	•	4.73%	,	3.35%	•	7.84%	



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 2023

*11 month ended November 2023 (discounted basis)