

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

**ATTENTION: CHIEF EXECUTIVE OFFICER**

**BULLETIN NO: F2023-040**

**DATE: May 30, 2023**

**SUBJECT: Nova Scotia Risk Sharing Pool – April 2023 Operational Report**

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

Please be advised that the April 2023 Nova Scotia 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.

#### **Highlights (IFRS 17)**

- (a) The **April 2023 received premium** was \$1.1 million, in line with prior year. The **projected 2023 year-end received premium** is \$21.2 million;
- (b) The **April 2023 insurance revenue** was \$1.2 million, lower than prior year by \$0.4 million. The **projected 2023 year-end insurance revenue** is \$12.4 million;
- (c) The **April 2023 operating result** was a surplus of \$0.2 million, lower than prior year by \$0.4 million. The **projected 2023 year-end operating result** is a deficit of \$10.4 million;
- (d) The **April 2023 combined operating ratio** was 85.4%, higher than prior year by 19.4 percentage points. The **projected year-end combined operating ratio** is 184.5%.

**IMPORTANT NOTICE:** The monthly bulletins and quarterly actuarial highlights are prepared for each pool of the RSP (for example there are six reports published each month for monthly bulletins and six reports published each quarter for actuarial highlights). Beginning with May operational reports, **a single report will be published for both the monthly bulletins and the actuarial highlights to reflect RSP on a combined basis.** This supports member's requests for a view of RSP on a combined basis. This change will also be consistent with our financial statements which are also reported on a combined basis. Detailed appendices with financial results by jurisdiction will still be available in the combined RSP bulletins and actuarial highlights.

## Summary of Financial Results

### NS RSP Summary of IFRS17 Financial Results

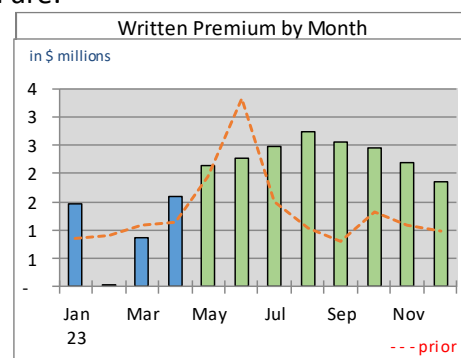
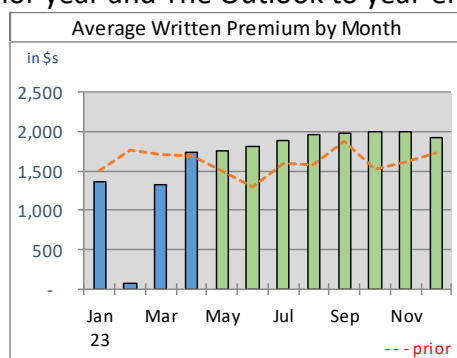
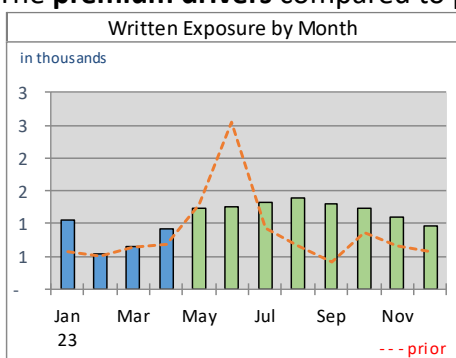
NS RSP 2023 Summary	Actual (April 2023)	Projection (April 2023)	Prior Year (April 2022)	2023 year-to-date as at 4 months	2022 year-to-date as at 4 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
<b>Amounts in \$000s</b>								
Written Premium	1,600	2,028	1,151	3,951	3,977	22,636	31,984	15,931
Received Premium	1,071	860	1,084	3,566	3,027	21,190	31,742	15,008
Earned Premium	1,813	1,188	2,327	5,459	10,156	18,450	25,799	24,076
Earned Expense Allowance	(574)	(396)	(714)	(1,690)	(3,143)	(6,086)	(8,675)	(7,363)
<b>Insurance Revenue</b>	<b>1,239</b>	<b>793</b>	<b>1,612</b>	<b>3,768</b>	<b>7,013</b>	<b>12,364</b>	<b>17,124</b>	<b>16,713</b>
Total Claims Incurred	1,641	1,420	2,176	5,978	7,796	20,347	27,487	17,067
Claims incurred (CAY)	1,025	1,215	2,211	4,730	9,716	17,892	25,365	21,706
Adjustments to Liabilities for Incurred Claims (PAYs)	616	205	(35)	1,248	(1,919)	2,456	2,122	(4,639)
Administrative Expense	93	54	108	315	321	819	862	1,075
Losses on Onerous Contracts	0	0	0	9,234	11,507	9,234	9,569	11,921
Reversal of Losses on Onerous Contracts	(677)	(329)	(1,219)	(3,534)	(3,902)	(7,600)	(7,367)	(9,602)
<b>Insurance Service Expenses</b>	<b>1,058</b>	<b>1,145</b>	<b>1,065</b>	<b>11,993</b>	<b>15,722</b>	<b>22,800</b>	<b>30,551</b>	<b>20,461</b>
<b>Insurance Service Result</b>	<b>181</b>	<b>(352)</b>	<b>548</b>	<b>(8,225)</b>	<b>(8,709)</b>	<b>(10,437)</b>	<b>(13,427)</b>	<b>(3,748)</b>
Insurance Finance Expense from PV FCF	0	0	0	(119)	432	(119)	0	4,507
Insurance Finance Expense from Risk Adjustment	0	0	0	(11)	38	(11)	0	406
Insurance Finance Expense from Loss Component	0	0	0	121	496	121	0	3,722
<b>Insurance Finance Income (Expense)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9)</b>	<b>966</b>	<b>(9)</b>	<b>0</b>	<b>8,636</b>
<b>Operating Result</b>	<b>181</b>	<b>(352)</b>	<b>548</b>	<b>(8,234)</b>	<b>(7,744)</b>	<b>(10,446)</b>	<b>(13,427)</b>	<b>4,888</b>
<b>Ratios:</b>								
Loss ratio - Claims Incurred (CAY)	82.8%	153.3%	137.1%	125.5%	138.5%	144.7%	148.1%	129.9%
- Adjustments to Liabilities for Incurred Claims (PAYs)	49.7%	25.9%	(2.1%)	33.1%	(27.4%)	19.9%	12.4%	(27.8%)
Total	132.5%	179.2%	135.0%	158.6%	111.2%	164.6%	160.5%	102.1%
Earned Expense allowance	31.7%	33.3%	30.7%	31.0%	30.9%	33.0%	33.6%	30.6%
Change in Loss Component (excluding IFE)	(54.6%)	(41.5%)	(75.6%)	151.3%	108.4%	13.2%	12.9%	13.9%
Administrative Expenses	7.5%	6.8%	6.7%	8.4%	4.6%	6.6%	5.0%	6.4%
<b>Insurance Service Ratio</b>	<b>85.4%</b>	<b>144.5%</b>	<b>66.0%</b>	<b>318.3%</b>	<b>224.2%</b>	<b>184.4%</b>	<b>178.4%</b>	<b>122.4%</b>
<b>Combined Operating Ratio</b>	<b>85.4%</b>	<b>144.5%</b>	<b>66.0%</b>	<b>318.5%</b>	<b>210.4%</b>	<b>184.5%</b>	<b>178.4%</b>	<b>70.8%</b>

rounding differences may occur

\*as posted to FA's website Jan 17, 2023

## Premium

The **premium drivers** compared to prior year and The Outlook to year-end are:



The vehicle count transfer for April 2023 was 924 vehicles, which higher than prior year by 242 vehicles, and below our projection. Premium written was slightly higher than prior year.

The green bars represent our current projection for the remainder of the year.

## Insurance Service Expenses

Insurance expenses for April 2023 include,

- Claims Incurred - Incurred losses in April 2023 were \$1.6 million, \$0.2 million higher than projection and \$0.5 million lower compared with the same month from last year. Loss ratio was at 82.8%, 70.5 percentage points below projected, and down 54.4 percentage points compared with prior year.
- 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, excluding the impact of change in discount rates.
- Administrative Expense: \$93 thousand for April 2023.

**Projection to year-end 2023**

Compared with The Outlook, written premiums have reduced by \$9.3 million to \$22.6 million. Earned premium has also reduced by \$7.4 million to \$18.5 million.

The year-end 2023 operating deficit is expected to be \$10.4 million and the combined operating ratio is 184.5%, 6.1 percentage point above The Outlook.

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:**

[Nova Scotia RSP Summary of Operations - Calendar Year 2023](#)

\*04 month ended April 2023 (discounted basis)