

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

**ATTENTION: CHIEF EXECUTIVE OFFICER**

**BULLETIN NO: F2023-039**

**DATE: May 30, 2023**

**SUBJECT: New Brunswick 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 New Brunswick 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 \$0.9 million, lower than prior year by \$0.4 million. The **projected 2023 year-end received premium** is \$21.8 million;
- (b) The **April 2023 insurance revenue** was \$0.8 million, lower than prior year by \$0.5 million. The **projected 2023 year-end insurance revenue** is \$10.9 million;
- (c) The **April 2023 operating result** was a deficit \$0.3 million, lower than prior year by \$1.2 million. The **projected 2023 year-end operating result** is a deficit \$9.8 million;
- (d) The **April 2023 combined operating ratio** was 143.1%, higher than prior year by 107.1 percentage points. The **projected year-end combined operating Ratio** is 189.1%

**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

### NB RSP Summary of IFRS17 Financial Results

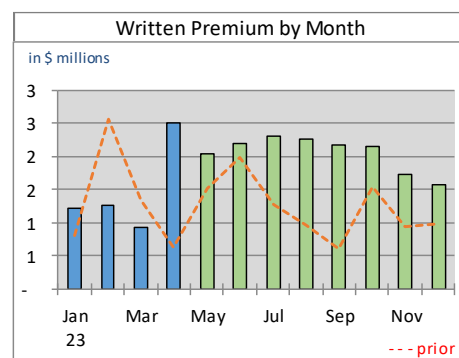
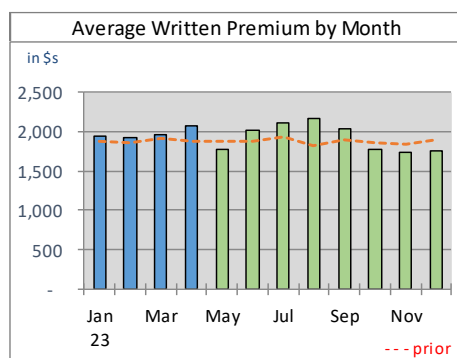
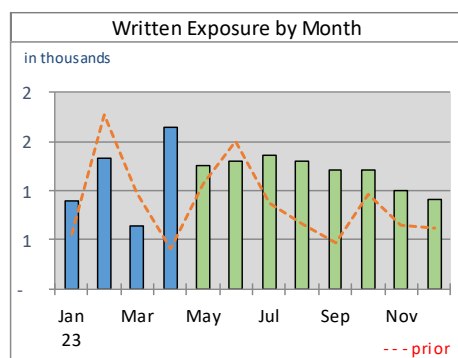
NB RSP 2023 Summary Amounts in \$000s	Actual (April 2023)	Projection (April 2023)	Prior Year (April 2022)	2023 year-to-date as at 4 months	2022 year-to-date as at 4 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
Written Premium	2,503	1,956	640	5,910	5,350	22,332	24,058	15,188
Received Premium	939	943	1,323	4,423	5,416	21,787	23,559	14,746
Earned Premium	1,266	1,211	1,832	4,957	7,174	17,253	19,743	18,324
Earned Expense Allowance	(491)	(449)	(551)	(1,710)	(2,163)	(6,309)	(7,163)	(5,484)
<b>Insurance Revenue</b>	<b>775</b>	<b>763</b>	<b>1,281</b>	<b>3,247</b>	<b>5,011</b>	<b>10,943</b>	<b>12,580</b>	<b>12,839</b>
Total Claims Incurred	1,183	1,223	1,549	4,713	6,688	16,853	19,369	15,654
Claims incurred (CAY)	1,180	1,141	1,563	4,688	6,141	16,222	18,325	14,599
Adjustments to Liabilities for Incurred Claims (PAYs)	3	82	(14)	25	547	632	1,044	1,055
Administrative Expense	93	101	108	316	321	1,164	1,239	1,080
Losses on Onerous Contracts	0	0	0	8,336	8,121	8,336	9,706	8,201
Reversal of Losses on Onerous Contracts	(168)	(338)	(1,196)	(1,795)	(830)	(5,611)	(5,784)	(4,668)
<b>Insurance Service Expenses</b>	<b>1,109</b>	<b>986</b>	<b>461</b>	<b>11,570</b>	<b>14,300</b>	<b>20,743</b>	<b>24,531</b>	<b>20,266</b>
<b>Insurance Service Result</b>	<b>(334)</b>	<b>(224)</b>	<b>820</b>	<b>(8,322)</b>	<b>(9,289)</b>	<b>(9,800)</b>	<b>(11,950)</b>	<b>(7,427)</b>
Insurance Finance Expense from PV FCF	0	0	0	(53)	192	(53)	0	2,389
Insurance Finance Expense from Risk Adjustment	0	0	0	(6)	21	(6)	0	265
Insurance Finance Expense from Loss Component	0	0	0	107	330	107	0	2,448
<b>Insurance Finance Income (Expense)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>542</b>	<b>48</b>	<b>0</b>	<b>5,101</b>
<b>Operating Result</b>	<b>(334)</b>	<b>(224)</b>	<b>820</b>	<b>(8,274)</b>	<b>(8,747)</b>	<b>(9,751)</b>	<b>(11,950)</b>	<b>(2,325)</b>
<b>Ratios:</b>								
<b>Loss ratio - Claims Incurred (CAY)</b>	152.3%	149.6%	122.0%	144.4%	122.6%	148.2%	145.7%	113.7%
<b>- Adjustments to Liabilities for Incurred Claims (PAYs)</b>	0.4%	10.8%	(1.1%)	0.8%	10.9%	5.8%	8.3%	8.2%
<b>Total</b>	152.7%	160.4%	120.9%	145.1%	133.5%	154.0%	154.0%	121.9%
<b>Earned Expense allowance</b>	38.8%	37.0%	30.1%	34.5%	30.1%	36.6%	36.3%	29.9%
<b>Change in Loss Component (excluding IFE)</b>	(21.6%)	(44.3%)	(93.3%)	201.4%	145.5%	24.9%	31.2%	27.5%
<b>Administrative Expenses</b>	12.0%	13.2%	8.4%	9.7%	6.4%	10.6%	9.8%	8.4%
<b>Insurance Service Ratio</b>	<b>143.1%</b>	<b>129.3%</b>	<b>36.0%</b>	<b>356.3%</b>	<b>285.4%</b>	<b>189.6%</b>	<b>195.0%</b>	<b>157.8%</b>
<b>Combined Operating Ratio</b>	<b>143.1%</b>	<b>129.3%</b>	<b>36.0%</b>	<b>354.8%</b>	<b>274.6%</b>	<b>189.1%</b>	<b>195.0%</b>	<b>118.1%</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 1,649 vehicles, which was higher than prior year by 1,246 vehicles and higher than The Outlook for the month by 292 vehicles. The premium written increased compared with the prior year driven by the higher counts.

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 \$1.2 million, in line with projection while \$0.5 million lower compared with the same month from last year. Loss ratio was at 152.3%, 30.3 percentage points above prior year, and up 2.7 percentage points compared with 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.

- Administrative Expense: \$0.1 million for April 2023, slightly below projection.

### **Projection to year-end 2023**

Compared with The Outlook, written premiums has decreased by \$1.7 million to \$22.3 million. Earned premium also decreased by \$2.5 million to \$17.3 million.

The year-end 2023 operating deficit is expected to be \$9.8 million, an increase from The Outlook. The combined operating ratio is 189.1%, 5.9 percentage point below 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:**

[New Brunswick RSP Summary of Operations - Calendar Year 2023](#)

\*04 month ended April 2023 (discounted basis)