

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023 – 037

DATE: May 30, 2023

SUBJECT: Ontario Risk Sharing Pool – April 2023 Operational Report

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

Please be advised that the April 2023 Ontario 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 \$50.0 million, higher than prior year by \$6.2 million. The ***projected 2023 year-end received premium*** is \$533.5 million;
- (b) The ***April 2023 insurance revenue*** was \$29.7 million, higher than prior year by \$2.1 million. The ***projected 2023 year-end insurance revenue*** is \$357.6 million;
- (c) The ***April 2023 operating result*** was a deficit \$5.7 million, lower than prior year by \$13.2 million. The ***projected 2023 year-end operating result*** is a deficit \$379.4 million;
- (d) The ***April 2023 combined operating ratio*** was 119.1%, higher than prior year by 46.1 percentage points. The ***projected year-end combined operating ratio*** is 206.1%.

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 members 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

ON RSP Summary of IFRS17 Financial Results

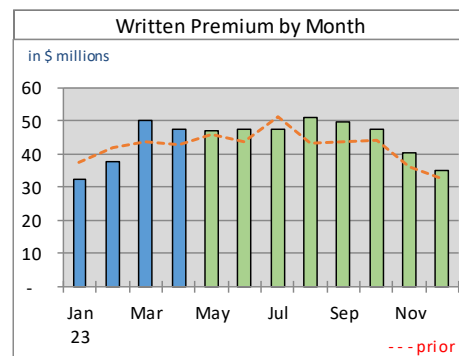
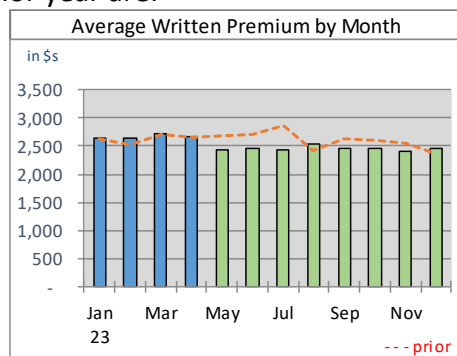
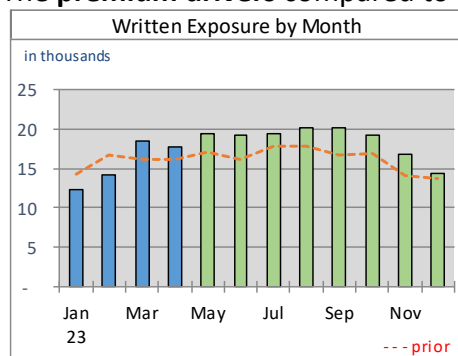
ON RSP 2023 Summary Amounts in \$000s	Actual (April 2023)	Projection (April 2023)	Prior Year (April 2022)	2023 year-to-date as at 4 months	2022 year-to-date as at 4 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
Written Premium	47,338	45,988	43,013	167,731	166,488	533,736	573,507	506,828
Received Premium	49,987	50,183	43,809	155,006	160,307	533,454	567,045	501,928
Earned Premium	42,710	42,092	38,508	165,791	144,604	511,123	537,369	483,509
Earned Expense Allowance	(12,964)	(12,642)	(10,828)	(48,923)	(40,793)	(153,485)	(160,591)	(136,215)
Insurance Revenue	29,746	29,450	27,680	116,869	103,810	357,638	376,778	347,295
Total Claims Incurred	54,635	55,599	46,737	221,176	145,641	675,790	669,716	511,164
<i>Claims incurred (CAY)</i>	53,461	52,297	46,914	206,899	177,594	639,493	630,320	562,805
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	1,173	3,302	(177)	14,277	(31,953)	36,297	39,396	(51,641)
Administrative Expense	239	211	217	764	658	2,446	2,637	2,223
Losses on Onerous Contracts	0	0	0	304,700	330,745	304,700	281,568	310,273
Reversal of Losses on Onerous Contracts	(19,449)	(19,959)	(26,760)	(74,062)	(59,923)	(243,738)	(226,879)	(202,452)
Insurance Service Expenses	35,424	35,851	20,194	452,578	417,121	739,199	727,042	621,207
Insurance Service Result	(5,678)	(6,401)	7,486	(335,710)	(313,311)	(381,561)	(350,264)	(273,912)
Insurance Finance Expense from PV FCF	0	0	0	(1,697)	4,511	(1,697)	0	66,257
Insurance Finance Expense from Risk Adjustment	0	0	0	(125)	323	(125)	0	4,817
Insurance Finance Expense from Loss Component	0	0	0	3,993	9,357	3,993	0	78,572
Insurance Finance Income (Expense)	0	0	0	2,171	14,191	2,171	0	149,647
Operating Result	(5,678)	(6,401)	7,486	(333,538)	(299,119)	(379,390)	(350,264)	(124,265)
Ratios:								
Loss ratio - Claims Incurred (CAY)	179.7%	177.6%	169.5%	177.0%	171.1%	178.8%	167.3%	162.1%
- Adjustments to Liabilities for Incurred Claims (PAYs)	3.9%	11.2%	(0.6%)	12.2%	(30.8%)	10.1%	10.5%	(14.9%)
Total	183.7%	188.8%	168.9%	189.3%	140.3%	189.0%	177.7%	147.2%
Earned Expense allowance	30.4%	30.0%	28.1%	29.5%	28.2%	30.0%	29.9%	28.2%
Change in Loss Component (excluding IFE)	(65.4%)	(67.8%)	(96.7%)	197.3%	260.9%	17.0%	14.5%	31.0%
Administrative Expenses	0.8%	0.7%	0.8%	0.7%	0.6%	0.7%	0.7%	0.6%
Insurance Service Ratio	119.1%	121.7%	73.0%	387.3%	401.8%	206.7%	193.0%	178.9%
Combined Operating Ratio	119.1%	121.7%	73.0%	385.4%	388.1%	206.1%	193.0%	135.8%

rounding differences may occur

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

Premium

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



The vehicle count transfer for April 2023 was 17,680 vehicles, which was higher than prior year by 1,439 vehicles, and 482 vehicles lower than The Outlook for the month.

The April 2023 average premium was below The Outlook by 2.7%, but in line with 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 \$54.6 million, lower than projection by \$1.0 million and \$7.9 million higher compared with the same month from last year. Loss ratio was at 179.7%, 2.1 percentage points above projected, and up 10.2 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. Excludes the impact of change in discount rates.

- Administrative Expense: \$0.2 million for April 2023, slightly above projection and in line with prior year.

Projection to year-end 2023

Compared with The Outlook, written premiums has reduced by \$39.8 million to \$533.7 million driven by reduction in premium year to date as well as updated premium projections received from members for the Ontario Risk Sharing pool. Earned premium was decreased by \$26.2 million to \$511.1 million.

The year-end 2023 operating deficit is expected to be \$379.4 million driven by higher loss ratios compared with The Outlook. Expense ratios, driven mainly by Insurance Revenue, are expected to be in line with 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:

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

*04 month ended April 2023 (discounted basis)