

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023-033

DATE: April 28, 2023

SUBJECT: New Brunswick Risk Sharing Pool – March 2023 Operational Report

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

Please be advised that the March 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 **March 2023 received premium** was \$1.2 million, lower than prior year by \$1.3 million. The **projected 2023 year-end received premium** is \$21.2 million;
- (b) The **March 2023 insurance revenue** was \$0.8 million, lower than prior year by \$0.6 million. The **projected 2023 year-end insurance revenue** is \$10.5 million;
- (c) The **March 2023 operating result** was a surplus \$0.2 million, higher than prior year by \$0.7 million. The **projected 2023 year-end operating result** is a deficit \$9.6 million;
- (d) The **March 2023 combined operating ratio** was 70.5%, lower than prior year by 61.0 percentage points. The **projected year-end combined operating Ratio** is 191.6%
- (e) The implementation of the **2022 Q4 Valuation**, generated **\$0.4 million favourable impact** for the month, increasing the **year-end combined operating Ratio** by 16.4 percentage points.

Summary of Financial Results

NB RSP Summary of IFRS17 Financial Results

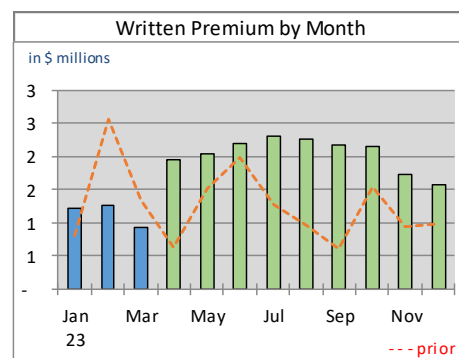
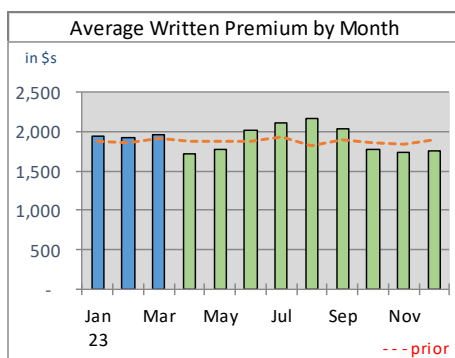
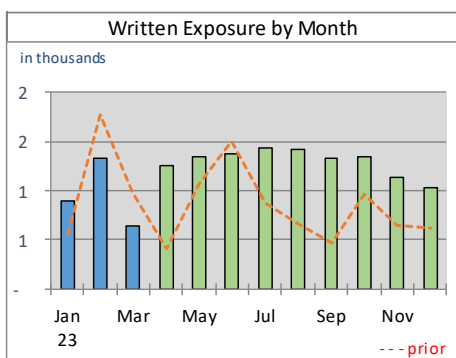
NB RSP 2023 Summary	Actual (March 2023)	Projection (March 2023)	Prior Year (March 2022)	2023 year-to-date as at 3 months	2022 year-to-date as at 3 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
Amounts in \$000s								
Written Premium	932	1,741	1,334	3,407	4,710	21,784	24,058	15,188
Received Premium	1,247	1,259	2,559	3,483	4,093	21,239	23,559	14,746
Earned Premium	1,275	1,251	1,987	3,691	5,342	16,513	19,743	18,324
Earned Expense Allowance	(438)	(449)	(597)	(1,219)	(1,612)	(6,001)	(7,163)	(5,484)
Insurance Revenue	837	802	1,390	2,473	3,730	10,512	12,580	12,839
Total Claims Incurred	1,191	1,248	2,438	3,530	5,139	16,233	19,369	15,654
Claims Incurred (CAY)	1,253	1,159	1,709	3,508	4,578	15,536	18,325	14,599
Adjustments to Liabilities for Incurred Claims (PAYs)	(62)	89	729	22	561	697	1,044	1,055
Administrative Expense	77	89	79	223	213	1,172	1,239	1,080
Losses on Onerous Contracts	(4)	0	322	8,336	8,121	8,336	9,706	8,201
Reversal of Losses on Onerous Contracts	(626)	(340)	(468)	(1,628)	365	(5,548)	(5,784)	(4,668)
Insurance Service Expenses	638	997	2,370	10,461	13,839	20,194	24,531	20,266
Insurance Service Result	199	(194)	(980)	(7,988)	(10,109)	(9,682)	(11,950)	(7,427)
Insurance Finance Expense from PV FCF	(53)	0	192	(53)	192	(53)	0	2,389
Insurance Finance Expense from Risk Adjustment	(6)	0	21	(6)	21	(6)	0	265
Insurance Finance Expense from Loss Component	107	0	330	107	330	107	0	2,448
Insurance Finance Income (Expense)	48	0	542	48	542	48	0	5,101
Operating Result	247	(194)	(438)	(7,940)	(9,567)	(9,633)	(11,950)	(2,325)
Ratios:								
Loss ratio - Claims Incurred (CAY)	149.7%	144.4%	122.9%	141.9%	122.7%	147.8%	145.7%	113.7%
- Adjustments to Liabilities for Incurred Claims (PAYs)	(7.4%)	11.1%	52.5%	0.9%	15.0%	6.6%	8.3%	8.2%
Total	142.2%	155.5%	175.4%	142.7%	137.8%	154.4%	154.0%	121.9%
Earned Expense allowance	34.3%	35.9%	30.0%	33.0%	30.2%	36.3%	36.3%	29.9%
Change in Loss Component (excluding IFE)	(75.2%)	(42.4%)	(10.5%)	271.3%	227.5%	26.5%	31.2%	27.5%
Administrative Expenses	9.2%	11.1%	5.7%	9.0%	5.7%	11.1%	9.8%	8.4%
Insurance Service Ratio	76.2%	124.2%	170.5%	423.1%	371.0%	192.1%	195.0%	157.8%
Combined Operating Ratio	70.5%	124.2%	131.5%	421.1%	356.5%	191.6%	195.0%	118.1%

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 March 2023 was 647 vehicles, which was lower than prior year by 329 vehicles and lower than The Outlook for the month by 665 vehicles. The premium written dropped compared with the prior year driven by the lower counts.

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

Insurance Service Expenses

Insurance expenses for March 2023 include,

- Claims Incurred - Incurred losses in March 2023 were \$1.2 million, in line with projection while \$1.2 million lower compared with the same month from last year. Loss ratio was at 149.7%, 5.3 percentage points above projected, and up 26.7 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 of March 2023 is \$4 thousand favorable change.

- 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: \$0.08 million for March 2023, slightly below projection.

For more information on the valuation impact please refer to the Actuarial Highlights.

NB RSP Summary of 2022 Q4 Valuation Implementation Impact

RSP: New Brunswick	LIC Impact	LRC Impact	Total Impact	Impact on YTD COR
PAY	(321)	0	(321)	(13.0%)
CAY	25	(21)	4	0.1%
FtAY	0	(90)	(90)	(3.6%)
Total	(296)	(111)	(407)	(16.4%)

unfav/ (fav)

NB RSP Summary of 2022 Q4 Change in loss Component

	2023 (CAY)	2024 (FtAY)	TOTAL
Opening Loss Component	4,719	8,320	13,039
[1] Losses on onerous contracts	14	(18)	(4)
[2] Discount rate	(35)	(72)	(107)
[3] Reversal of losses on onerous contracts	(607)	(19)	(626)
TOTAL [1]+[2]+[3]	(628)	(109)	(737)
Ending Loss Component	4,091	8,211	12,302

unfav/ (fav) for the month and ytd

Projection to year-end 2023

Projections to year-end 2023 have been updated using the 2022 Q4 valuation assumptions which generated an estimated favourable impact of \$0.4 million on the full year results.

Compared with The Outlook released in March 2023, written premiums has decreased by \$2.3 million to \$21.8 million. Earned premium also decreased by \$3.2 million to \$16.5 million.

The year-end 2023 operating deficit is expected to be \$9.6 million, an increase from The Outlook. The combined operating ratio is 191.6%, 3.4 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](#)

*03 month ended March 2023 (discounted basis)