

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023-027

DATE: March 30, 2023

SUBJECT: Nova Scotia Risk Sharing Pool – February 2023 Operational Report

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

Please be advised that the February 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 ***February 2023 received premium*** was \$1.5 million, higher than prior year by \$0.6 million. The ***projected 2023 year-end received premium*** is \$23.4 million;
- (b) The ***February 2023 insurance revenue*** was \$0.8 million, lower than prior year by \$0.9 million. The ***projected 2023 year-end insurance revenue*** is \$13.0 million;
- (c) The ***February 2023 operating result*** was a surplus \$0.4 million, higher than prior year by \$0.4 million. The ***projected 2023 year-end operating result*** is a deficit \$10.3 million;
- (d) The ***February 2023 combined operating ratio*** was 51.5%, lower than prior year by 46.8 percentage points. The ***projected year-end combined operating ratio*** is 179.3%.

Summary of Financial Results

NS RSP Summary of IFRS17 Financial Results

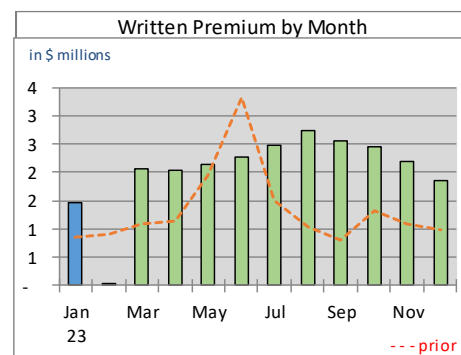
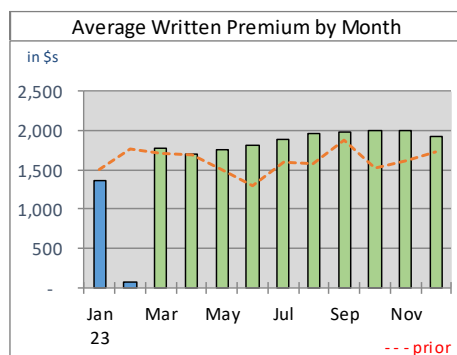
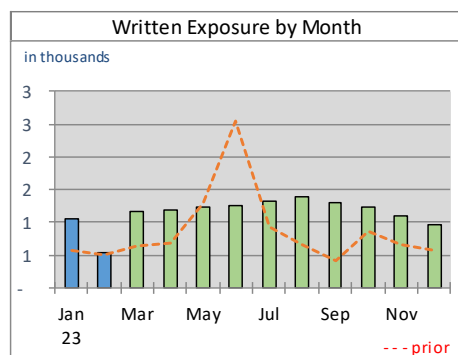
NS RSP 2023 Summary	Actual (February 2023)	Projection (February 2023)	Prior Year (February 2022)	2023 year-to-date as at 2 months	2022 year-to-date as at 2 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
Amounts in \$000s								
Written Premium	38	1,656	895	1,492	1,741	24,255	31,984	15,931
Received Premium	1,466	1,471	841	2,449	1,055	23,405	31,742	15,008
Earned Premium	1,124	1,183	2,445	2,449	5,275	19,518	25,799	24,076
Earned Expense Allowance	(340)	(378)	(758)	(741)	(1,641)	(6,505)	(8,675)	(7,363)
Insurance Revenue	785	805	1,687	1,708	3,634	13,013	17,124	16,713
Total Claims Incurred	1,126	1,363	2,293	2,714	4,639	21,070	27,487	17,067
Claims incurred (CAY)	1,106	1,166	2,323	2,404	5,023	19,198	25,365	21,706
Adjustments to Liabilities for Incurred Claims (PAYs)	20	196	(29)	310	(384)	1,871	2,122	(4,639)
Administrative Expense	71	45	66	145	134	758	862	1,075
Losses on Onerous Contracts	0	0	0	8,573	11,498	8,573	9,569	11,921
Reversal of Losses on Onerous Contracts	(793)	(283)	(702)	(2,198)	(1,705)	(7,071)	(7,367)	(9,602)
Insurance Service Expenses	404	1,124	1,658	9,234	14,566	23,330	30,551	20,461
Insurance Service Result	381	(319)	29	(7,526)	(10,932)	(10,317)	(13,427)	(3,748)
Insurance Finance Expense from PV FCF	0	0	0	0	0	0	0	4,507
Insurance Finance Expense from Risk Adjustment	0	0	0	0	0	0	0	406
Insurance Finance Expense from Loss Component	0	0	0	0	0	0	0	3,722
Insurance Finance Income (Expense)	0	0	0	0	0	0	0	8,636
Operating Result	381	(319)	29	(7,526)	(10,932)	(10,317)	(13,427)	4,888
Ratios:								
Loss ratio - Claims Incurred (CAY)	140.9%	144.9%	137.7%	140.8%	138.2%	147.5%	148.1%	129.9%
- Adjustments to Liabilities for Incurred Claims (PAYs)	2.6%	24.4%	(1.7%)	18.1%	(10.6%)	14.4%	12.4%	(27.8%)
Total	143.5%	169.3%	136.0%	158.9%	127.6%	161.9%	160.5%	102.1%
Earned Expense allowance	30.2%	32.0%	31.0%	30.3%	31.1%	33.3%	33.6%	30.6%
Change in Loss Component (excluding IFE)	(101.0%)	(35.2%)	(41.6%)	373.3%	269.4%	11.5%	12.9%	13.9%
Administrative Expenses	9.0%	5.6%	3.9%	8.5%	3.7%	5.8%	5.0%	6.4%
Insurance Service Ratio	51.5%	139.7%	98.3%	540.7%	400.8%	179.3%	178.4%	122.4%
Combined Operating Ratio	51.5%	139.7%	98.3%	540.7%	400.8%	179.3%	178.4%	70.8%

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 February 2023 was 536 vehicles, which is in line with prior year and below our projection. The lower and expected Average Written Premiums, is primarily driven by one member company group removing risk from the pool. Premium written was also lower than prior year but lower than The Outlook.

Insurance Service Expenses

Insurance expenses for February 2023 include,

- Claims Incurred - Incurred losses in February 2023 were \$1.1 million, \$0.2 million lower than projection and \$0.9 million lower compared with the same month from last year. Loss ratio was at 140.9%, 4.0 percentage points below projected, and up 3.2 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: \$0.1 million for February 2023, slightly above projection and with prior year.

Projection to year-end 2023

Compared with The Outlook released in February 2023, written premiums have reduced by \$7.7 million to \$24.3 million. Earned premium was also reduced by \$6.3 million to \$19.5 million.

The year-end 2023 operating deficit is expected to be \$10.3 million an increase from The Outlook and the combined operating ratio is 179.3%, 0.9 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](#)

*02 month ended February 2023 (discounted basis)