

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023-026

DATE: March 30, 2023

SUBJECT: New Brunswick 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 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 ***February 2023 received premium*** was \$1.3 million, lower than prior year by \$1.3 million. The ***projected 2023 year-end received premium*** is \$22.0 million;
- (b) The ***February 2023 insurance revenue*** was \$0.8 million, lower than prior year by \$0.3 million. The ***projected 2023 year-end insurance revenue*** is \$16.9 million;
- (c) The ***February 2023 operating result*** was a surplus \$0.3 million, higher than prior year by \$2.0 million. The ***projected 2023 year-end operating result*** is a deficit \$10.0 million;
- (d) The ***February 2023 combined operating ratio*** was 59.8%, lower than prior year by 199.6 percentage points. The ***projected year-end combined operating Ratio*** is 191.3%

Summary of Financial Results

NB RSP Summary of IFRS17 Financial Results

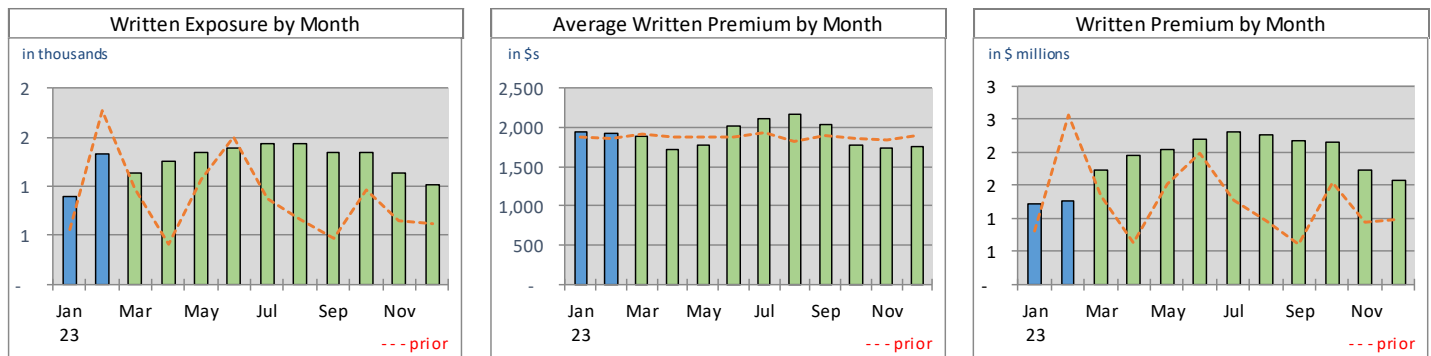
| NB RSP 2023 Summary | Actual | Projection | Prior Year | 2023 year-to-date | 2022 year-to-date | 2023 year-end | Outlook* | 2022 year-end |
|---|-----------------|-----------------|-----------------|-------------------|-------------------|----------------|-----------------|----------------|
| Amounts in \$000s | (February 2023) | (February 2023) | (February 2022) | as at 2 months | as at 2 months | Projection | Full year 2023 | Actual |
| Written Premium | 1,257 | 2,380 | 2,561 | 2,475 | 3,376 | 22,593 | 24,058 | 15,188 |
| Received Premium | 1,270 | 1,271 | 803 | 2,236 | 1,534 | 22,048 | 23,559 | 14,746 |
| Earned Premium | 1,210 | 997 | 1,580 | 2,416 | 3,355 | 17,193 | 19,743 | 18,324 |
| Earned Expense Allowance | (407) | (358) | (474) | (781) | (1,015) | (6,281) | (7,163) | (5,484) |
| Insurance Revenue | 804 | 639 | 1,106 | 1,635 | 2,340 | 10,913 | 12,580 | 12,839 |
| Total Claims Incurred | 1,117 | 1,029 | 1,331 | 2,339 | 2,701 | 16,868 | 19,369 | 15,654 |
| Claims Incurred (CAY) | 1,121 | 933 | 1,352 | 2,254 | 2,870 | 15,992 | 18,325 | 14,599 |
| Adjustments to Liabilities for Incurred Claims (PAYs) | (4) | 96 | (21) | 84 | (168) | 876 | 1,044 | 1,055 |
| Administrative Expense | 70 | 123 | 66 | 145 | 135 | 1,183 | 1,239 | 1,080 |
| Losses on Onerous Contracts | 0 | 0 | 0 | 8,340 | 7,799 | 8,340 | 9,706 | 8,201 |
| Reversal of Losses on Onerous Contracts | (706) | (259) | 1,471 | (1,002) | 834 | (5,520) | (5,784) | (4,668) |
| Insurance Service Expenses | 481 | 893 | 2,869 | 9,822 | 11,469 | 20,871 | 24,531 | 20,266 |
| Insurance Service Result | 323 | (254) | (1,763) | (8,187) | (9,129) | (9,958) | (11,950) | (7,427) |
| Insurance Finance Expense from PV FCF | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,389 |
| Insurance Finance Expense from Risk Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 265 |
| Insurance Finance Expense from Loss Component | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,448 |
| Insurance Finance Income (Expense) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,101 |
| Operating Result | 323 | (254) | (1,763) | (8,187) | (9,129) | (9,958) | (11,950) | (2,325) |
| Ratios: | | | | | | | | |
| Loss ratio - Claims Incurred (CAY) | 139.5% | 146.0% | 122.3% | 137.9% | 122.6% | 146.5% | 145.7% | 113.7% |
| - Adjustments to Liabilities for Incurred Claims (PAYs) | (0.5%) | 15.0% | (1.9%) | 5.1% | (7.2%) | 8.0% | 8.3% | 8.2% |
| Total | 139.0% | 161.0% | 120.4% | 143.0% | 115.4% | 154.6% | 154.0% | 121.9% |
| Earned Expense allowance | 33.6% | 35.9% | 30.0% | 32.3% | 30.3% | 36.5% | 36.3% | 29.9% |
| Change in Loss Component (excluding IFE) | (87.8%) | (40.5%) | 133.0% | 448.8% | 369.0% | 25.8% | 31.2% | 27.5% |
| Administrative Expenses | 8.7% | 19.2% | 6.0% | 8.9% | 5.8% | 10.8% | 9.8% | 8.4% |
| Insurance Service Ratio | 59.8% | 139.7% | 259.4% | 600.7% | 490.2% | 191.3% | 195.0% | 157.8% |
| Combined Operating Ratio | 59.8% | 139.7% | 259.4% | 600.7% | 490.2% | 191.3% | 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 February 2023 was 1,334 vehicles, which was lower than prior year by 439 vehicles and higher than The Outlook for the month by 262 vehicles. The premium written dropped compared with the prior year driven by the lower counts.

Insurance Service Expenses

Insurance expenses for February 2023 include,

- Claims Incurred - Incurred losses in February 2023 were \$1.1 million, in line with projection while \$0.2 million lower compared with the same month from last year driven by lower earned premium. Loss ratio was at 139.5%, 6.5 percentage points below projected, and up 17.2 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 above prior year.

Projection to year-end 2023

Compared with The Outlook released in February 2023, written premiums has decreased by \$1.5 million to \$22.6 million. Earned premium was also decreased by \$2.6 million to \$17.2 million.

The year-end 2023 operating deficit is expected to be \$10.0 million, an increase from The Outlook. The combined operating ratio is 191.3%, 3.7 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](#)

*02 month ended February 2023 (discounted basis)