

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-101

DATE: December 23, 2022

SUBJECT: Nova Scotia Risk Sharing Pool – November 2022 Operational Report

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

Please be advised that the November 2022 Nova Scotia Risk Sharing Pool Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

Highlights

- (a) The **November 2022 premium written** was \$1.1 million, higher than prior year by \$1.2 million. The **2022 year-to-date premium written** was \$14.9 million lower than prior year by \$15.3 million; and
- (b) The **November 2022 operating results** were a *deficit* of \$0.3 million. The **2022 year-to-date operating results** were a *surplus* of \$6.8 million; and
- (c) The **November 2022 combined operating ratio** was 128.5%, higher than prior year by 31.9 percentage points. The **2022 year-to-date combined operating ratio** was 70.0%, lower than prior year by 0.6 percentage points.

Summary of Financial Results

NS RSP Summary of Financial Results

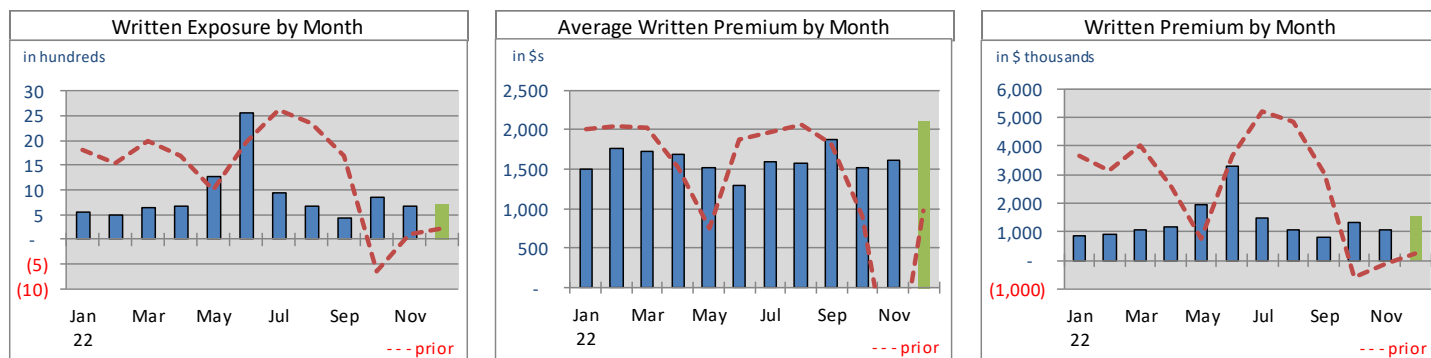
NS RSP 2022 Summary Amounts in \$000s	Actual (November 2022)	Projection (November 2022)	Prior Year (November 2021)	2022 year-to-date as at 11 months	2021 year-to-date as at 11 months	2022 year-end Projection	Outlook* Full year 2022	2021 year-end Actual
Premium Written	1,077	2,602	(147)	14,940	30,217	16,478	33,322	30,440
Premium Earned	1,215	1,631	2,825	22,765	38,074	24,042	34,102	41,021
Incurred Losses	1,067	1,430	2,244	10,916	19,315	12,021	33,089	21,759
Underwriting & Admin Expense	495	905	482	5,020	7,594	5,674	11,771	8,254
Expense allowance	315	763	(46)	4,370	9,451	4,821	9,766	9,521
Premium Deficiency / (DPAC)	146	78	458	(300)	(2,762)	(129)	1,193	(2,319)
Administrative Expenses	34	64	70	950	905	982	812	1,052
Net Result from Operations	(347)	(704)	99	6,829	11,165	6,347	(10,758)	11,008
Ratios:								
Loss ratio								
- Prior Accident Years	(1.7%)	(1.8%)	(2.4%)	(42.6%)	(33.2%)	(40.5%)	(3.5%)	(30.7%)
- Current Accident Year	89.5%	89.5%	81.9%	90.5%	83.9%	90.5%	100.5%	83.8%
Total	87.8%	87.7%	79.5%	47.9%	50.7%	50.0%	97.0%	53.1%
Underwriting & Admin Expense	40.7%	55.5%	17.1%	22.1%	19.9%	23.6%	34.5%	20.1%
Expense allowance	25.9%	46.8%	(1.6%)	19.2%	24.8%	20.1%	28.6%	23.2%
Premium Deficiency / (DPAC)	12.0%	4.8%	16.2%	(1.3%)	(7.3%)	(0.5%)	3.5%	(5.7%)
Administrative Expenses	2.8%	3.9%	2.5%	4.2%	2.4%	4.1%	2.4%	2.6%
Combined Operating Ratio	128.5%	143.2%	96.6%	70.0%	70.6%	73.6%	131.5%	73.2%

rounding differences may occur

*as posted to FA's website Dec. 24, 2021

Premium

The **premium drivers** compared to prior year and The Outlook to year-end are:



The vehicle count transfer for November 2022 was 669 vehicles, which was higher than prior year and below our projection. The higher than prior year count, is primarily driven by changes in the cession strategy by one member company group.

The November 2022 average premium was above prior year. Premium written was also higher the prior year but lower than The Outlook.

Incurred Losses

Incurred losses in November 2022 were \$1.1 million, and loss ratio was at 87.8%, up 0.1 percentage points compared with the projection and up 8.3 percentage points compared with prior year.

Underwriting and Admin Expenses

Expenses for November 2022 include,

- Expense Allowance: \$0.3 million for November 2022 compared to projection at \$0.8 million and prior year at -\$46 thousand. The allowance is approximately 29% of written premium. Changes from projection and prior year are consistent with changes in written premium.
- Change in Premium Deficiency / (DPAC): Premium deficiency of \$146 thousand compared to projected premium deficiency of \$78 thousand and prior year premium deficiency of \$458 thousand.
- Administrative Expenses were in line with projection and prior year.

Projection to year-end 2022

Compared with The Outlook, written premium has decreased from \$33.3 million to \$16.5 million.

The updated year-end 2022 operating surplus is now \$6.3 million and the combined operating ratio is 73.6%; 57.9 percentage points 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:

[Nova Scotia RSP Summary of Operations - Calendar Year 2022](#)

*11 month ended November 2022 (discounted basis)