

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022 – 098

DATE: December 23, 2022

SUBJECT: Ontario 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 Ontario 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 \$36.0 million, lower than prior year by \$9.1 million. The **2022 year-to-date premium written** was \$474.4 million, higher than prior year by \$115.9 million; and
- (b) The **November 2022 operating result** was a deficit of \$18.2 million, and the **2022 year-to-date operating results** were a deficit of \$107.1 million; and
- (c) The **November 2022 combined operating ratio** was 143.5%, lower than prior year by 20.3 percentage points. The **year-to-date combined operating ratio** was 124.2%, higher than prior year by 19.1 percentage points;

Summary of Financial Results

ON RSP Summary of Financial Results

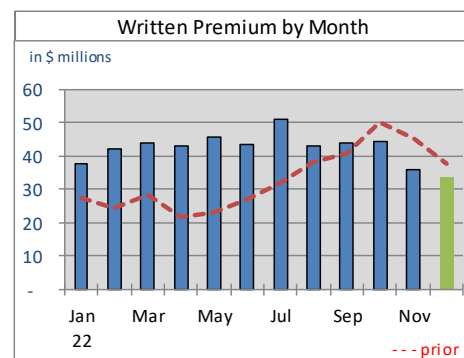
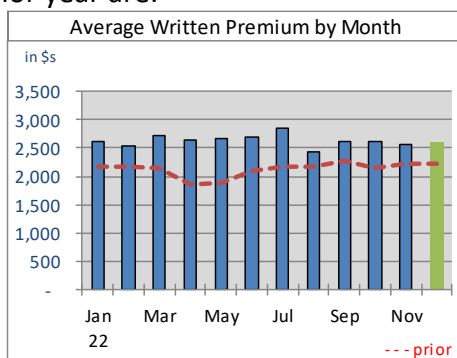
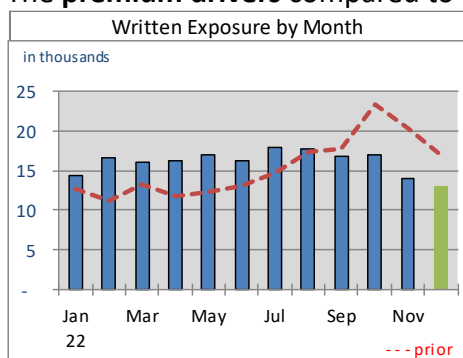
ON RSP 2022 Summary	Actual	Projection	Prior Year	2022 year-to-date	2021 year-to-date	2022 year-end	Outlook*	2021 year-end
Amounts in \$000s	(November 2022)	(November 2022)	(November 2021)	as at 11 months	as at 11 months	Projection	Full year 2022	Actual
Premium Written	36,014	42,549	45,093	474,368	358,512	507,988	516,439	396,077
Premium Earned	41,905	41,513	32,165	442,091	346,241	483,453	477,938	380,748
Incurred Losses	49,895	50,169	29,686	401,978	270,883	451,486	573,649	302,388
Underwriting & Admin Expense	10,212	14,136	23,024	147,236	92,717	156,550	164,861	112,798
Expense allowance	10,109	11,957	12,773	132,796	100,983	142,243	145,120	111,786
Premium Deficiency / (DPAC)	17	1,992	10,105	12,547	(10,080)	12,175	17,469	(1,114)
Administrative Expenses	86	187	146	1,893	1,814	2,132	2,272	2,126
Net Result from Operations	(18,202)	(22,792)	(20,545)	(107,123)	(17,359)	(124,583)	(260,572)	(34,438)
Ratios:								
Loss ratio - Prior Accident Years	(2.0%)	(1.0%)	(5.5%)	(32.0%)	(23.3%)	(29.3%)	(4.9%)	(21.7%)
- Current Accident Year	121.1%	122.0%	97.7%	122.9%	101.6%	122.7%	124.9%	101.1%
Total	119.1%	121.0%	92.2%	90.9%	78.3%	93.4%	120.0%	79.4%
Underwriting & Admin Expense	24.4%	34.1%	71.6%	33.3%	26.8%	32.4%	34.5%	29.6%
Expense allowance	24.1%	28.8%	39.7%	30.0%	29.2%	29.4%	30.4%	29.4%
Premium Deficiency / (DPAC)	0.0%	4.8%	31.4%	2.8%	(2.9%)	2.5%	3.7%	(0.3%)
Administrative Expenses	0.2%	0.5%	0.5%	0.4%	0.5%	0.4%	0.5%	0.6%
Combined Operating Ratio	143.5%	155.1%	163.8%	124.2%	105.1%	125.8%	154.5%	109.0%

rounding differences may occur

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

Premium

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



The vehicle count transfer for November 2022 was 14,063 vehicles, which was lower than prior year by 6,327 vehicles, and 615 vehicles lower than The Outlook for the month.

The November 2022 average premium was above The Outlook by 6.4%, increased from prior years reflecting the increase in cession limit change from 85% to 100% as well as a change in the mix of risks being ceded to the pool.

Incurred Losses

Incurred losses in November 2022 were \$49.9 million, \$0.3 million lower than projection and \$20.2 million higher compared with the same month from last year. Loss ratio was at 119.1%, 1.9 percentage points below projected, and up 26.9 percentage points compared with prior year.

Underwriting and Admin Expenses

Underwriting expenses for November 2022 include,

- Expense Allowance – this is based on written premium. The allowance ratio is approximately 28% of written premium and consistent across actual, prior year and outlook for both current month and year-

to-date;

- Premium Deficiency / (DPAC): Premium deficiency of only \$17 thousand for November 2022 compared to projected premium deficiency of \$2.0 million and prior year premium deficiency of \$10.1 million;
- Administrative Expense: \$0.1 million for November 2022, consistent with projection and prior year.

Projection to year-end 2022

Compared with The Outlook released in December 2021, written premium is expected to decrease but will catch up as the economy opens up and loss ratios return to pre-pandemic levels.

The year-end 2022 operating deficit is expected to be \$124.6 million with loss ratios below The Outlook. Expense Allowance, driven mainly from written premium, as well as Premium Deficiency are expected to be slightly below those predicted in The Outlook. This together with the decrease in incurred losses is driving the decrease in the operating deficit.

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 2022](#)

*11 month ended November 2022 (discounted basis)