

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-091

DATE: November 29, 2022

SUBJECT: New Brunswick Risk Sharing Pool – October 2022 Operational Report

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

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

Highlights

- (a) The ***October 2022 premium written*** was \$1.5 million, higher than prior year by \$0.6 million. The ***2022 year-to-date premium written*** was \$13.3 million, lower than prior year by \$5.3 million; and
- (b) The ***October 2022 operating results*** were a *deficit* of \$0.1 million, and the ***2022 year-to-date operating result deficit*** of 0.6 million; and
- (c) The ***October 2022 combined operating ratio*** was 110.8%, lower than prior year by 0.6 percentage points. The ***2022 year-to-date combined operating ratio*** was 103.5%, above prior years by 7.3 percentage points.
- (d) The implementation of the ***2022 Q3 Valuation***, generated **\$0.3 million favourable impact** for the month, decreasing the COR by 24.6 percentage points.

Summary of Financial Results

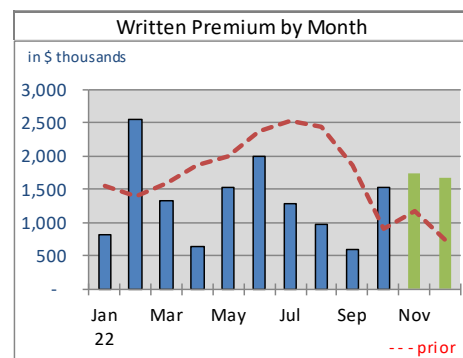
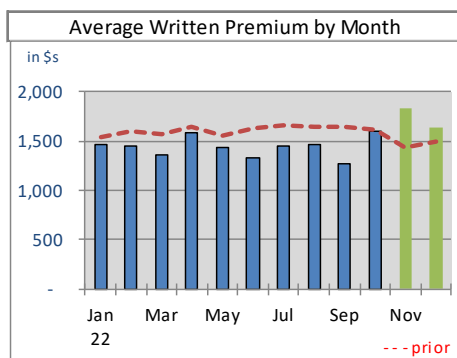
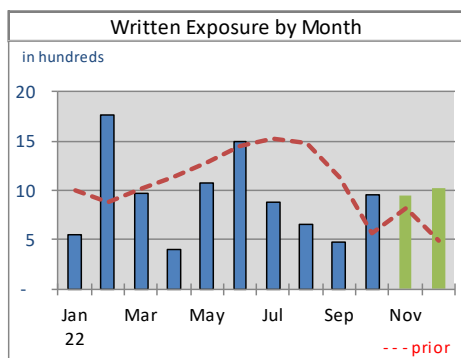
NB RSP Summary of Financial Results

NB RSP 2022 Summary Amounts in \$000s	Actual (October 2022)	Projection (October 2022)	Prior Year (October 2021)	2022 year-to-date as at 10 months	2021 year-to-date as at 10 months	2022 year-end Projection	Outlook* Full year 2022	2021 year-end Actual
Premium Written	1,540	1,961	909	13,260	18,530	16,687	30,074	20,438
Premium Earned	1,280	1,244	1,469	15,960	16,891	18,378	26,023	20,409
Incurred Losses	763	978	874	11,411	9,811	13,276	22,620	12,227
Underwriting & Admin Expense	656	846	763	5,105	6,436	6,602	11,672	7,985
Expense allowance	451	572	279	3,864	5,673	4,867	8,783	6,256
Premium Deficiency / (DPAC)	100	174	374	266	(76)	684	1,365	673
Administrative Expenses	105	100	110	975	838	1,051	1,524	1,056
Net Result from Operations	(139)	(580)	(168)	(556)	644	(1,500)	(8,269)	197
Ratios:								
Loss ratio - Prior Accident Years	0.1%	(0.5%)	(24.3%)	(8.2%)	(13.2%)	(7.2%)	(2.1%)	(11.2%)
- Current Accident Year	59.5%	79.1%	83.8%	79.7%	71.3%	79.4%	89.0%	71.1%
Total	59.6%	78.6%	59.5%	71.5%	58.1%	72.2%	86.9%	59.9%
Underwriting & Admin Expense	51.2%	68.0%	52.0%	32.0%	38.1%	35.9%	44.9%	39.1%
Expense allowance	35.2%	46.0%	19.0%	24.2%	33.6%	26.5%	33.8%	30.7%
Premium Deficiency / (DPAC)	7.8%	14.0%	25.5%	1.7%	(0.4%)	3.7%	5.2%	3.3%
Administrative Expenses	8.2%	8.0%	7.5%	6.1%	5.0%	5.7%	5.9%	5.2%
Combined Operating Ratio	110.8%	146.6%	111.5%	103.5%	96.2%	108.1%	131.8%	99.0%

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 October 2022 was 962 vehicles, which was higher than prior year by 398 vehicles and The Outlook for the month by 174 vehicles.

With an increase of 69.5%, the premium written rose significantly compared with the prior year and average premium showed a small decrease of 0.6% compared with prior year.

Incurred Losses

Incurred losses in October 2022 were \$0.8 million, \$0.2 million lower than projection and \$0.1 million lower compared with the same month form last year; and loss ratio was at 59.6%, down 19.0 percentage points compared with our projection and up 0.1 percentage points compared with prior year.

This variance from projection was largely driven by the 2022 Q3 valuation being implemented in the month, generating a favourable impact of \$245 thousand on the year-to-date losses. This impact is mainly driven by favourable change in the discount rate. For more information on the valuation impact please refer to the Actuarial Highlights.

NB RSP Summary of 2022 Q3 Valuation Implementation Impact

unfav / (fav)

Risk Sharing Pool	Impact on Operating Results (\$000s)	Impact on COR (%)	Impact on COR (%)	Impact on Operating Results (\$000s)	Impact on COR (%)
New Brunswick	month/ytd	as month EP	as ytd EP	full year	as full year EP
PAYs (2021 & prior)	4	0.3%	-	6	-
CAY (2022)	(249)	(19.5%)	(1.6%)	(282)	(1.5%)
PAYs & CAY	(245)	(19.2%)	(1.6%)	(276)	(1.5%)
Premium Deficiency / (DPAC)	(70)	(5.5%)	(0.4%)	(56)	(0.3%)
Total	(315)	(24.6%)	(2.0%)	(332)	(1.8%)

Underwriting and Admin Expenses

Expenses for October 2022 include,

- Expense Allowance– this is based on written premium. The allowance ratio is approximately 29% of written premium and fairly consistent across actual and The Outlook for both current month and year-to-date.
- Change in Premium Deficiency / (DPAC): Premium deficiency of \$100 thousand for October 2022 compared to projected premium deficiency of \$174 thousand and prior year premium deficiency of \$374 thousand.
- Administrative Expenses are consistent with projection and prior year.

Projection to year-end 2022

Projections to year-end 2022 have been updated using the 2022 Q3 valuation assumptions which generated an estimated favourable impact of \$0.3 million on the full year results.

Compared with The Outlook, written premium is below projection.

The updated year-end 2022 operating deficit is now \$1.5 million, a decrease from The Outlook and the combined operating ratio is 108.1%, 23.6 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:
[New Brunswick RSP Summary of Operations - Calendar Year 2022](#)

*10 month ended October 2022 (discounted basis)