

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-083

DATE: October 28, 2022

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

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

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

Highlights

- (a) The **September 2022 premium written** was \$0.8 million, lower than prior year by \$2.3 million. The **2022 year-to-date premium written** was \$12.5 million lower than prior year by \$18.4 million; and
- (b) The **September 2022 operating results** were a *deficit* of \$0.3 million. The **2022 year-to-date operating results** were a *surplus* of \$8.0 million; and
- (c) The **September 2022 combined operating ratio** was 121.5%, in line with prior years. The **2022 year-to-date combined operating ratio** was 60.4%, lower than prior year by 7.0 percentage points.

Summary of Financial Results

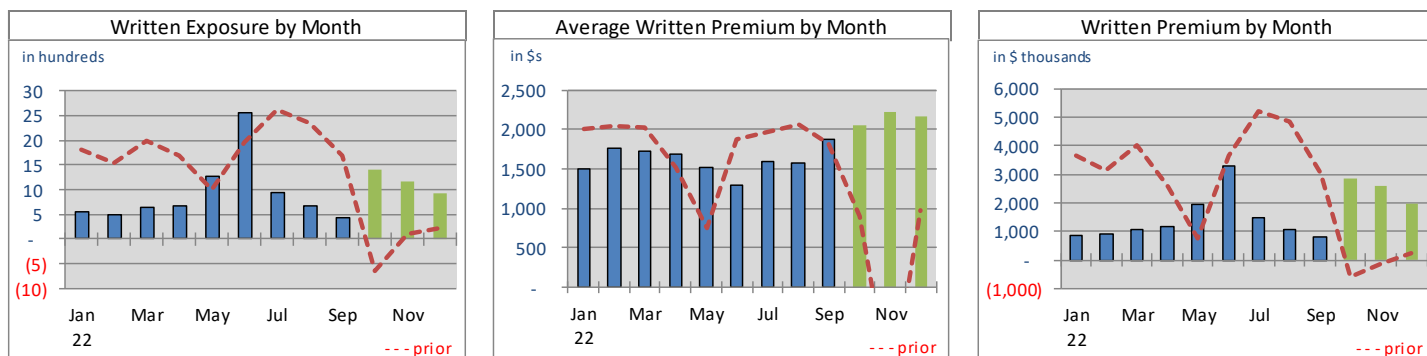
NS RSP Summary of Financial Results

NS 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	(September 2022)	(September 2022)	(September 2021)	as at 9 months	as at 9 months	Projection	Full year 2022	Actual
Premium Written	788	2,556	3,059	12,545	30,946	19,999	33,322	30,440
Premium Earned	1,502	1,675	3,533	20,202	33,193	26,998	34,102	41,021
Incurred Losses	1,288	1,469	2,780	8,246	15,611	14,244	33,089	21,759
Underwriting & Admin Expense	538	986	1,511	3,936	6,780	6,698	11,771	8,254
Expense allowance	231	749	957	3,669	9,683	5,854	9,766	9,521
Premium Deficiency / (DPAC)	149	175	452	(546)	(3,627)	(29)	1,193	(2,319)
Administrative Expenses	158	62	102	813	724	873	812	1,052
Net Result from Operations	(324)	(780)	(758)	8,020	10,802	6,056	(10,758)	11,008
Ratios:								
Loss ratio - Prior Accident Years	(4.1%)	(2.3%)	(3.8%)	(50.2%)	(37.8%)	(38.0%)	(3.5%)	(30.7%)
- Current Accident Year	89.8%	90.0%	82.5%	91.1%	84.8%	90.8%	100.5%	83.8%
Total	85.7%	87.7%	78.7%	40.9%	47.0%	52.8%	97.0%	53.1%
Underwriting & Admin Expense	35.8%	58.9%	42.8%	19.5%	20.4%	24.8%	34.5%	20.1%
Expense allowance	15.4%	44.7%	27.1%	18.2%	29.2%	21.7%	28.6%	23.2%
Premium Deficiency / (DPAC)	9.9%	10.4%	12.8%	(2.7%)	(10.9%)	(0.1%)	3.5%	(5.7%)
Administrative Expenses	10.5%	3.7%	2.9%	4.0%	2.2%	3.2%	2.4%	2.6%
Combined Operating Ratio	121.5%	146.6%	121.5%	60.4%	67.4%	77.6%	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 September 2022 was only 418 vehicles, which was significantly lower than prior year and also below our projection. The lower than prior year count, is primarily driven by changes in the session strategy by one member company group.

The September 2022 average premium was above prior year. Premium written was below the prior year and The Outlook.

Incurred Losses

Incurred losses in September 2022 were \$1.3 million, and loss ratio was at 85.7%, down 2.0 percentage points compared with the projection and up 7.0 percentage points compared with prior year.

Underwriting and Admin Expenses

Expenses for September 2022 include,

- Expense Allowance: \$0.2 million for September 2022 compared to projection at \$0.7 million and prior year at \$1.0 million. 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 \$149 thousand compared to projected premium deficiency of \$175 thousand and prior year premium deficiency of \$452 thousand.
- Administrative Expenses were in line with projection and prior year.

Projection to year-end 2022

Compared with The Outlook, written premium has decreased by \$13.3 million to \$20.0 million.

The updated year-end 2022 operating surplus is now \$6.1 million and the combined operating ratio is 77.6%; 53.9 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](#)

*09 month ended September 2022 (discounted basis)