

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-074

DATE: September 29, 2022

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

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

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

Highlights

- (a) The **August 2022 premium written** was \$1.0 million, lower than prior year by \$1.1 million. The **2022 year-to-date premium written** was \$11.1 million, lower than prior year by \$4.6 million; and
- (b) The **August 2022 operating results** were a *surplus* of \$1.8 million and the **2022 year-to-date operating result** roughly *breakeven*; and
- (c) The **August 2022 combined operating ratio** was -24.1%, lower than prior year by 108.5 percentage points. The **2022 year-to-date combined operating ratio** was 100.1%, above prior years by 8.3 percentage points; and
- (d) The implementation of the **2022 Q2 Valuation**, generated **\$2.1 million favourable impact** for the month, decreasing the COR by 142.6 percentage points.

Summary of Financial Results

NB RSP Summary of Financial Results

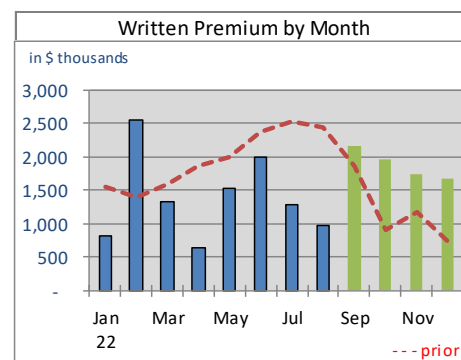
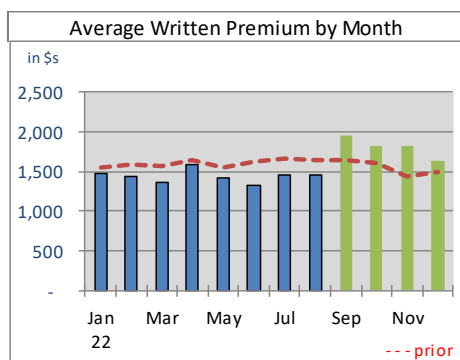
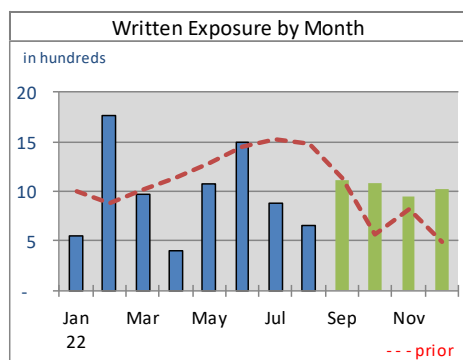
NB RSP 2022 Summary Amounts in \$000s	Actual (August 2022)	Projection (August 2022)	Prior Year (August 2021)	2022 year-to-date as at 8 months	2021 year-to-date as at 8 months	2022 year-end Projection	Outlook* Full year 2022	2021 year-end Actual
Premium Written	969	2,025	2,440	11,122	15,754	18,681	30,074	20,438
Premium Earned	1,457	1,113	1,835	13,856	13,615	19,137	26,023	20,409
Incurred Losses	(515)	935	536	9,980	7,760	14,125	22,620	12,227
Underwriting & Admin Expense	165	742	1,013	3,891	4,739	7,239	11,672	7,985
Expense allowance	283	591	747	3,247	4,822	5,455	8,783	6,256
Premium Deficiency / (DPAC)	(192)	49	182	(11)	(710)	747	1,365	673
Administrative Expenses	74	102	84	655	626	1,037	1,524	1,056
Net Result from Operations	1,807	(564)	286	(15)	1,116	(2,227)	(8,269)	197
Ratios:								
Loss ratio - Prior Accident Years	(54.3%)	(1.3%)	(8.3%)	(7.6%)	(13.5%)	(5.6%)	(2.1%)	(11.2%)
- Current Accident Year	18.9%	85.4%	37.5%	79.6%	70.5%	79.5%	89.0%	71.1%
Total	(35.4%)	84.1%	29.2%	72.0%	57.0%	73.9%	86.9%	59.9%
Underwriting & Admin Expense	11.3%	66.7%	55.2%	28.1%	34.8%	37.8%	44.9%	39.1%
Expense allowance	19.4%	53.1%	40.7%	23.4%	35.4%	28.5%	33.8%	30.7%
Premium Deficiency / (DPAC)	(13.2%)	4.4%	9.9%	(0.1%)	(5.2%)	3.9%	5.2%	3.3%
Administrative Expenses	5.1%	9.2%	4.6%	4.7%	4.6%	5.4%	5.9%	5.2%
Combined Operating Ratio	(24.1%)	150.8%	84.4%	100.1%	91.8%	111.7%	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 August 2022 was only 661 vehicles, which was significantly lower than prior year by 824 vehicles and The Outlook for the month by 937 vehicles.

With a decrease of 60.3%, premium written dropped significantly compared with the prior year and average premium also showed a significant decrease of 10.7% compared with prior year.

Incurred Losses

Incurred losses in August 2022 were -\$0.5 million, \$1.5 million lower than projection and 1.1 million lower compared with the same month form last year; and loss ratio was at -35.4%, down 119.5 percentage points compared with our projection and down 64.6 percentage points compared with prior year. This variance from projection was largely driven by the 2022 Q2 valuation being implemented in the month, generating a favourable impact of \$1.8 million on the year-to-date losses. This impact is mainly driven by the reduced loss ratios, particularly for the recent quarter for Current Accident Year. For more information on the valuation impact please refer to the Actuarial Highlights.

NB RSP Summary of 2022 Q2 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)	(746)	(51.2%)	(4.5%)	(721)	(3.8%)
CAY (2022)	(1,009)	(69.3%)	(6.1%)	(1,365)	(7.1%)
PAYs & CAY	(1,755)	(120.5%)	(10.6%)	(2,086)	(10.9%)
Premium Deficiency / (DPAC)	(321)	(22.0%)	(1.9%)	(43)	(0.2%)
Total	(2,076)	(142.6%)	(12.5%)	(2,129)	(11.1%)

Underwriting and Admin Expenses

Expenses for August 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): DPAC of \$192 thousand for August 2022 compared to projected premium deficiency of \$49 thousand and prior year premium deficiency of \$182 thousand.
- Administrative Expenses are fairly consistent with projection and prior year.

Projection to year-end 2022

Projections to year-end 2022 has been updated using the 2022 Q2 valuation assumption which generated an estimated favourable impact of \$2.2 million on the full year results.

Compared with The Outlook, written premium is below projection.

The updated year-end 2022 operating deficit is now \$2.2 million, a decrease from The Outlook and the combined operating ratio is 111.7%, 20.0 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](#)

*07 month ended August 2022 (discounted basis)

[New Brunswick RSP Operational Report – Actuarial Highlights](#)

*For additional details on Actual vs Projected variance, IBRN, and valuation