

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2022-061

**DATE:** August 30, 2022

**SUBJECT:** Nova Scotia Risk Sharing Pool – July 2022 Operational Report

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

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

### Highlights

- (a) The **July 2022 premium written** was \$1.5 million, lower than prior year by \$3.7 million. The **2022 year-to-date premium written** was \$10.7 million lower than prior year by \$12.3 million; and
- (b) The **July 2022 operating results** were a deficit of \$0.4 million. The **2022 year-to-date operating results** were a surplus of \$1.1 million; and
- (c) The **July 2022 combined operating ratio** was 117.6%, lower than prior years by 34.9 percentage points. The **2022 year-to-date combined operating ratio** was 93.3%, higher than prior year by 6.9 percentage points.

### Summary of Financial Results

#### NS RSP Summary of Financial Results

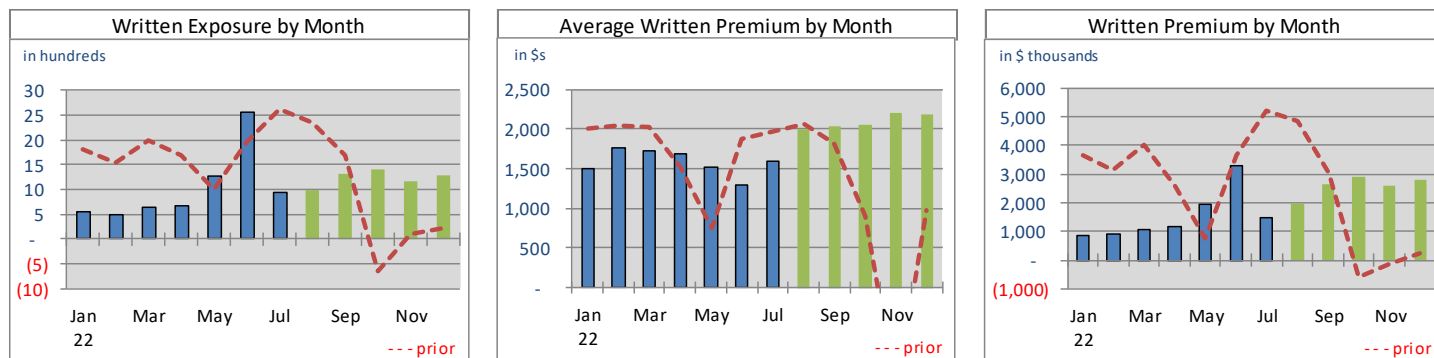
NS RSP 2022 Summary Amounts in \$000s	Actual (July 2022)	Projection (July 2022)	Prior Year (July 2021)	2022 year-to-date as at 7 months	2021 year-to-date as at 7 months	2022 year-end Projection	Outlook* Full year 2022	2021 year-end Actual
Premium Written	1,495	1,881	5,204	10,716	23,045	23,657	33,322	30,440
Premium Earned	2,201	2,616	3,402	16,977	26,281	28,172	34,102	41,021
Incurred Losses	2,041	2,545	3,233	12,397	17,116	23,185	33,089	21,759
Underwriting & Admin Expense	545	646	1,950	3,443	5,587	7,983	11,771	8,254
Expense allowance	438	551	1,628	3,136	7,212	6,928	9,766	9,521
Premium Deficiency / (DPAC)	35	50	227	(275)	(2,164)	176	1,193	(2,319)
Administrative Expenses	72	45	95	582	539	879	812	1,052
<b>Net Result from Operations</b>	<b>(385)</b>	<b>(575)</b>	<b>(1,781)</b>	<b>1,137</b>	<b>3,578</b>	<b>(2,996)</b>	<b>(10,758)</b>	<b>11,008</b>
<b>Ratios:</b>								
<b>Loss ratio</b>								
- Prior Accident Years	(6.2%)	(1.6%)	(4.6%)	(26.3%)	(33.6%)	(16.8%)	(3.5%)	(30.7%)
- Current Accident Year	99.0%	98.9%	99.7%	99.3%	98.7%	99.1%	100.5%	83.8%
<b>Total</b>	<b>92.8%</b>	<b>97.3%</b>	<b>95.1%</b>	<b>73.0%</b>	<b>65.1%</b>	<b>82.3%</b>	<b>97.0%</b>	<b>53.1%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>24.8%</b>	<b>24.7%</b>	<b>57.3%</b>	<b>20.3%</b>	<b>21.3%</b>	<b>28.3%</b>	<b>34.5%</b>	<b>20.1%</b>
Expense allowance	19.9%	21.1%	47.9%	18.5%	27.4%	24.6%	28.6%	23.2%
Premium Deficiency / (DPAC)	1.6%	1.9%	6.7%	(1.6%)	(8.2%)	0.6%	3.5%	(5.7%)
Administrative Expenses	3.3%	1.7%	2.8%	3.4%	2.1%	3.1%	2.4%	2.6%
<b>Combined Operating Ratio</b>	<b>117.6%</b>	<b>122.0%</b>	<b>152.4%</b>	<b>93.3%</b>	<b>86.4%</b>	<b>110.6%</b>	<b>131.5%</b>	<b>73.2%</b>

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 July 2022 was only 935 vehicles, which was significantly lower than prior year, while in line with our projection. The lower than prior year count, is primarily driven by changes in the cession strategy by one member company group.

The July 2022 average premium was below prior year. Premium written was also below the prior year and The Outlook.

## Incurred Losses

Incurred losses in July 2022 were \$2.0 million, and loss ratio was at 92.8%, down 4.5 percentage points compared with the projection and down 2.3 percentage points compared with prior year.

## Underwriting and Admin Expenses

Expenses for July 2022 include,

- Expense Allowance: \$0.4 million for July 2022 compared to projection at \$0.6 million and prior year at \$1.6 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): Change in Premium deficiency of \$35 thousand compared to projected change in premium deficiency of \$50 thousand and prior year change in premium deficiency of \$227 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 \$9.7 million to \$23.7 million.

The updated year-end 2022 operating deficit is now \$3.0 million and the combined operating ratio is 110.6%; 20.9 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](#)

\*07 month ended July 2022 (discounted basis)