

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-060

DATE: August 30, 2022

SUBJECT: New Brunswick 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 New Brunswick 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 \$1.3 million, lower than prior year by \$1.3 million. The **2022 year-to-date premium written** was \$10.2 million, lower than prior year by \$3.2 million; and
- (b) The **July 2022 operating results** were a deficit of \$0.3 million and the **2022 year-to-date operating results** were a deficit of \$1.8 million; and
- (c) The **July 2022 combined operating ratio** was 118.4%, higher than prior year by 1.0 percentage points. The **2022 year-to-date combined operating ratio** was 114.7%, above prior years by 21.7 percentage points.

Summary of Financial Results

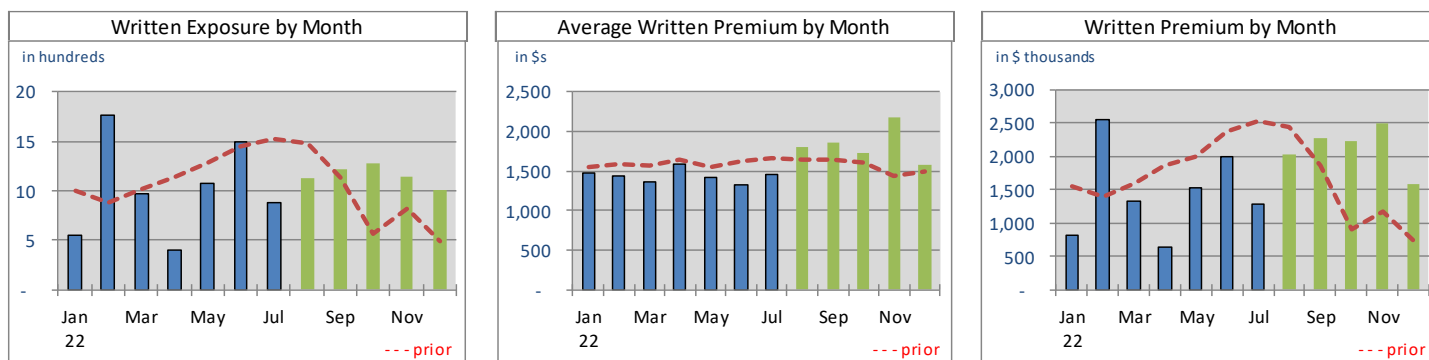
NB RSP Summary of Financial Results

NB 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	1,276	2,130	2,543	10,153	13,314	20,753	30,074	20,438
Premium Earned	1,686	1,258	1,789	12,400	11,780	19,779	26,023	20,409
Incurred Losses	1,440	1,058	1,289	10,496	7,224	16,751	22,620	12,227
Underwriting & Admin Expense	557	773	811	3,728	3,726	7,992	11,672	7,985
Expense allowance	374	622	778	2,965	4,075	6,060	8,783	6,256
Premium Deficiency / (DPAC)	111	43	(63)	180	(892)	804	1,365	673
Administrative Expenses	72	108	96	583	542	1,128	1,524	1,056
Net Result from Operations	(311)	(573)	(311)	(1,824)	830	(4,964)	(8,269)	197
Ratios:								
Loss ratio								
- Prior Accident Years	(0.6%)	(1.4%)	(2.4%)	(2.1%)	(14.3%)	(1.7%)	(2.1%)	(11.2%)
- Current Accident Year	86.0%	85.5%	74.5%	86.7%	75.6%	86.4%	89.0%	71.1%
Total	85.4%	84.1%	72.1%	84.6%	61.3%	84.7%	86.9%	59.9%
Underwriting & Admin Expense	33.0%	61.4%	45.3%	30.1%	31.6%	40.4%	44.9%	39.1%
Expense allowance	22.2%	49.4%	43.5%	23.9%	34.6%	30.6%	33.8%	30.7%
Premium Deficiency / (DPAC)	6.6%	3.4%	(3.5%)	1.5%	(7.6%)	4.1%	5.2%	3.3%
Administrative Expenses	4.3%	8.6%	5.4%	4.7%	4.6%	5.7%	5.9%	5.2%
Combined Operating Ratio	118.4%	145.5%	117.4%	114.7%	92.9%	125.1%	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 July 2022 was only 875 vehicles, which was significantly lower than prior year by 651 vehicles and The Outlook for the month by 786 vehicles.

With a decrease of 49.8%, premium written dropped significantly compared with the prior year and average premium also showed a significant decrease of 12.5% compared with prior year.

Incurred Losses

Incurred losses in July 2022 were \$1.4 million, \$0.4 million higher than projection and slightly higher compared with the same month from last year; and loss ratio was at 85.4%, up 1.3 percentage points compared with our projection and up 13.3 percentage points compared with prior year.

Underwriting and Admin Expenses

Expenses for July 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): Change in premium deficiency of \$111 thousand for July 2022 compared to projected change in premium deficiency of \$43 thousand and prior year change in DPAC of \$63 thousand.
- Administrative Expenses are fairly consistent with projection and prior year.

Projection to year-end 2022

Compared with The Outlook, written premium is below projection.

The updated year-end 2022 operating deficit is now \$5.0 million, an increase from The Outlook and the combined operating ratio is 125.1%, 6.6 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](#)

*07 month ended July 2022 (discounted basis)