

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-055

DATE: July 28, 2022

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

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

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

Highlights

- (a) The **June 2022 premium written** was \$3.3 million, lower than prior year by \$0.4 million. The **2022 year-to-date premium written** was \$9.2 million lower than prior year by \$8.6 million; and
- (b) The **June 2022 operating results** were a *deficit* of \$1.1 million. The **2022 year-to-date operating results** were a *surplus* of \$1.5 million; and
- (c) The **June 2022 combined operating ratio** was 146.0%, higher than prior years by 11.3 percentage points. The **2022 year-to-date combined operating ratio** was 89.7%, higher than prior year by 13.1 percentage points.

Summary of Financial Results

NS RSP Summary of Financial Results

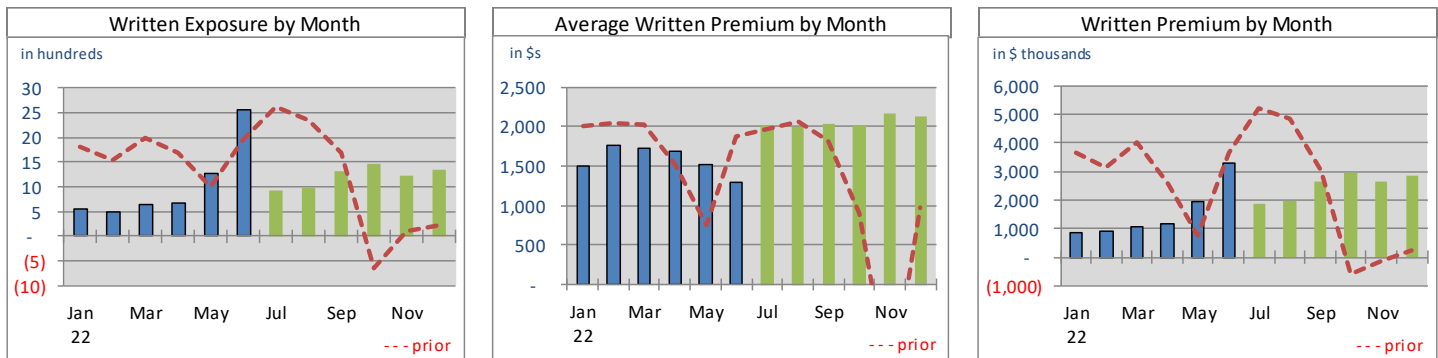
NS RSP 2022 Summary Amounts in \$000s	Actual (June 2022)	Projection (June 2022)	Prior Year (June 2021)	2022 year-to-date as at 6 months	2021 year-to-date as at 6 months	2022 year-end Projection	Outlook* Full year 2022	2021 year-end Actual
Premium Written	3,313	3,008	3,681	9,221	17,841	24,193	33,322	30,440
Premium Earned	2,325	2,780	3,409	14,776	22,879	28,367	34,102	41,021
Incurred Losses	2,264	2,697	3,209	10,356	13,882	23,458	33,089	21,759
Underwriting & Admin Expense	1,133	1,034	1,381	2,898	3,637	8,102	11,771	8,254
Expense allowance	970	882	1,152	2,698	5,584	7,085	9,766	9,521
Premium Deficiency / (DPAC)	53	78	151	(310)	(2,391)	197	1,193	(2,319)
Administrative Expenses	110	74	78	510	444	820	812	1,052
Net Result from Operations	(1,072)	(951)	(1,181)	1,522	5,360	(3,193)	(10,758)	11,008
Ratios:								
Loss ratio								
- Prior Accident Years	(1.8%)	(1.7%)	(3.3%)	(29.3%)	(37.9%)	(16.4%)	(3.5%)	(30.7%)
- Current Accident Year	99.1%	98.7%	97.5%	99.4%	98.6%	99.1%	100.5%	83.8%
Total	97.3%	97.0%	94.2%	70.1%	60.7%	82.7%	97.0%	53.1%
Underwriting & Admin Expense	48.7%	37.2%	40.5%	19.6%	15.9%	28.6%	34.5%	20.1%
Expense allowance	41.7%	31.7%	33.8%	18.3%	24.4%	25.0%	28.6%	23.2%
Premium Deficiency / (DPAC)	2.3%	2.8%	4.4%	(2.1%)	(10.5%)	0.7%	3.5%	(5.7%)
Administrative Expenses	4.7%	2.7%	2.3%	3.5%	1.9%	2.9%	2.4%	2.6%
Combined Operating Ratio	146.0%	134.2%	134.7%	89.7%	76.6%	111.3%	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 June 2022 was 2,547 vehicles, which was higher than prior year and the projection, this is mostly driven by the increase in usage by one member of the pool.

The June 2022 average premium was below prior year. Premium written was also below the prior year but still above The Outlook.

Incurred Losses

Incurred losses in June 2022 were \$2.3 million, and loss ratio was at 97.3%, up 0.3 percentage points compared with the projection and up 3.1 percentage points compared with prior year.

Underwriting and Admin Expenses

Expenses for June 2022 include,

- Expense Allowance: \$1.0 million for June 2022 compared to projection at \$0.9 million and prior year at \$1.2 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 \$53 thousand compared to projected change in premium deficiency of \$78 thousand and prior year change in premium deficiency of \$151 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 \$9.1 million to \$24.2 million.

The updated year-end 2022 operating deficit is now \$3.2 million and the combined operating ratio is 111.3%; 20.3 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](#)

*06 month ended June 2022 (discounted basis)