

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2022-053

**DATE:** July 28, 2022

**SUBJECT:** Alberta Risk Sharing Pools – June 2022 Operational Report

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

Please be advised that the June 2022 Alberta Risk Sharing Pools Operational Reports are available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

### Highlights

#### ***Alberta Grid***

- (a) The ***Alberta Grid June 2022 premium written for the month*** was \$31.7 million, higher than prior year by \$9.0 million. The ***2022 year-to-date premium written*** was \$158.1 million higher than prior year by \$61.3 million;
- (b) The ***Alberta Grid 2022 June 2022 net operating deficit*** was \$5.4 million, and the ***2022 year-to-date operating results deficit*** was \$6.3 million; and
- (c) The ***Alberta Grid June 2022 combined operating ratio*** was 123.6%, higher than prior year by 13.2 percentage points. The ***2022 year-to-date combined operation ratio*** was 105.2%, higher than prior year by 26.5 percentage points.

#### ***Alberta Non-Grid***

- (a) The ***Alberta Non-Grid June 2022 premium written for the month*** was \$15.7 million, lower than prior year by \$1.4 million. The ***2022 year-to-date premium written*** was \$70.5 million lower than prior year by \$5.5 million;
- (b) The ***Alberta Non-Grid 2022 June 2022 net operating deficit*** was \$5.4 million, and the ***2022 year-to-date operating results deficit*** was \$18.7 million; and
- (c) The ***Alberta Non-Grid June 2022 combined operating ratio*** was 141.8%, slightly higher than prior year by 0.9 percentage points. The ***2022 year-to-date combined operation ratio*** was 123.7%, higher than prior year by 18.9 percentage points.

## Alberta Grid RSP - Summary of Financial Results

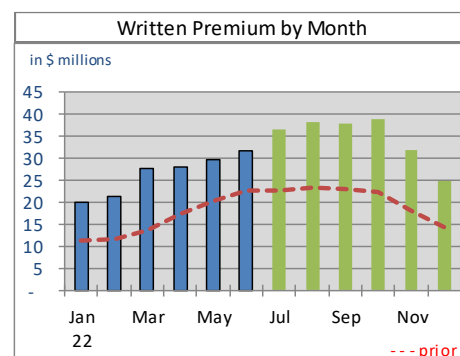
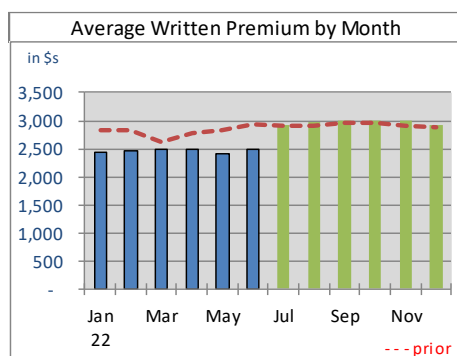
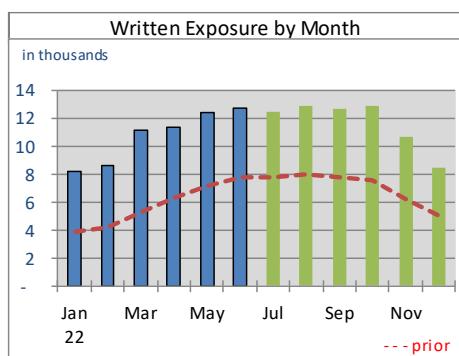
### AB-G RSP Summary of Financial Results

AB Grid 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	31,652	36,064	22,677	158,131	96,868	365,596	296,273	220,613
Premium Earned	22,915	25,573	16,181	124,667	92,684	286,509	262,801	200,881
Incurred Losses	19,247	21,536	11,649	86,113	50,967	222,664	211,834	101,044
Underwriting & Admin Expense	9,070	10,294	6,214	44,956	21,948	109,388	94,465	65,469
Expense allowance	9,432	10,747	6,871	47,115	29,350	108,939	88,293	66,844
Premium Deficiency / (DPAC)	(501)	(552)	(756)	(2,801)	(7,945)	(1,523)	4,278	(2,679)
Administrative Expenses	139	99	99	642	543	1,972	1,894	1,304
<b>Net Result from Operations</b>	<b>(5,402)</b>	<b>(6,389)</b>	<b>(1,682)</b>	<b>(6,402)</b>	<b>19,769</b>	<b>(45,543)</b>	<b>(43,498)</b>	<b>34,368</b>
<b>Ratios:</b>								
<b>Loss ratio</b> - Prior Accident Years	(1.6%)	(1.5%)	(4.7%)	(17.1%)	(23.1%)	(8.2%)	(2.9%)	(20.6%)
- Current Accident Year	85.6%	85.7%	76.6%	86.2%	78.1%	86.0%	83.5%	70.9%
<b>Total</b>	<b>84.0%</b>	<b>84.2%</b>	<b>71.9%</b>	<b>69.1%</b>	<b>55.0%</b>	<b>77.8%</b>	<b>80.6%</b>	<b>50.3%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>39.6%</b>	<b>40.6%</b>	<b>38.4%</b>	<b>36.1%</b>	<b>23.7%</b>	<b>38.2%</b>	<b>35.9%</b>	<b>32.6%</b>
Expense allowance	41.2%	42.0%	42.5%	37.8%	31.7%	38.0%	33.6%	33.3%
Premium Deficiency / (DPAC)	(2.2%)	(2.2%)	(4.7%)	(2.2%)	(8.6%)	(0.5%)	1.6%	(1.3%)
Administrative Expenses	0.6%	0.4%	0.6%	0.5%	0.6%	0.7%	0.7%	0.6%
<b>Combined Operating Ratio</b>	<b>123.6%</b>	<b>124.8%</b>	<b>110.4%</b>	<b>105.2%</b>	<b>78.7%</b>	<b>116.0%</b>	<b>116.5%</b>	<b>82.9%</b>

rounding differences may occur  
\*as posted to FA's website Dec. 24, 2021

### Premium (Alberta Grid RSP)

The premium drivers compared to prior year and The Outlook to year-end are:



The vehicle count transfer June 2022 was 12,663 vehicles, which was higher than prior year as expected, due to grid rates changes but also the introduction of the DCPD, both implemented in January 2022. The transfer was higher than the Outlook as members review their ceding strategies.

Average premium in June 2022 showed a decrease compared to prior year (in line with grid rates changes). Premium written was above prior year driven by the increase in vehicle counts transferred to the pool.

### Incurred Losses (Alberta Grid RSP)

Incurred losses in June 2022 were \$19.2 million, \$2.3 million lower than our projection and \$7.6 million higher compared with the same month from last year.

Loss ratio was at 84.0%, 0.2 percentage points lower than our projection, and 12.1 percentage points above prior year. Loss ratios are expected to increase compared to prior year as effects of pandemic fade.

## Underwriting and Admin Expenses (Alberta Grid RSP)

Expenses for June 2022 include,

- Expense Allowance – this is based on written premium. The allowance ratio is approximately 30% of written premium and consistent across actual, prior year and outlook for both current month and year-to-date;
- Premium deficiency / (DPAC): DPAC at \$0.5 million for June 2022 compared to projected DPAC at \$0.6 million and prior year DPAC at \$0.8 million.
- Administrative Expense: \$0.1 million for June 2022, consistent with projection and prior year.

## Projection to year-end 2022 (Alberta Grid RSP)

Compared with The Outlook released in December 2021, written premium is expected to increase as the economy is opening up and grid rate changes continue to make their way in the system as loss ratios return to pre-pandemic levels.

The year-end 2022 operating deficit is expected to be \$45.5 million with loss ratios below The Outlook. Expense allowance, driven mainly from written premium, is expected to be above The Outlook, resulting in combined ratios which are in line with The Outlook.

## Alberta Non-Grid RSP - Summary of Financial Results

### AB-N RSP Summary of Financial Results

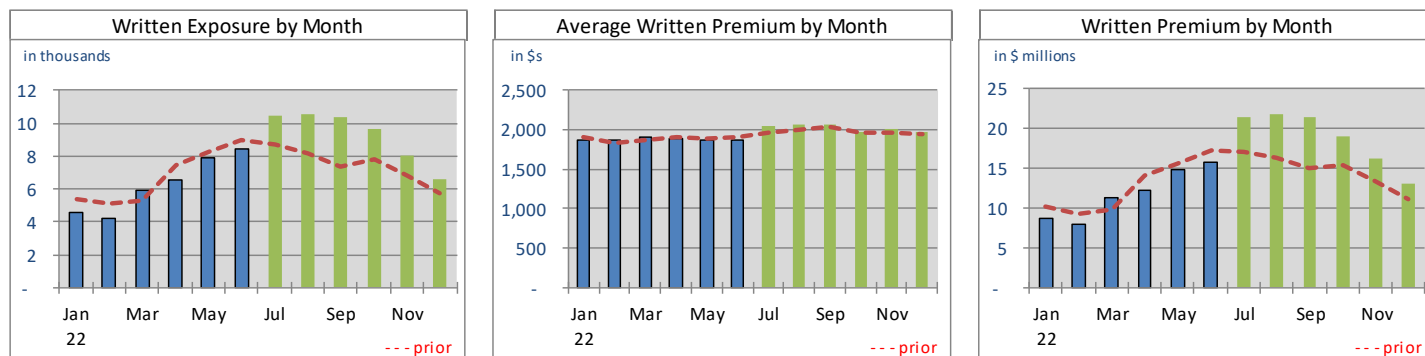
<b>AB Non-Grid RSP 2022 Summary</b> Amounts in \$000s	<b>Actual</b> (June 2022)	<b>Projection</b> (June 2022)	<b>Prior Year</b> (June 2021)	<b>2022 year-to-date</b> as at 6 months	<b>2021 year-to-date</b> as at 6 months	<b>2022 year-end</b> Projection	<b>Outlook*</b> Full year 2022	<b>2021 year-end</b> Actual
Premium Written	15,749	20,762	17,141	70,525	76,054	183,462	223,687	164,175
Premium Earned	12,991	14,571	11,219	78,546	62,246	165,538	198,176	139,520
Incurred Losses	13,058	14,729	10,105	76,757	46,496	165,069	200,502	95,850
Underwriting & Admin Expense	5,363	7,271	5,702	20,445	18,782	61,064	76,102	53,463
Expense allowance	4,693	6,187	5,193	21,014	23,041	54,670	66,658	49,743
Premium Deficiency / (DPAC)	530	880	410	(1,213)	(4,803)	4,659	7,251	2,409
Administrative Expenses	140	204	99	644	544	1,735	2,193	1,311
<b>Net Result from Operations</b>	<b>(5,430)</b>	<b>(7,429)</b>	<b>(4,588)</b>	<b>(18,656)</b>	<b>(3,032)</b>	<b>(60,595)</b>	<b>(78,428)</b>	<b>(9,793)</b>
<b>Ratios:</b>								
<b>Loss ratio</b> - Prior Accident Years	(2.4%)	(2.0%)	(5.0%)	(6.3%)	(21.9%)	(3.9%)	(2.6%)	(17.9%)
- Current Accident Year	102.9%	103.1%	95.1%	104.0%	96.6%	103.6%	103.8%	86.6%
<b>Total</b>	<b>100.5%</b>	<b>101.1%</b>	<b>90.1%</b>	<b>97.7%</b>	<b>74.7%</b>	<b>99.7%</b>	<b>101.2%</b>	<b>68.7%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>41.3%</b>	<b>49.9%</b>	<b>50.8%</b>	<b>26.0%</b>	<b>30.2%</b>	<b>36.9%</b>	<b>38.4%</b>	<b>38.3%</b>
Expense allowance	36.1%	42.5%	46.3%	26.8%	37.0%	33.0%	33.6%	35.7%
Premium Deficiency / (DPAC)	4.1%	6.0%	3.7%	(1.5%)	(7.7%)	2.8%	3.7%	1.7%
Administrative Expenses	1.1%	1.4%	0.9%	0.8%	0.9%	1.0%	1.1%	0.9%
<b>Combined Operating Ratio</b>	<b>141.8%</b>	<b>151.0%</b>	<b>140.9%</b>	<b>123.7%</b>	<b>104.9%</b>	<b>136.6%</b>	<b>139.6%</b>	<b>107.0%</b>

rounding differences may occur

\*as posted to FA's website Dec. 24, 2021

## Premium (Alberta Non-Grid RSP)

The premium drivers compared to prior year and The Outlook to year-end are:



The vehicle count transfer for June 2022 was 8,420 vehicles, which was lower than prior year and projected. Transfer was lower than The Outlook for the month by 1,572.

Average premium in June showed a slight decrease compared with prior year. Premium written was also below prior year and projection.

## Incurred Losses (Alberta Non-Grid RSP)

Incurred losses in June 2022 were \$13.1 million, \$1.7 million lower than projection from last month, while \$3.0 million higher compared with the same month from last year.

Loss ratio was at 100.5% which was 0.6 percentage points below projected, and 10.4 percentage points above prior year.

## Underwriting and Admin Expenses (Alberta Non-Grid RSP)

Expenses for June 2022 include,

- Expense Allowance – this is based on written premium. The allowance ratio is approximately 30% of written premium and consistent across actual, prior year and outlook for both current month and year-to-date;
- Premium Deficiency / (DPAC): Premium deficiency of \$0.5 million compared to projected premium deficiency of \$0.9 million and prior year premium deficiency of \$0.4 million.
- Administrative Expense: \$0.1 million for June 2022, fairly consistent with projection and prior year.

## Projection to year-end 2022 (Alberta Non-Grid RSP)

Compared with The Outlook released in December 2021, written premium had reduced by \$40.2 million to \$183.5 million driven by updated premium projections received from members of the Alberta Non-Grid Risk Sharing Pool.

The year-end 2022 operating deficit is expected to be \$60.6 million, \$17.8 million below The Outlook, and the combined operating ratio is 136.6%, 3.0 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:**

Alberta Grid RSP:

[Alberta Grid RSP Summary of Operations - Calendar Year 2022](#)

\* 06 month ended June 2022 (discounted basis)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP Summary of Operations - Calendar Year 2022](#)

\*06 month ended June 2022 (discounted basis)