

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2022-034

**DATE:** May 30, 2022

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

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

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

## Highlights

- (a) The **April 2022 premium written** was \$1.2 million, lower than prior year by \$1.4 million. The **2022 year-to-date premium written** was \$4.0 million lower than prior year by \$9.4 million; and
- (b) The **April 2022 operating results** were a *deficit* of \$0.4 million. The **2022 year-to-date operating results** were a *surplus* of \$0.8 million; and
- (c) The **April 2022 combined operating ratio** was 115.4%, lower than prior years by 5.0 percentage points. The **2022 year-to-date combined operating ratio** was 91.8%, higher than prior year by 27.4 percentage points.

## Summary of Financial Results

### NS RSP Summary of Financial Results

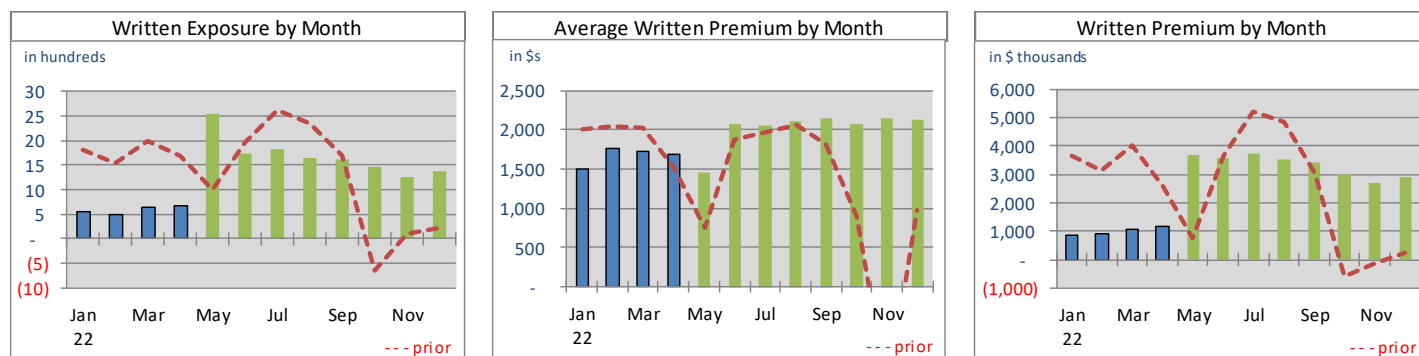
<b>NS RSP 2022 Summary</b> Amounts in \$000s	Actual (April 2022)	Projection (April 2022)	Prior Year (April 2021)	2022 year-to-date as at 4 months	2021 year-to-date as at 4 months	2022 year-end Projection	Outlook* Full year 2022
Premium Written	1,151	3,233	2,585	3,977	13,414	30,593	33,322
Premium Earned	2,327	3,119	4,028	10,157	15,697	29,386	34,102
Incurred Losses	2,257	3,064	3,905	7,997	7,865	26,608	33,089
Underwriting & Admin Expense	428	1,096	945	1,327	2,252	10,957	11,771
Expense allowance	337	948	809	1,163	4,199	8,960	9,766
Premium Deficiency / (DPAC)	(17)	69	53	(157)	(2,239)	1,078	1,193
Administrative Expenses	108	79	83	321	292	919	812
<b>Net Result from Operations</b>	<b>(358)</b>	<b>(1,041)</b>	<b>(822)</b>	<b>833</b>	<b>5,580</b>	<b>(8,179)</b>	<b>(10,758)</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	(4.1%)	(2.1%)	(2.5%)	(22.6%)	(50.8%)	(9.9%)	(3.5%)
- Current Accident Year	101.1%	100.3%	99.4%	101.3%	100.9%	100.5%	100.5%
<b>Total</b>	<b>97.0%</b>	<b>98.2%</b>	<b>96.9%</b>	<b>78.7%</b>	<b>50.1%</b>	<b>90.6%</b>	<b>97.0%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>18.4%</b>	<b>35.1%</b>	<b>23.5%</b>	<b>13.1%</b>	<b>14.3%</b>	<b>37.3%</b>	<b>34.5%</b>
Expense allowance	14.5%	30.4%	20.1%	11.5%	26.8%	30.5%	28.6%
Premium Deficiency / (DPAC)	(0.7%)	2.2%	1.3%	(1.5%)	(14.3%)	3.7%	3.5%
Administrative Expenses	4.6%	2.5%	2.1%	3.2%	1.9%	3.1%	2.4%
<b>Combined Operating Ratio</b>	<b>115.4%</b>	<b>133.3%</b>	<b>120.4%</b>	<b>91.8%</b>	<b>64.4%</b>	<b>127.9%</b>	<b>131.5%</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 April 2022 was 681 vehicles, which was lower than both prior year and projection, mostly driven by the decrease in usage by one member of the pool. The Outlook expected an increase in usage due to the increase in vehicle transfer limit to 5% as well as expanding the eligibility criteria to allow all private passenger use vehicles from the current restriction for inexperienced operators.

The April 2022 average premium was above prior years. Premium written was below prior year and The Outlook.

## Incurred Losses

Incurred losses in April 2022 were \$2.3 million, and loss ratio was at 97.0%, down 1.2 percentage points compared with the projection and similar to prior year.

## Underwriting and Admin Expenses

Expenses for April 2022 include,

- Expense Allowance: \$0.3 million for April 2022 compared to projection at \$0.9 million and prior year at \$0.8 million. The allowance is approximately 29% of written premium. Changes from projection and prior year are consistent with changes in written premium.
- Premium Deficiency / (DPAC): DPAC of \$0.02 million compared to projected Premium Deficiency of \$0.1 million and prior year premium deficiency of \$0.1 million.
- Administrative Expenses were in line with projection and prior year.

## Projection to year-end 2022

Compared with The Outlook, written premium has decreased by \$2.7 million to \$30.6 million.

The updated year-end 2022 operating deficit is now \$8.2 million and the combined operating ratio is 127.9%; 3.6 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:**

[Nova Scotia RSP Summary of Operations - Calendar Year 2022](#)

\*04 month ended April 2022 (discounted basis)