

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-032

DATE: May 30, 2022

SUBJECT: Alberta Risk Sharing Pools – 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 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 April 2022 premium written for the month*** was \$28.1 million, higher than prior year by \$10.6 million. The ***2022 year-to-date premium written*** was \$96.7 million higher than prior year by \$42.7 million;
- (b) The ***Alberta Grid 2022 April 2022 net operating deficit*** was \$5.2 million, and the ***2022 year-to-date operating results deficit*** was \$11.0 million; and
- (c) The ***Alberta Grid April 2022 combined operating ratio*** was 124.6%, higher than prior year by 16.8 percentage points. The ***2022 year-to-date combined operation ratio*** was 114.1%, higher than prior year by 45.7 percentage points.

Alberta Non-Grid

- (a) The ***Alberta Non-Grid April 2022 premium written for the month*** was \$12.2 million, lower than prior year by \$1.8 million. The ***2022 year-to-date premium written*** was \$40.1 million lower than prior year by \$3.4 million;
- (b) The ***Alberta Non-Grid 2022 April 2022 net operating deficit*** was \$4.4 million, and the ***2022 year-to-date operating results deficit*** was \$10.3 million; and
- (c) The ***Alberta Non-Grid April 2022 combined operating ratio*** was 133.7%, lower than prior year by 3.3 percentage points. The ***2022 year-to-date combined operation ratio*** was 119.9%, higher than prior year by 23.5 percentage points.

Alberta Grid RSP - Summary of Financial Results

AB-G RSP Summary of Financial Results

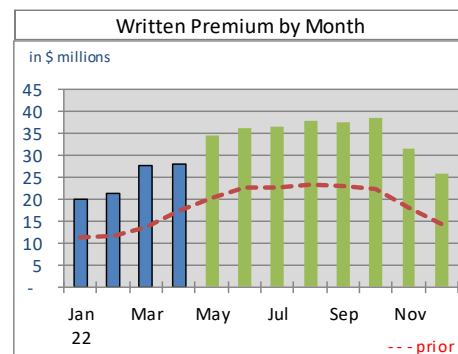
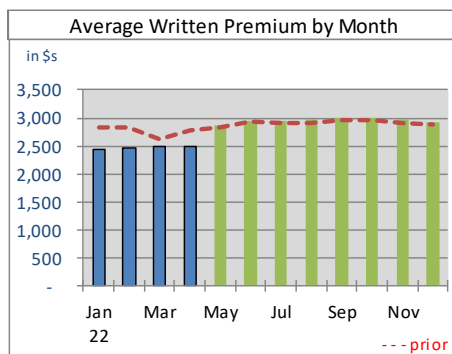
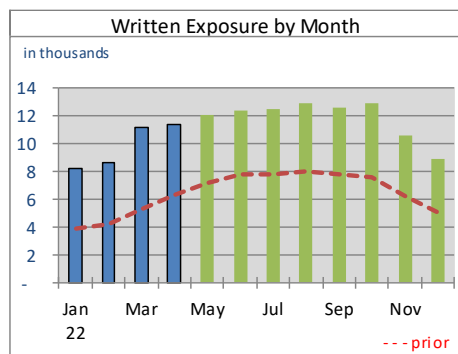
AB Grid RSP 2022 Summary Amounts in \$000s	Actual (April 2022)	Projection (April 2022)	Prior Year (April 2021)	2022 year-to-date as at 4 months	2021 year-to-date as at 4 months	2022 year-end Projection	Outlook* Full year 2022
Premium Written	28,085	34,816	17,448	96,719	54,009	375,146	296,273
Premium Earned	21,155	23,761	15,481	78,994	60,308	289,154	262,801
Incurred Losses	18,223	20,469	11,387	58,226	30,465	240,313	211,834
Underwriting & Admin Expense	8,136	9,789	5,309	31,878	10,771	117,687	94,465
Expense allowance	8,368	10,375	5,287	28,815	16,364	111,785	88,293
Premium Deficiency / (DPAC)	(367)	(691)	(83)	2,659	(5,944)	3,719	4,278
Administrative Expenses	135	105	105	404	352	2,183	1,894
Net Result from Operations	(5,204)	(6,615)	(1,215)	(11,110)	19,072	(68,846)	(43,498)
Ratios:							
Loss ratio - Prior Accident Years	(2.9%)	(2.8%)	(4.9%)	(16.0%)	(29.6%)	(5.9%)	(2.9%)
- Current Accident Year	89.0%	89.0%	78.3%	89.7%	80.1%	89.0%	83.5%
Total	86.1%	86.2%	73.4%	73.7%	50.5%	83.1%	80.6%
Underwriting & Admin Expense	38.5%	41.5%	34.3%	40.4%	17.9%	40.7%	35.9%
Expense allowance	39.6%	43.7%	34.2%	36.5%	27.1%	38.7%	33.6%
Premium Deficiency / (DPAC)	(1.7%)	(2.9%)	(0.5%)	3.4%	(9.9%)	1.3%	1.6%
Administrative Expenses	0.6%	0.4%	0.7%	0.5%	0.6%	0.8%	0.7%
Combined Operating Ratio	124.6%	127.7%	107.8%	114.1%	68.4%	123.8%	116.5%

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 April 2022 was 11,311 vehicles, which was higher than prior year as expected, due to introduction of the DCPD but also grid rates changes implemented in January 2022. The transfer was higher than the Outlook as members review their ceding strategies.

The April average premium was below prior year. Premium written was above prior year and projection primarily driven by the increase in vehicle counts transferred to the pool.

Incurred Losses (Alberta Grid RSP)

Incurred losses in April 2022 were \$18.2 million, \$2.2 million lower than our projection and \$6.8 million higher compared with the same month from last year.

Loss ratio was at 86.1% which was in line with projection, and 12.7 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 April 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 of \$0.4 million for April 2022 compared to projected DPAC at \$0.7 million and prior year DPAC at \$0.1 million.
- Administrative Expense: \$0.1 million for April 2022, consistent with projection and prior year.

Projection to year-end 2022 (Alberta Grid RSP)

Compared with The Outlook released in December 2022, written premium is expected to increase as the economy is opening up and loss ratios to return to pre-pandemic levels.

The year-end 2022 operating deficit is expected to be \$68.8 million with loss ratios above The Outlook. Expense allowance, driven mainly from written premium, is expected to be above The Outlook, driving the increased combined ratios.

Alberta Non-Grid RSP - Summary of Financial Results

AB-N RSP Summary of Financial Results

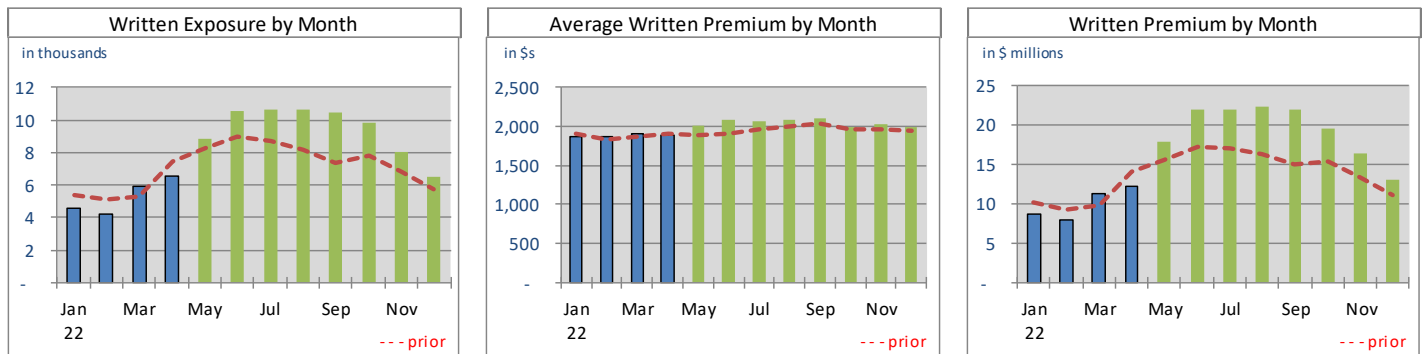
AB Non-Grid RSP 2022 Summary	Actual	Projection	Prior Year	2022 year-to-date	2021 year-to-date	2022 year-end	Outlook*
Amounts in \$000s	(April 2022)	(April 2022)	(April 2021)	as at 4 months	as at 4 months	Projection	Full year 2022
Premium Written	12,239	15,965	14,087	40,072	43,443	194,965	223,687
Premium Earned	13,021	14,362	10,265	52,102	40,031	170,247	198,176
Incurred Losses	13,539	15,029	9,503	49,555	30,021	174,075	200,502
Underwriting & Admin Expense	3,881	5,258	4,555	12,884	8,575	68,280	76,102
Expense allowance	3,647	4,757	4,268	11,939	13,161	58,098	66,658
Premium Deficiency / (DPAC)	99	344	182	541	(4,938)	8,268	7,251
Administrative Expenses	135	157	105	404	352	1,914	2,193
Net Result from Operations	(4,399)	(5,925)	(3,793)	(10,337)	1,435	(72,108)	(78,428)
Ratios:							
Loss ratio - Prior Accident Years	(3.3%)	(3.0%)	(5.5%)	(13.1%)	(24.8%)	(5.5%)	(2.6%)
- Current Accident Year	107.2%	107.6%	98.1%	108.3%	99.8%	107.8%	103.8%
Total	103.9%	104.6%	92.6%	95.2%	75.0%	102.3%	101.2%
Underwriting & Admin Expense	29.8%	36.6%	44.4%	24.7%	21.4%	40.1%	38.4%
Expense allowance	28.0%	33.1%	41.6%	22.9%	32.9%	34.1%	33.6%
Premium Deficiency / (DPAC)	0.8%	2.4%	1.8%	1.0%	(12.3%)	4.9%	3.7%
Administrative Expenses	1.0%	1.1%	1.0%	0.8%	0.9%	1.1%	1.1%
Combined Operating Ratio	133.7%	141.2%	137.0%	119.9%	96.4%	142.4%	139.6%

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 April 2022 was 6,509 vehicles, which was lower than prior year and projected. Transfer was significantly lower than The Outlook for the month by 3,355.

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

Incurred Losses (Alberta Non-Grid RSP)

Incurred losses in April 2022 were \$13.5 million, \$1.5 million lower than projection from last month, while \$4.0 million higher compared with the same month from last year.

Loss ratio was at 103.9% which was slightly below projection, and 11.3 percentage points above prior year.

Underwriting and Admin Expenses (Alberta Non-Grid RSP)

Expenses for April 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 \$0.1 million compared to projected premium deficiency of \$0.3 million and prior year premium deficiency of \$0.2 million.
- Administrative Expense: \$0.1 million for April 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 \$28.7 million to \$195.0 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 \$72.1 million, \$6.3 million below The Outlook, and the combined operating ratio is 142.4%, 2.8 percentage points above 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](#)

* 04 month ended April 2022 (discounted basis)

Alberta Non-Grid RSP:

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

*04 month ended April 2022 (discounted basis)