

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2022 – 031

**DATE:** May 30, 2022

**SUBJECT:** Ontario Risk Sharing Pool – April 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 April 2022 Ontario 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 \$43.0 million, higher than prior year by \$21.2 million. The **2022 year-to-date premium written** was \$166.5 million higher than prior year by \$64.4 million; and
- (b) The **April 2022 operating result** was a deficit of \$25.5 million and the **2022 year-to-date operating results** were a deficit of \$89.3 million; and
- (c) The **April 2022 combined operating ratio** was 166.3%, higher than prior year by 35 percentage points. The **year-to-date combined operating ratio** was 161.8%, higher than prior year by 65.9 percentage points.

## Summary of Financial Results

### ON RSP Summary of Financial Results

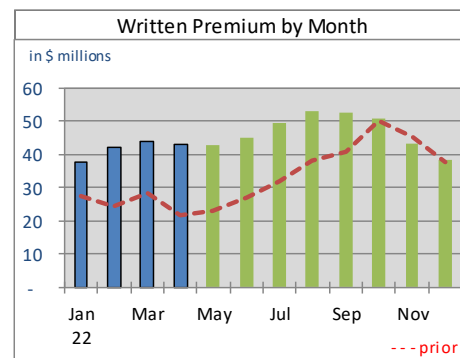
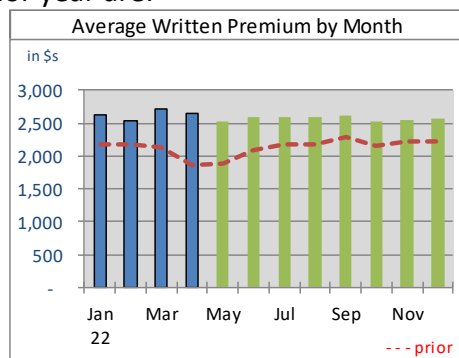
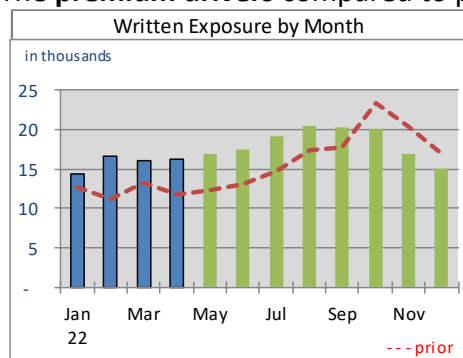
<b>ON RSP 2022 Summary</b> Amounts in \$000s	<b>Actual</b> (April 2022)	<b>Projection</b> (April 2022)	<b>Prior Year</b> (April 2021)	<b>2022 year-to-date</b> as at 4 months	<b>2021 year-to-date</b> as at 4 months	<b>2022 year-end</b> Projection	<b>Outlook*</b> Full year 2022
Premium Written	43,013	38,646	21,826	166,488	102,087	542,546	516,439
Premium Earned	38,508	36,849	31,392	144,604	129,356	485,630	477,938
Incurred Losses	49,924	47,644	36,524	155,547	110,400	607,657	573,649
Underwriting & Admin Expense	14,104	12,005	4,705	78,401	13,634	205,222	164,861
Expense allowance	11,941	10,859	6,011	46,598	28,971	152,268	145,120
Premium Deficiency / (DPAC)	1,946	976	(1,476)	31,146	(15,914)	50,708	17,469
Administrative Expenses	217	170	170	657	577	2,246	2,272
<b>Net Result from Operations</b>	<b>(25,520)</b>	<b>(22,800)</b>	<b>(9,837)</b>	<b>(89,344)</b>	<b>5,322</b>	<b>(327,249)</b>	<b>(260,572)</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	(4.3%)	(5.4%)	(11.1%)	(28.7%)	(43.0%)	(11.4%)	(4.9%)
- Current Accident Year	134.0%	134.8%	127.4%	136.3%	128.4%	136.6%	124.9%
<b>Total</b>	<b>129.7%</b>	<b>129.3%</b>	<b>116.3%</b>	<b>107.6%</b>	<b>85.4%</b>	<b>125.2%</b>	<b>120.0%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>36.6%</b>	<b>32.6%</b>	<b>15.0%</b>	<b>54.2%</b>	<b>10.5%</b>	<b>42.3%</b>	<b>34.5%</b>
Expense allowance	31.0%	29.5%	19.1%	32.2%	22.4%	31.4%	30.4%
Premium Deficiency / (DPAC)	5.1%	2.6%	(4.7%)	21.5%	(12.3%)	10.4%	3.7%
Administrative Expenses	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%
<b>Combined Operating Ratio</b>	<b>166.3%</b>	<b>161.9%</b>	<b>131.3%</b>	<b>161.8%</b>	<b>95.9%</b>	<b>167.5%</b>	<b>154.5%</b>

rounding differences may occur

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

## Premium

The **premium drivers** compared to prior year are:



The vehicle count transfer for April 2022 was 16,241 vehicles, which was higher than prior year by 4,517 vehicles, and 1,328 vehicles lower than The Outlook for the month.

The April 2022 average premium was above The Outlook by 5.6%, increased from prior years reflecting the increase in cession limit change from 85% to 100% as well as a change in the mix of risks being ceded to the pool.

## Incurred Losses

Incurred losses in April 2022 were \$49.9 million, \$2.3 million higher than projection and \$13.4 million higher compared with the same month from last year.

Loss ratio was at 129.7%, slightly above projected amount, and up 13.4 percentage points compared to prior year. The impacts of the pandemic are continuing with the expectation that they will return to normalized levels over the year.

## Underwriting and Admin Expenses

Underwriting expenses for April 2022 include,

- Expense Allowance – this is based on written premium. The allowance ratio is approximately 28% 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 \$1.9 million for April 2022 compared to projected Premium Deficiency of \$1.0 million and prior year DPAC at \$1.5 million;
- Administrative Expense: \$0.2 million for April 2022, consistent with projection and prior year.

## Projection to year-end 2022

Compared with The Outlook released in December 2021, written premium is expected to increase as the economy opens up and loss ratios to return to pre-pandemic levels.

The year-end 2022 operating deficit is expected to be \$327.2 million with loss ratios above The Outlook. Expense allowance, driven mainly from written premium, as well as Premium Deficiency are expected to be above those predicted in The Outlook and are driving the increase in combined ratios.

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:

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

\*04 month ended April 2022 (discounted basis)