

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-028

DATE: April 28, 2022

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

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

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

Highlights

- (a) The **March 2022 premium written** was \$1.1 million, lower than prior year by \$3.0 million. The **2022 year-to-date premium written** was \$8.0 million lower than prior year; and
- (b) The **March 2022 operating results** were a *surplus* of \$1.6 million. The **2022 year-to-date operating results** were a *surplus* of \$1.2 million; and
- (c) The **March 2022 combined operating ratio** was 37.7%, higher than prior years by 158.6 percentage points. The **2022 year-to-date combined operating ratio** was 84.9%, higher than prior year by 39.7 percentage points.
- (d) The implementation of the **2021 Q4 valuation**, generated **\$1.9 million favourable impact** for the month, decreasing the COR by 73.3 percentage points.

Summary of Financial Results

NS RSP Summary of Financial Results

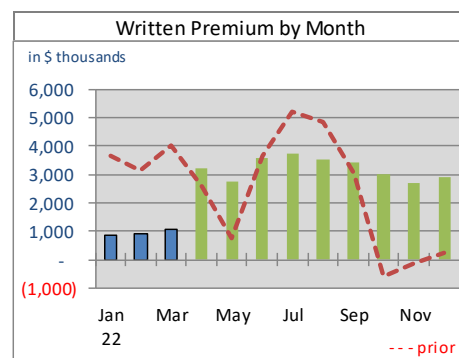
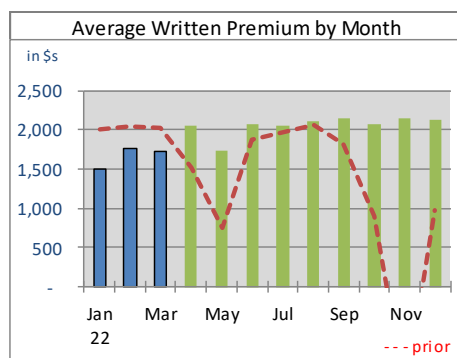
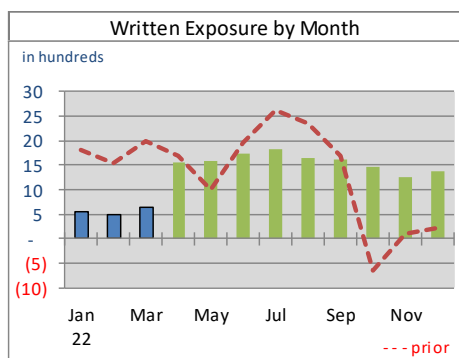
NS RSP 2022 Summary Amounts in \$000s	Actual (March 2022)	Projection (March 2022)	Prior Year (March 2021)	2022 year-to-date as at 3 months	2021 year-to-date as at 3 months	2022 year-end Projection	Outlook* Full year 2022
Premium Written	1,085	2,487	4,044	2,826	10,829	31,725	33,322
Premium Earned	2,554	3,302	4,096	7,830	11,669	30,390	34,102
Incurred Losses	603	3,227	(4,067)	5,740	3,959	27,641	33,089
Underwriting & Admin Expense	360	801	(884)	898	1,307	11,288	11,771
Expense allowance	317	729	1,266	826	3,390	9,293	9,766
Premium Deficiency / (DPAC)	(36)	11	(2,230)	(140)	(2,292)	1,092	1,193
Administrative Expenses	79	61	80	212	209	903	812
Net Result from Operations	1,591	(726)	9,047	1,192	6,403	(8,539)	(10,758)
Ratios:							
Loss ratio - Prior Accident Years	(76.5%)	(2.5%)	(183.0%)	(28.0%)	(67.5%)	(9.5%)	(3.5%)
- Current Accident Year	100.1%	100.2%	83.7%	101.4%	101.5%	100.5%	100.5%
Total	23.6%	97.7%	(99.3%)	73.4%	34.0%	91.0%	97.0%
Underwriting & Admin Expense	14.1%	24.3%	(21.6%)	11.5%	11.2%	37.1%	34.5%
Expense allowance	12.4%	22.1%	30.9%	10.5%	29.1%	30.6%	28.6%
Premium Deficiency / (DPAC)	(1.4%)	0.3%	(54.4%)	(1.8%)	(19.6%)	3.6%	3.5%
Administrative Expenses	3.1%	1.8%	1.9%	2.7%	1.8%	3.0%	2.4%
Combined Operating Ratio	37.7%	122.0%	(120.9%)	84.9%	45.2%	128.1%	131.5%

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 March 2022 was 632 vehicles, which was lower than both prior year and projection, 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 March 2022 average premium was below prior years. Premium written was below prior year and The Outlook.

Incurred Losses

Incurred losses in March 2022 were \$0.6 million, and loss ratio was at 23.6%, down 74.1 percentage points compared with the projection and up 122.9 percentage points from prior year. The variance from projection was driven by the 2021 Q4 valuation being implemented in the month, generating a favourable impact of \$1.8 million on the month and year-to-date losses. For more information on the valuation impact please refer to

the Actuarial Highlights.

NS RSP Summary of 2021 Q4 Valuation Implementation Impact

unfav / (fav)

Risk Sharing Pool	Impact on Operating Results (\$000s)	Impact on COR (%)	Impact on COR (%)	Impact on Operating Results (\$000s)	Impact on COR (%)
Nova Scotia	month/ytd	as month EP	as ytd EP	full year	as full year EP
PAYs (2021 & prior)	(1,837)	(71.9%)	(21.8%)	(1,779)	(7.5%)
CAY (2022)	(4)	(0.2%)	-	12	0.1%
PAYs & CAY	(1,841)	(72.1%)	(21.8%)	(1,767)	(7.4%)
Premium Deficiency / (DPAC)	(6)	(0.2%)	(0.1%)	(232)	(1.0%)
Total	(1,847)	(72.3%)	(22.0%)	(1,999)	(8.4%)

Underwriting and Admin Expenses

Expenses for March 2022 include,

- Expense Allowance: \$0.3 million for March 2022 compared to projection at \$0.7 million and prior year at \$1.3 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 \$0.04 million compared to projected Premium Deficiency of \$0.01 million and prior year DPAC of \$2.2 million.
- Administrative Expenses were in line with projection and prior year.

Projection to year-end 2022

Projections to year-end 2022 has been updated using the 2021 Q4 valuation assumptions; the impact generated an estimated favourable impact of \$2.0 million on the full year results.

Compared with The Outlook, written premium has decreased by \$1.6 million to \$31.7 million.

The updated year-end 2022 operating deficit is now \$8.5 million and the combined operating ratio is 128.1%; 3.4 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](#)

*03 month ended March 2022 (discounted basis)

[Nova Scotia RSP March 2022 Operational Report – Actuarial Highlights](#)

*For additional details on Actual vs Projected variance, IBNR, and valuation