

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-027

DATE: April 28, 2022

SUBJECT: New Brunswick 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 New Brunswick 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 \$1.3 million, lower than prior year by \$0.3 million. The **2022 year-to-date premium written** was \$0.2 million higher than prior year; and
- (b) The **March 2022 operating results** were a *deficit* of \$0.8 million and the **2022 year-to-date operating results** were a *deficit* of \$1.5 million; and
- (c) The **March 2022 combined operating ratio** was 138.2%, higher than prior year by 135.0 percentage points. The **2022 year-to-date combined operating ratio** was 127.2%, above prior years by 51.3 percentage points.
- (d) The implementation of the **2021 Q4 valuation**, generated **\$0.5 million unfavourable impact** for the month, increasing the COR by 25.1 percentage points.

Summary of Financial Results

NB RSP Summary of Financial Results

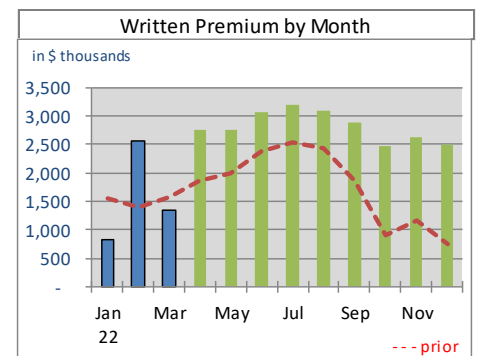
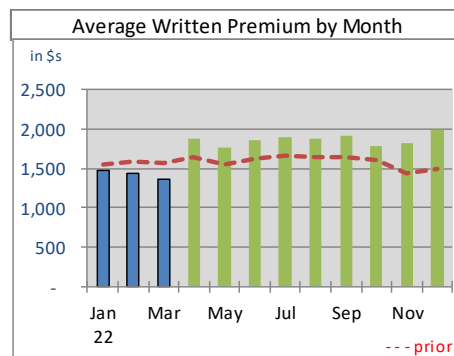
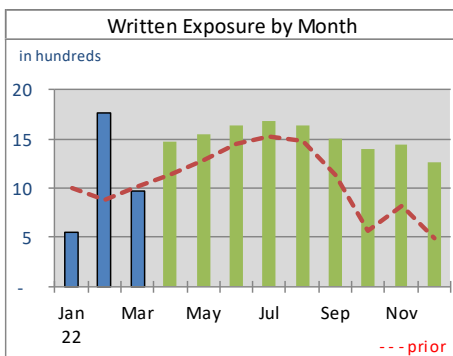
NB RSP 2022 Summary Amounts in \$000s	Actual (March 2022)	Projection (March 2022)	Prior Year (March 2021)	2022 year-to-date as at 3 months	2021 year-to-date as at 3 months	2022 year-end Projection	Outlook* Full year 2022
Premium Written	1,334	1,741	1,587	4,710	4,529	30,054	30,074
Premium Earned	1,988	1,882	1,679	5,342	4,799	23,736	26,023
Incurred Losses	2,244	1,656	136	5,157	2,663	21,294	22,620
Underwriting & Admin Expense	504	643	(83)	1,638	977	11,612	11,672
Expense allowance	390	508	486	1,376	1,386	8,776	8,783
Premium Deficiency / (DPAC)	35	47	(649)	49	(621)	1,326	1,365
Administrative Expenses	79	88	80	213	211	1,510	1,524
Net Result from Operations	(760)	(417)	1,626	(1,453)	1,159	(9,170)	(8,269)
Ratios:							
Loss ratio - Prior Accident Years	24.7%	(1.6%)	(55.4%)	6.9%	(23.6%)	0.5%	(2.1%)
- Current Accident Year	88.2%	89.6%	63.5%	89.6%	79.1%	89.2%	89.0%
Total	112.9%	88.0%	8.1%	96.5%	55.5%	89.7%	86.9%
Underwriting & Admin Expense	25.3%	34.2%	(4.9%)	30.7%	20.4%	48.9%	44.9%
Expense allowance	19.6%	27.0%	28.9%	25.8%	28.9%	37.0%	33.8%
Premium Deficiency / (DPAC)	1.8%	2.5%	(38.7%)	0.9%	(12.9%)	5.6%	5.2%
Administrative Expenses	4.0%	4.7%	4.8%	4.0%	4.4%	6.4%	5.9%
Combined Operating Ratio	138.2%	122.2%	3.2%	127.2%	75.9%	138.6%	131.8%

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 976 vehicles, which in line with prior year and projected.

Premium written and average premium showed a decrease compared with prior year.

Incurred Losses

Incurred losses in March 2022 were \$2.2 million; and loss ratio was at 112.9%, up 24.9 percentage point compared with our projection and up 104.8 percentage points compared with prior year. The variance from projection was driven by the 2021 Q4 valuation being implemented, generating an unfavourable impact of \$0.5 million on the month and year-to-date losses. For more information on the valuation impact please refer to the Actuarial Highlights.

NB 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 (%)
New Brunswick	month/ytd	as month EP	as ytd EP	full year	as full year EP
PAYs (2021 & prior)	547	27.5%	10.3%	553	2.3%
CAY (2022)	(20)	(1.0%)	(0.4%)	(81)	(0.3%)
PAYs & CAY	527	26.5%	9.9%	472	2.0%
Premium Deficiency / (DPAC)	(29)	(1.5%)	(0.5%)	(95)	(0.4%)
Total	498	25.1%	9.4%	377	1.6%

Underwriting and Admin Expenses

Expenses for March 2022 include,

- Expense Allowance– this is based on written premium. The allowance ratio is approximately 29% of written premium and consistent across actual and The Outlook for both current month and year-to-date.
- Premium Deficiency / (DPAC): Premium Deficiency of \$0.04 million for March 2022 compared to projection Premium deficiency of \$0.05 million and prior year DPAC at \$0.65 million
- Administrative Expenses are consistent 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 unfavourable impact of \$0.4 million on the full year results.

Compared with The Outlook, written premium is in line with projection.

The updated year-end 2022 operating deficit is now \$9.2 million, a slight decrease from The Outlook and the combined operating ratio is 138.6%; 6.9 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:
[New Brunswick RSP Summary of Operations - Calendar Year 2022](#)

*Q3 month ended March 2022 (discounted basis)

[New Brunswick RSP March 2022 Operational Report – Actuarial Highlights](#)

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