

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-021

DATE: March 30, 2022

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

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

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

Highlights

- (a) The **February 2022 premium written was \$0.9 million**, lower than prior year by \$2.3 million. The **2022 year-to-date premium written** was \$5.0 million lower than prior year; and
- (b) The **February 2022 operating results** were a *deficit* of \$0.2 million. The **2022 year-to-date operating results** were a *deficit* of \$0.4 million; and
- (c) The **February 2022 combined operating ratio** was 107.7%, lower than prior years by 25.1 percentage points. The **2022 year-to-date combined operating ratio** was 107.6%, lower than prior year by 27.3 percentage points.

Summary of Financial Results

NS RSP Summary of Financial Results

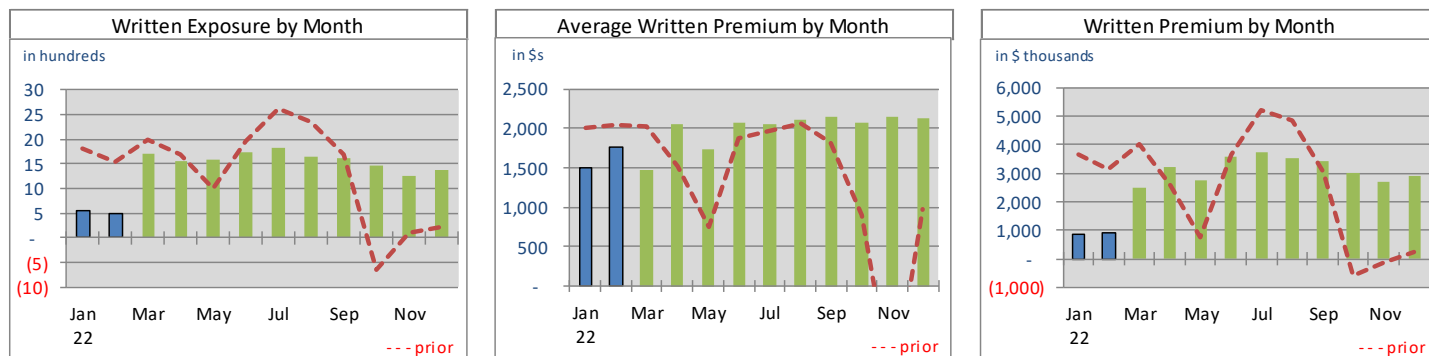
NS RSP 2022 Summary Amounts in \$000s	Actual (February 2022)	Projection (February 2022)	Prior Year (February 2021)	2022 year-to-date as at 2 months	2021 year-to-date as at 2 months	2022 year-end Projection	Outlook* Full year 2022
Premium Written	895	1,942	3,146	1,741	6,785	33,127	33,322
Premium Earned	2,445	3,027	3,642	5,276	7,573	31,509	34,102
Incurred Losses	2,346	2,948	3,812	5,137	8,025	30,555	33,089
Underwriting & Admin Expense	288	597	1,025	539	2,191	11,955	11,771
Expense allowance	262	569	985	509	2,124	9,705	9,766
Premium Deficiency / (DPAC)	(40)	(19)	(37)	(104)	(62)	1,355	1,193
Administrative Expenses	66	47	77	134	129	895	812
Net Result from Operations	(189)	(518)	(1,195)	(400)	(2,643)	(11,001)	(10,758)
Ratios:							
Loss ratio - Prior Accident Years	(4.5%)	(2.7%)	(4.9%)	(4.6%)	(5.1%)	(3.4%)	(3.5%)
- Current Accident Year	100.4%	100.1%	109.6%	102.0%	111.1%	100.4%	100.5%
Total	95.9%	97.4%	104.7%	97.4%	106.0%	97.0%	97.0%
Underwriting & Admin Expense	11.8%	19.7%	28.1%	10.2%	28.9%	37.9%	34.5%
Expense allowance	10.7%	18.8%	27.0%	9.6%	28.0%	30.8%	28.6%
Premium Deficiency / (DPAC)	(1.6%)	(0.6%)	(1.0%)	(2.0%)	(0.8%)	4.3%	3.5%
Administrative Expenses	2.7%	1.6%	2.1%	2.5%	1.7%	2.8%	2.4%
Combined Operating Ratio	107.7%	117.1%	132.8%	107.6%	134.9%	134.9%	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 February 2022 was 506 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 February 2022 average premium was below prior years. Premium written was below prior year and The Outlook.

Incurred Losses

Incurred losses in February 2022 were \$2.3 million, and loss ratio was at 95.9%, down 1.5 percentage points compared with the projection and down 8.8 percentage points from prior year.

Underwriting and Admin Expenses

Expenses for February 2022 include,

- Expense Allowance: \$0.3 million for February 2022 compared to projection at \$0.6 million and prior year at \$1.0 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): Premium Deficiency consistent with prior year and projection.
- Administrative Expenses were in line with projection and prior year.

Projection to year-end 2022

Compared with The Outlook, written premium has slightly decreased by \$0.2 million to \$33.1 million driven by the updated premium projections received from the main users of the Nova Scotia Risk Sharing Pool.

The updated year-end 2022 operating deficit is now \$11.0 million and the combined operating ratio is 134.9%; 3.4 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:

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

*02 month ended February 2022 (discounted basis)