

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022 – 018

DATE: March 30, 2022

SUBJECT: Ontario 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 Ontario 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 \$42 million, higher than prior year by \$8 million. The **2022 year-to-date premium written** was \$28 million higher than prior year; and
- (b) The **February 2022 operating result** was a deficit of \$20.7 million and the **2022 year-to-date operating results** were a deficit of \$38.9 million; and
- (c) The **February 2022 combined operating ratio** was 163.0%, higher than prior year by 22.6 percentage points. The **year-to-date combined operating ratio** was 157.3%, higher than prior year by 17.5 percentage points.

Summary of Financial Results

ON RSP Summary of Financial Results

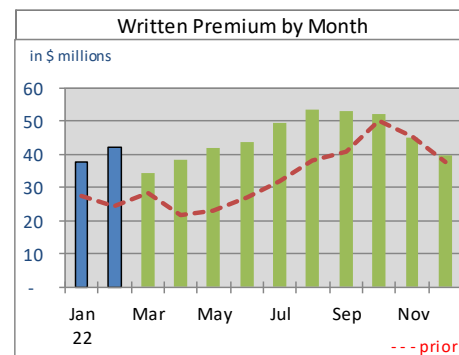
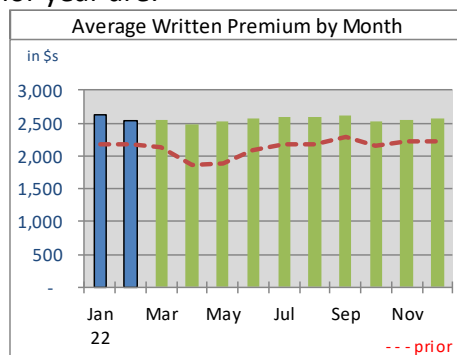
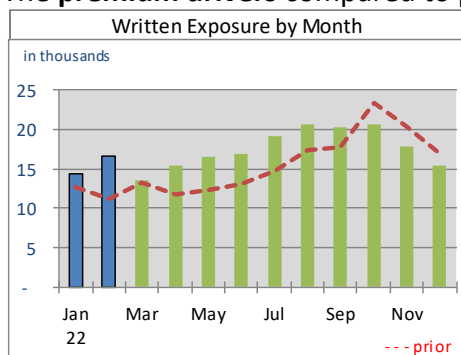
ON RSP 2022 Summary Amounts in \$000s	Actual (February 2022)	Projection (February 2022)	Prior Year (February 2021)	2022 year-to-date as at 2 months	2021 year-to-date as at 2 months	2022 year-end Projection	Outlook* Full year 2022
Premium Written	42,090	34,221	24,395	79,642	52,101	531,636	516,439
Premium Earned	32,834	32,526	30,529	67,802	64,864	472,729	477,938
Incurred Losses	38,876	39,398	37,331	80,633	79,051	572,348	573,649
Underwriting & Admin Expense	14,648	10,319	5,517	26,035	11,670	175,534	164,861
Expense allowance	11,957	9,616	7,006	22,475	14,935	149,484	145,120
Premium Deficiency / (DPAC)	2,558	553	(1,650)	3,282	(3,513)	23,786	17,469
Administrative Expenses	133	150	161	278	248	2,264	2,272
Net Result from Operations	(20,690)	(17,191)	(12,319)	(38,866)	(25,857)	(275,153)	(260,572)
Ratios:							
Loss ratio - Prior Accident Years	(8.7%)	(6.8%)	(11.9%)	(10.1%)	(13.5%)	(5.8%)	(4.9%)
- Current Accident Year	127.1%	128.0%	134.2%	129.0%	135.3%	126.8%	124.9%
Total	118.4%	121.1%	122.3%	118.9%	121.8%	121.0%	120.0%
Underwriting & Admin Expense	44.6%	31.7%	18.1%	38.4%	18.0%	37.1%	34.5%
Expense allowance	36.4%	29.6%	22.9%	33.1%	23.0%	31.6%	30.4%
Premium Deficiency / (DPAC)	7.8%	1.7%	(5.4%)	4.8%	(5.4%)	5.0%	3.7%
Administrative Expenses	0.4%	0.5%	0.5%	0.4%	0.4%	0.5%	0.5%
Combined Operating Ratio	163.0%	152.8%	140.4%	157.3%	139.8%	158.1%	154.5%

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 February 2022 was 16,650 vehicles, which was higher than prior year by 5,480 vehicles, and 2,932 vehicles higher than The Outlook for the month.

The February 2022 average premium was slightly below The Outlook by 3.3%, however increased from prior years reflecting the rate activity by members and increased ceding activity by two member companies.

Incurred Losses

Incurred losses in February 2022 were \$38.9 million, slightly lower than projection and \$1.5 million higher compared with the same month from last year.

Loss ratio was at 118.4%, down 3.9 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 February 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 The Outlook;
- Premium Deficiency / (DPAC): Premium Deficiency of \$2.6 million for February 2022 compared to projection at \$0.6 million and prior year DPAC at \$1.7 million;
- Administrative Expense: \$0.1 million for February 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 return to pre-pandemic levels.

The year-end 2022 operating deficit is expected to be \$275.2 million with loss ratios slightly above The Outlook. Expense ratios, driven mainly from written premium, are expected to be above those predicted in The Outlook, driving increased 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](#)

*02 month ended February 2022 (discounted basis)