

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2022-014

**DATE:** February 25, 2022

**SUBJECT:** Nova Scotia Risk Sharing Pool – January 2022 Operational Report

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

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

### Highlights

- (a) The **January 2022 premium written was \$0.8 million**, lower than prior year by \$2.8 million;
- (b) The **January 2022 operating results** were a deficit of \$0.2 million; and
- (c) The **January 2022 combined operating ratio** was 107.5%, lower than prior years by 29.5 percentage points.

### Summary of Financial Results

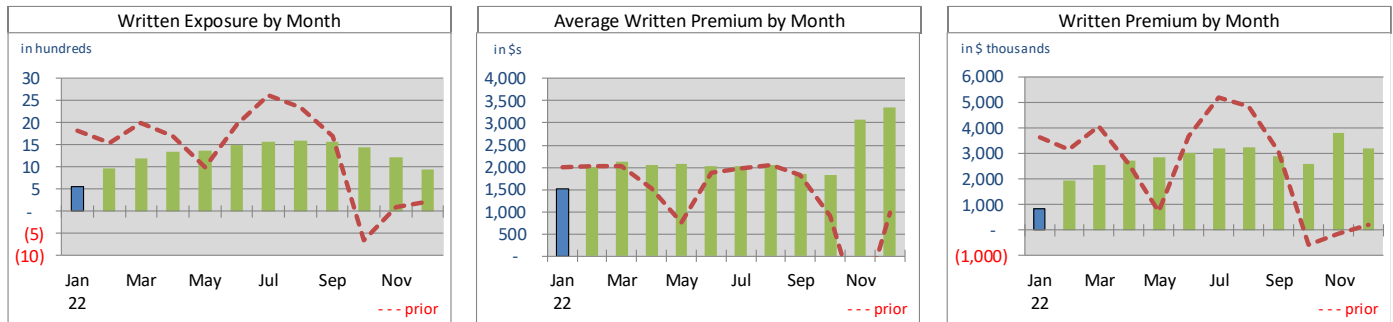
#### NS RSP Summary of Financial Results

<b>NS RSP 2022 Summary</b> Amounts in \$000s	<b>Actual</b> (January 2022)	<b>Projection</b> (January 2022)	<b>Prior Year</b> (January 2021)	<b>2022 year-to-date</b> as at 1 month	<b>2021 year-to-date</b> as at 1 month	<b>2022 year-end</b> Projection	<b>Outlook*</b> Full year 2022
Premium Written	846	1,903	3,639	845	3,639	32,839	33,322
Premium Earned	2,831	3,222	3,931	2,831	3,930	31,670	34,102
Incurred Losses	2,791	3,235	4,213	2,791	4,213	30,734	33,089
Underwriting & Admin Expense	251	567	1,166	251	1,166	11,771	11,771
Expense allowance	247	557	1,139	247	1,139	9,618	9,766
Premium Deficiency / (DPAC)	(64)	(36)	(25)	(64)	(25)	1,306	1,193
Administrative Expenses	68	46	52	68	52	847	812
<b>Net Result from Operations</b>	<b>(211)</b>	<b>(580)</b>	<b>(1,448)</b>	<b>(211)</b>	<b>(1,449)</b>	<b>(10,835)</b>	<b>(10,758)</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	(4.7%)	(2.0%)	(5.3%)	(4.7%)	(5.3%)	(3.3%)	(3.5%)
- Current Accident Year	103.3%	102.4%	112.6%	103.3%	112.5%	100.4%	100.5%
<b>Total</b>	<b>98.6%</b>	<b>100.4%</b>	<b>107.3%</b>	<b>98.6%</b>	<b>107.2%</b>	<b>97.1%</b>	<b>97.0%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>8.9%</b>	<b>17.6%</b>	<b>29.7%</b>	<b>8.9%</b>	<b>29.7%</b>	<b>37.2%</b>	<b>34.5%</b>
<b>Combined Operating Ratio</b>	<b>107.5%</b>	<b>118.0%</b>	<b>137.0%</b>	<b>107.5%</b>	<b>136.9%</b>	<b>134.3%</b>	<b>131.5%</b>

rounding differences may occur  
\*as posted to FA's website Dec. 24, 2021

## Premium

The **premium drivers** compared to prior year and outlook to year end are:



The vehicle count transfer for January 2022 was 561 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 January 2022 average premium was below prior years. Premium written was below prior year and Outlook.

## Incurred Losses

Incurred losses in January 2022 were \$2.8 million, and loss ratio was at 98.6%, down 1.8 percentage points compared with the projection and down 8.7 percentage points from prior year.

## Underwriting and Admin Expenses

Expenses for January 2022 include,

- Expense Allowance: \$0.2 million for January 2022 compared to projection at \$0.5 million and below prior year by \$0.9 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 decreased by \$0.5 million to \$32.8 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 \$10.8 million and the combined operating ratio is 134.3%; consistent with the outlook.

Should you require any further information, please call Sheetal Savani, VP Finance, Compliance and CFO at (416) 863-1750 x5626.

Saskia Matheson  
President & CEO

**Related links:**

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

\*1 month ended December 2022 (discounted basis)