

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-013

DATE: February 25, 2022

SUBJECT: New Brunswick 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 New Brunswick 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 \$0.8 million**, lower than prior year by \$0.7 million;
- (b) The **January 2022 operating results** were a deficit of \$0.2 million; and
- (c) The **January 2022 combined operating ratio** was 108.4%, lower than prior year by 5.3 percentage points.

Summary of Financial Results

NB RSP Summary of Financial Results

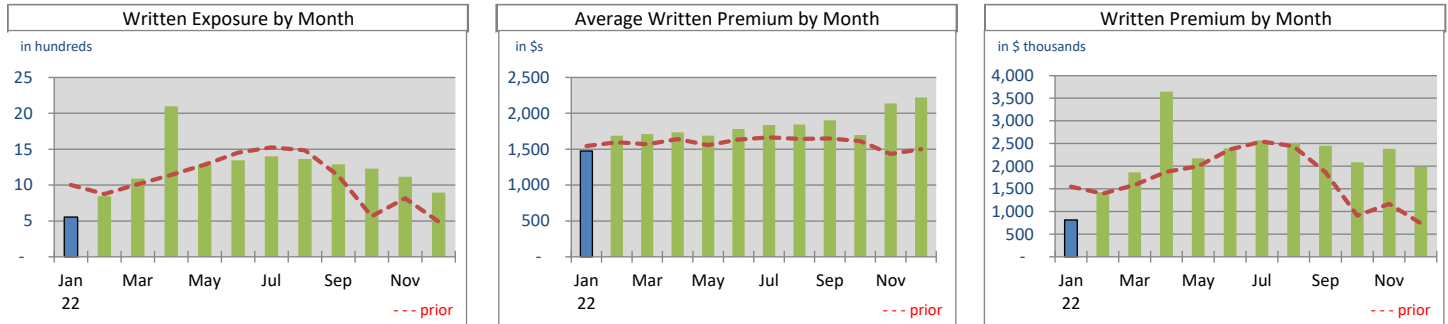
NB RSP 2022 Summary	Actual	Projection	Prior Year	2022 year-to-date	2021 year-to-date	2022 year-end	Outlook*
Amounts in \$000s	(January 2022)	(January 2022)	(January 2021)	as at 1 month	as at 1 month	Projection	Full year 2022
Premium Written	815	2,370	1,547	815	1,546	26,306	30,074
Premium Earned	1,775	1,830	1,617	1,775	1,616	22,097	26,023
Incurred Losses	1,547	1,634	1,307	1,547	1,305	19,371	22,620
Underwriting & Admin Expense	377	786	530	377	529	10,382	11,672
Expense allowance	239	692	473	239	473	7,681	8,783
Premium Deficiency / (DPAC)	70	(26)	10	70	10	1,327	1,365
Administrative Expenses	68	120	47	68	47	1,374	1,524
Net Result from Operations	(149)	(590)	(220)	(149)	(218)	(7,656)	(8,269)
Ratios:							
Loss ratio - Prior Accident Years	(4.1%)	(1.6%)	(8.0%)	(4.1%)	(8.0%)	(1.8%)	(2.1%)
- Current Accident Year	91.2%	90.9%	88.9%	91.2%	88.9%	89.4%	89.0%
Total	87.1%	89.3%	80.9%	87.1%	80.9%	87.6%	86.9%
Underwriting & Admin Expense	21.3%	43.0%	32.8%	21.3%	32.8%	47.0%	44.9%
Combined Operating Ratio	108.4%	132.3%	113.7%	108.4%	113.7%	134.6%	131.8%

rounding differences may occur

**as posted to FA's website Dec. 24, 2021*

Premium

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



The vehicle count transfer for January 2022 was 553 vehicles, which was significantly lower than prior year and projected driven by a significant decrease in usage by one member of the pool. The change in the transfer limit (from harmonization) from 8% to 5% and the expansion of the eligibility criteria for all private passenger use was expected to increase the usage of the pool.

Average premium showed a slight decrease compared to prior year. Premium written was below prior year driven by the decrease in vehicles transferred to the pool.

Incurred Losses

Incurred losses in January 2022 were \$1.5 million; and loss ratio was at 87.1%, down 2.2 percentage points compared with our projection and up 6.3 percentage points compared with prior year.

Underwriting and Admin Expenses

Expenses for January 2022 include,

- Expense Allowance– this is based on written premium. The allowance ratio is approximately 29% of written premium and consistent across actual and outlook for both current month and year-to-date. The allowance ratio is slightly down by 1% when compared to prior year for both current month and year-to-date.
- Premium Deficiency / (DPAC): premium deficiency of \$0.07 million for January 2022 compared to projection DPAC of \$0.03 million and prior year premium deficiency at \$0.01 million
- Administrative Expenses are consistent with projection and prior year.

Projection to year-end 2022

Compared with the Outlook, written premium has decreased by \$3.8 million to \$26.3 million driven by the decrease in premium for the month as well as the updated premium projections received from the main users of the New Brunswick Risk Sharing Pool.

The updated year-end 2022 operating deficit is now \$7.7 million, a decrease from outlook and the combined operating ratio is 134.6%.

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:

[New Brunswick RSP Summary of Operations - Calendar Year 2022](#)

*1 month ended December 2022 (discounted basis)