

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

**ATTENTION: CHIEF EXECUTIVE OFFICER**

**BULLETIN NO: F2022-012**

**DATE: February 25, 2022**

**SUBJECT: Alberta Risk Sharing Pools – January 2022 Operational Report**

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

Please be advised that the January 2022 Alberta Risk Sharing Pools Operational Reports are available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

### **Highlights**

#### ***Alberta Grid***

- (a) The ***Alberta Grid January 2022 premium written for the month was \$19.8 million***, higher than prior year by \$8.7 million;
- (b) The ***Alberta Grid 2022 January 2022 net operating deficit was \$2.5 million***; and
- (c) The ***Alberta Grid January 2022 combined operating ratio*** was 113.3%, which translates to 5.8% higher than prior year.

#### ***Alberta Non-Grid***

- (a) The ***Alberta Non-Grid January 2022 premium written for the month was \$8.6 million***, lower than prior year by \$1.6 million;
- (b) The ***Alberta Non-Grid 2022 January 2022 net operating deficit was \$2.6 million***; and
- (c) The ***Alberta Non-Grid January 2022 combined operating ratio*** was 119.2%, lower than prior year by 11 percentage points.

## Alberta Grid RSP - Summary of Financial Results

### AB-G RSP Summary of Financial Results

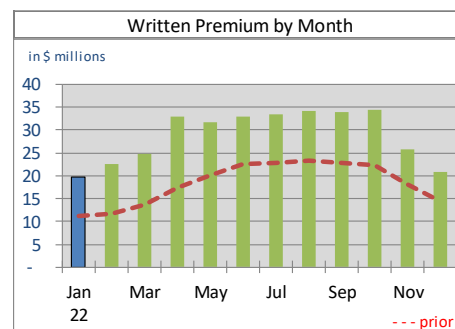
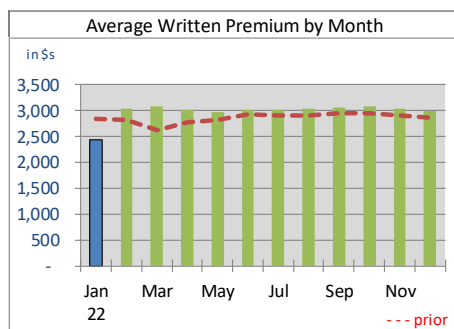
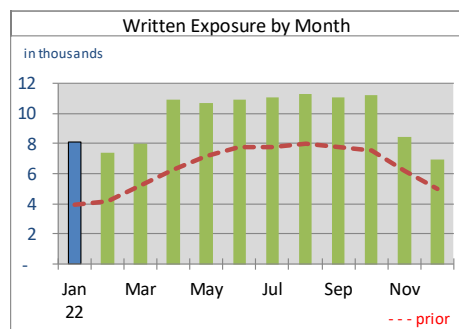
<b>AB Grid RSP 2022 Summary</b>	<b>Actual</b>	<b>Projection</b>	<b>Prior Year</b>	<b>2022 year-to-date</b>	<b>2021 year-to-date</b>	<b>2022 year-end</b>	<b>Outlook*</b>
<b>Amounts in \$000s</b>	<b>(January 2022)</b>	<b>(January 2022)</b>	<b>(January 2021)</b>	<b>as at 1 month</b>	<b>as at 1 month</b>	<b>Projection</b>	<b>Full year 2022</b>
Premium Written	19,804	21,057	11,143	19,804	11,143	347,159	296,273
Premium Earned	18,978	20,042	15,785	18,978	15,783	281,923	262,801
Incurred Losses	15,585	16,855	12,899	15,585	12,900	233,921	211,834
Underwriting & Admin Expense	5,924	6,245	4,072	5,924	4,070	106,990	94,465
Expense allowance	5,899	6,275	3,378	5,899	3,377	103,451	88,293
Premium Deficiency / (DPAC)	(62)	(82)	643	(62)	642	1,327	4,278
Administrative Expenses	87	52	52	87	52	2,212	1,894
<b>Net Result from Operations</b>	<b>(2,531)</b>	<b>(3,140)</b>	<b>(1,186)</b>	<b>(2,531)</b>	<b>(1,187)</b>	<b>(58,988)</b>	<b>(43,498)</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	(6.2%)	(2.4%)	(6.8%)	(6.2%)	(6.8%)	(2.8%)	(2.9%)
- Current Accident Year	88.3%	86.4%	88.5%	88.3%	88.5%	85.8%	83.5%
<b>Total</b>	<b>82.1%</b>	<b>84.0%</b>	<b>81.7%</b>	<b>82.1%</b>	<b>81.7%</b>	<b>83.0%</b>	<b>80.6%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>31.2%</b>	<b>31.6%</b>	<b>25.8%</b>	<b>31.2%</b>	<b>25.8%</b>	<b>37.9%</b>	<b>35.9%</b>
<b>Combined Operating Ratio</b>	<b>113.3%</b>	<b>115.6%</b>	<b>107.5%</b>	<b>113.3%</b>	<b>107.5%</b>	<b>120.9%</b>	<b>116.5%</b>

rounding differences may occur

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

## Premium (Alberta Grid RSP)

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



The vehicle count transfer January 2022 was 8,137 vehicles, higher than prior year as expected, due to introduction of the DCPD. The transfer was higher than the outlook as members review their ceding strategies.

Premium written was also above prior year and projection primarily driven by the increase in vehicle counts transferred to the pool.

## Incurred Losses (Alberta Grid RSP)

Incurred losses in January 2022 were \$15.6 million, \$1.3 million lower than our projection and \$2.7 million higher compared with the same month from last year.

Loss ratio 82.1 percentage points which was slightly above prior year by 0.4 percentage points and above the outlook by 1.5 percentage points. Loss ratios are expected to increase compared to prior year as effects of pandemic decrease.

## Underwriting and Admin Expenses (Alberta Grid RSP)

Expenses for January 2022 include,

- Expense Allowance – this is based on written premium. The allowance ratio is approximately 30% of written premium and consistent across actual, prior year and outlook for both current month and year-to-date;
- Premium deficiency / (DPAC): DPAC of \$0.06 million for January 2022 compared to projection with \$0.08 million and prior year premium deficiency at \$0.64 million.
- Administrative Expense is consistent with projection and prior year.

## Projection to year-end 2022 (Alberta Grid RSP)

Compared with the Outlook, written premium has increased based on the updated premium projections received from the main users of the Alberta Grid Risk Sharing Pool.

The updated year-end 2022 operating deficit is now \$59.0 million and the combined operating ratio is 120.9%; the deterioration reflecting the expectation of loss ratios to return to pre pandemic levels.

## Alberta Non-Grid RSP - Summary of Financial Results

### AB-N RSP Summary of Financial Results

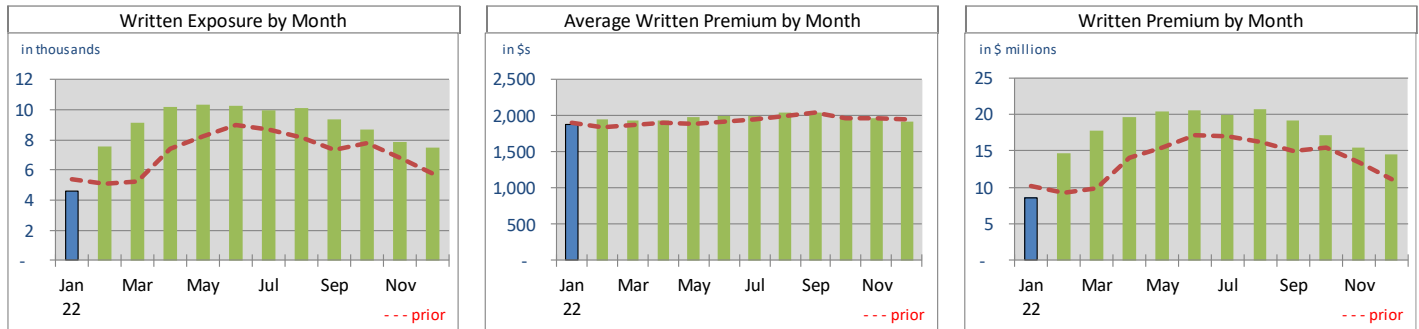
<b>AB Non-Grid RSP 2022 Summary</b> Amounts in \$000s	<b>Actual</b> (January 2022)	<b>Projection</b> (January 2022)	<b>Prior Year</b> (January 2021)	<b>2022 year-to-date</b> as at 1 month	<b>2021 year-to-date</b> as at 1 month	<b>2022 year-end</b> Projection	<b>Outlook*</b> Full year 2022
Premium Written	8,596	15,436	10,208	8,596	10,207	208,264	223,687
Premium Earned	13,546	14,196	10,494	13,546	10,495	184,949	198,176
Incurred Losses	13,824	14,973	10,530	13,824	10,530	191,340	200,502
Underwriting & Admin Expense	2,323	4,866	3,140	2,323	3,140	70,974	76,102
Expense allowance	2,561	4,600	3,094	2,561	3,094	62,060	66,658
Premium Deficiency / (DPAC)	(325)	115	(7)	(325)	(7)	6,826	7,251
Administrative Expenses	87	151	53	87	53	2,088	2,193
<b>Net Result from Operations</b>	<b>(2,601)</b>	<b>(5,643)</b>	<b>(3,176)</b>	<b>(2,601)</b>	<b>(3,175)</b>	<b>(77,365)</b>	<b>(78,428)</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	(6.9%)	(2.0%)	(8.9%)	(6.9%)	(8.9%)	(2.6%)	(2.6%)
- Current Accident Year	108.9%	107.4%	109.2%	108.9%	109.2%	106.1%	103.8%
<b>Total</b>	<b>102.0%</b>	<b>105.4%</b>	<b>100.3%</b>	<b>102.0%</b>	<b>100.3%</b>	<b>103.5%</b>	<b>101.2%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>17.2%</b>	<b>34.3%</b>	<b>29.9%</b>	<b>17.2%</b>	<b>29.9%</b>	<b>38.4%</b>	<b>38.4%</b>
<b>Combined Operating Ratio</b>	<b>119.2%</b>	<b>139.7%</b>	<b>130.2%</b>	<b>119.2%</b>	<b>130.2%</b>	<b>141.9%</b>	<b>139.6%</b>

rounding differences may occur

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

## Premium (Alberta Non-Grid RSP)

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



The vehicle count transfer for January 2022 was 4,582 vehicles, which was lower than prior year and projected. The outlook assumed with the amendment of the member transfer limit from 4% to 5%, the vehicles transferred would increase, however this has not been reflected in the vehicles transferred to the pool.

Average premium in January showed a decrease compared with prior year. Premium written was also below prior year and projection.

## Incurred Losses (Alberta Non-Grid RSP)

Incurred losses in January 2022 were \$13.8 million, below projection and \$3.3 million higher than prior year.

The loss ratio of 102% was above prior year by 1.7 percentage points and above the outlook by 0.8 percentage points.

## Underwriting and Admin Expenses (Alberta Non-Grid RSP)

Expenses for January 2022 include,

- Expense Allowance – this is based on written premium. The allowance ratio is approximately 30% of written premium and consistent across actual, prior year and outlook for both current month and year-to-date;
- Premium Deficiency / (DPAC): DPAC of \$0.3 million compared to projected premium deficiency of \$0.1 million and prior year DPAC of \$0.07 million.
- Administrative Expense is consistent with projection and prior year.

## Projection to year-end 2022 (Alberta Non-Grid RSP)

Compared with the Outlook, written premium has reduced by \$15.4 million to \$208.3 million driven by updated premium projections received from the main users of the Alberta Non-Grid Risk Sharing Pool.

The updated year-end 2022 operating deficit is now \$77.4 million and the combined operating ratio is 141.9%; in line 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:**

Alberta Grid RSP:

[Alberta Grid RSP Summary of Operations - Calendar Year 2022](#)

\* 1 month ended December 2022 (discounted basis)

Alberta Non-Grid RSP:

[Alberta Non-Grid RSP Summary of Operations - Calendar Year 2022](#)

\*1 month ended December 2022 (discounted basis)