

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022 – 011

DATE: February 25, 2022

SUBJECT: Ontario 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 Ontario 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 \$38 million, higher than prior year by \$10 million;
- (b) The **January 2022 operating result** was a deficit of \$18 million; and
- (c) The **January 2022 combined operating ratio** was 152.0%, higher than prior year by 12.6 percentage points.

Summary of Financial Results

ON RSP Summary of Financial Results

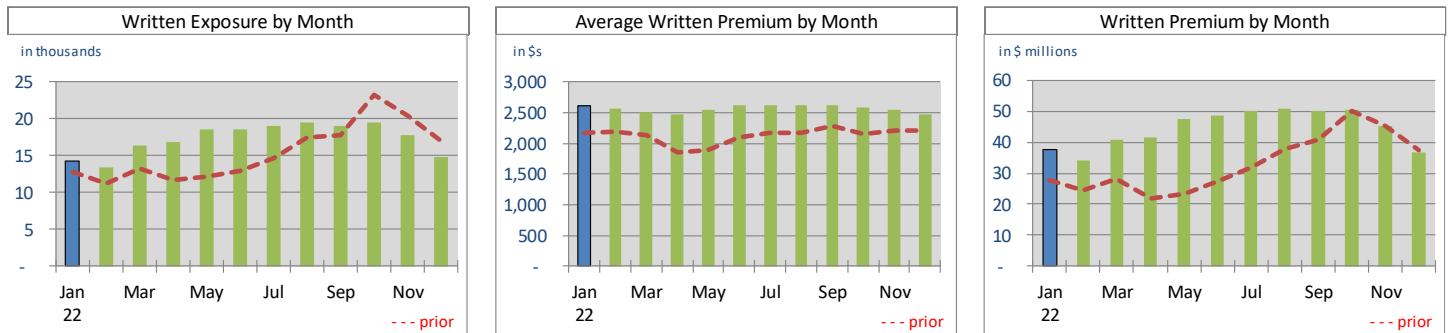
ON RSP 2022 Summary Amounts in \$000s	Actual (January 2022)	Projection (January 2022)	Prior Year (January 2021)	2022 year-to-date as at 1 month	2021 year-to-date as at 1 month	2022 year-end Projection	Outlook* Full year 2022
Premium Written	37,552	39,637	27,706	37,552	27,706	533,708	516,439
Premium Earned	34,968	35,240	34,335	34,968	34,335	476,582	477,938
Incurred Losses	41,757	43,123	41,720	41,757	41,720	577,823	573,649
Underwriting & Admin Expense	11,387	12,509	6,153	11,387	6,155	175,521	164,861
Expense allowance	10,518	11,138	7,929	10,518	7,930	149,937	145,120
Premium Deficiency / (DPAC)	724	1,197	(1,863)	724	(1,862)	23,267	17,469
Administrative Expenses	145	174	87	145	87	2,317	2,272
Net Result from Operations	(18,176)	(20,392)	(13,538)	(18,176)	(13,540)	(276,762)	(260,572)
Ratios:							
Loss ratio - Prior Accident Years	(11.4%)	(5.9%)	(14.9%)	(11.4%)	(14.9%)	(5.5%)	(4.9%)
- Current Accident Year	130.8%	128.4%	136.4%	130.8%	136.4%	126.8%	124.9%
Total	119.4%	122.4%	121.5%	119.4%	121.5%	121.3%	120.0%
Underwriting & Admin Expense	32.6%	35.5%	17.9%	32.6%	17.9%	36.8%	34.5%
Combined Operating Ratio	152.0%	157.9%	139.4%	152.0%	139.4%	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 January 2022 was 14,326 vehicles, which was higher than prior year in line with outlook for the month.

The January 2022 average premium was slightly above outlook by 1.7%, however increased from prior years reflecting the rate activity by members.

Incurred Losses

Incurred losses in January 2022 were \$41.8 million; and loss ratio was at 119.4%, down 3 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 January 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 outlook;
- Premium Deficiency / (DPAC): Premium Deficiency of \$0.7 million for January 2022 compared to release in prior year;
- Administrative Expense: \$0.1 million for January 2022, consistent with projection and prior year.

Projection to year-end 2022

Compared with the Outlook released in December 2021, written premium is expected increase as loss ratios return to pre pandemic levels.

The year-end 2022 operating deficit is expected to be \$276.8 million with loss ratios slightly above outlook. Expense ratios, driven mainly from written premium, are expected to be above outlook, driving the increased combined ratios.

Should you require any further information, please contact Sheetal Savani, VP Finance, Compliance and CFO at ssavani@facilityassociation.com.

Saskia Matheson
President & CEO

Related links:

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

*1 month ended December 2022 (discounted basis)