

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

**ATTENTION: CHIEF EXECUTIVE OFFICER**

**BULLETIN NO: F2022-005**

**DATE: January 28, 2022**

**SUBJECT: New Brunswick Risk Sharing Pool – December 2021 Operational Report**

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

Please be advised that the December 2021 New Brunswick Risk Sharing Pool Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

### Highlights

- (a) The **December 2021 premium written for the month was \$0.7 million**, in line with prior year. The **2021 year-to-date premium written** was \$1.1 million higher than prior year;
- (b) The **December 2021 operating results** were a deficit of \$0.2 million and the **2021 year-to-date** operating results were a surplus of \$0.2 million; and
- (c) The **December 2021 combined operating ratio** was 112.2%, higher than prior year by 4.9 percentage points. The **2021 year-to-date combined operation ratio** was 99.0%, lower than prior year by 18.5 percentage points.

### Summary of Financial Results

#### *NB RSP Summary of Financial Results*

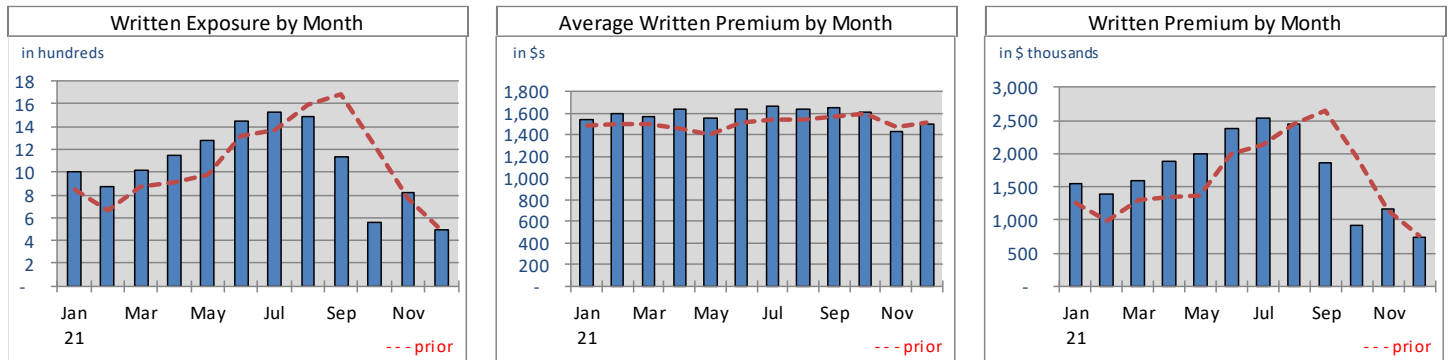
<b>NB RSP 2022 Summary</b>	<b>Actual</b>	<b>Projection</b>	<b>Prior Year</b>	<b>2021 year-to-date</b>	<b>2020 year-to-date</b>	<b>Outlook*</b>
<b>Amounts in \$000s</b>	<b>(December 2021)</b>	<b>(December 2021)</b>	<b>(December 2020)</b>	<b>as at 12 months</b>	<b>as at 12 months</b>	<b>Full year 2021</b>
Premium Written	737	848	759	20,437	19,305	21,771
Premium Earned	1,817	1,797	1,658	20,408	18,038	20,891
Incurred Losses	1,250	1,208	1,116	12,226	14,095	16,389
Underwriting & Admin Expense	788	716	664	7,985	7,100	7,694
Expense allowance	226	259	229	6,256	5,832	6,575
Premium Deficiency / (DPAC)	415	413	332	673	383	(3)
Administrative Expenses	147	44	103	1,056	886	1,122
<b>Net Result from Operations</b>	<b>(221)</b>	<b>(127)</b>	<b>(122)</b>	<b>197</b>	<b>(3,157)</b>	<b>(3,192)</b>
<b>Ratios:</b>						
<b>Loss ratio</b> - Prior Accident Years	<b>(0.9%)</b>	<b>(3.4%)</b>	<b>(1.2%)</b>	<b>(11.2%)</b>	7.5%	<b>(3.0%)</b>
- Current Accident Year	69.7%	70.6%	68.5%	71.1%	70.6%	81.4%
<b>Total</b>	<b>68.8%</b>	<b>67.2%</b>	<b>67.3%</b>	<b>59.9%</b>	<b>78.1%</b>	<b>78.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>43.4%</b>	<b>39.8%</b>	<b>40.0%</b>	<b>39.1%</b>	<b>39.4%</b>	<b>36.8%</b>
<b>Combined Operating Ratio</b>	<b>112.2%</b>	<b>107.0%</b>	<b>107.3%</b>	<b>99.0%</b>	<b>117.5%</b>	<b>115.2%</b>

*rounding differences may occur*

*\*as posted to FA's website Nov. 18, 2020*

## Premium

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



The vehicle count transfer for December 2021 was 490 vehicles, which was in line with both prior year, projection, and prior months. The year end was in line with prior year and slightly below projection.

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

## Incurred Losses

Incurred losses in December 2021 were \$1.3 million; and loss ratio was at 68.8%, up 1.6 percentage points compared with our projection and up 1.5 percentage points compared with prior year.

Year to date loss ratio 59.9 percentage points which was below prior year by 18.2 percentage points as well as below the outlook by 18.5 percentage points. Current accident year loss ratios remain in line with prior year, however compared to outlook is down 10.3 percentage points. Prior accident year's loss ratio was below prior years by 18.7 percentage points, while compared with outlook in down 8.2 percentage points. This favorable development in both current year and prior year as the impact of the pandemic and frequencies continues.

## Underwriting and Admin Expenses

Expenses for December 2021 include,

- Expense Allowance– this is based on written premium. The allowance ratio is approximately 31% of written premium and consistent across actual, prior year and outlook for both current month and year-to-date;
- Premium Deficiency / (DPAC): premium deficiency of \$0.4 million for December 2021 compared to projection at \$0.4 million and prior year at \$0.3 million
- Administrative Expense: \$0.1 million for December 2021, consistent with projection and prior year.

## Year-End 2021

The 2021 year-to-date written premium is below the Outlook by \$1.3M and above the prior year by \$1.1 million. Earned premium is below Outlook by \$0.5 million and above prior year by \$3.4 million.

The year-to-date loss ratio of 59.9% is below prior year as the impact of the pandemic decreases. The Outlook had assumed a return of the loss ratios to normalized levels hence the expected loss ratios were higher compared to the year-to-date.

The year-to-date expense ratio is above the Outlook by 2.3% mainly due to an increase in premium deficiency reserve. Expense allowances remain consistent as a percentage of premium written across prior year and

**Outlook.**

The year-to-date operating surplus was \$0.2 million compared to a deficit of \$3.5 million in prior year. The Outlook had expected a deficit of \$3.2 million.

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 2021](#)

\*12 months ended December 2021 (discounted basis)

Need to add highlights