

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2021-103

DATE: December 24, 2021

SUBJECT: Nova Scotia Risk Sharing Pool – November 2021 Operational Report

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

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

Highlights

- (a) The **November 2021 premium written for the month was -\$0.1 million**, \$4.5 million lower compared with prior year, mainly driven by one member company transferring business out of the pool;
- (b) The **2021 year-to-date net operating surplus was \$11.2 million**, resulting in a COR of 70.5% on earned premium of \$35.2 million; and

Summary of Financial Results

NS RSP Summary of Financial Results

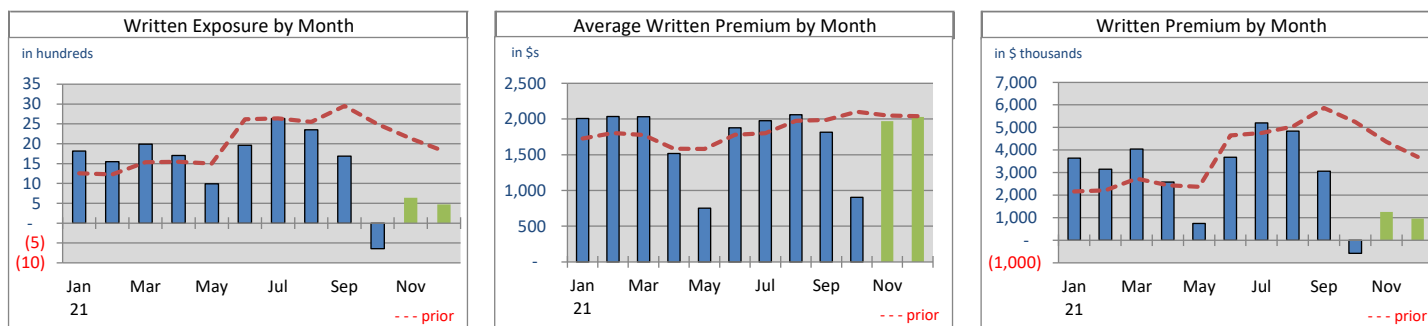
NS RSP 2021 Summary	Actual	Projection	Prior Year	2021 year-to-date	2020 year-to-date	2021 year-end	Outlook*
Amounts in \$000s	(November 2021)	(November 2021)	(November 2020)	as at 11 months	as at 11 months	Projection	Full year 2021
Premium Written	(147)	1,254	4,362	30,216	41,829	30,694	54,582
Premium Earned	2,825	4,212	3,633	38,074	33,520	41,077	49,597
Incurred Losses	2,246	3,443	3,307	19,316	27,073	21,674	51,756
Underwriting & Admin Expense	522	1,082	1,917	7,525	15,228	8,226	20,526
Expense allowance	(46)	393	1,383	9,453	13,266	9,601	17,303
Premium Deficiency / (DPAC)	458	655	484	(2,762)	1,174	(2,289)	1,717
Administrative Expenses	110	34	50	834	788	914	1,506
Net Result from Operations	57	(313)	(1,591)	11,233	(8,781)	11,177	(22,685)
Ratios:							
Loss ratio - Prior Accident Years	(2.3%)	(1.4%)	(4.0%)	(33.2%)	(15.3%)	(31.0%)	(3.0%)
- Current Accident Year	81.9%	83.2%	95.2%	83.9%	96.1%	83.7%	107.3%
Total	79.6%	81.8%	91.2%	50.7%	80.8%	52.7%	104.3%
Underwriting & Admin Expense	18.5%	25.7%	52.8%	19.8%	45.4%	20.0%	41.4%
Combined Operating Ratio	98.1%	107.5%	144.0%	70.5%	126.2%	72.7%	145.7%

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:



November's vehicle count transfer was negative 644 vehicles, representing a 125.8% decrease compared with prior year; counts were down 21.0% year-to-date. The projection for November from prior month anticipated for an decrease of 889 vehicles, however the actual came in 2,250 lower than projected, driven primarily by one member company groups transferring business out of the pool.

Both average written premium and written premium is in line with prior year.

Incurred Losses

Incurred losses in November 2021 were \$1.5 million, \$2.3 million lower than our projection from last month, \$0.4 million higher compared with the same month from last year.

Reported losses in November 2021 were \$1.0 million higher than projected. The Current Accident Year had a \$1.1 million favourable variance in reported losses, and the Prior Accident Years had a \$0.1 million unfavourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

Losses year to date continue to be below prior year, in line with the impact of the pandemic on the economy.

Underwriting and Admin Expenses

Expenses for November 2021 include,

- Expense Allowance: -\$0.05 million for November 2021 compared to projection at \$0.4 million and prior year at \$1.4 million. The allowance is approximately 31% of written premium. Changes from projection and prior year are consistent with changes in written premium.
- Premium Deficiency / (DPAC): Premium Deficiency of \$0.4 million for November 2021, compared to projected \$0.7 million and prior year at \$0.5 million.
- Administrative Expense: \$0.1 million for November 2021, fairly in line with projection and prior year.

Expense ratios year-to-date was lower than prior year driven by the combined effect of the following:

- **Lower overall expenses** driven by the favourable valuation impact on premium deficiency reserve booked in the year
- **Higher earned premium** driven by the past continuous increase in written premium

Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has decreased \$23.4 million to

\$30.7 million mainly driven by the reduction in premium year to date as well as the updated premium projections received from the main users of the Nova Scotia Risk Sharing Pool. As a result of the change in projected written premium, earned premium also decreased by \$8.5 million to \$41.1 million.

The updated year-end 2021 operating surplus is now \$11.2 million and the combined operating ratio is 72.7%. The improvement of \$33.8 million in operating result and 73

percentage points in combined operating ratio compared with 2021 Outlook reflects the reduction in policy liability as a result of the updated COVID-19 assumption with reduced loss ratios.

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 2021](#)

*11 months ended November 2021 (discounted basis)

Add highlights