

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2021-102

**DATE:** December 24, 2021

**SUBJECT:** New Brunswick 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 New Brunswick 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 \$1.2 million**, higher than prior year by \$0.04 million;
- (b) The **2021 year-to-date net operating surplus was \$0.5 million**, resulting in a COR of 97.3% on earned premium of \$18.6 million; and

### Summary of Financial Results

#### NB RSP Summary of Financial Results

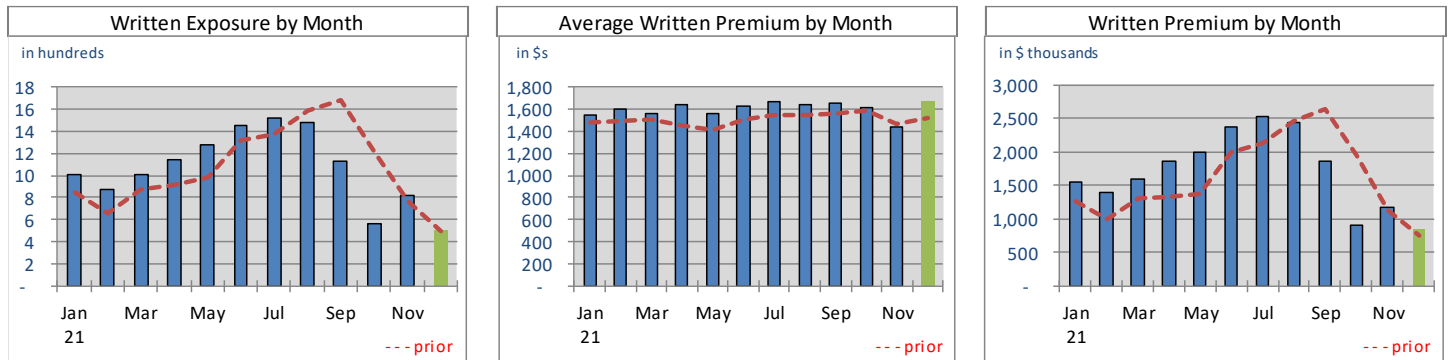
| <b>NB RSP 2021 Summary</b><br>Amounts in \$000s | <b>Actual</b><br>(November 2021) | <b>Projection</b><br>(November 2021) | <b>Prior Year</b><br>(November 2020) | <b>2021 year-to-date</b><br>as at 11 months | <b>2020 year-to-date</b><br>as at 11 months | <b>2021 year-end</b><br>Projection | <b>Outlook*</b><br>Full year 2021 |
|---|----------------------------------|--------------------------------------|--------------------------------------|---|---|------------------------------------|-----------------------------------|
| Premium Written                                 | 1,171                            | 1,200                                | 1,135                                | 19,701                                      | 18,546                                      | 20,549                             | 21,771                            |
| Premium Earned                                  | 1,700                            | 1,863                                | 1,651                                | 18,592                                      | 16,380                                      | 20,389                             | 20,891                            |
| Incurred Losses                                 | 1,166                            | 1,266                                | 1,125                                | 10,976                                      | 12,979                                      | 12,185                             | 16,389                            |
| Underwriting & Admin Expense                    | 801                              | 819                                  | 657                                  | 7,126                                       | 6,436                                       | 7,923                              | 7,694                             |
| Expense allowance                               | 359                              | 367                                  | 343                                  | 6,031                                       | 5,603                                       | 6,290                              | 6,575                             |
| Premium Deficiency / (DPAC)                     | 332                              | 391                                  | 263                                  | 257   | 51  | 670                                | (3)                               |
| Administrative Expenses                         | 110                              | 61                                   | 51                                   | 838   | 783   | 963                                | 1,122                             |
| <b>Net Result from Operations</b>               | <b>(267)</b>                     | <b>(222)</b>                         | <b>(131)</b>                         | <b>490</b>                                  | <b>(3,035)</b>                              | <b>281</b>                         | <b>(3,192)</b>                    |
| <b>Ratios:</b>                                  |                                  |                                      |                                      |   |   |                                    |                                   |
| <b>Loss ratio</b> - Prior Accident Years        | (1.6%)                           | (1.7%)                               | (1.8%)                               | (12.2%)                                     | 8.4%  | (11.4%)                            | (3.0%)                            |
| - Current Accident Year                         | 70.2%                            | 69.7%                                | 70.0%                                | 71.2%                                       | 70.8%                                       | 71.1%                              | 81.4%                             |
| <b>Total</b>                                    | <b>68.6%</b>                     | <b>68.0%</b>                         | <b>68.2%</b>                         | <b>59.0%</b>                                | <b>79.2%</b>                                | <b>59.7%</b>                       | <b>78.4%</b>                      |
| <b>Underwriting &amp; Admin Expense</b>         | <b>47.1%</b>                     | <b>44.0%</b>                         | <b>39.8%</b>                         | <b>38.3%</b>                                | <b>39.3%</b>                                | <b>38.9%</b>                       | <b>36.8%</b>                      |
| <b>Combined Operating Ratio</b>                 | <b>115.7%</b>                    | <b>112.0%</b>                        | <b>108.0%</b>                        | <b>97.3%</b>                                | <b>118.5%</b>                               | <b>98.6%</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:



November's vehicle count transfer was 817 vehicles, representing a 6% increase compared with prior year, and counts are slightly higher year-to-date. The projection for November from last month anticipated a decrease of 69 vehicles, however the actual came in 194 lower than projected, driven primarily by one member company group transferring less than their projection.

Average premium showed a moderate increase compared with prior year. Premium written was above prior year, primarily driven by the increase in vehicles transferred to the pool.

## Incurred Losses

Incurred losses in November 2021 were \$1.2 million, \$0.1 million lower than our projection, and in line compared with the same month from last year.

Reported losses in November 2021 were \$0.2 million lower than projected. The Current Accident Year had a \$1.0 million favourable variance in reported losses, and the Prior Accident Years had an approximately \$0.1 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million. This impact is driven by minimal change from the prior valuation driven by claims emergence during the quarter.

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: \$0.3 million for November 2021, compared to projection and prior year at \$0.3 million. The allowance is approximately 31% of written premium. Increase from prior year is consistent with increase in written premium.
- Premium Deficiency / (DPAC): premium deficiency of \$0.3 million for November 2021 compared to projection at \$0.4 million and prior year at \$0.3 million
- Administrative Expense: \$0.1 million for November 2021, consistent with projection and prior year.

## Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has decreased by \$1.2 million to \$20.5 million driven by the updated premium projections received from the main users of the New Brunswick Risk Sharing Pool. As a result of the change in projected written premium, earned premium is also reduced by

\$0.5 million to \$20.4 million.

The updated year-end 2021 operating surplus is now \$0.3 million and the combined operating ratio is 98.6%. The improvement of \$3.5 million in operating result and 16.6% 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:**

[New Brunswick RSP Summary of Operations - Calendar Year 2021](#)

\*11 months ended November 2021 (discounted basis)

Need to add highlights