

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2021-083

**DATE:** October 28, 2021

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

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

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

### Highlights

- (a) The **September 2021 premium written for the month was \$1.9 million**, lower than prior year by \$0.8 million; and
- (b) The **2021 year-to-date net operating surplus was \$0.8 million**, with the \$0.3 million in deficit generated in September, resulting in a COR of 94.7% on earned premium of \$15.4 million.

### Summary of Financial Results

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

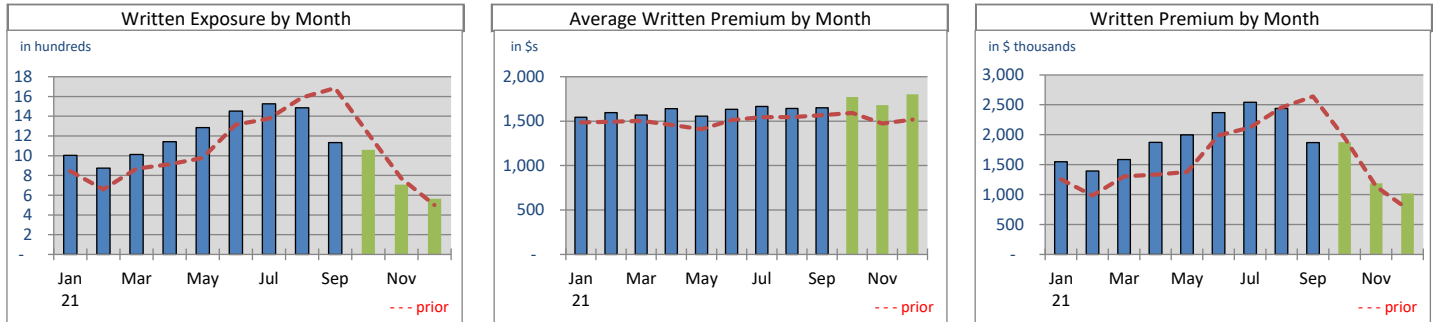
<b>NB RSP 2021 Summary</b>	<b>Actual</b>	<b>Projection</b>	<b>Prior Year</b>	<b>2021 year-to-date</b>	<b>2020 year-to-date</b>	<b>2021 year-end</b>	<b>Outlook*</b>
<b>Amounts in \$000s</b>	<b>(September 2021)</b>	<b>(September 2021)</b>	<b>(September 2020)</b>	<b>as at 9 months</b>	<b>as at 9 months</b>	<b>Projection</b>	<b>Full year 2021</b>
Premium Written	1,867	2,095	2,641	17,621	15,463	21,703	21,771
Premium Earned	1,807	1,920	1,635	15,422	13,029	20,840	20,891
Incurred Losses	1,177	1,305	1,111	8,936	10,899	12,627	16,389
Underwriting & Admin Expense	933	1,007	821	5,672	4,938	8,220	7,694
Expense allowance	572	641	797	5,394	4,672	6,642	6,575
Premium Deficiency / (DPAC)	259	258	(42)	(450)	(347)	655	(3)
Administrative Expenses	102	108	66	728	614	923	1,122
<b>Net Result from Operations</b>	<b>(303)</b>	<b>(392)</b>	<b>(297)</b>	<b>814</b>	<b>(2,808)</b>	<b>(7)</b>	<b>(3,192)</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	(2.0%)	(1.6%)	(1.8%)	(12.2%)	12.6%	(9.6%)	(3.0%)
- Current Accident Year	67.1%	69.6%	69.8%	70.1%	71.1%	70.2%	81.4%
<b>Total</b>	<b>65.1%</b>	<b>68.0%</b>	<b>68.1%</b>	<b>57.9%</b>	<b>83.7%</b>	<b>60.6%</b>	<b>78.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>51.6%</b>	<b>52.4%</b>	<b>50.2%</b>	<b>36.8%</b>	<b>37.9%</b>	<b>39.4%</b>	<b>36.8%</b>
<b>Combined Operating Ratio</b>	<b>116.7%</b>	<b>120.4%</b>	<b>118.3%</b>	<b>94.7%</b>	<b>121.6%</b>	<b>100.0%</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:



September's vehicle count transfer was 1,132 vehicles, representing a 32.8% decrease compared with prior year, however, counts were up 6.6% year-to-date. The projection for September from last month anticipated a decrease of 556 vehicles, in line with the month's count transfer.

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

## Incurred Losses

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

Reported losses in September 2021 were \$0.6 million higher than projected, driven by the Current Accident Year. 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 September 2021 include,

- Expense Allowance: \$0.6 million for September 2021, fairly in line with projection and compared to prior year at \$0.8 million. The allowance is approximately 31% of written premium. Decrease from prior year is consistent with decrease in written premium.
- Premium Deficiency / (DPAC): premium deficiency of \$0.3 million for September 2021, in line with projection and compared to prior year DPAC at approximately \$0.1 million.
- Administrative Expense: \$0.1 million for September 2021, consistent with projection and prior year.

## Projection to year-end 2021

Compared with the Outlook released in November 2020, both written premium and earned premium have not changed much.

The updated year-end 2021 operating result showed a minimal deficit with the combined operating ratio at 100.0%. The improvement of \$3.2 million in operating result and 15.2% 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](#)

\*9 months ended September 2021 (discounted basis)