

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2021-064

DATE: August 30, 2021

SUBJECT: New Brunswick Risk Sharing Pool – July 2021 Operational Report

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

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

Highlights

- (a) The **July 2021 premium written for the month was \$2.5 million**, \$0.4 million higher than prior year; and
- (b) The **2021 year-to-date net operating surplus was \$0.8 million**, with the \$0.3 million in deficit generated in July, resulting in a COR of 92.9% on earned premium of \$11.8 million.

Summary of Financial Results

NB RSP Summary of Financial Results

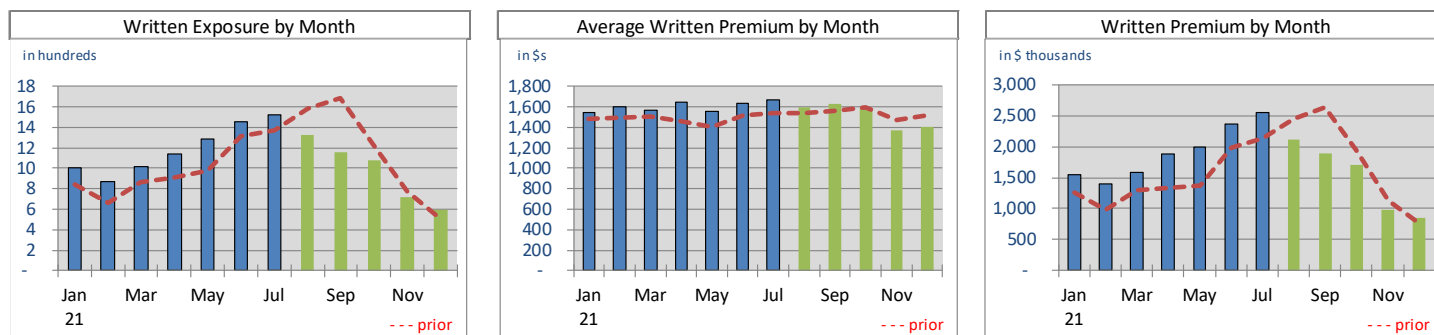
NB RSP 2021 Summary Amounts in \$000s	Actual (July 2021)	Projection (July 2021)	Prior Year (July 2020)	2021 year-to-date as at 7 months	2020 year-to-date as at 7 months	2021 year-end Projection	Outlook* Full year 2021
Premium Written	2,543	2,499	2,122	13,314	10,365	20,842	21,771
Premium Earned	1,789	1,857	1,488	11,780	9,860	20,706	20,891
Incurred Losses	1,289	1,330	1,153	7,223	10,047	13,624	16,389
Underwriting & Admin Expense	812	854	673	3,726	3,993	7,156	7,694
Expense allowance	778	765	641	4,075	3,132	6,378	6,575
Premium Deficiency / (DPAC)	(63)	(40)	(43)	(892)	376	(142)	(3)
Administrative Expenses	96	129	75	542	486	920	1,122
Net Result from Operations	(312)	(327)	(338)	831	(4,180)	(74)	(3,192)
Ratios:							
Loss ratio - Prior Accident Years	(2.4%)	(2.0%)	(2.4%)	(14.3%)	21.0%	(9.1%)	(3.0%)
- Current Accident Year	74.5%	73.6%	79.8%	75.6%	80.9%	74.9%	81.4%
Total	72.1%	71.6%	77.4%	61.3%	101.9%	65.8%	78.4%
Underwriting & Admin Expense	45.4%	46.0%	45.2%	31.6%	40.5%	34.6%	36.8%
Combined Operating Ratio	117.5%	117.6%	122.6%	92.9%	142.4%	100.4%	115.2%

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:



July's vehicle count transfer was 1,526 vehicles, representing an 11.0% increase compared with prior year, and counts were up 19.2% year-to-date. The projection for July from last month anticipated an increase of 143 vehicles, in line with the month's count transfer.

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 July 2021 were \$1.3 million, \$0.1 million higher compared with the same month from last year while consistent with our projection from last month.

Reported losses in July 2021 were \$0.2 million higher than projected. The Current Accident Year had an approximately \$0.1 million unfavourable variance in reported losses, and the Prior Accident Years had an approximately \$0.1 million unfavourable variance. No single 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 July 2021 include,

- Expense Allowance: \$0.8 million for July 2021, in line with our projection and compared to prior year at \$0.6 million. The allowance is approximately 31% of written premium. Increase from prior year is consistent with increase in written premium.
- Premium Deficiency / (DPAC): DPAC of \$0.1 million for July 2021, fairly in line with both projection and prior year.
- Administrative Expense: \$0.1 million for July 2021, consistent 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:** favourable valuation impact on premium deficiency reserve booked in the year, partially offset by the increase in expense allowance driven by the increase in written premium
- **Higher earned premium** driven by the continuous increase in written premium

Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has reduced \$0.9 million to \$20.8

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 \$0.2 million to \$20.7 million.

The updated year-end 2021 operating deficit is now \$0.1 million and the combined operating ratio is 100.4%. The improvement of \$3.1 million in operating result and 14.8% 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](#)

*7 months ended July 2021 (discounted basis)