

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2021-057

DATE: July 29, 2021

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

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

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

Highlights

- (a) The **June 2021 premium written for the month was \$2.4 million**, 0.4 million higher than prior year; and
- (b) The **2021 year-to-date net operating surplus was \$1.1 million**, with a COR of 88.5% on earned premium of \$10.0 million.

Summary of Financial Results

NB RSP Summary of Financial Results

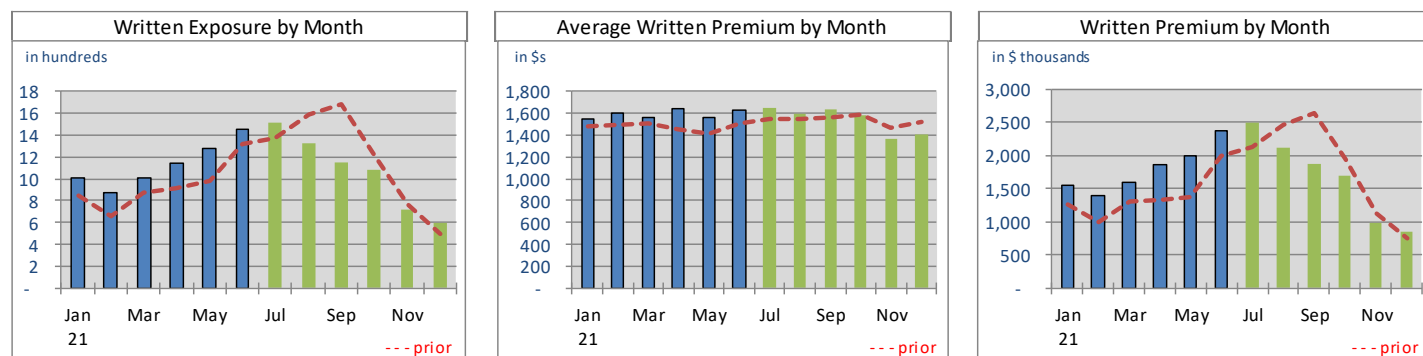
NB RSP 2021 Summary Amounts in \$000s	Actual (June 2021)	Projection (June 2021)	Prior Year (June 2020)	2021 year-to-date as at 6 months	2020 year-to-date as at 6 months	2021 year-end Projection	Outlook* Full year 2021
Premium Written	2,371	2,402	1,988	10,771	8,243	20,798	21,771
Premium Earned	1,738	1,720	1,388	9,991	8,372	20,704	20,891
Incurred Losses	1,275	1,238	1,028	5,934	8,894	13,598	16,389
Underwriting & Admin Expense	744	792	617	2,914	3,320	7,199	7,694
Expense allowance	726	735	601	3,297	2,490	6,365	6,575
Premium Deficiency / (DPAC)	(60)	(67)	(52)	(829)	419	(135)	(3)
Administrative Expenses	78	124	68	446	411	969	1,122
Net Result from Operations	(281)	(310)	(257)	1,143	(3,842)	(93)	(3,192)
Ratios:							
Loss ratio - Prior Accident Years	(1.2%)	(1.8%)	(6.3%)	(16.5%)	25.2%	(9.1%)	(3.0%)
- Current Accident Year	74.6%	73.8%	80.3%	75.8%	81.0%	74.8%	81.4%
Total	73.4%	72.0%	74.0%	59.3%	106.2%	65.7%	78.4%
Underwriting & Admin Expense	42.8%	46.0%	44.5%	29.2%	39.7%	34.8%	36.8%
Combined Operating Ratio	116.2%	118.0%	118.5%	88.5%	145.9%	100.5%	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:



June's vehicle count transfer was 1,451 vehicles, representing a 10.4% increase compared with prior year, and counts were up 21.2% year-to-date. The projection for June from last month anticipated an increase of 164 vehicles, the actual came in 27 lower than projected, fairly consistent with our projection.

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

Incurred Losses

Incurred losses in June 2021 were \$1.3 million, \$0.2 million higher compared with the same month from last year while consistent with our projection from last month.

Reported losses in June 2021 was also in line with our projection from last month. 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 June 2021 include,

- Expense Allowance: \$0.7 million for June 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 June 2021, in line with both projection and prior year.
- Administrative Expense: \$0.1 million for June 2021, consistent with projection and prior year.

Expense ratios year-to-date was lower than prior year primarily due to the favourable valuation impact on premium deficiency reserve booked in the year.

Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has reduced \$1.0 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 100.5%.

The improvement of \$3.1 million in operating result and 14.7% 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 as well as the premium reduction for the calendar year.

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](#)

*6 months ended June 2021 (discounted basis)