

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2021-037

DATE: May 28, 2021

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

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

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

Highlights

- (a) The **April 2021 premium written for the month was \$2.6 million**, \$0.1 million higher compared with prior year; and
- (b) The **2021 year-to-date net operating surplus was \$5.6 million**, with a COR of 64.4% on earned premium of \$15.7 million.

Summary of Financial Results

NS RSP Summary of Financial Results

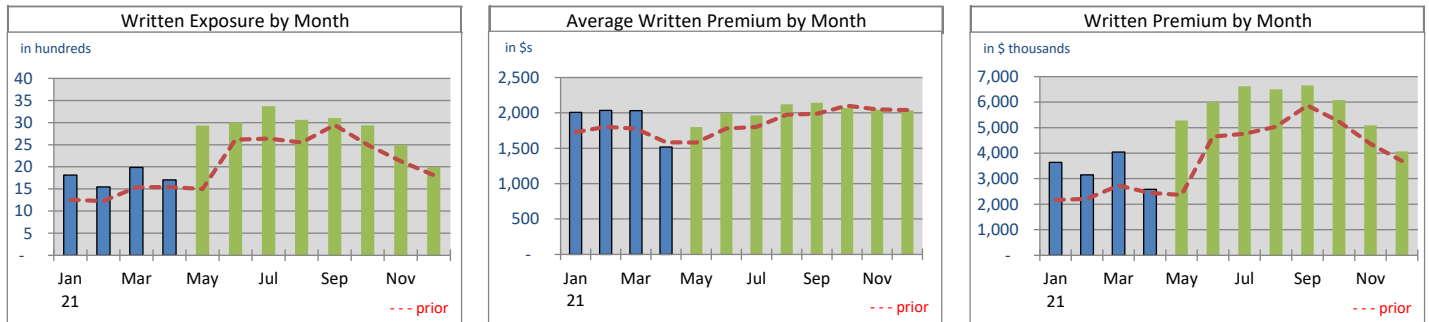
NS RSP 2021 Summary Amounts in \$000s	Actual (April 2021)	Projection (April 2021)	Prior Year (April 2020)	2021 year-to-date as at 4 months	2020 year-to-date as at 4 months	2021 year-end Projection	Outlook* Full year 2021
Premium Written	2,585	4,337	2,443	13,414	9,554	59,702	54,582
Premium Earned	4,028	4,239	2,763	15,697	10,991	52,506	49,597
Incurred Losses	3,906	4,101	2,965	7,865	12,372	43,745	51,756
Underwriting & Admin Expense	945	1,565	838	2,252	4,012	20,293	20,526
Expense allowance	809	1,358	775	4,199	3,032	18,686	17,303
Premium Deficiency / (DPAC)	53	87	(7)	(2,239)	704	2	1,717
Administrative Expenses	83	120	70	292	275	1,605	1,506
Net Result from Operations	(823)	(1,427)	(1,040)	5,580	(5,393)	(11,532)	(22,685)
Ratios:							
Loss ratio - Prior Accident Years	(2.5%)	(2.1%)	(2.2%)	(50.8%)	2.1%	(16.7%)	(3.0%)
- Current Accident Year	99.4%	98.8%	109.6%	100.9%	110.5%	100.0%	107.3%
Total	96.9%	96.7%	107.4%	50.1%	112.6%	83.3%	104.3%
Underwriting & Admin Expense	23.5%	36.9%	30.3%	14.3%	36.5%	38.6%	41.4%
Combined Operating Ratio	120.4%	133.6%	137.7%	64.4%	149.1%	121.9%	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:



April's vehicle count transfer was 1,703 vehicles, representing a 10.4% increase compared with prior year, and counts were up 26.8% year-to-date. The projection anticipated for an increase of 846 vehicles, however the actual came in 686 lower than projected, driven primarily by one member company transferring less than their projection.

Average premium was in line with prior year. Premium written was above prior year driven by the increase in vehicles transferred to the pool.

Incurred Losses

Incurred losses in April 2021 were \$3.9 million, \$0.2 million lower than our projection from last month, however \$1.0 million higher compared with the same month from last year.

Reported losses in April 2021 were \$0.6 million lower than projected. The Current Accident Year had an approximately \$0.4 million favourable variance in reported losses, and the Prior Accident Years had a \$0.2 million favourable 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 April 2021 include,

- Expense Allowances: \$0.8 million for April 2021 compared to projection at \$1.4 million and prior year at \$0.8 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 for April 2021 is fairly consistent with projection and prior year, all below \$0.1 million.
- Administrative Expense: \$0.1 million for April 2021, in line with projection and prior year.

Expense ratios for the month and year-to-date were lower than prior year primarily due to the premium deficiency reserve decreases on higher premium earned.

Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has increased \$5.1 million to \$59.7 million mainly driven by 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 increased by

\$2.9 million to \$52.5 million.

The updated year-end 2021 operating deficit is now \$11.5 million and the combined operating ratio is 121.9%. The improvement of \$11.2 million in operating result and 23.8 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 April 2021 Operational Report – Actuarial Highlights](#)

*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

[Nova Scotia RSP Summary of Operations - Calendar Year 2021](#)

*4 months ended April 2021 (discounted basis)