

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2021-036

DATE: May 28, 2021

SUBJECT: New Brunswick 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 New Brunswick 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 \$1.9 million**, 0.5 million higher than prior year; and
- (b) The **2021 year-to-date net operating surplus was \$0.9 million**, with a COR of 85.5% on earned premium of \$6.5 million.

Summary of Financial Results

NB RSP Summary of Financial Results

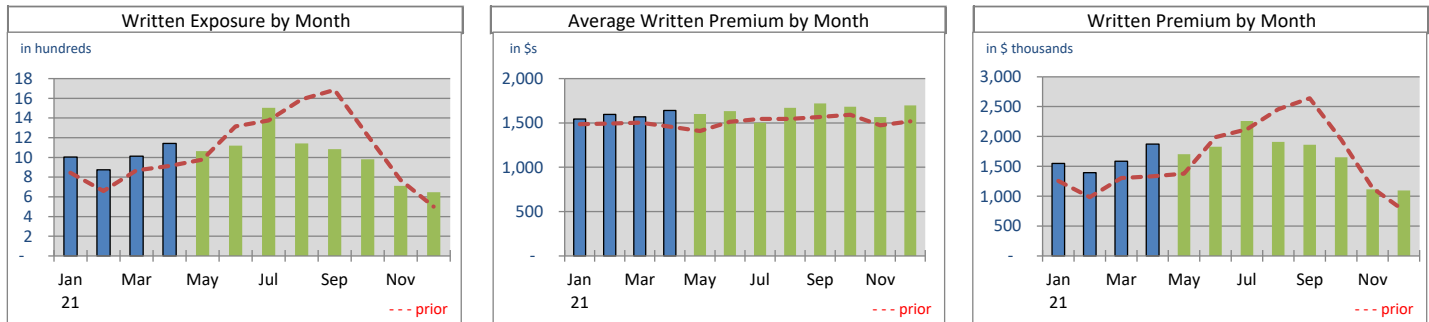
NB RSP 2021 Summary	Actual	Projection	Prior Year	2021 year-to-date	2020 year-to-date	2021 year-end	Outlook*
Amounts in \$000s	(April 2021)	(April 2021)	(April 2020)	as at 4 months	as at 4 months	Projection	Full year 2021
Premium Written	1,874	1,637	1,333	6,402	4,878	19,827	21,771
Premium Earned	1,702	1,607	1,384	6,500	5,554	20,072	20,891
Incurred Losses	1,259	1,152	1,076	3,921	5,142	13,807	16,389
Underwriting & Admin Expense	659	612	488	1,636	2,082	7,081	7,694
Expense allowance	573	501	403	1,960	1,474	6,066	6,575
Premium Deficiency / (DPAC)	3	27	15	(618)	334	22	(3)
Administrative Expenses	83	84	70	294	275	993	1,122
Net Result from Operations	(216)	(157)	(180)	943	(1,670)	(816)	(3,192)
Ratios:							
Loss ratio							
- Prior Accident Years	(1.5%)	(3.2%)	(2.2%)	(17.8%)	12.4%	(7.5%)	(3.0%)
- Current Accident Year	75.5%	74.9%	79.9%	78.1%	80.2%	76.3%	81.4%
Total	74.0%	71.7%	77.7%	60.3%	92.6%	68.8%	78.4%
Underwriting & Admin Expense	38.7%	38.1%	35.3%	25.2%	37.5%	35.3%	36.8%
Combined Operating Ratio	112.7%	109.8%	113.0%	85.5%	130.1%	104.1%	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:



April's vehicle count transfer was 1,142 vehicles, representing a 24.9% increase compared with prior year, and counts were up 22.6% year-to-date. The projection for April from last month anticipated an increase of 89 vehicles, however the actual came in 140 higher than projected, driven primarily by one member company transferring more than their projections.

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

Incurred Losses

Incurred losses in April 2021 were \$1.3 million, \$0.1 million higher than our projection from last month, and \$0.2 million higher compared with the same month from last year.

Reported losses in April 2021 were \$0.3 million higher than projected and it was mainly from the Prior Accident Years, however, 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: \$0.6 million for April 2021, compared to projection at \$0.5 million and prior year at \$0.4 million. The allowance is approximately 31% of written premium. Increases from projection and prior year are consistent with increases in written premium.
- Premium Deficiency / (DPAC): premium deficiency for April 2021 is fairly in line with projection and prior year, all below \$0.1 million.
- Administrative Expense: \$0.1 million for April 2021, consistent with projection and prior year.

Expense ratio for the month was higher than both projection and prior years primarily due to higher expenses allowance driven by written premium increase. The year-to-date expense ratio was however lower than prior year due to the favourable valuation impact already booked in the year.

Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has reduced \$1.9 million to \$19.8 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 \$0.8 million to \$20.1 million.

The updated year-end 2021 operating deficit is now \$0.8 million and the combined operating ratio is 104.1%. The improvement of \$2.4 million in operating result and 11.1% 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 April 2021 Operational Report – Actuarial Highlights](#)

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

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

*4 months ended April 2021 (discounted basis)