



**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER  
NEW BRUNSWICK RISK SHARING POOL PROJECT MANAGER

**BULLETIN NO.:** F2021 – 021

**DATE:** MARCH 30, 2021

**SUBJECT:** NEW BRUNSWICK RISK SHARING POOL  
– FEBRUARY 2021 OPERATIONAL REPORT

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

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

### Highlights

- (a) The **February 2021 premium written for the month** was \$1.4 million, compared to prior year of \$1.0 million, an increase of \$0.4 million or 42%, however in line with projection;
- (b) The **February 2021 premium written year-to-date** was \$2.9 million, compared to prior year of \$2.2 million, an increase of \$0.7 million or 31%;
- (c) The **February 2021 loss ratio** was 81%, above projection of 76% and prior year of 72%; year-to-date loss ratio also continue to be above prior year;
- (d) The **February 2021 combined ratio** was 116%, above projected ratio of 110% and prior year ratio of 106% driven by increased loss ratio; year-to-date combined ratio continues to be above prior year, however in line with Outlook.
- (e) The **February 2021 net operating deficit** was \$0.2 million, fairly in line with projection and prior year; and
- (f) The **February 2021 year-to-date net operating deficit** was \$0.5 million, above prior year deficit at \$0.2 million.

## Summary of Financial Results

### NB RSP Summary of Financial Results

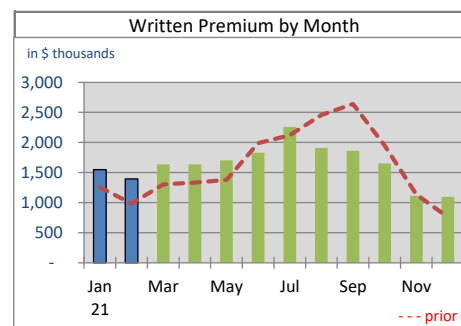
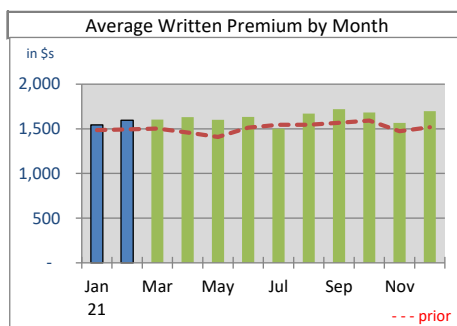
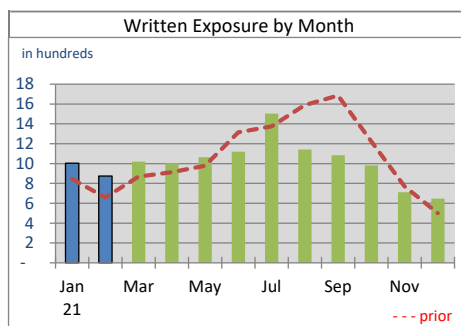
<b>NB RSP 2021 Summary</b> Amounts in \$000s	<b>Actual</b> (February 2021)	<b>Projection</b> (February 2021)	<b>Prior Year</b> (February 2020)	<b>2021 year-to-date</b> as at 2 months	<b>2020 year-to-date</b> as at 2 months	<b>Outlook*</b> Full year 2021
Premium Written	1,395	1,365	986	2,942	2,241	21,771
Premium Earned	1,503	1,477	1,325	3,120	2,757	20,891
Incurred Losses	1,220	1,120	951	2,527	2,021	16,389
Underwriting & Admin Expense	529	507	455	1,060	930	7,694
<b>Net Result from Operations</b>	<b>(246)</b>	<b>(150)</b>	<b>(81)</b>	<b>(467)</b>	<b>(194)</b>	<b>(3,192)</b>
<b>Ratios:</b>						
<b>Loss ratio</b> - Prior Accident Years	(4.7%)	(6.1%)	(6.9%)	(6.4%)	(4.9%)	(3.0%)
- Current Accident Year	85.9%	81.9%	78.6%	87.4%	78.2%	81.4%
<b>Total</b>	<b>81.2%</b>	<b>75.8%</b>	<b>71.7%</b>	<b>81.0%</b>	<b>73.3%</b>	<b>78.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>35.2%</b>	<b>34.3%</b>	<b>34.3%</b>	<b>34.0%</b>	<b>33.7%</b>	<b>36.8%</b>
<b>Combined Operating Ratio</b>	<b>116.4%</b>	<b>110.1%</b>	<b>106.0%</b>	<b>115.0%</b>	<b>107.0%</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:



February's vehicle count transfer was 874 vehicles, representing a 32.4% increase compared with prior year, however fairly consistent with our projection from last month; on a year-to-date basis, counts were up 24.7%.

Average premium remained in line with projection and prior year. Premium written was in-line with projection, however above prior year driven by the increase in vehicles transferred to the pool.

## Incurred Losses

Incurred losses in February 2021 were \$1.2 million, \$0.1 million higher than our projection from last month, and \$0.3 million higher compared with the same month from last year.

Reported losses in February were \$0.7 million lower than projected. The Current Accident Year had a \$0.5 million favourable variance in reported losses, while 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 continue to be above prior year driven by increased current accident year loss experience.

## Underwriting and Admin Expenses

Expenses for February 2021 include,

**Bulletin F2021–021****New Brunswick Risk Sharing Pool – February 2021 Operational Report**

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- Expense Allowances: \$0.4 million for February 2021, in line with projection and compared to prior year at \$0.3 million. The allowance is approximately 31% of written premium. Increase from prior year is consistent with increase in written premium.
- Premium deficiency reserve changes: increase for February 2021 is in line with projection and prior year, all below 0.1 million.

Expense ratios for the month and year-to-date were in line with projection and prior year.

**Projection to year-end 2021**

Updated projections to year-end 2021 will be presented in the March 2021 results updates together with the impact of the 2020 Q4 valuation implementation.

Should you require any further information, please call Sheetal Savani, VP Finance, Audit and CFO at (416) 863-1750 x5626.

Saskia Matheson  
President & CEO

**Related links:**

[New Brunswick RSP February 2021 Operational Report – Actuarial Highlights](#)

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

# SUMMARY OF OPERATIONS - CALENDAR YEAR 2021

Risk Sharing Pool - New Brunswick

Operating Results for the 2 Months Ended February 28, 2021 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	February	CY2021 YTD	CY2021 12 MONTHS Updated Projection	CY2020 12 MONTHS Actual
<b>Underwriting Revenue:</b>					
Net Premiums Written	\$1,547	\$1,395	\$2,942	\$19,639	\$19,305
Decrease (Increase) in Unearned Premiums	70	108	178	306	(1,267)
<b>Net Premiums Earned</b>	<b>\$1,617</b>	<b>\$1,503</b>	<b>\$3,120</b>	<b>\$19,945</b>	<b>\$18,038</b>
<b>Claims Incurred:</b>					
Prior Accident Years:					
Undiscounted	(\$57)	(\$41)	(\$98)	(\$98)	\$1,006
Effect of Discounting	(73)	(30)	(103)	(576)	352
Discounted	(\$130)	(\$71)	(\$201)	(\$674)	\$1,358
Current Accident Year:					
Undiscounted	\$1,301	\$1,194	\$2,495	\$15,383	\$11,912
Effect of Discounting	136	97	233	1,182	825
Discounted	\$1,437	\$1,291	\$2,728	\$16,565	\$12,737
<b>Claims Incurred</b>	<b>\$1,307</b>	<b>\$1,220</b>	<b>\$2,527</b>	<b>\$15,891</b>	<b>\$14,095</b>
<b>Underwriting Expenses:</b>					
Expense Allowance	\$474	\$427	\$901	\$6,008	\$5,830
Change in UPDR/DPAC:					
Undiscounted	16	25	41	161	53
Effect of Discounting	(6)	(7)	(13)	(13)	330
Discounted	10	18	28	148	383
<b>Underwriting Expenses</b>	<b>\$484</b>	<b>\$445</b>	<b>\$929</b>	<b>\$6,156</b>	<b>\$6,213</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$174)</b>	<b>(\$162)</b>	<b>(\$336)</b>	<b>(\$2,102)</b>	<b>(\$2,270)</b>
<b>Administrative Expenses</b>	<b>\$47</b>	<b>\$84</b>	<b>\$131</b>	<b>\$988</b>	<b>\$887</b>
<b>Operating Result</b>	<b>(\$221)</b>	<b>(\$246)</b>	<b>(\$467)</b>	<b>(\$3,090)</b>	<b>(\$3,157)</b>
<b>Ratios:</b>					
<b>Claims &amp; Expenses Incurred (Earned)</b>					
Prior Accident Years	-8.0%	-4.7%	-6.4%	-3.4%	7.5%
Current Accident Year	88.9%	85.9%	87.4%	83.1%	70.6%
All Accident Years Combined	80.9%	81.2%	81.0%	79.7%	78.1%
Underwriting & Administrative Expenses (Earned)	32.8%	35.2%	34.0%	35.8%	39.4%
<b>Combined Operating Ratio</b>	<b>113.7%</b>	<b>116.4%</b>	<b>115.0%</b>	<b>115.5%</b>	<b>117.5%</b>

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply