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**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER  
NOVA SCOTIA RISK SHARING POOL PROJECT MANAGER

**BULLETIN NO.:** F2021 – 015

**DATE:** FEBRUARY 25, 2021

**SUBJECT:** NOVA SCOTIA RISK SHARING POOL  
– JANUARY 2021 OPERATIONAL REPORT

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

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

### Highlights

- (a) *Written premium* transferred in January 2021 was \$3.6 million, \$1.5 million higher than prior year;
- (b) The *2021 year-to-date net operating deficit was \$1.4 million*, with a COR of 136.9% on earned premium of \$3.9 million; and
- (c) Note that there are changes in the format of this bulletin compared to previous months, as we review our reporting and ensure we continue to meet member needs.

## Summary of Financial Results

NS RSP Summary of *Financial Results*

<b>NS RSP 2021 Summary</b> <b>Amounts in \$000s</b>	<b>Actual</b> <b>January 2021</b>	<b>Projection</b> <b>January 2021</b>	<b>Prior Year</b> <b>January 2020</b>	<b>Outlook*</b> <b>Full year 2021</b>
Premium Written	3,639	3,897	2,168	54,582
Premium Earned	3,931	4,015	2,825	49,597
Incurred Losses	4,213	4,180	3,077	51,756
Underwriting & Admin Expense	1,166	1,322	710	20,526
<b>Net Result from Operations</b>	<b>(1,448)</b>	<b>(1,487)</b>	<b>(962)</b>	<b>(22,685)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(5.3%)</b>	<b>(5.4%)</b>	2.7%	<b>(3.0%)</b>
- Current Accident Year	112.5%	109.5%	106.3%	107.3%
<i>Total</i>	<b>107.2%</b>	<b>104.1%</b>	<b>109.0%</b>	<b>104.3%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>29.7%</b>	<b>32.9%</b>	<b>25.1%</b>	<b>41.4%</b>
<b>Combined Operating Ratio</b>	<b>136.9%</b>	<b>137.0%</b>	<b>134.1%</b>	<b>145.7%</b>

rounding differences may occur

\*as posted to FA's website Nov. 18, 2020

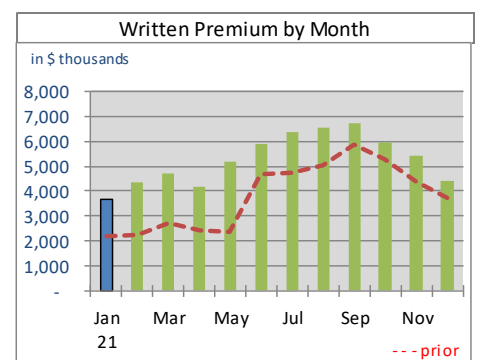
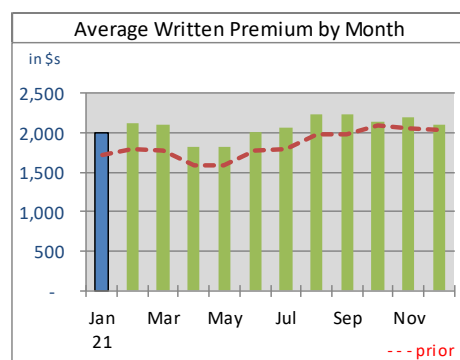
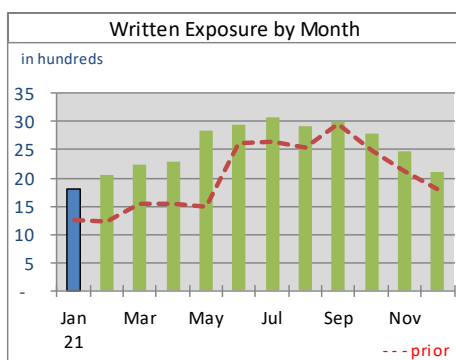
The Nova Scotia Risk Sharing Pool produced a \$1.4 million operating deficit in the month of January 2021 and calendar year-to-date, a \$0.5 million deterioration compared with the prior year.

The year-to-date combined operating ratio at the end of one month was 136.9%, a 2.8 percentage point deterioration over prior year. This deterioration was primarily driven by the premium volume increase since the second half of 2020 and its associated impact on earned premiums, claims, and expenses.

Premium

As shown in the preceding table, written premium transferred in January 2021 was \$3.6 million, \$1.5 million higher compared with the same month from last year, however \$0.3 million lower than our projection last month.

The following graphs shows the **premium drivers** compared to prior year and outlook to year end



January's vehicle count transfer was 1,815 vehicles, representing an increase of 559 vehicles compared with prior year. The projection anticipated was for an increase of 654 vehicles, however the actual came in 95 lower, driven primarily by one member company group.

*Incurred Losses*

Incurred losses in January 2021 was \$4.2 million, fairly consistent with our projection last month, however \$1.1 million higher compared with the same month from last year.

For the month of January 2021, reported losses were \$2.1 million lower than projected. The Current Accident Year had a \$1.3 million favourable variance in reported losses, and the Prior Accident Years had an approximately \$0.8 million favourable variance. No single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

*Underwriting and Admin Expenses*

Expenses for January 2021 was \$1.2 million, \$0.2 million lower than projected, and \$0.5 million higher than prior year. These variances were primary driven by underwriting expense – expense allowance due to written premium changes, while admin expense remains fairly constant.

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:**

[NS RSP January 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 - Nova Scotia

Operating Results for the 1 Month Ended January 31, 2021 (Discounted basis)

Source: Monthly Operational Report

(thousands of dollars)

EXHIBIT 1

	January	CY2021 YTD	CY2021 12 MONTHS Updated Projection	CY2020 12 MONTHS Actual
<b>Underwriting Revenue:</b>				
Net Premiums Written	\$3,639	\$3,639	\$63,420	\$45,525
Decrease (Increase) in Unearned Premiums	292	292	(7,965)	(8,124)
<b>Net Premiums Earned</b>	<b>\$3,931</b>	<b>\$3,931</b>	<b>\$55,455</b>	<b>\$37,401</b>
<b>Claims Incurred:</b>				
Prior Accident Years:				
Undiscounted	(\$64)	(\$64)	(\$64)	(\$5,166)
Effect of Discounting	(144)	(144)	(1,373)	(71)
Discounted	(\$208)	(\$208)	(\$1,437)	(\$5,237)
Current Accident Year:				
Undiscounted	\$3,977	\$3,977	\$55,195	\$33,093
Effect of Discounting	444	444	5,050	2,786
Discounted	\$4,421	\$4,421	\$60,245	\$35,879
<b>Claims Incurred</b>	<b>\$4,213</b>	<b>\$4,213</b>	<b>\$58,808</b>	<b>\$30,642</b>
<b>Underwriting Expenses:</b>				
Expense Allowance	\$1,139	\$1,139	\$19,852	\$14,439
Change in UPDR/DPAC:				
Undiscounted	4	4	1,262	218
Effect of Discounting	(29)	(29)	916	1,419
Discounted	(25)	(25)	2,178	1,637
<b>Underwriting Expenses</b>	<b>\$1,114</b>	<b>\$1,114</b>	<b>\$22,030</b>	<b>\$16,076</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$1,396)</b>	<b>(\$1,396)</b>	<b>(\$25,383)</b>	<b>(\$9,317)</b>
<b>Administrative Expenses</b>	<b>\$52</b>	<b>\$52</b>	<b>\$1,768</b>	<b>\$892</b>
<b>Operating Result</b>	<b>(\$1,448)</b>	<b>(\$1,448)</b>	<b>(\$27,151)</b>	<b>(\$10,209)</b>
<b>Ratios:</b>				
<b>Claims &amp; Expenses Incurred (Earned)</b>				
Prior Accident Years	-5.3%	-5.3%	-2.6%	-14.0%
Current Accident Year	112.5%	112.5%	108.6%	95.9%
All Accident Years Combined	107.2%	107.2%	106.0%	81.9%
Underwriting & Administrative Expenses (Earned)	29.7%	29.7%	42.9%	45.4%
<b>Combined Operating Ratio</b>	<b>136.9%</b>	<b>136.9%</b>	<b>148.9%</b>	<b>127.3%</b>

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

Rounding difference may apply