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**TO:** MEMBERS OF THE FACILITY ASSOCIATION

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

**BULLETIN NO.:** F2021 – 014

**DATE:** FEBRUARY 25, 2021

**SUBJECT:** NEW BRUNSWICK 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 New Brunswick 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 \$1.5 million, \$0.3 million higher than prior year;
- (b) The *2021 year-to-date net operating deficit was \$0.2 million*, with a COR of 113.7% on earned premium of \$1.6 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

NB RSP Summary of *Financial Results*

<b>NB RSP 2021 Summary</b> Amounts in \$000s	<b>Actual</b> January 2021	<b>Projection</b> January 2021	<b>Prior Year</b> January 2020	<b>Outlook*</b> Full year 2021
Premium Written	1,547	1,434	1,255	21,771
Premium Earned	1,617	1,645	1,432	20,891
Incurred Losses	1,307	1,279	1,070	16,389
Underwriting & Admin Expense	531	542	475	7,694
<b>Net Result from Operations</b>	<b>(221)</b>	<b>(176)</b>	<b>(113)</b>	<b>(3,192)</b>
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	<b>(8.0%)</b>	<b>(6.0%)</b>	<b>(3.1%)</b>	<b>(3.0%)</b>
- Current Accident Year	88.9%	83.7%	77.9%	81.4%
<i>Total</i>	<b>80.9%</b>	<b>77.7%</b>	<b>74.8%</b>	<b>78.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>32.8%</b>	<b>32.9%</b>	<b>33.2%</b>	<b>36.8%</b>
<b>Combined Operating Ratio</b>	<b>113.7%</b>	<b>110.6%</b>	<b>108.0%</b>	<b>115.2%</b>

rounding differences may occur

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

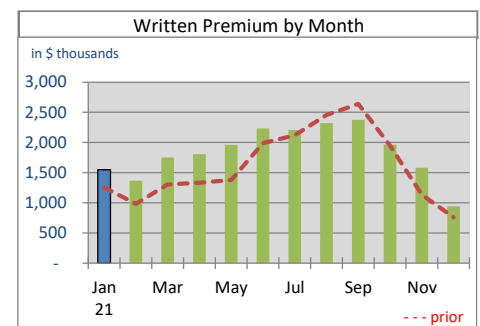
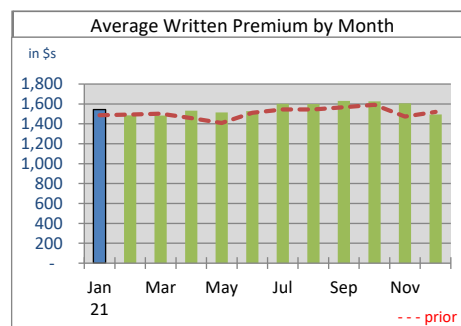
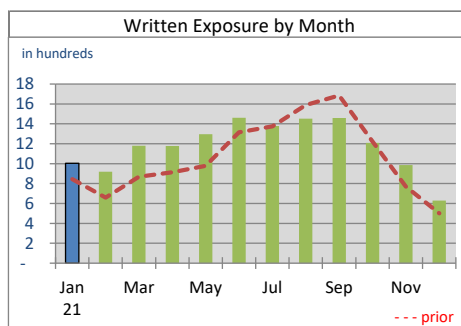
The New Brunswick Risk Sharing Pool produced a \$0.2 million operating deficit in the month of January 2021 and calendar year-to-date, a \$0.1 million deterioration compared with the prior year.

The year-to-date combined operating ratio at the end of one month was 113.7%, a 5.7 percentage point deterioration over prior year. This deterioration was primarily driven by the written premium increase in the month as well as Q3 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 \$1.5 million, \$0.3 million higher compared with the same month from last year, and \$0.1 million higher 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 1,003 vehicles, representing an increase of 158 vehicles compared with prior year, however fairly consistent with our projection last month.

Incurred Losses

Incurred losses in January 2021 was \$1.3 million, \$0.2 million higher compared with the same month last year however fairly consistent with our projection from last month.

For the month of January 2021, reported losses were \$0.3 million lower than projected. The Current Accident Year had a \$0.4 million favourable variance in reported losses, while the Prior Accident Years had a \$0.1 million unfavourable 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 \$0.5 million, \$0.1 million higher than prior year, however consistent with our projection. The variance from prior year was primary driven by underwriting expense – expense allowance due to written premium increase, 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:**

[NB 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 - New Brunswick

EXHIBIT 1

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

Source: Monthly Operational Report

(thousands of dollars)

	January	CY2021 YTD	CY2021 12 MONTHS Updated Projection	CY2020 12 MONTHS Actual
<b>Underwriting Revenue:</b>				
Net Premiums Written	\$1,547	\$1,547	\$22,054	\$19,305
Decrease (Increase) in Unearned Premiums	70	70	(1,177)	(1,267)
<b>Net Premiums Earned</b>	<b>\$1,617</b>	<b>\$1,617</b>	<b>\$20,877</b>	<b>\$18,038</b>
<b>Claims Incurred:</b>				
Prior Accident Years:				
Undiscounted	(\$57)	(\$57)	(\$57)	\$1,006
Effect of Discounting	(73)	(73)	(627)	352
Discounted	(\$130)	(\$130)	(\$684)	\$1,358
Current Accident Year:				
Undiscounted	\$1,301	\$1,301	\$16,055	\$11,912
Effect of Discounting	136	136	1,235	825
Discounted	\$1,437	\$1,437	\$17,290	\$12,737
<b>Claims Incurred</b>	<b>\$1,307</b>	<b>\$1,307</b>	<b>\$16,606</b>	<b>\$14,095</b>
<b>Underwriting Expenses:</b>				
Expense Allowance	\$474	\$474	\$6,751	\$5,830
Change in UPDR/DPAC:				
Undiscounted	16	16	(133)	53
Effect of Discounting	(6)	(6)	95	330
Discounted	10	10	(38)	383
<b>Underwriting Expenses</b>	<b>\$484</b>	<b>\$484</b>	<b>\$6,713</b>	<b>\$6,213</b>
<b>Net Underwriting Gain (Loss)</b>	<b>(\$174)</b>	<b>(\$174)</b>	<b>(\$2,442)</b>	<b>(\$2,270)</b>
<b>Administrative Expenses</b>	<b>\$47</b>	<b>\$47</b>	<b>\$1,139</b>	<b>\$887</b>
<b>Operating Result</b>	<b>(\$221)</b>	<b>(\$221)</b>	<b>(\$3,581)</b>	<b>(\$3,157)</b>
<b>Ratios:</b>				
<b>Claims &amp; Expenses Incurred (Earned)</b>				
Prior Accident Years	-8.0%	-8.0%	-3.3%	7.5%
Current Accident Year	88.9%	88.9%	82.8%	70.6%
All Accident Years Combined	80.9%	80.9%	79.5%	78.1%
Underwriting & Administrative Expenses (Earned)	32.8%	32.8%	37.6%	39.4%
<b>Combined Operating Ratio</b>	<b>113.7%</b>	<b>113.7%</b>	<b>117.1%</b>	<b>117.5%</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 or investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply