

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2024-012

DATE: April 23, 2024

**SUBJECT: JOINT SURVEY - FACILITY ASSOCIATION AND NOVA SCOTIA
UTILITY AND REVIEW BOARD ON INVESTMENT OF FA ASSETS**

RESPONSE REQUESTED BY MAY 31, 2024

A copy of this bulletin should be provided to your Chief Financial Officer, Appointed Actuary and Actuary responsible for automobile pricing in Nova Scotia.

In its decision 2021 NSUARB 199 for Facility Association's (FA) private passenger vehicles (PPV) filing, the Nova Scotia Utility and Review Board (NSUARB) noted FA's selection of investment rate of return:

[54] Facility, as noted earlier, does not monitor how companies invest the Facility assets, but assumes it would not be in equity investments. To get a better sense of where the assets are actually invested, the Board will work with Facility to develop and conduct a survey of its member companies regarding the types and mix of investments they use for the Facility assets. This information should allow for a better understanding of the investment mix. The information will be available in the next Facility private passenger or taxi hearing before the Board once the survey is completed and the results are reviewed.

And later

[78] Finally, the Board gives notice that, to get a better sense of where the assets held by members companies for Facility are invested, it will work with Facility to conduct a survey of insurers in the Province who are Facility's member companies regarding the types and mix of investments they use for these assets. The information will be available in the next Facility private passenger or taxi hearing before the Board after the survey is completed and the results are reviewed.

The following survey is designed to collect the information expected from this ruling. The survey itself has been condensed to consist of 7 questions and is not expected to take more than 15 minutes to complete.

In order for you to assign this task, and for your ease, we have attached as Appendix A, a copy of the survey questions.

For companies that segregate investment assets that are necessary to support its share of the Facility Association liabilities and surplus from those used to back the company's own liabilities and surplus, there is an additional Excel file to be completed within the Survey, attached as Appendix B.

Please forward this Survey link: [FA_NSUARB_Joint_Survey_2024](#) to your Chief Financial Officer and Appointed Actuary and Actuary responsible for automobile pricing in Nova Scotia for completion by **May 31, 2024.**

Thank you in advance for your participation.

Should you require any further information, please email Philippe Gosselin, VP, Actuarial & CRO at pgosselin@facilityassociation.com

Saskia Matheson
President & CEO

Attach: Appendix A & B (Survey Questions/PDF Excel Template)

APPENDIX 'A'
JOINT SURVEY QUESTIONS



Facility Association and NS Utility Review Board (NSUARB) Joint Survey

In its decision 2021 NSUARB 199 for Facility Association's (FA) private passenger vehicles (PPV), the NS Utility and Review Board (NSUARB) noted the following concerning FA's selection of investment rate of return:

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For companies that segregate investment assets that are necessary to support its share of the Facility Association liabilities and surplus from those used to back the company's own liabilities and surplus, there is an additional Excel file to be completed.

As the subject matter expert within your respective organization, we value your feedback. Feel free to speak to others within your organization to gather additional information you may require to assist in this survey.

Thank you in advance for your cooperation and participation. Your feedback is very important to us.

* Please provide:

The name of the Insurance Group:

* Name of Insurance Company (if applicable to all companies within a group, please confirm)

* Name and Title of Person responding to this survey:

Facility Association and NS Utility Review Board (NSUARB) Joint Survey

* 1. FA Member Company Survey – Investment of FA Assets

When investing assets, does the company segregate and separately choose investment assets that are necessary to support its share of the Facility Association liabilities and surplus from those used to back the company's own liabilities and surplus for automobile insurance?

- ☐ **Yes** (If the response to this question is YES i.e., that decisions associated with FA investment assets are separate and specifically designated for FA, **then please respond to the following additional questions**)
- ☐ **No** (if you answer 'No', then it will be presumed that company's assets are comingled and not earmarked or managed specifically to the FA)

Comments, if any:

* Before continuing, we ask the following:

A. Please download and complete Asset Distribution Excel Template linked here:

[Asset Distribution Excel Template](#)

B. Please pdf the completed template as you will be asked to upload it in Question 4.

Please confirm so that you can then proceed to the survey questions.

☐ Yes

Facility Association and NS Utility Review Board (NSUARB) Joint Survey

* 2. Please provide background and commentary on what basis is used to determine the amount of investment assets for (i) liabilities and (ii) surplus for the FA segregation.

* 3. Is this segregation amount specific to the FA reported in the financial statements and communicated to the auditor?

☐ Yes

☐ No

Comments, if any:

* **4. Please upload the pdf Asset Distribution for 2020-2022 excel worksheet to complete this section.**

Choose File

No file chosen

* Please confirm that the pdf template has been uploaded.

☐ Yes

* 5. Do the types of investments and the distribution of various types of investment used for Facility Association assets **differ** from the types and distribution used for the company's own assets supporting the direct automobile line of business?

☐ Yes

☐ No

Comments, if any:

Facility Association and NS Utility Review Board (NSUARB) Joint Survey

* 6. a) Explain why they differ.

* 6. b) State who in the company makes the decision that the asset mix for FA should differ from the asset mix supporting the company's own direct automobile business.

* 6. c) Provide types of investments (type and term) that are typically used by the company for assets supporting the company's direct automobile line of business?

* 6. d) Provide types of investments (type and term) that are typically used by the company for assets supporting Facility Association direct automobile line of business?

7. Please provide any additional comments below.

Thank you. Your feedback is very important to us.

APPENDIX 'B'
ASSET DISTRIBUTION EXCEL TEMPLATE

Please fill in 'Investment Table' tab of this file only if your company segregates and separately chooses investment assets that are necessary to support its share of the Facility Association liabilities and surplus from those used to back the company's own liabilities and surplus for automobile insurance

Instructions for 'Investment Table' tab (cells in grey are formula driven):

- 1) Fill in Cells C1 (Company Group) and C2 (Company Name)
- 2) Fill in Cells C9 to E15 based on **company**'s 2022 P&C1 Annual Return lines 04 to 10 on page 20.10 for 2020 to 2022
- 3) Fill in Cells F24 to H30 for assets backing the **insurance liabilities** only for **company** for 2020 to 2022
- 4) Fill in Cells I24 to K30 for assets backing the **insurance liabilities** only for **FA** for 2020 to 2022
- 5) Fill in Cells F39 to H45 for assets backing the **surplus** only for **company** for 2020 to 2022
- 6) Fill in Cells I39 to K45 for assets backing the **surplus** only for **FA** for 2020 to 2022
- 7) Ensure 'Checks' in Cells C49 to E49 are **'TRUE'**

Company Group

Company Name

Section 1 - Assets Backing the insurance liabilities and surplus

	Total			Backing Company only			Backing FA only		
Investment Type	2020	2021	2022	2020	2021	2022	2020	2021	2022
Short Term Investments				0	0	0	0	0	0
Bonds and Debentures				0	0	0	0	0	0
Mortgage Loans				0	0	0	0	0	0
Preferred Shares				0	0	0	0	0	0
Common Shares				0	0	0	0	0	0
Investment Properties				0	0	0	0	0	0
Othe Loans and Invested Assets				0	0	0	0	0	0
Total Investments	0	0	0	0	0	0	0	0	0

Section 2 - Assets Backing the insurance liabilities only

	Total			Backing Company only			Backing FA only		
Investment Type	2020	2021	2022	2020	2021	2022	2020	2021	2022
Short Term Investments	0	0	0						
Bonds and Debentures	0	0	0						
Mortgage Loans	0	0	0						
Preferred Shares	0	0	0						
Common Shares	0	0	0						
Investment Properties	0	0	0						
Othe Loans and Invested Assets	0	0	0						
Total Investments	0	0	0	0	0	0	0	0	0

Section 3 - Assets Backing the surplus only

	Total			Backing Company only			Backing FA only		
Investment Type	2020	2021	2022	2020	2021	2022	2020	2021	2022
Short Term Investments	0	0	0						
Bonds and Debentures	0	0	0						
Mortgage Loans	0	0	0						
Preferred Shares	0	0	0						
Common Shares	0	0	0						
Investment Properties	0	0	0						
Othe Loans and Invested Assets	0	0	0						
Total Investments	0	0	0	0	0	0	0	0	0

Checks

TRUE

TRUE

TRUE