

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023-041

DATE: May 30, 2023

SUBJECT: Newfoundland and Labrador Risk Sharing Pool
– April 2023 Operational Report

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

Please be advised that the April 2023 Newfoundland and Labrador Risk Sharing Pool IFRS 17 Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

The results in this report are shown on the IFRS 17 accounting basis. However, please note that for interested members, the RSP operational report on the IFRS 4 basis are available on the FA Portal.

Highlights (IFRS 17)

- (a) The ***April 2023 received premium*** was \$220 thousand, lower than prior year by \$350 thousand. The ***projected 2023 year-end received premium*** is \$3.9 million;
- (b) The ***April 2023 insurance revenue*** was \$206 thousand, lower than prior year by \$239 thousand. The ***projected 2023 year-end insurance revenue*** is \$2.7 million;
- (c) The ***April 2023 operating result*** was a deficit \$68 thousand, higher than prior year by \$137 thousand. The ***projected 2023 year-end operating result*** is a deficit of \$1.5 million;
- (d) The ***April 2023 combined operating ratio*** was a 133.2%, lower than prior year by 12.9 percentage points. The ***projected 2023 year-end combined operating ratio*** by 153.8 percentage points

IMPORTANT NOTICE: The monthly bulletins and quarterly actuarial highlights are prepared for each pool of the RSP (for example there are six reports published each month for monthly bulletins and six reports published each quarter for actuarial highlights). Beginning with May operational reports, **a single report will be published for both the monthly bulletins and the actuarial highlights to reflect RSP on a combined basis.** This supports members requests for a view of RSP on a combined basis. This change will also be consistent with our financial statements which are also reported on a combined basis. Detailed appendices with financial results by jurisdiction will still be available in the combined RSP bulletins and actuarial highlights.

Summary of Financial Results

NL RSP Summary of IFRS17 Financial Results

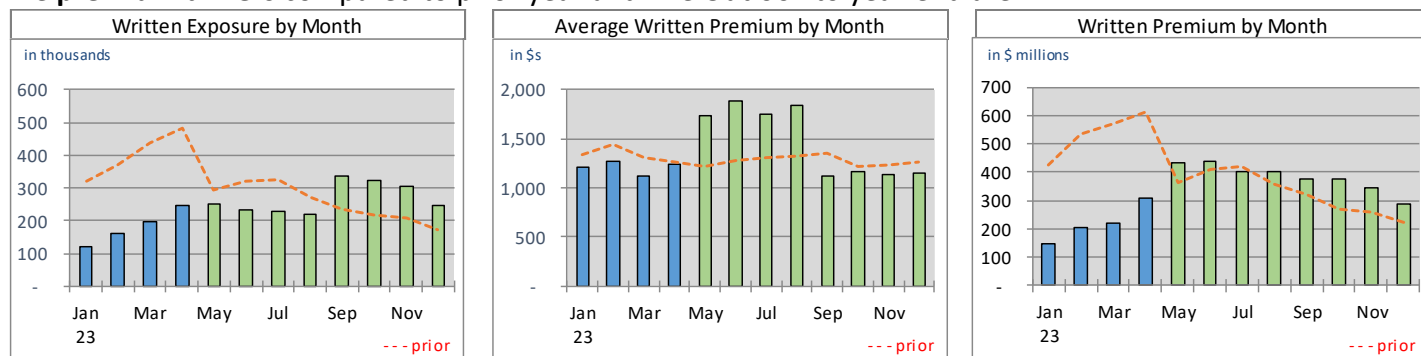
NL RSP 2023 Summary Amounts in \$000s	Actual (April 2023)	Projection (April 2023)	Prior Year (April 2022)	2023 year-to-date as at 4 months	2022 year-to-date as at 4 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
Written Premium	307	410	610	879	2,144	3,936	4,090	4,755
Received Premium	220	220	571	792	1,847	3,871	4,149	4,847
Earned Premium	300	300	619	1,362	2,299	3,945	4,339	6,388
Earned Expense Allowance	(94)	(96)	(174)	(404)	(648)	(1,239)	(1,371)	(1,796)
Insurance Revenue	206	204	445	958	1,651	2,706	2,968	4,592
Total Claims Incurred	286	293	639	1,268	1,704	3,770	4,390	4,974
Claims Incurred (CAY)	286	285	643	1,296	2,392	3,749	4,319	5,670
Adjustments to Liabilities for Incurred Claims (PAYs)	0	8	(3)	(28)	(688)	21	71	(696)
Administrative Expense	76	16	66	263	194	383	162	708
Losses on Onerous Contracts	0	0	0	1,038	1,871	1,038	1,347	1,552
Reversal of Losses on Onerous Contracts	(87)	(61)	(55)	(423)	(1,784)	(1,006)	(1,160)	(2,337)
Insurance Service Expenses	274	248	651	2,146	1,985	4,185	4,739	4,897
Insurance Service Result	(68)	(43)	(205)	(1,188)	(334)	(1,479)	(1,770)	(305)
Insurance Finance Expense from PV FCF	0	0	0	(1)	16	(1)	0	262
Insurance Finance Expense from Risk Adjustment	0	0	0	(0)	2	(0)	0	28
Insurance Finance Expense from Loss Component	0	0	0	23	65	23	0	531
Insurance Finance Income (Expense)	0	0	0	22	82	22	0	821
Operating Result	(68)	(43)	(205)	(1,166)	(252)	(1,457)	(1,770)	517
Ratios:								
Loss ratio - Claims Incurred (CAY)	138.7%	139.3%	144.3%	135.3%	144.9%	138.5%	145.5%	123.5%
- Adjustments to Liabilities for Incurred Claims (PAYs)	0.1%	3.7%	(0.8%)	(2.9%)	(41.7%)	0.8%	2.4%	(15.1%)
Total	138.8%	143.1%	143.5%	132.3%	103.2%	139.3%	147.9%	108.3%
Earned Expense allowance	31.4%	31.9%	28.1%	29.7%	28.2%	31.4%	31.6%	28.1%
Change in Loss Component (excluding IFE)	(42.3%)	(29.8%)	(12.2%)	64.2%	5.3%	1.2%	6.3%	(17.1%)
Administrative Expenses	36.7%	7.8%	14.8%	27.4%	11.7%	14.1%	5.5%	15.4%
Insurance Service Ratio	133.2%	121.1%	146.1%	224.0%	120.2%	154.6%	159.6%	106.6%
Combined Operating Ratio	133.2%	121.1%	146.1%	221.7%	115.3%	153.8%	159.6%	88.8%

rounding differences may occur

*as posted to FA's website Jan 17, 2023

Premium

The **premium drivers** compared to prior year and The Outlook to year-end are:



The vehicle count transfer for April 2023 was 247 vehicles, which was lower than prior year by 234 vehicles, and 133 vehicles lower than The Outlook for the month.

The green bars represent our current projection for the remainder of the year.

Insurance Service Expenses

Insurance expenses for April 2023 include,

- Claims Incurred - Incurred losses in April 2023 were \$286 thousand, in line with projection and \$353 thousand lower than prior year. Loss ratio was at 138.7%, 0.6 percentage points lower than projected, and down 5.6 percentage points compared with prior year.
- Reversal of Losses on Onerous Contracts – This represents changes in the loss component during the reporting period arising from the portion of the opening LRC earned during the period. Excludes the impact of change in discount rates.
- Administrative Expense: \$76 thousand for April 2023.

Projection to year-end 2023

Compared with The Outlook, written premiums have decreased by \$154 thousand to \$3.9 million. While earned premium was down by \$394 thousand to \$4.0 million.

The year-end 2023 operating deficit is expected to be \$1.5 million and the combined operating ratio is 153.8%, 5.8 percentage points below The Outlook.

Should you require any further information, please call Philippe Gosselin, VP Actuarial and CRO at (416) 863-1750 x4968.

Saskia Matheson
President & CEO

Related links

[Newfoundland and Labrador RSP Summary of Operations - Calendar Year 2023](#)

*04 months ended April 2023 (discounted basis)