

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023-028

DATE: March 30, 2023

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

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

Please be advised that the February 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 **February 2023 received premium** was \$147 thousand, lower than prior year by \$278 thousand. The **projected 2023 year-end received premium** is \$4.1 million;
- (b) The **February 2023 insurance revenue** was \$233 thousand, lower than prior year by \$142 thousand. The **projected 2023 year-end insurance revenue** is \$2.8 million;
- (c) The **February 2023 operating result** was a deficit of \$19 thousand, lower than prior year \$811 thousand. The **projected 2023 year-end operating result** is a deficit \$1.9 million;
- (d) The **February 2023 combined operating ratio** was 108.3%, higher than prior year by 219.7 percentage points. The **projected year-end combined operating ratio** is 166.8%;

Summary of Financial Results

NL RSP Summary of IFRS17 Financial Results

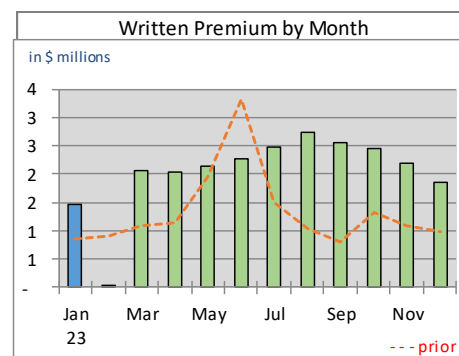
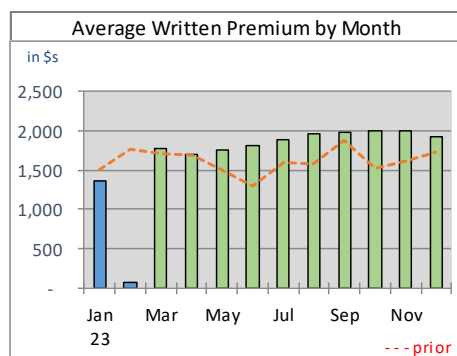
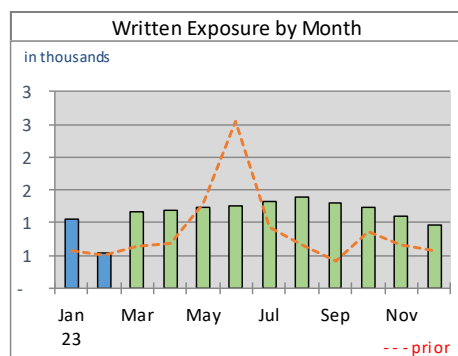
NL RSP 2023 Summary Amounts in \$000s	Actual (February 2023)	Projection (February 2023)	Prior Year (February 2022)	2023 year-to-date as at 2 months	2022 year-to-date as at 2 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
Written Premium	205	395	534	352	962	4,206	4,090	4,755
Received Premium	147	148	425	366	745	4,140	4,149	4,847
Earned Premium	329	333	522	722	1,072	4,124	4,339	6,388
Earned Expense Allowance	(97)	(101)	(147)	(207)	(304)	(1,302)	(1,371)	(1,796)
Insurance Revenue	233	232	375	515	768	2,822	2,968	4,592
Total Claims Incurred	328	339	527	735	1,092	4,174	4,390	4,974
Claims incurred (CAY)	328	332	532	719	1,091	4,105	4,319	5,670
Adjustments to Liabilities for Incurred Claims (PAYs)	(0)	7	(5)	17	2	69	71	(696)
Administrative Expense	59	16	41	121	80	272	162	708
Losses on Onerous Contracts	0	0	0	1,399	1,746	1,399	1,347	1,552
Reversal of Losses on Onerous Contracts	(134)	(77)	(985)	(201)	(1,416)	(1,137)	(1,160)	(2,337)
Insurance Service Expenses	252	277	(417)	2,054	1,504	4,709	4,739	4,897
Insurance Service Result	(19)	(45)	792	(1,539)	(735)	(1,886)	(1,770)	(305)
Insurance Finance Expense from PV FCF	0	0	0	0	0	0	0	262
Insurance Finance Expense from Risk Adjustment	0	0	0	0	0	0	0	28
Insurance Finance Expense from Loss Component	0	0	0	0	0	0	0	531
Insurance Finance Income (Expense)	0	0	0	0	0	0	0	821
Operating Result	(19)	(45)	792	(1,539)	(735)	(1,886)	(1,770)	517
Ratios:								
Loss ratio - Claims Incurred (CAY)	140.9%	142.7%	142.0%	139.5%	142.0%	145.5%	145.5%	123.5%
- Adjustments to Liabilities for Incurred Claims (PAYs)	(0.2%)	3.0%	(1.2%)	3.2%	0.2%	2.4%	2.4%	(15.1%)
Total	140.7%	145.7%	140.7%	142.8%	142.2%	147.9%	147.9%	108.3%
Earned Expense allowance	29.4%	30.3%	28.2%	28.7%	28.3%	31.6%	31.6%	28.1%
Change in Loss Component (excluding IFE)	(57.6%)	(33.2%)	(263.0%)	232.6%	43.1%	9.3%	6.3%	(17.1%)
Administrative Expenses	25.2%	6.9%	10.9%	23.5%	10.5%	9.6%	5.5%	15.4%
Insurance Service Ratio	108.3%	119.4%	-111.3%	398.9%	195.7%	166.8%	159.6%	106.6%
Combined Operating Ratio	108.3%	119.4%	(111.3%)	398.9%	195.7%	166.8%	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 February 2023 was 161 vehicles, which was lower than prior year by 208 vehicles, and 118 vehicles lower than The Outlook for the month.

Insurance Service Expenses

Insurance expenses for February 2023 include,

- Claims Incurred - Incurred losses in February 2023 were \$328 thousand, \$11 thousand lower than projection and \$199 thousand lower than prior year. Loss ratio was at 140.9%, 1.8 percentage points lower than projected, and down 1.1 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: \$0.1 million for February 2023, slightly above projection and prior year.

Projection to year-end 2023

Compared with The Outlook released in February 2023, written premiums have increased by \$116 thousand to \$4.2 million. While earned premium was down by \$215 thousand to \$4.1 million.

The year-end 2023 operating deficit is expected to be \$1.9 million, down \$0.1 million compared with The Outlook and the combined operating ratio is 166.8, 7.2 percentage point above 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](#)

*02 months ended February 2023 (discounted basis)