

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2022-076

**DATE:** September 29, 2022

**SUBJECT:** Newfoundland and Labrador Risk Sharing Pool  
– August 2022 Operational Report

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

Please be advised that the August 2022 Newfoundland and Labrador Risk Sharing Pool Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

#### Highlights

- (a) The **August 2022 premium written** was \$0.4 million, lower than prior year by \$0.5 million. The **2022 year-to-date premium written** was \$3.7 million lower than prior year by \$1.0 million; and
- (b) The **August 2022 operating result** was a surplus of \$878 thousand and the **2022 year-to-date operating results** were a surplus of \$353 thousand; and
- (c) The **August 2022 combined operating ratio** was -64.8% lower than prior year by 259.3 percentage points. The **year-to-date combined operating ratio** was 92.3% lower than prior year by 141.6 percentage points; and
- (d) The implementation of the **2022 Q2 Valuation**, generated **\$1.0 million favourable impact** for the month, decreasing the COR by 191.6 percentage points.

## Summary of Financial Results

### NL RSP Summary of Financial Results

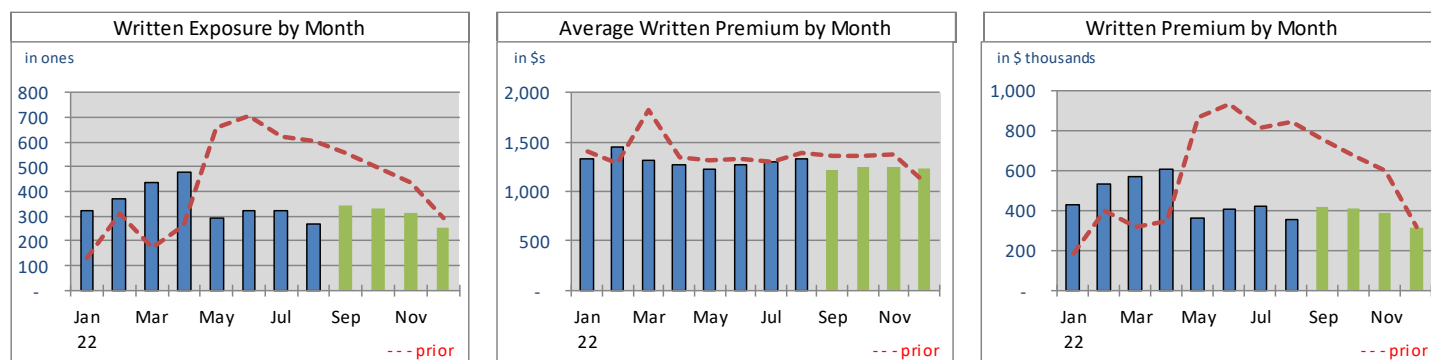
NL RSP 2022 Summary Amounts in \$000s	Actual (August 2022)	Projection (August 2022)	Prior Year (August 2021)	2022 year-to-date as at 8 months	2021 year-to-date as at 8 months	2022 year-end Projection	Outlook* Full year 2022	2021 year-end Actual
Premium Written	358	364	845	3,692	4,706	5,227	11,933	7,057
Premium Earned	533	552	386	4,608	1,612	6,790	9,418	3,563
Incurred Losses	(328)	540	416	3,267	1,722	5,235	9,970	3,815
Underwriting & Admin Expense	(17)	119	337	988	2,056	1,567	3,987	3,018
Expense allowance	99	101	241	1,019	1,342	1,441	3,294	2,011
Premium Deficiency / (DPAC)	(159)	4	46	(425)	318	(282)	248	349
Administrative Expenses	43	14	50	394	396	408	445	658
<b>Net Result from Operations</b>	<b>878</b>	<b>(107)</b>	<b>(367)</b>	<b>353</b>	<b>(2,167)</b>	<b>(12)</b>	<b>(4,539)</b>	<b>(3,270)</b>
<b>Ratios:</b>								
<b>Loss ratio</b> - Prior Accident Years	(86.7%)	(1.3%)	0.0%	(20.6%)	(0.1%)	(14.0%)	(0.7%)	(0.1%)
- Current Accident Year	25.1%	99.1%	106.5%	91.5%	106.0%	91.1%	106.6%	107.1%
<b>Total</b>	<b>(61.6%)</b>	<b>97.8%</b>	<b>106.5%</b>	<b>70.9%</b>	<b>105.9%</b>	<b>77.1%</b>	<b>105.9%</b>	<b>107.0%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>(3.2%)</b>	<b>21.6%</b>	<b>88.1%</b>	<b>21.4%</b>	<b>128.1%</b>	<b>23.1%</b>	<b>42.3%</b>	<b>84.7%</b>
Expense allowance	18.6%	18.3%	62.4%	22.1%	83.3%	21.2%	35.0%	56.4%
Premium Deficiency / (DPAC)	(29.8%)	0.7%	11.9%	(9.2%)	19.7%	(4.2%)	2.6%	9.8%
Administrative Expenses	8.1%	2.5%	13.0%	8.6%	24.6%	6.0%	4.7%	18.5%
<b>Combined Operating Ratio</b>	<b>(64.8%)</b>	<b>119.4%</b>	<b>194.6%</b>	<b>92.3%</b>	<b>234.0%</b>	<b>100.2%</b>	<b>148.2%</b>	<b>191.7%</b>

rounding differences may occur

\*as posted to FA's website Dec. 24, 2021

## Premium

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



The vehicle count transfer for August 2022 was 270 vehicles, which was lower than prior year by 335 vehicles, and 411 vehicles lower than The Outlook for the month.

## Incurred Losses

Incurred losses in August 2022 were \$328 thousand; and loss ratio was at 61.6%, down 159.4 percentage points from our projection and down 168.1 percentage points compared with prior year. This variance from projection was largely driven by the 2022 Q2 valuation being implemented in the month, generating a favourable impact of \$858 thousand on the year-to-date losses. This impact is mainly driven by the reduced loss ratios, particularly for the recent quarter for Prior Accident Year. For more information on the valuation impact please refer to the Actuarial Highlights.

**NL RSP Summary of 2022 Q2 Valuation Implementation Impact**

unfav / (fav)

Risk Sharing Pool	Impact on Operating Results (\$000s) month/ytd	Impact on COR (%) as month EP	Impact on COR (%) as ytd EP	Impact on Operating Results (\$000s) full year	Impact on COR (%) as full year EP
<b>Newfoundland &amp; Labrador</b>					
PAYs (2021 & prior)	(462)	(86.7%)	(8.3%)	(440)	(2.3%)
CAY (2022)	(396)	(74.3%)	(7.1%)	(554)	(2.9%)
<b>PAYs &amp; CAY</b>	<b>(858)</b>	<b>(161.0%)</b>	<b>(15.4%)</b>	<b>(994)</b>	<b>(5.2%)</b>
Premium Deficiency / (DPAC)	(163)	(30.6%)	(2.9%)	(42)	(0.2%)
<b>Total</b>	<b>(1,021)</b>	<b>(191.6%)</b>	<b>(18.3%)</b>	<b>(1,036)</b>	<b>(5.4%)</b>

**Underwriting and Admin Expenses**

Expenses for August 2022 were -\$17 thousand, below both the projection and prior year. This is primarily due to the presence of a DPAC of 159 thousand.

**Projection for Year-end 2022**

Projections to year-end 2022 has been updated using the 2022 Q2 valuation assumption which generated an estimated favourable impact of \$1.0 million on the full year results.

Compared with The Outlook, written premium has decreased by \$6.7 million to \$5.2 million.

The updated year-end 2022 operating result is roughly breakeven and the combined operating ratio is 100.2%; loss ratios are expected to be lower than The Outlook; however, expense ratio too has decreased due to decrease in written premium.

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 2022](#)

\*07 months ended August 2022 (discounted basis)