

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-043

DATE: June 29, 2022

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

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

Please be advised that the May 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 **May 2022 premium written** was \$361 thousand; and
- (b) The **year-to-date net operating deficit** was \$192 thousand, resulting in a **year-to-date COR of 106.6%**.
- (c) The implementation of the **2022 Q1 valuation**, generated **\$27 thousand unfavourable impact** for the month, increasing the month COR by 4.3 percentage points; and
- (d) As per the annual process for the RSPs, member share ratios have been updated to reflect recent market share information

Summary of Financial Results

NL RSP Summary of Financial Results

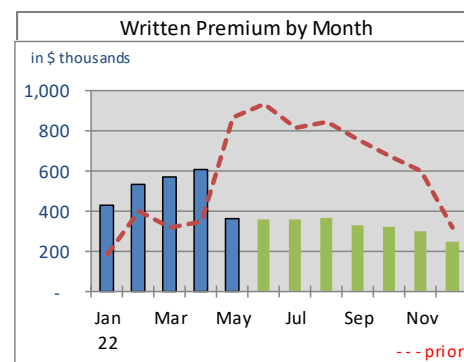
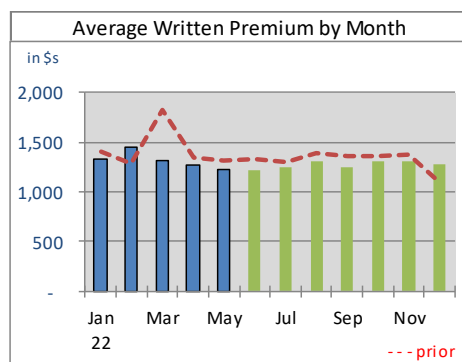
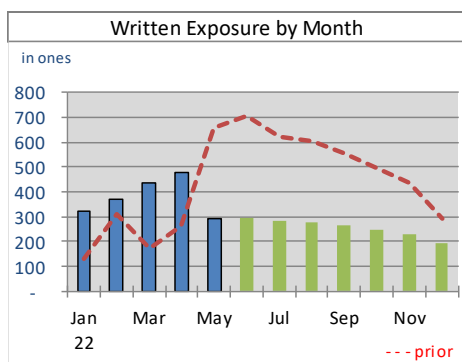
NL RSP 2022 Summary Amounts in \$000s	Actual (May 2022)	Projection (May 2022)	Prior Year (May 2021)	2022 year-to-date as at 5 months	2021 year-to-date as at 5 months	2022 year-end Projection	Outlook* Full year 2022	2021 year-end Actual
Premium Written	361	357	864	2,505	2,114	4,788	11,933	7,057
Premium Earned	633	634	222	2,932	614	6,557	9,418	3,563
Incurred Losses	871	673	231	2,468	658	6,052	9,970	3,815
Underwriting & Admin Expense	(52)	88	347	656	1,003	1,349	3,987	3,018
Expense allowance	100	98	246	691	603	1,323	3,294	2,011
Premium Deficiency / (DPAC)	(199)	(23)	57	(275)	155	(253)	248	349
Administrative Expenses	47	13	44	240	245	279	445	658
Net Result from Operations	(186)	(127)	(356)	(192)	(1,047)	(844)	(4,539)	(3,270)
Ratios:								
Loss ratio - Prior Accident Years	60.7%	(0.3%)	(1.4%)	(16.4%)	(0.3%)	(7.9%)	(0.7%)	(0.1%)
- Current Accident Year	76.9%	106.5%	104.4%	100.6%	106.7%	100.2%	106.6%	107.1%
Total	137.6%	106.2%	103.0%	84.2%	106.4%	92.3%	105.9%	107.0%
Underwriting & Admin Expense	(8.2%)	13.9%	157.2%	22.4%	163.8%	20.6%	42.3%	84.7%
Expense allowance	15.8%	15.5%	110.8%	23.6%	98.2%	20.2%	35.0%	56.4%
Premium Deficiency / (DPAC)	(31.4%)	(3.6%)	25.7%	(9.4%)	25.2%	(3.9%)	2.6%	9.8%
Administrative Expenses	7.5%	2.1%	20.0%	8.2%	39.9%	4.2%	4.7%	18.5%
Combined Operating Ratio	129.4%	120.1%	260.2%	106.6%	270.2%	112.9%	148.2%	191.7%

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 May 2022 was 295 vehicles; the projection for May from last month anticipated 313 vehicle transfers, however the actual came in 18 lower than projected.

Incurred Losses

Incurred losses in May 2022 were \$0.9 million; and loss ratio was at 137.6%, up from both our projection and prior year by 31.4 percentage points and 34.6 percentage points respectively. The variance from projection was driven by the 2022 Q1 valuation bring implemented, generating an unfavourable impact of \$203 thousand on the month and year-to-date losses.

NL RSP Summary of 2022 Q1 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
Newfoundland & Labrador					
PAYs (2021 & prior)	385	60.8%	7.3%	357	1.8%
CAY (2022)	(182)	(28.8%)	(3.4%)	(396)	(2.0%)
PAYs & CAY	203	32.0%	3.9%	(39)	(0.2%)
Premium Deficiency / (DPA)	(176)	(27.8%)	(3.3%)	(42)	(0.2%)
Total	27	4.3%	0.5%	(81)	(0.4%)

Underwriting and Admin Expenses

Expenses for May 2022 were \$52 thousand, below both the projection and prior year.

Projection for Year-end 2022

Compared with The Outlook, written premium has decreased by \$7.1 million to \$4.8 million.

The updated year-end 2022 operating deficit is now \$0.8 million and the combined operating ratio is 112.9%; loss ratios are expected to be lower than The Outlook; however, expense ratio 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](#)

*05 months ended May 2022 (discounted basis)