

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022-029

DATE: April 28, 2022

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

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

Please be advised that the March 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 **March 2022 premium written** was \$573 thousand; and
- (b) The **year-to-date net operating surplus** was \$266 thousand, resulting in a **year-to-date COR of 84.2.0%**.
- (c) The implementation of the **2021 Q4 valuation**, generated **\$0.9 million favourable impact** for the month, decreasing the COR by 148.7 percentage points.

Summary of Financial Results

NL RSP Summary of Financial Results

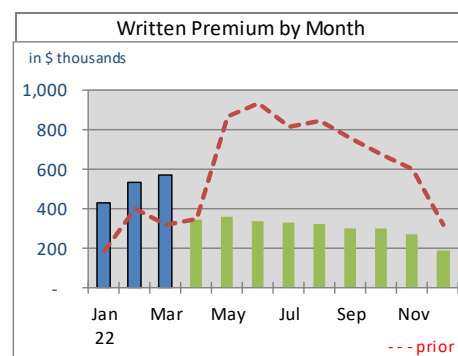
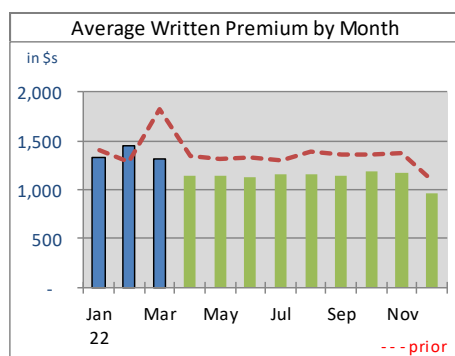
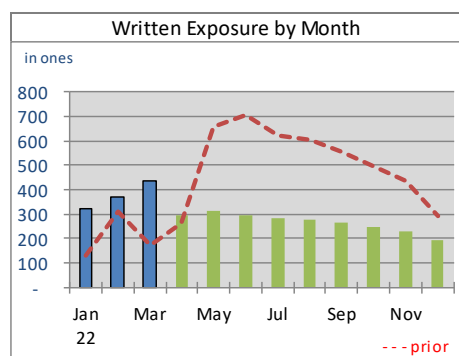
NL RSP 2022 Summary Amounts in \$000s	Actual (March 2022)	Projection (March 2022)	Prior Year (March 2021)	2022 year-to-date as at 3 months	2021 year-to-date as at 3 months	2022 year-end Projection	Outlook* Full year 2022
Premium Written	573	784	318	1,534	900	4,275	11,933
Premium Earned	608	608	130	1,680	234	6,177	9,418
Incurred Losses	(194)	652	144	939	257	5,690	9,970
Underwriting & Admin Expense	140	265	164	475	485	1,135	3,987
Expense allowance	158	217	91	423	257	1,177	3,294
Premium Deficiency / (DPAC)	(65)	19	24	(75)	78	(222)	248
Administrative Expenses	47	29	49	127	150	180	445
Net Result from Operations	662	(309)	(178)	266	(508)	(648)	(4,539)
Ratios:							
Loss ratio - Prior Accident Years	(136.0%)	(0.7%)	0.8%	(51.1%)	0.4%	(14.1%)	(0.7%)
- Current Accident Year	104.1%	107.9%	109.3%	107.0%	108.8%	106.2%	106.6%
Total	(31.9%)	107.2%	110.1%	55.9%	109.2%	92.1%	105.9%
Underwriting & Admin Expense	23.1%	43.6%	127.0%	28.3%	207.6%	18.4%	42.3%
Expense allowance	26.0%	35.7%	70.0%	25.2%	109.8%	19.1%	35.0%
Premium Deficiency / (DPAC)	(10.7%)	3.1%	18.5%	(4.5%)	33.3%	(3.6%)	2.6%
Administrative Expenses	7.8%	4.8%	37.8%	7.6%	64.0%	2.9%	4.7%
Combined Operating Ratio	(8.8%)	150.8%	237.1%	84.2%	316.8%	110.5%	148.2%

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:



March's vehicle count transfer was 436 vehicles; the projection for March from last month anticipated 479 vehicle transfers, however the actual came in 43 lower than projected.

Incurred Losses

Incurred losses in March 2022 were a negative \$194 thousand; and loss ratio was at -31.9%, down 139.1 percentage points compared with our projection and down 142.0 percentage points compared with prior year. The variance from projection was driven by the 2021 Q4 valuation being implemented, generating a favourable impact of \$0.9 million on the month and year-to-date losses.

NL RSP Summary of 2021 Q4 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)	(821)	(135.0%)	(48.8%)	(812)	(3.4%)
CAY (2022)	(22)	(3.6%)	(1.3%)	(76)	(0.3%)
PAYs & CAY	(843)	(138.6%)	(50.1%)	(888)	(3.7%)
Premium Deficiency / (DPA)	(61)	(10.0%)	(3.6%)	(31)	(0.1%)
Total	(904)	(148.7%)	(53.8%)	(919)	(3.9%)

Underwriting and Admin Expenses

Expenses for March 2022 were \$140 thousand, slightly below the projection and prior year.

Projection for Year-end 2022

Compared with The Outlook, written premium has decreased by \$7.7 million to \$4.3 million.

The updated year-end 2022 operating deficit is now \$0.6 million and the combined operating ratio is 110.5%; 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](#)

*03 months ended March 2022 (discounted basis)