

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2021-093

**DATE:** November 29, 2021

**SUBJECT:** Newfoundland and Labrador Risk Sharing Pool  
– October 2021 Operational Report

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

Please be advised that the October 2021 Newfoundland and Labrador Risk Sharing Pool Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

## Highlights

- (a) The **October 2021 premium written was \$0.7 million**; the **year-to-date net operating deficit was \$2.8 million**, with \$0.3 million of the deficit generated in October, resulting in a **year-to-date COR of 211.7%** on earned premium of \$2.5 million; and
- (b) The implementation of the 2021 Q3 valuation resulted in no impact on the financial result.

## Summary of Financial Results

### NL RSP Summary of Financial Results

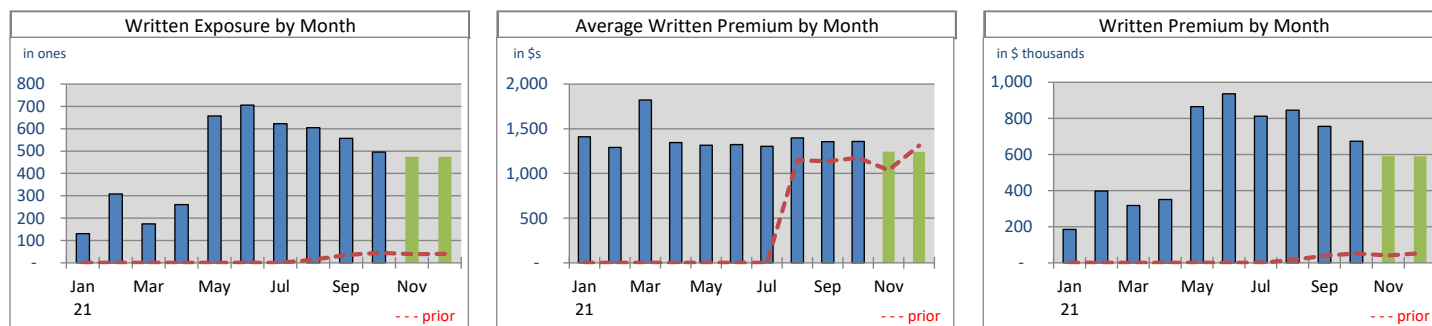
<b>NL RSP 2021 Summary</b> Amounts in \$000s	Actual (October 2021)	Projection (October 2021)	Prior Year (October 2020)	2021 year-to-date as at 10 months	2020 year-to-date as at 10 months	2021 year-end Projection	Outlook* Full year 2021
Premium Written	673	810	52	6,134	109	7,315	8,994
Premium Earned	478	339	11	2,518	17	3,537	6,035
Incurred Losses	505	368	12	2,692	19	3,795	6,509
Underwriting & Admin Expense	269	314	39	2,640	186	2,978	3,384
Expense allowance	191	230	15	1,748	33	2,086	2,679
Premium Deficiency / (DPAC)	10	52	3	363	9	383	348
Administrative Expenses	68	32	21	529	144	509	357
<b>Net Result from Operations</b>	<b>(296)</b>	<b>(343)</b>	<b>(40)</b>	<b>(2,814)</b>	<b>(188)</b>	<b>(3,236)</b>	<b>(3,858)</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	0.0%	0.0%	-	(0.1%)	-	(0.1%)	0.0%
- Current Accident Year	105.6%	108.6%	109.1%	107.0%	111.8%	107.4%	107.9%
<b>Total</b>	<b>105.6%</b>	<b>108.6%</b>	<b>109.1%</b>	<b>106.9%</b>	<b>111.8%</b>	<b>107.3%</b>	<b>107.9%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>56.3%</b>	<b>92.6%</b>	<b>354.5%</b>	<b>104.8%</b>	<b>1,094.1%</b>	<b>84.2%</b>	<b>56.1%</b>
<b>Combined Operating Ratio</b>	<b>161.9%</b>	<b>201.2%</b>	<b>463.6%</b>	<b>211.7%</b>	<b>1,205.9%</b>	<b>191.5%</b>	<b>164.0%</b>

*rounding differences may occur*

*\*as posted to FA's website Nov. 18, 2020*

## Premium

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



October's vehicle count transfer was 496 vehicles, and 4,517 vehicles on year-to-date basis; the projection for October from last month anticipated 450 vehicle transfers, however the actual came in 46 higher than projected.

Vehicle count and written premium are expected to be more in line with recent three months' transfers over the remainder of the year.

## Incurred Losses

Incurred losses in October 2021 were \$0.5 million, \$0.1 million higher than our projection last month. Reported losses were \$0.1 million higher than projected, primarily driven by the Current Accident Year.

## Underwriting and Admin Expenses

Expenses for October 2021 were \$0.3 million, in line with our projection from prior month.

## Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has reduced by \$1.7 million to \$7.3 million driven by the reduction in premium year to date as well as the updated premium projections received from the main users of the Newfoundland and Labrador Risk Sharing Pool. As a result of the change in projected written premium, earned premium is also reduced by \$2.5 million to \$3.5 million.

The updated year-end 2021 operating deficit is now \$3.2 million and the combined operating ratio is 191.5%; the improvement of \$0.6 million in operating result and deterioration of 27.5% in combined operating ratio compared with 2021 Outlook reflects the premium reduction for the calendar year and the associated impact on earned premium.

Should you require any further information, please call Sheetal Savani, VP Finance, Compliance and CFO at (416) 863-1750 x5626.

Saskia Matheson  
President & CEO

## Related links

[Newfoundland and Labrador RSP Summary of Operations - Calendar Year 2021](#)

\*10 months ended October 2021 (discounted basis)