

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2021-059
DATE: July 29, 2021
SUBJECT: Newfoundland and Labrador Risk Sharing Pool
 – June 2021 Operational Report

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

Please be advised that the June 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 **June 2021 premium written was \$0.9 million**, and the **net operating deficit was \$0.4 million**, with a COR of 244.5% on earned premium of \$0.3 million.

Summary of Financial Results

NL RSP Summary of Financial Results

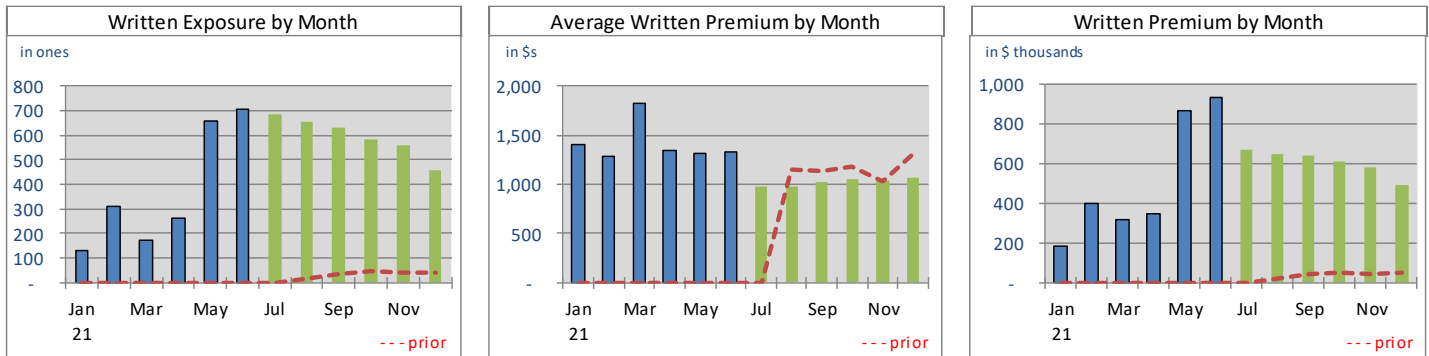
| NL RSP 2021 Summary Amounts in \$000s | Actual (June 2021) | Projection (June 2021) | Prior Year (June 2020) | 2021 year-to-date as at 6 months | 2020 year-to-date as at 6 months | 2021 year-end Projection | Outlook* Full year 2021 |
|---|-----------------------|---------------------------|---------------------------|-------------------------------------|-------------------------------------|-----------------------------|----------------------------|
| Premium Written | 935 | 708 | - | 3,049 | - | 6,686 | 8,994 |
| Premium Earned | 276 | 54 | - | 888 | - | 3,270 | 6,035 |
| Incurred Losses | 296 | 61 | - | 954 | - | 3,517 | 6,509 |
| Underwriting & Admin Expense | 379 | 298 | - | 1,381 | - | 2,651 | 3,384 |
| Expense allowance | 266 | 202 | - | 869 | - | 1,905 | 2,679 |
| Premium Deficiency / (DPAC) | 68 | 68 | - | 223 | - | 356 | 348 |
| Administrative Expenses | 45 | 28 | - | 289 | - | 390 | 357 |
| Net Result from Operations | (399) | (305) | - | (1,447) | - | (2,898) | (3,858) |
| Ratios: | | | | | | | |
| Loss ratio - Prior Accident Years | 0.0% | 0.0% | - | (0.2%) | - | (0.1%) | 0.0% |
| - Current Accident Year | 107.4% | 113.0% | - | 107.6% | - | 107.6% | 107.9% |
| Total | 107.4% | 113.0% | - | 107.4% | - | 107.5% | 107.9% |
| Underwriting & Admin Expense | 137.3% | 551.9% | - | 155.5% | - | 81.1% | 56.1% |
| Combined Operating Ratio | 244.7% | 664.9% | - | 262.9% | - | 188.6% | 164.0% |

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:



June's vehicle count transfer was 706 vehicles, and 2,237 vehicles on year-to-date basis; the projection for June from last month anticipated 727 vehicle transfers, however the actual came in 21 lower than projected.

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

Incurred Losses

Incurred losses in June 2021 were \$0.3 million, \$0.2 million higher than our projection last month. Reported losses were \$0.2 million higher than projected, mainly driven by the Current Accident Year.

Underwriting and Admin Expenses

Expenses for June 2021 were \$0.4 million, \$0.1 million higher compared with our projection from prior month, mainly driven by the higher expense allowance due to the written premium increase.

Projection to year-end 2021

Compared with the Outlook released in November 2020, written premium has reduced by \$2.3 million to \$6.7 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 \$2.8 million to \$3.3 million.

The updated year-end 2021 operating deficit is now \$2.9 million and the combined operating ratio is 188.6%; the improvement of \$1.0 million in operating result and deterioration of 24.6% 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](#)

*6 months ended June 2021 (discounted basis)