



**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER  
NEWFOUNDLAND AND LABRADOR RISK SHARING POOL PROJECT  
MANAGER

**BULLETIN NO.:** F2021 – 007

**DATE:** JANUARY 28, 2021

**SUBJECT:** NEWFOUNDLAND AND LABRADOR RISK SHARING POOL  
– DECEMBER 2020 OPERATIONAL REPORT

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

Please be advised that the December 2020 Newfoundland and Labrador (NL) Risk Sharing Pool Operational Report is available on the Facility Association (FA) Portal at <https://portal.facilityassociation.com>.

### Key Points

- (a) The **2020 year-end net operating deficit was \$319 thousand**, mainly driven by the \$238 thousand incurred for expenses in relation to the NL RSP implementation; and
- (b) The **projected 2021 year-end net operating deficit is \$3.8 million**, with a COR of 184.8% on earned premium of \$4.4 million (our Outlook for 2021 was \$3.9 million of net operating deficit with a COR of 164.0% on earned premium of \$6.0 million).

### Summary of Financial Results

The Newfoundland and Labrador Risk Sharing Pool produced a -\$77 thousand Operating Result in the month of December 2020. 2020 year-end Operating Result is now -\$319 thousand with incurred loss ratio at 113.0% as summarized in the following table.

*NL RSP Summary of Financial Results (for month and year-to-date)*

Amounts in \$000s	December 2020	December 2019	Year to date Dec 2020	Year to Date Dec 2019
Premium Written	53	-	203	-
Premium Earned	21	-	54	-
Incurred Losses	24	-	61	-
Underwriting & Admin Expense	74	-	312	-
<b>Operating Result</b>	<b>(77)</b>	-	<b>(319)</b>	-
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	-	-	-	-
- Current Accident Year	114.3%	-	113.0%	-
<i>Total</i>	<b>114.3%</b>	-	<b>113.0%</b>	-
<i>Underwriting &amp; Admin Expense</i>	<b>352.4%</b>	-	<b>577.8%</b>	-
<i>Combined Operating Ratio</i>	<b>466.7%</b>	-	<b>690.8%</b>	-

*rounding differences may occur*Updated Projection to Year-end 2021

An Outlook had been prepared to provide Members with an estimate of Newfoundland and Labrador RSP operating results for calendar year 2021 based on the actuarial valuation at June 30, 2020, and reflecting actual experience to date as detailed in the September 2020 Operational Report. This Outlook was posted on November 18, 2020 (please refer to Bulletin [F2020-082](#)), and projected a Net Result from Operations for 2021 of -\$3.9 million, and a combined operating ratio of 164.0%. Projections for 2021 have been updated each month since, as per our usual practice.

The projected calendar year operating deficit to December 2021 is now approximately 3.8 million (a \$0.1 million improvement relative to the Outlook) and the estimated combined operating ratio to December 2021 is 184.8% (a 20.8 point deterioration relative to the Outlook). The improvement is composed of an estimated \$1.0 million favourable impact associated with the \$1.7 million decrease in projected earned premium (at a combined ratio of 164.0%), offset by a \$0.9 million unfavourable impact stemming from the overall increase in the combined ratio (from 164.0% to 184.8% applied to \$4.4 million in projected earned premium).

Should you require any further information, please call Aidan Chen, AVP Data & Analytics at (416) 863-1750 x4804.

Saskia Matheson  
President & CEO

**SUMMARY OF OPERATIONS - CALENDAR YEAR 2020**

Risk Sharing Pool - Newfoundland and Labrador

Operating Results for the 6 Months Ended December 31, 2020 (Discounted basis) - RSP NL was effective July 1, 2020.

 Source: *Monthly Operational Report*

(thousands of dollars)

EXHIBIT 1

	January	February	March	April	May	June	July	August	September	October	November	December	CY2020 YTD	CY2021 12 MONTHS Updated Projection	CY2019 12 MONTHS Actual
<b>Underwriting Revenue:</b>															
Net Premiums Written	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17	\$40	\$52	\$41	\$53	\$203	\$8,693	\$0
Decrease (Increase) in Unearned Premiums	-	-	-	-	-	-	-	(17)	(34)	(41)	(25)	(32)	(149)	(4,314)	-
<b>Net Premiums Earned</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6</b>	<b>\$11</b>	<b>\$16</b>	<b>\$21</b>	<b>\$54</b>	<b>\$4,379</b>	<b>\$0</b>
<b>Claims Incurred:</b>															
Prior Accident Years:															
Undiscounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effect of Discounting	-	-	-	-	-	-	-	-	-	-	-	-	-	(2)	-
Discounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(2)	\$0
Current Accident Year:															
Undiscounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$11	\$17	\$21	\$55	\$4,380	\$0
Effect of Discounting	-	-	-	-	-	-	-	-	1	1	1	3	6	393	-
Discounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7	\$12	\$18	\$24	\$61	\$4,773	\$0
<b>Claims Incurred</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$7</b>	<b>\$12</b>	<b>\$18</b>	<b>\$24</b>	<b>\$61</b>	<b>\$4,771</b>	<b>\$0</b>
<b>Underwriting Expenses:</b>															
Expense Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$12	\$15	\$12	\$16	\$60	\$2,476	\$0
Change in UPDR/DPAC:															
Undiscounted	-	-	-	-	-	-	-	(1)	2	-	1	1	3	85	-
Effect of Discounting	-	-	-	-	-	-	-	2	3	3	4	3	15	420	-
Discounted	-	-	-	-	-	-	-	1	5	3	5	4	18	505	-
<b>Underwriting Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6</b>	<b>\$17</b>	<b>\$18</b>	<b>\$17</b>	<b>\$20</b>	<b>\$78</b>	<b>\$2,981</b>	<b>\$0</b>
<b>Net Underwriting Gain (Loss)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$6)</b>	<b>(\$18)</b>	<b>(\$19)</b>	<b>(\$19)</b>	<b>(\$23)</b>	<b>(\$85)</b>	<b>(\$3,373)</b>	<b>\$0</b>
<b>Administrative Expenses</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$120</b>	<b>\$4</b>	<b>\$21</b>	<b>\$35</b>	<b>\$54</b>	<b>\$234</b>	<b>\$340</b>	<b>\$0</b>
<b>Operating Result</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$126)</b>	<b>(\$22)</b>	<b>(\$40)</b>	<b>(\$54)</b>	<b>(\$77)</b>	<b>(\$319)</b>	<b>(\$3,713)</b>	<b>\$0</b>
<b>Ratios:</b>															
<b>Claims &amp; Expenses Incurred (Earned)</b>															
Prior Accident Years	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Accident Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	116.7%	109.1%	112.5%	114.3%	113.0%	109.0%	0.0%
All Accident Years Combined	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	116.7%	109.1%	112.5%	114.3%	113.0%	109.0%	0.0%
Underwriting & Administrative Expenses (Earned)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	350.0%	354.5%	325.0%	352.4%	577.8%	75.8%	0.0%
<b>Combined Operating Ratio</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>466.7%</b>	<b>463.6%</b>	<b>437.5%</b>	<b>466.7%</b>	<b>690.8%</b>	<b>184.8%</b>	<b>0.0%</b>

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding difference may apply