



TO: MEMBERS OF THE FACILITY ASSOCIATION

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

BULLETIN NO.: F2020 – 080

DATE: OCTOBER 29, 2020

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

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

Please be advised that the September 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-to-date net operating deficit was \$148 thousand*, mainly driven by the \$126 thousand expenses in relation to the NL RSP implementation; and
- (b) The *projected 2020 year-end net operating deficit is \$172 thousand*, with a COR of 605.5% on earned premium of \$34 thousand.

Summary of Financial Results

The Newfoundland and Labrador Risk Sharing Pool produced a -\$22 thousand Operating Result in the month of September 2020. The calendar year-to-date Operating Result is now -\$148 thousand and the incurred loss ratio to the end of September 2020 is 116.7% as summarized in the following table.

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

Amounts in \$000s	September 2020	September 2019	Year to date Sep 2020
Premium Written	40	-	57
Premium Earned	6	-	6
Incurred Losses	7	-	7
Underwriting & Admin Expense	21	-	147
Operating Result	(22)	-	(148)
Ratios:			
Loss ratio - Prior Accident Years	-	-	-
- Current Accident Year	116.7%	-	116.7%
<i>Total</i>	116.7%	-	116.7%
Underwriting & Admin Expense	350.0%	-	2,450.0%
Combined Operating Ratio	466.7%	-	2,566.7%

Updated Projection to Year-end 2020

The projected calendar year Operating Result to December 2020 is -\$172 thousand and the estimated combined operating ratio to December 2020 is 605.5%, as summarized in the following table. This updated projection to the end of the year has deteriorated by \$120 thousand from the projection provided last month (see the second and third columns in the table), and it was a result of the \$126 thousand expenses in relation to the NL RSP implementation being realized.

NL RSP Summary of Projected Year-end Financial Results

NL RSP 2020 Yr-end Projection	Current (Sep 2020)	Prior Mth (Aug 2020)	Change	Final 2020 Outlook*
Amounts in \$000s				
Premium Written	117	120	(3)	-
Premium Earned	34	29	5	-
Incurred Losses	38	30	8	-
Underwriting & Admin Expense	168	51	117	-
Net Result from Operations	(172)	(52)	(120)	-
Ratios:				
Loss ratio - Prior Accident Years	0.0%	0.0%	0.0%	-
- Current Accident Year	111.8%	103.4%	8.4%	-
<i>Total</i>	111.8%	103.4%	8.4%	-
Underwriting & Admin Expense	493.7%	175.9%	317.8%	-
Combined Operating Ratio	605.5%	279.3%	326.2%	-

rounding differences may occur

* Final 2020 Outlook unavailable for NL RSP

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 3 Months Ended September 30, 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	CY2020 YTD	CY2020 6 MONTHS Updated Projection	CY2019 12 MONTHS Actual
Underwriting Revenue:												
Net Premiums Written	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17	\$40	\$57	\$117	\$0
Decrease (Increase) in Unearned Premiums	-	-	-	-	-	-	-	(17)	(34)	(51)	(83)	-
Net Premiums Earned	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$6	\$34	\$0
Claims Incurred:												
Prior Accident Years:												
Undiscounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effect of Discounting	-	-	-	-	-	-	-	-	-	-	-	-
Discounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Accident Year:												
Undiscounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$6	\$35	\$0
Effect of Discounting	-	-	-	-	-	-	-	-	1	1	3	-
Discounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7	\$7	\$38	\$0
Claims Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7	\$7	\$38	\$0
Underwriting Expenses:												
Expense Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$12	\$17	\$35	\$0
Change in UPDR/DPAC:												
Undiscounted	-	-	-	-	-	-	-	(1)	2	1	2	-
Effect of Discounting	-	-	-	-	-	-	-	2	3	5	8	-
Discounted	-	-	-	-	-	-	-	1	5	6	10	-
Underwriting Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$17	\$23	\$45	\$0
Net Underwriting Gain (Loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6)	(\$18)	(\$24)	(\$49)	\$0
Administrative Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120	\$4	\$124	\$123	\$0
Operating Result	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$126)	(\$22)	(\$148)	(\$172)	\$0
Ratios:												
Claims & Expenses Incurred (Earned)												
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%
Current Accident Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	116.7%	116.7%	111.8%	0.0%
All Accident Years Combined	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	116.7%	116.7%	111.8%	0.0%
Underwriting & Administrative Expenses (Earned)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	350.0%	2450.0%	494.1%	0.0%
Combined Operating Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	466.7%	2566.7%	605.9%	0.0%

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