

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

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

**BULLETIN NO.:** F2020 – 088

**DATE:** NOVEMBER 27, 2020

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

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

Please be advised that the October 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 *implementation of the 2020 Q3 valuation* resulted in no impact on the financial result.
- (b) The *2020 year-to-date net operating deficit was \$188 thousand*, mainly driven by the \$126 thousand incurred for expenses in relation to the NL RSP implementation; and
- (c) The *projected 2020 year-end net operating deficit is \$189 thousand*, with a COR of 519.5% on earned premium of \$45 thousand.

### New This Month

#### Valuation

A valuation of the Newfoundland RSP as at September 30, 2020 has been completed since last month's Operational Report; no assumption change was made in this valuation which resulted in no impact on the financials. The valuation was completed by the Facility Association's internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

### Summary of Financial Results

The Newfoundland and Labrador Risk Sharing Pool produced a -\$40 thousand Operating Result in the month of October 2020. The calendar year-to-date Operating Result is now -\$188 thousand and the incurred loss ratio to the end of October 2020 is 111.8% as summarized in the following table.

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

<b>Amounts in \$000s</b>	<b>October 2020</b>	October 2019	<b>Year to date Oct 2020</b>	Year to Date Oct 2019
Premium Written	52	-	109	-
Premium Earned	11	-	17	-
Incurred Losses	12	-	19	-
Underwriting & Admin Expense	39	-	186	-
<b>Operating Result</b>	<b>(40)</b>	-	<b>(188)</b>	-
<b>Ratios:</b>				
<b>Loss ratio</b> - Prior Accident Years	-	-	-	-
- Current Accident Year	109.1%	-	111.8%	-
<i>Total</i>	<b>109.1%</b>	-	<b>111.8%</b>	-
<b>Underwriting &amp; Admin Expense</b>	<b>354.5%</b>	-	<b>1,094.1%</b>	-
<b>Combined Operating Ratio</b>	<b>463.6%</b>	-	<b>1,205.9%</b>	-

*rounding differences may occur*Updated Projection to Year-end 2020

The projected calendar year Operating Result to December 2020 is -\$189 thousand and the estimated combined operating ratio to December 2020 is 519.1%, as summarized in the following table. This updated projection to the end of the year has deteriorated by \$17 thousand from the projection provided last month (see the second and third columns in the table), and it was a result of the overall increase in projected written premium and the associated impacts on earned premium, claims, and expense projections.

*NL RSP Summary of Projected Year-end Financial Results*

<b>NL RSP 2020 Yr-end Projection</b>	<b>Current</b>	Prior Mth		Final 2020
<b>Amounts in \$000s</b>	<b>(Oct 2020)</b>	(Sep 2020)	<b>Change</b>	Outlook*
Premium Written	149	117	32	-
Premium Earned	45	34	11	-
Incurred Losses	51	38	13	-
Underwriting & Admin Expense	183	168	15	-
<b>Net Result from Operations</b>	<b>(189)</b>	<b>(172)</b>	<b>(17)</b>	-
<i>Ratios:</i>				
<b>Loss ratio</b> - Prior Accident Years	-	-	-	-
- Current Accident Year	113.3%	111.8%	1.5%	-
<i>Total</i>	<b>113.3%</b>	<b>111.8%</b>	<b>1.5%</b>	-
<b>Underwriting &amp; Admin Expense</b>	<b>405.8%</b>	<b>493.7%</b>	<b>(87.9%)</b>	-
<b>Combined Operating Ratio</b>	<b>519.1%</b>	<b>605.5%</b>	<b>(86.4%)</b>	-

*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 4 Months Ended October 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	CY2020 YTD	CY2020 6 MONTHS Updated Projection	CY2019 12 MONTHS Actual
<b>Underwriting Revenue:</b>													
Net Premiums Written	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17	\$40	\$52	\$109	\$149	\$0
Decrease (Increase) in Unearned Premiums	-	-	-	-	-	-	-	(17)	(34)	(41)	(92)	(104)	-
<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>\$17</b>	<b>\$45</b>	<b>\$0</b>
<b>Claims Incurred:</b>													
<b>Prior Accident Years:</b>													
Undiscounted	\$0	\$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	\$0
<b>Current Accident Year:</b>													
Undiscounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6	\$11	\$17	\$46	\$0
Effect of Discounting	-	-	-	-	-	-	-	-	1	1	2	5	-
Discounted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7	\$12	\$19	\$51	\$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>\$19</b>	<b>\$51</b>	<b>\$0</b>
<b>Underwriting Expenses:</b>													
Expense Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$12	\$15	\$32	\$45	\$0
<b>Change in UPDR/DPAC:</b>													
Undiscounted	-	-	-	-	-	-	-	(1)	2	-	1	2	-
Effect of Discounting	-	-	-	-	-	-	-	2	3	3	8	10	-
Discounted	-	-	-	-	-	-	-	1	5	3	9	12	-
<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>\$41</b>	<b>\$57</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>(\$43)</b>	<b>(\$63)</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>\$145</b>	<b>\$126</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>(\$188)</b>	<b>(\$189)</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%
Current Accident Year	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	116.7%	109.1%	111.8%	113.3%	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%	111.8%	113.3%	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%	1094.1%	406.7%	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>1205.9%</b>	<b>520.0%</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