

FACILITY ASSOCIATION

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TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: Chief Executive Officer

BULLETIN NO.: F05 – 048

DATE: September 28, 2005

SUBJECT: July 2005 (Accident Year) Participation Report

Enclosed please find the July 2005 Participation Report and a Summary of Operations presented on a calendar year basis.

The provision for IBNR and Development reflected in the July 2005 Participation Report reflects the results of an interim actuarial analysis of the claims experience of the Residual Market. The overall provision for IBNR and Development at July 31, 2005 is \$431 million, compared to \$440 million at June 30, 2005, and further reductions are expected, amounting to about \$9 million per month. The relevant amounts by jurisdiction are shown below.

PROVISION FOR IBNR AND DEVELOPMENT			
	Amount Held At June 2005	Amount Held At July 2005	Expected Monthly Change Jul/05 to Dec/05
Newfoundland & Labrador	6,483	6,550	+66
New Brunswick	16,410	17,236	+826
Nova Scotia	17,455	17,930	+474
Prince Edward Island	2,995	3,086	+91
Ontario	356,249	346,294	-9,955
Alberta	38,950	38,549	-401
Yukon Territory	597	606	+9
Northwest Territories	876	821	-55
Nunavut	117	110	-6
Total	440,131	431.2	-8,952

(Amounts in \$000's)

Bulletin F05-048
July 2005 (Accident Year) Participation Report

The provision for IBNR and Development will be subject to further actuarial analysis as more up-to-date information becomes available. This may lead to significant changes in the provision, particularly the portion relating to accident year 2005.

Should you require any further information, please call Norm Seeney, Vice President, Finance & Chief Financial Officer, Facility Association at (416) 644-4914.

David J. Simpson, M.B.A., FCIP
President & CEO

Attach.

Please forward a copy of this bulletin to your Chief Financial Officer.

Note: A copy of this bulletin has been attached to the July 2005 Participation Report

SUMMARY OF OPERATIONS - CALENDAR YEAR 2005

FACILITY ASSOCIATION RESIDUAL MARKET

Operating Results for the 7 months ended July 31, 2005 - Unaudited

Source: Monthly (Accident Year) Member Participation Report as at 7/2005

(thousands of dollars)

	ALBERTA	ONTARIO	N.S.	P.E.I.	N.B.	NFLD. & LABR.	YUKON	N.W.T.	NUNAVUT	As at 07/2005	As at 07/2004
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$70,444	\$158,029	\$36,945	\$5,795	\$26,554	\$14,550	\$1,964	\$3,998	\$636	\$318,915	\$569,612
CHANGE IN UNEARNED PREMIUMS	15,144	54,197	5,112	328	(248)	1,155	(230)	(108)	(2)	75,348	61,442
NET PREMIUMS EARNED	\$85,588	\$212,226	\$42,057	\$6,123	\$26,306	\$15,705	\$1,734	\$3,890	\$634	\$394,263	\$631,054
UNDERWRITING EXPENSES:											
CLAIMS INCURRED	\$39,764	\$88,872	\$17,285	\$2,514	\$10,660	\$7,894	\$1,024	\$1,106	\$210	\$169,329	\$486,941
CLAIMS ADJUSTING EXPENSE	\$8,239	\$39,813	\$4,978	\$661	\$2,796	\$1,895	\$130	\$346	\$78	58,936	115,196
OPERATING AND SERVICE FEES	\$7,317	\$17,030	\$3,738	\$583	\$2,704	\$1,499	\$127	\$220	\$60	33,278	60,244
COMMISSIONS	\$6,685	\$10,346	\$3,821	\$574	\$2,502	\$1,479	\$122	\$227	\$58	25,814	46,478
MOTOR VEHICLE REPORTS	\$770	\$1,250	\$1,441	\$121	\$216	\$171	\$8	\$10	\$0	3,987	5,335
COLLECTION FEES AND BAD DEBTS	(\$37)	(\$442)	(\$11)	\$0	(\$4)	\$11	\$0	\$0	\$0	(483)	(24)
TOTAL UNDERWRITING EXPENSES	\$62,738	\$156,869	\$31,252	\$4,453	\$18,874	\$12,949	\$1,411	\$1,909	\$406	\$290,861	\$714,170
NET UNDERWRITING GAIN (LOSS)	\$22,850	\$55,357	\$10,805	\$1,670	\$7,432	\$2,756	\$323	\$1,981	\$228	\$103,402	(\$83,116)
ADMINISTRATIVE EXPENSES	\$344	\$738	\$194	\$65	\$163	\$135	\$35	\$38	\$31	1,743	(\$21,028)
PREMIUM FINANCE FEE	(\$6)	(\$77)	\$0	\$0	\$0	\$16	\$0	\$0	\$0	(67)	(\$123)
INVESTMENT INCOME	\$5,932	\$23,902	\$2,711	\$422	\$2,419	\$1,328	\$104	\$214	\$25	37,057	\$31,000
OPERATING RESULTS - Participation Report	\$28,432	\$78,444	\$13,322	\$2,027	\$9,688	\$3,965	\$392	\$2,157	\$222	\$138,649	(\$31,211)
CHANGE IN UEP DEFICIENCY/DPAC - MEMO	\$1,119	\$3,446	\$515	\$27	\$123	\$90	(\$29)	\$11	\$3	5,305	(\$88,131)
NET RESULT FROM OPERATION	\$27,313	\$74,998	\$12,807	\$2,000	\$9,565	\$3,875	\$421	\$2,146	\$219	\$133,344	\$56,920
RATIOS:											
Claims Incurred & Related Exp.(Earned)	56.1%	60.6%	52.9%	51.9%	51.2%	62.3%	66.6%	37.3%	45.4%	57.9%	95.4%
Underwriting & Administrative Exp.(Earned)	17.6%	13.6%	21.8%	21.9%	21.2%	21.0%	16.8%	12.7%	23.5%	16.3%	14.4%
COMBINED OPERATING RATIO July 2005	73.7%	74.2%	74.7%	73.8%	72.4%	83.3%	83.4%	50.0%	68.9%	74.2%	109.8%
COMBINED OPERATING RATIO July 2004	91.9%	123.5%	80.2%	59.1%	79.7%	93.2%	73.3%	97.3%	57.7%	109.8%	
Underwriting & Administrative Exp.(Written)	21.4%	18.3%	24.9%	23.2%	21.0%	22.6%	14.9%	12.4%	23.4%	20.2%	

Notes: - Amounts shown above do not reflect costs incurred directly by member companies (e.g. premium taxes, health levies, cost of capital) as a result of their compulsory participation in Facility Association.

- Premium Deficiency/DPAC is not included in the above ratios.

- Underwriting & Administrative Expenses (Operating & Service fees, Commissions, Motor Vehicle Reports, Collection Fees & Bad Debts, Administrative Expenses) are also shown as a ratio to "Written" as they are based and calculated as a percentage of Premiums Written and this ratio is more responsive to changes in these expense levels.