

A modern office interior with large glass walls and a high ceiling. In the foreground, a person in a white shirt and dark pants is walking past the camera. In the background, two people are seated at a wooden table, engaged in a meeting. The office has a clean, minimalist aesthetic with exposed ceiling infrastructure and track lighting.

FARM Financial Insights Fiscal Q1 2025

For the quarter ending January 31, 2025

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As expected	
Moderately different than expected	
Significantly different than expected	

FARM Headlines

2025 Fiscal YTD FARM Operating Surplus: \$12.7 million
2025 Fiscal Year End FARM Operating COR: 90.2% (see slide 4)

2025 Fiscal Outlook Operating Surplus: \$44.0 million
2025 Fiscal Outlook Operating COR: 91.8% (see slide 13)

Financial Highlights

- **The fiscal year to date written premium was \$103.1 million for FARM** which represents a 3% decrease compared to prior year. The average written premium is 4% lower compared to prior year. Overall, Non PPV counts are down 5.6% to date, and PPV counts are up 8.7% to date. Alberta count volumes decreased by 7% primarily driven by interurban and commercial vehicles (408 vehicle counts combined decrease), offset by 4.4% increase in PPV Atlantics (609 vehicle count increase).
- The **fiscal year to date COR is 90.2%** which represents a 4 percentage point deterioration compared to prior year and a 3 percentage point deterioration compared to Outlook. Overall, there is a positive upward impact expected in 2025 driven by approved rate changes that are expected to earn through. Ontario PPV, Alberta Non-PPV, and Atlantics Non-PPV all have a residual indication of either red or amber. See focus area 1 for more detail.

FARM Fiscal YTD Operating Results

FISCAL YEAR (\$000s)	Actual FARM YTD 3 mths to Jan 2025	Actual FARM YTD 3 mths to Jan 2024	Outlook FARM YTD 3 mths to Jan 2025	Change 2025 - 2024		Change from Outlook	
				\$	%	\$	%
Premium written	103,074	106,754	109,374	(3,680)	(3%)	(6,300)	(6%)
Change in unearned premium	26,559	21,382	27,577	5,177	24%	(1,018)	(4%)
INSURANCE REVENUE	129,633	128,136	136,951	1,497	1%	(7,317)	(5%)
Claims incurred	92,303	86,878	93,845	5,425	6%	(1,542)	(2%)
Adjustments to Liabilities for incurred claims	(5,076)	(5,504)	(4,440)	428	(8%)	(636)	14%
Insurance acquisition cash flows	11,045	9,475	12,437	1,569	17%	(1,392)	(11%)
Administration expense	14,857	14,854	13,335	2	0%	1,522	11%
INSURANCE SERVICE EXPENSES	113,128	105,704	115,177	7,424	7%	(2,048)	(2%)
INSURANCE SERVICE RESULTS	16,505	22,432	21,774	(5,927)	(26%)	(5,269)	(24%)
Investment Income	3,681	4,835	3,629	(1,154)	(24%)	52	1%
Net finance income/expense from insurance	(7,513)	(9,667)	(8,586)	2,154	(22%)	1,074	(13%)
OPERATING SURPLUS (DEFICIT)	12,673	17,600	16,817	(4,927)	(28%)	(4,144)	(25%)
KEY PERFORMANCE METRICS - FARM							
<u>Growth Indicators</u>							
Vehicle Counts	22,611	22,420	22,487	191	1%	124	1%
Average Premium	4,559	4,762	4,864	(203)	(4%)	(305)	(6%)
<u>Profitability Metrics</u>							
Admin Expense Ratio	20.0%	19.0%	18.8%	-	1.0%	-	1.2%
Claims Ratio (CY)	71.2%	67.8%	68.5%	-	3.4%	-	2.7%
Claims Ratio (PY)	(3.9%)	(4.3%)	(3.2%)	-	0.4%	-	(0.7%)
Claims Ratio	67.3%	63.5%	65.3%	-	3.8%	-	2.0%
Insurance Service Result Ratio	87.3%	82.5%	84.1%	-	4.8%	-	3.2%
Investment Income Ratio	(2.8%)	(3.8%)	(2.7%)	-	0.9%	-	(0.2%)
Net Finance Income/Expense from Insurance Discount Unwind (Ratio)	5.8%	7.5%	6.3%	-	(1.7%)	-	(0.5%)
Net Finance Income/Expense from Insurance Yield Impact (Ratio)	0.0%	0.0%	0.0%	-	0.0%	-	0.0%
Net Finance Income/Expense from Insurance (Ratio)	5.8%	7.5%	6.3%	-	(1.7%)	-	(0.5%)
Combined Ratio	90.2%	86.3%	87.7%	-	4.0%	-	2.5%

Key Messages:

- Premium written decreased \$4 million from prior year mainly due to \$6 million decrease in Ontario (\$5 million commercial vehicles and \$5 million taxis, offset by increase of \$3 million public bus and \$1 million private passenger vehicles) and offset by \$2 million increase in Alberta taxis.
- Loss ratios remained constant across FQ1, and therefore the adjustment to liability for incurred claims is favorable as the risk adjustment is released with the settlement of liabilities.
- Decrease in insurance finance expense compared to prior year due to less discount unwinding driven by lower yields (discount rate is approximately 187 basis points lower compared to prior year).
- Note: FARM business is priced with a fair return on Members' capital and targets a 12% ROE (subject to regulator restrictions in some jurisdictions such as Newfoundland and Labrador which prohibits FA from including a profit provision). Based on current indications, none of our FARM segments are expected to be onerous in 2025. We will continue to monitor these indications on an ongoing basis to determine if any segments become onerous and require a loss component.

FARM Premium Drivers

Written Premium	Fiscal Year to Date			Projected Fiscal Year End		
Jurisdiction	Current	Prior	The Outlook	Current	Prior	The Outlook
Ontario	38,934	44,550	45,036	207,215	210,415	216,584
Alberta	33,096	31,200	34,073	165,370	164,205	175,123
Atlantics	30,718	29,116	28,468	149,634	144,058	140,230
Territories	2,039	1,881	1,797	9,264	10,207	10,365
Total	104,788	106,747	109,374	531,483	528,885	542,303

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
(5,616)	(12.6%)	(6,102)	(13.5%)	(3,199)	(1.5%)	(9,369)	(4.3%)
1,897	6.1%	(977)	(2.9%)	1,165	0.7%	(9,753)	(5.6%)
1,603	5.5%	2,250	7.9%	5,576	3.9%	9,403	6.7%
158	8.4%	242	13.5%	(943)	(9.2%)	(1,102)	(10.6%)
(1,959)	(1.8%)	(4,586)	(4.2%)	2,599	0.5%	(10,820)	(2.0%)

Written Vehicle Count	Fiscal Year to Date			Projected Fiscal Year End		
Jurisdiction	Current	Prior	The Outlook	Current	Prior	The Outlook
Ontario	5,011	5,003	4,950	23,421	23,425	23,147
Alberta	5,559	5,974	6,147	33,209	33,008	34,371
Atlantics	10,719	10,269	10,257	58,769	56,759	55,558
Territories	1,322	1,173	1,132	5,842	6,138	6,099
Total	22,610	22,420	22,487	121,240	119,329	119,175

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
8	0.2%	60	1.2%	(4)	(0.0%)	274	1.2%
(416)	(7.0%)	(589)	(9.6%)	201	0.6%	(1,162)	(3.4%)
450	4.4%	462	4.5%	2,010	3.5%	3,211	5.8%
149	12.7%	190	16.8%	(296)	(4.8%)	(257)	(4.2%)
191	0.9%	123	0.5%	1,911	1.6%	2,065	1.7%

AWP	Fiscal Year to Date			Projected Fiscal Year End		
Jurisdiction	Current	Prior	The Outlook	Current	Prior	The Outlook
Ontario	7,770	8,904	9,097	8,847	8,983	9,357
Alberta	5,954	5,222	5,543	4,980	4,975	5,095
Atlantics	2,866	2,835	2,775	2,546	2,538	2,524
Territories	1,543	1,604	1,588	1,586	1,663	1,699
Total	4,635	4,761	4,864	4,384	4,432	4,550

Fiscal Year to Date Change				Projected Year End Change			
Current vs. Prior		Current vs. Outlook		Current vs. Prior		Current vs. Outlook	
(1,134)	(12.7%)	(1,327)	(14.6%)	(135)	(1.5%)	(509)	(5.4%)
732	14.0%	411	7.4%	5	0.1%	(115)	(2.3%)
30	1.1%	90	3.3%	8	0.3%	22	0.9%
(61)	(3.8%)	(45)	(2.8%)	(77)	(4.6%)	(114)	(6.7%)
(127)	(2.7%)	(229)	(4.7%)	(48)	(1.1%)	(167)	(3.7%)

Key Messages:

- The written premiums fiscal YTD 2025 is \$104.8 million, or 1.8% decrease compared to prior year and 4.2% lower than Outlook. Ontario AWP has decreased sharply (12.7%) since the introduction of the mandatory DCPD Opt-Out endorsement in 2024, due to high uptake of the endorsement in our inter-urban (IU) book. In addition, Alberta counts have decreased by 7% primarily driven by interurban as well.
- Overall, written premium is down 2% compared to prior year driven by \$4.0 million decrease in commercial, \$2.8 million decrease in interurban, and \$2.5 million decrease in taxi. This is partially offset by an increase in PPV (primarily in Ontario and Atlantics). See next slide for further detail.
- It is important to note that volumes can change rapidly in FARM and mix of business changes can create significant changes in AWP even where vehicle count changes are minor.

*Note: small differences exist when comparing premium across different slides due to timing of different data sources

		2025 Fiscal Year-to-date			Change in Amount		
		Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
Business Segment	FA Minor Rating Class Desc						
PPV	Private Passenger (x Farmers)	9,060	31,830,695	3,513	728	4,298,489	208
PPV Total		9,060	31,830,695	3,513	728	4,298,489	208
non-PPV	Private Passenger (x Farmers)	183	113,162	620	(44)	10,277	165
	Commercial	5,533	30,121,528	5,444	(269)	(4,020,472)	(441)
	Interurban	2,450	22,235,677	9,076	38	(2,783,940)	(1,299)
	Taxi	1,208	8,216,675	6,804	(291)	(2,455,113)	(318)
	Recreational	2,902	1,470,154	507	(110)	24,554	27
	Other	1,275	10,378,482	8,141	(81)	(1,934,201)	(5,416)
non-PPV Total		13,550	72,535,678	5,353	(756)	(11,158,895)	(503)
TOTAL		22,610	104,366,373	4,616	191	(2,380,506)	(145)

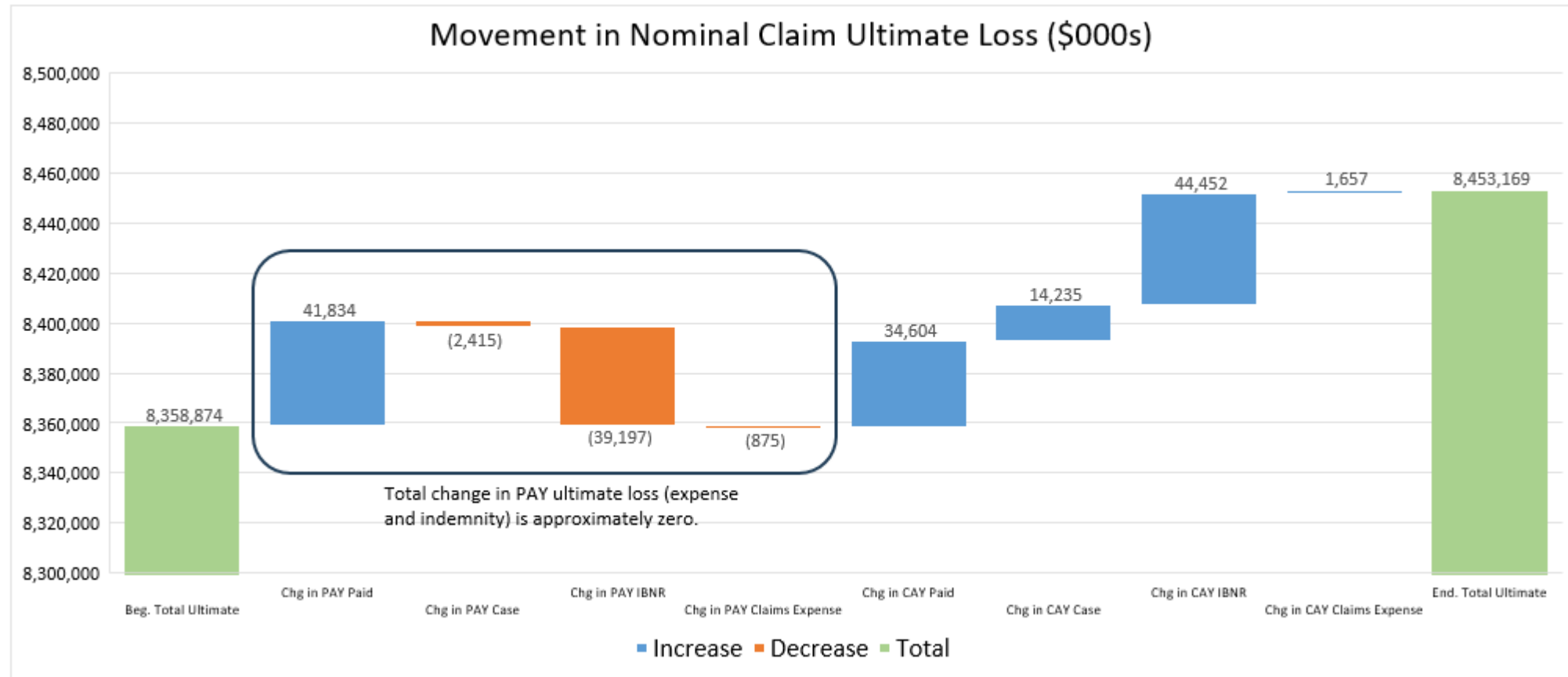
FARM Premium Drivers Fiscal YTD

Jurisdiction	Business Segment	FA Minor Rating Class Desc	2025 Fiscal Year-to-date			Change in Amount			2024 Fiscal Year-to-date		
			Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
Ontario	PPV	Private Passenger (x Farmers)	1,739	11,123,869	6,398	124	1,407,311	380	1,615	9,716,558	6,018
	PPV Total		1,739	11,123,869	6,398	124	1,407,311	380	1,615	9,716,558	6,018
	non-PPV	Private Passenger (x Farmers)	3	30,283	8,863	(2)	(6,753)	2,422	6	37,036	6,441
		Commercial	1,561	14,371,800	9,207	(308)	(4,883,413)	(1,098)	1,869	19,255,213	10,305
		Interurban	608	4,810,603	7,917	420	(3,864)	(17,806)	187	4,814,467	25,723
		Taxi	235	2,316,810	9,855	(282)	(4,543,145)	(3,422)	517	6,859,955	13,277
		Recreational	476	444,218	934	(55)	(35,988)	29	531	480,206	905
		Other	389	5,626,692	14,458	(109)	2,239,950	26,557	(280)	3,386,742	(12,099)
	non-PPV Total		3,272	27,600,406	8,435	(117)	(7,233,213)	(1,844)	3,389	34,833,619	10,279
	Ontario TOTAL		5,011	38,724,275	7,728	8	(5,825,902)	(1,176)	5,003	44,550,177	8,904
Alberta	PPV	Private Passenger (x Farmers)	243	1,857,752	7,645	(19)	466,521	2,330	262	1,391,231	5,315
	PPV Total		243	1,857,752	7,645	(19)	466,521	2,330	262	1,391,231	5,315
	non-PPV	Private Passenger (x Farmers)	138	69,980	508	(40)	26,571	263	177	43,409	245
		Commercial	2,005	10,979,353	5,477	(70)	578,710	464	2,075	10,400,643	5,013
		Interurban	1,506	14,563,265	9,671	(338)	(1,282,004)	1,080	1,844	15,845,269	8,591
		Taxi	323	1,970,031	6,109	16	1,978,486	6,137	306	(8,455)	(28)
		Recreational	827	285,208	345	23	30,204	28	804	255,004	317
		Other	517	3,370,832	6,515	12	98,080	45	506	3,272,752	6,470
	non-PPV Total		5,316	31,238,669	5,877	(397)	1,430,047	659	5,713	29,808,622	5,218
	Alberta TOTAL		5,559	33,096,421	5,954	(416)	1,896,568	732	5,974	31,199,853	5,222
Atlantic	PPV	Private Passenger (x Farmers)	6,687	18,177,725	2,718	609	2,485,809	136	6,078	15,691,916	2,582
	PPV Total		6,687	18,177,725	2,718	609	2,485,809	136	6,078	15,691,916	2,582
	non-PPV	Private Passenger (x Farmers)	(4)	(20,316)	5,669	(3)	(19,198)	4,637	(1)	(1,118)	1,032
		Commercial	1,387	4,040,728	2,913	(13)	135,187	123	1,400	3,905,541	2,790
		Interurban	314	2,698,701	8,599	(55)	(1,582,621)	(3,022)	368	4,281,322	11,621
		Taxi	600	3,807,296	6,350	(22)	144,986	454	621	3,662,310	5,896
		Recreational	1,478	711,382	481	(79)	37,657	48	1,557	673,725	433
		Other	258	1,091,393	4,236	11	189,305	580	247	902,088	3,656
	non-PPV Total		4,032	12,329,184	3,057	(159)	(1,094,684)	(146)	4,192	13,423,868	3,203
	Atlantic TOTAL		10,719	30,506,909	2,846	450	1,391,125	11	10,269	29,115,784	2,835
Territories	PPV	Private Passenger (x Farmers)	392	671,349	1,714	14	(61,152)	(225)	378	732,501	1,939
	PPV Total		392	671,349	1,714	14	(61,152)	(225)	378	732,501	1,939
	non-PPV	Private Passenger (x Farmers)	45	33,215	737	1	9,657	205	44	23,558	532
		Commercial	581	729,647	1,257	122	149,044	(8)	459	580,603	1,265
		Interurban	22	163,108	7,276	11	84,549	542	12	78,559	6,734
		Taxi	51	122,538	2,426	(4)	(35,440)	(477)	54	157,978	2,903
		Recreational	121	29,346	243	0	(7,319)	(61)	120	36,665	304
		Other	111	289,565	2,619	6	18,364	38	105	271,201	2,581
	non-PPV Total		930	1,367,419	1,471	135	218,855	26	795	1,148,564	1,445
	Territories TOTAL		1,322	2,038,768	1,543	149	157,703	(61)	1,173	1,881,065	1,604
GRAND TOTAL			22,610	104,366,373	4,616	191	(2,380,506)	(145)	22,420	106,746,879	4,761

Key Messages:

- Ontario interurban WP change is relatively minor, however AWP has drastically decreased offset by a spike in vehicle counts to date. See focus area #2 for further detail.
- Significant count reductions in high-premium segments: Ontario commercial and taxi, Alberta interurban, and Atlantic Interurban are the key drivers for the FARM's overall reductions compared to prior year.
- Alberta premiums are up \$1.9 million, driven by an increase in taxi by \$2.0 million in premium, offset by decrease in Interurban by \$1.3 million in premium (of 338 vehicles).
- Growth observed in PPV across all provinces excluding Yukon and Nunavut.

FARM Claims during the Quarter

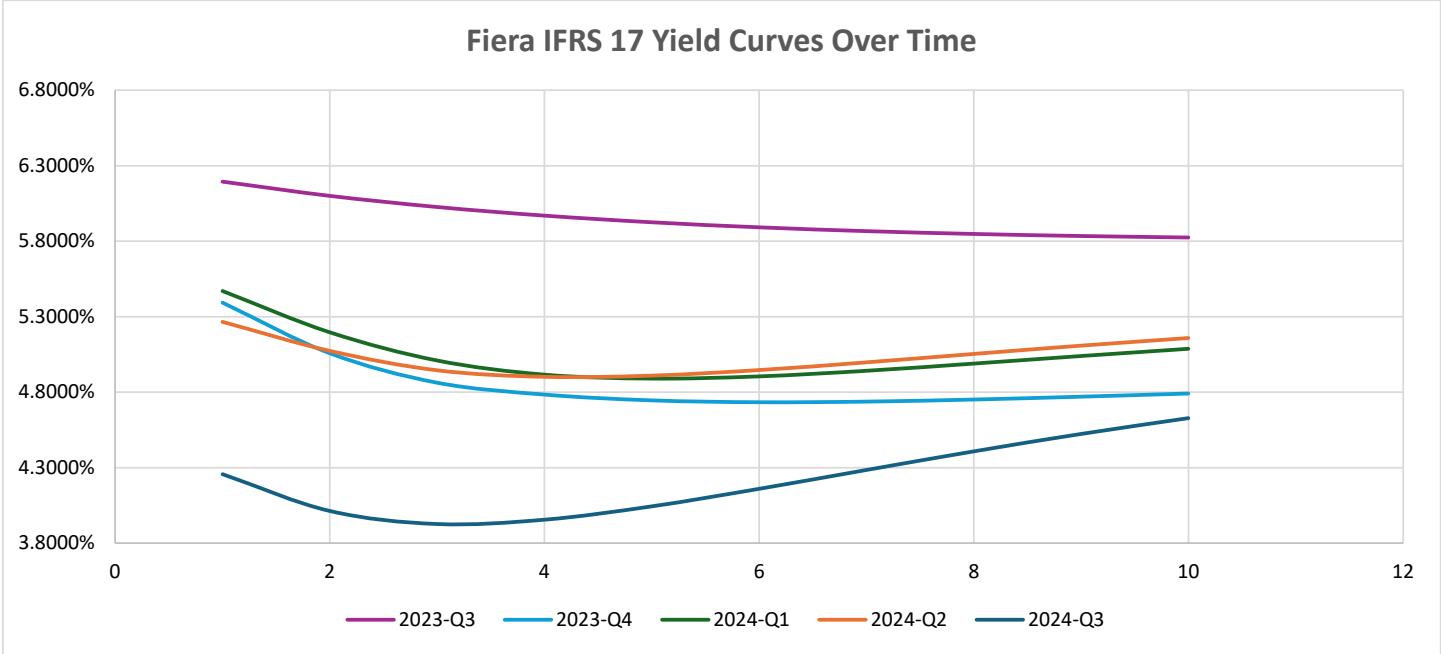


Key Messages:

- Payments on prior years during the fiscal quarter was \$42 million (which represents 6% of the opening unpaid balance). Prior year reserve provisions were reduced by \$42 million for a net incurred loss on prior years of approximately zero dollars. For the current year, \$94 million has been incurred over the quarter at an average loss ratio of 73%.
- The prior year change in ultimate loss is approximately zero. We assume that the prior year ultimate loss is a best estimate until the next implementation date. In other words, any increase in incurred loss made on prior year obligations is exactly offset by IBNR.
- Current year obligations naturally increase as an additional quarter of new exposures are added.
- Note: claims expense refers to both legal and professional fees, and compensation provided to servicing carriers for claims management

FARM Discount Rates and Yield Curve Over Time

Yields have been more volatile since 2022 due to inflation shock. Yields used in FARM’s financials have not changed in the first fiscal quarter of 2025.

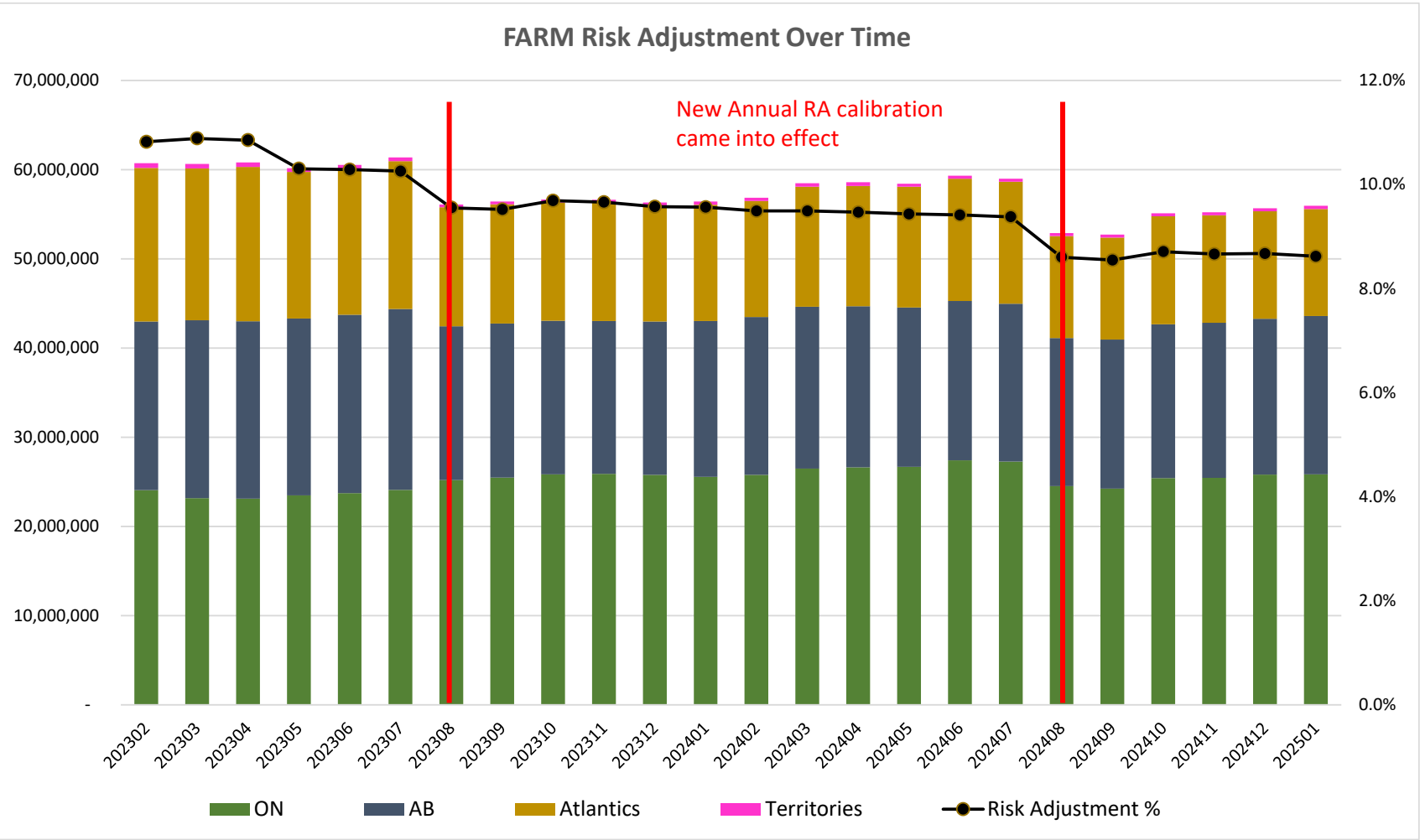


Impact on Liabilities due to Historical Yield Changes

	2023-Q3	2023-Q4	2024-Q1	2024-Q2	2024-Q3
Average FARM discount rate	6.00%	4.92%	5.07%	5.07%	4.13%
Change from prior	0.52%	-1.08%	0.15%	0.00%	-0.94%
Yield Impact LIC	6,154	(18,871)	1,331	(1,166)	(14,080)
Yield Impact PV FCF	5,756	(17,444)	1,264	(1,079)	(13,023)
Yield Impact Risk Adjustment	398	(1,428)	67	(87)	(1,057)
Yield Impact Loss Component	-	-	-	-	-
Total Yield Impact	6,154	(18,871)	1,331	(1,166)	(14,080)

FARM Risk Adjustment Over Time

The total weighted risk adjustment is 8.6% as at January 2025, versus 9.6% as at January 2024.

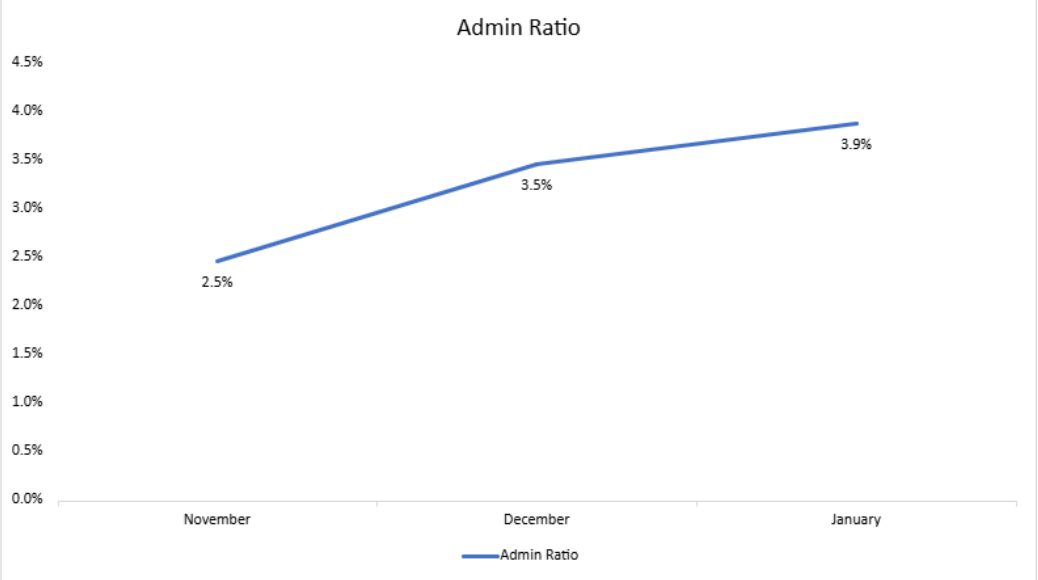
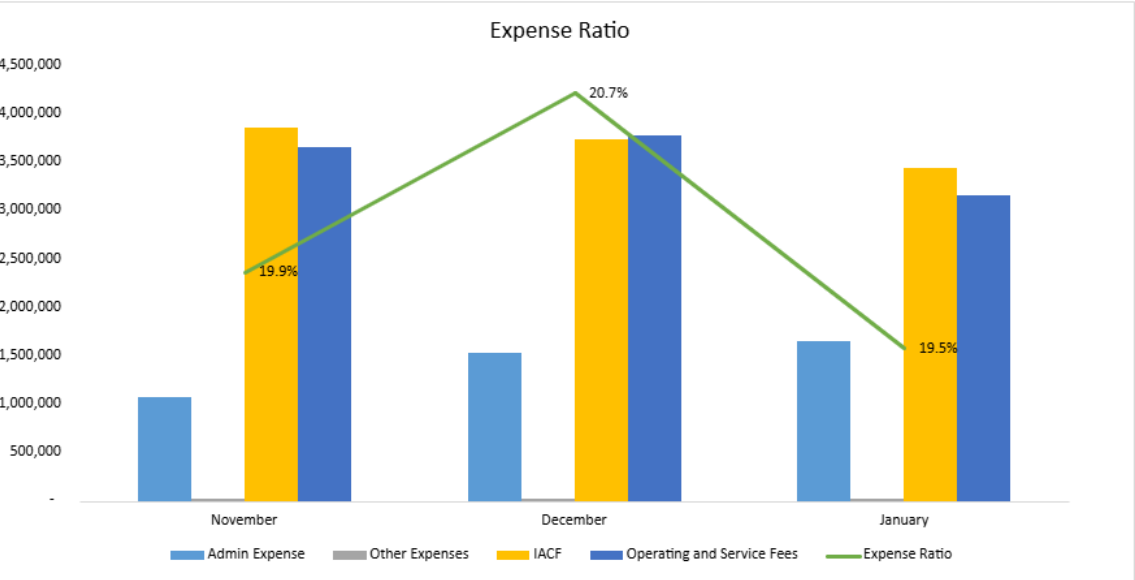


Key Messages:

- Risk adjustment is calibrated annually at the coverage level and fluctuates throughout the year based on the mix of claim liabilities by coverage.
- Calibration uses cost of capital approach; factors at the time of calibration are carried forward until the next calibration.
- Risk adjustment has remained stable, hovering between 8-10%. The total weighted average varies depending on the mix of business.
- The latest calibration was implemented in August 2024 Participation Report.
- The next calibration will be implemented in the August 2025 Participation Report.

FARM Expenses

The YTD expense ratio is 20%, showing an increase in admin expenses but a decrease in operating and service fees compared to the prior year. Operating and services fees decreased in line with reduction in premiums written. The increase in admin expense ratio is largely due to a 39% rise in employee-related costs, which resulted from a 17% increase in headcount.



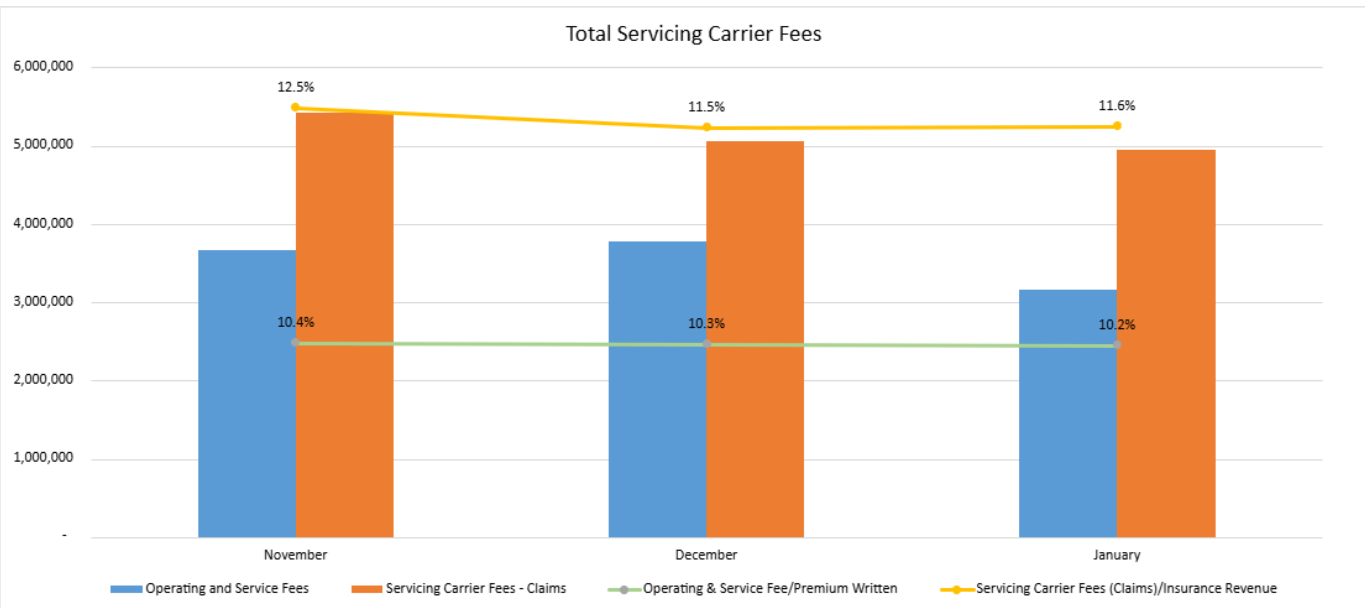
Impact on Expense Ratio	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	103,074,202	106,753,856	- 3,679,654	-3.4%
Insurance Revenue	129,633,103	128,136,237	1,496,866	1.2%
Total FACO Expenditure	7,467,519	6,507,180	960,339	14.8%
Administrative Expense allocated to Mechanism	4,242,804	3,686,957	555,846	15.1%
% Allocated to FARM	57%	57%		
FACO Admin Expense Ratio	3.3%	2.9%		

Key Messages:

- The overall expense ratio, calculated as the sum of Admin Expenses, IACF, Operating & Service Fees, and other miscellaneous costs divided by insurance revenue, is averaging 20.0%. This is driven by the following components:
 - **Acquisition Costs:** 8.5% of the expense ratio
 - **Operating Expenses from Servicing Carrier(s):** 8.2% of the expense ratio reflects the operating fees for managing the FARM business by the servicing carrier, in line with the Board-approved allowance (further details are outlined in the Plan of Operation).
 - **Admin Expense Ratio:** The admin expense ratio, which is admin expenses divided by insurance revenue, has increased by 0.4% from the prior year, now trending at an average of 3.3%, primarily driven by Increase in headcount and is in line with strategic initiatives approved by the Board.

FARM Expenses

The operating and service fee and claims expense allowance paid to the Servicing Carrier is in-line with the Board approved allowance.



Key Messages:

Servicing Carriers are reimbursed for servicing FA's business based on the guidelines set out in the Plan of Operation.

- Operating Cost (excluding claims expenses)
 - Over the last three months, the average operating cost (excluding claims expenses) has been 10.3% of the premiums written.
 - As a ratio of Insurance Revenue, operating cost (excluding claims expenses) has reduced by 0.4%, now standing at 8.2%
- Claims expenses: The claims expenses, expressed as a percentage of Insurance Revenue, have remained stable year-on-year, with an average of 11.9%

Servicing Carrier Fees	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	103,074,202	106,753,856	- 3,679,654	-3.4%
Insurance Revenue	129,633,103	128,136,237	1,496,866	1.2%
Claims Service Fees	14,528,398	14,365,012	163,385	1.1%
Legal Fees	903,116	824,179	78,937	9.6%
Total Claims Service & Legal Fees	15,431,514	15,189,192	242,322	1.6%
Claims Service Fee Ratio	11.9%	11.9%		
Operating Service Fees	10,605,263	11,031,787	- 426,524	-3.9%
Operating Service Fees Ratio	8.2%	8.6%		

FARM Financial Position

FARM's LIC has increased primarily due to growth of the case reserves and IBNR liabilities. Payables and receivables have decreased because of fund transfer settlements between FA and Member accounts.

(\$ 000's)			Change	
	January 31, 2025	October 31, 2024	(\$)	(%)
Assets				
Cash and cash equivalents	339,183	373,295	(34,112)	-9%
Other receivables	637	10,178	(9,541)	-94%
Accounts receivable from other pools	1,783	2,594	(811)	-31%
Accrued investment income	1,169	1,365	(196)	-14%
Funds held by members	572,707	572,707	-	0%
Amounts due from (to) members	(84,706)	(71,391)	(13,314)	19%
Premium receivables	87,416	102,933	(15,517)	-15%
Adjustment to premium received	5,713	2,448	3,265	133%
Total Funds held by members	581,130	606,696	(25,566)	-4%
Total Assets	923,901	994,127	(70,226)	-7%
Liabilities				
Insurance contract liabilities:				
Liability for remaining coverage				
Liability of remaining coverage (LRC)	197,380	218,514	(21,134)	-10%
Liability for incurred claims				
Case reserves	355,207	343,414	11,794	3%
IBNR (Undiscounted)	319,043	313,788	5,255	2%
Retro fees adjustment	48,399	47,616	782	2%
IBNR (Effect of discounting)	(73,488)	(72,008)	(1,479)	2%
PV FCF	649,161	632,809	16,352	3%
Risk adjustment	55,945	55,105	840	2%
Liability for incurred claims (LIC)	705,106	687,915	17,191	2%
Accounts payable and other liabilities	6,864	69,346	(62,483)	-90%
Servicing carrier operating fees payable	14,552	18,353	(3,801)	-21%
Total Liabilities	923,901	994,127	(70,226)	-7%

Key Messages:

- **Cash and cash equivalents** – FARM decrease is driven by funds paid out for settlements with members.
- **Other receivables** – Combined available funds payables and receivables for individual companies resulting in \$10M decrease in receivables.
- **Total funds held by members** – This represents the decrease in premium receivables as reported by service carriers driven by decrease in written premium (\$15M) and the YTD operating results of \$13M.
- **Liability for incurred claims** - Total LIC increased primarily driven by changes of \$12M increase in case reserves, increase in IBNR \$5M along with (\$1M) decrease in effects of discounting on IBNR.

FARM Latest FY 2025 Projection

Latest 2025 FY Projection \$000s (as at 202501)						FY 2025 Outlook
FY 2025 Latest Projection (\$000s)	Ontario	Alberta	Atlantics	Territories	Total	Total
Written Premium	206,769	165,042	149,207	9,242	530,260	542,303
Received Premium	142,763	108,744	102,813	6,230	360,550	370,085
Earned Premium	210,151	167,389	146,933	9,626	534,098	542,445
Insurance Revenue	210,151	167,389	146,933	9,626	534,098	542,445
Total Claims Incurred	137,548	118,090	98,351	4,399	358,388	357,507
<i>Claims incurred (CAY)</i>	145,783	123,065	103,021	4,545	376,413	374,281
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(8,235)	(4,974)	(4,670)	(146)	(18,025)	(16,774)
Administrative Expense	27,011	20,503	18,614	1,180	67,307	66,816
Amortization of IACFs	13,599	13,854	16,207	1,008	44,668	47,192
Change in Loss Component	0	0	0	0	0	0
Insurance Service Expenses	178,157	152,447	133,172	6,587	470,363	471,515
Insurance Service Result	31,993	14,942	13,761	3,039	63,735	70,930
<i>Insurance Finance Expense from PV FCF</i>	(14,544)	(8,177)	(7,461)	(210)	(30,391)	(34,830)
<i>Insurance Finance Expense from Risk Adjustment</i>	(1,469)	(592)	(528)	(13)	(2,602)	(2,908)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0
Insurance Finance Income (Expense)	(16,013)	(8,768)	(7,989)	(223)	(32,993)	(37,738)
Investment Income	5,439	4,419	3,309	127	13,294	14,518
Operating Result	21,419	10,593	9,081	2,943	44,036	47,709
Ratios (as a % of insurance revenue)						
Loss ratios	65.5%	70.5%	66.9%	45.7%	67.1%	65.9%
<i>Claims incurred (CAY)</i>	69.4%	73.5%	70.1%	47.2%	70.5%	69.0%
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(3.9%)	(3.0%)	(3.2%)	(1.5%)	(3.4%)	(3.1%)
Underwriting and Admin Expenses	19.3%	20.5%	23.7%	22.7%	21.0%	21.0%
<i>Administrative Expenses</i>	12.9%	12.2%	12.7%	12.3%	12.6%	12.3%
<i>Amortization of IACFs</i>	6.5%	8.3%	11.0%	10.5%	8.4%	8.7%
<i>Change in Loss Component</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance Service Ratio	84.8%	91.1%	90.6%	68.4%	88.1%	86.9%
Insurance Finance Income	7.6%	5.2%	5.4%	2.3%	6.2%	7.0%
Investment Income Ratio	(2.6%)	(2.6%)	(2.3%)	(1.3%)	(2.5%)	(2.7%)
Combined Operating Ratio	89.8%	93.7%	93.8%	69.4%	91.8%	91.2%

Note: This forecast is a projection of future events based on models and assumptions believed to be realistic simplifications of the real world, but as simplifications, inherent uncertainty exists in relation to how actual events will unfold relative to these projections. **The user of this Outlook should recognize that future Operating Results may deviate from these projections by material amounts.** Materiality is a relative concept. As used here, material deviations are those that could reasonably be expected to influence decisions by users of this Outlook.

Updated FY 2025 Projection

	Ontario	Alberta	Atlantics	Territories	Total
WRITTEN PREMIUM (\$000s)					
The Outlook	216,584	175,123	140,230	10,365	542,303
Latest Projection	206,769	165,042	149,207	9,242	530,260
Change (\$)	(9,815)	(10,081)	8,977	(1,123)	(12,043)
Change (%)	(4.5%)	(5.8%)	6.4%	(10.8%)	(2.2%)
WRITTEN VEHICLE COUNT					
The Outlook	23,147	34,371	55,558	6,099	119,175
Latest Projection	23,421	33,209	58,769	5,842	121,240
Change (%)	1.2%	(3.4%)	5.8%	(4.2%)	1.7%
LOSS RATIOS (%)					
The Outlook CAY Loss Ratio	67.4%	72.1%	69.3%	47.0%	69.0%
Latest Projection CAY Loss Ratio	69.4%	73.5%	70.1%	47.2%	70.5%
Change (%)	2.0%	1.4%	0.8%	0.2%	1.5%
The Outlook PAY Loss Ratio	(3.2%)	(3.0%)	(3.2%)	(1.2%)	(3.1%)
Latest Projection PAY Loss Ratio	(3.9%)	(3.0%)	(3.2%)	(1.5%)	(3.4%)
Change (%)	(0.7%)	0.1%	(0.0%)	(0.3%)	(0.3%)
UNDERWRITING AND ADMIN EXPENSES (% INSURANCE REVENUE)					
The Outlook	19.5%	20.8%	23.6%	23.0%	21.0%
Latest Projection	19.3%	20.5%	23.7%	22.7%	21.0%
Change (%)	(0.1%)	(0.3%)	0.1%	(0.3%)	(0.1%)
COMBINED OPERATING RATIO (%)					
The Outlook	89.3%	93.2%	93.3%	69.9%	91.2%
Latest Projection	89.8%	93.7%	93.8%	69.4%	91.8%
Change (%)	0.5%	0.5%	0.5%	(0.5%)	0.6%
OPERATING RESULT (\$000s)					
The Outlook	23,572	11,796	9,323	3,018	47,709
Latest Projection	21,419	10,593	9,081	2,943	44,036
Change (\$)	(2,153)	(1,203)	(242)	(75)	(3,673)

Key observations:

- FARM is projected to have a decrease in written premiums driven (2.2% overall decrease compared to The Outlook). We are projecting written premium of \$530.3 million, primarily driven by decreased Non-PPV counts and average premium. This is partly offset by PPV counts, which have increased in almost all jurisdictions.
- The CAY and PAY loss ratios remain in line with Outlook as loss ratio assumptions remain constant until the next implementation date (May Participation Report).
- The 2025 Outlook does not forecast any change in the yield curve for 2025 as our future assumption is always a constant yield curve.

Focus Area #1: FARM Rate Changes and Indications

FARM Rate Activity

Share Year	PPV				non-PPV			
	Ontario	Alberta	Atlantics	Territories	Ontario	Alberta	Atlantics	Territories
2016	-7.1%	4.9%	1.0%	-2.7%	-1.4%	3.8%	5.0%	-0.1%
2017	-10.1%	4.9%	0.8%	0.0%	-0.5%	7.3%	5.4%	0.0%
2018	-4.1%	8.2%	2.8%	0.0%	0.9%	3.4%	3.0%	0.0%
2019	0.0%	3.5%	6.7%	0.2%	0.4%	2.5%	3.0%	1.5%
2020	0.1%	9.8%	7.8%	0.1%	8.5%	9.3%	4.7%	1.1%
2021	0.6%	3.6%	0.8%	0.5%	0.9%	0.5%	1.5%	11.1%
2022	4.7%	-5.4%	0.8%	0.5%	0.6%	2.1%	2.3%	1.2%
2023	11.1%	4.5%	1.9%	0.2%	-0.7%	11.4%	2.6%	1.9%
2024	11.5%	3.3%	1.6%	0.1%	0.6%	2.0%	1.3%	0.0%
2025	7.4%	6.7%	0.8%	0.2%	0.2%	0.3%	1.0%	0.0%
2026	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

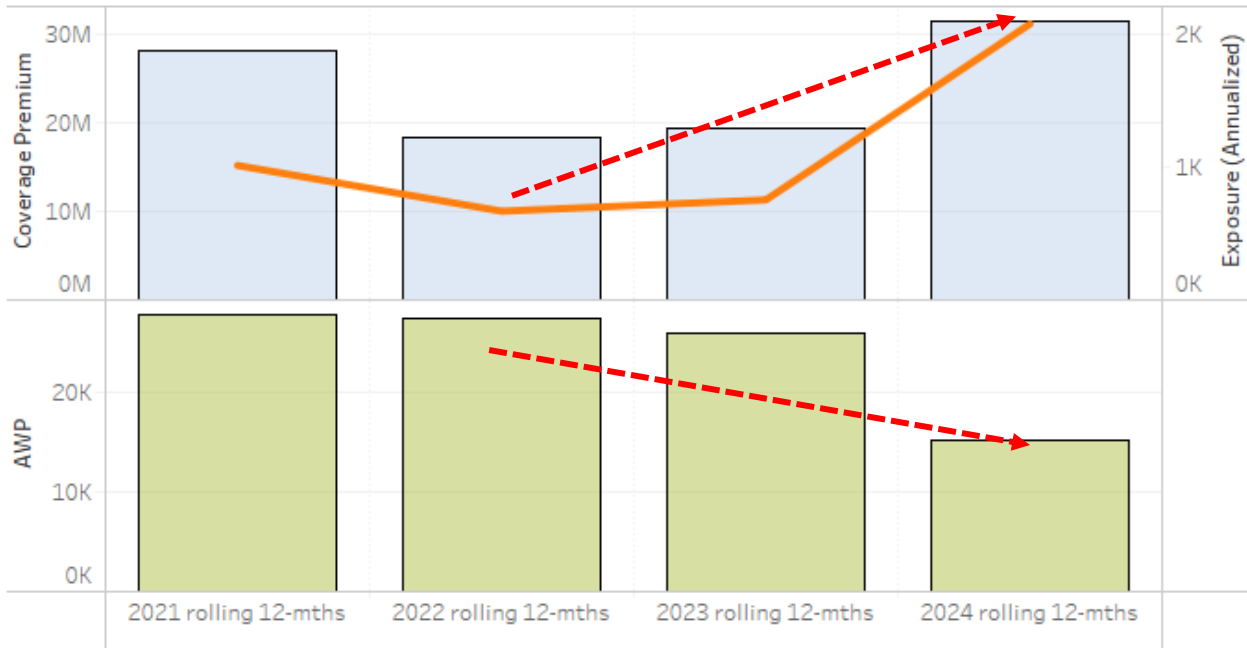


- Key Messages:**
- Above is the estimated impact of earned rate changes on earned premium based on approved rate changes up to December 2024
 - Ontario has seen consistent rate increases throughout 2022-2024, with 7.4% rate change currently approved in Ontario PPV through 2025 on an earned basis; this rate change includes an additional surcharge on high-value vehicles and the most stolen vehicles.
 - Alberta PPV rate change is driven by Grid rates, as the majority of FARM PPV book is Grid-rated.
 - Rate action was taken on the Alberta Interurban book in 2023, but non-PPV rate approvals have been modest throughout 2024.
 - Based on current trends, more rate may be required in Ontario PPV to achieve rate adequacy. In Atlantics, there is some concern on rate adequacy as we have filed for decreases mandated by Newfoundland & Labrador Bill 47 which prohibits inclusion of a provision for return on capital in FARM’s rates. In addition, the Alberta Non-PPV indication has deteriorated due to loss trend exceeding approved rate action to date.

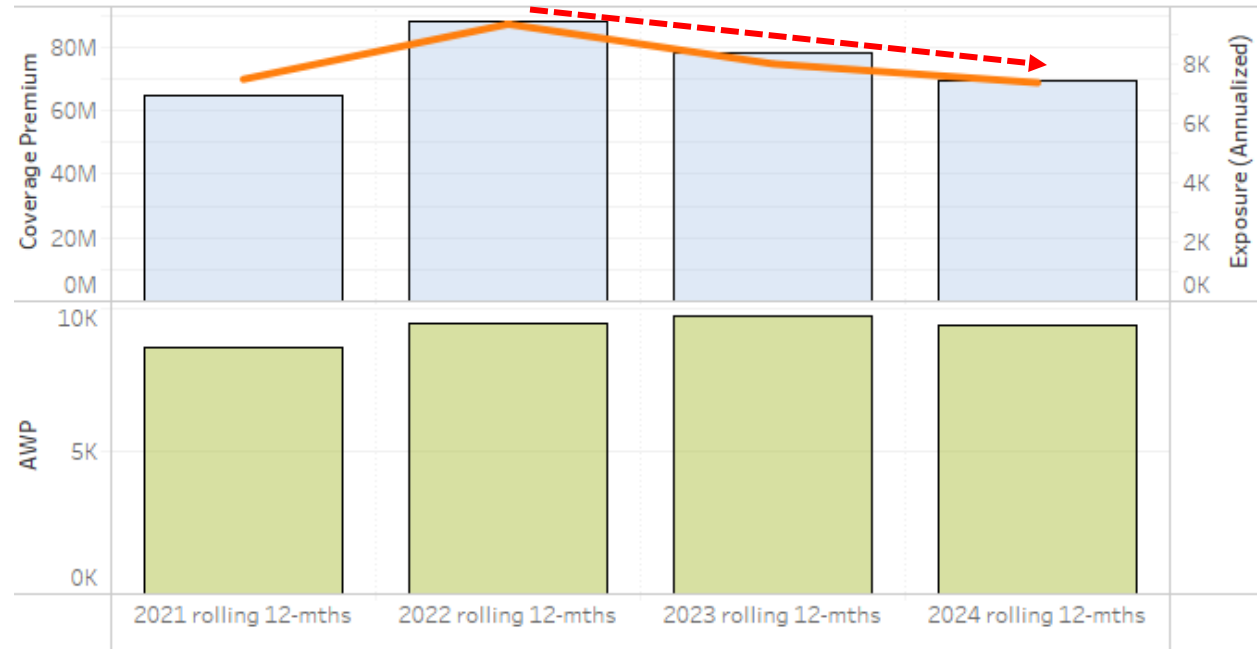
Focus Area #2: FARM Vehicle Segment Analysis

FARM Vehicle Segment Analysis

FARM Ontario IU Transactional data - Premium & Exposure
As at 12/31/2024



FARM Alberta IU Transactional data - Premium & Exposure
As at 12/31/2024



Ontario Interurban (top left):

- AWP for interurban trucks has decreased sharply in Ontario since the introduction of mandatory DCPD Opt-Out endorsement (OPCF 49) in 2024. The vehicle counts have increased significantly between 2023 and 2024 from 753 to 2076 (176% increase); more than half of the vehicle volume opted out of DCPD coverage.
- The change in regulation permitting customers to decline DCPD exposed a difference between FA's rating structure and the industry's as regards to the distribution of liability premium between BI, PD and DCPD. This created an unintended competitive advantage for FA since the premium distribution of FARM rates between BI, PD and DCPD is quite different than the industry.
- FA approached FSRA to request exemption from the requirement to offer this endorsement (to permit for a "soft landing" approach and avoid short term consumer fallout). However, FSRA was unable to pursue this option, and counselled FA to take the appropriate rate action to recalibrate the premium between BI, PD and DCPD (i.e. increase BI and PD and decrease DCPD). Filing to FSRA is being submitted.

Alberta Interurban (top right):

- Interurban count volume is decreasing driven by higher rates and stricter underwriting on vehicle rating jurisdiction.

*Note: these charts are rolling 12 month as at Dec-2024.

FARM Glossary of Acronyms/Legends

Acronyms	Definition
AY	Accident Year
AvP/AvsP	Actual versus Projection
AccBen	Accident Benefits
AB	Alberta
Atlantics	New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland & Labrador (combined)
BI	Bodily Injury
CAY	Current Accident Year
CM	Comprehensive
CAT	Catastrophe
CV	Commercial Vehicles
FtAY	Future Accident Year
IU	Interurban Vehicle
IFIE/IFE	Insurance Finance Income/Expense
IFIE/IFE	Insurance Finance Income/Expense
IBNR	Incurred but not Reported
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
LL	Large Loss
LR	Loss Ratio

Acronyms	Definition
ON	Ontario
NB	New Brunswick
NS	Nova Scotia
NL	Newfoundland & Labrador
Non-PPV	Non-Private Passenger Vehicles – all vehicles insured by FARM that are not PPV
PPV	Personal Passenger Vehicles (automobiles)
PY	Prior Year
PAY	Prior Accident Year
RA	Risk Adjustment
Rec	Recreational vehicles: Motorcycles, Snowmobiles and ATVs
SP	Specified Perils
TX	Taxis/Limos
Territories	Yukon, Northwest Territories, Nunavut (combined)
YTD	Year to Date

Supplementary Information

Additional exhibits and data files available in the monthly bulletins:

<https://www.facilityassociation.com/Members/MemberBulletins>