

A blurred photograph of a modern office interior with large glass walls. In the foreground, a person in a white shirt and dark pants is walking. In the background, two people are seated at a wooden table, working. The image has a green tint.

# FARM Financial Insights

## October 2024 Fiscal Year End Results

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As expected	
Moderately different than expected	
Significantly different than expected	

# FARM Headlines

**2024 Fiscal Year End FARM Operating Result: \$57.5 million**  
**2024 Fiscal Year End FARM Operating COR: 89.0% (see slide 5)**

**2024 Fiscal Year Operating Result Distribution: \$54.6 million (see slide 26)**  
**Annual Realignment of Available Funds: net aggregate \$0 transfer**

**2025 CY Outlook Operating Result: \$48.4 million**  
**2025 CY Outlook Operating COR: 91.2% (see slide 13)**

## Financial Highlights

- **The written premium in fiscal year 2024 was \$528.9 million for the FARM business** which represents a -1% decrease compared to prior year. Change in count volumes were fairly flat across most jurisdictions, with the largest increase in Nova Scotia at 6% (or 1,206 vehicles) followed by Alberta with a decrease of 3% (or 927 vehicles) . Overall, the average written premium is 18% lower compared to prior year, and 22% lower compared to Outlook.
  - The **fiscal year 2024 COR is 89.0%** which represents a 5 percentage point deterioration compared to prior year and 3 percentage point improvement compared to Outlook. The deterioration compared to prior year is primarily driven by a decline in yields of approximately 187 basis points, partially offset by favorable prior year development in Atlantic regions and significant loss transfer recovery in Ontario Accident Benefits.
  - The Alberta hailstorm had a relatively small impact on the FARM business; \$3.2 million losses have been incurred for this event as at October 2024.
- The implementation of the **2024 Q3 Valuation** generated approximately **\$11.0 million unfavourable** impact for the month of October, increasing the year to date COR by 2.5% primarily driven by a decline in yields of 94 basis points.
- Operating results distribution of \$54.6 million reflected in the October 2024 Participation Reports this month. Details on this distribution can be found in [Focus Area #3](#).
- Realignment of available funds (\$572.9 million) with a net aggregate \$0 transfer (this is purely a reallocation of available funds based on liabilities as at October 2024).

# FARM 2024 Year in Review

The Facility Association Residual Market (FARM) is a core mechanism which ensures the availability of auto insurance in Canada with a goal of minimizing market share so that consumers can benefit from the voluntary market. A decade ago, FARM written premium volumes were just over \$200 million. In fiscal year 2024, FARM has written \$529 million in premium, of which over 50% is comprised of commercial and interurban vehicles.

We have taken several initiatives in recent years to reduce our market share particularly in the non PPV segment to allow both the industry and consumers to benefit from a healthy, competitive insurance market. These changes include:

- Introduction of the **Canadian Mileage Rating Matrix to FARM Interurban Vehicles** with a goal to combat “region hopping” where an interurban vehicle registers in one jurisdiction and primarily operates in another, for the purposes of obtaining a lower premium in the FARM
- Revision and improved segmentation of **US Exposure Surcharge for FARM Interurban Vehicles** with a goal to optimize adequacy of rating and reduce risk of rate competitiveness with the regular market
- Introduction of **Video Telematics to Ontario Taxi** and **Alberta Interurban Vehicles** to assist drivers in improving driving behaviour, correct bad habits, and collect data that may help qualify them to return to the voluntary market
- Introduction of **High Theft Vehicle Surcharge to FARM Ontario PPV**

In addition to the goal of minimizing market presence, Facility Association is committed to meeting our obligations to both our policyholders and our members. This year we have paid out \$324 million in claims payments to our policyholders and returned \$54 million to members as the fair return on capital they are required to hold to support FARM. Through these efforts, we believe we can continue providing efficient and sustainable stewardship of this crucial mechanism of the insurance industry.

This presentation includes valuable exhibits which can help users understand the future loss ratios and liabilities projected for the FARM, as well as focus areas which offer deeper understanding of some of the material emerging patterns such as changes in FARMs mix of business. To further support this goal, we will be publishing our 2025 Calendar Year Outlook in December, which will offer a more comprehensive view of the 2025 results of the FARM. As well, be sure to visit our website at [www.facilityassociation.com](http://www.facilityassociation.com) to view our latest bulletins and FAQs/user guides.

# FARM Fiscal YTD Operating Results

***Lower operating surplus compared to PY primarily driven by a decline in yields over the year.***

FISCAL YEAR (\$000s)	Actual FARM YTD 12 mths to Oct 2024	Actual FARM YTD 12 mths to Oct 2023	Outlook FARM YTD 12 mths to Oct 2024	Change 2024 - 2023		Change from Outlook	
				\$	%	\$	%
Premium written	528,866	533,830	586,354	(4,963)	(1%)	(57,487)	(10%)
Change in unearned premium	(8,187)	(27,102)	(6,537)	18,915	(70%)	(1,650)	25%
<b>INSURANCE REVENUE</b>	<b>520,679</b>	<b>506,728</b>	<b>579,817</b>	<b>13,951</b>	<b>3%</b>	<b>(59,138)</b>	<b>(10%)</b>
Claims incurred	353,786	341,254	405,779	12,532	4%	(51,993)	(13%)
Adjustments to Liabilities for incurred claims	(52,651)	(38,656)	(16,833)	(13,995)	36%	(35,818)	213%
Insurance acquisition cash flows	42,136	43,124	51,707	(988)	(2%)	(9,571)	(19%)
Administration expense	68,679	64,710	72,139	3,969	6%	(3,460)	(5%)
<b>INSURANCE SERVICE EXPENSES</b>	<b>411,949</b>	<b>410,433</b>	<b>512,792</b>	<b>1,516</b>	<b>0%</b>	<b>(100,843)</b>	<b>(20%)</b>
<b>INSURANCE SERVICE RESULTS</b>	<b>108,730</b>	<b>96,295</b>	<b>67,025</b>	<b>12,435</b>	<b>13%</b>	<b>41,705</b>	<b>62%</b>
Investment Income	16,996	12,984	16,829	4,012	31%	167	1%
Net finance income/expense from insurance	(68,199)	(27,033)	(37,499)	(41,166)	152%	(30,700)	82%
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>57,527</b>	<b>82,247</b>	<b>46,355</b>	<b>(24,719)</b>	<b>(30%)</b>	<b>11,173</b>	<b>24%</b>
<b>KEY PERFORMANCE METRICS - FARM</b>							
<b>Growth Indicators</b>							
Vehicle Counts	119,329	118,969	127,101	361	0%	(7,772)	(6%)
Average Premium	4,432	4,487	4,613	(55)	(1%)	(181)	(4%)
<b>Profitability Metrics</b>							
Admin Expense Ratio	21.3%	21.3%	21.4%	-	0.0%	-	(0.1%)
Claims Ratio	57.8%	59.7%	67.1%	-	(1.9%)	-	(9.2%)
Insurance Service Result Ratio	79.1%	81.0%	88.4%	-	(1.9%)	-	(9.3%)
Investment Income Ratio	(3.3%)	(2.6%)	(2.9%)	-	(0.7%)	-	(0.4%)
Net Finance Income/Expense from Insurance (Ratio)	13.1%	5.3%	6.5%	-	7.8%	-	6.6%
Combined Ratio	89.0%	83.8%	92.0%	-	5.2%	-	(3.1%)

## Key Messages:

- Premium written decreased compared to PY driven by lower interurban volumes in Alberta and lower taxi volumes in both Alberta and Ontario.
- Adjustment to liabilities for incurred claims is favorable primarily due to significant loss transfer recovery in Ontario accident benefits, and favourable bodily injury and accident benefits claims experience in the Atlantic provinces, especially from the post-Covid period (2021-2023).
- Net finance income/expense from insurance decreased by \$41.2 million from prior year due to a decline in yields by approximately 187 basis points.
- The average risk adjustment factor is 8.71% (9.67% in October 2023) and average discount rate is 4.13% at October 31, 2024; the discount rate is recalculated quarterly.



# FARM Premium Drivers

*FARM premium is stable compared to prior year, with decreases in Alberta offset by increases in Ontario and Atlantic.*

## Fiscal Year to Date

Written Premium (\$ 000s)	Actual	Prior Year	Outlook	Change			
Jurisdiction				Actual / PY		Actual / Outlook	
				#	%	#	%
Ontario	210,419	207,256	220,517	3,163	2%	(10,098)	-5%
Alberta	164,205	179,902	202,311	(15,697)	-9%	(38,106)	-19%
Atlantic	144,058	137,462	153,560	6,596	5%	(9,502)	-6%
Territories	10,207	9,220	9,966	987	11%	241	2%
Total	528,889	533,839	586,354	(4,950)	-1%	(57,465)	-10%

## Fiscal Year to Date

Written Vehicle Count	Actual	Prior Year	Outlook	Change			
Jurisdiction				Actual / PY		Actual / Outlook	
				#	%	#	%
Ontario	23,425	23,296	23,931	129	1%	(507)	-2%
Alberta	33,008	33,935	36,790	(927)	-3%	(3,782)	-10%
Atlantic	56,759	55,936	60,208	823	1%	(3,449)	-6%
Territories	6,138	5,802	6,173	337	6%	(34)	-1%
Total	119,329	118,969	127,101	361	0%	(7,772)	-6%

## Fiscal Year to Date

Average Written Premium	Actual	Prior Year	Outlook	Change			
Jurisdiction				Actual / PY		Actual / Outlook	
				#	%	#	%
Ontario	8,983	8,897	9,215	86	1%	(232)	-3%
Alberta	4,975	5,301	5,499	(327)	-6%	(524)	-10%
Atlantic	2,538	2,457	2,550	81	3%	(12)	0%
Territories	1,663	1,589	1,615	74	5%	48	3%
Total	4,432	4,487	4,613	(55)	-1%	(181)	-4%

## Key Messages:

- The written premiums for fiscal year 2024 is \$528.9 million, or 1% decrease compared to prior year and 10% lower than Outlook.
- There was significant volume growth in the Ontario and Nova Scotia PPV for fiscal year 2024 driven by average rate in both provinces, and vehicle counts in Nova Scotia. [See Focus Area #2](#) for more information on FARM rate changes.
- Alberta premiums are down \$15.7 million, driven by a decrease in Interurban by \$15.9 million in premium (or 1,120 vehicles), and decrease in taxi by \$5.7 million in premium (where average written premium is significantly down compared to prior year). The reduction in these two segments is partially offset by commercial vehicles which are up by \$6.8 million (or 467 vehicles) compared to prior year. See next slide for further breakdowns.

Business Segment	FA Minor Rating Class Desc	2024 rolling 12 to month 10			Change in Amount		
		Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
PPV	Private Passenger (x Farmers)	41,386	137,905,406	3,332	1,509	10,599,309	140
PPV Total		41,386	137,905,406	3,332	1,509	10,599,309	140
non-PPV	Private Passenger (x Farmers)	880	620,656	705	(51)	(265,934)	(247)
	Commercial	27,279	170,455,665	6,249	669	5,014,057	32
	Interurban	10,900	115,209,880	10,570	(297)	(5,561,882)	(216)
	Taxi	5,614	42,849,952	7,632	(583)	(12,236,481)	(1,256)
	Recreational	26,071	16,143,413	619	(532)	(779,335)	(17)
	Other	7,199	45,703,677	6,348	(354)	(1,720,143)	69
non-PPV Total		77,943	390,983,243	5,016	(1,148)	(15,549,718)	(124)
TOTAL	TOTAL	119,329	528,888,649	4,432	361	(4,950,409)	(55)

# FARM Premium Drivers (Rolling 12 Months)

Jurisdiction	Business Segment	FA Minor Rating Class Desc	2024 rolling 12 to month 10			Change in Amount			2023 rolling 12 to month 10		
			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)	7,723	47,753,553	6,183	(6)	4,079,946	532	7,729	43,673,607	5,651
	PPV Total		7,723	47,753,553	6,183	(6)	4,079,946	532	7,729	43,673,607	5,651
	non-PPV	Private Passenger (x Farmers)	9	66,515	7,323	(5)	(21,105)	1,174	14	87,620	6,149
		Commercial	8,773	88,975,830	10,142	72	(3,389,128)	(473)	8,701	92,364,958	10,615
		Interurban	1,797	30,535,144	16,993	1,064	11,357,303	(9,156)	733	19,177,841	26,149
		Taxi	1,683	19,576,442	11,628	(501)	(6,959,840)	(520)	2,184	26,536,282	12,148
		Recreational	1,804	3,908,666	2,167	(230)	(740,174)	(119)	2,034	4,648,840	2,286
		Other	1,636	19,602,493	11,985	(264)	(1,164,236)	1,053	1,900	20,766,729	10,932
	non-PPV Total		15,702	162,665,090	10,360	135	(917,180)	(148)	15,567	163,582,270	10,508
Ontario	TOTAL	TOTAL	23,425	210,418,643	8,983	129	3,162,766	86	23,296	207,255,877	8,897
Alberta	PPV	Private Passenger (x Farmers)	1,173	7,846,346	6,687	(263)	40,846	1,252	1,436	7,805,500	5,435
	PPV Total		1,173	7,846,346	6,687	(263)	40,846	1,252	1,436	7,805,500	5,435
	non-PPV	Private Passenger (x Farmers)	751	335,923	447	(112)	(385,302)	(389)	863	721,225	836
		Commercial	10,399	60,349,798	5,804	467	6,811,460	414	9,932	53,538,338	5,390
		Interurban	7,396	68,063,910	9,203	(1,120)	(15,919,234)	(658)	8,517	83,983,144	9,861
		Taxi	1,084	7,247,906	6,688	15	(5,682,320)	(5,414)	1,068	12,930,226	12,102
		Recreational	9,646	3,966,505	411	126	217,360	17	9,521	3,749,145	394
		Other	2,559	16,394,636	6,407	(39)	(779,372)	(203)	2,598	17,174,008	6,610
	non-PPV Total		31,835	156,358,678	4,912	(664)	(15,737,408)	(383)	32,499	172,096,086	5,295
Alberta	TOTAL	TOTAL	33,008	164,205,024	4,975	(927)	(15,696,562)	(326)	33,935	179,901,586	5,301
Atlantic	PPV	Private Passenger (x Farmers)	30,502	78,563,496	2,576	1,654	5,980,676	60	28,848	72,582,820	2,516
	PPV Total		30,502	78,563,496	2,576	1,654	5,980,676	60	28,848	72,582,820	2,516
	non-PPV	Private Passenger (x Farmers)	38	148,164	3,848	5	91,548	2,166	34	56,616	1,682
		Commercial	5,820	18,010,415	3,094	129	1,426,681	180	5,691	16,583,734	2,914
		Interurban	1,625	15,932,152	9,802	(251)	(1,009,033)	772	1,876	16,941,185	9,030
		Taxi	2,461	15,051,370	6,116	(134)	327,719	441	2,595	14,723,651	5,675
		Recreational	13,879	7,979,440	575	(481)	(307,967)	(2)	14,361	8,287,407	577
		Other	2,432	8,372,839	3,442	(99)	86,554	169	2,532	8,286,285	3,273
	non-PPV Total		26,257	65,494,380	2,494	(831)	615,502	99	27,088	64,878,878	2,395
Atlantic	TOTAL	TOTAL	56,759	144,057,876	2,538	823	6,596,178	81	55,936	137,461,698	2,457
Territories	PPV	Private Passenger (x Farmers)	1,988	3,742,011	1,882	124	497,841	141	1,864	3,244,170	1,741
	PPV Total		1,988	3,742,011	1,882	124	497,841	141	1,864	3,244,170	1,741
	non-PPV	Private Passenger (x Farmers)	82	70,054	857	61	48,925	(157)	21	21,129	1,014
		Commercial	2,287	3,119,622	1,364	2	165,044	71	2,285	2,954,578	1,293
		Interurban	81	678,674	8,344	10	9,082	(1,098)	71	669,592	9,442
		Taxi	386	974,234	2,525	36	77,960	(35)	350	896,274	2,560
		Recreational	742	288,802	389	55	51,446	44	687	237,356	345
		Other	573	1,333,709	2,329	49	136,911	44	524	1,196,798	2,285
	non-PPV Total		4,150	6,465,095	1,558	212	489,368	40	3,938	5,975,727	1,518
Territories	TOTAL	TOTAL	6,138	10,207,106	1,663	337	987,209	74	5,802	9,219,897	1,589

## Key Messages:

- Significant count reductions in high-premium segments: Alberta Interurban and Taxi, and Ontario Taxi are the key drivers for the FARM's overall reductions.
- Alberta Taxi premium decline is due to lower rates (average written premiums decline 44.7% compared to prior year)
- Significant growth in both Alberta Commercial and Ontario Interurban offsetting the decline seen in Alberta. However, the average premium for Interurban vehicles has declined significantly in Ontario, which we have determined is due to policyholders opting out of the DCPD coverage using the new endorsement available since January 2024. More information on this is found in [Focus Area #1](#).
- Growth observed in PPV across all regions, although Ontario and Nova Scotia are seeing highest growth in this segment.

# FARM Loss Ratios & Combined Operating Ratios

***FARM's COR is stable, with unfavourable yield impacts offset by improvements in the prior year loss ratios***

Key financial indicators	Fiscal YTD as at Q1	Fiscal YTD as at Q2	Fiscal YTD as at Q3	Full Fiscal Year 2024
Written Premium (\$000s)	106,747	230,823	385,537	528,885
Insurance Revenue (\$000s)	128,467	253,280	385,654	520,903
CAY Loss Ratio	67.6%	67.0%	67.7%	67.9%
PAY Loss Ratio	(3.4%)	(3.7%)	(4.7%)	(10.0%)
Onerous Contract Ratio	-	-	-	-
Admin Expense Ratio	19.0%	19.7%	21.0%	21.3%
Insurance Service Result Ratio	83.1%	83.1%	84.0%	79.2%
Investment Income Ratio	(3.8%)	(3.4%)	(3.3%)	(3.3%)
IFIE Ratio	7.5%	14.7%	11.5%	13.1%
Discount Unwind Ratio	7.5%	7.2%	7.0%	6.8%
Yield Impact Ratio	-	7.5%	4.5%	6.3%
COR	86.9%	94.3%	92.2%	89.0%
Operating Result (\$000s)	16,826	14,357	30,098	57,066

*\*\*rounding differences exist*

## Non-onerous:

- FARM business is priced with a profit provision and targets 12% ROE (subject to regulator restrictions in some jurisdictions such as Newfoundland 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.

## Fiscal Year to Date Q1

- Favorable PAY loss ratio driven by unwinding of risk adjustment during the quarter. No change assumed in nominal loss ratios
- IFIE ratio of 7.5% driven by unwinding of discount on the liabilities during the quarter. No change assumed in yields

## Fiscal Year to Date Q2

- Yields declined on average 108 bps generating \$18.9 million insurance finance expense increasing IFIE ratio to 14.7%
- Loss ratios remain stable

## Fiscal Year to Date Q3

- Yields slightly increased on average 15 bps generating \$1.3 million insurance finance income reducing the IFIE ratio to 11.5%
- Loss ratios remain stable

## Fiscal Year to Date Q4

- Yields declined on average 94 bps generating \$15.2 million insurance finance expense increasing IFIE ratio to 13.1%
- Overall CAY loss ratio remains relatively unchanged compared to opening fiscal year position. The Alberta hailstorm that occurred on August 5<sup>th</sup> generated \$3.2 million of incurred losses (relatively insignificant compared to the size of the Alberta book)
- PAY loss ratio decreased to -10.0% driven by significant loss transfer recover in Ontario latent accident benefits and favorable change in Atlantic due to more reliance on experience-based methods and updates to Atlantic trend models to include post-Covid data in trend projection
- Annual refresh of risk adjustment factors decreased the total weighted risk adjustment compared to prior fiscal quarter by 0.67%

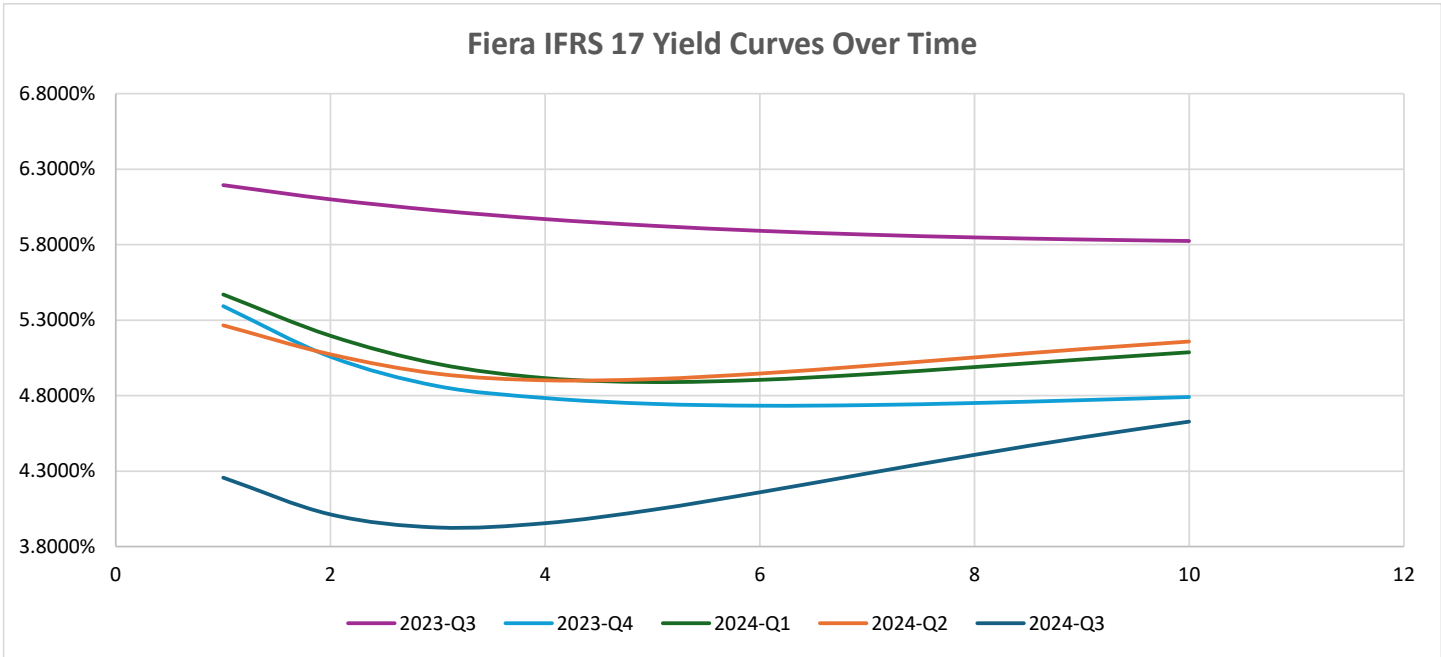
Additional detail on claims analysis can be found in [Focus Area #4](#).

Details of the impact of the Q3 valuation on the liabilities and projections can be found in [Focus Area #5](#).



# FARM Discount Rates and Yield Curve Over Time

***Yields have been more volatile since 2022 due to inflation shock. Yields fell significantly in 2024 Q3 which generated an unfavourable impact on liabilities.***

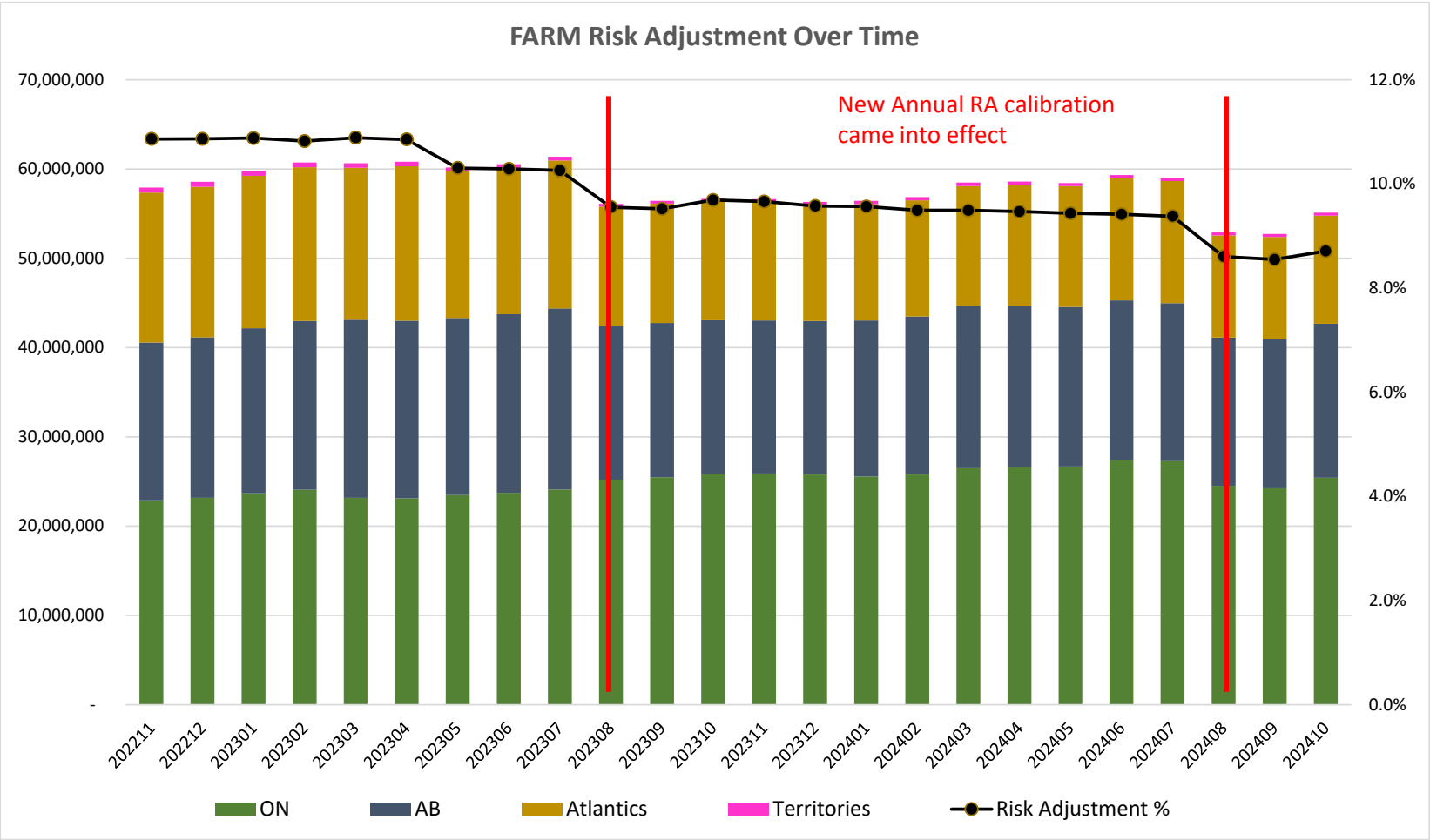


- Key Messages:**
- Table shows the impact of yield curve movements on the FARM liabilities for the most recent implementations.
  - Yields began to decline in late 2023 and continue into 2024, with a slight increase from Q4 to Q1. However, Q3 2024 shows a sharp downward shift in the yield curve, of approximately 94 basis points.
  - The decline in yields generated approximately \$14.1 million loss on the October results which are part of the Insurance Finance Expense presented in the FARM participation reports.

	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 8.7% as at October 2024, versus 9.7% as at October 2023.*

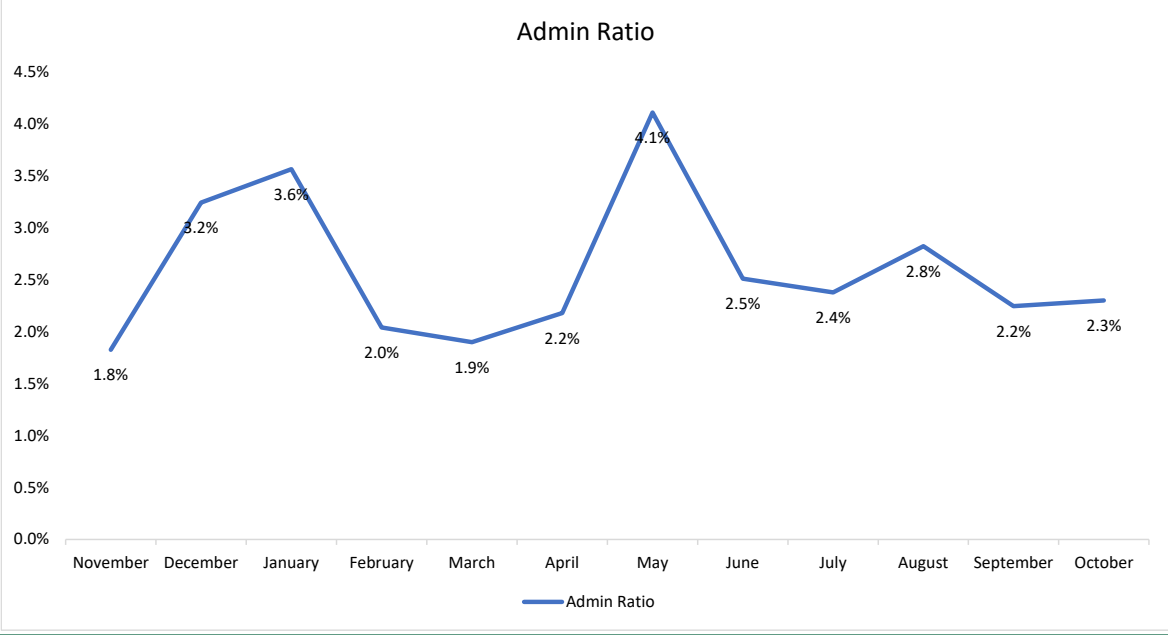
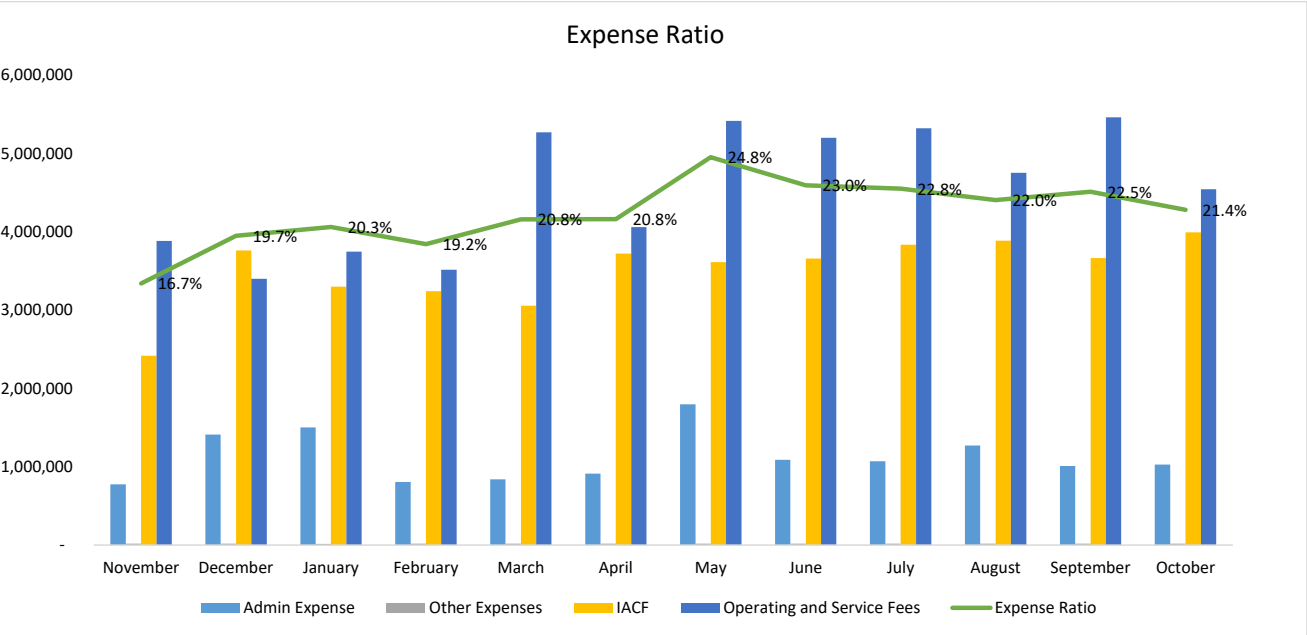


**Key Messages:**

- 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, around 9-10%, since the adoption of IFRS 17.
- The latest calibration was implemented in August 2024 results.
- The next calibration will be implemented in August 2025 results.

# FARM Expenses

**Expense ratio is trending upwards averaging 21.2% in FY2024, driven by increase in the operating and service fees. Admin ratio is averaging 2.6% an increase from prior year driven by funding of strategic initiatives including the discovery phase of policy admin system for FLEET and technology investment.**



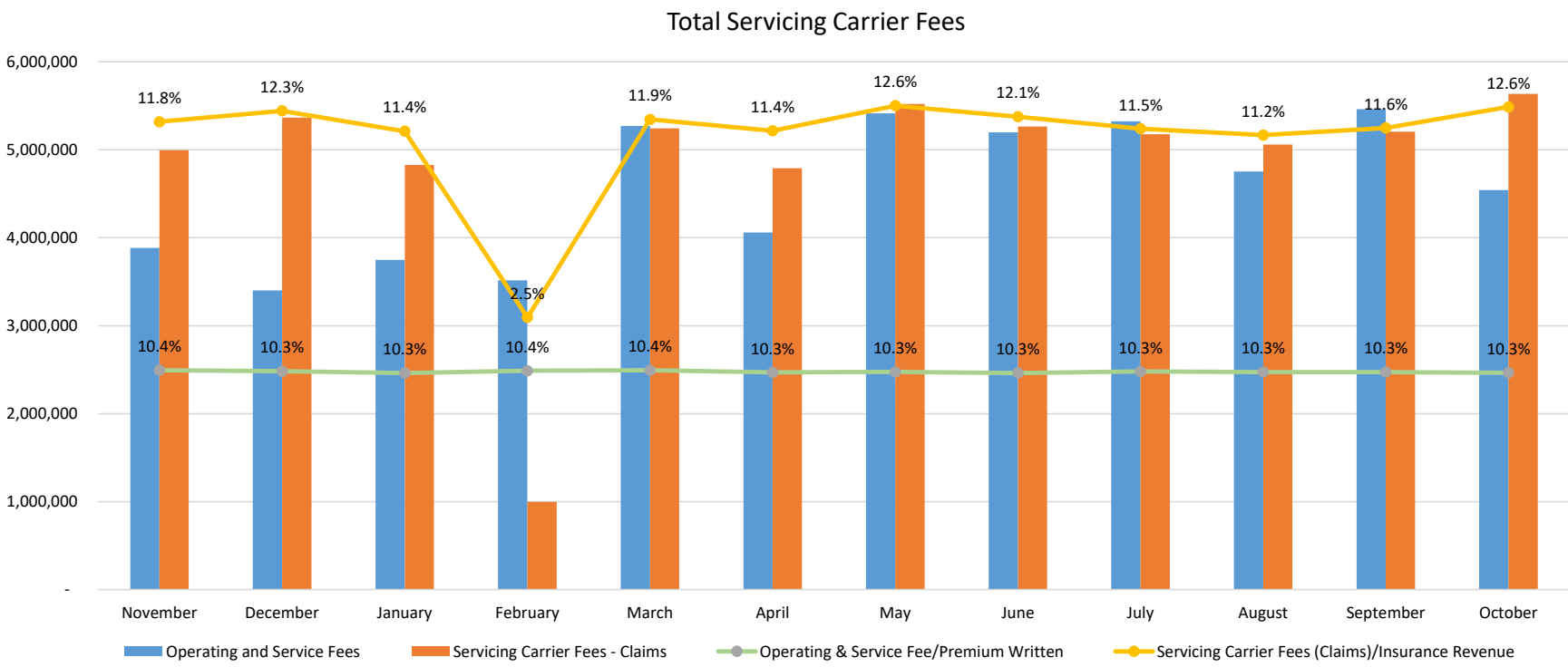
Impact on Expense Ratio	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	528,866,310	533,829,772	- 4,963,462	-0.9%
Insurance Revenue	520,679,268	506,727,799	13,951,470	2.8%
Total FACO Expenditure	21,433,780	17,235,090	4,198,690	24.4%
Administrative Expense allocated to Mechanism	13,508,808	9,599,073	3,909,735	40.7%
% Allocated to FARM	63%	56%		
FACO Admin Expense Ratio	2.6%	1.9%		

Key Messages:

- The Expense ratio calculated as the summation of Admin Expenses, IACF, Operating & Service Fees and other miscellaneous cost divided by insurance revenue is averaging 21.2%, driven by:
  - Acquisition costs: 8% of expense ratio is the cost of acquiring 39,784 new policyholders; an increase of 5% from prior year.
  - Operating Expense from Servicing Carrier(s): a monthly average of 10.5% operating fees represents the cost of managing the FARM business by the servicing carrier. This is in line with the Board approved allowance (more information is contained in the Plan of Operation).
  - The Admin Expense Ratio is calculated as Admin Expense divided by Insurance Revenue, has increased by 0.7% from prior year trending at an average of 2.6%. This increase is driven by funding for strategic initiatives including the discovery phase of policy admin system for FLEET and technology investments.

# 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 on the below basis as outlined in the Plan of Operation:

- Operating costs excluding claims expenses has a monthly average of 10.3% of written premium.
- Claims expenses, calculated as a percentage of Insurance Revenue averages 11%. The decrease in claims expense in February is due to the retroactive claims fee adjustments, calculated on a projected 72-month recorded loss ratio. This resulted in a reduction of servicing carrier claims.

Servicing Carrier Fees	Current Year	Prior Year	Change (\$)	Change (%)
Premium Written	528,866,310	533,829,772	- 4,963,462	-0.9%
Insurance Revenue	520,679,268	506,727,799	13,951,470	2.8%
Claims Service Fees	54,788,827	52,245,019	2,543,808	4.9%
Legal Fees	3,296,581	2,622,745	673,836	25.7%
Total Claims Service & Legal Fees	58,085,408	54,867,764	3,217,644	5.9%
Claims Service Fee Ratio	11.2%	10.8%		
Operating Service Fees	54,569,779	55,074,231	- 504,452	-0.9%
Operating Service Fees Ratio	10.5%	10.9%		

# FARM Financial Position

***FARM's LIC has increased primarily due to a decrease in the discounting on the liabilities. Payables and receivables have decreased because of fund transfer settlements between FA and Member accounts.***

(\$ 000's)	October 31, 2024	October 31, 2023	Change	
			(\$)	(%)
<b>Assets</b>				
Cash and cash equivalents	373,295	326,597	46,698	14%
Other receivables	10,178	70,818	(60,640)	-86%
Accounts receivable from other pools	2,594	2,354	240	10%
Accrued investment income	1,365	1,512	(147)	-10%
Funds held by members	572,707	572,707	0	0%
Amounts due from (to) members	(71,391)	(68,503)	(2,888)	4%
Premium receivables	102,933	121,781	(18,848)	-15%
Adjustment to premium received	2,448	2,939	(491)	-17%
Total Funds held by members	606,696	628,924	(22,228)	-4%
<b>Total Assets</b>	<b>994,127</b>	<b>1,030,205</b>	<b>(36,078)</b>	<b>-4%</b>
<b>Liabilities</b>				
<b>Insurance contract liabilities:</b>				
Liability for remaining coverage	218,514	213,043	5,471	3%
Liability for incurred claims				
Case reserves	343,414	317,416	25,998	8%
IBNR (Undiscounted)	313,788	319,181	(5,393)	-2%
Retro fees adjustment	47,616	46,331	1,285	3%
IBNR (Effect of discounting)	(72,008)	(97,088)	25,080	-26%
<b>PV FCF</b>	<b>632,809</b>	<b>585,840</b>	<b>46,969</b>	<b>8%</b>
<b>Risk adjustment</b>	<b>55,105</b>	<b>56,648</b>	<b>(1,543)</b>	<b>-3%</b>
Liability for incurred claims	687,915	642,489	45,426	7%
Accounts payable and other liabilities	69,346	156,909	(87,563)	-56%
Servicing carrier operating fees payable	18,353	17,765	588	3%
<b>Total Liabilities</b>	<b>994,127</b>	<b>1,030,205</b>	<b>(36,078)</b>	<b>-4%</b>

## Key Messages:

- **Cash and cash equivalents** – FARM generated positive cash flow from insurance operations in 2024.
- **Other receivables** – This has decreased due to the settlement of funds realignment in January 2024. Realignment of funds is a net zero transfer of FARM funds held by members and between the time the realignment is issued and the time the funds are transferred, it creates an equal payable and receivable on the FARM balance sheet. The realignment required this year is smaller (~\$10M) due to the stability of the FARM book this year.
- **Accounts payable/Amounts due to members:** FA currently has a payable to members largely related to the \$54.6M operating results distribution which will settle once the cash is transferred in January 2025. There is also a smaller realignment amount of ~\$10M this year which generates both a payable and receivable until it is settled (in January 2025).
- **Liability for incurred claims** - Total LIC increase primarily driven by changes of \$26M increase in case reserves, \$25M increase in effects of discounting on IBNR and decrease of \$5M in IBNR.



# FARM Latest CY 2025 Projection

***Current year loss ratios are projected to slightly rise in 2025, leading to a small increase in COR. Volumes stable. Operating result projection is similar to 2024's operating result.***

Current Valuation's 2025 Projection (\$000s)	Ontario	Alberta	Atlantics	Territories	Total
Written Premium	207,961	169,551	153,601	10,797	541,910
Received Premium	205,862	169,551	153,219	10,797	539,429
Earned Premium	214,320	171,497	151,392	10,471	547,679
<b>Insurance Revenue</b>	<b>214,320</b>	<b>171,497</b>	<b>151,392</b>	<b>10,471</b>	<b>547,679</b>
Total Claims Incurred	141,376	120,252	102,872	4,896	369,397
<i>Claims incurred (CAY)</i>	148,532	125,437	107,250	5,017	386,235
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(7,156)	(5,186)	(4,377)	(120)	(16,839)
Administrative Expense	26,618	20,349	18,456	1,296	66,719
Amortization of IACFs	14,563	14,386	17,218	1,108	47,275
Change in Loss Component	0	0	0	0	0
<b>Insurance Service Expenses</b>	<b>182,558</b>	<b>154,987</b>	<b>138,546</b>	<b>7,300</b>	<b>483,391</b>
<b>Insurance Service Result</b>	<b>31,762</b>	<b>16,510</b>	<b>12,846</b>	<b>3,171</b>	<b>64,288</b>
<i>Insurance Finance Expense from PV FCF</i>	(14,515)	(8,126)	(7,053)	(195)	(29,889)
<i>Insurance Finance Expense from Risk Adjustment</i>	(1,455)	(581)	(493)	(12)	(2,541)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0
<b>Insurance Finance Income (Expense)</b>	<b>(15,969)</b>	<b>(8,707)</b>	<b>(7,545)</b>	<b>(208)</b>	<b>(32,429)</b>
<b>Investment Income</b>	<b>6,529</b>	<b>5,187</b>	<b>3,883</b>	<b>150</b>	<b>15,749</b>
<b>Operating Result</b>	<b>22,321</b>	<b>12,990</b>	<b>9,183</b>	<b>3,113</b>	<b>47,608</b>
<b>Ratios:</b>					
<b>Loss ratios (% insurance revenue):</b>	<b>66.0%</b>	<b>70.1%</b>	<b>68.0%</b>	<b>46.8%</b>	<b>67.4%</b>
<i>Claims incurred (CAY)</i>	69.3%	73.1%	70.8%	47.9%	70.5%
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(3.3%)	(3.0%)	(2.9%)	(1.1%)	(3.1%)
<b>Underwriting and Admin Expenses (% insurance revenue):</b>	<b>19.2%</b>	<b>20.3%</b>	<b>23.6%</b>	<b>23.0%</b>	<b>20.8%</b>
<i>Administrative Expenses</i>	12.4%	11.9%	12.2%	12.4%	12.2%
<i>Amortization of IACFs</i>	6.8%	8.4%	11.4%	10.6%	8.6%
<i>Change in Loss Component</i>	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Insurance Service Ratio:</b>	<b>85.2%</b>	<b>90.4%</b>	<b>91.5%</b>	<b>69.7%</b>	<b>88.3%</b>
<b>Insurance Finance Income:</b>	<b>7.5%</b>	<b>5.1%</b>	<b>5.0%</b>	<b>2.0%</b>	<b>5.9%</b>
<b>Investment Income Ratio:</b>	<b>(3.0%)</b>	<b>(3.0%)</b>	<b>(2.6%)</b>	<b>(1.4%)</b>	<b>(2.9%)</b>
<b>Combined Operating Ratio</b>	<b>89.6%</b>	<b>92.4%</b>	<b>93.9%</b>	<b>70.3%</b>	<b>91.3%</b>

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.

# FARM CY 2025 Projection Versus CY 2024 Projection

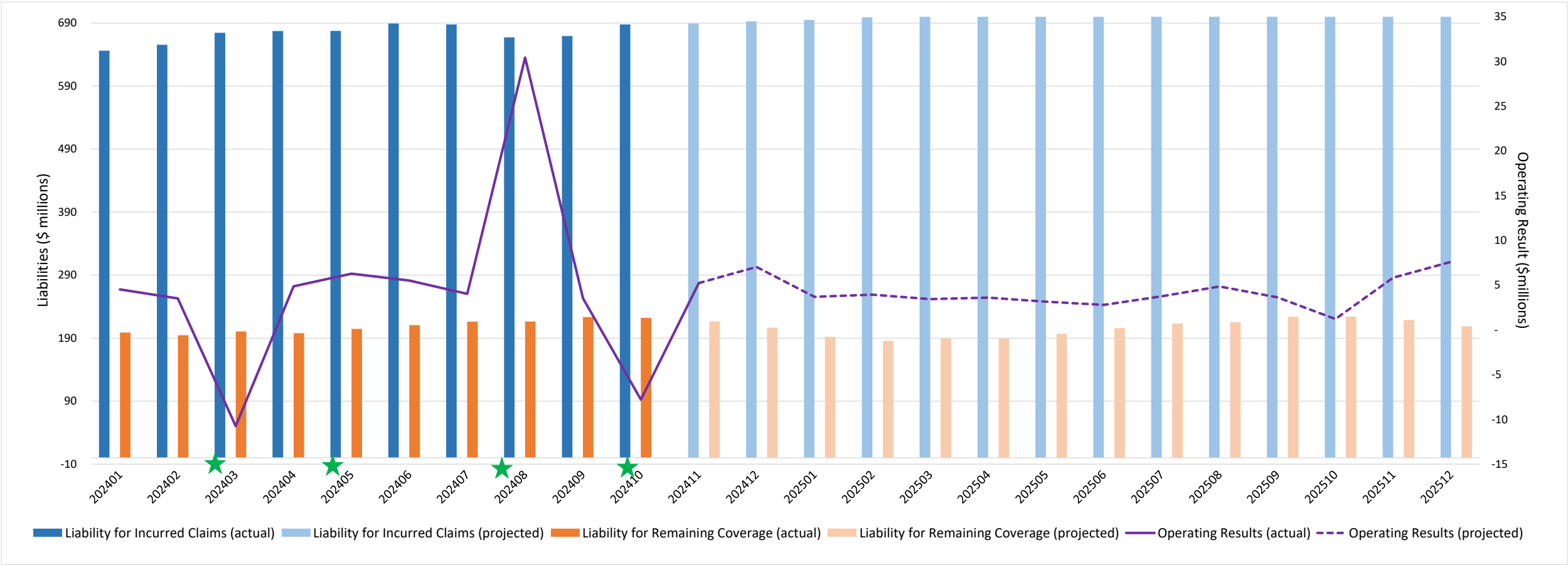
	Ontario	Alberta	Atlantics	Territories	Total
\$000s					
<i>CY 2024 Written Premiums</i>	206,563	164,790	144,560	10,240	526,153
<i>CY 2025 Written Premiums</i>	207,961	169,551	153,601	10,797	541,910
<b>Change (\$)</b>	<b>1,398</b>	<b>4,761</b>	<b>9,042</b>	<b>557</b>	<b>15,757</b>
<b>Change (%)</b>	<b>0.7%</b>	<b>2.9%</b>	<b>6.3%</b>	<b>5.4%</b>	<b>3.0%</b>
<i>Projected CAY 2024 Loss Ratios</i>	66.6%	74.4%	65.5%	44.5%	68.4%
<i>Projected CAY 2025 Loss Ratios</i>	69.3%	73.1%	70.8%	47.9%	70.5%
<b>Change</b>	<b>2.7%</b>	<b>(1.3%)</b>	<b>5.3%</b>	<b>3.4%</b>	<b>2.1%</b>
<i>Projected CY 2024 PAY Loss Ratio</i>	(10.7%)	(8.4%)	(10.5%)	(11.3%)	(9.9%)
<i>Projected CY 2025 PAY Loss Ratio</i>	(3.3%)	(3.0%)	(2.9%)	(1.1%)	(3.1%)
<b>Change</b>	<b>7.4%</b>	<b>5.3%</b>	<b>7.6%</b>	<b>10.1%</b>	<b>6.8%</b>
<i>Projected CY 2024 Underwriting &amp; Admin Expense Ratio</i>	19.6%	20.5%	23.8%	23.8%	21.1%
<i>Projected CY 2025 Underwriting &amp; Admin Expense Ratio</i>	19.2%	20.3%	23.6%	23.0%	20.8%
<b>Change</b>	<b>(0.4%)</b>	<b>(0.3%)</b>	<b>(0.2%)</b>	<b>(0.8%)</b>	<b>(0.3%)</b>
<i>Projected CY 2024 Combined Operating Ratio</i>	85.2%	97.1%	87.5%	60.1%	89.1%
<i>Projected CY 2025 Combined Operating Ratio</i>	89.6%	92.4%	93.9%	70.3%	91.3%
<b>Change</b>	<b>4.4%</b>	<b>(4.6%)</b>	<b>6.5%</b>	<b>10.2%</b>	<b>2.2%</b>
<i>Projected CY 2024 Operating Results</i>	31,053	4,906	17,455	3,972	57,387
<i>Projected CY 2025 Operating Results</i>	22,321	12,990	9,183	3,113	47,608
<b>Change</b>	<b>(8,732)</b>	<b>8,084</b>	<b>(8,272)</b>	<b>(859)</b>	<b>(9,779)</b>

Note: The CY 2025 projection and CY 2024 projection are both latest projections as at October 31, 2024.

## Key observations:

- FARM is projected to have an increase in written premiums driven by rate increases; 3.0% overall increase compared to 2024 forecast. We are projecting written premium of \$541.9 million, primarily driven by increased PPV counts in almost all jurisdictions. Non PPV counts and average rate are expected to be stable overall.
- Slightly higher loss ratios for the accident years 2025 given the uncertainty in the external environment driven by factors such as inflationary pressure on the costs associated with bodily injury liability claims, increasing cost of vehicle theft and increasing cost of vehicle repairs.
- Our future year projection never includes change in our latest estimates of undiscounted ultimate losses for prior accident years. In contrast, the Calendar Year 2024 already recognized favourable changes in prior year development primarily driven by significant loss transfer recovery in Ontario latent Accident Benefits claim and favourable bodily injury and accident benefits claims experience in the Atlantic provinces, especially from the post-Covid period (2021-2023).
- The 2025 Outlook does not forecast any change in the yield curve for 2025 as our future assumption is always a constant yield curve.

# FARM Actual & Projection of Liabilities and Operating Results



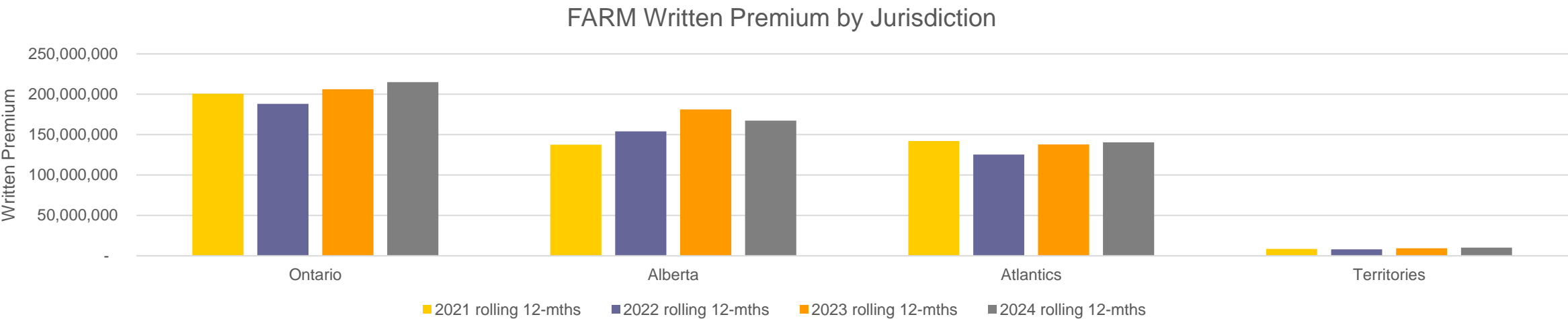
## Key Messages:

- The above graph presents the actual liabilities and insurance service result reported beginning January 31, 2024 up to October 31, 2024. This graph also includes the projection for the last two months of 2024 and for the full Calendar Year 2025. The liability for incurred claims is projected to steadily grow due to loss ratio trend and premium growth projected for FARM. The liability for remaining coverage is steady with some fluctuations throughout the year due to premium projections. Insurance Service Result is insurance revenue (earned premium) less incurred claims and expenses incurred, and adjustments to liabilities for incurred claims. Fluctuation in this metric from month to month is driven by claims reporting projections and written premium projections.
- The actual insurance service result presented in the graph reflects the implementation of valuation results and updates to the discount rates throughout the year (denoted by the green stars). These valuation impacts typically generate income or losses due to reserve increases/releases and changes in present value adjustments.

# Focus Area #1: FARM Mix of Business

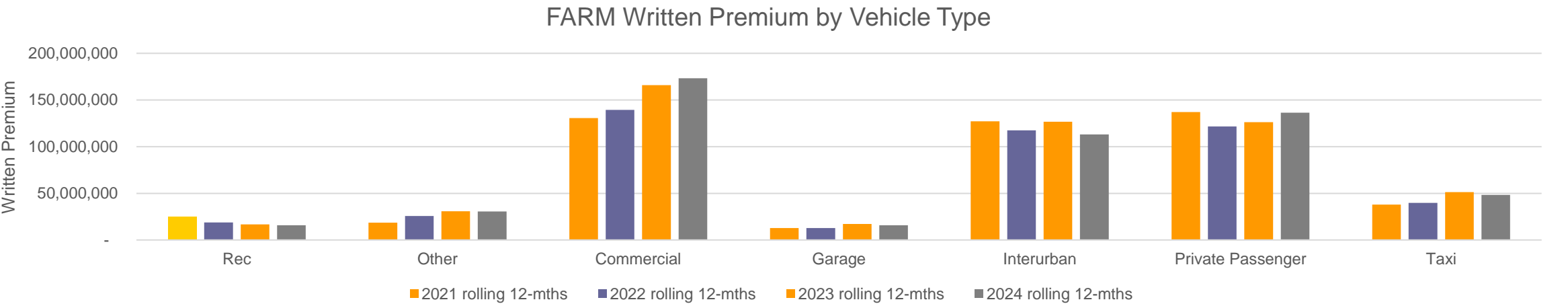
# Special Topics – FARM Mix of Business

FARM is growing more in Ontario over the last two years, and after many years of continuous growth, FARM premium is down in Alberta over the last 12 months.



Interurban premium is decreasing driven by a reduction in Alberta interurban, because of higher rates, stricter underwriting on vehicle rating jurisdiction.

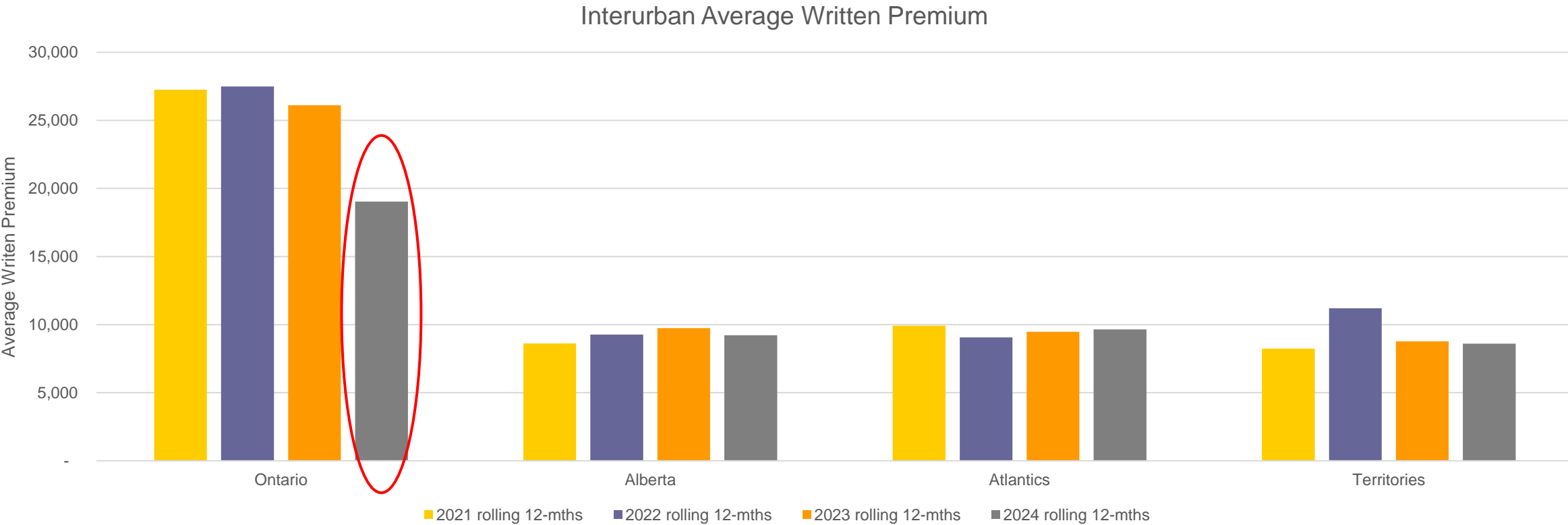
Commercial vehicles continue to increase in FARM





# Special Topics – FARM Interurban

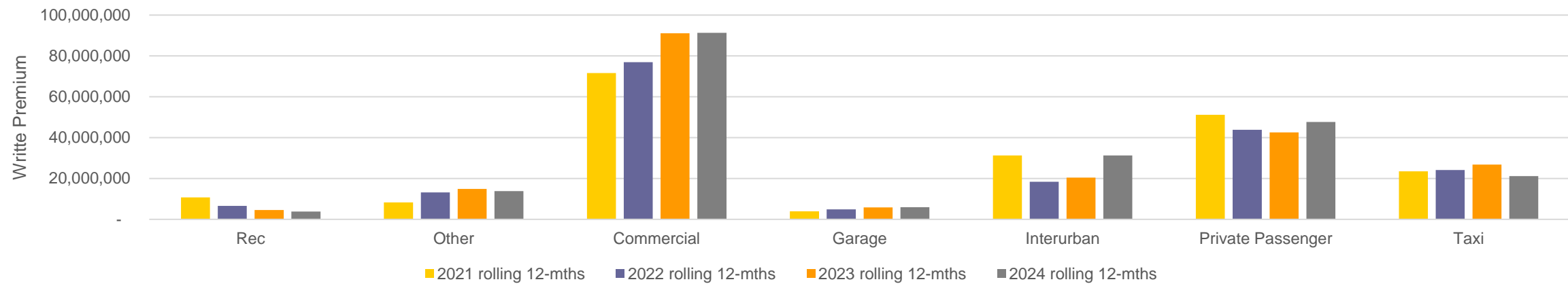
□ Average Written Premium for Interurban trucks has decreased sharply in Ontario since the introduction of the mandatory DCPD Opt-Out endorsement in 2024.



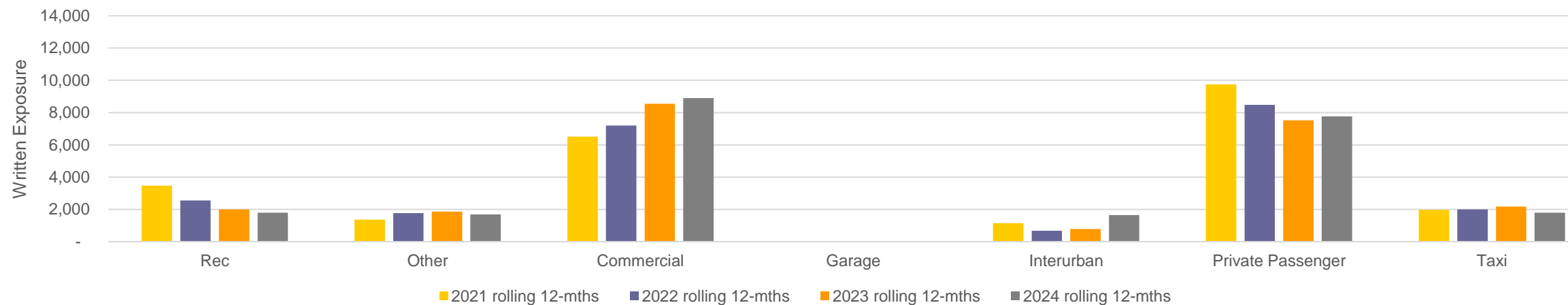
# Special Topics – FARM Mix of Business - Ontario

FARM Ontario see growth in Commercial over the last two years, and large growth in the number of interurban vehicles in the last year.

FARM Ontario Written Premium by Vehicle Type

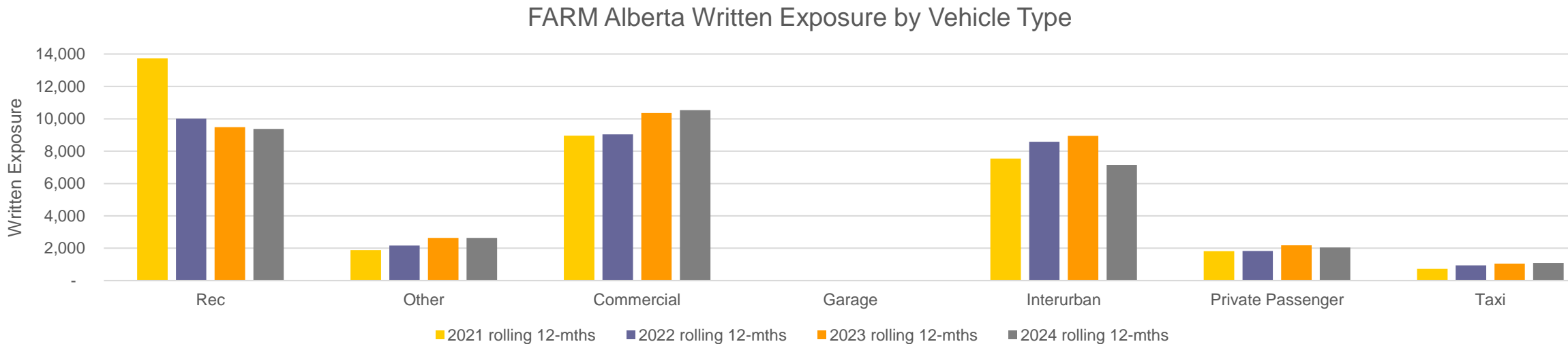
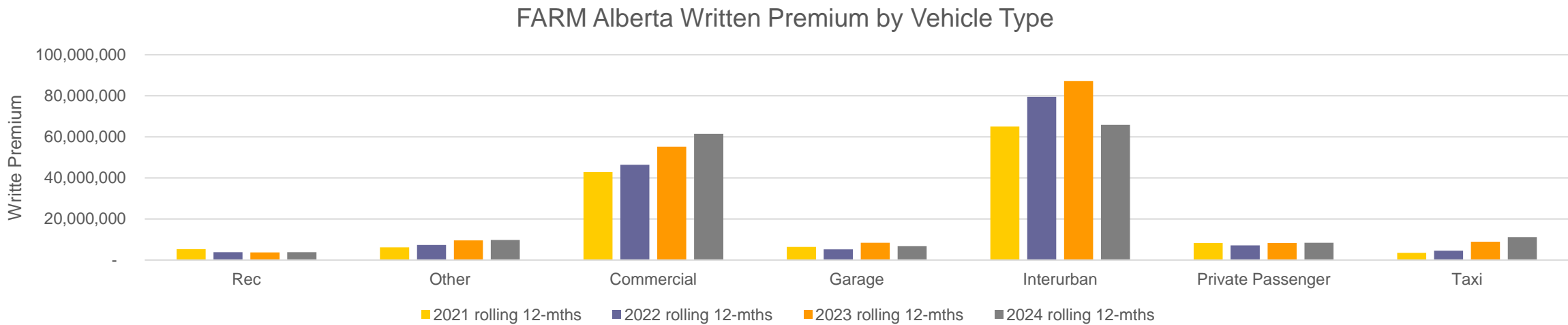


FARM Ontario Written Exposure by Vehicle Type



# Special Topics – FARM Mix of Business - Alberta

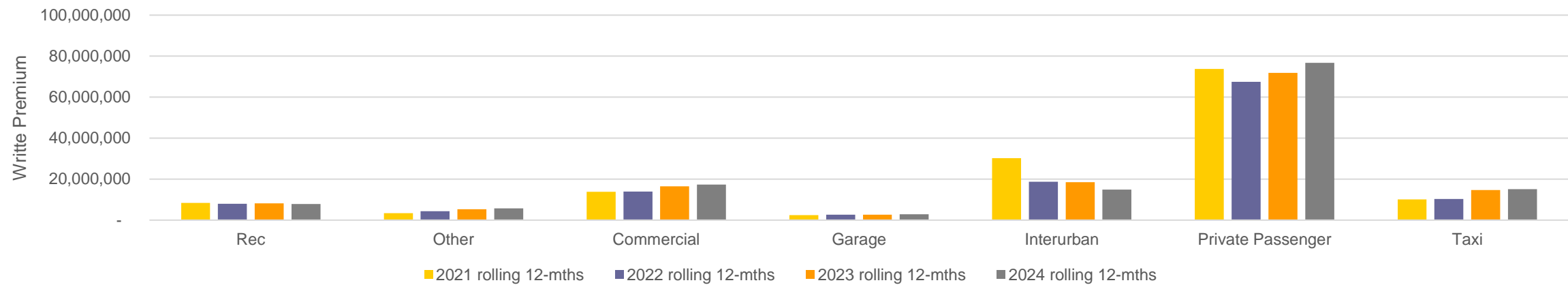
FARM Alberta see growth in Commercial over the last two years and decline in Interurban in the past year



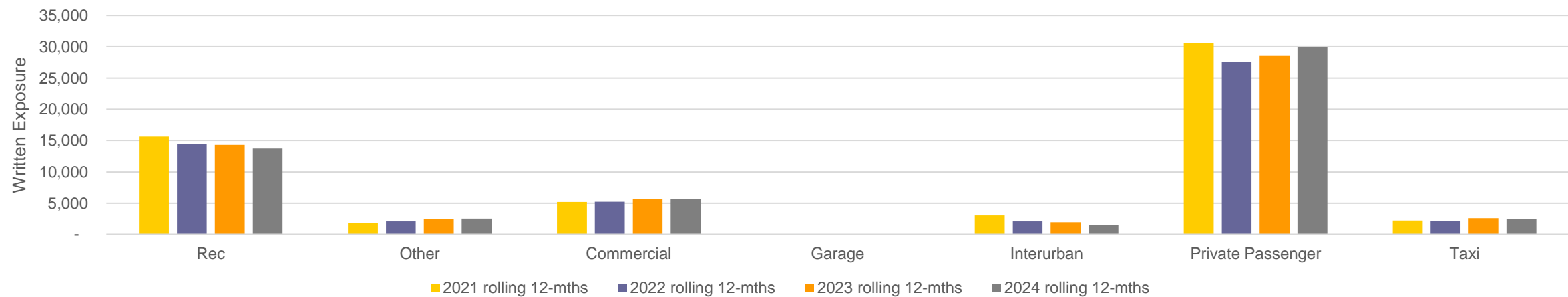
# Special Topics – FARM Mix of Business - Atlantics

Interurban counts have declined a bit over the last few years since the introduction of stricter underwriting on policy jurisdiction vs. jurisdiction the trucks are operating.

FARM Atlantics Written Premium by Vehicle Type

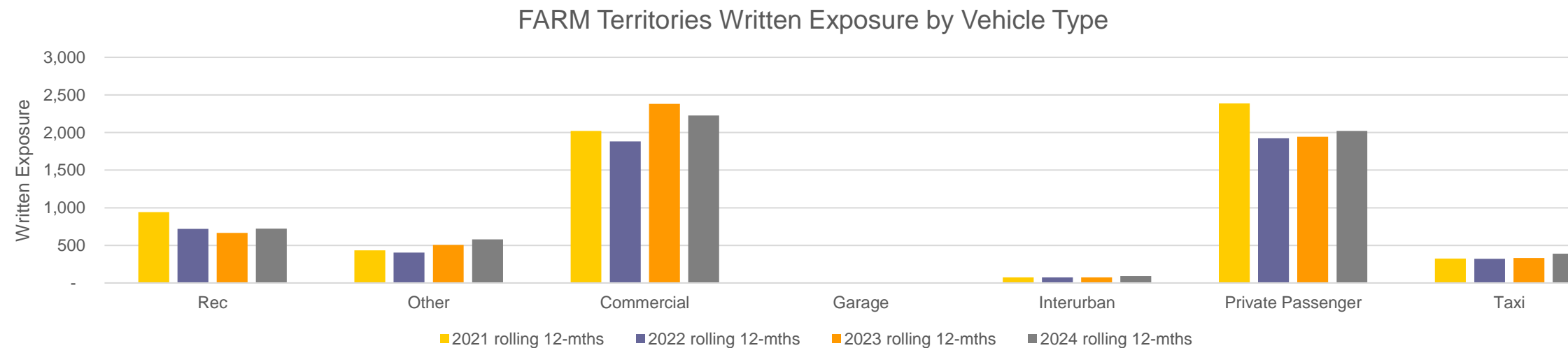
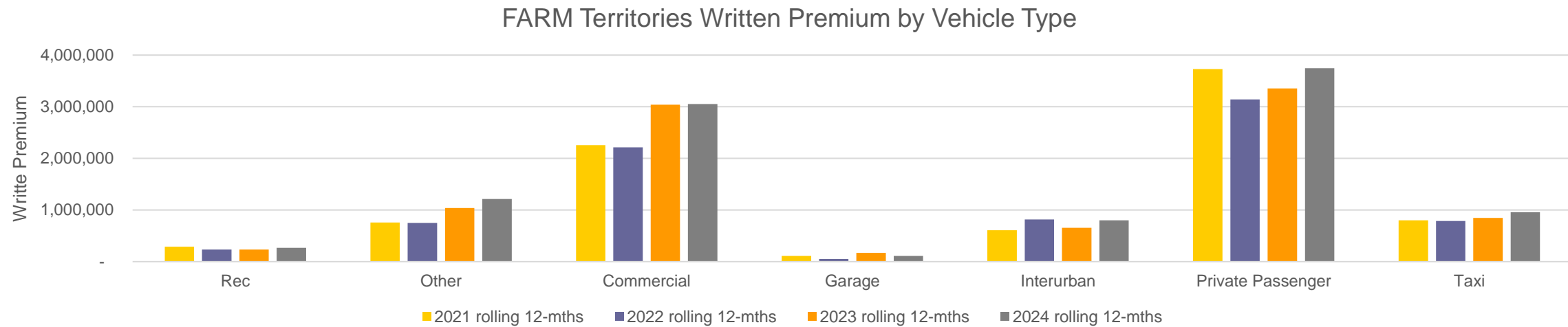


FARM Atlantics Written Exposure by Vehicle Type



# Special Topics – FARM Mix of Business - Territories

FARM Territories see growth in Commercial over the last two years





## *Looking Ahead*

- Several underwriting and segmentation changes have recently been introduced to reduce FARM's market share (particularly of interurban vehicles). These initiatives are outlined on page 4 of this report. We have indeed began observing a reduction in Alberta interurban count volumes during 2024 and continue to expect a further reduction in 2025.
- Looking ahead, we will continue to focus on reducing our market footprint in commercial vehicles across all jurisdictions and Ontario interurban which has grown during 2024.

# Focus Area #2: FARM Rate Changes and Indications

# Focus area – 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	11.7%	3.1%	1.5%	0.0%	1.1%	1.6%	1.4%	0.0%
2025	7.4%	6.4%	0.7%	0.2%	0.3%	0.1%	1.1%	0.0%



- Key Messages:**
- Above is the estimated impact of earned rate changes on earned premium based on approved rate changes up to October 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 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.

# Focus Area #3: FARM Operating Results Distribution

# Focus area – Operating Results Distribution and Realignment

## Operating Result Distribution

*Amounts to be transferred to/(from) Members*

Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	12,270	28,475,382	28,487,652
Alberta	(836,220)	8,398,086	7,561,866
Newfoundland & Labrador	3,322,709	1,754,490	5,077,199
New Brunswick	2,674,284	5,446,047	8,120,331
Nova Scotia	2,567,218	(1,473,549)	1,093,669
Prince Edward Island	208,391	1,093,154	1,301,545
Yukon	157,730	1,165,063	1,322,793
Northwest Territories	623,806	661,088	1,284,893
Nunavut	237,310	124,618	361,929
<b>Total</b>	<b>8,967,498</b>	<b>45,644,380</b>	<b>54,611,878</b>

### Key Messages:

- **Operating Results Distributed:** \$54.6 million operating results distributed has been reflected in the October 2024 Participation Report.
- **Available Funds Distributed:** a realignment (or reallocation) of \$572.9 million available funds has been reflected in the October 2024 Participation Report. These are funds that have already been distributed (in excess of operating results distributed) to each member in accordance with the members participation ratio with accounting procedures approved by the Board.

## Realignment of Available Funds

Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	(2,545,102)	1,828,071	(717,031)
Alberta	488,024	3,817,480	4,305,504
Newfoundland & Labrador	(3,258,529)	(551,585)	(3,810,114)
New Brunswick	(988,010)	(2,878,236)	(3,866,246)
Nova Scotia	4,113,877	301,206	4,415,083
Prince Edward Island	(89,377)	(424,504)	(513,881)
Yukon	67,684	(116,639)	(48,955)
Northwest Territories	110,747	(15,307)	95,440
Nunavut	(77,501)	217,695	140,194
<b>Total</b>	<b>(2,178,187)</b>	<b>2,178,181</b>	<b>(6)</b>

Approximately net **zero aggregate transfer** overall. The realignment is simply a shift of available funds already distributed to members by jurisdiction, business segment and accident year in proportion to the insurance contract liabilities as at October 2024.

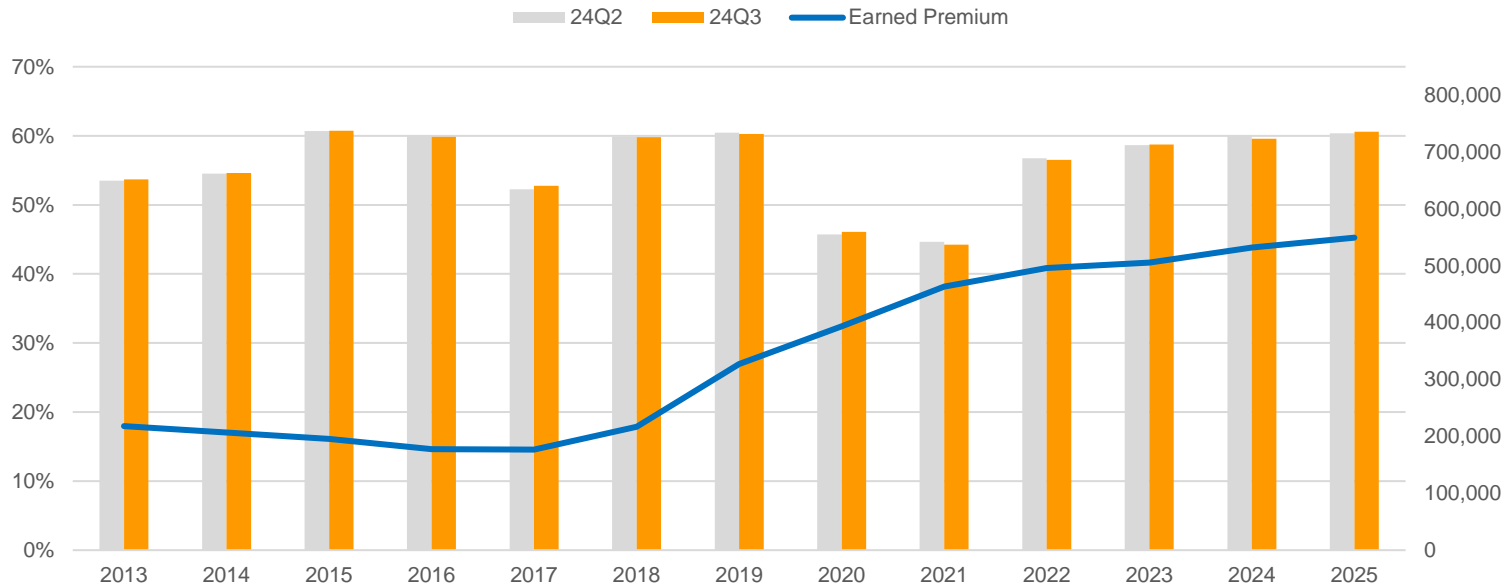


# Focus Area #4: Results of the 2024-Q3 Claims Analysis

# FARM Claims Analysis – New Valuation Impacts

**Loss ratios are stable across all accident years compared to prior valuation with some slight movements at the coverage and province level.**

Ultimate Loss Ratio



**Key Messages:**

- Claims development for prior accident years during Q3 is very negligible at just \$215k decrease to the ultimate loss estimates.
- Improvement in loss ratios was mainly driven by favourable claim development for Ontario Accident Benefits.

*\*Results on this slide are on a nominal (undiscounted) basis and include data up to September 30, 2024.*

Runoff Summary by Accident Year and Coverage

Nominal (\$000s)	2013 & prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
TPL	1,093	182	113	(4)	756	478	(200)	1,323	(1,576)	2,250	(15)	4,402
AB	(30)	(3)	(4)	(145)	126	(576)	(584)	(593)	(699)	(3,414)	(697)	(6,620)
Other	(0)	(0)	0	1	-	(18)	72	788	401	(48)	808	2,003
Total	1,062	179	110	(149)	882	(116)	(713)	1,518	(1,874)	(1,212)	96	(215)

# FARM Claims Analysis – PPV Key Valuation Changes

*The impact of the 2024-Q3 claims analysis on ultimate claims estimates is minor.*

## Increasing

Rank	Province	Coverage	Change in Ultimate
1	Ontario	Bodily Injury	\$ 1,562,287
2	New Brunswick	Bodily Injury	\$ 1,236,478
3	Ontario	Comprehensive	\$ 885,733
4	Newfoundland & Labrador	Collision	\$ 490,654
5	Ontario	Collision	\$ 263,939

## Key Messages:

- These tables show the coverages with the largest change in ultimate losses from the Q3 valuation (includes the change in the latest quarter actual compared to the projection from the previous quarter).
- Overall, the changes are minor however we continue to see familiar themes: improvement in Accident Benefits results, and unfavourable Ontario Bodily injury and physical damage claim results. The Ontario Bodily injury result was driven by a 2023 large loss.

## Decreasing

Rank	Province	Coverage	Change in Ultimate
75	Nova Scotia	Property Damage (w DCPD)	\$ -373,586
76	Newfoundland & Labrador	Bodily Injury	\$ -390,135
77	Newfoundland & Labrador	Property Damage (w DCP	\$ -449,982
78	Nova Scotia	AccBen (indivis)	\$ -501,824
79	Ontario	AccBen (indivis)	\$ -1,093,733

# FARM Claims Analysis – non-PPV Key Valuation Changes

*The Non-PPV Q3 valuation results are favourable overall. Ontario Accident Benefits continues to develop favourably, similar to the PPV side. Alberta Bodily Injury is favourable due to release of bulk IBNR provision to offset expected losses.*

## Increasing

Rank	Province	Coverage	Change in Ultimate
1	Nova Scotia	Bodily Injury	\$ 1,800,304
2	Ontario	Comprehensive	\$ 1,576,895
3	Alberta	Underinsured Motorist	\$ 1,163,698
4	Alberta	AccBen (indivis)	\$ 705,869
5	Alberta	Comprehensive	\$ 700,549

## Decreasing

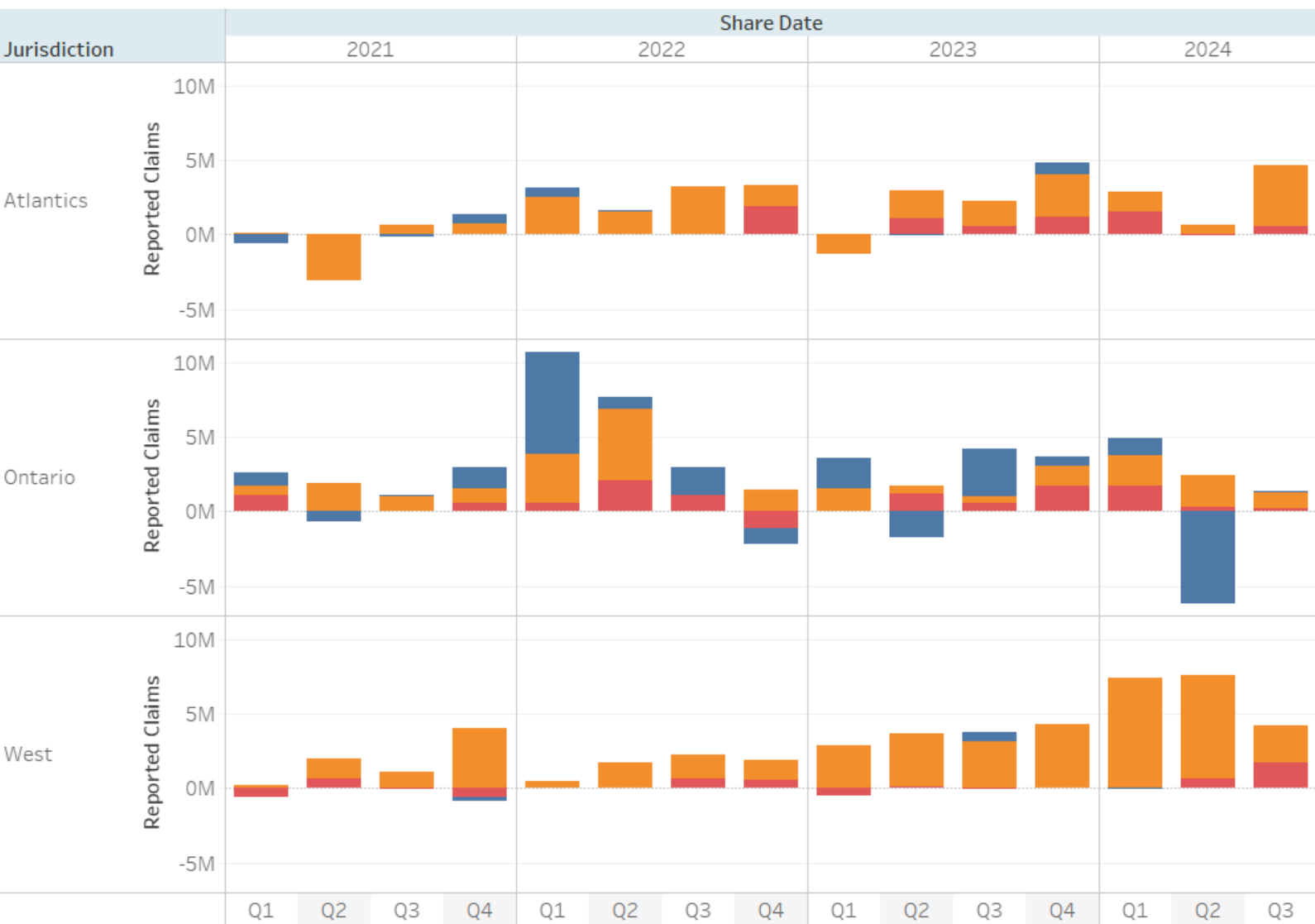
Rank	Province	Coverage	Change in Ultimate
75	Alberta	Property Damage (w DCPD)	\$ -509,744
76	Ontario	Specified Perils	\$ -577,816
77	New Brunswick	Bodily Injury	\$ -1,373,126
78	Alberta	Bodily Injury	\$ -1,998,395
79	Ontario	AccBen (indivis)	\$ -4,168,671

### Key Messages:

- These tables show the coverages with the largest change in ultimate losses from the Q3 valuation (includes the change in the latest quarter actual compared to the projection from the previous quarter).
- Ontario Accident Benefits has consistently developed better than our expectations for several quarters. We adjusted the valuation approach for years 2020-2022 to recognize the emerged claim experience.
- In 2022-2023, large provisions for Alberta Interurban bodily injury claims were created to recognize the rapid growth of this line of business from 2020-2022, and the higher expected loss ratio of this sub-set of the portfolio. We have been reducing this provision over time to smooth the emerging experience.
- Some large losses were reported in Nova Scotia Bodily Injury and Alberta Uninsured Motorist coverages, resulting in unfavourable change in the ultimate for these lines.
- Similar to PPV, Ontario Comprehensive continues to experience slightly higher than expected losses in 2024.

# FARM Claims Analysis – Large Losses Over Time

**2024 Q3 saw lower-than-average large loss activity in Ontario, lower than average TPL large losses in Alberta, and slightly above average large loss activity in the Atlantic provinces.**



## Key Messages:

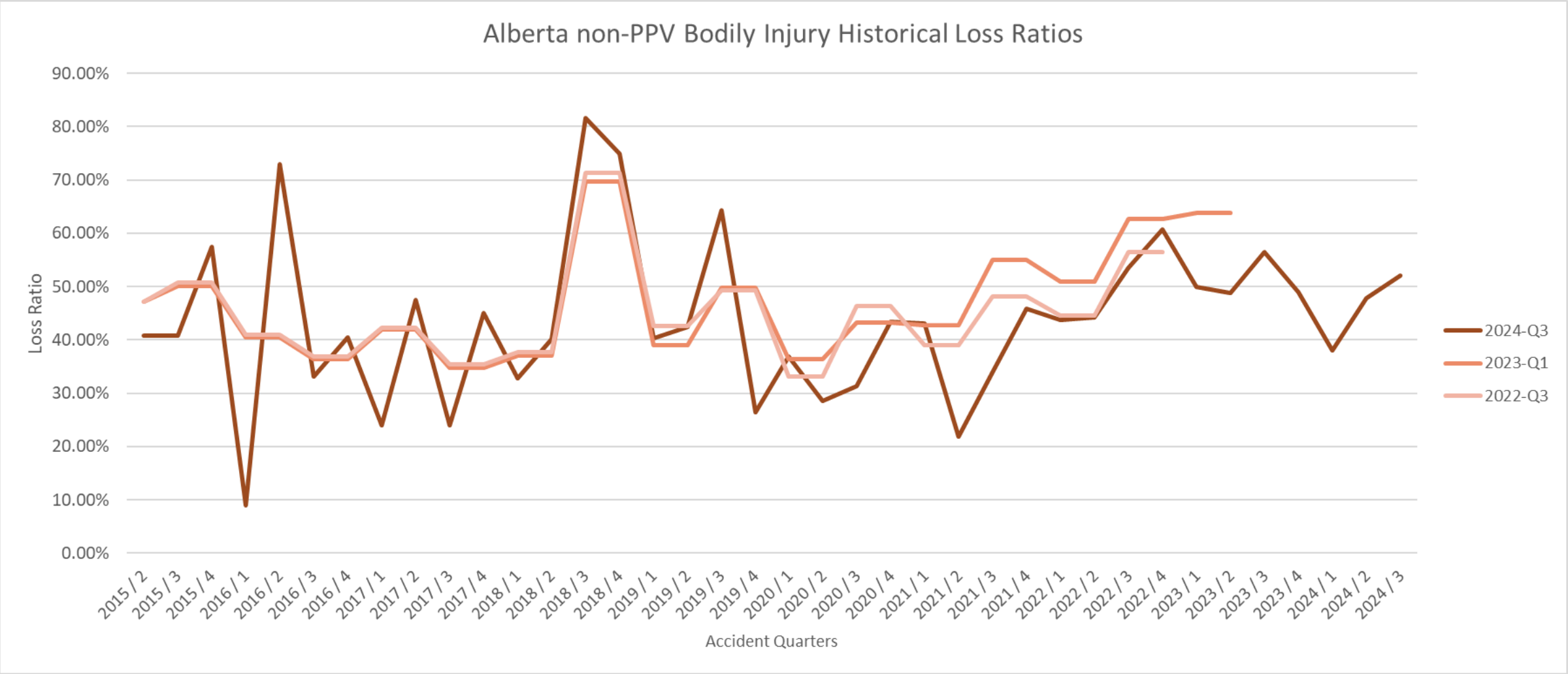
- Ontario valuation may be favourably impacted by lower than usual large losses. It is worth noting that even though the Ontario bodily injury large losses are a bit lower than recent quarters, the overall Ontario bodily injury result is still unfavourable.
- Alberta losses this quarter include a single Underinsured Motorist claim over \$1 million, but bodily injury claims are lower than recent quarters.
- Some large losses in Atlantic bodily injury this quarter contribute to the overall result.

*\*LL are defined as >\$500k for ON/AB or >\$250k for other jurisdictions*

## Coverage Type (group)

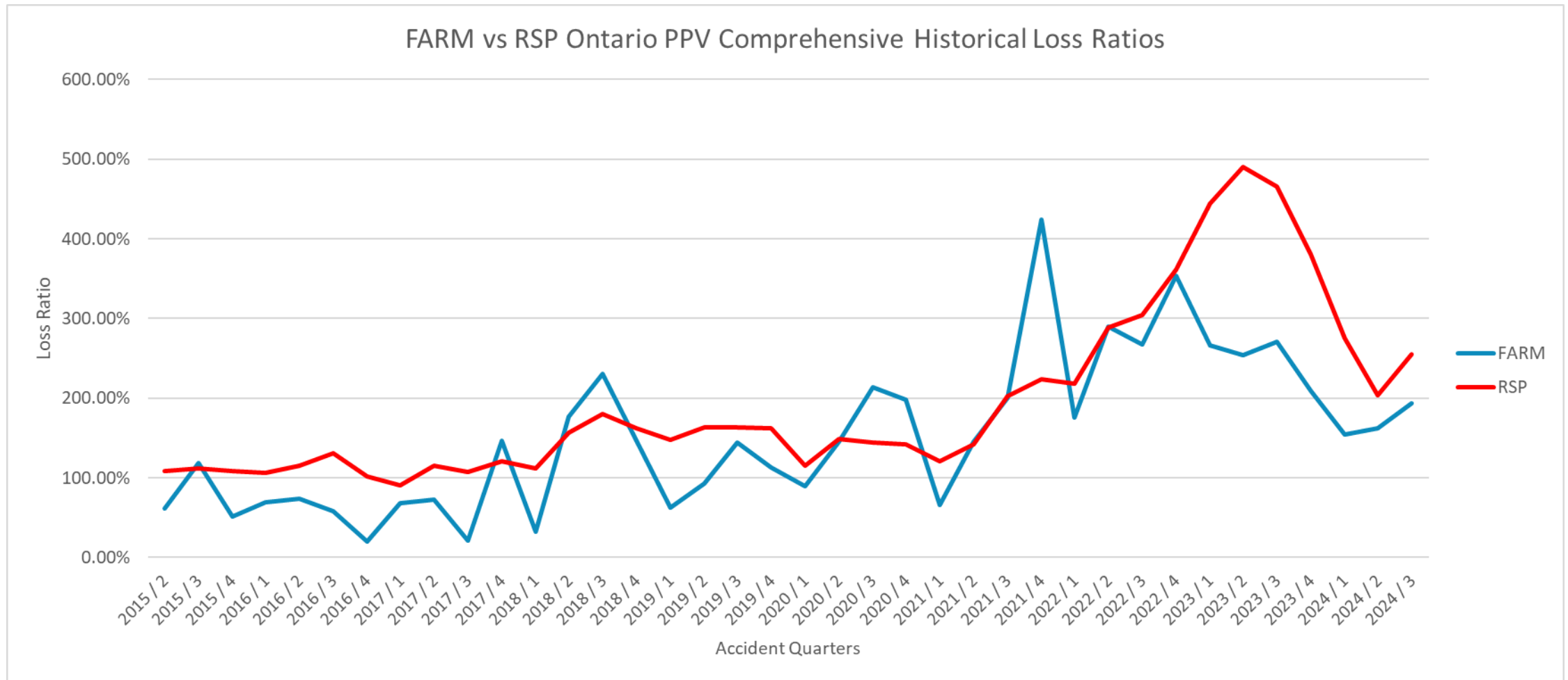
- AccBen (indivis)
- BI & TPL
- Other

# FARM Alberta Non-PPV Bodily Injury Update



In 2023-Q1, we added additional IBNR for the 2021-2023 period to account for the rapid unprofitable growth of the Interurban trucking portfolio in Alberta. Since then, we have switched to more experience-based methods for selecting reserves while slowly removing the additional IBNR adjustment to help smooth out the emerging experience.

# Ontario Comprehensive Update – FARM PPV & RSP



This graph shows the loss ratio of Comprehensive coverage in Ontario PPV FARM vs. RSP. Both have experienced significant increases due to higher rates of vehicle theft. However, we see a divergence in late 2022, as RSP participant members used the RSP to reduce their exposure to the vehicles most at risk of theft. This led the RSP comprehensive loss ratio to rise to almost 500% in 2023. Since that height, loss ratios of both RSP and FARM have fallen as rate increased.



# Focus Area #5: Valuation Implementation

# FARM Implementation Impact

*The FARM operating result decreased by \$11.0 million primarily driven by a decline in yields over the quarter.*

Jurisdiction / Business Segment	Total				TOTAL
	updates LR, retros, exp [7]	apv adj. [8]	dsct rate [9]	margins [10]	
<b>Ontario</b>	<b>(2,856)</b>	<b>1,014</b>	<b>6,080</b>	<b>-</b>	<b>4,238</b>
PPV	977	887	1,776	-	3,640
Non-PPV	(3,832)	127	4,304	-	599
<b>Alberta</b>	<b>(1,152)</b>	<b>72</b>	<b>4,744</b>	<b>-</b>	<b>3,665</b>
PPV	(189)	14	209	-	34
Non-PPV	(963)	58	4,536	-	3,631
<b>New Brunswick</b>	<b>(1,349)</b>	<b>52</b>	<b>816</b>	<b>-</b>	<b>(480)</b>
PPV	788	(86)	404	-	1,106
Non-PPV	(2,137)	138	412	-	(1,587)
<b>Nova Scotia</b>	<b>1,609</b>	<b>10</b>	<b>1,122</b>	<b>-</b>	<b>2,741</b>
PPV	(265)	112	382	-	230
Non-PPV	1,874	(102)	739	-	2,511
<b>Prince Edward Island</b>	<b>(546)</b>	<b>36</b>	<b>116</b>	<b>-</b>	<b>(394)</b>
PPV	(260)	15	95	-	(149)
Non-PPV	(286)	20	21	-	(245)
<b>Newfoundland &amp; Labrador</b>	<b>589</b>	<b>(145)</b>	<b>904</b>	<b>-</b>	<b>1,348</b>
PPV	159	(57)	601	-	703
Non-PPV	429	(87)	303	-	645
<b>Yukon</b>	<b>(150)</b>	<b>8</b>	<b>40</b>	<b>-</b>	<b>(101)</b>
PPV	(27)	1	7	-	(19)
Non-PPV	(123)	8	34	-	(82)
<b>Northwest Territories</b>	<b>20</b>	<b>4</b>	<b>58</b>	<b>-</b>	<b>83</b>
PPV	(10)	2	39	-	32
Non-PPV	30	2	19	-	51
<b>Nunavut</b>	<b>(109)</b>	<b>5</b>	<b>23</b>	<b>-</b>	<b>(81)</b>
PPV	(13)	1	2	-	(10)
Non-PPV	(96)	4	20	-	(71)
<b>Total</b>	<b>(3,943)</b>	<b>1,058</b>	<b>13,903</b>	<b>-</b>	<b>11,018</b>

(negative values are favorable)

## Valuation of Claim Liabilities

- Relatively minor change to nominal loss ratios (see column 1)
- Yields declines 94 basis points over the quarter generating \$14.1 million (see column 9 and note that rounding differences exist here)
- No change in risk adjustment selections this quarter (see column 10)

# 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 Claims
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>