

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 025
DATE: June 30, 2025
SUBJECT: FARM – April 2025 Participation Report

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

Please be advised that the April 2025 FARM Participation Report is available on the Facility Association Portal at <https://portal.facilityassociation.com>. The results in this report are shown on the IFRS 17 accounting basis. However, please note that for interested members, the FARM participation report on the IFRS 4 basis are available on the FA Portal.

Amounts in \$000s	Actual (April 2025)	Prior Year (April 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	41,820	41,704	0.3%	525,872	522,010	0.7%
Operating Result	2,616	4,881	(46.4%)	44,034	53,599	(17.8%)
Written Vehicle Count	11,445	10,267	11.5%	120,031	119,552	0.4%
Average Written Premium (\$s)	3,914	4,109	(4.7%)	4,262	4,440	(4.0%)
Combined Operating Ratio (%)	93.7%	88.3%	5.4%	91.6%	89.7%	1.9% pts
Balance Sheet Snapshot						
LIC	707,485	677,480	4.4%	739,333	697,516	6.0%
Nominal Unpaid Claims	724,880	701,903	3.3%	757,865	714,673	6.0%
Discount Amount	(73,013)	(83,006)	(12.0%)	(75,391)	(72,821)	3.5%
Risk Adjustment	55,619	58,583	(5.1%)	56,859	55,664	2.1%
LRC	193,387	197,759	(2.2%)	223,112	210,071	6.2%

Related Links:

- [LRC Calculation file](#)
- [FARM Summary of Operations – Calendar Year 2025](#)
- [FARM Quarterly Financial Insight](#)

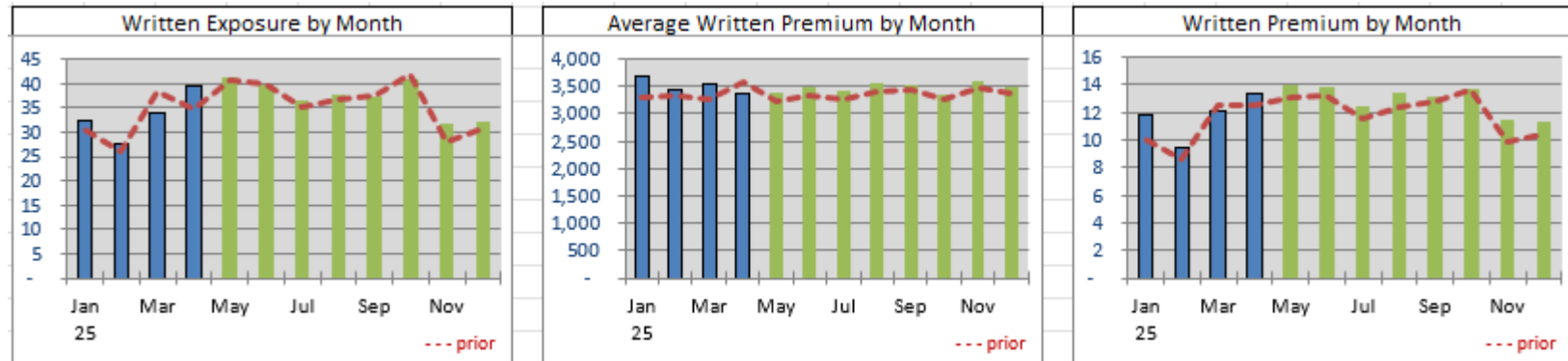
FARM Summary of IFRS17 Financial Results	Actual	Projection	Prior Year	2025 year-to-date	2024 year-to-date	2025 year-end	Outlook*	2024 year-end
Amounts in \$000s	(April 2025)	(April 2025)	(April 2024)	as at 4 months	as at 4 months	Projection	Full year 2025	Actual
Written Premium	44,798	42,192	39,441	148,488	160,586	511,949	543,344	530,823
Received Premium	44,248	41,698	38,923	148,990	162,168	508,975	541,789	530,144
Earned Premium	41,820	41,885	41,704	166,409	167,183	525,872	549,509	522,010
Insurance Revenue	41,820	41,885	41,704	166,409	167,183	525,872	549,509	522,010
Total Claims Incurred	28,833	28,873	26,852	106,759	106,115	356,860	363,445	305,563
<i>Claims incurred (CAY)</i>	30,433	30,303	28,518	122,230	112,787	382,547	379,653	357,030
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(1,600)	(1,430)	(1,667)	(15,471)	(6,672)	(25,687)	(16,208)	(51,467)
Administrative Expense	5,518	5,202	4,952	19,820	20,549	64,547	66,947	68,716
Amortization of IACFs	3,474	3,561	3,796	14,044	13,477	43,301	47,394	44,066
Change in Loss Component	0	0	0	0	0	0	0	0
Insurance Service Expenses	37,825	37,636	35,600	140,623	140,140	464,708	477,786	418,344
Insurance Service Result	3,995	4,249	6,105	25,786	27,042	61,164	71,723	103,666
<i>Insurance Finance Expense from PV FCF</i>	(2,100)	(2,100)	(2,325)	(9,415)	(28,096)	(26,221)	(34,934)	(61,400)
<i>Insurance Finance Expense from Risk Adjustment</i>	(169)	(169)	(205)	(742)	(2,366)	(2,076)	(2,891)	(5,086)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0	0	0
Insurance Finance Income (Expense)	(2,269)	(2,269)	(2,530)	(10,156)	(30,462)	(28,297)	(37,826)	(66,486)
Investment Income	890	889	1,306	3,889	5,595	11,167	14,518	16,419
Operating Result	2,616	2,869	4,881	19,519	2,175	44,034	48,415	53,599
Key Ratios:								
Loss ratio	68.9%	68.9%	64.4%	64.2%	63.5%	67.9%	66.1%	58.5%
<i>CAY Loss Ratio</i>	72.8%	72.3%	68.4%	73.5%	67.5%	72.7%	69.1%	68.4%
<i>PAY Loss Ratio</i>	(3.8%)	(3.4%)	(4.0%)	(9.3%)	(4.0%)	(4.9%)	(2.9%)	(9.9%)
Underwriting and Admin Expenses	21.5%	20.9%	21.0%	20.3%	20.4%	20.5%	20.8%	21.6%
<i>Administrative Expenses</i>	13.2%	12.4%	11.9%	11.9%	12.3%	12.3%	12.2%	13.2%
<i>Amortization of IACFs</i>	8.3%	8.5%	9.1%	8.4%	8.1%	8.2%	8.6%	8.4%
<i>Change in Loss Component</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance Service Ratio	90.4%	89.9%	85.4%	84.5%	83.8%	88.4%	86.9%	80.1%
Insurance Finance Income	5.4%	5.4%	6.1%	6.1%	18.2%	5.4%	6.9%	12.7%
Investment Income Ratio	(2.1%)	(2.1%)	(3.1%)	(2.3%)	(3.3%)	(2.1%)	(2.6%)	(3.1%)
Combined Operating Ratio	93.7%	93.2%	88.3%	88.3%	98.7%	91.6%	91.2%	89.7%

rounding differences may occur

*as posted to FA's website Dec 23, 2024

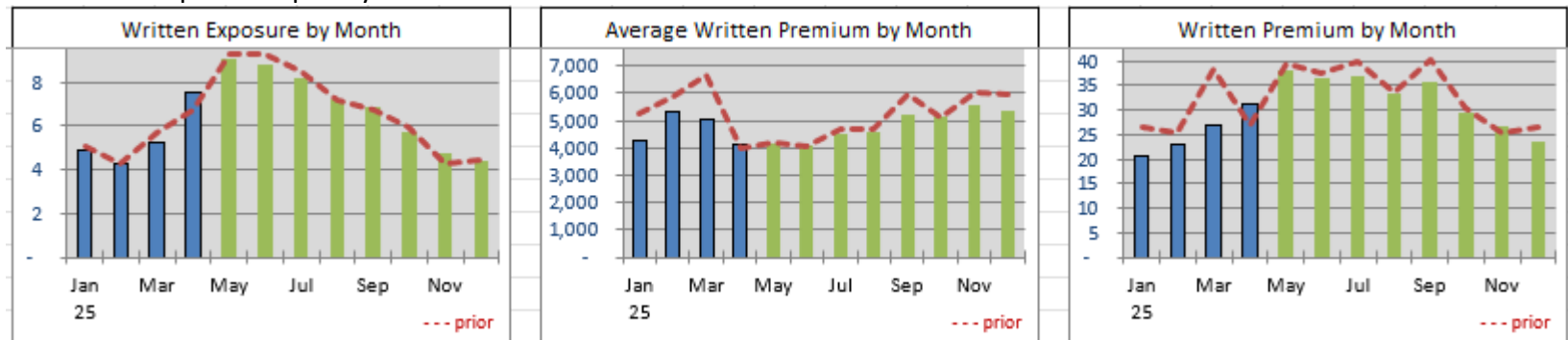
- **Claims Incurred:** The liabilities are assumed to be a best estimate, which means the view of ultimate losses remains fixed until the next quarterly valuation is implemented. Overall, the total loss ratio is fairly in line with the projected loss ratio.
- **Change in Loss Component:** FARM business is priced with a fair return on Members' capital and targets a 12% ROE on members' supporting capital (based on a 2.0 premium to surplus ratio assumption). 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 loss component.
- **Insurance Finance income/ (expense):** This is comprised of both the release of the effect of discounting due to the passage of time (also known as discount unwinding) and the effect due to changes in discounting assumptions. The latter is only reflected in implementation months (March, May, August, and October), when the yield curve is updated.

The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium drivers** compared to prior year are:



The Private Passenger vehicle count for the month was 3,946 vehicles; written premium was \$13.3 million, up by 6.2% compared with prior year, primarily driven by Nova Scotia and New Brunswick. The average premium for PPV was 6.2% lower compared to prior year.

NPPV premium drivers compared to prior year are:



The Non-Private Passenger vehicle count was 7,499 vehicles; written premium was \$31.2 million, up 16% compared with prior year primarily driven by increased interurban exposure in Ontario. The average premium was 4.7% higher compared to prior. As a result, the overall month's written premium was \$44.4 million; up \$5 million or 12.7% compared with prior year.

Should you require any further information, please contact Philippe Gosselin, VP Actuarial and CRO at pgosselin@facilityassociation.com or at (416) 863-1750 x4968.

Saskia Matheson
President & CEO