

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 017
DATE: May 30, 2025
SUBJECT: Risk Sharing Pool – April 2025 Operational Report

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

Please be advised that the April 2025 Risk Sharing Pool IFRS 17 Operational Report is available on the Facility Association (FA) 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 RSP operational report on the IFRS 4 basis are available on the FA Portal. The results presented in this bulletin reflect the combined results of the six pools unless otherwise specified.

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	71,867	66,278	8.4%	900,600	816,454	10.3%
Operating Result	(7,577)	10,275	(173.7%)	(730,643)	(900,312)	(18.8%)
Written Vehicle Counts	38,240	40,579	(5.8%)	456,850	456,985	(0.0%)
Average Written Premium (\$s)	3,049	2,720	12.1%	3,062	2,878	6.4%
Combined Operating Ratio (%)	110.5%	84.5%	26.0% pts	181.1%	210.3%	(29.1%) pts
Balance Sheet Snapshot						
LIC	2,119,953	1,820,650	16.4%	2,254,411	2,019,012	11.7%
Nominal Unpaid Claims	2,187,751	1,900,852	15.1%	2,334,106	2,083,500	12.0%
Discount Amount	(215,244)	(213,584)	0.8%	(231,118)	(203,327)	13.7%
Risk Adjustment	147,446	133,381	10.5%	151,423	138,838	9.1%
LRC	1,522,477	1,416,553	7.5%	1,121,693	1,061,478	5.7%
LRC Excluding Loss Component	378,581	345,302	9.6%	415,651	392,102	6.0%
Loss Component	1,143,896	1,071,251	6.8%	706,041	669,376	5.5%

Related Links:

- [LRC Calculation File](#)
- [RSP Catastrophe Report](#)
- [RSP Quarterly Financial Insight](#)
- [RSP Summary of Operations - Calendar Year 2025](#)

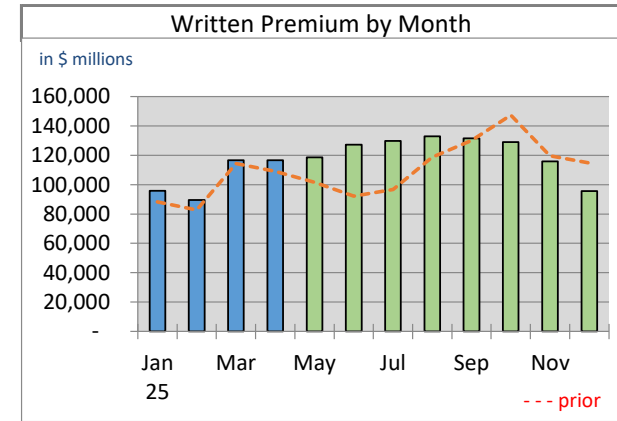
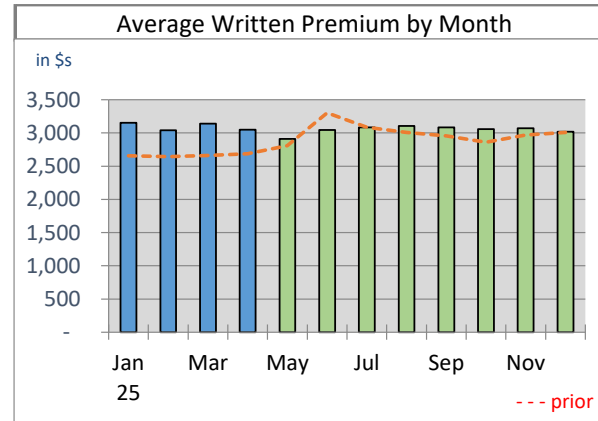
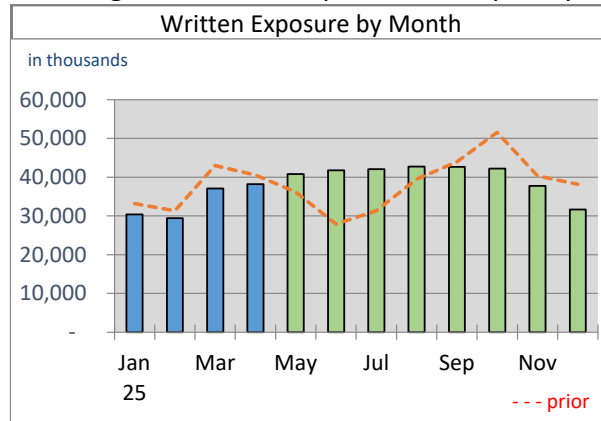
RSP Summary of IFRS17 Financial Results	Actual	Projection	Prior Year	2025 year-to-date	2024 year-to-date	2025 year-end	Outlook*	2024 year-end
Amounts in \$000s	(April 2025)	(April 2025)	(April 2024)	as at 4 months	as at 4 months	Projection	Full year 2025	Actual
Written Premium	116,584	110,385	109,092	418,537	394,364	1,398,915	1,355,583	1,315,419
Received Premium	116,968	118,069	114,771	416,400	390,368	1,419,014	1,358,411	1,316,788
Earned Premium	109,518	111,784	100,255	435,443	391,393	1,373,807	1,326,036	1,233,246
Earned Expense Allowance	(37,650)	(38,495)	(33,977)	(149,344)	(131,687)	(473,207)	(457,167)	(416,791)
Insurance Revenue	71,867	73,288	66,278	286,100	259,707	900,600	868,870	816,454
Total Claims Incurred	119,808	122,082	111,171	477,033	437,529	1,503,374	1,468,598	1,354,116
<i>Claims incurred (CAY)</i>	124,396	125,626	115,230	495,238	448,276	1,547,245	1,512,869	1,363,519
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(4,587)	(3,544)	(4,060)	(18,206)	(10,747)	(43,871)	(44,271)	(9,403)
Administrative Expense	605	1,197	702	3,018	3,130	13,497	16,439	8,742
Losses on Onerous Contracts	3,416	0	(18,075)	671,159	677,776	671,159	757,662	609,773
Reversal of Losses on Onerous Contracts	(54,110)	(54,110)	(48,994)	(220,110)	(180,588)	(679,313)	(674,379)	(569,905)
Insurance Service Expenses	69,720	69,170	44,804	931,100	937,847	1,508,718	1,568,320	1,402,727
Insurance Service Result	2,147	4,119	21,475	(645,001)	(678,140)	(608,118)	(699,450)	(586,273)
Insurance Finance Expense from PV FCF	(5,634)	(5,634)	(5,899)	(24,433)	(74,377)	(72,383)	(80,432)	(162,615)
Insurance Finance Expense from Risk Adjustment	(430)	(430)	(477)	(1,719)	(5,932)	(5,324)	(5,741)	(12,469)
Insurance Finance Expense from Loss Component	(3,660)	(3,660)	(4,824)	(23,471)	(83,511)	(44,819)	(41,729)	(138,955)
Insurance Finance Income (Expense)	(9,724)	(9,724)	(11,200)	(49,624)	(163,819)	(122,526)	(127,902)	(314,039)
Operating Result	(7,577)	(5,606)	10,275	(694,624)	(841,960)	(730,643)	(827,352)	(900,312)
Key Ratios:								
Loss Ratio	166.7%	166.6%	167.7%	166.7%	168.5%	166.9%	169.0%	165.9%
<i>CAY Loss Ratio</i>	173.1%	171.4%	173.9%	173.1%	172.6%	171.8%	174.1%	167.0%
<i>PAY Loss Ratio</i>	(6.4%)	(4.8%)	(6.1%)	(6.4%)	(4.1%)	(4.9%)	(5.1%)	(1.2%)
Onerous Contract Ratio (excluding IFIE)	(70.5%)	(73.8%)	(101.2%)	157.7%	191.4%	(0.9%)	9.6%	4.9%
<i>Earned Expense allowance</i>	34.4%	34.4%	33.9%	34.3%	33.6%	34.4%	34.5%	33.8%
Administrative Expenses	0.8%	1.6%	1.1%	1.1%	1.2%	1.5%	1.9%	1.1%
Insurance Service Ratio	97.0%	94.4%	67.6%	325.4%	361.1%	167.5%	180.5%	171.8%
Combined Operating Ratio	110.5%	107.6%	84.5%	342.8%	424.2%	181.1%	195.2%	210.3%

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.
- **Losses on Onerous Contracts:** This represents a change in the loss component during the reporting period arising from initial recognition and subsequent re-estimation of the loss component (due to changes in premium or loss ratio projections, for example). This month the losses on onerous contracts increased by \$3.4 million due to slightly higher written premium for the month compared to projected.
- **Reversal of Losses on Onerous Contracts:** This represents changes in the loss component during the reporting period arising from the portion of the opening LRC earned during the period. Excludes the impact of change in discount rates and completely aligns with projection.
- **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 November), 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 orange dotted line represents the prior year metric.



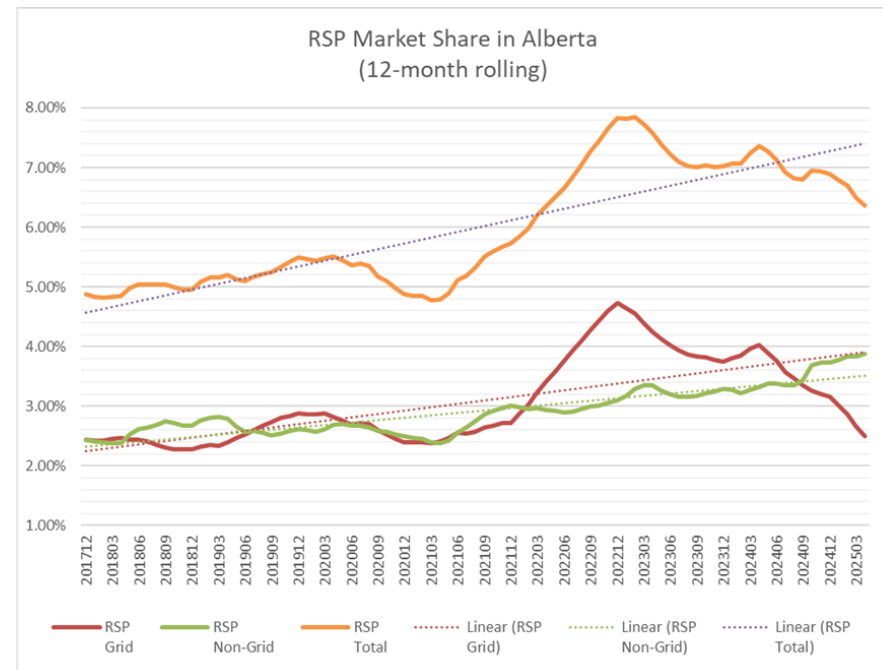
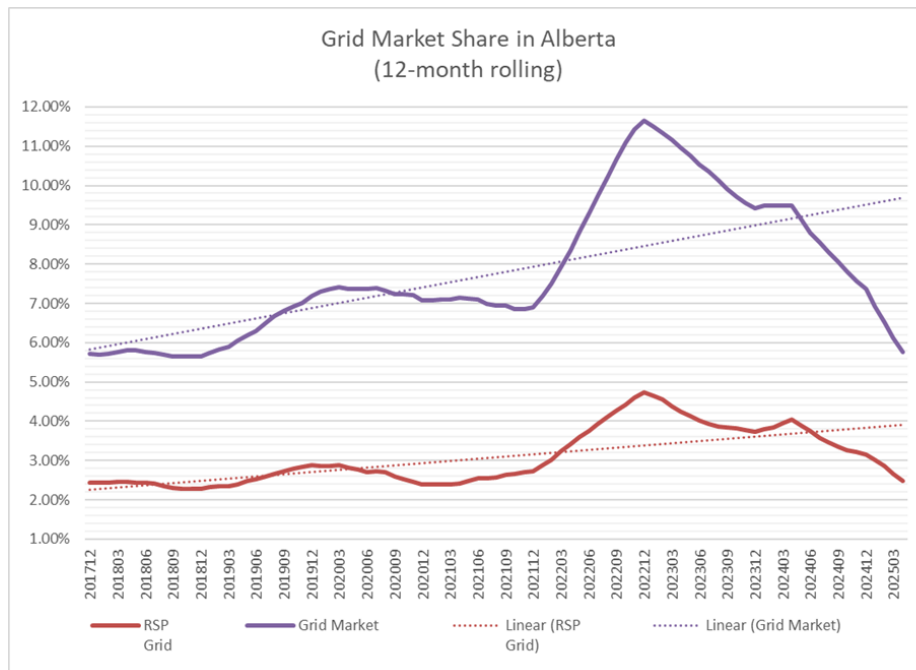
The vehicle count transfer for the month was 38,240 vehicles, which was lower than prior year by 2,339 vehicles and 91 vehicles lower than The Outlook for the month. In particular, Alberta Grid vehicle count was 4,734 this month compared to 9,886 in April 2024. This is in response to changes to the Grid algorithm which will eventually lead to the withdrawal of the Grid system in 2027.

Alberta Market Share Update

Recent announcements in Alberta include:

- Adjustments to the Grid premiums effective Jan 01, 2025 including a 10% base rate increase outlined in the [AIRB Order 02-2024](#)
- Increasing the differentials for the lowest Grid steps outlined in the [GRID Guidance](#)
- “Good Driver” rate cap of 3.7% which is set to expire at the end of the year will increase to 7.5% effective Jan 01, 2025. See further detail [here](#)
- The Grid system will be formally withdrawn on Jan 01, 2027. As well, Alberta will introduce a “care-first” accident benefits system to replace the current injury tort liability system with an expected go-live date of Jan 01, 2027. See further detail [here](#)

These measures are expected to result in continued reductions to the Grid RSP vehicle counts and potentially a further increase in the Non-Grid RSP vehicle counts. The bottom left graph below shows the 12-month rolling Grid market share and the bottom right graph shows the 12-month rolling RSP market share in Alberta.



Following the Grid changes effective on May 1st 2024, the Grid Market share decreased by 0.31% on average monthly i.e. from a starting point of **9.49% in April 2024 to 5.76% in April 2025** while the RSP Grid is decreasing on average by 0.13% from 4.03% in April 2024 to 2.49% in April 2025. RSP Non-Grid has slightly increased this month from 3.32% in April 2024 to 3.87% in April 2025. Following the bump in October, the market share is steadily increasing but at a lesser pace (+0.03% on average). We will continue to monitor the market share of these pools closely.

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