

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 016
DATE: May 30, 2025
SUBJECT: FARM – March 2025 Participation Report

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

Please be advised that the March 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 (March 2025)	Prior Year (March 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	42,359	43,448	(2.5%)	526,031	522,010	0.8%
Operating Result	9,886	(10,755)	(191.9%)	45,701	53,599	(14.7%)
Written Vehicle Count	8,672	9,517	(8.9%)	116,750	119,552	(2.3%)
Average Written Premium (\$s)	4,475	4,796	(6.7%)	4,350	4,440	(2.0%)
Combined Operating Ratio (%)	76.7%	124.8%	(48.1%) pts	91.3%	89.7%	1.6% pts
Balance Sheet Snapshot						
LIC	706,386	674,617	4.7%	734,370	697,516	5.3%
Nominal Unpaid Claims	723,349	698,789	3.5%	753,297	714,673	5.4%
Discount Amount	(72,662)	(82,651)	(12.1%)	(75,489)	(72,821)	3.7%
Risk Adjustment	55,699	58,479	(4.8%)	56,562	55,664	1.6%
LRC	191,378	200,657	(4.6%)	222,026	210,071	5.7%

Related Links:

- [LRC Calculation file](#)
- [FARM Catastrophe Report](#)
- [Detailed Valuation Results file](#)
- [Supplementary Information including Exhibits](#)
- [FARM Summary of Operations – Calendar Year 2025](#)

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	(March 2025)	(March 2025)	(March 2024)	as at 3 months	as at 3 months	Projection	Full year 2025	Actual
Written Premium	38,809	45,643	50,706	103,690	121,145	507,860	543,344	530,823
Received Premium	38,697	44,991	50,388	104,742	123,245	505,069	541,789	530,144
Earned Premium	42,359	43,862	43,448	124,589	125,478	526,031	549,509	522,010
Insurance Revenue	42,359	43,862	43,448	124,589	125,478	526,031	549,509	522,010
Total Claims Incurred	21,848	29,137	24,418	77,926	79,263	356,332	363,445	305,563
<i>Claims incurred (CAY)</i>	32,587	31,111	26,707	91,797	84,269	382,312	379,653	357,030
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(10,739)	(1,974)	(2,289)	(13,871)	(5,006)	(25,980)	(16,208)	(51,467)
Administrative Expense	5,360	5,638	6,088	14,344	15,597	64,079	66,947	68,716
Amortization of IACFs	3,468	3,552	3,053	10,353	9,681	42,872	47,394	44,066
Change in Loss Component	0	0	0	0	0	0	0	0
Insurance Service Expenses	30,676	38,326	33,559	102,623	104,541	463,283	477,786	418,344
Insurance Service Result	11,683	5,535	9,889	21,966	20,938	62,748	71,723	103,666
<i>Insurance Finance Expense from PV FCF</i>	(2,549)	(2,654)	(20,304)	(7,315)	(25,771)	(26,206)	(34,934)	(61,400)
<i>Insurance Finance Expense from Risk Adjustment</i>	(191)	(211)	(1,679)	(572)	(2,161)	(2,075)	(2,891)	(5,086)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0	0	0
Insurance Finance Income (Expense)	(2,740)	(2,865)	(21,983)	(7,887)	(27,932)	(28,281)	(37,826)	(66,486)
Investment Income	943	913	1,339	3,000	4,289	11,234	14,518	16,419
Operating Result	9,886	3,584	(10,755)	17,079	(2,706)	45,701	48,415	53,599
Key Ratios:								
Loss ratio	51.6%	66.4%	56.2%	62.5%	63.2%	67.7%	66.1%	58.5%
<i>CAY Loss Ratio</i>	76.9%	70.9%	61.5%	73.7%	67.2%	72.7%	69.1%	68.4%
<i>PAY Loss Ratio</i>	(25.4%)	(4.5%)	(5.3%)	(11.1%)	(4.0%)	(4.9%)	(2.9%)	(9.9%)
Underwriting and Admin Expenses	20.8%	21.0%	21.0%	19.8%	20.1%	20.3%	20.8%	21.6%
<i>Administrative Expenses</i>	12.7%	12.9%	14.0%	11.5%	12.4%	12.2%	12.2%	13.2%
<i>Amortization of IACFs</i>	8.2%	8.1%	7.0%	8.3%	7.7%	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	72.4%	87.4%	77.2%	82.4%	83.3%	88.1%	86.9%	80.1%
Insurance Finance Income	6.5%	6.5%	50.6%	6.3%	22.3%	5.4%	6.9%	12.7%
Investment Income Ratio	(2.2%)	(2.1%)	(3.1%)	(2.4%)	(3.4%)	(2.1%)	(2.6%)	(3.1%)
Combined Operating Ratio	76.7%	91.8%	124.8%	86.3%	102.2%	91.3%	91.2%	89.7%

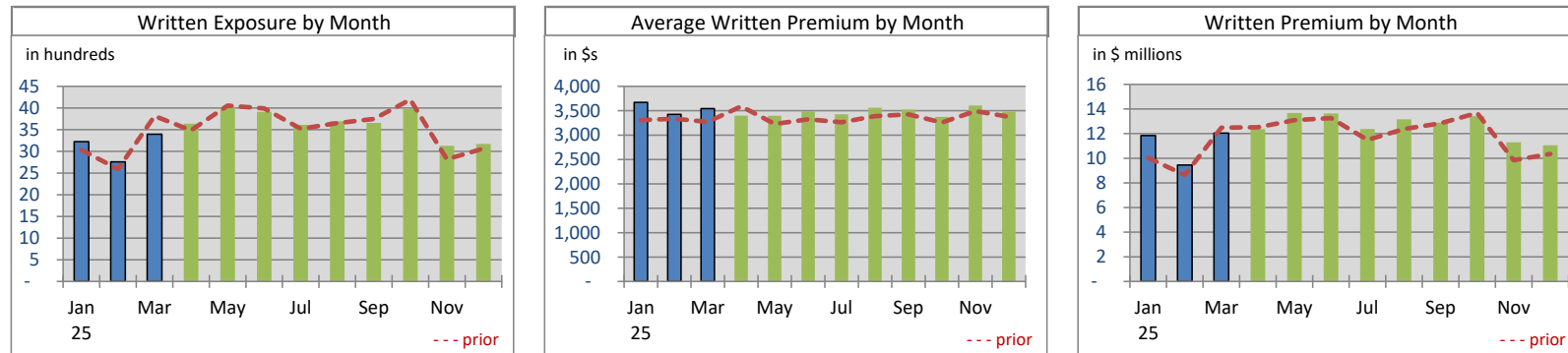
rounding differences may occur

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

- **Claims Incurred:** Current AY loss ratio increased compared to projection primarily driven by higher loss trend assumptions for Alberta Non-PPV coverages. Prior AY loss ratio decreased compared to projection primarily driven by favorable development on Ontario Accident Benefits and Alberta Bodily Injury claims.
- **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,

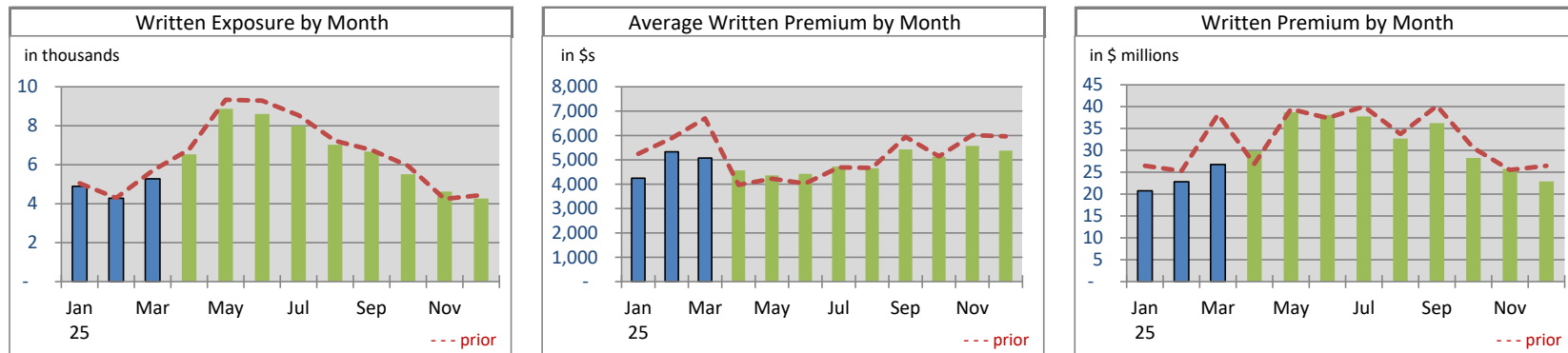
May, August, and October), when the yield curve is updated. The yield impact is approximately \$0.1 million driven by a minor change in yield of approximately -2 to +3 basis point change across all jurisdictions.

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 3,398 vehicles; written premium was \$12.0 million, down by 3.6% compared with prior year, primarily driven by Newfoundland & Labrador and New Brunswick. The average premium for PPV was 8.3% higher compared to prior year.

NPPV premium drivers compared to prior year are:



The Non-Private Passenger vehicle count was 5,274 vehicles; written premium was \$26.8 million, down 30% compared with prior year primarily driven by reduced interurban and taxi exposure in Ontario. The average premium was 24.3% lower compared to prior. As a result, the overall month's written premium was \$38.8 million; down \$11.9 million or 23.5% compared with prior year.

Impact of 2024 Q4 Valuation

A valuation of the Facility Association Residual Market as at December 31, 2024 has been completed since last month’s Participation Report as the results of the valuation has been incorporated into this month’s Participation Report. The implementation of the new valuation resulted in an estimated \$6.7 million favorable impact on the month’s net results from operations. The favorable impact is primarily driven by more weight given to claims experience in Alberta bodily injury and lower than expected claims experience in Ontario both accident benefits and bodily injury claims.

	Ontario PPV	Alberta PPV	Atlantics PPV	Territories PPV	PPV Total	Ontario Non-PPV	Alberta Non-PPV	Atlantics Non-PPV	Territories Non-PPV	Non-PPV Total	Grand Total
LIC Impact	(4,126)	491	2,339	114	(1,182)	(1,923)	(4,702)	973	148	(5,505)	(6,687)
PAY	(4,154)	557	2,673	86	(837)	(2,191)	(6,774)	1,414	135	(7,416)	(8,253)
CAY	27	(66)	(335)	28	(345)	268	2,072	(441)	13	1,911	1,566
Impact on YTD COR	(34.7%)	24.7%	12.1%	13.0%	(3.5%)	(5.3%)	(12.6%)	6.3%	9.0%	(6.1%)	(5.4%)

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