

**TO:** MEMBERS OF THE FACILITY ASSOCIATION  
**ATTENTION:** CHIEF EXECUTIVE OFFICER  
**BULLETIN NO:** F2025 – 015  
**DATE:** April 29, 2025  
**SUBJECT:** Risk Sharing Pool – March 2025 Operational Report

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

Please be advised that the March 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 (March 2025)	Prior Year (March 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
<b>Income Statement Highlights</b>						
Insurance Revenue	73,916	66,935	10.4%	897,962	816,454	10.0%
Operating Result	47,991	(102,799)	(146.7%)	(728,759)	(900,312)	(19.1%)
Written Vehicle Counts	37,115	42,973	(13.6%)	457,706	456,985	0.2%
Average Written Premium (\$s)	3,142	2,661	18.1%	3,050	2,878	6.0%
Combined Operating Ratio (%)	35.1%	253.6%	(218.5%) pts	181.2%	210.3%	(29.1%) pts
<b>Balance Sheet Snapshot</b>						
LIC	2,096,986	1,802,908	16.3%	2,253,312	2,019,012	11.6%
Nominal Unpaid Claims	2,163,688	1,881,820	15.0%	2,332,855	2,083,500	12.0%
Discount Amount	(213,257)	(211,626)	0.8%	(230,959)	(203,327)	13.6%
Risk Adjustment	146,556	132,714	10.4%	151,417	138,838	9.1%
LRC	1,564,978	1,469,837	6.5%	1,121,840	1,061,478	5.7%
LRC Excluding Loss Component	374,049	336,342	11.2%	415,993	392,102	6.1%
Loss Component	1,190,929	1,133,495	5.1%	705,848	669,376	5.4%

#### Related Links:

- [LRC Calculation File](#)
- [Detailed Valuation Results File](#)
- [Supplementary Information including Exhibits](#)
- [RSP Summary of Operations - Calendar Year 2025](#)

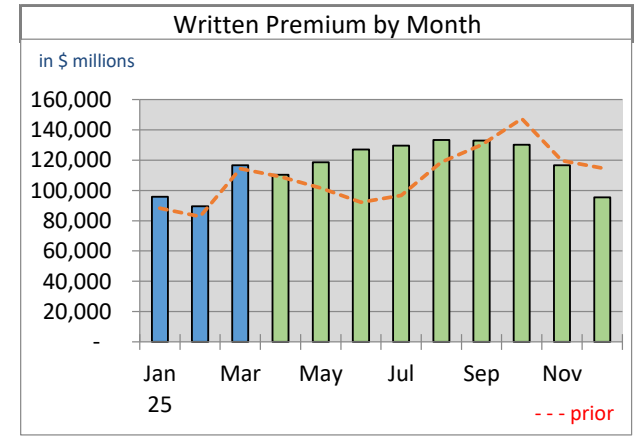
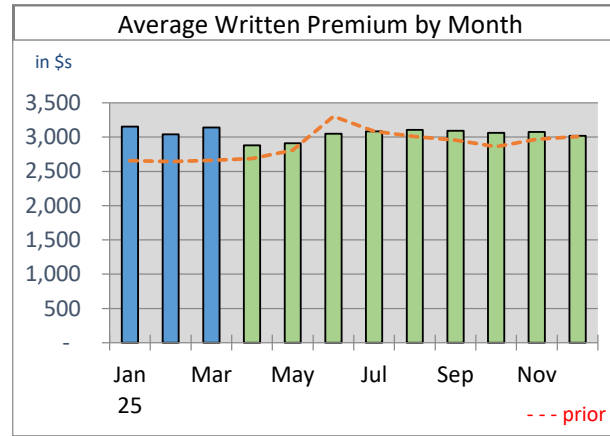
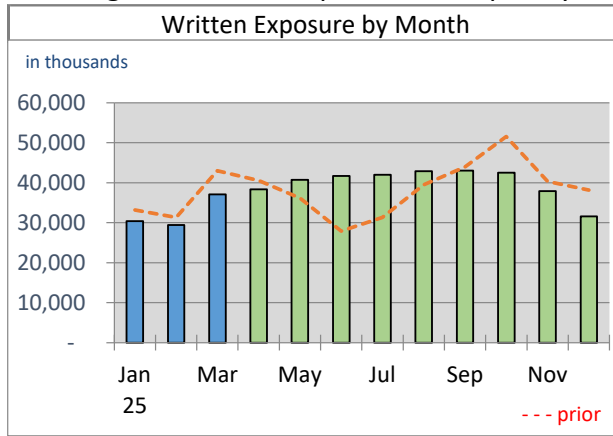
<b>RSP Summary of IFRS17 Financial Results</b>	<b>Actual</b>	<b>Projection</b>	<b>Prior Year</b>	<b>2025 year-to-date</b>	<b>2024 year-to-date</b>	<b>2025 year-end</b>	<b>Outlook*</b>	<b>2024 year-end</b>
<b>Amounts in \$000s</b>	<b>(March 2025)</b>	<b>(March 2025)</b>	<b>(March 2024)</b>	<b>as at 3 months</b>	<b>as at 3 months</b>	<b>Projection</b>	<b>Full year 2025</b>	<b>Actual</b>
Written Premium	116,601	105,456	114,345	301,952	285,273	1,395,887	1,355,583	1,315,419
Received Premium	89,152	90,398	84,209	299,432	275,597	1,415,997	1,358,411	1,316,788
Earned Premium	112,600	114,984	101,142	325,926	291,138	1,370,279	1,326,036	1,233,246
Earned Expense Allowance	(38,684)	(39,530)	(34,207)	(111,694)	(97,710)	(472,317)	(457,167)	(416,791)
<b>Insurance Revenue</b>	<b>73,916</b>	<b>75,455</b>	<b>66,935</b>	<b>214,232</b>	<b>193,428</b>	<b>897,962</b>	<b>868,870</b>	<b>816,454</b>
Total Claims Incurred	124,268	125,768	121,862	357,224	326,358	1,498,506	1,468,598	1,354,116
<i>Claims incurred (CAY)</i>	123,925	131,235	114,291	370,842	333,046	1,541,255	1,512,869	1,363,519
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	344	(5,466)	7,571	(13,618)	(6,687)	(42,749)	(44,271)	(9,403)
Administrative Expense	652	1,095	600	2,413	2,428	14,116	16,439	8,742
Losses on Onerous Contracts	(55,660)	0	(26,086)	667,743	695,851	667,743	757,662	609,773
Reversal of Losses on Onerous Contracts	(58,075)	(58,075)	(46,839)	(166,001)	(131,593)	(676,032)	(674,379)	(569,905)
<b>Insurance Service Expenses</b>	<b>11,185</b>	<b>68,788</b>	<b>49,538</b>	<b>861,380</b>	<b>893,043</b>	<b>1,504,334</b>	<b>1,568,320</b>	<b>1,402,727</b>
<b>Insurance Service Result</b>	<b>62,730</b>	<b>6,666</b>	<b>17,397</b>	<b>(647,148)</b>	<b>(699,615)</b>	<b>(606,372)</b>	<b>(699,450)</b>	<b>(586,273)</b>
Insurance Finance Expense from PV FCF	(3,030)	(8,586)	(47,337)	(18,799)	(68,478)	(72,306)	(80,432)	(162,615)
Insurance Finance Expense from Risk Adjustment	(186)	(593)	(3,838)	(1,289)	(5,455)	(5,321)	(5,741)	(12,469)
Insurance Finance Expense from Loss Component	(11,522)	(4,564)	(69,021)	(19,810)	(78,686)	(44,760)	(41,729)	(138,955)
<b>Insurance Finance Income (Expense)</b>	<b>(14,739)</b>	<b>(13,743)</b>	<b>(120,196)</b>	<b>(39,899)</b>	<b>(152,619)</b>	<b>(122,387)</b>	<b>(127,902)</b>	<b>(314,039)</b>
<b>Operating Result</b>	<b>47,991</b>	<b>(7,076)</b>	<b>(102,799)</b>	<b>(687,047)</b>	<b>(852,234)</b>	<b>(728,759)</b>	<b>(827,352)</b>	<b>(900,312)</b>
<b>Key Ratios:</b>								
<b>Loss Ratio</b>	168.1%	166.7%	182.1%	166.7%	168.7%	166.9%	169.0%	165.9%
<i>CAY Loss Ratio</i>	167.7%	173.9%	170.7%	173.1%	172.2%	171.6%	174.1%	167.0%
<i>PAY Loss Ratio</i>	0.5%	(7.2%)	11.3%	(6.4%)	(3.5%)	(4.8%)	(5.1%)	(1.2%)
<b>Onerous Contract Ratio (excluding IFIE)</b>	(153.9%)	(77.0%)	(108.9%)	234.2%	291.7%	(0.9%)	9.6%	4.9%
<i>Earned Expense allowance</i>	34.4%	34.4%	33.8%	34.3%	33.6%	34.5%	34.5%	33.8%
<b>Administrative Expenses</b>	0.9%	1.5%	0.9%	1.1%	1.3%	1.6%	1.9%	1.1%
<b>Insurance Service Ratio</b>	<b>15.1%</b>	<b>91.2%</b>	<b>74.0%</b>	<b>402.1%</b>	<b>461.7%</b>	<b>167.5%</b>	<b>180.5%</b>	<b>171.8%</b>
<b>Combined Operating Ratio</b>	<b>35.1%</b>	<b>109.4%</b>	<b>253.6%</b>	<b>420.7%</b>	<b>540.6%</b>	<b>181.2%</b>	<b>195.2%</b>	<b>210.3%</b>

rounding differences may occur

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

- **Claims Incurred:** Adjustments to liabilities increased compared to projection primarily driven by higher than expected claims development in Alberta bodily injury, partially offset by lower than expected development in Comprehensive and Collision claims in Ontario.
- **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 decreased by \$55.7 million driven by a reduction to AY 2025 and AY 2026 Comprehensive and Collision loss ratios, partially offset by higher AY 2025 & AY 2026 bodily injury loss ratios in both the Alberta pools.
- **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 change is only reflected in implementation months (March, May, August, and November), when the yield curve is updated. The combined yield impact on the LIC and LRC is approximately a favorable change of \$0.98 million driven by a minor change in yield of approximately -3 to +2 basis point change across all pools.

The charts below show the premium 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 37,115 vehicles, which was lower than prior year by 5,859 vehicles and 832 vehicles lower than The Outlook for the month. In particular, Alberta Grid vehicle count was 4,037 this month compared to 10,325 in March 2024. This is in response to changes to the Grid algorithm which will eventually lead to the withdrawal of the Grid system in 2027.

### Impact of 2024 Q4 Valuation

A valuation of the RSP as at December 31, 2024 has been completed since last month's Operational Report as the results of the valuation has been incorporated into this month's Operational Report. The implementation of the new valuation resulted in an estimated **\$53.4 million favorable** impact on the month's net results from operations. The favorable impact is primarily coming from Ontario due to better than expected experience in both Comprehensive and Collision claims. This is partially offset by continued deterioration in Alberta bodily injury.

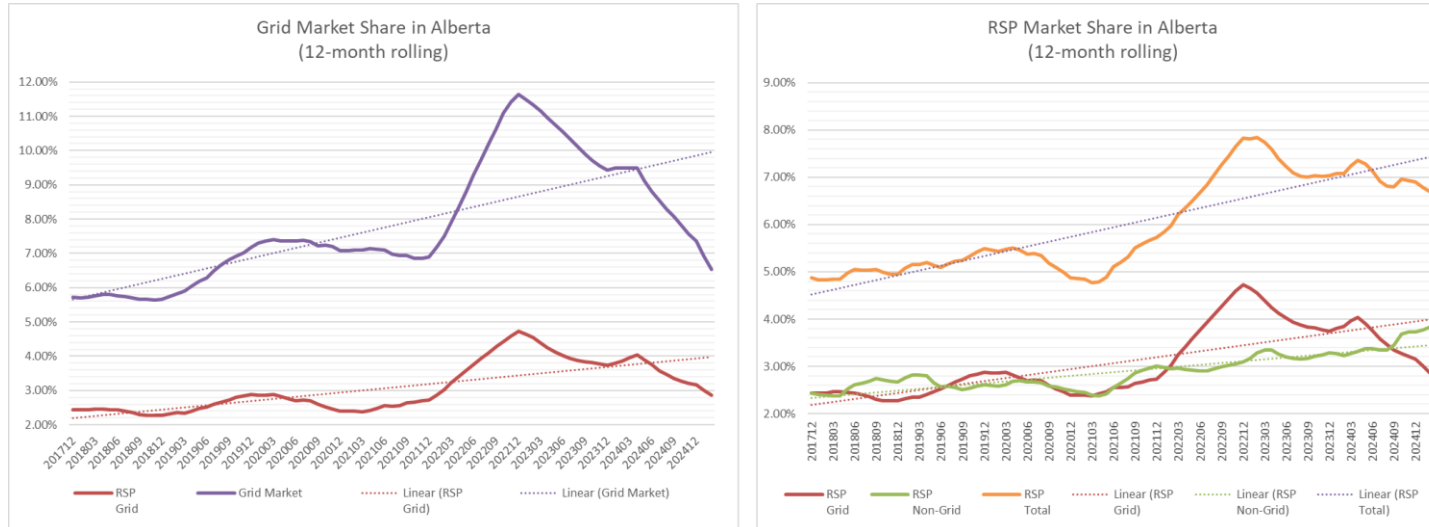
	ON	AB Grid	AB non-Grid	NS	NB	NL	TOTAL
<b>LIC Impact</b>	<b>(61,587)</b>	<b>34,499</b>	<b>22,871</b>	<b>(4,193)</b>	<b>(616)</b>	<b>(227)</b>	<b>(9,252)</b>
PAY	(40,629)	29,678	16,847	(3,698)	(286)	(58)	1,854
CAY	(20,957)	4,821	6,024	(495)	(330)	(169)	(11,105)
<b>LRC Impact</b>	<b>(129,073)</b>	<b>32,367</b>	<b>59,739</b>	<b>(3,216)</b>	<b>(1,057)</b>	<b>(2,897)</b>	<b>(44,137)</b>
CAY	(54,410)	16,683	25,810	(1,805)	(858)	(1,109)	(15,688)
FtAY	(74,664)	15,684	33,930	(1,411)	(199)	(1,788)	(28,449)
<b>Total</b>	<b>(190,660)</b>	<b>66,866</b>	<b>82,610</b>	<b>(7,409)</b>	<b>(1,673)</b>	<b>(3,124)</b>	<b>(53,389)</b>
<b>Impact on YTD COR</b>	<b>(161.1%)</b>	<b>145.5%</b>	<b>204.7%</b>	<b>(161.1%)</b>	<b>(47.5%)</b>	<b>(216.5%)</b>	<b>(24.9%)</b>

## 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 1<sup>st</sup> 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 6.13% in March 2025 while the RSP Grid is decreasing on average by 0.12% from 4.03% in April 2024 to 2.67% in March 2025. RSP Non-Grid has slightly increased this month from 3.32% in April 2024 to 3.87% in March 2025. Following the bump in October, the market share is steadily increasing but at a lesser pace (+0.04% 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](mailto:pgosselin@facilityassociation.com) or at (416) 863-1750 x4968.

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