

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2025 – 012

DATE: March 28, 2025

SUBJECT: Risk Sharing Pool – February 2025 Operational Report

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

Please be advised that the February 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.

Highlights

- (a) The ***February 2025 received premium*** was \$97.2 million, higher than prior year by \$9.3 million. The ***projection year-end received premium*** is \$1,402.5 million;
- (b) The ***February 2025 insurance revenue*** was \$67.0 million, higher than prior year by \$6.4 million. The ***projection year-end insurance revenue*** is \$891.9 million;
- (c) The ***February 2025 operating result*** was a surplus of \$26.1 million, higher than prior year by \$26.9 million. The ***projection year-end operating result*** is a deficit of \$788.7 million;
- (d) The ***February 2025 combined operating ratio*** was 61.1%, lower than prior year by 40.2 percentage points. The ***projection year-end combined operating ratio*** is 188.4%;

RSP Summary of IFRS17 Financial Results

RSP 2025 Summary Amounts in \$000s	Actual (February 2025)	Projection (February 2025)	Prior Year (February 2024)	2025 year-to-date as at 2 months	2024 year-to-date as at 2 months	2025 year-end Projection	Outlook* Full year 2025	2024 year-end Actual
Written Premium	89,495	88,711	82,747	185,352	170,928	1,382,908	1,355,583	1,315,419
Received Premium	97,208	98,010	87,874	210,280	191,388	1,402,462	1,358,411	1,316,788
Earned Premium	102,012	103,575	91,547	213,326	189,996	1,361,334	1,326,036	1,233,246
Earned Expense Allowance	(34,966)	(35,517)	(30,876)	(73,009)	(63,503)	(469,438)	(457,167)	(416,791)
Insurance Revenue	67,046	68,058	60,671	140,317	126,493	891,896	868,870	816,454
Total Claims Incurred	110,574	112,940	100,187	232,956	204,496	1,510,745	1,468,598	1,354,116
Claims incurred (CAY)	117,680	118,326	106,614	246,918	218,755	1,558,904	1,512,869	1,363,519
Adjustments to Liabilities for Incurred Claims (PAYs)	(7,106)	(5,386)	(6,427)	(13,962)	(14,259)	(48,160)	(44,271)	(9,403)
Administrative Expense	617	1,064	620	1,762	1,828	14,384	16,439	8,742
Losses on Onerous Contracts	(32,356)	0	(13,984)	723,403	721,936	723,403	757,662	609,773
Reversal of Losses on Onerous Contracts	(51,743)	(51,743)	(41,386)	(107,926)	(84,755)	(696,926)	(674,379)	(569,905)
Insurance Service Expenses	27,092	62,260	45,437	850,195	843,505	1,551,605	1,568,320	1,402,727
Insurance Service Result	39,955	5,798	15,234	(709,878)	(717,012)	(659,709)	(699,450)	(586,273)
Insurance Finance Expense from PV FCF	(8,078)	(8,078)	(8,924)	(15,769)	(21,141)	(82,295)	(80,432)	(162,615)
Insurance Finance Expense from Risk Adjustment	(563)	(563)	(693)	(1,103)	(1,616)	(5,854)	(5,741)	(12,469)
Insurance Finance Expense from Loss Component	(5,254)	(5,254)	(6,432)	(8,288)	(9,665)	(40,837)	(41,729)	(138,955)
Insurance Finance Income (Expense)	(13,895)	(13,895)	(16,050)	(25,160)	(32,423)	(128,986)	(127,902)	(314,039)
Operating Result	26,060	(8,097)	(816)	(735,038)	(749,435)	(788,695)	(827,352)	(900,312)
Ratios:								
Loss ratio - Claims Incurred (CAY)	175.5%	173.9%	175.7%	176.0%	172.9%	174.8%	174.1%	167.0%
- Adjustments to Liabilities for Incurred Claims (PAYs)	(10.6%)	(7.9%)	(10.6%)	(10.0%)	(11.3%)	(5.4%)	(5.1%)	(1.2%)
Total	164.9%	165.9%	165.1%	166.0%	161.7%	169.4%	169.0%	165.9%
Earned Expense allowance	34.3%	34.3%	33.7%	34.2%	33.4%	34.5%	34.5%	33.8%
Change in Loss Component (excluding IFE)	(125.4%)	(76.0%)	(91.3%)	438.6%	503.7%	3.0%	9.6%	4.9%
Administrative Expenses	0.9%	1.6%	1.0%	1.3%	1.4%	1.6%	1.9%	1.1%
Insurance Service Ratio	40.4%	91.5%	74.9%	605.9%	666.8%	174.0%	180.5%	171.8%
Combined Operating Ratio	61.1%	111.9%	101.3%	623.8%	692.5%	188.4%	195.2%	210.3%

rounding differences may occur
**as posted to FA's website Dec 23, 2024*

RSP 2025 Summary of Liabilities Amounts in \$000s	Actual (February 2025)	Projection (February 2025)	Prior Year (February 2024)	2025 year-end Projection	Outlook* Full year 2025	2024 year-end Actual
LIC	2,076,605	2,058,622	1,721,490	2,263,193	2,212,824	2,019,012
Undiscounted Case Reserves	1,238,493	1,243,915	1,100,345	1,396,131	1,383,537	1,226,092
Undiscounted IBNR	903,863	879,695	739,316	946,791	906,579	857,408
Discount	(206,735)	(204,845)	(243,756)	(225,195)	(219,830)	(203,327)
PV FCF	1,935,620	1,918,765	1,595,905	2,117,727	2,070,286	1,880,174
Risk Adjustment	140,985	139,857	125,585	145,465	142,538	138,838
Risk Adjustment %	7.28%	7.29%	7.87%	6.87%	6.88%	7.38%
LRC	1,683,050	1,714,997	1,485,416	1,149,834	1,175,719	1,061,478
LRC excl. Loss Component	389,909	389,500	348,018	413,145	398,777	392,102
Loss Component	1,293,141	1,325,497	1,137,399	736,689	776,943	669,376

Insurance Service Expenses Key Drivers

- **Claims Incurred** - Incurred losses were \$110.6 million, lower than projection by \$2.4 million and \$10.4 million higher compared with the same month last year. Loss ratio was at 175.5%, 1.7 percentage points higher than projected, and 0.2 percentage points lower than prior year.
- **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 \$32.4 million driven by updated premium projections from the FA membership (primarily on the future accident year 2026). Decreased premium volumes are projected primarily in Ontario and Newfoundland & Labrador, partially offset by an increase in Alberta Non-Grid.

Losses on Onerous Contracts for February 2025

	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	Newfoundland & Labrador	Total
CAY (2025)	689	261	4,503	(516)	461	(2,164)	3,233
FtAY (2026)	(18,649)	(1,129)	9,190	(3,856)	(2,726)	(18,418)	(35,589)
Total	(17,961)	(869)	13,693	(4,373)	(2,264)	(20,583)	(32,356)

- **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.

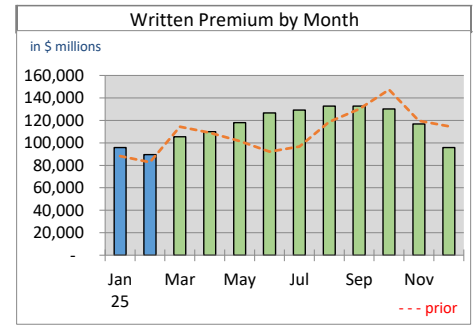
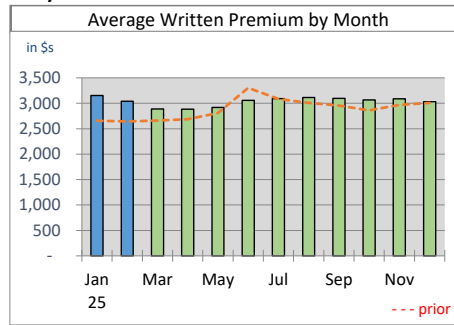
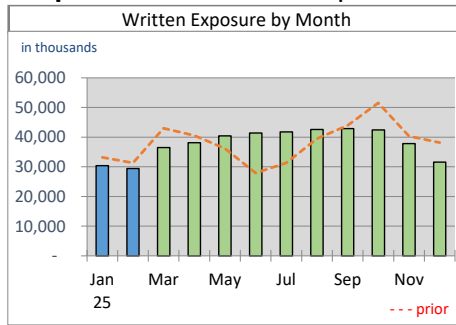
Insurance Finance Income

Insurance Finance income/ (expense) is comprised of:

- The release of the effect of discounting due to the passage of time (also known as discount unwinding)
- The effect due to changes in discounting assumptions. This change is only reflected in implementation months (March, May, August, and November), when the yield curve is updated.

Premium

The **premium drivers** compared to prior year are:



The vehicle count transfer for the month was 29,437 vehicles, which was lower than prior year by 1,865 vehicles and 1,737 vehicles lower than The Outlook for the month.

RSP Summary of full year **Vehicle Count**

	January	February	March	April	May	June	July	August	September	October	November	December	CY 2025	CY 2024
Jurisdiction	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-End	Year-End
Ontario	16,357	14,752	17,797	17,804	19,754	19,559	18,896	19,368	19,099	18,702	17,448	14,820	214,357	216,006
Alberta Grid	3,637	3,419	5,042	6,032	6,374	6,178	6,614	7,054	6,908	7,045	6,219	5,659	70,181	96,052
Alberta Non-Grid	7,945	8,647	10,193	10,566	10,358	11,426	11,864	11,882	12,576	12,303	10,257	7,787	125,803	113,500
New Brunswick	966	980	1,155	1,207	1,328	1,440	1,495	1,461	1,507	1,664	1,440	1,210	15,852	12,438
Nova Scotia	1,264	1,358	1,656	1,749	1,813	2,008	2,111	2,145	2,111	2,083	1,869	1,602	21,769	14,383
Newfoundland & Labrador	252	281	659	762	821	815	768	716	687	675	628	524	7,588	4,606
Total	30,421	29,437	36,503	38,121	40,447	41,426	41,748	42,625	42,888	42,471	37,862	31,602	455,549	456,985

RSP Summary of full year **Written Premium**

	January	February	March	April	May	June	July	August	September	October	November	December	CY 2025	CY 2024
Jurisdiction	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-End	Year-End
Ontario	59,182	51,827	58,247	58,183	65,611	67,653	66,724	68,971	68,752	67,881	64,138	53,202	750,369	710,948
Alberta Grid	14,101	13,368	16,803	20,063	19,876	22,149	23,664	25,166	24,176	24,408	21,308	19,057	244,138	298,697
Alberta Non-Grid	18,016	19,599	23,719	24,536	24,802	28,324	30,184	29,899	31,021	29,195	23,653	16,976	299,926	248,772
New Brunswick	1,669	1,601	1,919	2,037	2,228	2,503	2,610	2,581	2,676	2,921	2,545	2,158	27,448	20,975
Nova Scotia	2,405	2,564	3,239	3,408	3,544	3,979	4,037	4,290	4,278	4,029	3,656	3,054	42,482	27,646
Newfoundland & Labrador	485	535	1,529	1,787	2,012	1,984	1,907	1,854	1,806	1,757	1,564	1,325	18,545	8,380
Total	95,857	89,495	105,456	110,014	118,073	126,592	129,126	132,761	132,708	130,191	116,864	95,771	1,382,908	1,315,419

RSP Summary of full year **Average Written Premiums**

	January	February	March	April	May	June	July	August	September	October	November	December	CY 2025	CY 2024
Jurisdiction	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-End	Year-End
Ontario	3,618	3,513	3,273	3,268	3,321	3,459	3,531	3,561	3,600	3,630	3,676	3,590	3,501	3,291
Alberta Grid	3,877	3,910	3,332	3,326	3,118	3,585	3,578	3,568	3,500	3,465	3,427	3,367	3,479	3,110
Alberta Non-Grid	2,268	2,267	2,327	2,322	2,395	2,479	2,544	2,516	2,467	2,373	2,306	2,180	2,384	2,192
New Brunswick	1,727	1,635	1,661	1,688	1,678	1,738	1,746	1,767	1,776	1,756	1,767	1,783	1,731	1,686
Nova Scotia	1,902	1,888	1,956	1,948	1,955	1,982	1,912	2,000	2,027	1,934	1,956	1,906	1,951	1,922
Newfoundland & Labrador	1,926	1,904	2,321	2,344	2,451	2,436	2,483	2,589	2,627	2,604	2,490	2,529	2,444	1,819
Total	3,151	3,040	2,889	2,886	2,919	3,056	3,093	3,115	3,094	3,065	3,087	3,031	3,036	2,878

Projected Year-End 2025

Compared with The Outlook released in December 2024, written premium has increased by \$27.3 million. Calendar year earned premium is up by \$35.2 million. The projected year-end 2025 operating deficit is \$788.7 million, a \$38.7million improvement compared with The Outlook.

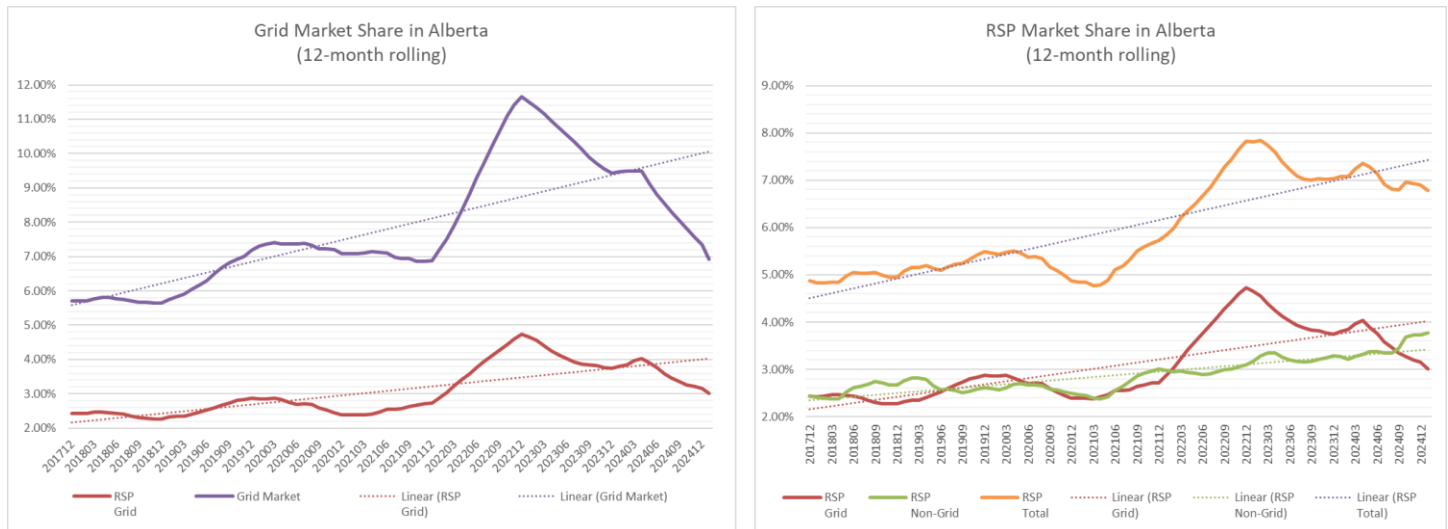
Alberta Market Share Update

Recent announcements in Alberta include:

- Adjustments to the Grid premiums effective Jan 1, 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 1, 2025. See further detail [here](#)
- The Grid system will be formally withdrawn on Jan 1, 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 1, 2027. See further detail [here](#)

Please note the following market share information is available as at January 2025.

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 0.29% on average monthly i.e. from a starting point of 9.49% in April 2024 to 6.92% in January 2025 while the RSP Grid is decreasing on average by 0.11% from 4.03% in April 2024 to 3.01% in January 2025.
- RSP Non-Grid has slightly increased this month from 3.73% in December to 3.77% in January. 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

Related links:

[RSP Summary of Operations - Calendar Year 2025](#)

*02 month ended February 2025 (discounted basis)