

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2025 – 011

DATE: March 28, 2025

SUBJECT: FARM – January 2025 Participation Report

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

Please be advised that the January 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.

Highlights

- (a) The ***January 2025 received premium*** was \$32.6 million, lower than prior year by \$4.8 million. The ***2025 year-end received premium*** is \$530.5 million; and
- (b) The ***January 2025 insurance revenue*** was \$43.2 million, higher than prior year by \$0.8 million. The ***2025 year-end insurance revenue*** is \$543.2 million; and
- (c) The ***January 2025 operating result*** was a surplus of \$4.8 million, higher than prior year by \$0.3 million. The ***2025 year-end operating result*** is a surplus of \$46.1 million; and
- (d) The ***January 2025 combined operating ratio*** was 88.8%, lower than prior year by 0.5%. The ***2025 year-end combined operating ratio*** is 91.5%.

FARM Summary of IFRS17 Financial Results

Total 2025 Summary Amounts in \$000s	Actual (January 2025)	Projection (January 2025)	Prior Year (January 2024)	2025 year-end Projection	Outlook* Full year 2025	2024 year-end Actual
Written Premium	32,611	37,379	36,509	533,359	543,344	530,823
Received Premium	32,585	37,686	37,391	530,484	541,789	530,144
Earned Premium	43,164	43,647	42,369	543,178	549,509	522,010
Insurance Revenue	43,164	43,647	42,369	543,178	549,509	522,010
Total Claims Incurred	28,686	29,319	28,066	365,977	363,445	305,563
Claims incurred (CAY)	31,146	31,037	29,771	383,723	379,653	357,030
Adjustments to Liabilities for Incurred Claims (PAYs)	(2,460)	(1,719)	(1,705)	(17,746)	(16,208)	(51,467)
Administrative Expense	4,788	4,587	5,236	66,472	66,947	68,716
Amortization of IACFs	3,543	4,521	3,341	44,604	47,394	44,066
Change in Loss Component	0	0	0	0	0	0
Insurance Service Expenses	37,017	38,427	36,642	477,054	477,786	418,344
Insurance Service Result	6,147	5,220	5,727	66,124	71,723	103,666
Insurance Finance Expense from PV FCF	(2,311)	(2,311)	(2,699)	(30,359)	(34,934)	(61,400)
Insurance Finance Expense from Risk Adjustment	(185)	(185)	(239)	(2,582)	(2,891)	(5,086)
Insurance Finance Expense from Loss Component	0	0	0	0	0	0
Insurance Finance Income (Expense)	(2,496)	(2,496)	(2,937)	(32,941)	(37,826)	(66,486)
Investment Income	1,169	1,090	1,746	12,941	14,518	16,419
Operating Result	4,819	3,814	4,535	46,124	48,415	53,599
Ratios:						
Loss ratios (% insurance revenue):	66.5%	67.2%	66.2%	67.4%	66.1%	58.5%
Claims incurred (CAY)	72.2%	71.1%	70.3%	70.6%	69.1%	68.4%
Adjustments to Liabilities for Incurred Claims (PAYs)	(5.7%)	(3.9%)	(4.0%)	(3.3%)	(2.9%)	(9.9%)
Underwriting and Admin Expenses (% insurance revenue):	19.3%	20.9%	20.2%	20.4%	20.8%	21.6%
Administrative Expenses	11.1%	10.5%	12.4%	12.2%	12.2%	13.2%
Amortization of IACFs	8.2%	10.4%	7.9%	8.2%	8.6%	8.4%
Change in Loss Component	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance Service Ratio:	85.8%	88.0%	86.5%	87.8%	86.9%	80.1%
Insurance Finance Income:	5.8%	5.7%	6.9%	6.1%	6.9%	12.7%
Investment Income Ratio:	(2.7%)	(2.5%)	(4.1%)	(2.4%)	(2.6%)	(3.1%)
Combined Operating Ratio	88.8%	91.3%	89.3%	91.5%	91.2%	89.7%

rounding differences may occur

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

FARM 2025 Summary of Liabilities Amounts in \$000s	Actual (January 2025)	Projection (January 2025)	Prior Year (January 2024)	2025 year-end Projection	Outlook* Full year 2025	2024 year-end Actual
LIC	705,104	700,147	646,348	757,831	744,379	697,516
Undiscounted Case Reserves	355,205	349,985	317,725	405,121	411,255	345,252
Undiscounted IBNR	319,043	318,938	323,003	315,245	313,231	321,445
Undiscounted Retro Expense	48,399	48,014	47,075	52,950	53,015	47,976
Discount	(73,488)	(72,555)	(97,863)	(73,227)	(87,946)	(72,821)
PV FCF	649,159	644,381	589,941	700,090	689,555	641,852
Risk Adjustment	55,945	55,766	56,407	57,742	54,824	55,664
Risk Adjustment %	8.62%	8.65%	9.56%	8.25%	7.95%	8.67%
LRC	200,138	195,112	198,924	229,497	215,318	210,071
LRC excl. Loss Component	200,138	195,112	198,924	229,497	215,318	210,071
Loss Component	0	0	0	0	0	0

Insurance Service Expenses Key Drivers

- **Claims Incurred** – Incurred losses were \$28.7 million, lower than projection by \$0.6 million and \$0.6 million higher compared with the same month from last year. Loss ratio was at 66.5%, 0.7 percentage points lower than projected, and 0.2 percentage points higher compared with prior year.
- **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

Insurance Finance income/ (expense) is comprised of:

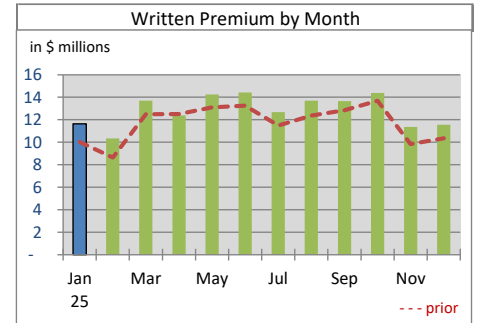
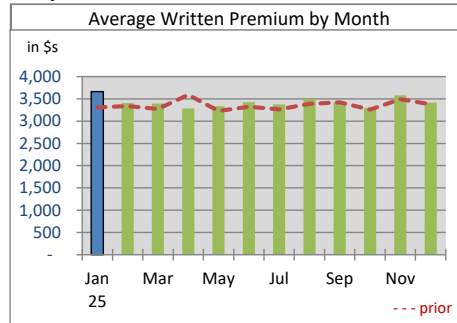
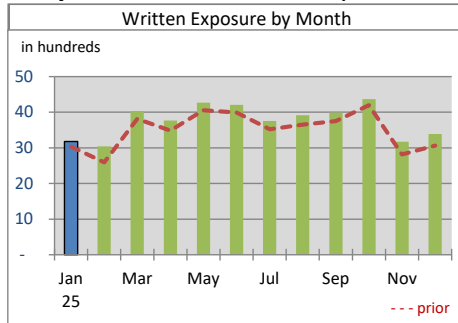
- The release of the effect of discounting due to the passage of time (also known as discount unwinding)
- The effect due to changes in discounting assumptions. This change is only reflected in implementation months (March, May, August, and October), when the yield curve is updated.

Projection to Year-end 2025

Compared with The Outlook released in December 2024, insurance revenue has decreased by \$6.3 million to \$543.2 million. The projected year-end 2025 operating result surplus is \$46.1 million, lower than The Outlook by \$2.3 million.

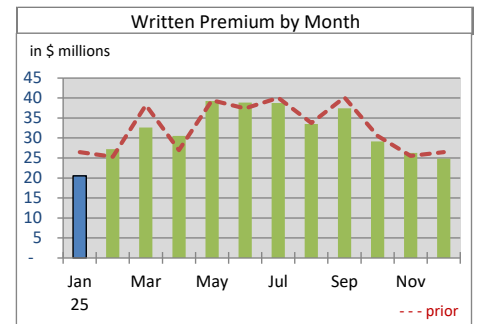
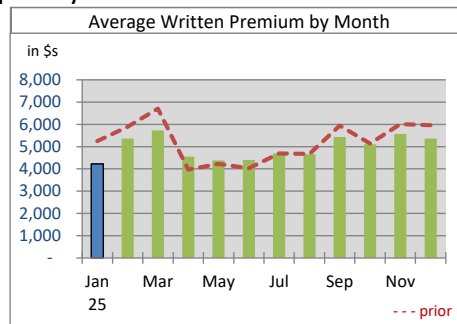
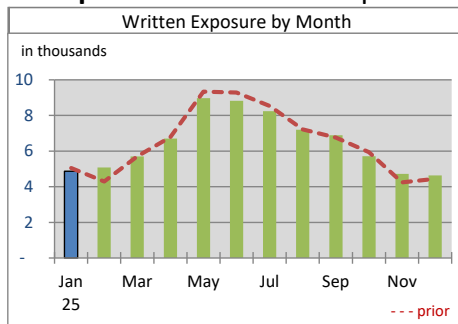
Premium

PPV premium drivers compared to prior year are:



The Private Passenger vehicle count for the month was 3,177 vehicles; written premium was \$11.6 million, up by 16.1% compared with prior year, primarily driven by Ontario and Nova Scotia. The average premium for PPV was 10.8% higher compared to prior year.

NPPV premium drivers compared to prior year are:



The Non-Private Passenger vehicle count was 4,870 vehicles, down 7.2% compared with prior year; written premium was \$20.5 million, down 22.4% compared with prior year (commercial decrease of 30.0% or \$2.9 million and interurban decrease of 35.4% or \$3.7 million). The average premium was 22.1% lower compared to prior year.

Business Segment	FA Minor Rating Class Desc	2025 Calendar Year-to-date			Change in Amount			2024 Calendar Year-to-date		
		Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
PPV	Private Passenger (x Farmers)	3,177	11,641,181	3,664	145	1,615,973	358	3,033	10,025,208	3,306
PPV Total		3,177	11,641,181	3,664	145	1,615,973	358	3,033	10,025,208	3,306
non-PPV	Private Passenger (x Farmers)	109	69,591	640	38	31,787	107	71	37,804	533
	Commercial	1,602	6,842,663	4,272	(147)	(2,929,881)	(1,317)	1,749	9,772,544	5,589
	Interurban	847	6,696,115	7,903	(208)	(3,665,442)	(1,916)	1,055	10,361,557	9,819
	Taxi	386	2,615,289	6,768	(46)	(459,495)	(339)	433	3,074,784	7,107
	Recreational	1,362	730,901	537	69	100,636	49	1,292	630,265	488
	Other	564	3,593,882	6,367	(57)	987,032	(2,578)	291	2,606,850	8,945
non-PPV Total		4,870	20,548,441	4,219	(350)	(5,935,363)	(1,196)	4,891	26,483,804	5,415
GRAND TOTAL		8,048	32,189,622	4,000	(32)	(4,319,390)	(519)	8,080	36,509,012	4,519

As a result, the overall month's written premium was \$32.2 million; down \$4.3 million or 11.8% compared with prior year.

FARM Private Passenger and Non-Private Passenger Summary of full year Vehicle Count

2025 Vehicle Count	January	February	March	April	May	June	July	August	September	October	November	December	CY 2025	CY 2024
Jurisdiction	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-end	Year-end
Ontario	1,676	1,734	2,100	1,916	2,319	2,152	2,213	2,040	2,066	1,869	1,798	1,549	23,432	23,295
Private Passenger	676	516	749	650	818	800	693	781	765	678	622	530	8,277	7,750
Non Private Passenger	1,000	1,218	1,351	1,266	1,501	1,352	1,520	1,259	1,301	1,191	1,175	1,019	15,155	15,545
Alberta	2,016	2,080	2,276	2,800	4,216	4,075	3,560	3,186	2,927	2,531	1,854	1,975	33,496	32,729
Private Passenger	76	80	76	80	72	86	90	71	95	60	54	75	916	1,171
Non Private Passenger	1,941	2,000	2,200	2,720	4,144	3,989	3,470	3,114	2,832	2,471	1,800	1,900	32,580	31,558
Atlantics	3,999	3,792	4,837	5,248	6,186	6,298	5,721	5,395	5,389	5,184	3,745	3,996	59,789	57,213
Private Passenger	2,302	2,281	3,042	2,876	3,213	3,159	2,808	2,900	2,971	3,468	2,339	2,620	33,979	31,053
Non Private Passenger	1,697	1,511	1,795	2,372	2,973	3,139	2,913	2,495	2,418	1,715	1,406	1,376	25,810	26,159
Territories	327	507	512	512	512	504	495	492	491	496	499	502	5,878	6,315
Private Passenger	154	162	163	163	163	163	161	161	159	159	160	161	1,901	1,996
Non Private Passenger	233	345	349	349	348	341	333	331	332	337	339	341	3,977	4,319
Total	8,048	8,113	9,725	10,476	13,233	13,029	11,989	11,113	10,873	10,080	7,896	8,022	122,596	119,552
Private Passenger	3,177	3,039	4,031	3,769	4,266	4,208	3,753	3,913	3,990	4,366	3,175	3,386	45,074	41,970
Non Private Passenger	4,870	5,074	5,695	6,707	8,966	8,820	8,236	7,200	6,883	5,714	4,721	4,636	77,522	77,582

FARM Private Passenger and Non-Private Passenger Summary of full year Written Premium

2025 Premiums (in 0000's)	January	February	March	April	May	June	July	August	September	October	November	December	CY 2025	CY 2024
Jurisdiction	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-end	Year-end
Ontario	10,359	15,038	20,824	17,417	21,010	19,209	21,597	17,969	20,237	14,980	15,959	12,906	207,505	206,625
Private Passenger	4,431	3,250	4,720	4,211	5,465	5,127	4,802	5,130	5,046	4,689	4,229	3,672	54,772	48,157
Non Private Passenger	5,928	11,788	16,104	13,206	15,545	14,082	16,795	12,839	15,191	10,291	11,730	9,234	152,733	158,468
Alberta	10,248	11,588	12,052	11,890	17,664	18,456	15,505	14,493	17,173	13,453	10,218	11,397	164,137	168,248
Private Passenger	611	568	544	574	551	662	631	570	684	436	430	533	6,794	8,204
Non Private Passenger	9,637	11,020	11,508	11,316	17,113	17,794	14,874	13,923	16,489	13,017	9,788	10,864	157,343	160,043
Atlantics	11,044	10,122	12,616	12,795	13,988	14,770	13,500	13,958	12,855	14,310	10,675	11,296	151,931	145,459
Private Passenger	6,335	6,225	8,127	7,297	7,919	8,321	6,932	7,694	7,636	8,954	6,402	7,061	88,904	80,576
Non Private Passenger	4,709	3,897	4,489	5,498	6,069	6,449	6,568	6,264	5,219	5,356	4,273	4,235	63,026	64,882
Territories	539	815	813	815	817	805	790	788	788	793	796	805	9,365	10,496
Private Passenger	264	299	302	300	301	301	299	297	295	295	297	300	3,551	3,650
Non Private Passenger	275	515	512	515	516	504	490	491	494	498	500	505	5,815	6,846
Total	32,190	37,562	46,306	42,917	53,480	53,241	51,392	47,208	51,053	43,536	37,649	36,404	532,938	530,828
Private Passenger	11,641	10,342	13,693	12,382	14,237	14,411	12,665	13,691	13,661	14,374	11,358	11,566	154,021	140,588
Non Private Passenger	20,548	27,220	32,613	30,535	39,243	38,829	38,727	33,517	37,393	29,162	26,291	24,838	378,917	390,240

FARM Private and Non-Private Passenger Summary of full year Average Written Premiums

2025 Average Premiums	January	February	March	April	May	June	July	August	September	October	November	December	CY 2025	CY 2024
Jurisdiction	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-end	Year-end
Ontario	6,182	8,673	9,916	9,089	9,059	8,925	9,760	8,808	9,795	8,013	8,878	8,333	8,856	8,870
Private Passenger	6,558	6,300	6,304	6,478	6,684	6,405	6,928	6,571	6,599	6,917	6,798	6,927	6,617	6,214
Non Private Passenger	5,928	9,678	11,918	10,428	10,353	10,417	11,052	10,196	11,672	8,637	9,979	9,064	10,078	10,194
Alberta	5,082	5,571	5,294	4,247	4,190	4,530	4,355	4,550	5,868	5,315	5,512	5,770	4,900	5,141
Private Passenger	8,060	7,100	7,116	7,175	7,640	7,723	7,009	7,973	7,192	7,240	7,973	7,088	7,416	7,005
Non Private Passenger	4,966	5,510	5,231	4,161	4,130	4,461	4,286	4,471	5,823	5,268	5,438	5,718	4,829	5,071
Atlantics	2,762	2,669	2,609	2,438	2,261	2,345	2,360	2,587	2,386	2,761	2,851	2,827	2,541	2,542
Private Passenger	2,752	2,729	2,672	2,537	2,465	2,634	2,469	2,653	2,570	2,582	2,737	2,695	2,616	2,595
Non Private Passenger	2,775	2,579	2,502	2,318	2,041	2,055	2,255	2,510	2,159	3,123	3,040	3,077	2,442	2,480
Territories	1,511	1,607	1,588	1,593	1,598	1,599	1,597	1,600	1,605	1,600	1,595	1,604	1,593	1,662
Private Passenger	2,128	1,844	1,847	1,841	1,844	1,851	1,858	1,842	1,851	1,854	1,855	1,860	1,868	1,829
Non Private Passenger	1,182	1,495	1,467	1,476	1,482	1,478	1,471	1,482	1,487	1,479	1,473	1,483	1,462	1,585
Total	4,000	4,630	4,761	4,097	4,041	4,086	4,287	4,248	4,695	4,319	4,768	4,538	4,347	4,440
Private Passenger	3,664	3,403	3,397	3,285	3,337	3,424	3,375	3,499	3,424	3,292	3,577	3,415	3,417	3,350
Non Private Passenger	4,219	5,365	5,727	4,553	4,377	4,402	4,702	4,655	5,433	5,103	5,569	5,358	4,888	5,030

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 link:

[FARM Summary of Operations – Calendar Year 2025](#)

*01 months ended January 2025 (discounted basis)

[FARM Quarterly Financial Insights](#)