

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2025 – 007

DATE: February 28, 2025

SUBJECT: FARM – December 2024 Participation Report

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

Please be advised that the December 2024 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 ***December 2024 received premium*** was \$37.7 million, higher than prior year by \$3.5 million. The ***2024 year-end received premium*** is \$530.1 million; and
- (b) The ***December 2024 insurance revenue*** was \$44.1 million, higher than prior year by \$0.3 million. The ***2024 year-end insurance revenue*** is \$522.0 million; and
- (c) The ***December 2024 operating result*** was a surplus of \$4.8 million, lower than prior year by \$1.1 million. The ***2024 year-end operating result*** is a surplus of \$53.7 million; and
- (d) The ***December 2024 combined operating ratio*** was 89.3%, higher than prior year by 2.8%. The ***2024 year-end combined operating ratio*** is 89.7%.

FARM Summary of IFRS17 Financial Results

Total 2024 Summary Amounts in \$000s	Actual (December 2024)	Projection (December 2024)	Prior Year (December 2023)	2024 year-to-date as at 12 months	2023 year-to-date as at 12 months	Outlook* Full year 2024
Written Premium	36,815	29,916	32,877	530,823	523,780	593,822
Received Premium	37,717	31,219	34,174	530,144	523,677	591,939
Earned Premium	44,136	45,362	43,791	522,010	508,080	594,211
Insurance Revenue	44,136	45,362	43,791	522,010	508,080	594,211
Total Claims Incurred	29,041	29,862	27,377	305,563	307,108	400,777
Claims incurred (CAY)	30,407	31,334	28,904	357,028	344,630	417,523
Adjustments to Liabilities for Incurred Claims (PAYs)	(1,367)	(1,472)	(1,527)	(51,465)	(37,523)	(16,747)
Administrative Expense	5,326	3,685	4,874	68,752	63,932	73,052
Amortization of IACFs	3,765	3,805	3,761	43,976	41,705	52,258
Change in Loss Component	0	0	0	0	0	0
Insurance Service Expenses	38,132	37,352	36,011	418,291	412,745	526,087
Insurance Service Result	6,004	8,010	7,780	103,719	95,336	68,124
Insurance Finance Expense from PV FCF	(2,345)	(2,345)	(3,191)	(61,400)	(24,129)	(35,490)
Insurance Finance Expense from Risk Adjustment	(186)	(186)	(286)	(5,086)	(2,480)	(3,090)
Insurance Finance Expense from Loss Component	0	0	0	0	0	0
Insurance Finance Income (Expense)	(2,531)	(2,531)	(3,477)	(66,486)	(26,609)	(38,580)
Investment Income	1,244	1,186	1,613	16,419	14,329	16,829
Operating Result	4,717	6,666	5,916	53,652	83,056	46,373
Ratios:						
Loss ratios (% insurance revenue):	65.8%	65.8%	62.5%	58.5%	60.4%	67.4%
Claims incurred (CAY)	68.9%	69.1%	66.0%	68.4%	67.8%	70.3%
Adjustments to Liabilities for Incurred Claims (PAYs)	(3.1%)	(3.2%)	(3.5%)	(9.9%)	(7.4%)	(2.8%)
Underwriting and Admin Expenses (% insurance revenue):	20.6%	16.5%	19.7%	21.6%	20.8%	21.1%
Administrative Expenses	12.1%	8.1%	11.1%	13.2%	12.6%	12.3%
Amortization of IACFs	8.5%	8.4%	8.6%	8.4%	8.2%	8.8%
Change in Loss Component	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance Service Ratio:	86.4%	82.3%	82.2%	80.1%	81.2%	88.5%
Insurance Finance Income:	5.7%	5.6%	7.9%	12.7%	5.2%	6.5%
Investment Income Ratio:	(2.8%)	(2.6%)	(3.7%)	(3.1%)	(2.8%)	(2.8%)
Combined Operating Ratio	89.3%	85.3%	86.5%	89.7%	83.7%	92.2%

rounding differences may occur

*as posted to FA's website Dec 22, 2023

FARM 2024 Summary of Liabilities Amounts in \$000s	Actual (December 2024)	Projection (December 2024)	Prior Year (December 2023)	Outlook* Full year 2024	2023 year-end Actual
LIC	697,516	694,221	644,513	771,065	644,513
Undiscounted Case Reserves	345,252	351,779	315,331	428,963	315,331
Undiscounted IBNR	321,445	311,684	323,587	328,512	323,587
Undiscounted Retro Expense	47,976	47,889	46,832	53,823	46,832
Discount	(72,821)	(72,243)	(97,546)	(103,765)	(97,546)
PV FCF	641,852	639,110	588,203	707,533	588,203
Risk Adjustment	55,664	55,112	56,310	63,533	56,310
Risk Adjustment %	8.67%	8.62%	9.57%	8.98%	9.57%
LRC	210,071	205,196	204,168	236,648	204,168
LRC excl. Loss Component	210,071	205,196	204,168	236,648	204,168
Loss Component	0	0	0	0	0

Insurance Service Expenses Key Drivers

- **Claims Incurred** – Incurred losses were \$29.0 million, lower than projection by \$0.8 million and \$1.6 million higher compared with the same month from last year. Loss ratio was at 65.8%, in line with projected, and 3.3 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 2026. 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:

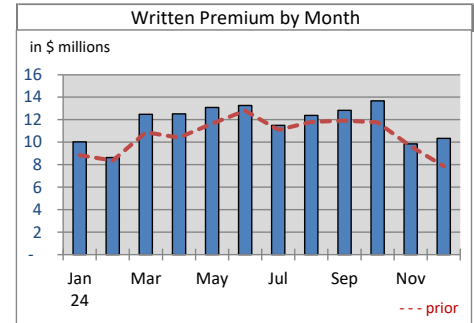
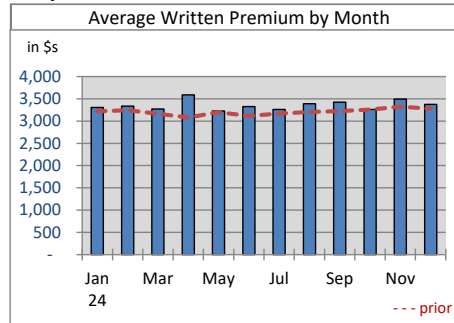
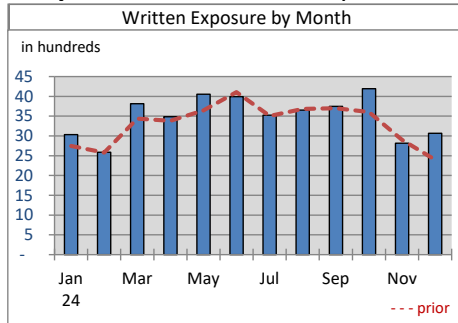
- The release of the effect of discounting due to the passage of time (also known as discount unwinding)
- The effect due to changes in discounting assumptions. This change is only reflected in implementation months (March, May, August, and October), when the yield curve is updated.

Year-end 2024

Compared with The Outlook released in December 2023, insurance revenue has decreased by \$72.2 million to \$522.0 million. The year-end 2024 operating result surplus is \$53.7 million, higher than The Outlook by \$7.4 million.

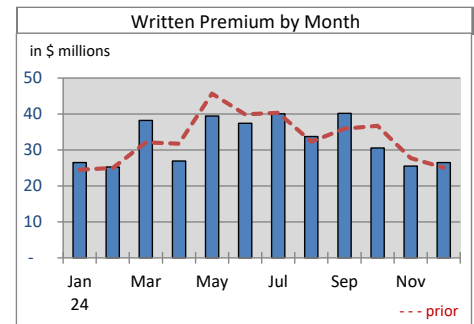
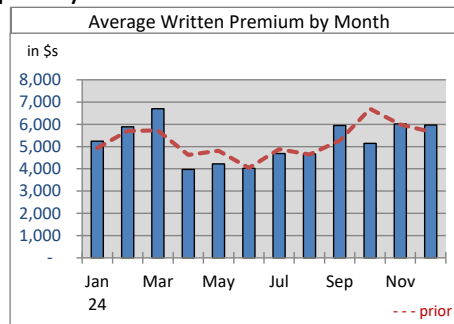
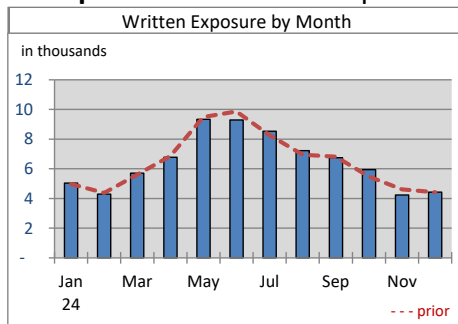
Premium

PPV premium drivers compared to prior year are:



The Private Passenger vehicle count for the month was 3,065 vehicles; written premium was \$10.3 million, up by 31.7% compared with prior year, primarily driven by Ontario and Nova Scotia. The average premium for PPV was 3.0% higher compared to prior year.

NPPV premium drivers compared to prior year are:



The Non-Private Passenger vehicle count was 4,437 vehicles, up 0.4% compared with prior year; written premium was \$26.5 million, up 5.8% compared with prior year. The average premium was 5.4% higher compared to prior year.

As a result, the overall month's written premium was \$36.8 million; up \$4.0 million or 12.0% compared with prior year.

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

2024 Vehicle Count Jurisdiction	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	CY 2024 Year-end	CY 2023 Year-end
Ontario	1,538	1,731	2,124	1,867	2,321	2,174	2,220	2,046	2,062	1,875	1,797	1,538	23,295	23,124
Private Passenger	578	487	733	567	782	775	654	742	727	642	581	482	7,750	7,675
Non Private Passenger	960	1,245	1,391	1,300	1,539	1,399	1,567	1,304	1,336	1,233	1,216	1,056	15,545	15,448
Alberta	2,154	1,536	2,356	2,799	4,203	4,032	3,537	3,164	2,878	2,529	1,679	1,864	32,729	33,393
Private Passenger	92	87	85	125	95	106	116	95	119	84	71	96	1,171	1,457
Non Private Passenger	2,061	1,449	2,270	2,674	4,107	3,925	3,421	3,070	2,760	2,445	1,608	1,767	31,558	31,936
Atlantic	4,003	3,235	4,492	5,035	6,117	6,426	5,720	5,178	5,079	5,208	3,080	3,641	57,213	55,101
Private Passenger	2,244	1,853	2,829	2,617	2,986	2,940	2,563	2,649	2,708	3,281	2,030	2,355	31,053	28,673
Non Private Passenger	1,759	1,382	1,664	2,417	3,131	3,486	3,157	2,529	2,371	1,928	1,050	1,285	26,159	26,428
Territories	385	380	546	567	750	645	581	487	484	527	506	459	6,315	5,799
Private Passenger	118	163	168	177	192	169	191	167	195	188	136	132	1,996	1,874
Non Private Passenger	267	217	378	390	558	476	390	320	288	338	370	328	4,319	3,925
Total	8,080	6,882	9,517	10,267	13,391	13,276	12,059	10,876	10,503	10,138	7,061	7,501	119,552	117,417
Private Passenger	3,033	2,590	3,815	3,486	4,055	3,990	3,523	3,653	3,749	4,195	2,818	3,065	41,970	39,680
Non Private Passenger	5,047	4,292	5,702	6,782	9,336	9,286	8,536	7,223	6,754	5,944	4,243	4,437	77,582	77,737

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

2024 Premiums (in 0000's)	January	February	March	April	May	June	July	August	September	October	November	December	CY 2024	CY 2023
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Year-end	Year-end
Ontario	12,392	15,483	24,806	14,336	20,588	16,576	21,324	17,649	20,163	14,943	15,637	12,728	206,625	207,568
Private Passenger	3,427	2,829	4,148	4,661	4,670	4,429	4,025	4,366	4,590	4,317	3,530	3,163	48,157	43,730
Non Private Passenger	8,964	12,654	20,657	9,675	15,918	12,147	17,299	13,283	15,573	10,626	12,107	9,565	158,468	163,838
Alberta	12,394	8,966	13,150	11,943	16,878	18,335	15,435	14,441	19,719	14,137	10,323	12,526	168,248	171,968
Private Passenger	503	561	651	816	727	822	770	715	814	580	608	639	8,204	7,871
Non Private Passenger	11,891	8,406	12,499	11,128	16,152	17,513	14,665	13,726	18,905	13,557	9,715	11,888	160,043	164,097
Atlantics	11,053	8,833	11,816	12,229	13,656	14,694	13,798	13,336	12,151	14,430	8,733	10,730	145,459	134,969
Private Passenger	5,862	4,947	7,356	6,672	7,362	7,744	6,340	7,017	6,984	8,450	5,521	6,321	80,576	72,088
Non Private Passenger	5,191	3,886	4,460	5,556	6,294	6,951	7,457	6,319	5,167	5,979	3,212	4,409	64,882	62,882
Territories	670	647	934	932	1,396	1,070	963	690	966	727	669	830	10,496	9,274
Private Passenger	233	304	328	363	330	268	359	282	449	327	182	225	3,650	3,315
Non Private Passenger	437	344	606	570	1,066	803	605	409	517	399	487	605	6,846	5,959
Total	36,509	33,930	50,706	39,441	52,518	50,675	51,521	46,116	52,999	44,236	35,362	36,815	530,828	523,780
Private Passenger	10,025	8,640	12,484	12,512	13,089	13,262	11,495	12,379	12,837	13,675	9,841	10,348	140,588	127,004
Non Private Passenger	26,484	25,290	38,222	26,928	39,429	37,413	40,026	33,737	40,162	30,561	25,521	26,467	390,240	396,776

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

2024 Average Premiums	January	February	March	April	May	June	July	August	September	October	November	December	CY 2024	CY 2024
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Year-end	Year-end
Ontario	8,056	8,943	11,680	7,679	8,870	7,624	9,605	8,625	9,777	7,970	8,702	8,275	8,870	8,976
Private Passenger	5,927	5,812	5,659	8,226	5,971	5,717	6,160	5,882	6,315	6,722	6,072	6,566	6,214	5,697
Non Private Passenger	9,338	10,167	14,853	7,441	10,343	8,681	11,041	10,186	11,660	8,620	9,959	9,055	10,194	10,605
Alberta	5,755	5,837	5,583	4,267	4,016	4,548	4,363	4,564	6,851	5,591	6,149	6,722	5,141	5,150
Private Passenger	5,438	6,457	7,634	6,539	7,614	7,724	6,639	7,564	6,867	6,922	8,573	6,635	7,005	5,401
Non Private Passenger	5,769	5,800	5,506	4,161	3,933	4,461	4,286	4,471	6,850	5,545	6,042	6,727	5,071	5,138
Atlantics	2,762	2,731	2,630	2,429	2,232	2,287	2,412	2,576	2,392	2,770	2,836	2,947	2,542	2,449
Private Passenger	2,613	2,670	2,601	2,549	2,466	2,634	2,474	2,649	2,579	2,576	2,720	2,684	2,595	2,514
Non Private Passenger	2,952	2,812	2,681	2,299	2,010	1,994	2,362	2,499	2,179	3,102	3,059	3,430	2,480	2,379
Territories	1,740	1,705	1,712	1,645	1,861	1,660	1,659	1,416	1,998	1,380	1,324	1,809	1,662	1,599
Private Passenger	1,973	1,859	1,953	2,052	1,721	1,582	1,883	1,686	2,300	1,739	1,336	1,715	1,829	1,769
Non Private Passenger	1,637	1,589	1,604	1,461	1,909	1,687	1,549	1,275	1,793	1,180	1,319	1,846	1,585	1,518
Total	4,519	4,930	5,328	3,841	3,922	3,817	4,273	4,240	5,046	4,363	5,008	4,908	4,440	4,461
Private Passenger	3,306	3,336	3,272	3,590	3,228	3,324	3,263	3,389	3,424	3,260	3,492	3,377	3,350	3,201
Non Private Passenger	5,248	5,892	6,703	3,971	4,223	4,029	4,689	4,671	5,946	5,142	6,015	5,966	5,030	5,104

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 2024](#)

*12 months ended December 2024 (discounted basis)