

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2025 – 003

DATE: January 30, 2025

SUBJECT: FARM – November 2024 Participation Report

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

SPECIAL NOTE: Insurance Finance Expense Supplementary File

Please note that there is a supplementary file linked at the bottom of this bulletin that provides a breakdown of the components that comprise insurance finance expense. The breakdown includes the following items by accident year, jurisdiction/business segment and accounting month beginning Nov 2023 to Nov 2024. The file also includes one period of projection (namely Dec 2024):

- discount unwinding
- the effect due to changes in discounting assumptions (yield impact)

Please be advised that the November 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 **November 2024 received premium** was \$36.0 million, lower than prior year by \$1.8 million. The **projected 2024 year-end received premium** is \$523.6 million; and
- (b) The *November 2024 insurance revenue* was \$43.1 million, higher than prior year by \$0.8 million. The *projected 2024 year-end insurance revenue* is \$523.2 million; and
- (c) The **November 2024 operating result** was a surplus of \$4.6 million, lower than prior year by \$1.8 million. The **projected 2024 year-end operating results** is a surplus of \$55.5 million; and
- (d) The **November 2024 combined operating ratio** was 89.2%, higher than prior year by 4.6%. The **projected 2024 year-end combined operating ratio** is 89.4%.



FARM Summary of IFRS17 Financial Results

Total 2024 Summary	Actual	Projection	Prior Year	2024 year-to-date	2023 year-to-date	2024 year-end	Outlook*	2023 year-end
Amounts in \$000s	(November 2024)	(November 2024)	(November 2023)	as at 11 months	as at 11 months	Projection	Full year 2024	Actual
Written Premium	35,362	36,681	37,361	494,009	490,903	523,925	593,822	523,780
Received Premium	36,038	37,088	37,812	492,427	489,503	523,646	591,939	523,677
Earned Premium	43,068	43,595	42,307	477,874	464,290	523,236	594,211	508,080
Insurance Revenue	43,068	43,595	42,307	477,874	464,290	523,236	594,211	508,080
Total Claims Incurred	28,604	28,754	26,972	276,522	279,731	306,384	400,777	307,108
Claims incurred (CAY)	29,848	30,130	28,111	326,619	315,726	357,953	417,523	344,630
Adjustments to Liabilities for Incurred Claims (PAYs)	(1,244)	(1,376)	(1,139)	(50,097)	(35,995)	(51,568)	(16,747)	(37,523)
Administrative Expense	4,742	4,534	4,638	63,465	59,059	67,150	73,052	63,932
Amortization of IACFs	3,869	3,854	2,439	40,179	37,944	43,984	52,258	41,705
Change in Loss Component	0	0	0	0	0	0	0	0
Insurance Service Expenses	37,215	37,141	34,048	380,166	376,734	417,518	526,087	412,745
Insurance Service Result	5,853	6,453	8,258	97,708	87,556	105,718	68,124	95,336
Insurance Finance Expense from PV FCF	(2,302)	(2,302)	(2,986)	(59,055)	(20,939)	(61,400)	(35,490)	(24,129)
Insurance Finance Expense from Risk Adjustment	(183)	(183)	(267)	(4,900)	(2,194)	(5,086)	(3,090)	(2,480)
Insurance Finance Expense from Loss Component	0	0	0	0	0	0	0	0
Insurance Finance Income (Expense)	(2,485)	(2,485)	(3,252)	(63,955)	(23,132)	(66,486)	(38,580)	(26,609)
Investment Income	1,268	1,270	1,476	15,175	12,716	16,362	16,829	14,329
Operating Result	4,636	5,238	6,482	48,928	77,140	55,594	46,373	83,056
Ratios:								
Loss ratios (% insurance revenue):	66.4%	66.0%	63.8%	57.9%	60.2%	58.6%	67.4%	60.4%
Claims incurred (CAY)	69.3%	69.1%	66.4%	68.3%	68.0%	68.4%	70.3%	67.8%
Adjustments to Liabilities for Incurred Claims (PAYs)	(2.9%)	(3.2%)	(2.7%)	(10.5%)	(7.8%)	(9.9%)	(2.8%)	(7.4%)
Underwriting and Admin Expenses (% insurance revenue):	20.0%	19.2%	16.7%	21.7%	20.9%	21.2%	21.1%	20.8%
Administrative Expenses	11.0%	10.4%	11.0%	13.3%	12.7%	12.8%	12.3%	12.6%
Amortization of IACFs	9.0%	8.8%	5.8%	8.4%	8.2%	8.4%	8.8%	8.2%
Change in Loss Component	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance Service Ratio:	86.4%	85.2%	80.5%	79.6%	81.1%	79.8%	88.5%	81.2%
Insurance Finance Income:	5.8%	5.7%	7.7%	13.4%	5.0%	12.7%	6.5%	5.2%
Investment Income Ratio:	(2.9%)	(2.9%)	(3.5%)	(3.2%)	(2.7%)	(3.1%)	(2.8%)	(2.8%)
Combined Operating Ratio	89.2%	88.0%	84.7%	89.8%	83.4%	89.4%	92.2%	83.7%

rounding differences may occur *as posted to FA's website Dec 22, 2023

FARM 2024 Summary of Liabilities	Actual	Projection	Prior Year	2024 year-end	Outlook*	2023 year-end
Amounts in \$000s	(November 2024)	(November 2024)	(November 2023)	Projection	Full year 2024	Actual
LIC	692,741	689,349	642,781	694,221	771,065	644,513
Undiscounted Case Reserves	347,297	347,638	318,772	351,779	428,963	315,331
Undiscounted IBNR	314,799	310,782	317,994	311,684	328,512	323,587
Undiscounted Retro Expense	47,779	47,678	46,713	47,889	53,823	46,832
Discount	(72,352)	(71,774)	(97,319)	(72,243)	(103,765)	(97,546)
PV FCF	637,522	634,324	586,159	639,110	707,533	588,203
Risk Adjustment	55,219	55,025	56,622	55,112	63,533	56,310
Risk Adjustment %	8.66%	8.67%	9.66%	8.62%	8.98%	9.57%
LRC	215,884	216,532	212,853	205,196	236,648	204,168
LRC excl. Loss Component	215,884	216,532	212,853	205,196	236,648	204,168
Loss Component	0	0	0	0	0	0

Insurance Service Expenses Key Drivers

- Claims Incurred Incurred losses were \$28.6 million, lower than projection by \$0.1 million and \$1.6 million higher compared with the same month from last year. Loss ratio was at 66.4%, 0.5 percentage points higher than projected, and 2.7 percentage points higher compared with prior year.
- Change in Loss Component FARM business is priced with a return on capital provision 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 2024

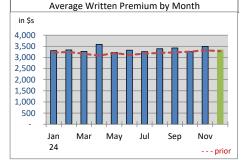
Compared with The Outlook released in December 2023, insurance revenue has decreased by \$71.0 million to \$523.2 million. The projected year-end 2024 operating result surplus is \$55.6 million, higher than The Outlook by \$9.2 million.



Premium

PPV premium drivers compared to prior year are:

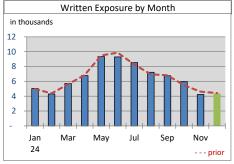




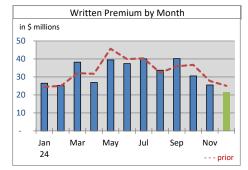


The Private Passenger vehicle count for the month was 2,818 vehicles; written premium was \$9.8 million, up by 2.0% compared with prior year, primarily driven by Newfoundland and Nova Scotia. The average premium for PPV was 5.1% higher compared to prior year. The green bars represent our latest projection for the remainder of the year.

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







The Non-Private Passenger vehicle count was 4,244 vehicles, down 8.2% compared with prior year; written premium was \$25.5 million, down 7.9% compared with prior year. Average written premium for NPPV was in line with prior year.

As a result, the overall month's written premium was \$35.4 million; down \$2.0 million or 5.3% compared with prior year.

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

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2024 Vehicle Count	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	Proj.	Year-end	Year-end
Ontario	1,538	1,731	2,124	1,867	2,321	2,174	2,220	2,046	2,062	1,875	1,798	1,437	23,194	23,124
Private Passenger	578	487	733	567	782	775	654	742	727	642	581	437	7,705	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	1,000	15,489	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	1,898	32,764	33,393
Private Passenger	92	87	85	125	95	106	116	95	119	84	71	43	1,118	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	1,856	31,646	31,936
Atlantics	4,003	3,235	4,492	5,035	6,117	6,426	5,720	5,178	5,079	5,208	3,080	3,166	56,738	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	1,889	30,587	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	1,277	26,151	26,428
Territories	385	380	546	567	750	645	581	487	484	527	506	330	6,186	5,799
Private Passenger	118	163	168	177	192	169	191	167	195	188	136	140	2,005	1,874
Non Private Passenger	267	217	378	390	558	476	390	320	288	338	370	190	4,182	3,925
Total	8,080	6,882	9,517	10,267	13,391	13,276	12,059	10,876	10,503	10,138	7,062	6,831	118,883	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	2,509	41,414	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	4,244	4,323	77,468	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	Proj.	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	15,638	11,726	205,624	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	2,904	47,899	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	12,108	8,822	157,725	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	9,057	164,779	171,968
Private Passenger	503	561	651	816	727	822	770	715	814	580	608	188	7,754	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	8,869	157,025	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	8,608	143,336	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	5,081	79,336	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	3,526	64,000	62,882
Territories	670	647	934	932	1,396	1,070	963	690	966	727	669	526	10,191	9,274
Private Passenger	233	304	328	363	330	268	359	282	449	327	182	266	3,691	3,315
Non Private Passenger	437	344	606	570	1,066	803	605	409	517	399	487	259	6,500	5,959
Total	36,509	33,930	50,706	39,441	52,518	50,675	51,521	46,116	52,999	44,236	35,363	29,916	523,930	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	8,440	138,680	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	21,477	385,250	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	Proj.	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	8,699	8,158	8,865	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	6,644	6,217	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	9,956	8,819	10,183	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	4,771	5,029	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	4,402	6,938	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	4,780	4,962	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	2,719	2,526	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	2,690	2,594	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	2,762	2,447	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	1,592	1,647	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	1,902	1,841	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	1,364	1,554	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	4,379	4,407	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	3,364	3,349	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	6,014	4,968	4,973	5,104

Should you require any further information, please call Philippe Gosselin, VP Actuarial and CRO at (416) 863-1750 x4968.

Saskia Matheson President & CEO

Related link:

FARM Summary of Operations – Calendar Year 2024

FARM Supplementary File – Insurance Finance Expense Breakdown

^{*11} months ended November 2024 (discounted basis)