

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2024 – 049

**DATE:** December 23, 2024

**SUBJECT:** FARM – October 2024 Participation Report

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

Please be advised that the October 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 **October 2024 received premium** was \$41.9 million, lower than prior year by \$6.0 million. The **projected 2024 year-end received premium** is \$525.6 million; and
- (b) The **October 2024 insurance revenue** was \$45.0 million, lower than prior year by \$0.3 million. The **projected 2024 year-end insurance revenue** is \$525.4 million; and
- (c) The **October 2024 operating result** was a deficit of \$7.6 million, lower than prior year by \$28.1 million. The **projected 2024 year-end operating results** is a surplus of \$56.7 million; and
- (d) The **October 2024 combined operating ratio** was 116.8%, higher than prior year by 62.2%. The **projected 2024 year-end combined operating ratio** is 89.2%.
- (e) The Implementation of the **2024 Q3 Valuation** generated **\$11.0 million unfavourable impact** for the month, increasing the **year-to-date combined operating ration by 2.5%**
- (f) The October 2024 Participation Report reflects the Distribution of **\$54.6 million in Operating Results** to members for all Accident Years.
- (g) Additional information can be found below:
  - a. [FARM Financial Insights \(NEW format\)](#)
  - b. [Supplementary Information including Exhibits](#)
  - c. [LRC Calculation file](#)
  - d. [Detailed Valuation Results file](#)

## FARM Summary of IFRS17 Financial Results

Total 2024 Summary Amounts in \$000s	Actual (October 2024)	Projection (October 2024)	Prior Year (October 2023)	2024 year-to-date as at 10 months	2023 year-to-date as at 10 months	2024 year-end Projection	Outlook* Full year 2024	2023 year-end Actual
Written Premium	44,232	47,447	48,428	458,647	453,542	526,153	593,822	523,780
Received Premium	41,938	46,935	47,987	456,389	451,691	525,595	591,939	523,677
Earned Premium	44,953	45,926	45,257	434,806	421,983	525,363	594,211	508,080
<b>Insurance Revenue</b>	<b>44,953</b>	<b>45,926</b>	<b>45,257</b>	<b>434,806</b>	<b>421,983</b>	<b>525,363</b>	<b>594,211</b>	<b>508,080</b>
Total Claims Incurred	27,411	30,026	19,565	247,918	252,759	307,747	400,777	307,108
Claims incurred (CAY)	29,395	31,245	28,019	296,771	287,615	359,252	417,523	344,630
Adjustments to Liabilities for Incurred Claims (PAYs)	(1,985)	(1,219)	(8,454)	(48,853)	(34,856)	(51,505)	(16,747)	(37,523)
Administrative Expense	5,701	5,851	5,898	58,761	54,421	67,090	73,052	63,932
Amortization of IACFs	3,862	3,893	3,726	36,109	35,505	43,802	52,258	41,705
Change in Loss Component	0	0	0	0	0	0	0	0
<b>Insurance Service Expenses</b>	<b>36,974</b>	<b>39,771</b>	<b>29,190</b>	<b>342,789</b>	<b>342,685</b>	<b>418,639</b>	<b>526,087</b>	<b>412,745</b>
<b>Insurance Service Result</b>	<b>7,979</b>	<b>6,155</b>	<b>16,067</b>	<b>92,017</b>	<b>79,298</b>	<b>106,725</b>	<b>68,124</b>	<b>95,336</b>
Insurance Finance Expense from PV FCF	(15,644)	(2,621)	2,879	(56,753)	(17,953)	(61,399)	(35,490)	(24,129)
Insurance Finance Expense from Risk Adjustment	(1,265)	(205)	144	(4,716)	(1,927)	(5,086)	(3,090)	(2,480)
Insurance Finance Expense from Loss Component	0	0	0	0	0	0	0	0
<b>Insurance Finance Income (Expense)</b>	<b>(16,909)</b>	<b>(2,827)</b>	<b>3,022</b>	<b>(61,470)</b>	<b>(19,880)</b>	<b>(66,485)</b>	<b>(38,580)</b>	<b>(26,609)</b>
Investment Income	1,365	1,250	1,449	13,907	11,240	16,490	16,829	14,329
<b>Operating Result</b>	<b>(7,565)</b>	<b>4,579</b>	<b>20,538</b>	<b>44,455</b>	<b>70,658</b>	<b>56,729</b>	<b>46,373</b>	<b>83,056</b>
<b>Ratios:</b>								
Loss ratios (% insurance revenue):	61.0%	65.4%	43.2%	57.0%	59.9%	58.6%	67.4%	60.4%
Claims incurred (CAY)	65.4%	68.0%	61.9%	68.3%	68.2%	68.4%	70.3%	67.8%
Adjustments to Liabilities for Incurred Claims (PAYs)	(4.4%)	(2.7%)	(18.7%)	(11.2%)	(8.3%)	(9.8%)	(2.8%)	(7.4%)
<b>Underwriting and Admin Expenses (% insurance revenue):</b>	<b>21.3%</b>	<b>21.2%</b>	<b>21.3%</b>	<b>21.8%</b>	<b>21.3%</b>	<b>21.1%</b>	<b>21.1%</b>	<b>20.8%</b>
Administrative Expenses	12.7%	12.7%	13.0%	13.5%	12.9%	12.8%	12.3%	12.6%
Amortization of IACFs	8.6%	8.5%	8.2%	8.3%	8.4%	8.3%	8.8%	8.2%
Change in Loss Component	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Insurance Service Ratio:</b>	<b>82.2%</b>	<b>86.6%</b>	<b>64.5%</b>	<b>78.8%</b>	<b>81.2%</b>	<b>79.7%</b>	<b>88.5%</b>	<b>81.2%</b>
<b>Insurance Finance Income:</b>	<b>37.6%</b>	<b>6.2%</b>	<b>(6.7%)</b>	<b>14.1%</b>	<b>4.7%</b>	<b>12.7%</b>	<b>6.5%</b>	<b>5.2%</b>
<b>Investment Income Ratio:</b>	<b>(3.0%)</b>	<b>(2.7%)</b>	<b>(3.2%)</b>	<b>(3.2%)</b>	<b>(2.7%)</b>	<b>(3.1%)</b>	<b>(2.8%)</b>	<b>(2.8%)</b>
<b>Combined Operating Ratio</b>	<b>116.8%</b>	<b>90.0%</b>	<b>54.6%</b>	<b>89.8%</b>	<b>83.3%</b>	<b>89.2%</b>	<b>92.2%</b>	<b>83.7%</b>

rounding differences may occur

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

FARM 2024 Summary of Liabilities Amounts in \$000s	Actual (October 2024)	Projection (October 2024)	Prior Year (October 2023)	2024 year-end Projection	Outlook* Full year 2024	2023 year-end Actual
<b>LIC</b>	<b>687,887</b>	<b>673,577</b>	<b>641,320</b>	<b>692,800</b>	<b>771,065</b>	<b>644,513</b>
Undiscounted Case Reserves	343,386	339,854	317,379	352,277	428,963	315,331
Undiscounted IBNR	313,788	316,730	317,926	309,766	328,512	323,587
Undiscounted Retro Expense	47,616	48,848	46,375	47,727	53,823	46,832
Discount	(72,008)	(84,651)	(97,009)	(72,150)	(103,765)	(97,546)
PV FCF	632,781	620,781	584,672	637,619	707,533	588,203
Risk Adjustment	55,105	52,797	56,648	55,181	63,533	56,310
Risk Adjustment %	8.71%	8.50%	9.69%	8.65%	8.98%	9.57%
<b>LRC</b>	<b>222,072</b>	<b>226,618</b>	<b>218,195</b>	<b>206,506</b>	<b>236,648</b>	<b>204,168</b>
LRC excl. Loss Component	222,072	226,618	218,195	206,506	236,648	204,168
Loss Component	0	0	0	0	0	0

## Insurance Service Expenses Key Drivers

- **Claims Incurred** – Incurred losses were \$27.4 million, lower than projection by \$2.6 million and \$7.8 million higher compared with the same month from last year. Loss ratio was at 61.0%, 4.4 percentage points lower than projected, and 17.7 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 as part of the quarterly valuation. Insurance Finance Expense was \$16.9 million (of which \$14.1 million loss was generated driven by less discounting due to approximately 94 basis points decrease in the yield curve).

## Impact of Quarterly Valuation

A valuation of the FARM as at September 30, 2024 has been completed since last month's participation report and the results of that valuation has been incorporated into this month's participation report.

The implementation of the new valuation resulted in an estimated overall \$11.0 million unfavorable impact on the month's net result from operations, adding an estimated 2.5 points to the year-to-date Combined Operating Ratio. The impact this month is summarized in the following tables below. For more information on the valuation impact please refer to the [Quarterly Financial Insights](#)

### *FARM Summary of 2024 Q3 Valuation Implementation Impact*

FARM (in \$000s)	LIC Impact	LRC Impact	Total Impact	Impact on YTD COR
PAY (2023 & prior)	9,776	-	9,776	2.2%
CAY (2024)	1,242	-	1,242	0.3%
<b>Total</b>	<b>11,018</b>		<b>11,018</b>	<b>2.5%</b>

*(negative values are favorable)*

## Operating Results Distributed to Members

The October 2024 Participation Report reflects the Distribution of **\$54.6 million in Operating Results** to members for all accident years as accrued to October 2024.

### *Amounts to be transferred to/(from) Members*

Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	12,270	28,475,382	28,487,652
Alberta	(836,220)	8,398,086	7,561,866
Newfoundland & Labrador	3,322,709	1,754,490	5,077,199
New Brunswick	2,674,284	5,446,047	8,120,331
Nova Scotia	2,567,218	(1,473,549)	1,093,669
Prince Edward Island	208,391	1,093,154	1,301,545
Yukon	157,730	1,165,063	1,322,793
Northwest Territories	623,806	661,088	1,284,893
Nunavut	237,310	124,618	361,929
<b>Total</b>	<b>8,967,498</b>	<b>45,644,380</b>	<b>54,611,878</b>

*\*rounding differences exist*

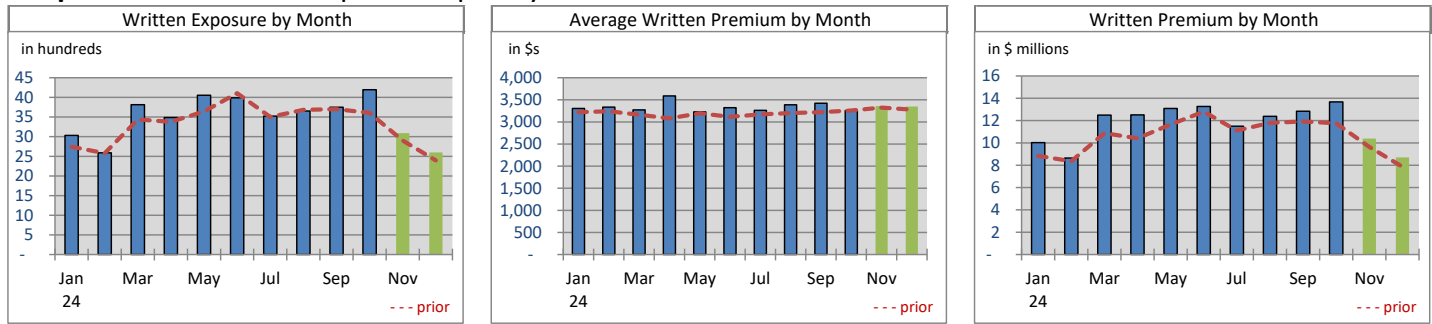
Due to the Annual Share Base update in June 2024 and because Members' share ratios vary by jurisdiction, business segment and accident year, it has resulted in redistribution of previously available funds distributed to and from Members, even though the aggregate transfer is \$0. The amount due to or from Facility Association for your company as a result of Annual Share Base update and the Distribution of Operating Results is shown on page 21: Members Combined Accident Year Share Results for all Jurisdictions.

## Projection to Year-end 2024

Compared with The Outlook released in December 2023, insurance revenue has decreased by \$68.8 million to \$525.4 million. The projected year-end 2024 operating result surplus is \$56.7 million, higher than The Outlook by \$10.4 million.

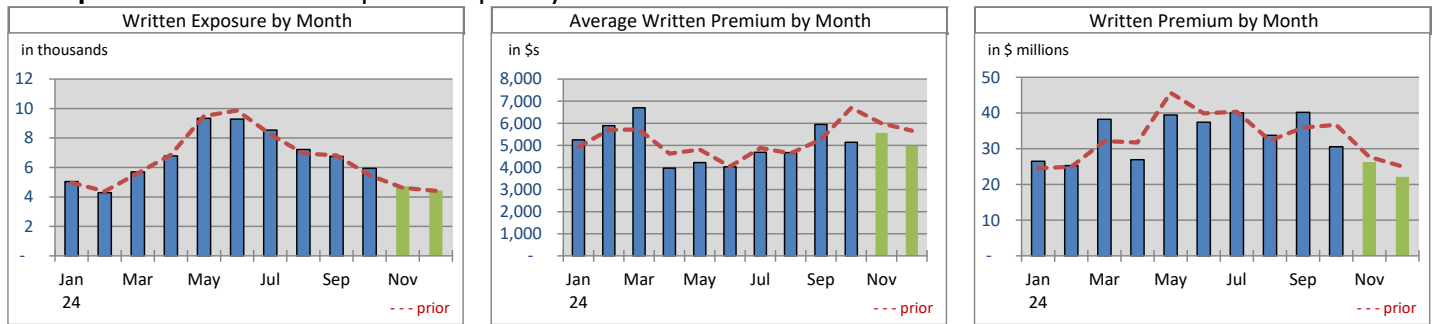
## Premium

PPV premium drivers compared to prior year are:



The Private Passenger vehicle count for the month was 4,195 vehicles; written premium was \$13.7 million, up by 16.3% compared with prior year, primarily driven by Newfoundland and Nova Scotia. Average premium for PPV was in line 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 5,944 vehicles, up 8.5% compared with prior year; written premium was \$30.6 million, down 16.7% compared with prior year. Average written premium for NPPV was down 23.2% compared with prior year. As a result, the overall month's written premium was \$44.2 million; down \$4.2 million or 8.7% 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 Proj.	December Proj.	CY 2024 Year-end
<b>Ontario</b>	<b>1,538</b>	<b>1,731</b>	<b>2,124</b>	<b>1,867</b>	<b>2,321</b>	<b>2,174</b>	<b>2,220</b>	<b>2,046</b>	<b>2,062</b>	<b>1,875</b>	<b>1,935</b>	<b>1,493</b>	<b>23,387</b>
Private Passenger	578	487	733	567	782	775	654	742	727	642	609	453	7,749
Non Private Passenger	960	1,245	1,391	1,300	1,539	1,399	1,567	1,304	1,336	1,233	1,326	1,040	15,638
<b>Alberta</b>	<b>2,154</b>	<b>1,536</b>	<b>2,356</b>	<b>2,799</b>	<b>4,203</b>	<b>4,032</b>	<b>3,537</b>	<b>3,164</b>	<b>2,878</b>	<b>2,529</b>	<b>1,928</b>	<b>1,997</b>	<b>33,112</b>
Private Passenger	92	87	85	125	95	106	116	95	119	84	71	48	1,123
Non Private Passenger	2,061	1,449	2,270	2,674	4,107	3,925	3,421	3,070	2,760	2,445	1,857	1,949	31,989
<b>Atlantics</b>	<b>4,003</b>	<b>3,235</b>	<b>4,492</b>	<b>5,035</b>	<b>6,117</b>	<b>6,426</b>	<b>5,720</b>	<b>5,178</b>	<b>5,079</b>	<b>5,208</b>	<b>3,233</b>	<b>3,049</b>	<b>56,774</b>
Private Passenger	2,244	1,853	2,829	2,617	2,986	2,940	2,563	2,649	2,708	3,281	2,173	1,846	30,688
Non Private Passenger	1,759	1,382	1,664	2,417	3,131	3,486	3,157	2,529	2,371	1,928	1,059	1,203	26,086
<b>Territories</b>	<b>385</b>	<b>380</b>	<b>546</b>	<b>567</b>	<b>750</b>	<b>645</b>	<b>581</b>	<b>487</b>	<b>484</b>	<b>527</b>	<b>463</b>	<b>314</b>	<b>6,128</b>
Private Passenger	118	163	168	177	192	169	191	167	195	188	142	135	2,006
Non Private Passenger	267	217	378	390	558	476	390	320	288	338	321	179	4,122
<b>Total</b>	<b>8,080</b>	<b>6,882</b>	<b>9,517</b>	<b>10,267</b>	<b>13,391</b>	<b>13,276</b>	<b>12,059</b>	<b>10,876</b>	<b>10,503</b>	<b>10,138</b>	<b>7,558</b>	<b>6,854</b>	<b>119,401</b>
Private Passenger	3,033	2,590	3,815	3,486	4,055	3,990	3,523	3,653	3,749	4,195	2,995	2,483	41,565
Non Private Passenger	5,047	4,292	5,702	6,782	9,336	9,286	8,536	7,223	6,754	5,944	4,564	4,371	77,836

### 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
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj.	Proj.	Year-end
<b>Ontario</b>	<b>12,392</b>	<b>15,483</b>	<b>24,806</b>	<b>14,336</b>	<b>20,588</b>	<b>16,576</b>	<b>21,324</b>	<b>17,649</b>	<b>20,163</b>	<b>14,943</b>	<b>18,743</b>	<b>13,798</b>	<b>210,801</b>
Private Passenger	3,427	2,829	4,148	4,661	4,670	4,429	4,025	4,366	4,590	4,317	3,978	3,011	48,453
Non Private Passenger	8,964	12,654	20,657	9,675	15,918	12,147	17,299	13,283	15,573	10,626	14,765	10,787	162,348
<b>Alberta</b>	<b>12,394</b>	<b>8,966</b>	<b>13,150</b>	<b>11,943</b>	<b>16,878</b>	<b>18,335</b>	<b>15,435</b>	<b>14,441</b>	<b>19,719</b>	<b>14,137</b>	<b>10,228</b>	<b>10,564</b>	<b>166,191</b>
Private Passenger	503	561	651	816	727	822	770	715	814	580	447	212	7,617
Non Private Passenger	11,891	8,406	12,499	11,128	16,152	17,513	14,665	13,726	18,905	13,557	9,781	10,352	158,574
<b>Atlantics</b>	<b>11,053</b>	<b>8,833</b>	<b>11,816</b>	<b>12,229</b>	<b>13,656</b>	<b>14,694</b>	<b>13,798</b>	<b>13,336</b>	<b>12,151</b>	<b>14,430</b>	<b>8,982</b>	<b>8,301</b>	<b>143,278</b>
Private Passenger	5,862	4,947	7,356	6,672	7,362	7,744	6,340	7,017	6,984	8,450	5,539	4,974	79,246
Non Private Passenger	5,191	3,886	4,460	5,556	6,294	6,951	7,457	6,319	5,167	5,979	3,443	3,327	64,032
<b>Territories</b>	<b>670</b>	<b>647</b>	<b>934</b>	<b>932</b>	<b>1,396</b>	<b>1,070</b>	<b>963</b>	<b>690</b>	<b>966</b>	<b>727</b>	<b>663</b>	<b>527</b>	<b>10,187</b>
Private Passenger	233	304	328	363	330	268	359	282	449	327	262	252	3,757
Non Private Passenger	437	344	606	570	1,066	803	605	409	517	399	401	276	6,430
<b>Total</b>	<b>36,509</b>	<b>33,930</b>	<b>50,706</b>	<b>39,441</b>	<b>52,518</b>	<b>50,675</b>	<b>51,521</b>	<b>46,116</b>	<b>52,999</b>	<b>44,236</b>	<b>38,616</b>	<b>33,190</b>	<b>530,457</b>
Private Passenger	10,025	8,640	12,484	12,512	13,089	13,262	11,495	12,379	12,837	13,675	10,226	8,448	139,072
Non Private Passenger	26,484	25,290	38,222	26,928	39,429	37,413	40,026	33,737	40,162	30,561	28,390	24,742	391,385

### 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
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Proj.	Proj.	Year-end
<b>Ontario</b>	<b>8,056</b>	<b>8,943</b>	<b>11,680</b>	<b>7,679</b>	<b>8,870</b>	<b>7,624</b>	<b>9,605</b>	<b>8,625</b>	<b>9,777</b>	<b>7,970</b>	<b>9,686</b>	<b>9,242</b>	<b>9,013</b>
Private Passenger	5,927	5,812	5,659	8,226	5,971	5,717	6,160	5,882	6,315	6,722	6,530	6,642	6,253
Non Private Passenger	9,338	10,167	14,853	7,441	10,343	8,681	11,041	10,186	11,660	8,620	11,135	10,376	10,381
<b>Alberta</b>	<b>5,755</b>	<b>5,837</b>	<b>5,583</b>	<b>4,267</b>	<b>4,016</b>	<b>4,548</b>	<b>4,363</b>	<b>4,564</b>	<b>6,851</b>	<b>5,591</b>	<b>5,306</b>	<b>5,289</b>	<b>5,019</b>
Private Passenger	5,438	6,457	7,634	6,539	7,614	7,724	6,639	7,564	6,867	6,922	6,334	4,407	6,784
Non Private Passenger	5,769	5,800	5,506	4,161	3,933	4,461	4,286	4,471	6,850	5,545	5,267	5,311	4,957
<b>Atlantics</b>	<b>2,762</b>	<b>2,731</b>	<b>2,630</b>	<b>2,429</b>	<b>2,232</b>	<b>2,287</b>	<b>2,412</b>	<b>2,576</b>	<b>2,392</b>	<b>2,770</b>	<b>2,779</b>	<b>2,722</b>	<b>2,524</b>
Private Passenger	2,613	2,670	2,601	2,549	2,466	2,634	2,474	2,649	2,579	2,576	2,549	2,694	2,582
Non Private Passenger	2,952	2,812	2,681	2,299	2,010	1,994	2,362	2,499	2,179	3,102	3,250	2,765	2,455
<b>Territories</b>	<b>1,740</b>	<b>1,705</b>	<b>1,712</b>	<b>1,645</b>	<b>1,861</b>	<b>1,660</b>	<b>1,659</b>	<b>1,416</b>	<b>1,998</b>	<b>1,380</b>	<b>1,433</b>	<b>1,678</b>	<b>1,662</b>
Private Passenger	1,973	1,859	1,953	2,052	1,721	1,582	1,883	1,686	2,300	1,739	1,852	1,856	1,873
Non Private Passenger	1,637	1,589	1,604	1,461	1,909	1,687	1,549	1,275	1,793	1,180	1,248	1,542	1,560
<b>Total</b>	<b>4,519</b>	<b>4,930</b>	<b>5,328</b>	<b>3,841</b>	<b>3,922</b>	<b>3,817</b>	<b>4,273</b>	<b>4,240</b>	<b>5,046</b>	<b>4,363</b>	<b>5,109</b>	<b>4,843</b>	<b>4,443</b>
Private Passenger	3,306	3,336	3,272	3,590	3,228	3,324	3,263	3,389	3,424	3,260	3,415	3,402	3,346
Non Private Passenger	5,248	5,892	6,703	3,971	4,223	4,029	4,689	4,671	5,946	5,142	6,221	5,661	5,028

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](#)

\*10 months ended October 2024 (discounted basis)