

**TO: MEMBERS OF THE FACILITY ASSOCIATION**

**ATTENTION: CHIEF EXECUTIVE OFFICER**

**BULLETIN NO: F2024 – 010**

**DATE: March 28, 2024**

**SUBJECT: FARM – January 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 January 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 (IFRS 17)**

- (a) The ***January 2024 received premium*** was \$37.4 million, higher than prior year by \$4.3 million. The ***projected 2024 year-end received premium*** is \$541.9 million; and
- (b) The ***January 2024 insurance revenue*** was \$42.4 million, higher than prior year by \$0.6 million. The ***projected 2024 year-end insurance revenue*** is \$540.2 million; and
- (c) The ***January 2024 operating result*** was a surplus of \$4.4 million, higher than prior year by \$1.7 million. The ***projected 2024 year-end operating results*** is a surplus of \$46.9 million; and
- (d) The ***January 2024 combined operating ratio*** was 89.7%, lower than prior year by 4.0 percentage points. The ***projected 2024 year-end combined operating ratio*** is 91.3%.

## FARM Summary of IFRS17 Financial Results

Total 2024 Summary Amounts in \$000s	Actual (January 2024)	Projection (January 2024)	Prior Year (January 2023)	2024 year-end Projection	Outlook* Full year 2024	2023 year-end Actual
Written Premium	36,509	32,176	33,333	543,524	593,822	523,780
Received Premium	37,391	33,018	33,093	541,893	591,939	523,677
Earned Premium	42,369	41,451	41,760	540,180	594,211	508,080
<b>Insurance Revenue</b>	<b>42,369</b>	<b>41,451</b>	<b>41,760</b>	<b>540,180</b>	<b>594,211</b>	<b>508,080</b>
Total Claims Incurred	28,085	27,532	32,697	358,217	400,777	307,108
Claims Incurred (CAY)	29,790	29,021	27,185	374,188	417,523	344,630
Adjustments to Liabilities for Incurred Claims (PAYs)	(1,705)	(1,489)	5,512	(15,972)	(16,747)	(37,523)
Administrative Expense	5,236	3,966	4,202	67,744	73,052	63,932
Amortization of IACFs	3,493	4,085	3,260	44,693	52,258	41,705
Change in Loss Component	0	0	0	0	0	0
<b>Insurance Service Expenses</b>	<b>36,813</b>	<b>35,583</b>	<b>40,159</b>	<b>470,654</b>	<b>526,087</b>	<b>412,745</b>
<b>Insurance Service Result</b>	<b>5,556</b>	<b>5,869</b>	<b>1,601</b>	<b>69,526</b>	<b>68,124</b>	<b>95,336</b>
Insurance Finance Expense from PV FCF	(2,699)	(2,699)	0	(35,411)	(35,490)	(24,129)
Insurance Finance Expense from Risk Adjustment	(239)	(239)	0	(3,084)	(3,090)	(2,480)
Insurance Finance Expense from Loss Component	0	0	0	0	0	0
<b>Insurance Finance Income (Expense)</b>	<b>(2,937)</b>	<b>(2,937)</b>	<b>0</b>	<b>(38,495)</b>	<b>(38,580)</b>	<b>(26,609)</b>
<b>Investment Income</b>	<b>1,746</b>	<b>1,669</b>	<b>1,047</b>	<b>15,820</b>	<b>16,829</b>	<b>14,329</b>
<b>Operating Result</b>	<b>4,364</b>	<b>4,600</b>	<b>2,648</b>	<b>46,851</b>	<b>46,373</b>	<b>83,056</b>
<b>Ratios:</b>						
Loss ratio (% insurance revenue):	66.3%	66.4%	78.3%	66.3%	67.4%	60.4%
Claims Incurred (CAY)	70.3%	70.0%	65.1%	69.3%	70.3%	67.8%
Adjustments to Liabilities for Incurred Claims (PAYs)	(4.0%)	(3.6%)	13.2%	(3.0%)	(2.8%)	(7.4%)
<b>Underwriting and Admin Expenses (% insurance revenue)</b>	<b>20.6%</b>	<b>19.4%</b>	<b>17.9%</b>	<b>20.8%</b>	<b>21.1%</b>	<b>20.8%</b>
Administrative Expenses	12.4%	9.6%	10.1%	12.5%	12.3%	12.6%
Amortization of IACFs	8.2%	9.9%	7.8%	8.3%	8.8%	8.2%
Change in Loss Component	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Insurance Service Ratio:</b>	<b>86.9%</b>	<b>85.8%</b>	<b>96.2%</b>	<b>87.1%</b>	<b>88.5%</b>	<b>81.2%</b>
<b>Insurance Finance Income:</b>	<b>6.9%</b>	<b>7.1%</b>	<b>0.0%</b>	<b>7.1%</b>	<b>6.5%</b>	<b>5.2%</b>
<b>Investment Income Ratio:</b>	<b>(4.1%)</b>	<b>(4.0%)</b>	<b>(2.5%)</b>	<b>(2.9%)</b>	<b>(2.8%)</b>	<b>(2.8%)</b>
<b>Combined Operating Ratio</b>	<b>89.7%</b>	<b>88.9%</b>	<b>93.7%</b>	<b>91.3%</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 (January 2024)	Projection (January 2024)	Prior Year (January 2023)	2024 year-end Projection	Outlook* Full year 2024	2023 year-end Actual
<b>LIC</b>	<b>646,348</b>	<b>648,958</b>	<b>609,481</b>	<b>720,819</b>	<b>771,065</b>	<b>644,513</b>
Undiscounted Case Reserves	317,725	321,753	295,996	396,516	428,963	315,331
Undiscounted IBNR	323,003	321,389	288,876	316,862	328,512	323,587
Undiscounted Retro Expense	47,075	46,929	41,794	53,098	53,823	46,832
Discount	(97,863)	(97,714)	(76,973)	(106,933)	(103,765)	(97,546)
PV FCF	589,941	592,357	549,693	659,543	707,533	588,203
Risk Adjustment	56,407	56,601	59,788	61,276	63,533	56,310
Risk Adjustment %	9.56%	9.56%	10.88%	9.29%	8.98%	9.57%
<b>LRC</b>	<b>198,924</b>	<b>189,624</b>	<b>183,418</b>	<b>227,265</b>	<b>236,648</b>	<b>204,168</b>
LRC excl. Loss Component	198,924	189,624	183,418	227,265	236,648	204,168
Loss Component	0	0	0	0	0	0

## Insurance Service Expenses Key Drivers

- Claims Incurred – Incurred losses were \$28.1 million, higher than projection by \$0.6 million and \$4.6 million lower compared with the same month from last year. Loss ratio was at 66.3%, 0.1 percentage points lower than projected, and 12.0 percentage points lower 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 2024. 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:

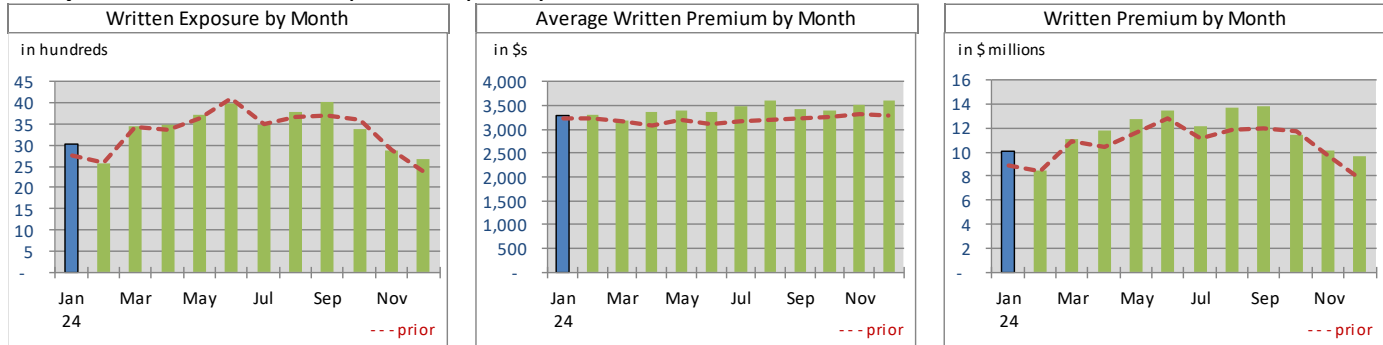
- The release of the effect of discounting due to the passage of time (also known as discount unwinding)
- The effect due to changes in discounting assumptions. This change is only reflected in implementation months (March, May, August, and October), when the yield curve is updated.

## Projected Year-end 2024

Compared with The Outlook released in December 2023, insurance revenue has decreased by \$54.0 million to \$540.2 million. The projected year-end 2024 operating result is \$46.9 million, higher than The Outlook by \$0.5 million.

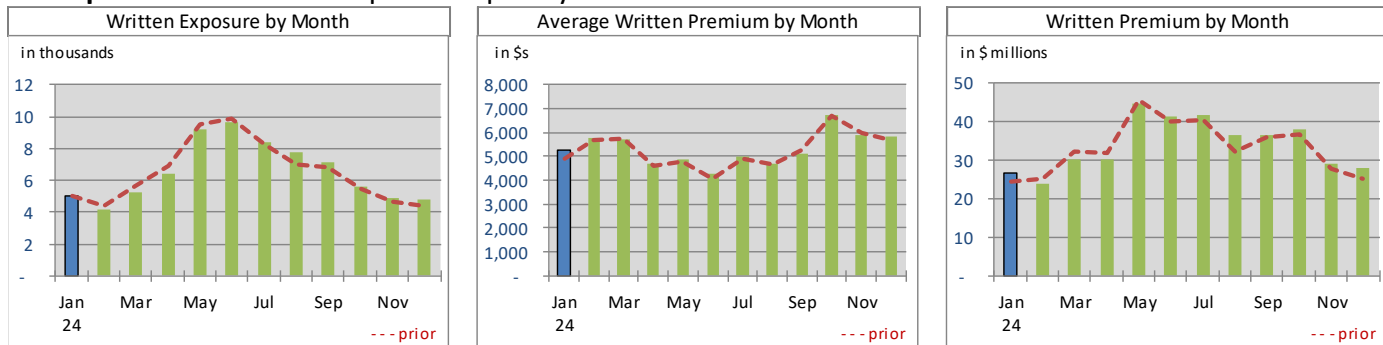
## Premium

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



The Private Passenger vehicle count for the month was 3,033 vehicles; written premium was \$10.0 million, up by 13.5% compared with prior year, primarily driven by Ontario and Alberta. Average premium for PPV was up by 2.7% 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 5,047 vehicles, up 1.5% compared with prior year; written premium was \$26.5 million, up 8.1% compared with prior year. Average written premium for NPPV was up 6.5% compared with prior year.

As a result, the overall month's written premium was up \$3.2 million or 9.5% compared with prior year.

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

2024 Vehicle Count	January	February	March	April	May	June	July	August	September	October	November	December	CY 2024
Jurisdiction	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-end
<b>Ontario</b>	<b>1,538</b>	<b>1,555</b>	<b>1,931</b>	<b>1,766</b>	<b>2,034</b>	<b>2,206</b>	<b>2,161</b>	<b>2,288</b>	<b>2,176</b>	<b>1,804</b>	<b>1,840</b>	<b>1,780</b>	<b>23,079</b>
Private Passenger	578	429	608	639	710	669	662	819	696	506	484	486	7,287
Non Private Passenger	960	1,126	1,323	1,127	1,324	1,536	1,500	1,469	1,479	1,298	1,357	1,293	15,793
<b>Alberta</b>	<b>2,154</b>	<b>1,507</b>	<b>2,190</b>	<b>2,917</b>	<b>4,279</b>	<b>4,477</b>	<b>3,476</b>	<b>3,138</b>	<b>2,785</b>	<b>2,606</b>	<b>2,008</b>	<b>1,905</b>	<b>33,440</b>
Private Passenger	92	106	174	166	182	177	160	175	151	154	127	123	1,787
Non Private Passenger	2,061	1,401	2,016	2,751	4,097	4,300	3,316	2,963	2,634	2,451	1,881	1,782	31,653
<b>Atlantics</b>	<b>4,003</b>	<b>3,237</b>	<b>4,005</b>	<b>4,664</b>	<b>5,874</b>	<b>6,101</b>	<b>5,655</b>	<b>5,473</b>	<b>5,683</b>	<b>4,060</b>	<b>3,470</b>	<b>3,265</b>	<b>55,490</b>
Private Passenger	2,244	1,872	2,475	2,502	2,622	2,910	2,491	2,568	2,971	2,533	2,119	1,880	29,189
Non Private Passenger	1,759	1,365	1,530	2,162	3,253	3,190	3,164	2,906	2,712	1,526	1,351	1,384	26,301
<b>Territories</b>	<b>385</b>	<b>364</b>	<b>514</b>	<b>499</b>	<b>672</b>	<b>779</b>	<b>547</b>	<b>594</b>	<b>410</b>	<b>487</b>	<b>429</b>	<b>427</b>	<b>6,107</b>
Private Passenger	118	133	170	155	177	215	141	206	167	155	123	142	1,902
Non Private Passenger	267	231	344	344	495	564	406	387	244	332	306	285	4,205
<b>Total</b>	<b>8,080</b>	<b>6,665</b>	<b>8,640</b>	<b>9,846</b>	<b>12,860</b>	<b>13,563</b>	<b>11,840</b>	<b>11,492</b>	<b>11,054</b>	<b>8,956</b>	<b>7,746</b>	<b>7,376</b>	<b>118,117</b>
Private Passenger	3,033	2,541	3,428	3,462	3,691	3,971	3,454	3,768	3,985	3,349	2,852	2,631	40,164
Non Private Passenger	5,047	4,124	5,212	6,384	9,168	9,591	8,386	7,725	7,069	5,608	4,894	4,744	77,952

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

2023 Premiums (in 0000's)	January	February	March	April	May	June	July	August	September	October	November	December	CY 2023
Jurisdiction	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-end
<b>Ontario</b>	<b>12,392</b>	<b>13,475</b>	<b>17,386</b>	<b>14,595</b>	<b>19,334</b>	<b>19,812</b>	<b>22,510</b>	<b>21,659</b>	<b>21,352</b>	<b>18,504</b>	<b>18,570</b>	<b>16,674</b>	<b>216,263</b>
Private Passenger	3,427	2,536	3,600	4,194	4,890	4,400	4,509	5,621	4,860	3,701	3,464	3,528	48,730
Non Private Passenger	8,964	10,939	13,786	10,401	14,444	15,412	18,001	16,038	16,492	14,803	15,106	13,146	167,532
<b>Alberta</b>	<b>12,394</b>	<b>8,580</b>	<b>12,070</b>	<b>15,206</b>	<b>23,694</b>	<b>19,380</b>	<b>16,722</b>	<b>13,679</b>	<b>14,450</b>	<b>19,216</b>	<b>9,382</b>	<b>9,982</b>	<b>174,755</b>
Private Passenger	503	613	963	871	935	1,057	910	886	793	802	769	518	9,620
Non Private Passenger	11,891	7,967	11,107	14,335	22,759	18,323	15,812	12,793	13,657	18,414	8,613	9,464	165,135
<b>Atlantics</b>	<b>11,053</b>	<b>9,631</b>	<b>10,656</b>	<b>11,026</b>	<b>12,966</b>	<b>14,030</b>	<b>13,624</b>	<b>13,651</b>	<b>13,534</b>	<b>10,667</b>	<b>10,252</b>	<b>9,579</b>	<b>140,670</b>
Private Passenger	5,862	4,993	6,059	6,334	6,476	7,566	6,329	6,790	7,732	6,570	5,536	5,167	75,413
Non Private Passenger	5,191	4,638	4,597	4,693	6,490	6,464	7,295	6,861	5,802	4,097	4,716	4,413	65,258
<b>Territories</b>	<b>670</b>	<b>545</b>	<b>758</b>	<b>747</b>	<b>1,070</b>	<b>1,309</b>	<b>834</b>	<b>851</b>	<b>685</b>	<b>791</b>	<b>600</b>	<b>677</b>	<b>9,537</b>
Private Passenger	233	232	315	271	286	358	275	329	287	277	224	272	3,360
Non Private Passenger	437	313	443	476	784	951	558	522	398	513	376	405	6,177
<b>Total</b>	<b>36,509</b>	<b>32,232</b>	<b>40,871</b>	<b>41,574</b>	<b>57,064</b>	<b>54,531</b>	<b>53,690</b>	<b>49,840</b>	<b>50,020</b>	<b>49,178</b>	<b>38,804</b>	<b>36,912</b>	<b>541,225</b>
Private Passenger	10,025	8,375	10,937	11,669	12,586	13,381	12,023	13,626	13,672	11,350	9,993	9,484	137,122
Non Private Passenger	26,484	23,857	29,933	29,905	44,478	41,150	41,666	36,214	36,349	37,828	28,811	27,428	404,103

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

2023 Average Premiums	January	February	March	April	May	June	July	August	September	October	November	December	CY 2023
Jurisdiction	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-end
<b>Ontario</b>	<b>8,056</b>	<b>8,663</b>	<b>9,003</b>	<b>8,265</b>	<b>9,505</b>	<b>8,982</b>	<b>10,415</b>	<b>9,466</b>	<b>9,815</b>	<b>10,258</b>	<b>10,091</b>	<b>9,370</b>	<b>9,370</b>
Private Passenger	5,927	5,912	5,918	6,564	6,883	6,573	6,815	6,865	6,982	7,316	7,164	7,255	6,688
Non Private Passenger	9,338	9,711	10,421	9,230	10,912	10,031	12,003	10,915	11,147	11,404	11,135	10,165	10,608
<b>Alberta</b>	<b>5,755</b>	<b>5,692</b>	<b>5,512</b>	<b>5,213</b>	<b>5,538</b>	<b>4,329</b>	<b>4,810</b>	<b>4,360</b>	<b>5,189</b>	<b>7,375</b>	<b>4,673</b>	<b>5,241</b>	<b>5,226</b>
Private Passenger	5,438	5,761	5,542	5,240	5,145	5,984	5,687	5,065	5,266	5,194	6,051	4,218	5,383
Non Private Passenger	5,769	5,687	5,510	5,211	5,555	4,261	4,768	4,318	5,184	7,512	4,580	5,311	5,217
<b>Atlantics</b>	<b>2,762</b>	<b>2,975</b>	<b>2,661</b>	<b>2,364</b>	<b>2,207</b>	<b>2,300</b>	<b>2,409</b>	<b>2,494</b>	<b>2,381</b>	<b>2,628</b>	<b>2,955</b>	<b>2,934</b>	<b>2,535</b>
Private Passenger	2,613	2,667	2,448	2,531	2,470	2,600	2,541	2,644	2,602	2,593	2,613	2,748	2,584
Non Private Passenger	2,952	3,397	3,005	2,171	1,996	2,026	2,306	2,362	2,139	2,684	3,492	3,187	2,481
<b>Territories</b>	<b>1,740</b>	<b>1,497</b>	<b>1,476</b>	<b>1,497</b>	<b>1,592</b>	<b>1,680</b>	<b>1,524</b>	<b>1,433</b>	<b>1,670</b>	<b>1,623</b>	<b>1,399</b>	<b>1,587</b>	<b>1,562</b>
Private Passenger	1,973	1,746	1,851	1,749	1,613	1,665	1,955	1,596	1,722	1,787	1,827	1,914	1,766
Non Private Passenger	1,637	1,354	1,290	1,384	1,584	1,686	1,375	1,347	1,634	1,546	1,227	1,424	1,469
<b>Total</b>	<b>4,519</b>	<b>4,836</b>	<b>4,731</b>	<b>4,222</b>	<b>4,438</b>	<b>4,021</b>	<b>4,535</b>	<b>4,337</b>	<b>4,525</b>	<b>5,491</b>	<b>5,009</b>	<b>5,005</b>	<b>4,582</b>
Private Passenger	3,306	3,296	3,191	3,370	3,410	3,369	3,481	3,617	3,431	3,390	3,504	3,604	3,414
Non Private Passenger	5,248	5,785	5,743	4,684	4,851	4,290	4,969	4,688	5,142	6,746	5,887	5,781	5,184

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](#)

\*01 months ended January 2024 (discounted basis)