

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023 – 076

DATE: December 22, 2023

**SUBJECT: FARM Final Outlook for Calendar Year 2024
Based on September 2023 Participation Reports**

This Outlook was prepared for the Member companies of Facility Association to assist Member companies in estimating their share of FARM results for planning purposes. It is not intended, nor is it necessarily suitable, for any other purpose.

Key Takeaways

- The projected **2024 Premium Written** is **\$594 million**, an increase of \$33 million from the current updated full-year 2023 forecast of \$561 million; the projected **Combined Operating Ratio (COR)** is **92.2% for 2024**, an increase of 4.4% pts from 2023 forecast of 87.8%.
- The estimated premium and COR include consideration of approved rate changes, portfolio mix changes related to recent growth in FARM volumes across jurisdictions and certain classes of vehicles, following from discussions with Facility Association's Actuarial team, Underwriting team and Servicing Carriers (note that CORs for FARM do not include all expenses like premium taxes, where such expenses are the direct responsibility of FA members);
- The projected **2024 Operating Result** is **\$46 million**, a decrease of \$18 million from 2023 forecast of \$64 million. The decrease is primarily driven by an expected increase in future accident year loss ratios and the associated impact on the projected losses. In addition, Calendar Year 2023 includes nominal prior accident year changes as booked during the first nine months of 2023;
- **Operating cash inflows^[1]** of **\$146 million in 2024**, down \$23 million from an expected inflow of **\$169 million for 2023** mainly driven by the continuing increase in written premium offset by generally higher expected loss ratios for the future accident year; and
- Facility Association has adopted the IFRS 17 accounting standards effective Nov. 1, 2022, and the 2023-2024 financial projections in this paper have been prepared on the IFRS 17 basis, as was the case with last year's FARM Outlook.

^[1]Operating cash outflows are estimated based on assumptions related to collection of premium, and payment of expenses and claims.



The calendar year 2024 FARM Outlook based on actual results as found in the September 2023 Participation Reports can be found on our website: [FARM Outlook CY 2024](#)

Questions regarding the Outlook should be directed to Philippe Gosselin, VP Actuarial, CRO at Facility Association, 416-644-4968, PGosselin@facilityassociation.com

Saskia Matheson,
President & CEO

Please forward a copy of this bulletin to your Chief Financial Officer