

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2023 – 043

**DATE:** June 29, 2023

**SUBJECT:** FARM – April 2023 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 April 2023 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 ***April 2023 received premium*** was \$43.1 million, higher than prior year by \$10.6 million. The ***projected 2023 year-end received premium*** was \$572.7 million; and
- (b) The ***April 2023 insurance revenue*** was \$38.6 million, lower than prior year by \$0.3 million. The ***projected 2023 year-end insurance revenue*** was \$535.0 million; and
- (c) The ***April 2023 operating result*** was \$3.5 million, lower than prior year by \$2.4 million. The ***projected 2023 operating results*** is \$54.5 million; and
- (d) The ***April 2023 combined operating ratio*** was 90.9%, higher than prior year by 6.0 percentage points. The ***projected 2023 year-end combined operating ratio*** was 89.8%.

## Summary of Financial Results

### FARM Summary of IFRS17 Financial Results

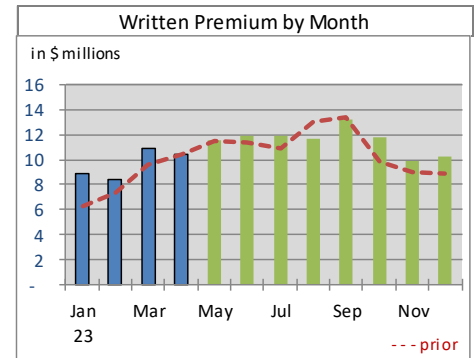
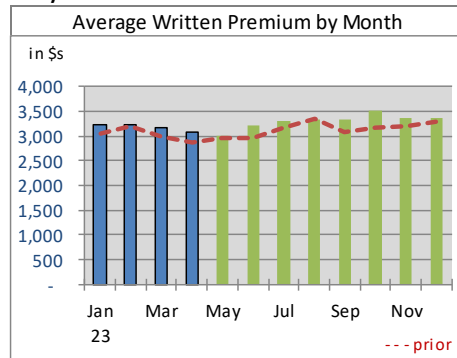
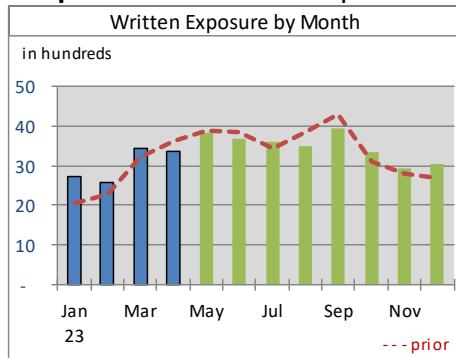
Total 2023 Summary Amounts in \$000s	Actual (April 2023)	Projection (April 2023)	Prior Year (April 2022)	2023 year-to-date as at 4 months	2022 year-to-date as at 4 months	2023 year-end Projection	Outlook* Full year 2023	2022 year-end Actual
Written Premium	42,155	37,603	31,499	151,802	114,846	576,871	566,850	499,823
Received Premium	43,146	37,641	32,228	152,556	118,613	572,670	565,833	501,178
Earned Premium	38,552	38,145	38,851	159,815	155,555	535,012	519,828	496,981
<b>Insurance Revenue</b>	<b>38,552</b>	<b>38,145</b>	<b>38,851</b>	<b>159,815</b>	<b>155,555</b>	<b>535,012</b>	<b>519,828</b>	<b>496,981</b>
Total Claims Incurred	27,251	28,404	26,067	110,962	106,956	384,873	367,696	360,656
Claims incurred (CAY)	27,570	26,558	26,608	110,717	105,126	372,831	350,800	341,969
Adjustments to Liabilities for Incurred Claims (PAYs)	(319)	1,846	(541)	246	1,830	12,042	16,897	18,687
Administrative Expense	5,369	4,640	3,963	18,759	14,066	71,170	69,911	58,848
Amortization of IACFs	3,345	3,941	3,035	4,131	12,816	37,363	47,292	41,213
Change in Loss Component	0	0	0	0	0	0	0	0
<b>Insurance Service Expenses</b>	<b>35,965</b>	<b>36,985</b>	<b>33,065</b>	<b>133,852</b>	<b>133,838</b>	<b>493,406</b>	<b>484,899</b>	<b>460,716</b>
<b>Insurance Service Result</b>	<b>2,587</b>	<b>1,160</b>	<b>5,786</b>	<b>25,963</b>	<b>21,717</b>	<b>41,606</b>	<b>34,929</b>	<b>36,265</b>
Insurance Finance Expense from PV FCF	0	0	0	1,205	2,953	1,205	0	46,169
Insurance Finance Expense from Risk Adjustment	0	0	0	121	288	121	0	4,384
Insurance Finance Expense from Loss Component	0	0	0	0	0	0	0	0
<b>Insurance Finance Income (Expense)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,326</b>	<b>3,241</b>	<b>1,326</b>	<b>0</b>	<b>50,553</b>
<b>Investment Income</b>	<b>937</b>	<b>942</b>	<b>109</b>	<b>3,813</b>	<b>275</b>	<b>11,524</b>	<b>7,476</b>	<b>4,516</b>
<b>Operating Result</b>	<b>3,524</b>	<b>2,102</b>	<b>5,895</b>	<b>31,103</b>	<b>25,233</b>	<b>54,456</b>	<b>42,405</b>	<b>91,333</b>
<b>Ratios:</b>								
Loss ratios (% insurance revenue):	70.7%	74.5%	67.1%	69.4%	68.8%	71.9%	70.7%	72.6%
Claims incurred (CAY)	71.5%	69.6%	68.5%	69.3%	67.6%	69.7%	67.5%	68.8%
Adjustments to Liabilities for Incurred Claims (PAYs)	(0.8%)	4.8%	(1.4%)	0.2%	1.2%	2.3%	3.3%	3.8%
<b>Underwriting and Admin Expenses (% insurance revenue):</b>	<b>22.6%</b>	<b>22.5%</b>	<b>18.0%</b>	<b>14.3%</b>	<b>17.3%</b>	<b>20.3%</b>	<b>22.5%</b>	<b>20.1%</b>
Administrative Expenses	13.9%	12.2%	10.2%	11.7%	9.0%	13.3%	13.4%	11.8%
Amortization of IACFs	8.7%	10.3%	7.8%	2.6%	8.2%	7.0%	9.1%	8.3%
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>93.3%</b>	<b>97.0%</b>	<b>85.1%</b>	<b>83.8%</b>	<b>86.0%</b>	<b>92.2%</b>	<b>93.3%</b>	<b>92.7%</b>
Insurance Finance Income:	0.0%	0.0%	0.0%	(0.8%)	(2.1%)	(0.2%)	0.0%	(10.2%)
Investment Income Ratio:	(2.4%)	(2.5%)	(0.3%)	(2.4%)	(0.2%)	(2.2%)	(1.4%)	(0.9%)
<b>Combined Operating Ratio</b>	<b>90.9%</b>	<b>94.5%</b>	<b>84.8%</b>	<b>80.5%</b>	<b>83.8%</b>	<b>89.8%</b>	<b>91.8%</b>	<b>81.6%</b>

rounding differences may occur

\*as posted to FA's website on Jan 18, 2023

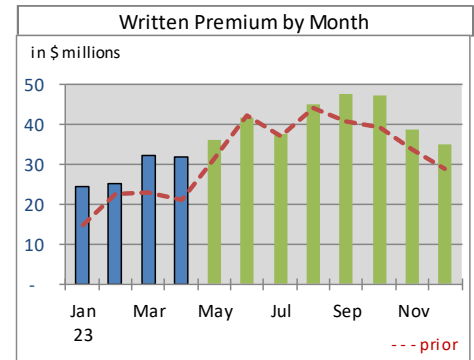
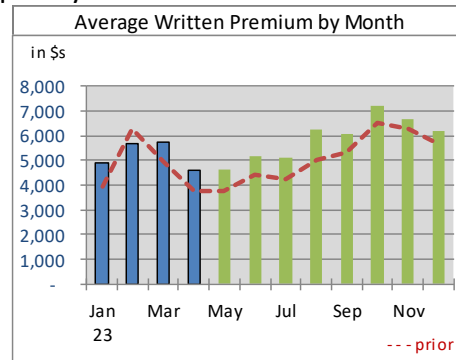
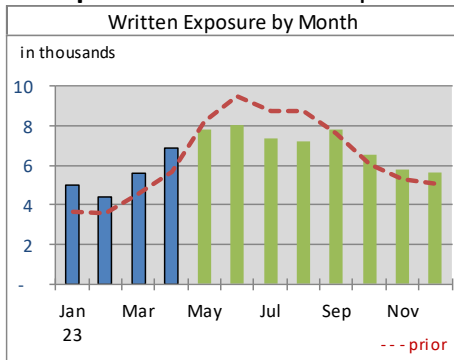
## Premium

PPV premium drivers compared to prior year are:



The Private Passenger vehicle count for the month was 3,380 vehicles; written premium was \$10.4 million, in line compared to prior year. Average premium for PPV was up by 7.1% compared to prior year. The green bars represent our current projection for the remainder of the year.

NPPV premium drivers compared to prior year are:



The Non-Private Passenger vehicle count was 6,864 vehicles, up 21.4% compared with prior year; written premium was \$31.8 million, up 49.7% compared with prior year. Average written premium for NPPV was up 39.7% compared with prior year. There has been significant growth in interurban, commercial, and taxi vehicles primarily driven by Ontario and Alberta.

As a result, the overall month's written premium was up \$10.5 million or 33.0% compared with prior year.

### FARM Summary of full year **Vehicle Count**

2023 Vehicle Count	January	February	March	April	May	June	July	August	September	October	November	December	CY 2023
Jurisdiction	Actual	Actual	Actual	Actual	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Year-end
<b>Ontario</b>	<b>1,533</b>	<b>1,611</b>	<b>1,999</b>	<b>1,840</b>	<b>2,227</b>	<b>2,659</b>	<b>2,462</b>	<b>2,598</b>	<b>2,323</b>	<b>2,058</b>	<b>1,965</b>	<b>2,036</b>	<b>25,310</b>
Private Passenger	522	487	669	700	848	836	862	835	905	665	560	639	8,529
Non Private Passenger	1,011	1,124	1,331	1,140	1,379	1,823	1,600	1,763	1,417	1,393	1,405	1,397	16,781
<b>Alberta</b>	<b>2,051</b>	<b>1,658</b>	<b>2,522</b>	<b>3,228</b>	<b>3,410</b>	<b>3,298</b>	<b>3,024</b>	<b>2,775</b>	<b>3,513</b>	<b>3,246</b>	<b>2,337</b>	<b>2,245</b>	<b>33,306</b>
Private Passenger	87	70	152	132	109	148	110	105	97	85	78	78	1,250
Non Private Passenger	1,964	1,588	2,369	3,097	3,301	3,150	2,914	2,670	3,416	3,162	2,259	2,166	32,056
<b>Atlantics</b>	<b>3,828</b>	<b>3,311</b>	<b>4,005</b>	<b>4,661</b>	<b>5,838</b>	<b>5,637</b>	<b>5,340</b>	<b>5,495</b>	<b>6,200</b>	<b>3,965</b>	<b>3,819</b>	<b>3,606</b>	<b>55,704</b>
Private Passenger	2,036	1,887	2,445	2,394	2,805	2,667	2,427	2,459	3,232	2,379	2,107	2,063	28,902
Non Private Passenger	1,792	1,425	1,560	2,267	3,033	2,970	2,912	3,036	2,968	1,586	1,712	1,543	26,803
<b>Territories</b>	<b>305</b>	<b>378</b>	<b>526</b>	<b>515</b>	<b>484</b>	<b>800</b>	<b>508</b>	<b>631</b>	<b>388</b>	<b>520</b>	<b>375</b>	<b>415</b>	<b>5,845</b>
Private Passenger	99	137	171	154	151	227	119	198	172	160	111	139	1,837
Non Private Passenger	206	242	356	361	333	573	389	433	216	360	264	276	4,008
<b>Total</b>	<b>7,716</b>	<b>6,959</b>	<b>9,052</b>	<b>10,244</b>	<b>11,959</b>	<b>12,393</b>	<b>11,333</b>	<b>11,500</b>	<b>12,424</b>	<b>9,788</b>	<b>8,496</b>	<b>8,302</b>	<b>120,165</b>
Private Passenger	2,743	2,580	3,437	3,380	3,913	3,879	3,519	3,597	4,406	3,289	2,855	2,919	40,517
Non Private Passenger	4,973	4,378	5,615	6,864	8,046	8,515	7,814	7,902	8,017	6,500	5,640	5,383	79,648

### FARM Summary of full year **Written Premium**

2023 Premiums (in thousands)	January	February	March	April	May	June	July	August	September	October	November	December	CY 2023
Jurisdiction	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Year-end
<b>Ontario</b>	<b>13,098</b>	<b>13,450</b>	<b>17,399</b>	<b>13,966</b>	<b>19,980</b>	<b>23,049</b>	<b>22,086</b>	<b>23,986</b>	<b>22,527</b>	<b>24,267</b>	<b>18,619</b>	<b>18,431</b>	<b>230,857</b>
Private Passenger	2,872	2,646	3,645	3,581	3,798	4,460	4,883	4,739	5,240	4,795	3,576	3,938	48,172
Non Private Passenger	10,226	10,804	13,755	10,384	16,182	18,589	17,203	19,247	17,287	19,472	15,043	14,493	182,685
<b>Alberta</b>	<b>11,147</b>	<b>9,433</b>	<b>14,057</b>	<b>16,698</b>	<b>14,378</b>	<b>17,302</b>	<b>15,453</b>	<b>19,901</b>	<b>23,526</b>	<b>23,399</b>	<b>18,121</b>	<b>15,619</b>	<b>199,034</b>
Private Passenger	498	401	845	689	617	839	622	571	623	592	466	443	7,206
Non Private Passenger	10,649	9,031	13,213	16,009	13,761	16,463	14,831	19,330	22,903	22,807	17,655	15,176	191,828
<b>Atlantics</b>	<b>8,371</b>	<b>9,870</b>	<b>10,747</b>	<b>10,708</b>	<b>12,757</b>	<b>12,710</b>	<b>11,465</b>	<b>13,081</b>	<b>15,733</b>	<b>10,261</b>	<b>11,919</b>	<b>10,190</b>	<b>137,811</b>
Private Passenger	5,257	5,079	6,053	5,867	6,951	6,565	5,956	6,277	8,145	5,825	5,369	5,354	72,698
Non Private Passenger	3,114	4,790	4,694	4,841	5,806	6,145	5,509	6,804	7,588	4,436	6,550	4,836	65,113
<b>Territories</b>	<b>717</b>	<b>568</b>	<b>790</b>	<b>784</b>	<b>511</b>	<b>1,382</b>	<b>783</b>	<b>1,027</b>	<b>647</b>	<b>802</b>	<b>465</b>	<b>692</b>	<b>9,169</b>
Private Passenger	207	239	333	272	229	353	243	330	263	345	186	243	3,242
Non Private Passenger	511	330	458	512	282	1,029	540	697	384	457	279	449	5,927
<b>Total</b>	<b>33,333</b>	<b>33,320</b>	<b>42,993</b>	<b>42,155</b>	<b>47,626</b>	<b>54,443</b>	<b>49,787</b>	<b>57,995</b>	<b>62,433</b>	<b>58,729</b>	<b>49,124</b>	<b>44,932</b>	<b>576,871</b>
Private Passenger	8,834	8,364	10,875	10,410	11,595	12,217	11,704	11,917	14,271	11,557	9,597	9,978	131,318
Non Private Passenger	24,500	24,956	32,119	31,745	36,031	42,226	38,083	46,078	48,162	47,172	39,527	34,954	445,553

**FARM Summary of full year Average Written Premiums**

2023 Average Premiums Jurisdiction	January Proj.	February Proj.	March Proj.	April Proj.	May Proj.	June Proj.	July Proj.	August Proj.	September Proj.	October Proj.	November Proj.	December Proj.	CY 2023 Year-end
<b>Ontario</b>	<b>8,545</b>	<b>8,349</b>	<b>8,703</b>	<b>7,590</b>	<b>8,972</b>	<b>8,669</b>	<b>8,971</b>	<b>9,234</b>	<b>9,699</b>	<b>11,792</b>	<b>9,476</b>	<b>9,051</b>	<b>9,121</b>
Private Passenger	5,503	5,430	5,449	5,113	4,478	5,334	5,663	5,676	5,788	7,211	6,388	6,163	5,648
Non Private Passenger	10,116	9,615	10,338	9,112	11,737	10,199	10,754	10,919	12,196	13,980	10,707	10,372	10,886
<b>Alberta</b>	<b>5,436</b>	<b>5,690</b>	<b>5,575</b>	<b>5,173</b>	<b>4,216</b>	<b>5,247</b>	<b>5,111</b>	<b>7,171</b>	<b>6,697</b>	<b>7,208</b>	<b>7,753</b>	<b>6,959</b>	<b>5,976</b>
Private Passenger	5,744	5,761	5,541	5,242	5,687	5,666	5,659	5,438	6,401	6,978	5,987	5,649	5,764
Non Private Passenger	5,422	5,687	5,577	5,170	4,168	5,227	5,090	7,239	6,705	7,214	7,814	7,006	5,984
<b>Atlantic</b>	<b>2,187</b>	<b>2,980</b>	<b>2,683</b>	<b>2,297</b>	<b>2,185</b>	<b>2,255</b>	<b>2,147</b>	<b>2,380</b>	<b>2,538</b>	<b>2,588</b>	<b>3,121</b>	<b>2,826</b>	<b>2,474</b>
Private Passenger	2,582	2,692	2,475	2,451	2,478	2,461	2,454	2,553	2,520	2,449	2,548	2,595	2,515
Non Private Passenger	1,737	3,363	3,009	2,135	1,915	2,069	1,892	2,241	2,557	2,798	3,826	3,134	2,429
<b>Territories</b>	<b>2,355</b>	<b>1,502</b>	<b>1,501</b>	<b>1,522</b>	<b>1,055</b>	<b>1,728</b>	<b>1,543</b>	<b>1,627</b>	<b>1,667</b>	<b>1,544</b>	<b>1,239</b>	<b>1,669</b>	<b>1,569</b>
Private Passenger	2,092	1,746	1,949	1,769	1,517	1,554	2,043	1,664	1,529	2,160	1,676	1,753	1,765
Non Private Passenger	2,482	1,364	1,287	1,417	846	1,797	1,389	1,609	1,777	1,270	1,056	1,627	1,479
<b>Total</b>	<b>4,320</b>	<b>4,788</b>	<b>4,749</b>	<b>4,115</b>	<b>3,982</b>	<b>4,393</b>	<b>4,393</b>	<b>5,043</b>	<b>5,025</b>	<b>6,000</b>	<b>5,782</b>	<b>5,412</b>	<b>4,801</b>
Private Passenger	3,220	3,242	3,164	3,080	2,963	3,150	3,326	3,313	3,239	3,514	3,361	3,418	3,241
Non Private Passenger	4,927	5,700	5,720	4,625	4,478	4,959	4,874	5,831	6,007	7,258	7,008	6,494	5,594

**Insurance Service Expenses**

- Claims Incurred – Incurred losses in April 2023 were \$27.3 million, lower than projection by \$1.2 million and \$1.2 million higher compared with the same month from last year. Loss ratio was at 70.7%, 3.8 percentage points below projected, and up 3.6 percentage points higher compared with prior year.
- Administrative Expense – \$5.4 million for April 2023
- Amortization of Insurance Acquisition Cash Flows (IACFs) – \$3.3 million for April 2023
- 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 2023. We will continue to monitor these indications on an ongoing basis to determine if any segments become onerous and require loss component.

**Projection to year-end 2023**

Compared with The Outlook released in January 2023, insurance revenue has increased by \$15.2 million to \$535.0 million. The year-end 2023 operating result is expected to be \$54.5 million, higher than The Outlook by \$12.1 million.

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 2023](#)

\*04 months ended April 2023 (discounted basis)