

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2023 – 007

DATE: January 30, 2023

SUBJECT: FARM – November 2022 Participation Report

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

Please be advised that the November 2022 FARM Participation Report is available on the Facility Association Portal at <https://portal.facilityassociation.com>.

Highlights

- (a) The **November 2022 premium written** was \$42.5 million, higher than prior year by \$5.8 million. The **2022 year-to-date premium written** was \$10.7 million higher than prior year; and
- (b) The **November 2022 Operating Results** were a surplus of \$5.5 million and the **2022 year-to-date Operating Results** were a surplus of \$90.9 million; and
- (c) The **November 2022 combined operating ratio** was 87.3%, above prior year by 4.8 percentage points. The **2022 year-to-date combined operating ratio** was 80.7%, lower than prior year by 4.4 percentage points;
- (d) The November 2022 Participation Report reflects the Distribution of **\$15.5 million in Operating Results** to members for all Accident Years

Summary of Financial Results

FARM Summary of Financial Results

FARM 2022 Summary Amounts in \$000s	Actual (Nov 2022)	Projection (Nov 2022)	Actual (Nov 2021)	2022 year-to-date as at 11 months	2021 year-to-date as at 11 months	Projection calendar year 2022	Outlook* calendar year 2022	Actual calendar year 2021
Premium Written	42,486	46,054	36,727	462,012	451,349	496,401	518,820	479,426
Premium Earned	42,074	39,699	40,093	454,140	420,976	495,462	493,040	461,837
Incurred Losses	29,043	27,921	25,065	275,172	270,170	304,037	337,337	295,650
Underwriting & Admin Expense	7,503	8,444	7,987	88,104	88,104	96,209	108,084	95,128
Net Result from Operations	5,529	3,333	7,041	90,865	62,703	95,216	47,619	71,058
Ratios:								
Loss ratio								
- Prior Accident Years	(1.0%)	(0.4%)	(1.8%)	(9.4%)	(0.7%)	(8.6%)	(1.8%)	(0.8%)
- Current Accident Year	70.0%	70.8%	64.3%	70.0%	64.8%	70.0%	70.2%	64.8%
Total	69.0%	70.4%	62.5%	60.6%	64.1%	61.4%	68.4%	64.0%
Underwriting & Admin Expense	18.3%	21.3%	20.0%	20.1%	21.0%	19.4%	21.9%	20.6%
Premium Deficiency/(DPAC)	(0.0%)	(1.1%)	0.7%	(0.2%)	(0.5%)	(0.0%)	(0.4%)	(0.3%)
SC Incurred Expenses & Others	18.4%	22.4%	19.2%	20.3%	21.5%	19.5%	22.3%	20.9%
Combined Operating Ratio	87.3%	91.7%	82.5%	80.7%	85.1%	80.8%	90.3%	84.6%

rounding differences may occur

*as posted to FA's website Dec 24, 2021

Operating Results Distributed to Members

The November 2022 Participation Report reflects the Distribution of the balance **of \$15.5 million in Operating Results** for the FARM fiscal year to October 2022 to members for all Accident Years.

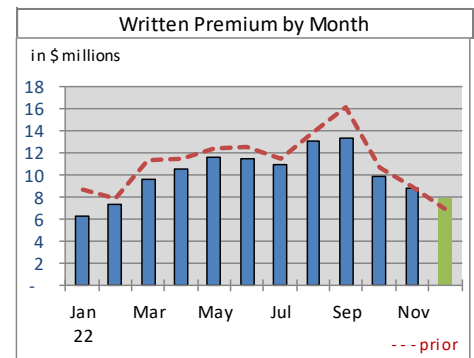
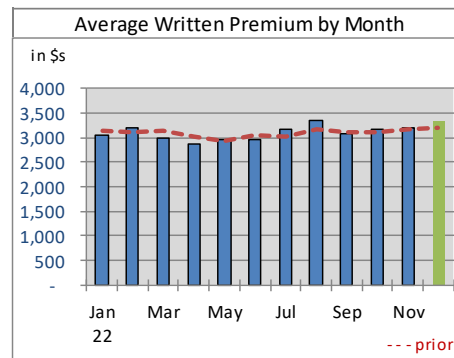
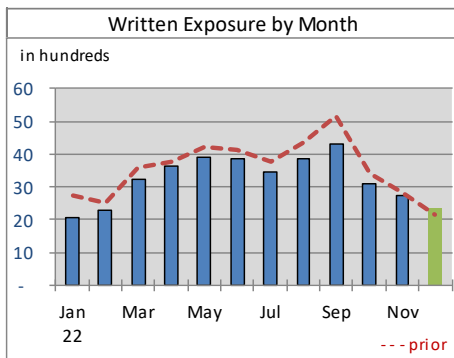
Net Results from Operations (\$000s) to be Distributed to Members

Summary by Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	(5,480)	17,083	11,603
Alberta	908	2,002	2,910
Newfoundland & Labrador	(854)	351	(503)
New Brunswick	725	(1,281)	(556)
Nova Scotia	(22)	(162)	(184)
Prince Edward Island	338	614	952
Yukon	72	391	463
Northwest Territories	176	317	493
Nunavut	97	261	358
TOTAL	(4,040)	19,576	15,536

rounding differences may occur

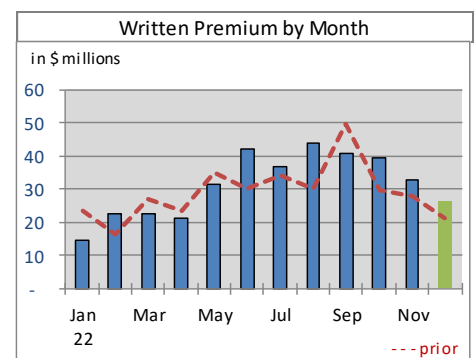
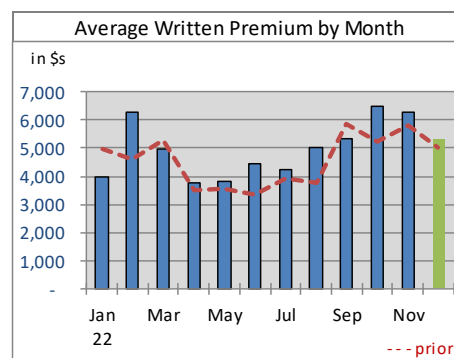
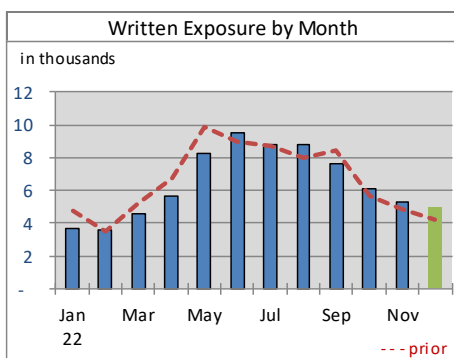
Premium

PPV **premium drivers** compared to prior year and The Outlook to year-end:



The Private Passenger vehicle count for the month was 2,800 vehicles, in line compared with prior year; written premium was \$8.9 million, in line compared with prior year. Average premium for PPV was up by 1.4% compared to prior year.

NPPV **premium drivers** compared to prior year and The Outlook to year-end:



The Non-Private Passenger vehicle count was 4,284 vehicles, up 12.9% compared with prior year; written

premium was \$33.5 million, up 20.4% compared with prior year. Average written premium for NPPV was up by 8.5% compared with prior year.

As a result, the overall month's written premium was up \$5.8 million or 15.7% compared with prior year. Please note, the servicing carrier backlog in new business and renewal processing is now resolved.

Incurred Losses

Incurred losses in November 2022 were \$29.0 million, \$1.1 million higher than projection and \$4.0 million higher compared with the same month from last year. Loss ratio was at 69.0%, down 1.4 percentage points compared with projection and up 6.5 percentage points compared with prior year.

Underwriting and Admin Expenses

Underwriting expenses arise from servicing carrier compensation arrangements and are driven by written premium. Expenses for the month were \$7.5 million; the expense ratio was 2.9% lower compared with projection and 1.7% lower compared with prior year.

Projection to Year-End 2022

Compared to 2021, written premium is expected to increase in 2022 as the economy opens up, and loss ratios are expected to return to pre-pandemic levels.

The updated year-end 2022 operating surplus is expected to be \$95.2 million, with loss ratios lower than The Outlook projections. Please note that current accident year loss ratio is in line with The Outlook and prior accident years had favorable development, largely driven by favourable change in discounting. In addition, expense ratios, driven mainly from lower than expected written premium, are expected to be lower than The Outlook projections.

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 2022](#)

*11 months ended November 2022 (discounted basis)