

**TO:** MEMBERS OF THE FACILITY ASSOCIATION

**ATTENTION:** CHIEF EXECUTIVE OFFICER

**BULLETIN NO:** F2022 – 057

**DATE:** August 30, 2022

**SUBJECT:** FARM – June 2022 Participation Report

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

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

### Highlights

- (a) The **June 2022 premium written** was \$53.3 million, higher than prior year by \$11.2 million. The **2022 year-to-date premium written** was \$6.6 million lower than prior year; and
- (b) The **June 2022 Operating Results** were a surplus of \$4.2 million and the **2022 year-to-date Operating Results** were a surplus of \$43.3 million; and
- (c) The **June 2022 combined operating ratio** was 91.32%, above prior year by 7.6 percentage points. The **2022 year-to-date combined operating ratio** was 82.2%, lower than prior year by 13.6 percentage points.

### Summary of Financial Results

#### *FARM Summary of Financial Results*

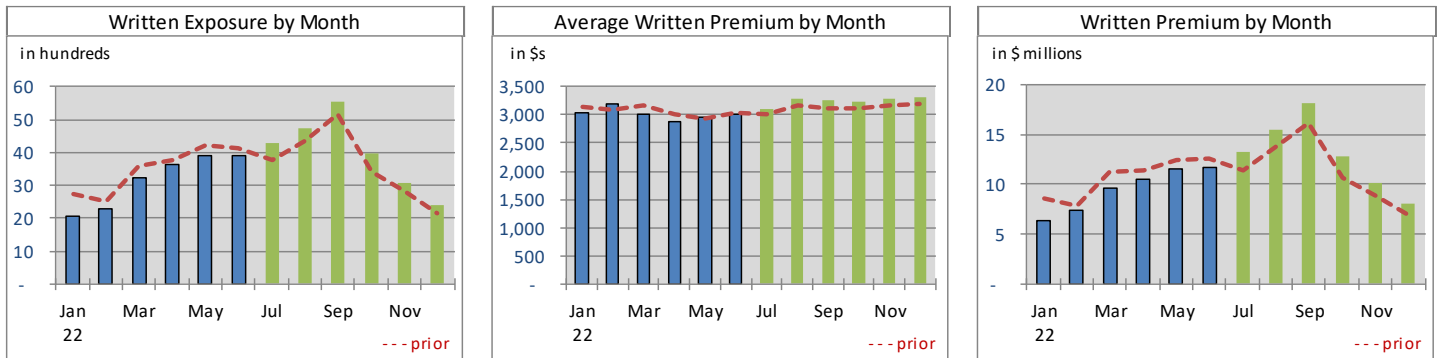
<b>FARM 2022 Summary</b> Amounts in \$000s	Actual (Jun 2022)	Projection (Jun 2022)	Actual (Jun 2021)	2022 year-to-date as at 6 months	2021 year-to-date as at 6 months	Projection calendar year 2022	Outlook* calendar year 2022	Actual calendar year 2021
Premium Written	53,583	45,856	42,349	211,307	217,918	493,225	518,820	475,848
Premium Earned	42,438	26,508	37,065	239,314	216,043	482,242	493,040	458,438
Incurred Losses	28,609	17,680	23,645	150,996	164,855	316,631	337,337	295,645
Underwriting & Admin Expense	9,582	8,074	7,316	45,051	43,304	100,097	108,084	94,298
<b>Net Result from Operations</b>	<b>4,247</b>	<b>755</b>	<b>6,104</b>	<b>43,267</b>	<b>7,886</b>	<b>65,514</b>	<b>47,619</b>	<b>68,495</b>
<b>Ratios:</b>								
<b>Loss ratio</b>								
- Prior Accident Years	(1.5%)	(2.5%)	(2.0%)	(6.3%)	9.7%	(3.7%)	(1.8%)	(0.4%)
- Current Accident Year	69.7%	69.2%	65.8%	69.4%	66.0%	69.3%	70.2%	64.8%
<b>Total</b>	<b>68.2%</b>	<b>66.7%</b>	<b>63.8%</b>	<b>63.1%</b>	<b>75.7%</b>	<b>65.6%</b>	<b>68.4%</b>	<b>64.4%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>23.1%</b>	<b>30.5%</b>	<b>19.8%</b>	<b>19.1%</b>	<b>20.1%</b>	<b>20.8%</b>	<b>21.9%</b>	<b>20.6%</b>
<b>Premium Deficiency/(DPAC)</b>	<b>(2.1%)</b>	<b>(5.7%)</b>	<b>(1.2%)</b>	<b>0.8%</b>	<b>(0.1%)</b>	<b>(0.1%)</b>	<b>(0.4%)</b>	<b>(0.3%)</b>
<b>SC Incurred Expenses &amp; Others</b>	<b>24.6%</b>	<b>36.1%</b>	<b>20.9%</b>	<b>18.0%</b>	<b>20.1%</b>	<b>20.9%</b>	<b>22.3%</b>	<b>20.8%</b>
<b>Combined Operating Ratio</b>	<b>91.3%</b>	<b>97.2%</b>	<b>83.6%</b>	<b>82.2%</b>	<b>95.8%</b>	<b>86.4%</b>	<b>90.3%</b>	<b>85.0%</b>

*rounding differences may occur*

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

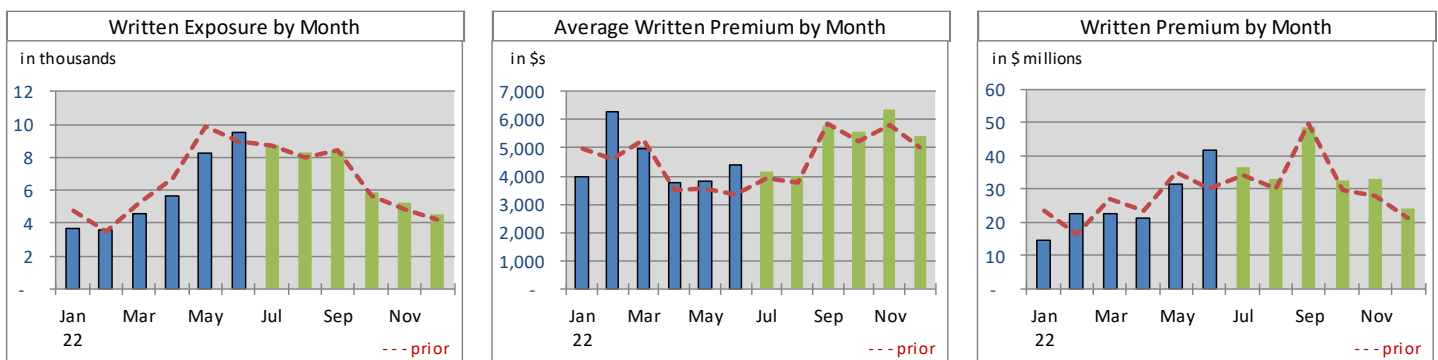
## Premium

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



The Private Passenger vehicle count for the month was 3,904 vehicles, down 5.0% compared with prior year; written premium was \$11.7 million, down 6.1% compared with prior year. Average premium for PPV was down by 1.2% compared to prior year.

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



The Non-Private Passenger vehicle count was 9,483 vehicles, up 6.0% compared with prior year; written premium was \$41.9 million, up 38.9% compared with prior year. Average written premium for NPPV was up by 31.0% compared with prior year.

As a result, the overall month's written premium was up \$10.9 million or 25.7% compared with prior year. As mentioned in previous Participation Reports, the current decrease in year-to-date vehicle count and written premium is mainly driven by a backlog in processing renewals and new business impacted by the transition to a single Servicing Carrier environment. We expect that the reporting backlog will be cleared over the next few months, and we will provide additional commentary as this occurs.

The following table shows vehicle counts and written premium by rating class on a rolling 12-months basis. The decreases in Non-Private Passenger vehicle counts are driven by a decline in recreational vehicles, while premiums are still up due to commercial vehicles, taxi and public/private buses. The growth in interurban and commercial vehicle counts across jurisdictions, observed over the last few years as the voluntary market tightened, appears to be slowing. The current year we have experienced a decline in Private Passenger vehicles counts and premiums for most jurisdictions resulting from the reporting backlog.

**FARM Vehicle Counts and Written Premium – Rolling 12-months to June 2022**

Business Segment	FA Minor Rating Class Desc	2022 rolling 12 to month 06			% Change in Amount			Change in Amount			2021 rolling 12 to month 06		
		Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
PPV	Private Passenger (x Farmers)	37,773	117,583,675	3,113	(9.6%)	(9.4%)	0.2%	(4,005)	(12,193,825)	7	41,778	129,777,500	3,106
	Farmer	1	2,324	2,324	(33.3%)	109.2%	213.6%	(1)	1,213	1,583	2	1,111	741
PPV Total		37,774	117,585,999	3,113	(9.6%)	(9.4%)	0.2%	(4,005)	(12,192,612)	7	41,779	129,778,611	3,106
non-PPV	Private Passenger (x Farmers)	563	1,002,806	1,783	(3.8%)	16.1%	20.7%	(22)	138,982	306	585	863,824	1,477
	Commercial	21,514	128,416,700	5,969	0.8%	5.7%	4.8%	180	6,966,682	276	21,333	121,450,018	5,693
	Interurban	10,930	112,830,761	10,323	4.4%	(2.6%)	(6.8%)	465	(3,057,176)	(750)	10,465	115,887,937	11,073
	Public Bus	1,290	5,806,691	4,502	33.9%	62.8%	21.5%	327	2,239,057	798	963	3,567,634	3,704
	Private Bus & Misc Public	1,839	9,033,197	4,913	8.3%	18.7%	9.5%	142	1,421,730	428	1,697	7,611,467	4,485
	School Bus	1,403	2,390,985	1,704	(7.8%)	1.8%	10.4%	(119)	42,200	161	1,522	2,348,785	1,543
	Hotel & Country Club Bus	515	1,270,143	2,469	(12.1%)	(10.1%)	2.3%	(71)	(142,491)	56	585	1,412,634	2,413
	Taxi	5,160	38,314,344	7,426	0.7%	10.1%	9.4%	36	3,515,063	635	5,124	34,799,281	6,791
	Funeral	7	21,057	3,198	31.7%	23.6%	(6.2%)	2	4,017	(210)	5	17,040	3,408
	Ambulance	86	375,404	4,365	2.2%	18.6%	16.1%	2	58,911	605	84	316,493	3,760
	Motorcycle	14,659	13,465,874	919	(20.6%)	(14.7%)	7.5%	(3,804)	(2,329,591)	64	18,464	15,795,465	855
	All Terrain Vehicle	8,668	4,300,025	496	(14.7%)	(9.1%)	6.7%	(1,495)	(429,330)	31	10,163	4,729,355	465
	Snow Vehicle	3,328	1,553,133	467	(12.4%)	(4.5%)	9.1%	(472)	(72,894)	39	3,800	1,626,027	428
	Antique	5	13,135	2,765	39.0%	(9.6%)	(35.0%)	1	(1,396)	(1,488)	3	14,531	4,253
	Motor Home	481	1,012,848	2,104	15.7%	(2.1%)	(15.4%)	65	(22,024)	(384)	416	1,034,872	2,488
	Trailer Home	-	36,046	36,046	-	(49.5%)	(49.5%)	-	(35,349)	(35,349)	-	71,395	71,395
	Garage	-	11,760,364	11,760,364	-	(5.1%)	(5.1%)	-	(629,866)	(629,866)	-	12,390,230	12,390,230
	Non-Owned	-	1,311,552	1,311,552	-	36.2%	36.2%	-	348,669	348,669	-	962,883	962,883
	Drivers Policy	48	74,045	1,537	(42.6%)	(40.6%)	3.4%	(36)	(50,670)	51	84	124,715	1,486
non-PPV Total		70,495	332,989,110	4,724	(6.4%)	2.5%	9.4%	(4,800)	7,964,524	407	75,295	325,024,586	4,317
TOTAL		108,269	450,575,109	4,162	(7.5%)	(0.9%)	7.1%	(8,805)	(4,228,088)	277	117,074	454,803,197	3,885

**Incurred Losses**

Incurred losses in June 2022 were \$28.6 million, \$10.9 million higher than projection and \$4.9 million higher compared with the same month from last year. Loss ratio was at 68.2%, up 1.5 percentage points compared with projection and up 4.4 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 \$9.6 million; the expense ratio was 11.5% lower compared with projection and higher 3.7% 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 \$65.5 million with loss ratios slightly lower than The Outlook projections. Expense ratios and combined ratios, driven mainly from written premium, are expected to be slightly 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](#)

\*06 months ended June 2022 (discounted basis)