

TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO: F2022 – 038

DATE: June 29, 2022

SUBJECT: FARM – April 2022 Participation Report

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

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

Highlights

- (a) The **April 2022 premium written** was \$31.5 million, lower than prior year by \$3.3 million. The **2022 year-to-date premium written** was \$14.6 million lower than prior year; and
- (b) The **April 2022 Operating Results** were a surplus of \$5.0 million and the **2022 year-to-date Operating Results** were a surplus of \$25.4 million; and
- (c) The **April 2022 combined operating ratio** was 87.0%, above prior year by 3.0 percentage points. The **2022 year-to-date combined operating ratio** was 83.8%, lower than prior year by 10.0 percentage points; and

Summary of Financial Results

FARM Summary of Financial Results

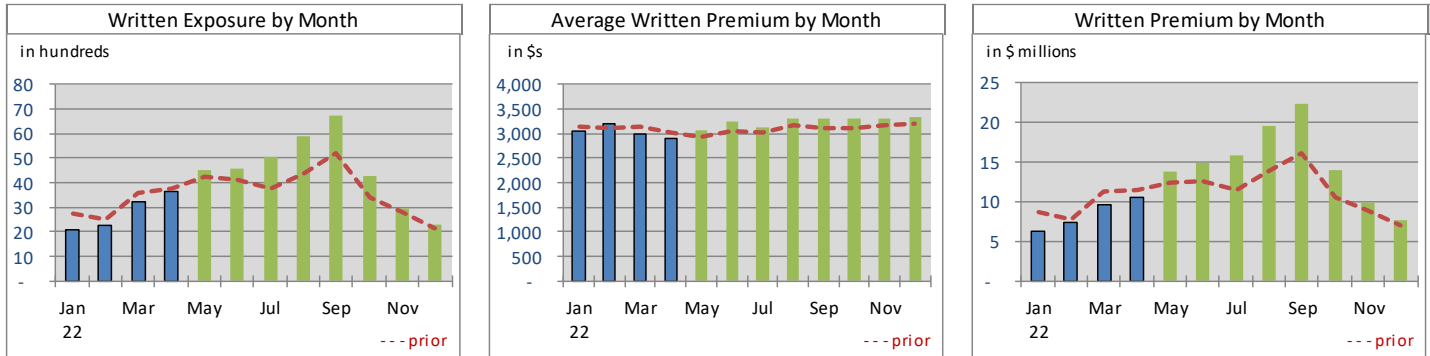
FARM 2022 Summary Amounts in \$000s	Actual (Apr 2022)	Projection (Apr 2022)	Actual (Apr 2021)	2022 year-to-date as at 4 months	2021 year-to-date as at 4 months	Projection calendar year 2022	Outlook* calendar year 2022	Actual calendar year 2021
Premium Written	31,499	35,073	34,800	114,845	129,412	517,363	518,820	479,426
Premium Earned	38,851	30,718	36,183	155,553	142,067	486,653	493,040	461,837
Incurred Losses	26,879	20,708	23,165	103,494	105,780	330,067	337,337	295,650
Underwriting & Admin Expense	6,964	7,024	7,207	26,695	27,511	105,903	108,084	95,128
Net Result from Operations	5,008	2,987	5,811	25,363	8,777	50,682	47,619	71,058
Ratios:								
Loss ratio								
- Prior Accident Years	(2.4%)	(2.3%)	(2.9%)	(4.0%)	7.2%	(2.5%)	(1.8%)	(0.8%)
- Current Accident Year	71.5%	69.7%	66.9%	70.6%	67.2%	70.3%	70.2%	64.8%
Total	69.1%	67.4%	64.0%	66.6%	74.4%	67.8%	68.4%	64.0%
Underwriting & Admin Expense	17.9%	22.9%	20.0%	17.2%	19.4%	21.8%	21.9%	20.6%
Premium Deficiency/(DPAC)	1.2%	(1.3%)	0.2%	1.9%	0.6%	(0.4%)	(0.4%)	(0.3%)
SC Incurred Expenses & Others	16.7%	24.2%	19.8%	15.2%	18.7%	22.2%	22.3%	20.9%
Combined Operating Ratio	87.0%	90.3%	84.0%	83.8%	93.8%	89.6%	90.3%	84.6%

rounding differences may occur

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

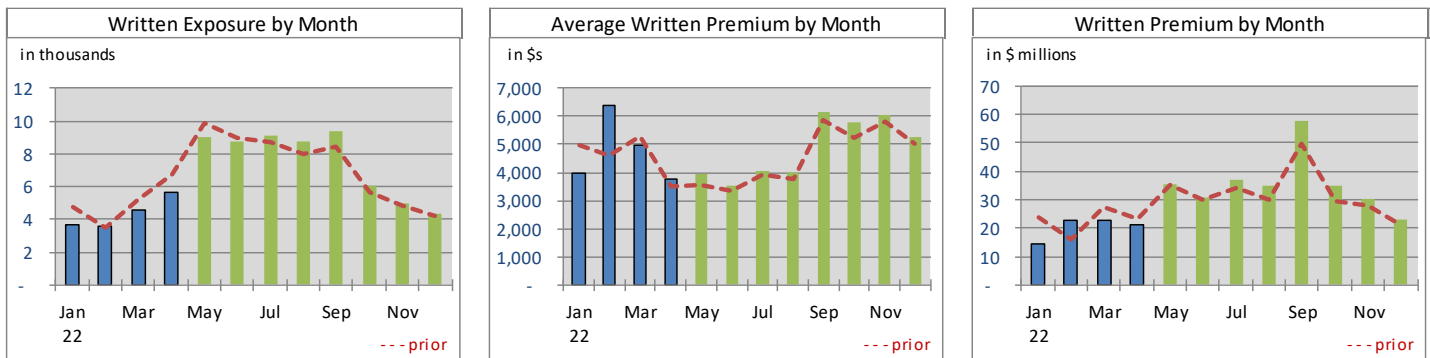
Premium

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



The Private Passenger vehicle count for the month was 3,647 vehicles, down 3.4% compared with prior year; written premium was \$10.5 million, down 7.5% compared with prior year. Average premium for PPV was down by 4.3% compared to prior year.

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



The Non-Private Passenger vehicle count was 5,650 vehicles, down 15.6% compared with prior year; written premium was \$21.2 million, down 9.4% compared with prior year. Average written premium for NPPV was up by 7.3% compared with prior year.

As a result, the overall month's written premium was down \$3.1 million or 8.8% compared with prior year. As mentioned in previous Participation Reports, the current decrease in 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 public/private buses and commercial vehicles. 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 April 2022

Business Segment	FA Minor Rating Class Desc	2022 rolling 12 to month 04			% Change in Amount			Change in Amount			2021 rolling 12 to month 04		
		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)	38,054	118,532,893	3,115	(8.4%)	(8.7%)	(0.3%)	(3,508)	(11,304,160)	(9)	41,562	129,837,053	3,124
	Farmer	2	2,990	1,495	300.0%	571.9%	68.0%	2	2,545	605	1	445	890
PPV Total		38,056	118,535,883	3,115	(8.4%)	(8.7%)	(0.3%)	(3,507)	(11,301,615)	(9)	41,563	129,837,498	3,124
non-PPV	Private Passenger (x Farmers)	596	972,070	1,632	(3.4%)	1.6%	5.2%	(21)	15,559	81	617	956,511	1,551
	Commercial	21,015	125,613,278	5,977	0.5%	4.8%	4.3%	103	5,793,340	247	20,912	119,819,938	5,730
	Interurban	10,301	108,052,244	10,490	3.4%	0.1%	(3.1%)	337	148,682	(340)	9,964	107,903,562	10,830
	Public Bus	1,153	4,969,215	4,312	46.5%	49.2%	1.8%	366	1,638,515	78	787	3,330,700	4,234
	Private Bus & Misc Public	1,739	8,870,917	5,101	15.4%	36.1%	17.9%	232	2,350,965	773	1,507	6,519,952	4,328
	School Bus	1,440	2,377,521	1,651	(2.0%)	3.9%	6.0%	(29)	89,031	93	1,469	2,288,490	1,558
	Hotel & Country Club Bus	539	1,298,678	2,410	8.1%	4.3%	(3.6%)	40	52,987	(89)	498	1,245,691	2,499
	Taxi	5,024	37,190,633	7,403	(3.5%)	(0.6%)	3.0%	(181)	(230,159)	213	5,205	37,420,792	7,190
	Funeral	7	26,623	3,715	79.2%	110.1%	17.2%	3	13,949	546	4	12,674	3,169
	Ambulance	76	310,592	4,087	(9.2%)	(1.9%)	8.0%	(8)	(6,103)	302	84	316,695	3,785
	Motorcycle	15,488	14,333,900	925	(13.4%)	6.0%	22.4%	(2,399)	815,555	169	17,887	13,518,345	756
	All Terrain Vehicle	8,881	4,361,177	491	(10.9%)	(4.9%)	6.5%	(1,082)	(227,118)	30	9,963	4,588,295	461
	Snow Vehicle	3,302	1,497,911	454	(12.2%)	(8.3%)	4.6%	(461)	(135,650)	20	3,762	1,633,561	434
	Antique	5	15,003	3,159	7.5%	0.7%	(6.4%)	0	100	(215)	4	14,903	3,374
	Motor Home	465	1,068,971	2,301	25.7%	21.0%	(3.7%)	95	185,581	(89)	370	883,390	2,390
	Trailer Home	-	44,934	44,934	-	(36.7%)	(36.7%)	-	(26,097)	(26,097)	-	71,031	71,031
	Garage	-	11,785,259	11,785,259	-	(4.4%)	(4.4%)	-	(537,415)	(537,415)	-	12,322,674	12,322,674
	Non-Owned	-	1,262,052	1,262,052	-	26.7%	26.7%	-	265,947	265,947	-	996,105	996,105
	Drivers Policy	55	83,804	1,512	(39.7%)	(39.6%)	0.2%	(37)	(54,856)	3	92	138,660	1,509
non-PPV Total		70,084	324,134,782	4,625	(4.2%)	3.2%	7.7%	(3,040)	10,152,813	331	73,123	313,981,969	4,294
TOTAL		108,140	442,670,665	4,094	(5.7%)	(0.3%)	5.8%	(6,547)	(1,148,802)	224	114,686	443,819,467	3,870

Incurred Losses

Incurred losses in April 2022 were \$26.9 million, \$6.2 million higher than projection and \$3.7 million higher compared with the same month form last year.

Loss ratio was at 69.1%, up 1.7 percentage points compared with projection and up 5.1% 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 \$7.0 million; the expense ratio was in line with projection and prior year.

Projection to Year-End 2022

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

The updated year-end 2022 operating surplus is expected to be \$50.7 million with loss ratios slightly lower than The Outlook. Expense ratios and combined ratios, driven mainly from written premium, are expected to be in line with 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](#)

*04 months ended April 2022 (discounted basis)