

**TO:** MEMBERS OF THE FACILITY ASSOCIATION  
**ATTENTION:** CHIEF EXECUTIVE OFFICER  
**BULLETIN NO:** F2021 – 088  
**DATE:** November 29, 2021  
**SUBJECT:** FARM – September 2021 Participation Report

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

Please be advised that the September 2021 FARM Participation Report is available on the Facility Association Portal at <https://portal.facilityassociation.com>.

## Highlights

- (a) The **September 2021 premium written for the month was \$66 million**, higher than prior year by \$25 million;
- (b) The **year-to-date net operating surplus was \$41 million**, with the addition of \$5 million in surplus generated in September, resulting in a year-to-date COR of 88.0% on earned premium of \$339 million.

## Summary of Financial Results

### FARM Summary of Financial Results

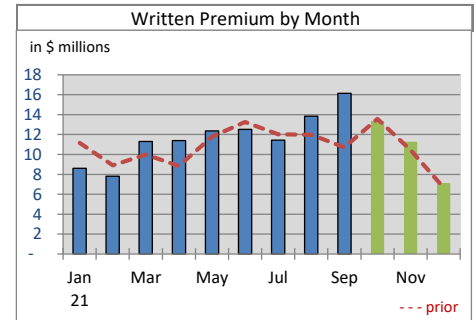
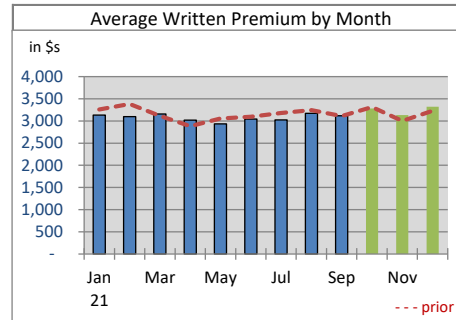
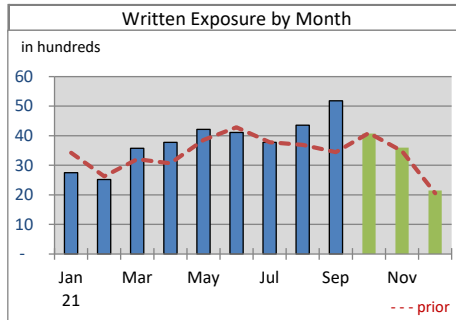
<b>FARM 2021 Summary</b> Amounts in \$000s	Actual (Sep 2021)	Projection (Sep 2021)	Actual (Sep 2020)	2021 year-to-date as at 9 months	2020 year-to-date as at 9 months	Projection calendar year 2021	Outlook* calendar year 2021
Premium Written	65,697	41,634	40,830	374,379	321,867	472,631	466,359
Premium Earned	42,022	32,542	34,138	339,072	287,752	459,849	450,497
Incurred Losses	26,805	21,180	20,501	226,637	225,744	302,989	288,087
Underwriting & Admin Expense	10,544	8,118	7,311	71,515	62,366	95,526	99,257
<b>Net Result from Operations</b>	<b>4,673</b>	<b>3,244</b>	<b>6,326</b>	<b>40,920</b>	<b>(358)</b>	<b>61,333</b>	<b>63,153</b>
<b>Ratios:</b>							
<b>Loss ratio</b> - Prior Accident Years	(1.6%)	(0.8%)	(2.0%)	1.0%	16.1%	0.3%	(2.4%)
- Current Accident Year	65.4%	65.9%	62.0%	65.9%	62.3%	65.6%	66.4%
<b>Total</b>	<b>63.8%</b>	<b>65.1%</b>	<b>60.1%</b>	<b>66.9%</b>	<b>78.4%</b>	<b>65.9%</b>	<b>63.9%</b>
<b>Underwriting &amp; Admin Expense</b>	<b>25.2%</b>	<b>25.1%</b>	<b>21.5%</b>	<b>21.1%</b>	<b>21.8%</b>	<b>20.8%</b>	<b>22.1%</b>
<b>Combined Operating Ratio</b>	<b>89.0%</b>	<b>90.2%</b>	<b>81.6%</b>	<b>88.0%</b>	<b>100.2%</b>	<b>86.7%</b>	<b>86.0%</b>

*rounding differences may occur*

\*as posted to FA's website Feb. 9, 2021

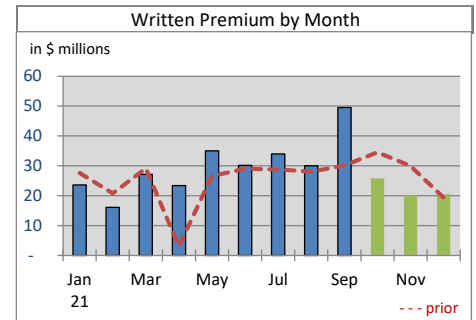
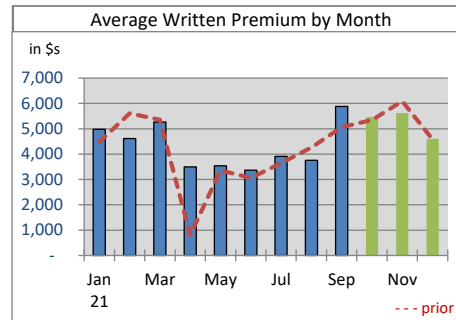
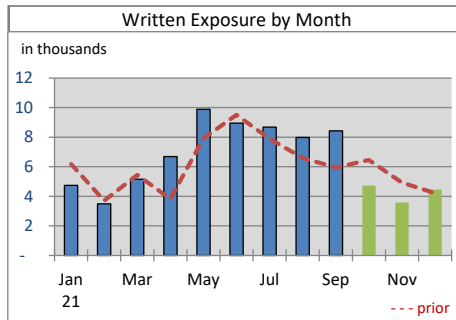
## Premium

### PPV premium drivers compared to prior year and outlook to year end



September 2021's Private Passenger vehicle count was 5,179 vehicles, up 50.3% compared with prior year; written premium was \$16.1 million, up 50.7% compared with prior year. Ontario, Newfoundland & Labrador, and Nova Scotia account for majority of the increase.

### NPPV premium drivers compared to prior year and outlook to year end



September 2021's Non-Private Passenger vehicle count was 8,431 vehicles, up 41.7% compared with prior year; written premium was \$49.6 million, up 64.5% compared with prior year.

Average written premium for PPV was fairly consistent with prior year, while NPPV was slightly higher than prior year.

As a result, the overall month's written premium was up \$24.9 million or 60.9% compared with prior year.

It is important to note that Non-Private Passenger counts and premiums are influenced by change in mix; we have included the following table with FARM vehicle counts and written premium by rating class on a rolling 12-months basis. The increase in Non-Private Passenger vehicle counts and written premium are mainly driven by increases in interurban vehicles and commercial vehicles. Note that the rapid growth in interurban vehicle counts across jurisdictions, observed over the last few years as a result of the tightened voluntary market has slowed with a previous decrease in Ontario; however, the interurban counts are still up for all jurisdictions.

**FARM Vehicle Counts and Written Premium – Rolling 12-months to September 2021**

Business Segment	FA Minor Rating Class Desc	2021 rolling 12 to month 09			% Change in Amount			Change in Amount			2020 rolling 12 to month 09		
		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)	43,987	135,903,925	3,090	4.9%	2.5%	(2.2%)	2,060	3,353,878	(71)	41,927	132,550,047	3,161
	Farmer	2	1,030	687	100.0%	1,171.6%	748.1%	2	949	606	-	81	81
PPV Total		43,988	135,904,955	3,090	4.9%	2.5%	(2.2%)	2,062	3,354,827	(71)	41,927	132,550,128	3,161
non-PPV	Private Passenger (x Farmers)	600	923,280	1,538	(10.2%)	34.1%	49.3%	(68)	235,027	508	668	688,253	1,030
	Commercial	22,388	130,007,299	5,807	8.0%	12.9%	4.6%	1,649	14,849,211	254	20,738	115,158,088	5,553
	Interurban	11,614	123,359,056	10,622	50.3%	33.2%	(11.4%)	3,887	30,726,596	(1,367)	7,726	92,632,460	11,989
	Public Bus	1,020	4,084,722	4,006	26.3%	46.2%	15.8%	212	1,291,010	547	808	2,793,712	3,459
	Private Bus & Misc Public	1,800	7,978,535	4,433	32.5%	39.1%	4.9%	441	2,241,118	209	1,358	5,737,417	4,224
	School Bus	1,470	2,451,148	1,668	60.9%	70.0%	5.7%	556	1,009,481	90	914	1,441,667	1,578
	Hotel & Country Club Bus	583	1,451,492	2,490	7.4%	19.5%	11.2%	40	236,351	251	543	1,215,141	2,239
	Taxi	5,209	37,910,528	7,278	1.7%	3.8%	2.0%	87	1,381,318	146	5,122	36,529,210	7,132
	Funeral	6	19,812	3,213	105.6%	100.1%	(2.6%)	3	9,913	(87)	3	9,899	3,300
	Ambulance	84	311,104	3,689	76.0%	52.5%	(13.3%)	36	107,129	(568)	48	203,975	4,257
	Motorcycle	19,526	18,084,697	926	2.9%	28.7%	25.0%	551	4,029,382	185	18,974	14,055,315	741
	All Terrain Vehicle	10,497	4,895,578	466	5.8%	11.4%	5.2%	571	500,945	23	9,926	4,394,633	443
	Snow Vehicle	3,862	1,660,598	430	1.4%	1.7%	0.2%	53	27,345	1	3,809	1,633,253	429
	Antique	5	22,091	4,820	(6.8%)	177.8%	198.1%	(0)	14,140	3,203	5	7,951	1,617
	Motor Home	487	1,137,042	2,335	33.7%	26.6%	(5.3%)	123	239,069	(130)	364	897,973	2,465
	Trailer Home	-	73,919	73,919	-	0.1%	0.1%	-	73	73	-	73,846	73,846
	Garage	-	12,790,046	12,790,046	-	15.0%	15.0%	-	1,670,435	1,670,435	-	11,119,611	11,119,611
	Non-Owned	-	1,443,106	1,443,106	-	176.3%	176.3%	-	920,856	920,856	-	522,250	522,250
	Drivers Policy	73	110,510	1,524	(22.3%)	(19.6%)	3.5%	(21)	(26,967)	51	93	137,477	1,473
non-PPV Total		79,222	348,714,563	4,402	11.4%	20.6%	8.2%	8,121	59,462,432	334	71,101	289,252,131	4,068
TOTAL		123,210	484,619,518	3,933	9.0%	14.9%	5.4%	10,182	62,817,259	201	113,027	421,802,259	3,732

**Incurred Losses**

Incurred losses in September 2021 was \$26.8 million; and loss ratio was at 63.8%, down 1.3 percentage points compared with our projection last month while up 3.7 percentage points compared with prior year.

Reported losses in September 2021 was \$1.0 million higher than projected. The Current Accident Year had a \$2.5 million unfavourable variance in reported losses, while the Prior Accident Years had an approximately \$1.5 million favourable variance. No other single Prior Accident Year had a reported loss variance in excess of \$1.0 million.

**Underwriting and Admin Expenses**

Expenses for September 2021 was \$10.5 million; the expense ratio was in line with our projected, while 3.7 percentage point higher than prior year. As underwriting expenses are largely a function of servicing carrier compensation arrangements, these variances were primarily driven by the change in written premium and earned premium while premium deficiency reserve and administrative expenses remained relatively constant.

**Projection to year-end 2021**

Compared with the Outlook released in February 2021, the projected full year written premium has deviated slightly, up \$6.3 million (1.3%) to \$472.6 million. As a result of the change in projected written premium, earned premium also increased by \$9.4 million (2.1%) to \$459.8 million.

The updated year-end 2021 operating surplus is now \$61.3 million and the combined operating ratio is 86.7%, the deterioration of \$1.8 million in operating result and an improvement of 0.7 percentage points in combined operating ratio compared with 2021 Outlook reflects the increase in claims liabilities, primarily driven by the unfavourable development of Prior Accident Year claims in Ontario and Alberta, partially offset by the impact of servicing carrier's new reserving methodology in Body Injury and updated COVID-19 assumptions.

Should you require any further information, please call Sheetal Savani, VP Finance, Compliance and CFO at (416) 863-1750 x5626.

Saskia Matheson  
President & CEO

**Related link:**

[FARM Summary of Operations – Calendar Year 2021](#)

\*9 months ended September 2021 (discounted basis)