

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 027
DATE: July 30, 2025
SUBJECT: FARM – May 2025 Participation Report

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

Please be advised that the May 2025 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.

Amounts in \$000s	Actual (May 2025)	Prior Year (May 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	44,323	44,002	0.7%	526,413	522,010	0.8%
Operating Result	(12,332)	6,295	(295.9%)	28,993	53,599	(45.9%)
Written Vehicle Count	13,575	13,391	1.4%	120,505	119,552	0.8%
Average Written Premium (\$s)	3,995	3,888	2.8%	4,269	4,440	(3.9%)
Combined Operating Ratio (%)	127.8%	85.7%	42.1%	94.5%	89.7%	4.8% pts
Balance Sheet Snapshot						
LIC	723,925	677,622	6.8%	742,972	697,516	6.5%
Nominal Unpaid Claims	736,514	704,957	4.5%	756,329	714,673	5.8%
Discount Amount	(69,753)	(85,738)	(18.6%)	(69,743)	(72,821)	(4.2%)
Risk Adjustment	57,164	58,403	(2.1%)	56,387	55,664	1.3%
LRC	200,692	204,585	(1.9%)	219,654	210,071	4.6%

Related Links:

- [LRC Calculation file](#)
- [Detailed Valuation Results file](#)
- [Supplementary Information including Exhibits](#)
- [FARM Summary of Operations – Calendar Year 2025](#)

FARM Summary of IFRS17 Financial Results	Actual	Projection	Prior Year	2025 year-to-date	2024 year-to-date	2025 year-end	Outlook*	2024 year-end
Amounts in \$000s	(May 2025)	(May 2025)	(May 2024)	as at 5 months	as at 5 months	Projection	Full year 2025	Actual
Written Premium	54,239	52,066	52,518	202,727	213,103	514,419	543,344	530,823
Received Premium	52,583	50,785	51,835	201,573	214,003	511,333	541,789	530,144
Earned Premium	44,323	43,951	44,002	210,732	211,185	526,413	549,509	522,010
Insurance Revenue	44,323	43,951	44,002	210,732	211,185	526,413	549,509	522,010
Total Claims Incurred	40,709	30,044	27,025	147,468	133,140	365,132	363,445	305,563
<i>Claims incurred (CAY)</i>	31,999	31,736	30,625	154,230	143,412	381,604	379,653	357,030
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	8,710	(1,692)	(3,600)	(6,761)	(10,273)	(16,472)	(16,208)	(51,467)
Administrative Expense	6,817	6,409	7,193	26,594	27,742	64,957	66,947	68,716
Amortization of IACFs	3,608	3,622	3,617	17,719	17,093	43,660	47,394	44,066
Change in Loss Component	0	0	0	0	0	0	0	0
Insurance Service Expenses	51,133	40,075	37,834	191,782	177,975	473,749	477,786	418,344
Insurance Service Result	(6,811)	3,875	6,167	18,950	33,210	52,664	71,723	103,666
<i>Insurance Finance Expense from PV FCF</i>	(5,954)	(2,090)	(1,108)	(15,369)	(29,204)	(32,345)	(34,934)	(61,400)
<i>Insurance Finance Expense from Risk Adjustment</i>	(504)	(168)	(137)	(1,245)	(2,503)	(2,670)	(2,891)	(5,086)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0	0	0
Insurance Finance Income (Expense)	(6,458)	(2,258)	(1,245)	(16,614)	(31,707)	(35,015)	(37,826)	(66,486)
Investment Income	937	936	1,372	4,826	6,967	11,344	14,518	16,419
Operating Result	(12,332)	2,553	6,295	7,162	8,470	28,993	48,415	53,599
Key Ratios:								
Loss ratio	91.8%	68.4%	61.4%	70.0%	63.0%	69.4%	66.1%	58.5%
<i>CAY Loss Ratio</i>	72.2%	72.2%	69.6%	73.2%	67.9%	72.5%	69.1%	68.4%
<i>PAY Loss Ratio</i>	19.7%	(3.9%)	(8.2%)	(3.2%)	(4.9%)	(3.1%)	(2.9%)	(9.9%)
Underwriting and Admin Expenses	23.5%	22.8%	24.6%	21.0%	21.2%	20.6%	20.8%	21.6%
<i>Administrative Expenses</i>	15.4%	14.6%	16.3%	12.6%	13.1%	12.3%	12.2%	13.2%
<i>Amortization of IACFs</i>	8.1%	8.2%	8.2%	8.4%	8.1%	8.3%	8.6%	8.4%
<i>Change in Loss Component</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance Service Ratio	115.4%	91.2%	86.0%	91.0%	84.3%	90.0%	86.9%	80.1%
Insurance Finance Income	14.6%	5.1%	2.8%	7.9%	15.0%	6.7%	6.9%	12.7%
Investment Income Ratio	(2.1%)	(2.1%)	(3.1%)	(2.3%)	(3.3%)	(2.2%)	(2.6%)	(3.1%)
Combined Operating Ratio	127.8%	94.2%	85.7%	96.6%	96.0%	94.5%	91.2%	89.7%

rounding differences may occur

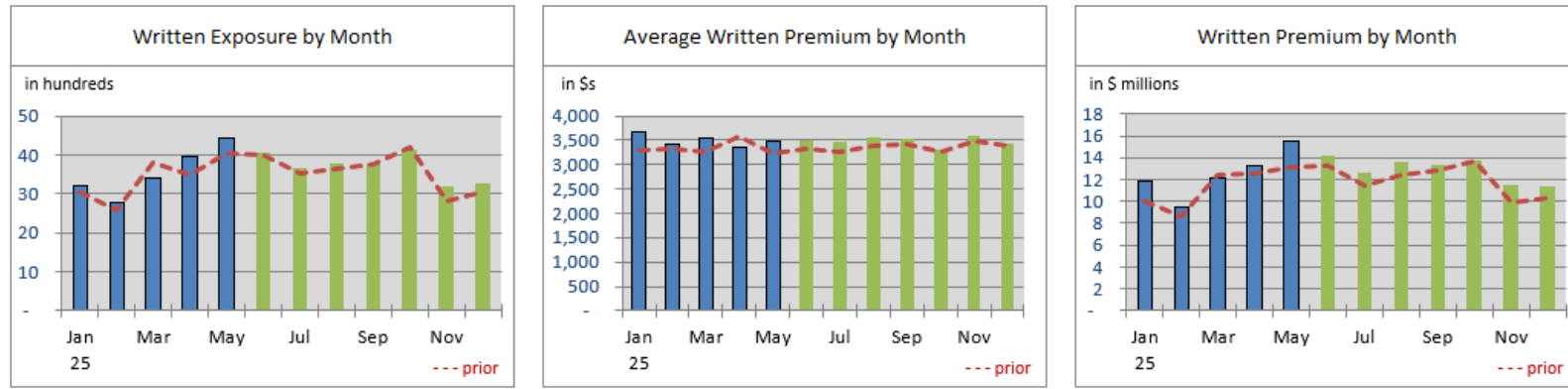
*as posted to FA's website Dec 23, 2024

- **Claims Incurred:** Current AY loss ratio is fairly in line with the projected. Prior AY loss ratio increased compared to projection primarily driven by unfavorable large loss development in PPV Ontario and Atlantic regions. The projected CAY loss ratio for 2025 is slightly higher than last years CAY loss ratio primarily driven by growth in Ontario interurban (high severity LOB) and higher loss trend assumptions for Alberta non-ppv.
- **Change in Loss Component:** FARM business is priced with a fair return on Members' capital 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 2025. We will continue to monitor these indications on an ongoing basis to determine if any segments become onerous and require loss component.
- **Insurance Finance income/ (expense):** This is comprised of both the release of the effect of discounting due to the passage of time (also known as discount unwinding) and the effect due to changes in discounting assumptions. The latter is only reflected in implementation months (March,

May, August, and October), when the yield curve is updated. The yield impact is approximately \$4.2 million (unfavorable) driven by changes in yields ranging between -28 to -24 basis point change across all jurisdictions.

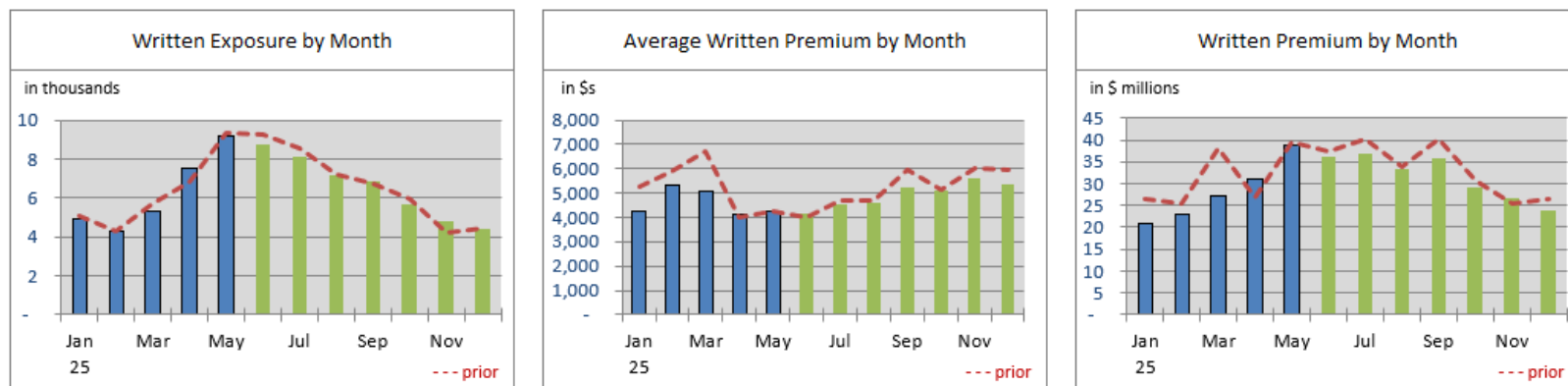
Note: Bill 47 prohibits FA from including a profit provision in all lines of business in Newfoundland & Labrador. This raises concern over the profitability of all Newfoundland & Labrador segments and possibly rising market share in this province.

The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium drivers** compared to prior year are:



The Private Passenger vehicle count for the month was 4,431 vehicles; written premium was \$15.5 million, up by 18.4% compared with prior year, primarily driven by Ontario and Nova Scotia. The average premium for PPV was 8.3% higher compared to prior year.

Non-PPV premium drivers compared to prior year are:



The Non-Private Passenger written premium was \$38.7 million, down 1.7% compared with prior year; vehicle count was 9,145 vehicles relatively unchanged from prior year:

- Ontario interurban premium increased 23.4% despite an increase in counts by 118.1% driven by a high uptake of the DCPD Opt-out endorsement.
- Ontario private bus counts has decreased by 62.9% or 67 vehicles.
- Alberta interurban counts has decreased by 5.1% or 34 vehicles.

The average premium was 0.3% higher compared to prior. As a result, the overall month's written premium was \$54.2 million; up \$1.7 million or 3.3% compared with prior year.

Impact of 2025 Q1 Valuation

A valuation of the Facility Association Residual Market as at May 31, 2025 has been completed since last month's Participation Report as the results of the valuation has been incorporated into this month's Participation Report. The implementation of the new valuation resulted in an estimated \$13.7 million unfavorable impact on the month's net results from operations. The unfavorable impact is primarily driven by large loss development in PPV Ontario and Atlantic regions.

	Ontario PPV	Alberta PPV	Atlantic PPV	Territories PPV	PPV Total	Ontario Non-PPV	Alberta Non-PPV	Atlantic Non-PPV	Territories Non-PPV	Non-PPV Total	Grand Total
LIC Impact	6,124	1,072	4,037	226	11,459	2,621	(687)	599	(292)	2,240	13,700
PAY	5,671	1,128	4,016	192	11,006	1,734	(1,348)	428	(300)	513	11,520
CAY	453	(55)	21	34	453	887	661	171	8	1,727	2,180
Impact on YTD COR	30.1%	31.0%	12.3%	15.2%	19.7%	4.3%	(1.1%)	2.3%	(11.0%)	1.5%	6.5%

Should you require any further information, please contact Philippe Gosselin, VP Actuarial and CRO at pgosselin@facilityassociation.com or at (416) 863-1750 x4968.

Saskia Matheson
President & CEO