

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 30
DATE: August 29, 2025
SUBJECT: FARM – June 2025 Participation Report

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

Please be advised that the June 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 is available on the FA Portal.

Amounts in \$000s	Actual (June 2025)	Prior Year (June 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	43,123	43,160	(0.1%)	531,455	522,010	1.8%
Operating Result	787	5,525	(85.8%)	28,039	53,599	(47.7%)
Written Vehicle Count	13,879	13,276	4.5%	123,355	119,550	3.2%
Average Written Premium (\$s)	4,032	3,780	6.7%	4,310	4,440	(2.9%)
Combined Operating Ratio (%)	98.2%	87.2%	11.0%	94.7%	89.7%	5.0% pts
Balance Sheet Snapshot						
LIC	729,180	689,366	5.8%	748,420	697,516	7.3%
Nominal Unpaid Claims	741,323	718,781	3.1%	761,604	714,673	6.6%
Discount Amount	(69,482)	(88,723)	(21.7%)	(69,925)	(72,821)	(4.0%)
Risk Adjustment	57,338	59,309	(3.3%)	56,741	55,664	1.9%
LRC	211,611	210,621	0.5%	229,239	210,071	9.1%

Related Links:

- [LRC Calculation file](#)
- [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	(June 2025)	(June 2025)	(June 2024)	as at 6 months	as at 6 months	Projection	Full year 2025	Actual
Written Premium	55,961	50,188	50,675	258,688	263,778	531,636	543,344	530,823
Received Premium	55,091	49,134	50,028	256,664	264,030	529,232	541,789	530,144
Earned Premium	43,123	42,992	43,160	253,855	254,345	531,455	549,509	522,010
Insurance Revenue	43,123	42,992	43,160	253,855	254,345	531,455	549,509	522,010
Total Claims Incurred	30,069	29,353	25,850	177,538	158,990	368,606	363,445	305,563
<i>Claims incurred (CAY)</i>	31,509	30,986	29,484	185,738	172,897	385,077	379,653	357,030
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(1,439)	(1,633)	(3,634)	(8,201)	(13,907)	(16,471)	(16,208)	(51,467)
Administrative Expense	6,821	6,158	6,260	33,372	34,002	66,978	66,947	68,716
Amortization of IACFs	3,644	3,684	3,707	21,432	20,800	44,253	47,394	44,066
Change in Loss Component	0	0	0	0	0	0	0	0
Insurance Service Expenses	40,534	39,195	35,817	232,342	213,792	479,837	477,786	418,344
Insurance Service Result	2,590	3,797	7,343	21,513	40,553	51,618	71,723	103,666
<i>Insurance Finance Expense from PV FCF</i>	(2,496)	(2,496)	(2,954)	(17,865)	(32,158)	(32,445)	(34,934)	(61,400)
<i>Insurance Finance Expense from Risk Adjustment</i>	(214)	(214)	(219)	(1,459)	(2,722)	(2,678)	(2,891)	(5,086)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0	0	0
Insurance Finance Income (Expense)	(2,710)	(2,710)	(3,173)	(19,324)	(34,880)	(35,122)	(37,826)	(66,486)
Investment Income	907	905	1,355	5,733	8,322	11,544	14,518	16,419
Operating Result	787	1,993	5,525	7,922	13,994	28,039	48,415	53,599
Key Ratios:								
Loss ratio	69.7%	68.3%	59.9%	69.9%	62.5%	69.4%	66.1%	58.5%
<i>CAY Loss Ratio</i>	73.1%	72.1%	68.3%	73.2%	68.0%	72.5%	69.1%	68.4%
<i>PAY Loss Ratio</i>	(3.3%)	(3.8%)	(8.4%)	(3.2%)	(5.5%)	(3.1%)	(2.9%)	(9.9%)
Underwriting and Admin Expenses	24.3%	22.9%	23.1%	21.6%	21.5%	20.9%	20.8%	21.6%
<i>Administrative Expenses</i>	15.8%	14.3%	14.5%	13.1%	13.4%	12.6%	12.2%	13.2%
<i>Amortization of IACFs</i>	8.4%	8.6%	8.6%	8.4%	8.2%	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	94.0%	91.2%	83.0%	91.5%	84.1%	90.3%	86.9%	80.1%
Insurance Finance Income	6.3%	6.3%	7.4%	7.6%	13.7%	6.6%	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	98.2%	95.4%	87.2%	96.9%	94.5%	94.7%	91.2%	89.7%

rounding differences may occur

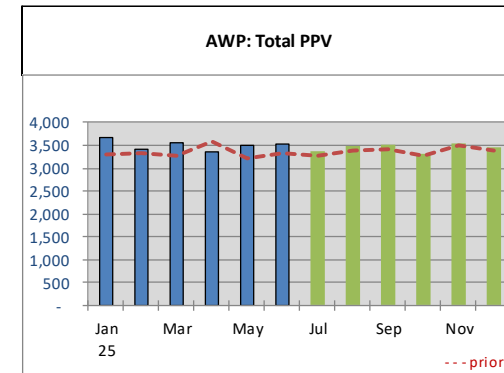
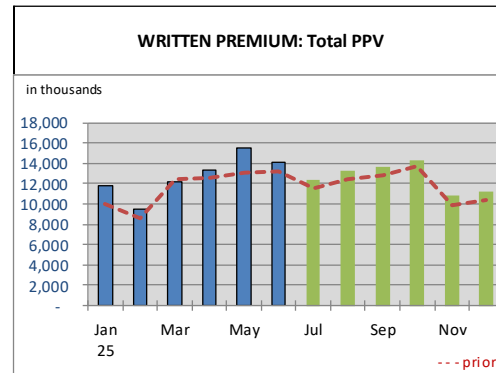
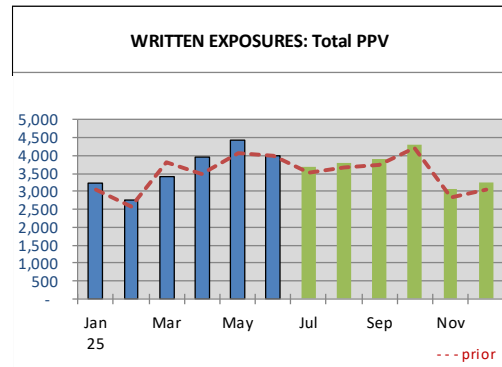
*as posted to FA's website Dec 23, 2024

- **Claims Incurred:** Current AY loss ratio and Prior AY loss ratio are fairly in line with the projected.
- **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 a 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.

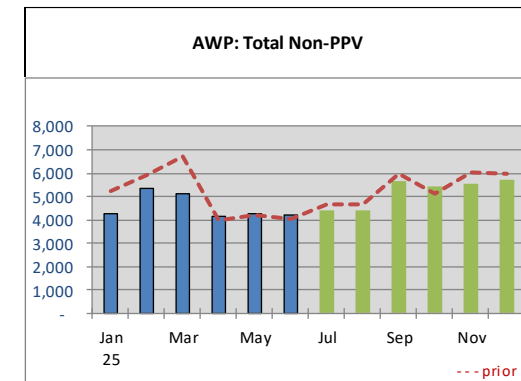
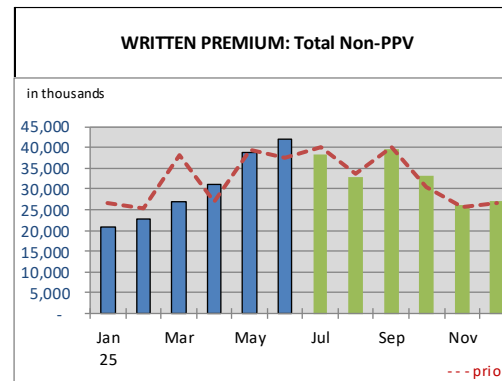
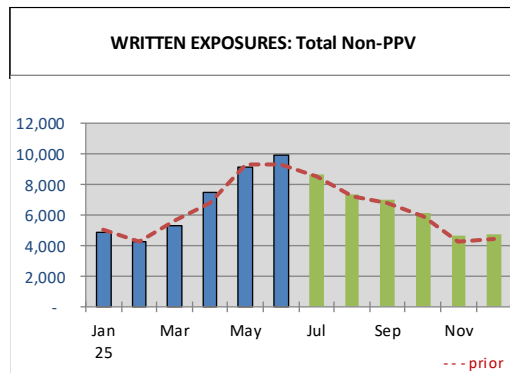
Note: Bill 47 prohibits FA from including a profit provision in all lines of business in Newfoundland & Labrador. This raises concern over the profitability of all Newfoundland & Labrador segments and possibly rising market share in this province.

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 3,978 vehicles; written premium was \$14.0 million, up by 5.9% compared with prior year. The average premium for PPV was 6.2% higher compared to prior year.

Non-PPV premium drivers compared to prior year are:



The Non-Private Passenger written premium was \$41.9 million, up 12.0% compared with prior year; vehicle count was 9,901 vehicles 6.6% higher compared to the previous year:

- Ontario interurban premium increased 131.7% and counts by 186.4% driven by a high uptake of the DCPD Opt-out endorsement.
- Alberta Commercial premium increased 12.9% and counts by 18.6%.

The average premium was 5.6% higher compared to prior. As a result, the overall month's written premium was \$56.0 million; up \$5.3 million or 10.4% compared with prior year.

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