

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 38
DATE: September 29, 2025
SUBJECT: FARM – July 2025 Participation Report

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

Please be advised that the July 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 (July 2025)	Prior Year (July 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	46,280	45,212	2.4%	532,919	522,010	2.1%
Operating Result	1,886	4,038	(53.3%)	27,760	53,599	(48.2%)
Written Vehicle Count	12,536	12,059	4.0%	123,662	119,550	3.4%
Average Written Premium (\$s)	4,331	4,203	3.0%	4,323	4,440	(2.6%)
Combined Operating Ratio (%)	95.9%	91.1%	4.9%	94.8%	89.7%	5.1% pts
Balance Sheet Snapshot						
LIC	737,945	687,887	7.3%	752,424	697,516	7.9%
Nominal Unpaid Claims	750,276	717,466	4.6%	765,634	714,673	7.1%
Discount Amount	(70,041)	(88,559)	(20.9%)	(70,317)	(72,821)	(3.4%)
Risk Adjustment	57,710	58,981	(2.2%)	57,108	55,664	2.6%
LRC	218,133	216,253	0.9%	225,185	210,071	7.2%

Related Links:

- [LRC Calculation file](#)
- [FARM Summary of Operations – Calendar Year 2025](#)
- [FARM Quarterly Financial Insights](#)

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	(July 2025)	(July 2025)	(July 2024)	as at 7 months	as at 7 months	Projection	Full year 2025	Actual
Written Premium	54,296	50,684	51,521	312,984	315,299	535,028	543,344	530,823
Received Premium	53,414	50,351	52,246	310,078	316,277	531,873	541,789	530,144
Earned Premium	46,280	45,462	45,212	300,135	299,557	532,919	549,509	522,010
Insurance Revenue	46,280	45,462	45,212	300,135	299,557	532,919	549,509	522,010
Total Claims Incurred	32,009	31,398	29,559	209,547	188,549	369,249	363,445	305,563
<i>Claims incurred (CAY)</i>	33,443	32,759	31,251	219,182	204,147	385,901	379,653	357,030
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(1,434)	(1,361)	(1,692)	(9,635)	(15,598)	(16,652)	(16,208)	(51,467)
Administrative Expense	6,821	6,243	6,373	40,149	40,375	67,495	66,947	68,716
Amortization of IACFs	3,949	3,755	3,851	25,443	24,651	44,755	47,394	44,066
Change in Loss Component	0	0	0	0	0	0	0	0
Insurance Service Expenses	42,778	41,396	39,783	275,139	253,575	481,499	477,786	418,344
Insurance Service Result	3,502	4,066	5,429	24,996	45,982	51,420	71,723	103,666
<i>Insurance Finance Expense from PV FCF</i>	(2,383)	(2,383)	(2,611)	(20,248)	(34,769)	(32,581)	(34,934)	(61,400)
<i>Insurance Finance Expense from Risk Adjustment</i>	(203)	(203)	(217)	(1,662)	(2,939)	(2,686)	(2,891)	(5,086)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0	0	0
Insurance Finance Income (Expense)	(2,586)	(2,586)	(2,828)	(21,910)	(37,708)	(35,267)	(37,826)	(66,486)
Investment Income	970	969	1,437	6,703	9,758	11,607	14,518	16,419
Operating Result	1,886	2,448	4,038	9,790	18,032	27,760	48,415	53,599
Key Ratios:								
Loss ratio	69.2%	69.1%	65.4%	69.8%	62.9%	69.3%	66.1%	58.5%
<i>CAY Loss Ratio</i>	72.3%	72.1%	69.1%	73.0%	68.1%	72.4%	69.1%	68.4%
<i>PAY Loss Ratio</i>	(3.1%)	(3.0%)	(3.7%)	(3.2%)	(5.2%)	(3.1%)	(2.9%)	(9.9%)
Underwriting and Admin Expenses	23.3%	22.0%	22.6%	21.9%	21.7%	21.1%	20.8%	21.6%
<i>Administrative Expenses</i>	14.7%	13.7%	14.1%	13.4%	13.5%	12.7%	12.2%	13.2%
<i>Amortization of IACFs</i>	8.5%	8.3%	8.5%	8.5%	8.2%	8.4%	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	92.4%	91.1%	88.0%	91.7%	84.7%	90.4%	86.9%	80.1%
Insurance Finance Income	5.6%	5.7%	6.3%	7.3%	12.6%	6.6%	6.9%	12.7%
Investment Income Ratio	(2.1%)	(2.1%)	(3.2%)	(2.2%)	(3.3%)	(2.2%)	(2.6%)	(3.1%)
Combined Operating Ratio	95.9%	94.6%	91.1%	96.7%	94.0%	94.8%	91.2%	89.7%

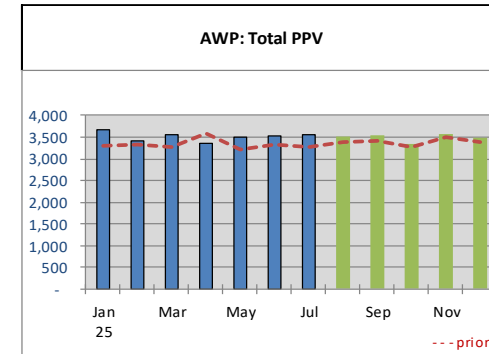
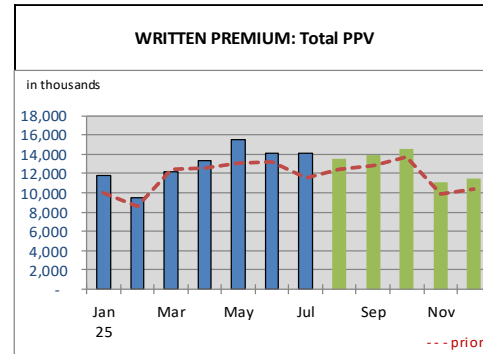
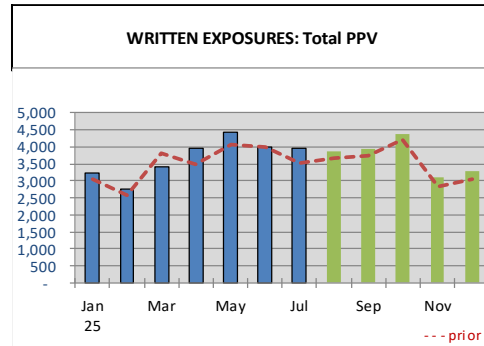
rounding differences may occur
*as posted to FA's website Dec 23, 2024

- **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.

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.

- **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.

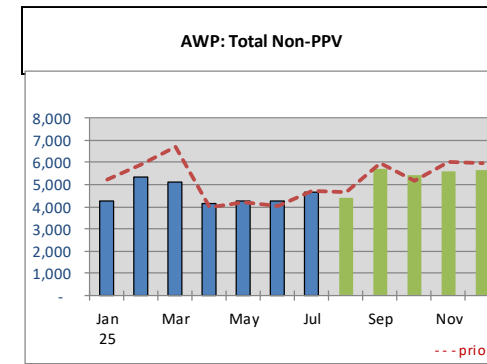
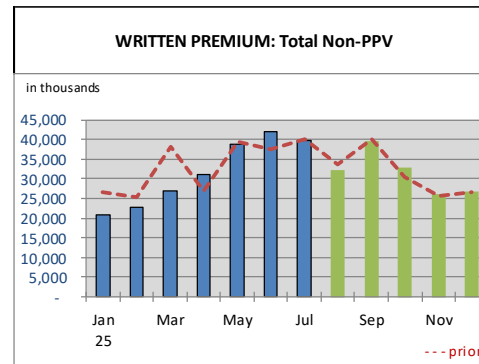
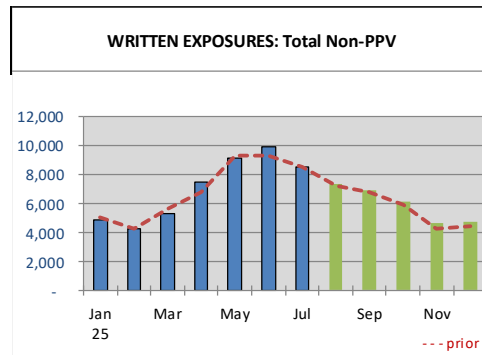
The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium drivers** compared to prior year are:



The Private Passenger vehicle count for the month was 3,957 vehicles; written premium was \$14.0 million, up by 22.4% compared with prior year. The average premium for PPV was 8.8% higher compared to prior year:

- Ontario PPV premium increased by 34.0% and counts by 31.3%.
- Nova Scotia PPV premium increased by 35.4% and counts by 21.8%.

Non-PPV premium drivers compared to prior year are:



The Non-Private Passenger written premium was \$39.8 million, up -0.5% compared with prior year; vehicle count was 8,579 vehicles 0.5% higher compared to the previous year:

- Ontario interurban premium increased 14.6% and counts by 135.6% driven by a high uptake of the DCPD Opt-out endorsement.
- Alberta interurban premium decreased by 20.4% and counts by 28.5%.
- Ontario taxi premium decreased by 16.3% and counts by 22.6%.

The total average premium was 0.6% higher compared to prior. As a result, the overall month's written premium was \$54.3 million; up \$2.8 million or 5.4% 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