

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 043
DATE: October 30, 2025
SUBJECT: Risk Sharing Pool – September 2025 Operational Report

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

Please be advised that the September 2025 Risk Sharing Pool IFRS 17 Operational Report is available on the Facility Association (FA) 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 RSP operational report on the IFRS 4 basis is available on The FA Portal. The results presented in this bulletin reflect the combined results of the six pools unless otherwise specified.

Amounts in \$000s	Actual (September 2025)	Prior Year (September 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	74,051	66,761	10.9%	904,263	816,454	10.8%
Operating Result	5,589	(42,838)	(113.0%)	(710,370)	(900,312)	(21.1%)
Written Vehicle Counts	36,744	43,962	(16.4%)	452,483	456,985	(1.0%)
Average Written Premium (\$s)	3,318	2,957	12.2%	3,143	2,878	9.2%
Combined Operating Ratio (%)	92.5%	164.2%	(71.7%) pts	178.6%	210.3%	(31.7%) pts
Balance Sheet Snapshot						
LIC	2,277,787	1,972,114	15.5%	2,291,811	2,019,012	13.5%
Nominal Unpaid Claims	2,344,185	2,078,855	12.8%	2,362,126	2,083,500	13.4%
Discount Amount	(229,312)	(242,470)	(5.4%)	(231,942)	(203,327)	14.1%
Risk Adjustment	162,914	135,729	20.0%	161,627	138,838	16.4%
LRC	1,302,427	1,065,978	22.2%	1,159,794	1,061,478	9.3%
LRC Excluding Loss Component	413,008	345,325	19.6%	424,436	392,102	8.2%
Loss Component	889,419	720,654	23.4%	735,358	669,376	9.9%

Related Links:

- [LRC Calculation File](#)
- [RSP Summary of Operations - Calendar Year 2025](#)

RSP Summary of Financial Results

RSP 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	(September 2025)	(September 2025)	(September 2024)	as at 9 months	as at 9 months	Projection	Full year 2025	Actual
Written Premium	121,923	131,530	130,006	1,061,797	933,526	1,421,969	1,355,583	1,315,419
Received Premium	140,317	143,101	118,613	1,052,953	919,304	1,438,278	1,358,411	1,316,788
Earned Premium	113,029	119,800	100,903	1,014,831	908,253	1,379,135	1,326,036	1,233,246
Earned Expense Allowance	(38,979)	(41,356)	(34,142)	(349,131)	(306,731)	(474,872)	(457,167)	(416,791)
Insurance Revenue	74,051	78,443	66,761	665,701	601,522	904,263	868,870	816,454
Total Claims Incurred	116,727	123,923	125,999	1,077,594	1,044,795	1,454,467	1,468,598	1,354,116
Claims incurred (CAY)	123,621	127,491	129,645	1,095,831	1,051,361	1,482,409	1,512,869	1,363,519
Adjustments to Liabilities for Incurred Claims (PAYs)	(6,895)	(3,568)	(3,647)	(18,237)	(6,566)	(27,941)	(44,271)	(9,403)
Administrative Expense	639	1,437	761	6,435	6,219	10,218	16,439	8,742
Losses on Onerous Contracts	(5,258)	0	17,854	672,956	566,138	672,956	757,662	609,773
Reversal of Losses on Onerous Contracts	(53,074)	(53,074)	(45,537)	(502,180)	(432,679)	(662,701)	(674,379)	(569,905)
Insurance Service Expenses	59,034	72,286	99,077	1,254,806	1,184,473	1,474,940	1,568,320	1,402,727
Insurance Service Result	15,017	6,157	(32,316)	(589,105)	(582,951)	(570,677)	(699,450)	(586,273)
Insurance Finance Expense from PV FCF	(6,558)	(6,558)	(7,680)	(57,918)	(102,774)	(78,278)	(80,432)	(162,615)
Discount Unwind Loss Component	(6,558)	(6,558)	(7,680)	(61,789)	(72,306)	(82,149)	(80,432)	(92,734)
Yield Impact Loss Component	0	0	0	3,871	(30,468)	3,871	0	(69,881)
Insurance Finance Expense from Risk Adjustment	(510)	(510)	(569)	(4,118)	(8,037)	(5,688)	(5,741)	(12,469)
Discount Unwind Loss Component	(510)	(510)	(569)	(4,548)	(5,575)	(6,118)	(5,741)	(7,092)
Yield Impact Loss Component	0	0	0	430	(2,462)	430	0	(5,377)
Insurance Finance Expense from Loss Component	(2,360)	(2,360)	(2,273)	(49,267)	(96,643)	(55,727)	(41,729)	(138,955)
Discount Unwind Loss Component	(2,360)	(2,360)	(2,273)	(30,294)	(38,627)	(36,754)	(41,729)	(44,655)
Yield Impact Loss Component	0	0	0	(18,973)	(58,015)	(18,973)	0	(94,301)
Insurance Finance Income (Expense)	(9,428)	(9,428)	(10,522)	(111,302)	(207,454)	(139,692)	(127,902)	(314,039)
Operating Result	5,589	(3,271)	(42,838)	(700,408)	(790,405)	(710,370)	(827,352)	(900,312)
Key Ratios:								
Loss Ratio	157.6%	158.0%	188.7%	161.9%	173.7%	160.8%	169.0%	165.9%
CAY Loss Ratio	166.9%	162.5%	194.2%	164.6%	174.8%	163.9%	174.1%	167.0%
PAY Loss Ratio	(9.3%)	(4.5%)	(5.5%)	(2.7%)	(1.1%)	(3.1%)	(5.1%)	(1.2%)
Onerous Contract Ratio (excluding IFIE)	(78.8%)	(67.7%)	(41.5%)	25.7%	22.2%	1.1%	9.6%	4.9%
Earned Expense allowance	34.5%	34.5%	33.8%	34.4%	33.8%	34.4%	34.5%	33.8%
Administrative Expenses	0.9%	1.8%	1.1%	1.0%	1.0%	1.1%	1.9%	1.1%
Insurance Service Ratio	79.7%	92.2%	148.4%	188.5%	196.9%	163.1%	180.5%	171.8%
Combined Operating Ratio	92.5%	104.2%	164.2%	205.2%	231.4%	178.6%	195.2%	210.3%

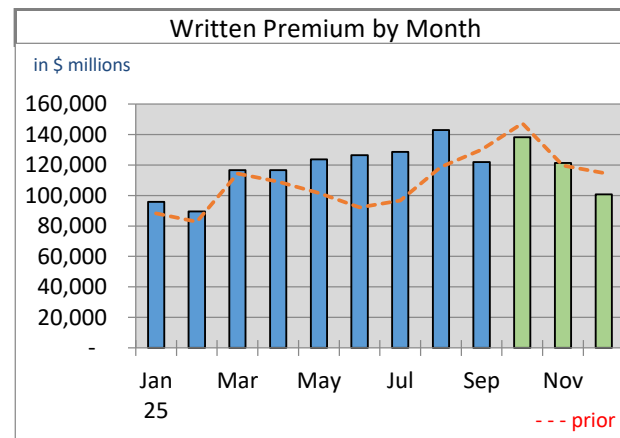
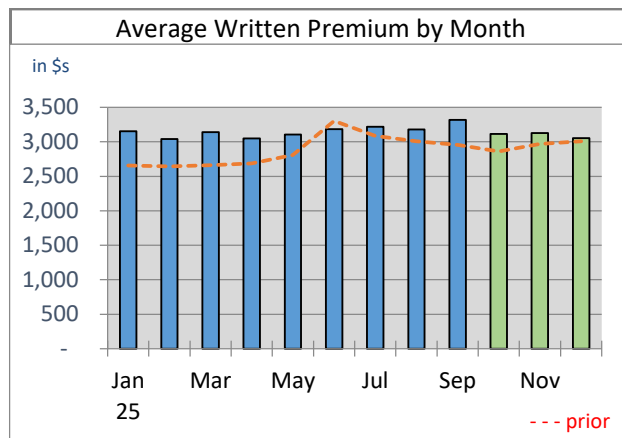
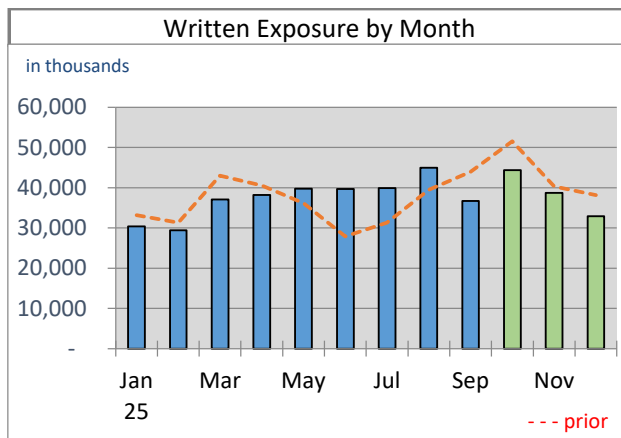
rounding differences may occur
*as posted to FA's website Dec 23, 2024

- Claims Incurred:** The liabilities are assumed to be a best estimate, which means the view of ultimate losses remains fixed until the next quarterly valuation is implemented. Overall, the total loss ratio is fairly in line with the projected loss ratio. The loss ratio projected for 2025 has slightly improved compared to the 2024 actual position driven by better than expected comprehensive claims experience in Ontario, offset by Bodily Injury in Alberta.
- Losses on Onerous Contracts:** This represents a change in the loss component during the reporting period arising from initial recognition and subsequent re-estimation of the loss component (due to changes in premium or loss ratio projections, for example). This month the losses on onerous contracts decreased by \$5.3 million driven by a lower than expected written premiums for the month compared to projected.

- **Reversal of Losses on Onerous Contracts:** This represents changes in the loss component during the reporting period arising from the portion of the opening LRC earned during the period. Excludes the impact of change in discount rates and completely aligns with projection.
- **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, September, and November), when the yield curve is updated.

Premium

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 orange dotted line represents the prior year metric.



The vehicle count transfer for the month was 36,744 vehicles, which was lower than prior year by 7,219 vehicles and 5,112 vehicles lower than The Outlook for the month, primarily driven by a decrease in the Ontario RSP. Average Written Premiums for the month are up by 12% primarily driven by increase in the Ontario and Alberta RSP.

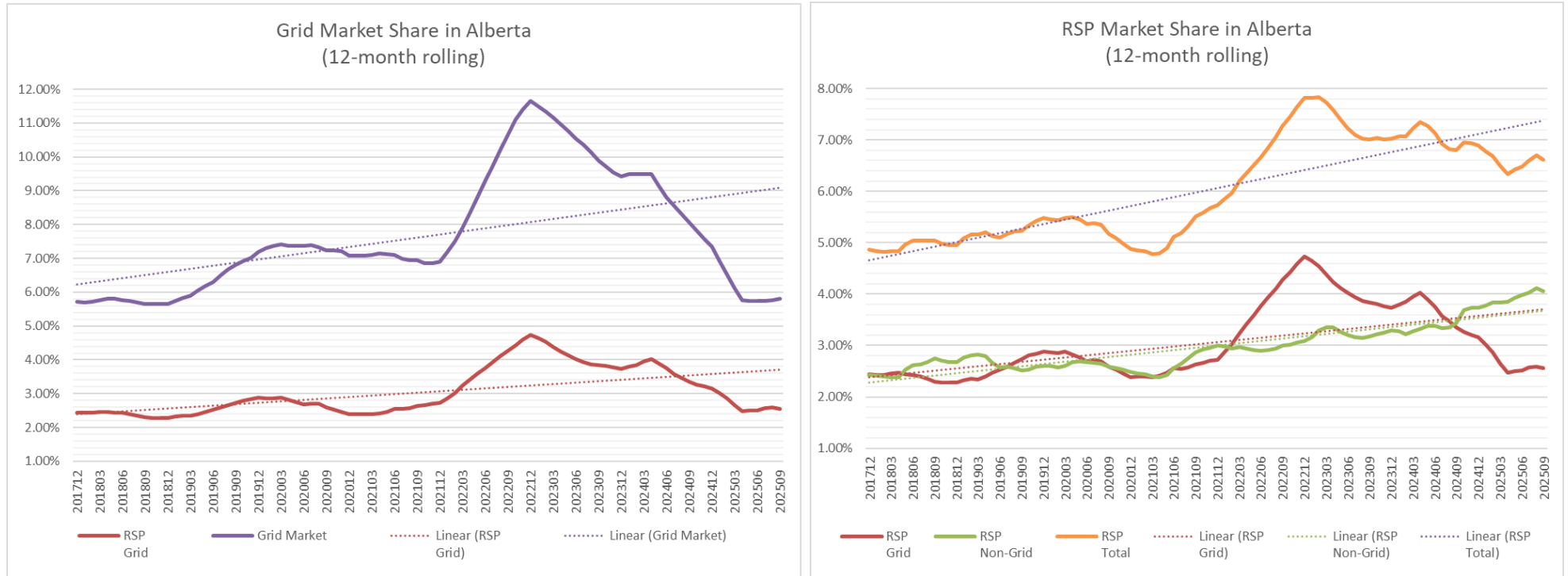
Alberta Market Share Update

Recent announcements in Alberta include:

- **UPDATE:** Adjustments to the Grid premiums effective Jan 01, 2026 including a 20% base rate increase outlined in the [AIRB Order 01-2025](#)
- Adjustments to the Grid premiums effective Jan 01, 2025 including a 10% base rate increase outlined in the [AIRB Order 02-2024](#) and an increase to the differentials for the lowest Grid steps outlined in the [GRID Guidance](#)
- Auto insurance rate hikes capped: 7.5% limit for good drivers in 2025–2026, with an overall average cap of 12.5% for all policyholders—up from 10%. See further detail [here](#)
- The Grid system will be formally withdrawn on Jan 01, 2027. As well, Alberta will introduce a “care-first” accident benefits system to replace the current injury tort liability system with an expected go-live date of Jan 01, 2027. See further detail [here](#)

These measures are expected to result in continued reductions to the Grid RSP vehicle counts and potentially a further increase in the Non-Grid RSP vehicle counts. The bottom left graph below shows the 12-month rolling Grid market share and the bottom right graph shows the 12-month rolling

RSP market share in Alberta.



Following the Grid changes effective on May 1st 2024, the Grid Market has been significantly decreasing (i.e. from a starting point of **9.49% in April 2024 to 5.82% in September 2025**), however the Grid market has not shrunk at all since May 2025. The RSP Grid has also been decreasing but at a lower rate (i.e. **from 4.03% in April 2024 to 2.55% in September 2025**). The RSP Non-Grid continues to increase at a steady pace going from **3.32% in April 2024 to 4.06% in September 2025**. Overall, the total RSP footprint in Alberta decreased in September 2025 (from 6.70% to 6.62%). We will continue to monitor the market share of these pools closely.

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

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