

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2025 – 42
DATE: October 30, 2025
SUBJECT: FARM – August 2025 Participation Report

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

Please be advised that the August 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 (August 2025)	Prior Year (August 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	46,576	45,424	2.5%	532,450	522,010	2.0%
Operating Result	(8,587)	30,447	(128.2%)	9,951	53,599	(81.4%)
Written Vehicle Count	11,281	10,876	3.7%	123,989	119,550	3.7%
Average Written Premium (\$s)	4,130	4,206	(1.8%)	4,318	4,440	(2.7%)
Combined Operating Ratio (%)	118.4%	33.0%	85.5%	98.1%	89.7%	8.4% pts
Balance Sheet Snapshot						
LIC	757,010	667,423	13.4%	768,615	697,516	10.2%
Nominal Unpaid Claims	770,505	698,778	10.3%	781,644	714,673	9.4%
Discount Amount	(74,247)	(84,223)	(11.8%)	(73,982)	(72,821)	1.6%
Risk Adjustment	60,752	52,869	14.9%	60,953	55,664	9.5%
LRC	218,140	216,417	0.8%	221,330	210,071	5.4%

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	(August 2025)	(August 2025)	(August 2024)	as at 8 months	as at 8 months	Projection	Full year 2025	Actual
Written Premium	46,587	45,747	46,116	359,571	361,416	535,411	543,344	530,823
Received Premium	45,988	45,160	45,699	356,066	361,976	532,209	541,789	530,144
Earned Premium	46,576	45,913	45,424	346,711	344,981	532,450	549,509	522,010
Insurance Revenue	46,576	45,913	45,424	346,711	344,981	532,450	549,509	522,010
Total Claims Incurred	46,634	31,351	2,438	256,218	190,987	389,305	363,445	305,563
<i>Claims incurred (CAY)</i>	44,521	32,944	32,565	263,703	236,712	402,216	379,653	357,030
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	2,112	(1,593)	(30,127)	(7,485)	(45,725)	(12,911)	(16,208)	(51,467)
Administrative Expense	5,959	5,626	6,001	45,786	46,376	67,782	66,947	68,716
Amortization of IACFs	4,654	3,824	3,906	30,104	28,556	44,812	47,394	44,066
Change in Loss Component	0	0	0	0	0	0	0	0
Insurance Service Expenses	57,246	40,801	12,345	332,107	265,920	501,899	477,786	418,344
Insurance Service Result	(10,670)	5,112	33,079	14,604	79,061	30,551	71,723	103,666
<i>Insurance Finance Expense from PV FCF</i>	959	(2,497)	(3,743)	(19,288)	(38,512)	(29,686)	(34,934)	(61,400)
<i>Insurance Finance Expense from Risk Adjustment</i>	116	(208)	(307)	(1,545)	(3,246)	(2,438)	(2,891)	(5,086)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0	0	0
Insurance Finance Income (Expense)	1,076	(2,705)	(4,050)	(20,834)	(41,758)	(32,124)	(37,826)	(66,486)
Investment Income	1,008	1,007	1,418	7,711	11,176	11,524	14,518	16,419
Operating Result	(8,587)	3,413	30,447	1,481	48,479	9,951	48,415	53,599
Key Ratios:								
Loss ratio	100.1%	68.3%	5.4%	73.9%	55.4%	73.1%	66.1%	58.5%
<i>CAY Loss Ratio</i>	95.6%	71.8%	71.7%	76.1%	68.6%	75.5%	69.1%	68.4%
<i>PAY Loss Ratio</i>	4.5%	(3.5%)	(66.3%)	(2.2%)	(13.3%)	(2.4%)	(2.9%)	(9.9%)
Underwriting and Admin Expenses	22.8%	20.6%	21.8%	21.9%	21.7%	21.1%	20.8%	21.6%
<i>Administrative Expenses</i>	12.8%	12.3%	13.2%	13.2%	13.4%	12.7%	12.2%	13.2%
<i>Amortization of IACFs</i>	10.0%	8.3%	8.6%	8.7%	8.3%	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	122.9%	88.9%	27.2%	95.8%	77.1%	94.3%	86.9%	80.1%
Insurance Finance Income	(2.3%)	5.9%	8.9%	6.0%	12.1%	6.0%	6.9%	12.7%
Investment Income Ratio	(2.2%)	(2.2%)	(3.1%)	(2.2%)	(3.2%)	(2.2%)	(2.6%)	(3.1%)
Combined Operating Ratio	118.4%	92.6%	33.0%	99.6%	85.9%	98.1%	91.2%	89.7%

rounding differences may occur

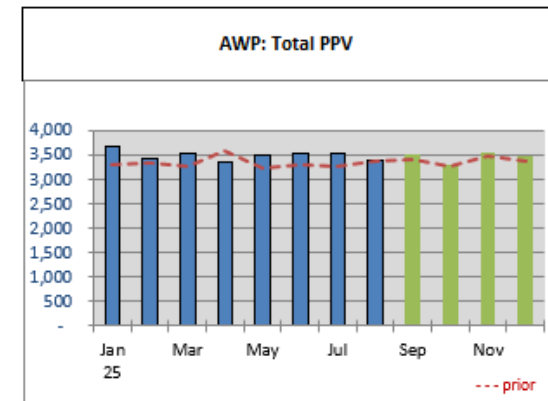
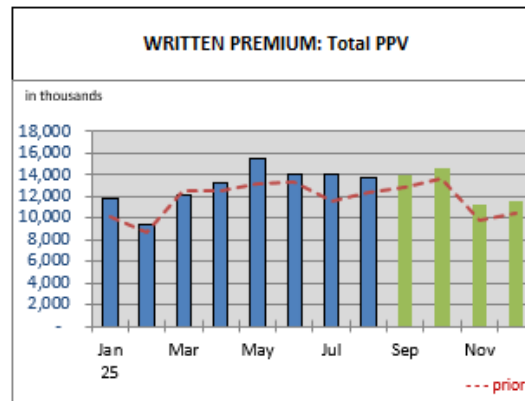
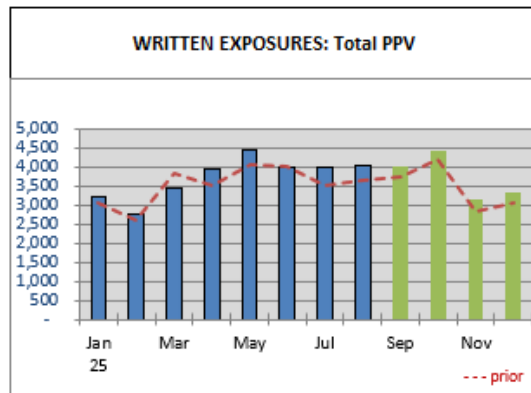
*as posted to FA's website Dec 23, 2024

- **Claims Incurred:** Current AY loss ratio and Prior AY loss ratio increased compared to projection primarily driven by unfavorable development in bodily injury lines and loss trends.
- **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.

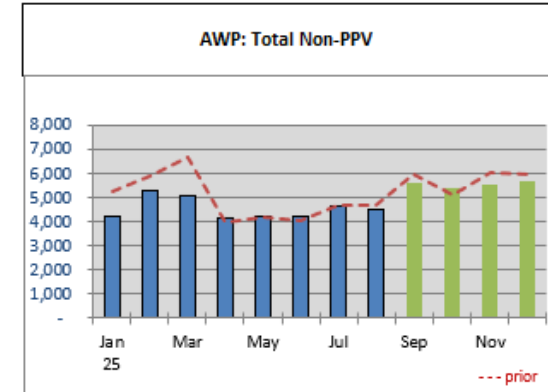
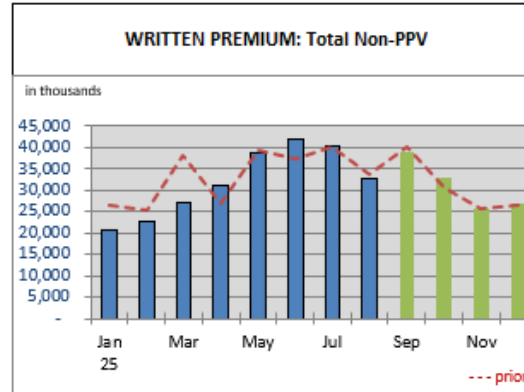
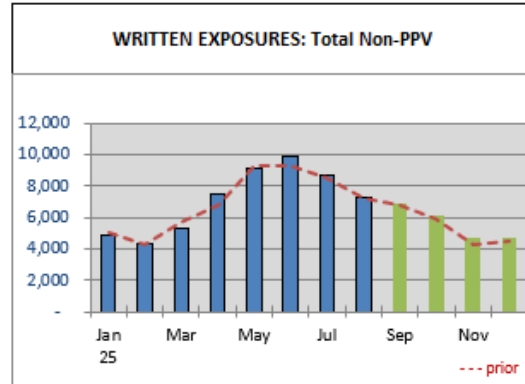
The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium drivers** compared to prior year are:



The Private Passenger vehicle count for the month was 4,037 vehicles; written premium was \$13.7 million, up by 10.7% compared with prior year. The average premium for PPV was 0.12% higher compared to prior year:

- Ontario PPV premium increased by 11.0% and counts by 9.4%.
- Nova Scotia PPV premium increased by 14.1% and counts by 16.7%.

Non-PPV premium drivers compared to prior year are:



The Non-Private Passenger written premium was \$32.8 million, down 2.71% compared with prior year; vehicle count was 7,243 vehicles 0.3% higher compared to the previous year:

- Ontario interurban premium decreased 36.4% and counts by 1.3% driven by a high uptake of the DCPD Opt-out endorsement.
- Alberta interurban premium increased by 33.1% and counts by 12.8% bucking recent trends.
- Ontario taxi premium decreased by 84.3% and counts by 67.1%.
- Ontario commercial premium decreased by 26.0% and counts by 13.3%.

The total average premium was 2.7% lower compared to prior. As a result, the overall month's written premium was \$46.5 million; up \$0.4 million or 0.9% compared with prior year.

Impact of 2025 Q2 Valuation

A valuation of the Facility Association Residual Market as at June 30, 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 **\$10.7 million** unfavorable impact on the month's net results from operations which can be broken into:

- **\$14.4M** insurance service expenses unfavorable impact primarily driven by worsening development in bodily injury lines and loss trends.
- **\$3.9M** favorable change driven by approximately 11-12 basis point increase in yield curve.

	Ontario PPV	Alberta PPV	Atlantics PPV	Territories PPV	PPV Total	Ontario Non-PPV	Alberta Non- PPV	Atlantics Non-PPV	Territories Non-PPV	Non-PPV Total	Grand Total
LIC Impact	3,198	553	4,092	193	8,036	3,565	(1,385)	(2,777)	1,446	849	8,885
PAY	892	281	1,413	227	2,813	(2,731)	2,637	(3,301)	1,613	(1,782)	1,031
CAY	2,306	272	2,679	(34)	5,223	6,296	(4,022)	523	(167)	2,632	7,855
Impact on YTD COR	9.4%	9.6%	7.6%	8.0%	8.4%	3.6%	(1.3%)	(6.6%)	32.4%	0.3%	2.6%

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