

**TO:** MEMBERS OF THE FACILITY ASSOCIATION  
**ATTENTION:** CHIEF EXECUTIVE OFFICER  
**BULLETIN NO:** F2025 – 50  
**DATE:** December 23, 2025  
**SUBJECT:** FARM – October 2025 Participation Report

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

Please be advised that the October 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 (October 2025)	Prior Year (October 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
<b>Income Statement Highlights</b>						
Insurance Revenue	46,990	44,953	4.5%	530,981	522,010	1.7%
Operating Result	205	(7,728)	(102.7%)	8,615	53,599	(83.9%)
Written Vehicle Count	10,490	10,138	3.5%	123,267	119,551	3.1%
Average Written Premium (\$s)	4,594	4,677	(1.8%)	4,347	4,440	(2.1%)
Combined Operating Ratio (%)	99.6%	117.2%	(17.6%) pts	98.4%	89.7%	8.6% pts
<b>Balance Sheet Snapshot</b>						
LIC	762,806	687,887	10.9%	763,353	697,516	9.4%
Nominal Unpaid Claims	773,362	704,790	9.7%	773,608	714,673	8.2%
Discount Amount	(71,937)	(72,008)	(0.1%)	(71,252)	(72,821)	(2.2%)
Risk Adjustment	61,381	55,105	11.4%	60,996	55,664	9.6%
LRC	185,314	222,072	(16.6%)	177,068	210,071	(15.7%)

This month, we have updated the year to date received premium based on updated premium payment assumptions. This has reduced the LRC balance by **\$39.9M** which resulted in a **16.6%** drop from prior year, the change also had a corresponding increase of 39.9M to Premium Receivable and a decrease of 39.9M to Premium Received not shown in the table above.

Related Links:

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

<b>FARM Summary of IFRS17 Financial Results</b>	<b>Actual</b>	<b>Projection</b>	<b>Prior Year</b>	<b>2025 year-to-date</b>	<b>2024 year-to-date</b>	<b>2025 year-end</b>	<b>Outlook*</b>	<b>2024 year-end</b>
<b>Amounts in \$000s</b>	<b>(October 2025)</b>	<b>(October 2025)</b>	<b>(October 2024)</b>	<b>as at 10 months</b>	<b>as at 10 months</b>	<b>Projection</b>	<b>Full year 2025</b>	<b>Actual</b>
Written Premium	48,189	47,415	44,232	461,033	458,647	535,828	543,344	530,823
Received Premium	6,923	46,882	41,938	416,407	456,389	494,729	541,789	530,144
Earned Premium	46,990	46,356	44,953	439,013	434,806	530,981	549,509	522,010
<b>Insurance Revenue</b>	<b>46,990</b>	<b>46,356</b>	<b>44,953</b>	<b>439,013</b>	<b>434,806</b>	<b>530,981</b>	<b>549,509</b>	<b>522,010</b>
Total Claims Incurred	32,392	33,334	27,411	320,799	247,918	385,805	363,445	305,563
<i>Claims incurred (CAY)</i>	31,329	34,620	29,395	328,799	296,771	396,892	379,653	357,030
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	1,063	(1,286)	(1,985)	(8,000)	(48,853)	(11,087)	(16,208)	(51,467)
Administrative Expense	6,267	5,928	5,663	58,331	58,723	68,526	66,947	68,716
Amortization of IACFs	3,805	3,688	4,063	37,465	36,310	44,957	47,394	44,066
Change in Loss Component	0	0	0	0	0	0	0	0
<b>Insurance Service Expenses</b>	<b>42,463</b>	<b>42,949</b>	<b>37,136</b>	<b>416,596</b>	<b>342,951</b>	<b>499,287</b>	<b>477,786</b>	<b>418,344</b>
<b>Insurance Service Result</b>	<b>4,527</b>	<b>3,407</b>	<b>7,817</b>	<b>22,417</b>	<b>91,855</b>	<b>31,694</b>	<b>71,723</b>	<b>103,666</b>
<i>Insurance Finance Expense from PV FCF</i>	(4,921)	(2,498)	(15,644)	(26,936)	(56,753)	(31,968)	(34,934)	(61,400)
<i>Insurance Finance Expense from Risk Adjustment</i>	(372)	(218)	(1,265)	(2,149)	(4,716)	(2,579)	(2,891)	(5,086)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0	0	0
<b>Insurance Finance Income (Expense)</b>	<b>(5,293)</b>	<b>(2,715)</b>	<b>(16,909)</b>	<b>(29,084)</b>	<b>(61,470)</b>	<b>(34,548)</b>	<b>(37,826)</b>	<b>(66,486)</b>
<b>Investment Income</b>	<b>971</b>	<b>889</b>	<b>1,365</b>	<b>9,661</b>	<b>13,907</b>	<b>11,469</b>	<b>14,518</b>	<b>16,419</b>
<b>Operating Result</b>	<b>205</b>	<b>1,581</b>	<b>(7,728)</b>	<b>2,993</b>	<b>44,292</b>	<b>8,615</b>	<b>48,415</b>	<b>53,599</b>
<b>Key Ratios:</b>								
<b>Loss ratio</b>	<b>68.9%</b>	<b>71.9%</b>	<b>61.0%</b>	<b>73.1%</b>	<b>57.0%</b>	<b>72.7%</b>	<b>66.1%</b>	<b>58.5%</b>
<i>CAY Loss Ratio</i>	66.7%	74.7%	65.4%	74.9%	68.3%	74.7%	69.1%	68.4%
<i>PAY Loss Ratio</i>	2.3%	(2.8%)	(4.4%)	(1.8%)	(11.2%)	(2.1%)	(2.9%)	(9.9%)
<b>Underwriting and Admin Expenses</b>	<b>21.4%</b>	<b>20.7%</b>	<b>21.6%</b>	<b>21.8%</b>	<b>21.9%</b>	<b>21.4%</b>	<b>20.8%</b>	<b>21.6%</b>
<i>Administrative Expenses</i>	13.3%	12.8%	12.6%	13.3%	13.5%	12.9%	12.2%	13.2%
<i>Amortization of IACFs</i>	8.1%	8.0%	9.0%	8.5%	8.4%	8.5%	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%
<b>Insurance Service Ratio</b>	<b>90.4%</b>	<b>92.7%</b>	<b>82.6%</b>	<b>94.9%</b>	<b>78.9%</b>	<b>94.0%</b>	<b>86.9%</b>	<b>80.1%</b>
<b>Insurance Finance Income</b>	<b>11.3%</b>	<b>5.9%</b>	<b>37.6%</b>	<b>6.6%</b>	<b>14.1%</b>	<b>6.5%</b>	<b>6.9%</b>	<b>12.7%</b>
<b>Investment Income Ratio</b>	<b>(2.1%)</b>	<b>(1.9%)</b>	<b>(3.0%)</b>	<b>(2.2%)</b>	<b>(3.2%)</b>	<b>(2.2%)</b>	<b>(2.6%)</b>	<b>(3.1%)</b>
<b>Combined Operating Ratio</b>	<b>99.6%</b>	<b>96.6%</b>	<b>117.2%</b>	<b>99.3%</b>	<b>89.8%</b>	<b>98.4%</b>	<b>91.2%</b>	<b>89.7%</b>

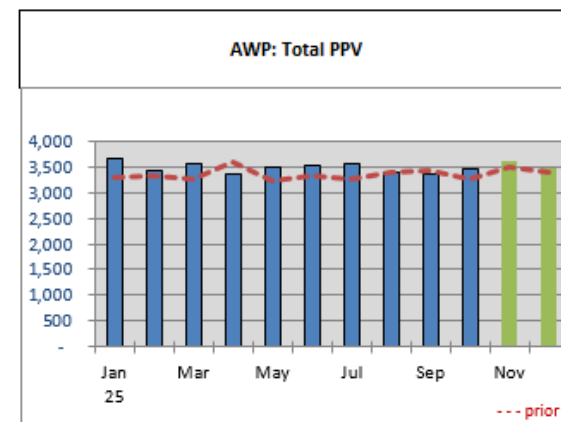
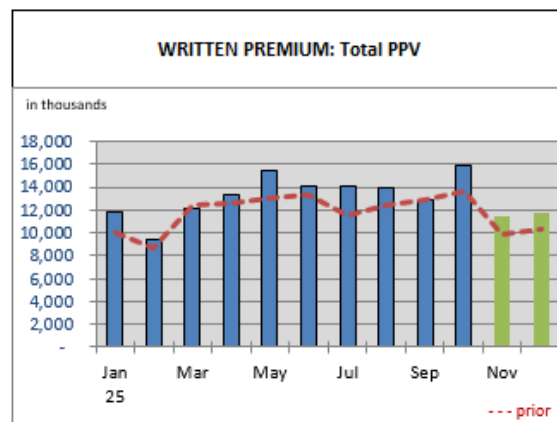
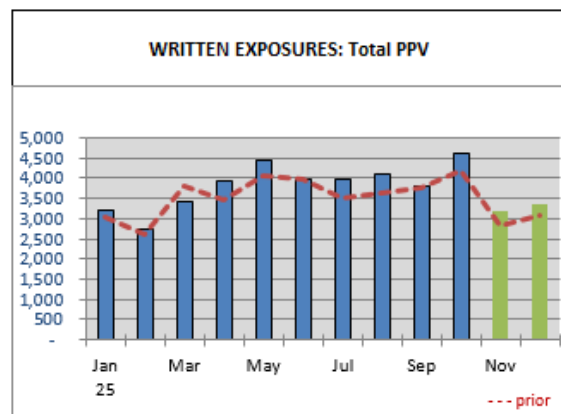
rounding differences may occur  
\*as posted to FA's website Dec 23, 2024

- **Claims Incurred:** Claims Incurred – Incurred losses were \$32.3 million, lower than projection by \$1.0 million and \$4.9 million higher compared with the same month from last year. Loss ratio was at 68.9%, 3 percentage points lower than projected, and 7.9 percentage points higher compared with prior year.
- **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. To that effect, management has agreed that Newfoundland & Labrador PPV will be onerous starting in 2026.

- **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.

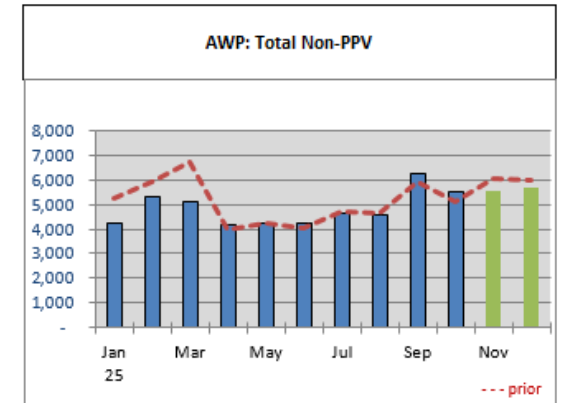
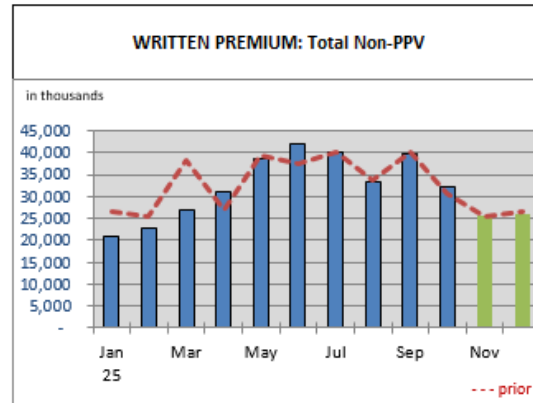
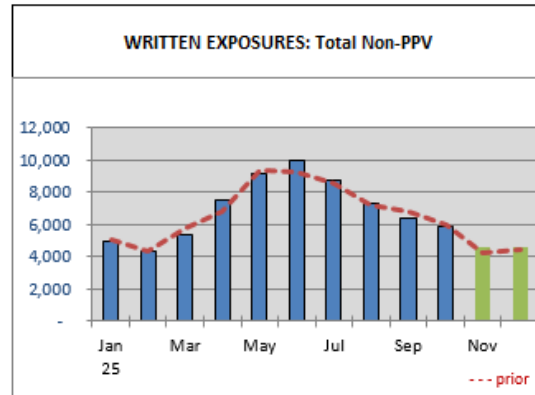
The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium drivers** compared to prior year are:



The Private Passenger vehicle count for the month was 4,608 vehicles; written premium was \$15.9 million, up by 16.2% compared with prior year. The average premium for PPV was 5.84% lower compared to prior year. Here are the jurisdictions with notable changes for PPV:

- Nova Scotia PPV premium change was \$429.8k higher than prior year and counts were higher by 80.
- Ontario PPV premium change was \$734.0k higher than prior year and counts were higher by 151.
- Alberta PPV premium change was \$691.7k higher than prior year and counts were higher by 84.

**Non-PPV premium drivers** compared to prior year are:



The Non-Private Passenger written premium was \$32.2 million, up 5.6% compared with prior year; vehicle count was 5,882 vehicles 1.0 % lower compared to the previous year. Here are the jurisdictions with notable changes for NPPV:

- Ontario interurban premium change was \$4.3M higher than prior year and counts were higher by 185 driven by a high uptake of the DCPD Opt-out endorsement.
- Alberta interurban premium change was \$1.9M higher than prior year and counts were higher by 287.
- Ontario taxi premium change was \$114.8k lower than prior year and counts were lower by 36.
- Ontario commercial premium change was \$470.1k lower than prior year and counts were lower by 21.
- Alberta taxi premium change was \$272.4k higher than prior year and counts were higher by 21.

The total average premium was 8.9% higher compared to prior. As a result, the overall month's written premium was \$48.2 million; up \$3.9 million or 3.5% compared with prior year.

### Impact of 2025 Q3 Valuation

A valuation of the Facility Association Residual Market as at September 30, 2025 has been completed since last month's Participation Report. The results of the valuation has been incorporated into this month's Participation Report. The implementation of the new valuation resulted in an estimated **\$0.6 million** unfavorable impact on the month's net results from operations which can be broken into:

- **\$1.8M** insurance service expenses favorable impact primarily driven by favorable development in PAY Ontario from Collision and Comp coverages offset by unfavorable development in CAY bodily injury loss trends.
- **\$2.7M** unfavorable change driven by a decrease 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
<b>LIC Impact</b>	<b>(1,712)</b>	<b>(319)</b>	<b>(1,318)</b>	<b>41</b>	<b>(3,308)</b>	<b>2,061</b>	<b>(1,261)</b>	<b>3,001</b>	<b>334</b>	<b>4,135</b>	<b>827</b>
PAY	(394)	(139)	2,172	9	<b>1,649</b>	(1,454)	42	3,968	439	<b>2,995</b>	4,644
CAY	(1,318)	(180)	(3,490)	32	<b>(4,957)</b>	3,515	(1,302)	(967)	(105)	<b>1,140</b>	<b>(3,817)</b>
<b>Impact on YTD COR</b>	<b>(4.0%)</b>	<b>(4.3%)</b>	<b>(1.9%)</b>	<b>1.3%</b>	<b>(2.7%)</b>	<b>1.6%</b>	<b>(1.0%)</b>	<b>5.6%</b>	<b>5.9%</b>	<b>1.3%</b>	<b>0.2%</b>

## Operating Results Distributed to Members

The October 2025 Participation Report reflects the Distribution of **\$7.8 million in Operating Results** to members for all accident years as accrued to October 2025.

### Operating Result Distribution

Amounts (\$000s) to be Transferred to / (from) Members

Jurisdiction	Private Passenger	Non Private	Total
Ontario	(1,687)	5,430	3,743
Alberta	(310)	2,468	2,159
Newfoundland & Labra	181	(423)	(242)
New Brunswick	643	1,784	2,427
Nova Scotia	(337)	(865)	(1,202)
Prince Edward Island	102	358	460
Yukon	(12)	(11)	(23)
Northwest Territories	73	190	263
Nunavut	65	149	214
<b>TOTAL</b>	<b>(1,281)</b>	<b>9,081</b>	<b>7,800</b>

A net transfer of **\$27.2 million available funds** (in addition to a realignment or reallocation of funds) has been reflected in the October 2025 Participation Report. The amount due to or from Facility Association for your company as a result of Available Funds Distribution, Annual Share Base update and the Distribution of Operating Results is shown on page 21: Members Combined Accident Year Share Results for all Jurisdictions

As a result, a total of **\$35.0 million** will be distributed to each member in accordance with the members participation ratio with accounting procedures approved by the Board.

### Available Funds Distribution

Amounts (\$000s) to be Transferred to / (from) Members

Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	10,213	16,465	26,679
Alberta	487	(3,194)	(2,707)
Newfoundland & Labrador	3,236	3,895	7,131
New Brunswick	(994)	(1,697)	(2,691)
Nova Scotia	3,588	(5,096)	(1,508)
Prince Edward Island	(206)	(813)	(1,019)
Yukon	107	1,414	1,521
Northwest Territories	(39)	157	119
Nunavut	(93)	(232)	(324)
<b>TOTAL</b>	<b>16,300</b>	<b>10,900</b>	<b>27,200</b>

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

**Saskia Matheson**  
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