

**TO:** MEMBERS OF THE FACILITY ASSOCIATION  
**ATTENTION:** CHIEF EXECUTIVE OFFICER  
**BULLETIN NO:** F2026 – 006  
**DATE:** February 27, 2025  
**SUBJECT:** FARM – December 2025 Participation Report

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

Please be advised that the December 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 (December 2025)	Prior Year (December 2024)	% Change	2025 year-end Projection	2024 year-end Actual	% Change
<b>Income Statement Highlights</b>						
Insurance Revenue	44,796	44,136	1.5%	527,644	522,010	1.1%
Operating Result	2,298	4,663	(50.7%)	8,663	53,599	(83.8%)
Written Vehicle Count	6,503	7,500	(13.3%)	122,417	119,551	2.4%
Average Written Premium (\$s)	4,808	5,151	(6.7%)	4,255	4,440	(4.2%)
Combined Operating Ratio (%)	94.9%	89.4%	5.4%	98.4%	89.7%	8.6% pts
<b>Balance Sheet Snapshot</b>						
LIC	763,713	697,516	9.5%	763,713	697,516	9.5%
Nominal Unpaid Claims	774,210	714,673	8.3%	774,210	714,673	8.3%
Discount Amount	(71,663)	(72,821)	(1.6%)	(71,663)	(72,821)	(1.6%)
Risk Adjustment	61,167	55,664	9.9%	61,167	55,664	9.9%
LRC	166,942	210,071	(20.5%)	166,942	210,071	(20.5%)

Related Links:

- [LRC Calculation file](#)
- [FARM Catastrophe Report](#)
- [FARM Summary of Operations – Calendar Year 2025](#)

<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>Outlook*</b>
<b>Amounts in \$000s</b>	<b>(December 2025)</b>	<b>(December 2025)</b>	<b>(December 2024)</b>	<b>as at 12 months</b>	<b>as at 12 months</b>	<b>Full year 2025</b>
Written Premium	31,268	38,634	36,815	524,263	530,823	543,344
Received Premium	34,077	39,910	37,717	484,581	530,144	541,789
Earned Premium	44,796	46,195	44,136	527,644	522,010	549,509
<b>Insurance Revenue</b>	<b>44,796</b>	<b>46,195</b>	<b>44,136</b>	<b>527,644</b>	<b>522,010</b>	<b>549,509</b>
Total Claims Incurred	31,619	32,602	29,041	383,303	305,563	363,445
<i>Claims incurred (CAY)</i>	33,156	34,329	30,409	394,377	357,030	379,653
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(1,537)	(1,726)	(1,369)	(11,074)	(51,467)	(16,208)
Administrative Expense	5,011	4,826	5,290	66,987	68,716	66,947
Amortization of IACFs	3,945	3,736	3,855	45,539	44,066	47,394
Change in Loss Component	0	0	0	0	0	0
<b>Insurance Service Expenses</b>	<b>40,575</b>	<b>41,164</b>	<b>38,186</b>	<b>495,829</b>	<b>418,344</b>	<b>477,786</b>
<b>Insurance Service Result</b>	<b>4,221</b>	<b>5,031</b>	<b>5,950</b>	<b>31,815</b>	<b>103,666</b>	<b>71,723</b>
<i>Insurance Finance Expense from PV FCF</i>	(2,608)	(2,608)	(2,345)	(32,025)	(61,400)	(34,934)
<i>Insurance Finance Expense from Risk Adjustment</i>	(220)	(220)	(186)	(2,582)	(5,086)	(2,891)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	0
<b>Insurance Finance Income (Expense)</b>	<b>(2,828)</b>	<b>(2,828)</b>	<b>(2,531)</b>	<b>(34,608)</b>	<b>(66,486)</b>	<b>(37,826)</b>
<b>Investment Income</b>	<b>905</b>	<b>904</b>	<b>1,244</b>	<b>11,456</b>	<b>16,419</b>	<b>14,518</b>
<b>Operating Result</b>	<b>2,298</b>	<b>3,106</b>	<b>4,663</b>	<b>8,663</b>	<b>53,599</b>	<b>48,415</b>
<b>Key Ratios:</b>						
<b>Loss ratio</b>	<b>70.6%</b>	<b>70.6%</b>	<b>65.8%</b>	<b>72.6%</b>	<b>58.5%</b>	<b>66.1%</b>
<i>CAY Loss Ratio</i>	74.0%	74.3%	68.9%	74.7%	68.4%	69.1%
<i>PAY Loss Ratio</i>	(3.4%)	(3.7%)	(3.1%)	(2.1%)	(9.9%)	(2.9%)
<b>Underwriting and Admin Expenses</b>	<b>20.0%</b>	<b>18.5%</b>	<b>20.7%</b>	<b>21.3%</b>	<b>21.6%</b>	<b>20.8%</b>
<i>Administrative Expenses</i>	11.2%	10.4%	12.0%	12.7%	13.2%	12.2%
<i>on of IACFs</i>	8.8%	8.1%	8.7%	8.6%	8.4%	8.6%
<i>Loss Component</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Insurance Service Ratio</b>	<b>90.6%</b>	<b>89.1%</b>	<b>86.5%</b>	<b>94.0%</b>	<b>80.1%</b>	<b>86.9%</b>
<b>Insurance Finance Income</b>	<b>6.3%</b>	<b>6.1%</b>	<b>5.7%</b>	<b>6.6%</b>	<b>12.7%</b>	<b>6.9%</b>
<b>Investment Income Ratio</b>	<b>(2.0%)</b>	<b>(2.0%)</b>	<b>(2.8%)</b>	<b>(2.2%)</b>	<b>(3.1%)</b>	<b>(2.6%)</b>
<b>Combined Operating Ratio</b>	<b>94.9%</b>	<b>93.3%</b>	<b>89.4%</b>	<b>98.4%</b>	<b>89.7%</b>	<b>91.2%</b>

rounding differences may occur

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

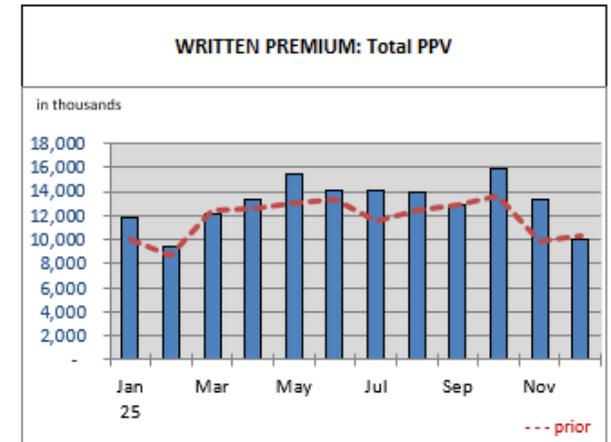
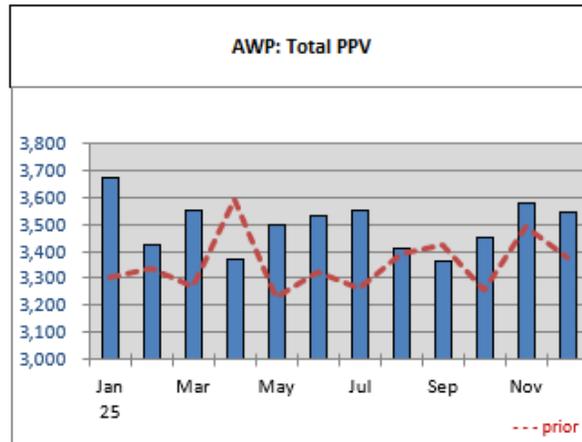
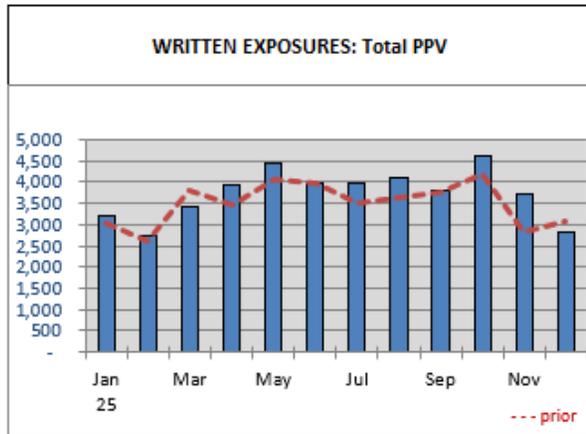
- **Claims Incurred:** Current AY loss ratio and Prior AY loss ratio are fairly in line with the projected.
- **Change in Loss Component:** FARM business is priced with a fair return on Members' capital and targets a 12% ROE on members' supporting capital (based on a 2.0 premium to surplus ratio assumption). 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. 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.

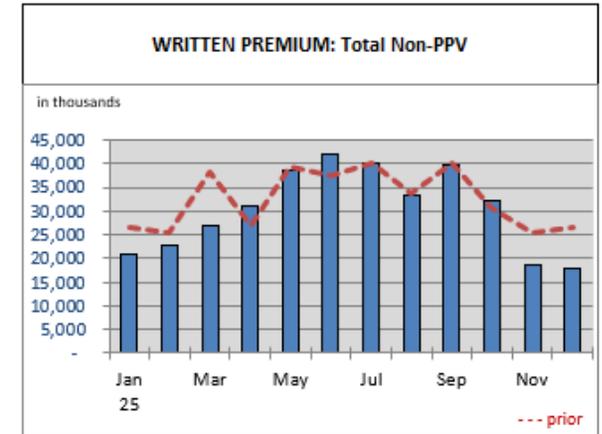
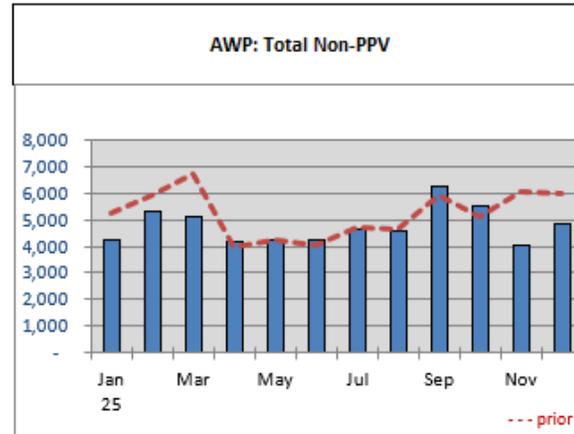
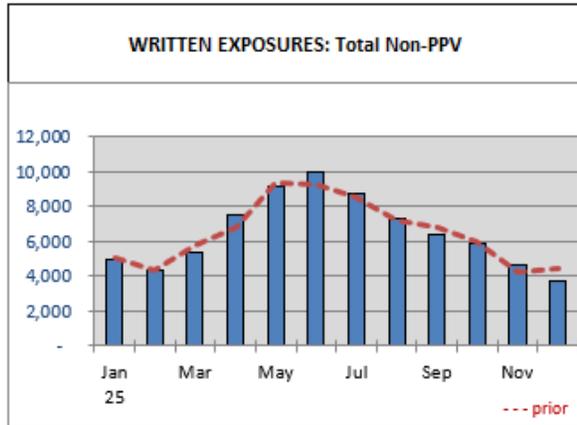
The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium drivers** compared to prior year are:



The Private Passenger vehicle count for the month was 2,843 vehicles, and written premium total of \$10.1 million, a decrease of 2.57% compared with the prior year. The average premium for PPV was 4.99% higher than the prior year. Below are the jurisdictions with notable PPV changes:

- Nova Scotia PPV premium was \$331k lower than the prior year, with vehicle counts lower by 109.
- Ontario PPV premium was \$270k higher than the prior year, with vehicle counts down by 3.
- Alberta PPV premium was \$149k lower than the prior year, with vehicle counts down by 33.

Non-PPV premium drivers compared to prior year are:



The Non-Private Passenger written premium was \$17.8 million, down 32.8% compared with the prior year, while vehicle count was 3,660, which was 17.5% lower than the previous year. Here are the jurisdictions with notable NPPV changes:

- Ontario public bus premium was \$2.0M lower than the prior year, with counts lower by 58.
- Alberta interurban premium was \$1.8M lower than the prior year, with counts lower by 120.
- Alberta commercial was \$1.6M lower than the prior year, with counts lower by 29.

The total average premium was 12.7% lower compared to prior. As a result, the overall month's written premium was \$27.9 million; down \$8.9 million or 24.3% compared with prior year.

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**  
President & CEO