

**TO: MEMBERS OF THE FACILITY ASSOCIATION**  
**ATTENTION: CHIEF EXECUTIVE OFFICER**  
**BULLETIN NO: F2026 – 007**  
**DATE: February 27, 2026**  
**SUBJECT: Risk Sharing Pool – January 2026 Operational Report**

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

Please be advised that the January 2026 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 (January 2026)	Prior Year (January 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
<b>Income Statement Highlights</b>						
Insurance Revenue	80,760	73,270	10.2%	963,440	905,847	6.4%
Operating Result	(701,953)	(761,098)	(7.8%)	(728,967)	(590,594)	23.4%
Written Vehicle Counts	31,565	30,421	3.8%	439,906	458,609	(4.1%)
Average Written Premium (\$s)	3,184	3,151	1.0%	3,270	3,156	3.6%
Combined Operating Ratio (%)	969.2%	1,138.8%	(169.6%) pts	175.7%	165.2%	10.5%
<b>Balance Sheet Snapshot</b>						
LIC	2,313,204	2,047,023	13.0%	2,534,666	2,255,709	12.4%
Nominal Unpaid Claims	2,357,242	2,111,687	11.6%	2,602,333	2,310,111	12.6%
Discount Amount	(210,484)	(204,532)	2.9%	(241,921)	(217,631)	11.2%
Risk Adjustment	166,446	139,868	19.0%	174,253	163,229	6.8%
LRC	1,767,680	1,765,304	0.1%	1,115,891	1,148,267	(2.8%)
LRC Excluding Loss Component	423,677	393,317	7.7%	422,817	431,835	(2.1%)
Loss Component	1,344,002	1,371,987	(2.0%)	693,074	716,432	(3.3%)

**Related Links:**

- [LRC Calculation File](#)
- [RSP Catastrophe Report](#)
- [RSP Summary of Operations - Calendar Year 2025](#)
- [RSP Quarterly Financial Insights](#)

## RSP Summary of Financial Results

<b>RSP Summary of IFRS17 Financial Results</b>	<b>Actual</b>	<b>Projection</b>	<b>Prior Year</b>	<b>2026 year-to-date</b>	<b>2025 year-to-date</b>	<b>2026 year-end</b>	<b>Outlook*</b>	<b>2025 year-end</b>
<b>Amounts in \$000s</b>	<b>(January 2026)</b>	<b>(January 2026)</b>	<b>(January 2025)</b>	<b>as at 1 months</b>	<b>as at 1 months</b>	<b>Projection</b>	<b>Full year 2026</b>	<b>Actual</b>
Written Premium	100,503	98,064	95,857	100,503	95,857	1,438,483	1,419,853	1,447,483
Received Premium	111,764	112,797	113,071	111,764	113,071	1,446,134	1,423,462	1,449,542
Earned Premium	123,785	126,900	111,313	123,785	111,313	1,469,725	1,439,709	1,381,500
Earned Expense Allowance	(43,025)	(44,082)	(38,043)	(43,025)	(38,043)	(506,285)	(496,499)	(475,653)
<b>Insurance Revenue</b>	<b>80,760</b>	<b>82,818</b>	<b>73,270</b>	<b>80,760</b>	<b>73,270</b>	<b>963,440</b>	<b>943,210</b>	<b>905,847</b>
Total Claims Incurred	144,074	136,971	122,382	144,074	122,382	1,619,698	1,582,611	1,347,854
<i>Claims incurred (CAY)</i>	148,624	143,538	129,238	148,624	129,238	1,666,517	1,636,493	1,404,124
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(4,550)	(6,567)	(6,856)	(4,550)	(6,856)	(46,818)	(53,883)	(56,270)
Administrative Expense	1,500	1,390	1,145	1,500	1,145	11,182	10,719	9,458
Losses on Onerous Contracts	688,158	679,482	755,759	688,158	755,759	688,158	671,202	631,836
Reversal of Losses on Onerous Contracts	(63,214)	(63,214)	(56,183)	(63,214)	(56,183)	(745,687)	(733,857)	(648,639)
<b>Insurance Service Expenses</b>	<b>770,517</b>	<b>754,629</b>	<b>823,103</b>	<b>770,517</b>	<b>823,103</b>	<b>1,573,351</b>	<b>1,530,675</b>	<b>1,340,508</b>
<b>Insurance Service Result</b>	<b>(689,757)</b>	<b>(671,812)</b>	<b>(749,833)</b>	<b>(689,757)</b>	<b>(749,833)</b>	<b>(609,911)</b>	<b>(587,464)</b>	<b>(434,661)</b>
Insurance Finance Expense from PV FCF	(8,899)	(8,899)	(7,691)	(8,899)	(7,691)	(78,788)	(88,386)	(85,765)
<i>Discount Unwind Loss Component</i>	(8,899)	(8,899)	(7,691)	(8,899)	(7,691)	(78,788)	(88,386)	(81,155)
<i>Yield Impact Loss Component</i>	0	0	0	0	0	0	0	(4,609)
Insurance Finance Expense from Risk Adjustment	(671)	(671)	(540)	(671)	(540)	(6,096)	(6,779)	(6,309)
<i>Discount Unwind Loss Component</i>	(671)	(671)	(540)	(671)	(540)	(6,096)	(6,779)	(6,076)
<i>Yield Impact Loss Component</i>	0	0	0	0	0	0	0	(232)
Insurance Finance Expense from Loss Component	(2,627)	(2,627)	(3,034)	(2,627)	(3,034)	(34,171)	(33,685)	(63,860)
<i>Discount Unwind Loss Component</i>	(2,627)	(2,627)	(3,034)	(2,627)	(3,034)	(34,171)	(33,685)	(36,225)
<i>Yield Impact Loss Component</i>	0	0	0	0	0	0	0	(27,635)
<b>Insurance Finance Income (Expense)</b>	<b>(12,196)</b>	<b>(12,196)</b>	<b>(11,265)</b>	<b>(12,196)</b>	<b>(11,265)</b>	<b>(119,056)</b>	<b>(128,850)</b>	<b>(155,933)</b>
<b>Operating Result</b>	<b>(701,953)</b>	<b>(684,007)</b>	<b>(761,098)</b>	<b>(701,953)</b>	<b>(761,098)</b>	<b>(728,967)</b>	<b>(716,314)</b>	<b>(590,594)</b>
<b>Key Ratios:</b>								
<b>Loss Ratio</b>	178.4%	165.4%	167.0%	178.4%	167.0%	168.1%	167.8%	148.8%
<i>CAY Loss Ratio</i>	184.0%	173.3%	176.4%	184.0%	176.4%	173.0%	173.5%	155.0%
<i>PAY Loss Ratio</i>	(5.6%)	(7.9%)	(9.4%)	(5.6%)	(9.4%)	(4.9%)	(5.7%)	(6.2%)
<b>Onerous Contract Ratio (excluding IFIE)</b>	773.8%	744.1%	954.8%	773.8%	954.8%	(6.0%)	(6.6%)	(1.9%)
<i>Earned Expense allowance</i>	34.8%	34.7%	34.2%	34.8%	34.2%	34.4%	34.5%	34.4%
<b>Administrative Expenses</b>	1.9%	1.7%	1.6%	1.9%	1.6%	1.2%	1.1%	1.0%
<b>Insurance Service Ratio</b>	<b>954.1%</b>	<b>911.2%</b>	<b>1123.4%</b>	<b>954.1%</b>	<b>1123.4%</b>	<b>163.3%</b>	<b>162.3%</b>	<b>148.0%</b>
<b>Combined Operating Ratio</b>	<b>969.2%</b>	<b>925.9%</b>	<b>1,138.8%</b>	<b>969.2%</b>	<b>1,138.8%</b>	<b>175.7%</b>	<b>175.9%</b>	<b>165.2%</b>

rounding differences may occur  
\*as posted to FA's website Dec 23, 2025

- **Claims Incurred:** The liabilities are assumed to be the best estimate, which means the view of ultimate losses remains fixed until the next quarterly valuation is implemented. Overall, the total loss ratio is higher than the projected loss ratio for the current month, while year end we are in line with the Outlook.

- **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 increased by \$688.2 million primarily driven by **initial recognition of the accident year 2027 Loss Component.**

Initial recognition of the loss component for the future year occurs annually in January as the sharing mechanism of the future year is triggered based on our Plan of Operations. The loss component accounts for the entire fulfillment cash flows of accident year 2027 including those of future risks projected to be written and transferred to the RSP.

Please see the table below for a further breakdown of the losses on Onerous Contracts by Pool and accident year. CAY denotes the current accident year (2026) and the FtAY denotes the future accident year (2027). More information on the initial recognition and projected LRC unwinding is shown below: Losses on Onerous Contracts for January 2026

**Losses on Onerous Contracts for January 2026**

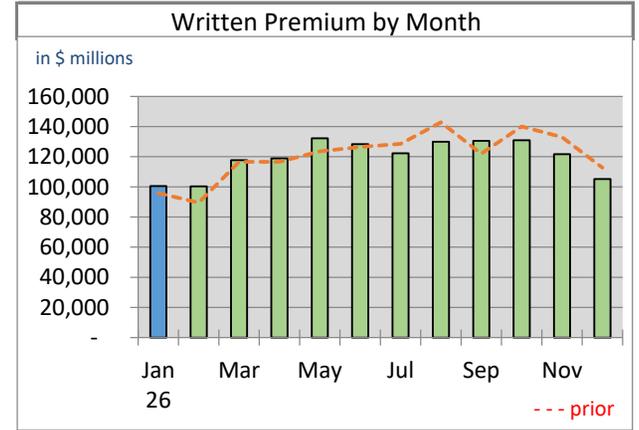
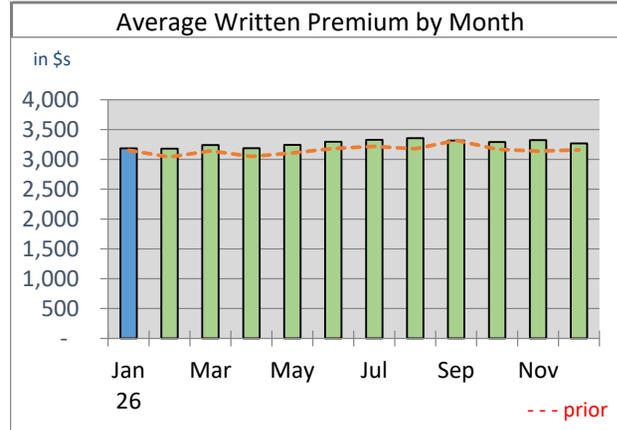
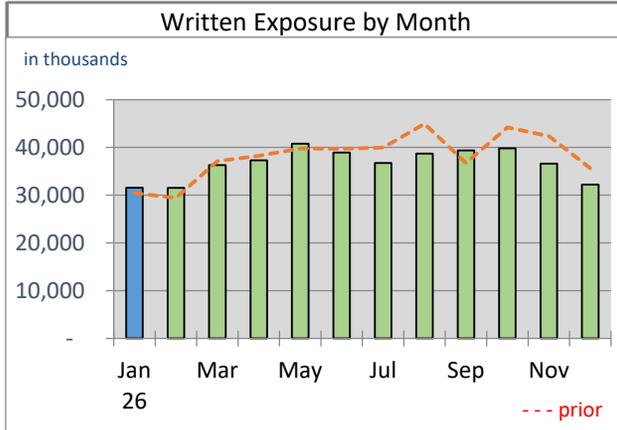
Losses on Onerous Contracts

	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	Newfoundland & Labrador	Total
CAY (2026)	9,251	1,033	371	181	(20)	(211)	10,605
FtAY (2027)	474,361	0	165,102	12,362	15,404	10,323	677,553
<b>Total</b>	<b>483,613</b>	<b>1,033</b>	<b>165,474</b>	<b>12,543</b>	<b>15,384</b>	<b>10,112</b>	<b>688,158</b>

- **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 31,565 vehicles, which was higher than prior year by 1,143 vehicles and 583 vehicles lower than The Outlook for the month, primarily driven by a decrease in the Alberta Non-Grid and Ontario pool offset by an increase in the Alberta Grid pool. Average Written Premiums for the month are up by 4% primarily driven by increase in the Ontario RSP.

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**