

Facility Association Annual General Meeting

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March 11, 2026

Thank you, Michel, and good morning, everyone. It's wonderful to be here today - to meet with our members and stakeholders in person, and equally to connect virtually with people everywhere we do business in Canada.

Albert Einstein said. *"Life is like riding a bicycle. To keep your balance, you must keep moving."*

FA's mandate is all about balance: ensuring market availability while avoiding becoming a competitor or even a market presence, ensuring the flow of critical data for underwriting while protecting personal and commercial data privacy.

Every year our industry faces new challenges and opportunities, pressures on loss costs, market disruption, technological change.

An approach that enables FA to be more resilient, to modernize our approach, and adapt to the ever-evolving industry is how we keep moving, and how we keep in balance. Only this way can we continue to deliver the value and stability we were designed to protect.

So how are we doing?

Let's start with the Risk Sharing Pools. In 2025 FA oversaw the transfer of \$1.4 billion in written premium in the RSPs, an increase of 11% from the previous year.

The increase was driven first by an increase in the average premium of risks transferred in Ontario, while in Alberta there was a shift out of the Grid Pool and into the non-grid pool. Last January's increase in Grid prices resulted in a drop in vehicle counts in the Grid Pool of 21%. Simultaneously there was an increase in the non-grid pool of 8% in vehicles, and 16% in premium.

It's important to remember that pool premium, losses, and resulting ratios are all reflective of the combination of member behaviour and usage. These numbers reflect greater use of the Alberta Non-grid pool in the face of rising industry loss ratios, while in Ontario, we saw a reduction in vehicle counts in the pool as insurers took higher prices to respond to trends in bodily injury losses.

For the Facility Association Residual Market, or FARM, in 2025 we provided coverage for more than 122,000 vehicles across the country, reflecting over \$520 million in written premium. 63% of FA's vehicle count, and 70% of its premium are now non-private passenger risks.

Premium declined slightly from the previous year, although vehicle count increased - with most of that increase coming in Ontario and Nova Scotia.

FA's legislative framework is structured to guarantee that no owner or driver is ever left without the coverage they legally require to drive in Canada. That means FA must take everyone who is legally eligible for insurance. But FA is also supposed to be the market of last resort, which means FA's primary tool to restrict entry is a price that walks the balance between actuarially justified, and also un-competitive.

And when that balance is upset, and FA ends up competing on price, FA turns from being the market of last resort, to a market of choice. Worse still is when that price does not self fund, and FA becomes the industry subsidized market of choice.

In Nova Scotia, FA Private Passenger market share has grown steadily over the past 5 years in the midst of rising claims costs and FA rates being cheaper than many regular markets.

In Newfoundland and Labrador, FA is no longer permitted to include the cost of members' capital in our pricing. As you now, under IFRS 17 FA is required to book projected losses up front when a group of insurance contracts are certain to lose money. We are now in a position where FA's members must recognize the Newfoundland and Labrador book as an onerous contract, and members will see that communication in the next month.

In Ontario in the wake of the government's move to make DCPD optional two years ago, FA unwillingly became the underpriced market of choice for Long-Haul Trucks carrying only liability and accident benefits. Not only did this represent a growing burden on our industry, where trucks already well served in the regular market were being moved into FA for cheaper prices, but the consequence of inexperienced drivers operating minimally insured vehicles plays havoc both with the trucking industry, and the communities in which they drive.

I am pleased to report that after extensive efforts, we have recently been able to achieve a collaborative outcome with FSRA and so can start to rebalance that out-of-balance segment.

Sometimes the market imbalance comes on the other side. Last year, in Alberta, rules prohibiting risks being placed in FA collided with the ongoing rate cap, resulting in market restrictions on the availability of Section C coverage for certain risks. As a consequence there were vehicle owners and drivers who needed but could not obtain full coverage.

Working collaboratively with the Brokers Association, the Superintendent's office, and the AIRB, we succeeded in introducing changes to FA criteria to allow consumers in this position to find a policy in FA.

We are optimistic that as the Care First model rolls out in Alberta, this measure will not remain necessary. In the interim, we focus on ensuring availability while we also address adequate price in the constant work to maintain that balance.

All of these are examples, many successful, and some still underway, of the work we do continuously at FA to work with stakeholders, to come to the table when market issues arise, and to always keep open communication as we advocate for that balance.

I'd like to change gears and focus on FA's movement forward in technology.

Last year I spoke about the work we were starting on a rate engine for FA, to be delivered in collaboration with our Servicing Carrier Nordic. Our goal is to deliver a rating engine platform that eases the work of providing rates for every jurisdiction and every class of vehicle FA writes.

In 2025, we prioritized the delivery of the new fleet rating program across Canada. I hope many of you had the chance to see the presentations and demos at broker conventions in Alberta and Ontario, or over the last few weeks as we completed the last of three webinars for all broker associations.

How we roll out the next phase is still in design, as we balance this important initiative with various product reform changes. Please stay tuned for more information.

For the Technology supporting the Risk Sharing Pools, when we reached out to CEO's last year and asked what was most important, the answer was loud and clear - do what needs to be done to address market need, keep it fair, improve ease of use to members, and at all costs, avoid requiring member companies to undertake costly IT changes.

This is exactly what we have done through 2025. With the major data reporting changes from Ontario AB optionality and the upcoming product reform in Alberta, the team found a way to drastically limit any change in what members will need to report through the RSP portal.

Whether it is reuse existing fields, or backfill data from UIP - At every turn, they asked whether we need this new, or can we get the data through another avenue - the UIP.

This would not have been possible without the other major technology achievement in 2025, the launch of FA's Single Source of Truth UIP Data set. The Single Source of Truth, or SSOT, because we all like a good acronym, was built in response to the move of the auto stat plan to IBM.

In the last month alone 6.5 million transactions were successfully processed through SSOT and delivered downstream, allowing FA to support our data obligations to IBC Dash, CGI Autoplus, Ontario's and Newfoundland's VIN Validation programs and, where individual members provided their consent, other approved users.

With SSOT data, properly protected and secured, supported by solid governance including the first ever memorandum of understanding between FA with GISA, we can reduce the cost and programming effort for members. This is important now as we face Alberta and Ontario product reform, and it will be even more so as we move ahead with the separation from IBC IT and replace the technology platform on which the Pools reside.

I am extremely proud of the FA team, and everything they have accomplished over the past 12 months. They have been supported and continually challenged to do more - and sometimes less! - by the FA Board of Directors.

On behalf of the management team at FA, my sincere thanks. This year we bid farewell to three directors who have given their time, energy, insight, and wisdom to make our organization and this industry a better place.

Chris Harness has provided his valuable insight into the challenges we face in our efforts to move FA forward technologically.

Jean Roy has served the FA and our industry with passion and commitment. He challenged our assumptions and held us all to account to focus on ensuring FA remained self funding, and the market of last resort.

Natalie Higgins, we have been so lucky to have Natalie on our Board, always generous with her time and experience, always providing a balanced, and balancing contribution - Proving the adage that if you want help, ask a busy person.

We thank these Directors for their time, and their commitment.

And that leads us forward to the challenge of 2026 - the first year of the second quarter of the 21st century. At FA we remain committed to innovation balanced with governance, and to technological progress, rooted in the strong foundation upon which FA has been built. We have become more sophisticated in identifying where we can add value, focused always on our purpose - ensuring the availability of auto insurance - within a competitive and healthy marketplace.

Thank you.