

**TO:** MEMBERS OF THE FACILITY ASSOCIATION  
**ATTENTION:** CHIEF EXECUTIVE OFFICER  
**BULLETIN NO:** F2026 – 011  
**DATE:** March 31, 2026  
**SUBJECT:** FARM – January 2026 Participation Report

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

Please be advised that the January 2026 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 (January 2026)	Prior Year (January 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
<b>Income Statement Highlights</b>						
Insurance Revenue	43,498	43,164	0.8%	537,310	527,644	1.8%
Operating Result	497	4,786	(89.6%)	14,009	8,599	62.9%
Written Vehicle Count	7,506	8,117	(7.5%)	124,556	123,282	1.0%
Average Written Premium (\$s)	4,345	3,831	13.4%	4,321	4,253	1.6%
Combined Operating Ratio (%)	98.9%	88.9%	9.9%	97.4%	98.4%	(1.0%) pts
<b>Balance Sheet Snapshot</b>						
LIC	756,014	705,104	7.2%	793,114	763,713	3.8%
Nominal Unpaid Claims	766,002	722,647	6.0%	802,914	774,210	3.7%
Discount Amount	(70,546)	(73,488)	(4.0%)	(70,729)	(71,663)	(1.3%)
Risk Adjustment	60,558	55,945	8.2%	60,928	61,167	(0.4%)
LRC	159,831	200,138	(20.1%)	192,584	166,942	15.4%
LRC Excluding Loss Component	159,503	200,138	(20.3%)	189,185	166,942	13.3%
Loss Component	328	0		3,399	0	

This month, a loss component was recognized for NL PPV which was deemed onerous for 2026. No other segments are currently deemed onerous.

Related Links:

- [LRC Calculation file](#)
- [FARM Catastrophe Report](#)
- [FARM Summary of Operations – Calendar Year 2026](#)
- [FARM Quarterly Financial Insight](#)

<b>FARM 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>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>
Written Premium	32,610	31,098	32,611	32,610	32,611	538,194	552,764
Received Premium	35,231	32,224	32,585	35,231	32,585	534,221	328,991
Earned Premium	43,498	43,150	43,164	43,498	43,164	537,310	549,810
<b>Insurance Revenue</b>	<b>43,498</b>	<b>43,150</b>	<b>43,164</b>	<b>43,498</b>	<b>43,164</b>	<b>537,310</b>	<b>549,810</b>
Total Claims Incurred	31,695	30,685	28,686	31,695	28,686	386,038	395,476
<i>Claims incurred (CAY)</i>	33,433	32,741	31,146	33,433	31,146	404,824	414,508
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	(1,738)	(2,056)	(2,460)	(1,738)	(2,460)	(18,786)	(19,032)
Administrative Expense	5,481	3,878	4,752	5,481	4,752	69,492	70,962
Amortization of IACFs	3,586	4,437	3,612	3,586	3,612	43,629	46,528
Change in Loss Component	328	332	0	328	0	3,399	3,470
<b>Insurance Service Expenses</b>	<b>41,090</b>	<b>39,332</b>	<b>37,050</b>	<b>41,090</b>	<b>37,050</b>	<b>502,557</b>	<b>516,436</b>
<b>Insurance Service Result</b>	<b>2,408</b>	<b>3,818</b>	<b>6,114</b>	<b>2,408</b>	<b>6,114</b>	<b>34,753</b>	<b>33,375</b>
<i>Insurance Finance Expense from PV FCF</i>	(2,588)	(2,588)	(2,311)	(2,588)	(2,311)	(28,014)	(28,288)
<i>Insurance Finance Expense from Risk Adjustment</i>	(223)	(223)	(185)	(223)	(185)	(2,353)	(2,377)
<i>Insurance Finance Expense from Loss Component</i>	0	0	0	0	0	(56)	(57)
<b>Insurance Finance Income (Expense)</b>	<b>(2,811)</b>	<b>(2,811)</b>	<b>(2,496)</b>	<b>(2,811)</b>	<b>(2,496)</b>	<b>(30,423)</b>	<b>(30,722)</b>
<b>Investment Income</b>	<b>900</b>	<b>899</b>	<b>1,169</b>	<b>900</b>	<b>1,169</b>	<b>9,679</b>	<b>10,825</b>
<b>Operating Result</b>	<b>497</b>	<b>1,906</b>	<b>4,786</b>	<b>497</b>	<b>4,786</b>	<b>14,009</b>	<b>13,477</b>
<b>Key Ratios:</b>							
<b>Loss ratio</b>	<b>72.9%</b>	<b>71.1%</b>	<b>66.5%</b>	<b>72.9%</b>	<b>66.5%</b>	<b>71.8%</b>	<b>71.9%</b>
<i>CAY Loss Ratio</i>	76.9%	75.9%	72.2%	76.9%	72.2%	75.3%	75.4%
<i>PAY Loss Ratio</i>	(4.0%)	(4.8%)	(5.7%)	(4.0%)	(5.7%)	(3.5%)	(3.5%)
<b>Underwriting and Admin Expenses</b>	<b>21.6%</b>	<b>20.0%</b>	<b>19.4%</b>	<b>21.6%</b>	<b>19.4%</b>	<b>21.7%</b>	<b>22.0%</b>
<i>Administrative Expenses</i>	12.6%	9.0%	11.0%	12.6%	11.0%	12.9%	12.9%
<i>Amortization of IACFs</i>	8.2%	10.3%	8.4%	8.2%	8.4%	8.1%	8.5%
<i>Change in Loss Component</i>	0.8%	0.8%	0.0%	0.8%	0.0%	0.6%	0.6%
<b>Insurance Service Ratio</b>	<b>94.5%</b>	<b>91.2%</b>	<b>85.8%</b>	<b>94.5%</b>	<b>85.8%</b>	<b>93.5%</b>	<b>93.9%</b>
<b>Insurance Finance Income</b>	<b>6.5%</b>	<b>6.5%</b>	<b>5.8%</b>	<b>6.5%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>5.6%</b>
<b>Investment Income Ratio</b>	<b>(2.1%)</b>	<b>(2.1%)</b>	<b>(2.7%)</b>	<b>(2.1%)</b>	<b>(2.7%)</b>	<b>(1.8%)</b>	<b>(2.0%)</b>
<b>Combined Operating Ratio</b>	<b>98.9%</b>	<b>95.6%</b>	<b>88.9%</b>	<b>98.9%</b>	<b>88.9%</b>	<b>97.4%</b>	<b>97.5%</b>

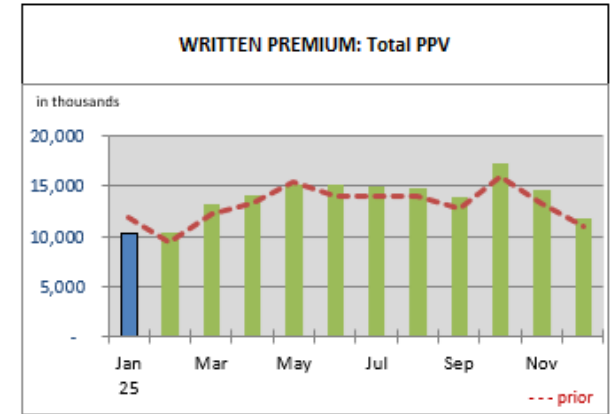
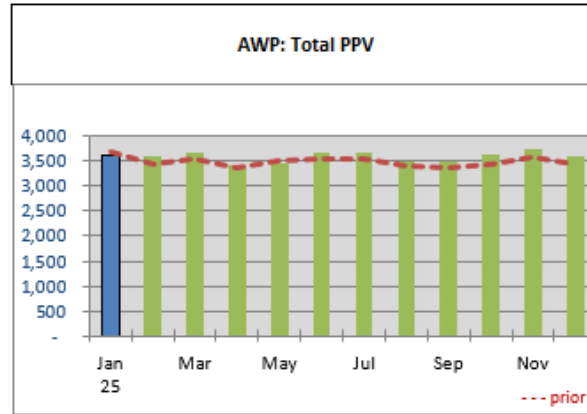
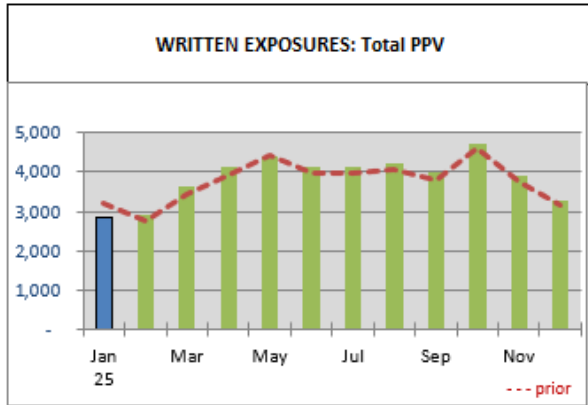
rounding differences may occur

\*as posted to FA's website Feb 06, 2026

- **Claims Incurred:** Incurred losses were \$31.7 million, higher than projection by \$1 million and \$3 million higher compared with the same month last year. Loss ratio was at 72.9%, 1.1 percentage points higher than projected, and 6.4 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, only Newfoundland & Labrador PPV is expected to be onerous in 2026. We will continue to monitor these indications on an ongoing basis to determine if any other segments become onerous and require a loss component.

- 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.

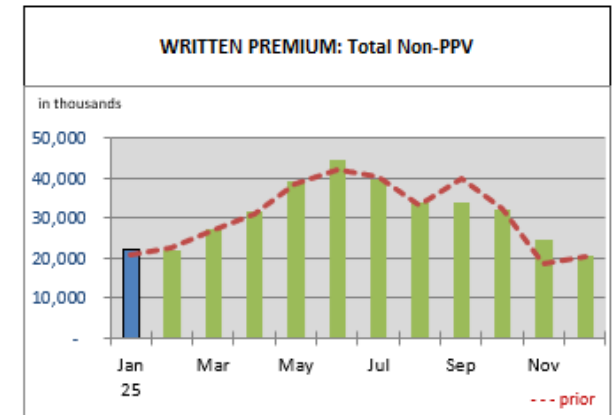
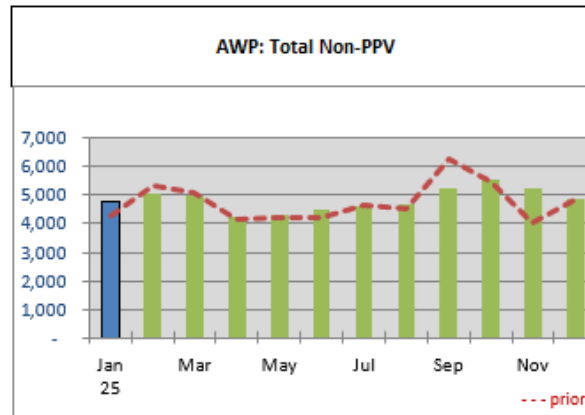
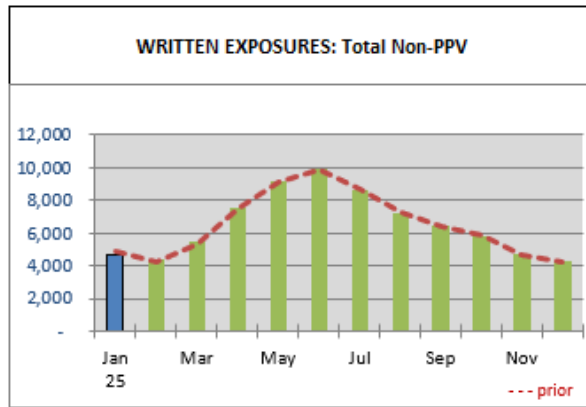
The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium activity** compared to prior year is below:



The Private Passenger vehicle count for the month was 2,847 vehicles, and written premium total of \$10.3 million, a decrease of 13.41% compared with the prior year. The average premium for PPV was 1.91% lower than the prior year. Below are the jurisdictions with notable PPV changes:

- Nova Scotia PPV premium was \$533k lower than the prior year, with vehicle counts lower by 220.
- Ontario PPV premium was \$743k higher than the prior year, with vehicle counts down by 114.

Non-PPV premium activity compared to prior year is below:



The Non-Private Passenger written premium was \$22.3 million, up 7.5% compared with the prior year, while vehicle count was 4,659, which was 4.77% lower than the previous year. Here are the jurisdictions with notable NPPV changes:

- Ontario commercial premium was \$2.8M higher than the prior year, with counts higher by 174.
- Alberta commercial premium was \$1.2M higher than the prior year, with counts higher by 25.
- Ontario public bus premium was \$0.9M lower than the prior year, with counts lower by 27.
- Nova Scotia interurban premium was \$0.6M lower than the prior year, with counts lower by 36.

The total average premium for PPV and Non-PPV combined was 8.0% higher compared to prior. The overall month's written premium was \$32.6 million; down \$37.5 k or 0.11% 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.

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President & CEO