

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 020
DATE: June 30, 2026
SUBJECT: Risk Sharing Pool – May 2026 Operational Report

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

Please be advised that the May 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. The results presented in this bulletin reflect the combined results of the six pools unless otherwise specified.

Amounts in \$000s	Actual (May 2026)	Prior Year (May 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	83,504	75,444	10.7%	986,959	905,847	9.0%
Operating Result	9,766	(578)	(1,788.9%)	(363,106)	(590,594)	(38.5%)
Written Vehicle Counts	39,528	39,777	(0.6%)	438,939	458,609	(4.3%)
Average Written Premium (\$s)	3,491	3,107	12.4%	3,416	3,156	8.2%
Combined Operating Ratio (%)	88.3%	100.8%	(12.5%) pts	136.8%	165.2%	(28.4%) pts
Balance Sheet Snapshot						
LIC	2,318,240	2,151,557	7.7%	2,462,574	2,255,709	9.2%
Nominal Unpaid Claims	2,383,588	2,208,454	7.9%	2,543,586	2,310,111	10.1%
Discount Amount	(237,956)	(206,415)	15.3%	(258,588)	(217,631)	18.8%
Risk Adjustment	172,609	149,518	15.4%	177,575	163,229	8.8%
LRC	1,275,458	1,468,811	(13.2%)	974,838	1,148,267	(15.1%)
LRC Excluding Loss Component	407,574	379,623	7.4%	439,785	431,835	1.8%
Loss Component	867,884	1,089,188	(20.3%)	535,053	716,432	(25.3%)

Related Links:

- [LRC Calculation File](#)
- [RSP Catastrophe Report](#)
- [RSP Summary of Operations - Calendar Year 2026](#)
- [Detailed Valuation Results file](#)
- [Supplementary Information Including Exhibits](#)

RSP Summary of Financial Results

RSP Summary of IFRS17 Financial Results	Actual	Projection	Prior Year	2026 year-to-date	2025 year-to-date	2026 year-end	Outlook*	2025 year-end
Amounts in \$000s	(May 2026)	(May 2026)	(May 2025)	as at 5 months	as at 5 months	Projection	Full year 2026	Actual
Written Premium	137,985	134,631	123,578	595,936	542,115	1,499,482	1,419,853	1,447,483
Received Premium	127,162	128,081	117,048	570,151	533,448	1,507,204	1,423,462	1,449,542
Earned Premium	127,094	130,212	115,006	610,874	550,449	1,504,435	1,439,709	1,381,500
Earned Expense Allowance	(43,590)	(44,815)	(39,561)	(210,652)	(188,905)	(517,476)	(496,499)	(475,653)
Insurance Revenue	83,504	85,397	75,444	400,223	361,544	986,959	943,210	905,847
Total Claims Incurred	132,321	128,983	111,696	563,177	588,729	1,445,764	1,582,611	1,347,854
<i>Claims incurred (CAY)</i>	<i>133,597</i>	<i>132,960</i>	<i>118,211</i>	<i>632,518</i>	<i>613,450</i>	<i>1,541,226</i>	<i>1,636,493</i>	<i>1,404,124</i>
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	<i>(1,275)</i>	<i>(3,977)</i>	<i>(6,515)</i>	<i>(69,341)</i>	<i>(24,720)</i>	<i>(95,462)</i>	<i>(53,883)</i>	<i>(56,270)</i>
Administrative Expense	878	983	796	4,505	3,814	10,548	10,719	9,458
Losses on Onerous Contracts	3,848	0	(19,086)	438,830	652,073	438,830	671,202	631,836
Reversal of Losses on Onerous Contracts	(49,575)	(49,575)	(56,830)	(281,323)	(276,940)	(628,425)	(733,857)	(648,639)
Insurance Service Expenses	87,472	80,391	36,576	725,190	967,676	1,266,717	1,530,675	1,340,508
Insurance Service Result	(3,968)	5,006	38,868	(324,967)	(606,133)	(279,758)	(587,464)	(434,661)
Insurance Finance Expense from PV FCF	3,214	(6,330)	(17,139)	(18,087)	(41,573)	(69,718)	(88,386)	(85,765)
<i>Discount Unwind Loss Component</i>	<i>(6,339)</i>	<i>(6,330)</i>	<i>(5,844)</i>	<i>(33,550)</i>	<i>(35,833)</i>	<i>(85,181)</i>	<i>(88,386)</i>	<i>(81,155)</i>
<i>Yield Impact Loss Component</i>	<i>9,553</i>	<i>0</i>	<i>(11,295)</i>	<i>15,463</i>	<i>(5,740)</i>	<i>15,463</i>	<i>0</i>	<i>(4,609)</i>
Insurance Finance Expense from Risk Adjustment	352	(499)	(1,098)	(1,314)	(2,818)	(5,415)	(6,779)	(6,309)
<i>Discount Unwind Loss Component</i>	<i>(500)</i>	<i>(499)</i>	<i>(427)</i>	<i>(2,625)</i>	<i>(2,570)</i>	<i>(6,726)</i>	<i>(6,779)</i>	<i>(6,076)</i>
<i>Yield Impact Loss Component</i>	<i>852</i>	<i>0</i>	<i>(671)</i>	<i>1,311</i>	<i>(247)</i>	<i>1,311</i>	<i>0</i>	<i>(232)</i>
Insurance Finance Expense from Loss Component	10,168	(2,493)	(21,208)	6,056	(44,679)	(8,216)	(33,685)	(63,860)
<i>Discount Unwind Loss Component</i>	<i>(2,493)</i>	<i>(2,493)</i>	<i>(3,433)</i>	<i>(16,155)</i>	<i>(19,945)</i>	<i>(30,426)</i>	<i>(33,685)</i>	<i>(36,225)</i>
<i>Yield Impact Loss Component</i>	<i>12,661</i>	<i>0</i>	<i>(17,775)</i>	<i>22,210</i>	<i>(24,734)</i>	<i>22,210</i>	<i>0</i>	<i>(27,635)</i>
Insurance Finance Income (Expense)	13,734	(9,322)	(39,446)	(13,345)	(89,070)	(83,348)	(128,850)	(155,933)
Operating Result	9,766	(4,316)	(578)	(338,312)	(695,202)	(363,106)	(716,314)	(590,594)
Key Ratios:								
Loss Ratio	158.5%	151.0%	148.1%	140.7%	162.8%	146.5%	167.8%	148.8%
<i>CAY Loss Ratio</i>	<i>160.0%</i>	<i>155.7%</i>	<i>156.7%</i>	<i>158.0%</i>	<i>169.7%</i>	<i>156.2%</i>	<i>173.5%</i>	<i>155.0%</i>
<i>PAY Loss Ratio</i>	<i>(1.5%)</i>	<i>(4.7%)</i>	<i>(8.6%)</i>	<i>(17.3%)</i>	<i>(6.8%)</i>	<i>(9.7%)</i>	<i>(5.7%)</i>	<i>(6.2%)</i>
Onerous Contract Ratio (excluding IFIE)	(54.8%)	(58.1%)	(100.6%)	39.4%	103.8%	(19.2%)	(6.6%)	(1.9%)
<i>Earned Expense allowance</i>	<i>34.3%</i>	<i>34.4%</i>	<i>34.4%</i>	<i>34.5%</i>	<i>34.3%</i>	<i>34.4%</i>	<i>34.5%</i>	<i>34.4%</i>
Administrative Expenses	1.1%	1.2%	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%
Insurance Service Ratio	104.8%	94.1%	48.5%	181.2%	267.7%	128.3%	162.3%	148.0%
Combined Operating Ratio	88.3%	105.1%	100.8%	184.5%	292.3%	136.8%	175.9%	165.2%

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 slightly higher than the projected loss ratio for the current month, while the year-end compared to The Outlook is lower.

- **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 \$3.8 million** driven by an increase in Alberta Grid and New Brunswick AY 2026 Bodily Injury loss ratios, partially offset by a decrease in Alberta Non-Grid AY 2026 Bodily Injury.

	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	Newfoundland & Labrador	Total
CAY (2026)	(378)	3,452	(1,397)	1,234	283	733	3,927
FtAY (2027)	265	0	(560)	22	249	(55)	(79)
Total	(113)	3,452	(1,957)	1,256	531	678	3,848

- **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. The combined yield impact on the LIC and LRC is favorable change of approximately \$23.1 million driven by an increase in yield of approximately 19 to 21 basis points across all pools.

Impact of 2026 Q1 Valuation

A valuation of the RSP as at March 31, 2026, has been completed since last month's Operational Report and the results of the valuation have been incorporated into this month's Operational Report. The implementation of the new valuation resulted in an estimated **\$14.7 million overall favorable impact** on the month's net results from operations. We are seeing better-than-expected experience in Ontario PAY, particularly in Comprehensive and Bodily Injury claims, where the previously rising loss ratio trend has reversed due to declining frequency and severity of theft losses. This is partially offset by the Alberta pool, which experienced a slight unfavorable impact on the LIC following updated 2027 Auto Reform assumptions. In addition, the overall favorable impact is primarily driven by increased yields across all RSP.

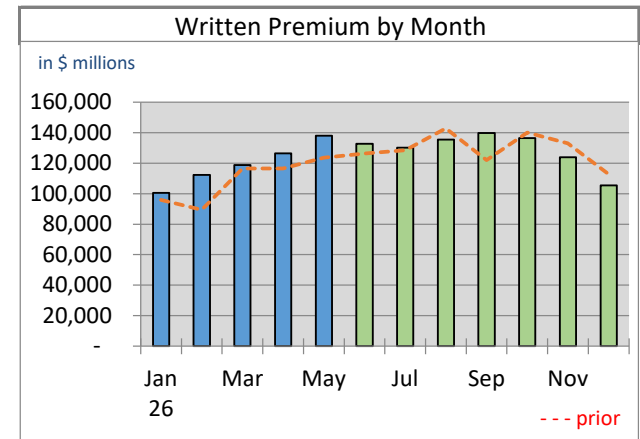
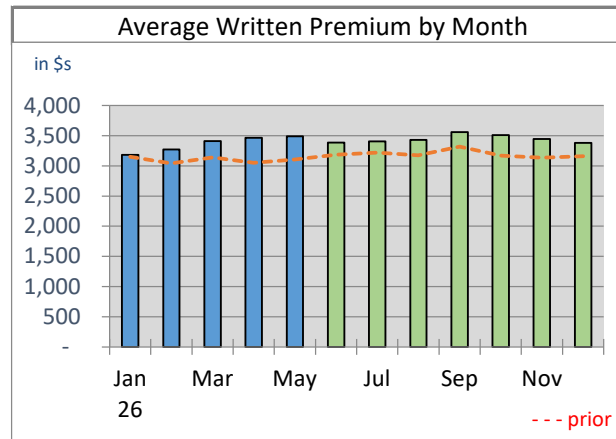
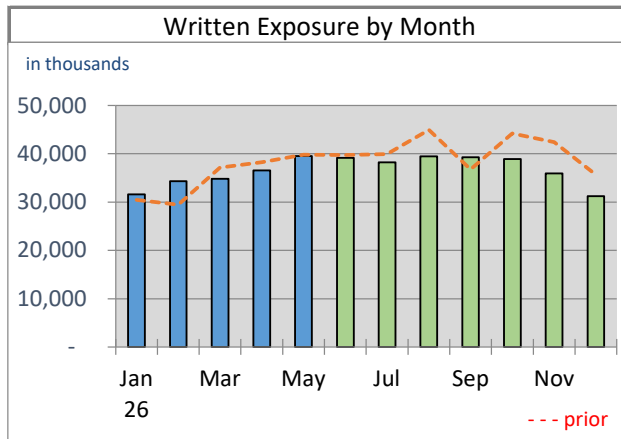
	ON	AB Grid	AB non-Grid	NS	NB	NL	TOTAL
LIC Impact	(13,920)	4,315	3,703	(1,777)	(313)	(361)	(8,353)
PAY	(17,388)	1,735	3,865	(1,631)	(1,024)	(757)	(15,200)
CAY	3,468	2,580	(162)	(146)	711	396	6,848
LRC Impact	(5,954)	2,884	(5,180)	314	1,044	572	(6,321)
CAY	(1,889)	2,884	(2,371)	214	1,181	697	716
FtAY	(4,065)	-	(2,809)	99	(137)	(125)	(7,036)
Total	(19,874)	7,199	(1,477)	(1,464)	731	212	(14,673)
Impact on YTD COR	(9.2%)	8.8%	(1.8%)	(13.8%)	9.4%	4.7%	(3.7%)

The table below shows the yield impact on the liability this month which reflects a Yield increase of 19 to 21 basis points. These amounts are included in the LIC and LRC impacts shown above.

Yield Impact Breakdown							
	ON	AB Grid	AB non-Grid	NS	NB	NL	TOTAL
LIC	(4,144)	(2,796)	(2,757)	(215)	(419)	(74)	(10,405)
LRC	(7,220)	(798)	(3,996)	(259)	(261)	(127)	(12,661)
TOTAL	(11,364)	(3,595)	(6,753)	(474)	(680)	(201)	(23,066)

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 39,528 vehicles, which was lower than prior year by 249 vehicles and 1,268 vehicles lower than The Outlook for the month. This is primarily driven by a decrease in the Ontario and Alberta Grid pool offset by an increase in the Alberta Non-Grid. Average Written Premiums for the month are up by 11% primarily driven by increase in the Ontario, Alberta Grid, and Alberta Non-Grid RSP.

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

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