FACILITY ASSOCIATION

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 029
DATE: July 31, 2026
SUBJECT: FARM – May 2026 Participation Report

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

Please be advised that the May 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.

Amounts in $000s **Income Statement Highlights**	Actual (May 2026)	Prior Year (May 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
Insurance Revenue	45,233	44,323	2.1%	540,835	527,644	2.5%
Operating Result	3,422	(12,358)	(127.7%)	(23,920)	8,599	(378.2%)
Written Vehicle Count	13,945	13,576	2.7%	123,466	123,300	0.1%
Average Written Premium ($s)	4,039	4,018	0.5%	4,383	4,252	3.1%
Combined Operating Ratio (%)	92.4%	127.9%	(35.4%) pts	104.4%	98.4%	6.1% pts
Balance Sheet Snapshot						
LIC	792,164	723,925	9.4%	823,221	763,713	7.8%
Nominal Unpaid Claims	815,010	736,514	10.7%	848,822	774,210	9.6%
Discount Amount	(86,069)	(69,753)	23.4%	(88,540)	(71,663)	23.6%
Risk Adjustment	63,223	57,164	10.6%	62,939	61,167	2.9%
LRC	167,553	200,692	(16.5%)	189,055	166,942	13.2%
LRC Excluding Loss Component	166,206	200,692	(17.2%)	186,512	166,942	11.7%
Loss Component	1,347	0		2,543	0	

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
- Detailed Valuation Results file
- Supplementary Information including Exhibits
- FARM Catastrophe Report
- FARM Summary of Operations – Calendar Year 2026

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FARM Summary of IFRS17 Financial Results Amounts in $000s	Actual (May 2026)	Projection (May 2026)	Prior Year (May 2025)	2026 year-to-date as at 5 months	2025 year-to-date as at 5 months	2026 year-end Projection	Outlook* Full year 2026
Written Premium	56,326	54,549	54,239	212,345	202,727	544,991	552,764
Received Premium	53,387	52,531	52,583	214,147	201,573	539,765	328,991
Earned Premium	45,233	44,906	44,323	214,867	210,732	540,835	549,810
Insurance Revenue	**45,233**	**44,906**	**44,323**	**214,867**	**210,732**	**540,835**	**549,810**
Total Claims Incurred	35,701	33,123	40,709	193,736	147,468	433,803	395,476
Claims incurred (CAY)	34,860	34,720	31,999	167,692	154,230	418,490	414,508
Adjustments to Liabilities for Incurred Claims (PAYs)	842	(1,597)	8,710	26,044	(6,761)	15,313	(19,032)
Administrative Expense	7,475	6,822	6,774	29,138	26,552	71,433	70,962
Amortization of IACFs	3,982	3,675	3,677	18,671	17,788	44,943	46,528
Change in Loss Component	535	535	0	1,829	0	2,987	3,470
Insurance Service Expenses	**47,692**	**44,155**	**51,160**	**243,374**	**191,808**	**553,166**	**516,436**
Insurance Service Result	**(2,459)**	**751**	**(6,838)**	**(28,507)**	**18,923**	**(12,332)**	**33,375**
Insurance Finance Expense from PV FCF	3,890	(2,431)	(5,954)	(3,162)	(15,369)	(21,398)	(28,288)
Insurance Finance Expense from Risk Adjustment	329	(196)	(504)	(215)	(1,245)	(1,658)	(2,377)
Insurance Finance Expense from Loss Component	341	(3)	0	482	0	444	(57)
Insurance Finance Income (Expense)	**4,560**	**(2,631)**	**(6,458)**	**(2,895)**	**(16,614)**	**(22,612)**	**(30,722)**
Investment Income	**1,322**	**1,321**	**937**	**4,688**	**4,826**	**11,024**	**10,825**
Operating Result	**3,422**	**(559)**	**(12,358)**	**(26,713)**	**7,136**	**(23,920)**	**13,477**
Key Ratios:							
Loss ratio	**78.9%**	**73.8%**	**91.8%**	**90.2%**	**70.0%**	**80.2%**	**71.9%**
CAY Loss Ratio	77.1%	77.3%	72.2%	78.0%	73.2%	77.4%	75.4%
PAY Loss Ratio	1.9%	**(3.6%)**	**19.7%**	**12.1%**	**(3.2%)**	**2.8%**	**(3.5%)**
Underwriting and Admin Expenses	**26.5%**	**24.6%**	**23.6%**	**23.1%**	**21.0%**	**22.1%**	**22.0%**
Administrative Expenses	16.5%	15.2%	15.3%	13.6%	12.6%	13.2%	12.9%
Amortization of IACFs	8.8%	8.2%	8.3%	8.7%	8.4%	8.3%	8.5%
Change in Loss Component	1.2%	1.2%	0.0%	0.9%	0.0%	0.6%	0.6%
Insurance Service Ratio	**105.4%**	**98.3%**	**115.4%**	**113.3%**	**91.0%**	**102.3%**	**93.9%**
Insurance Finance Income	**(10.1%)**	**5.9%**	**14.6%**	**1.3%**	**7.9%**	**4.2%**	**5.6%**
Investment Income Ratio	**(2.9%)**	**(2.9%)**	**(2.1%)**	**(2.2%)**	**(2.3%)**	**(2.0%)**	**(2.0%)**
Combined Operating Ratio	**92.4%**	**101.2%**	**127.9%**	**112.4%**	**96.6%**	**104.4%**	**97.5%**

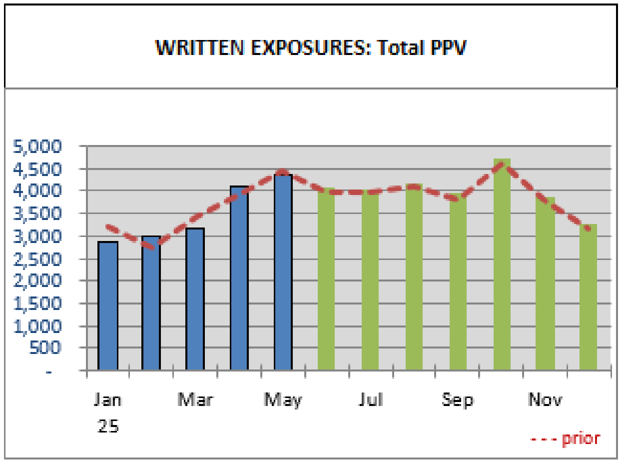
rounding differences may occur

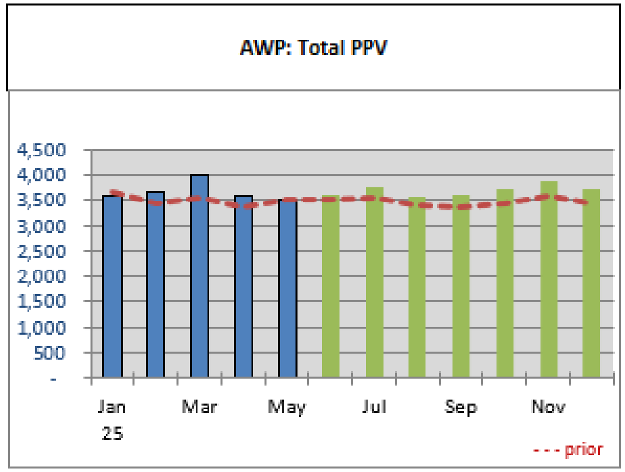
*as posted to FA's website Feb 06, 2026

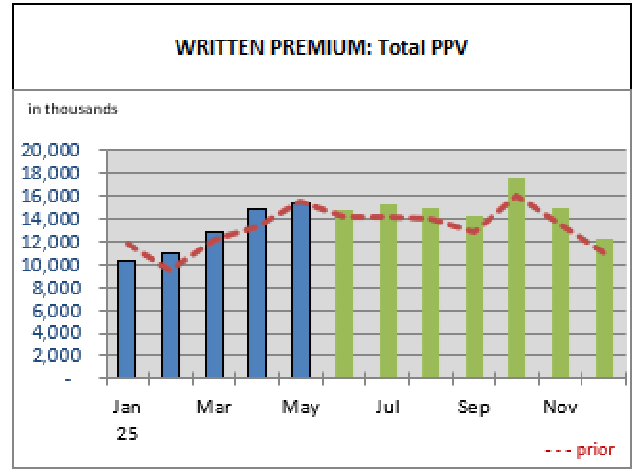
- **Claims Incurred**: Incurred losses were $35.7 million, higher than projection by $2.6 million and $5 million lower compared with the same month last year. Loss ratio was at 78.9%, 5.1 percentage points lower than projected, and 12.9 percentage points lower compared with prior year.
- **Change in 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:



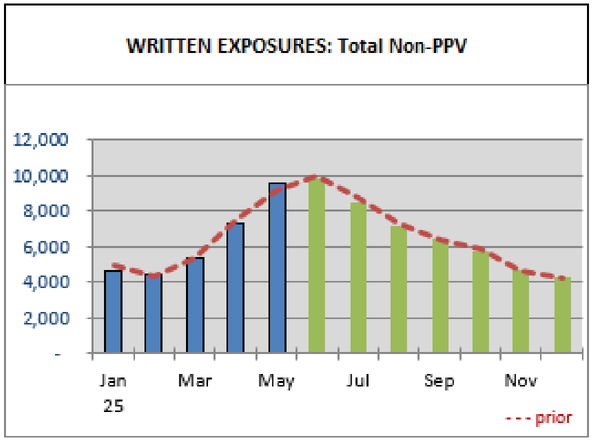


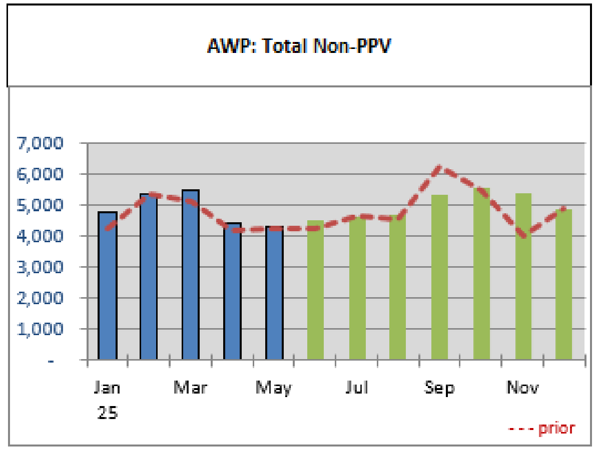


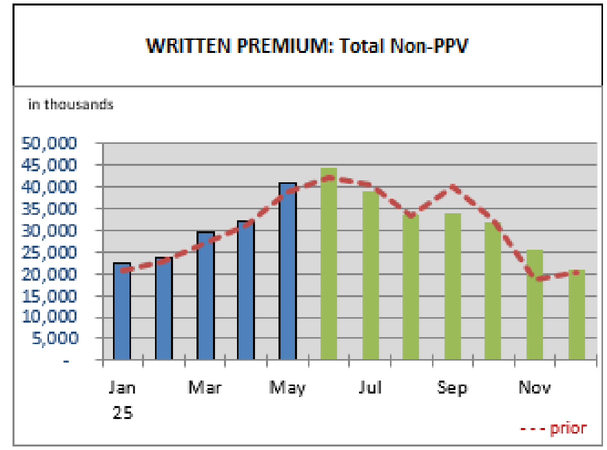
The Private Passenger vehicle count for the month was 4,376 vehicles, and written premium total of $15.4 million, a decrease of -0.8% compared with the prior year. The average premium for PPV was 0.5% higher than the prior year. Below are the jurisdictions with notable PPV changes:

- Alberta PPV premium was $0.95M higher than the prior year, with vehicle counts higher by 140.
- Ontario PPV premium was $0.85M lower than the prior year, with vehicle counts down by 169.

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







The Non-Private Passenger written premium was $40.9 million, up 5.7% compared with the prior year, while vehicle count was 9,513, which was 0.1% higher than the previous year. Here are the jurisdictions with notable NPPV changes:

- Ontario interurban premium was $566K lower than the prior year, with counts higher by 136.
- Ontario commercial premium was $590K lower than the prior year, with counts lower by 56.
- Alberta interurban premium was $1.96M higher than the prior year, with counts lower by 18.
- Alberta commercial premium was $1.8M higher than the prior year, with counts higher by 229.

The total average premium for PPV and Non-PPV combined was 1.5% higher compared to prior. The overall month's written premium was $56.3 million; up $2.1M or 3.8% compared with prior year.

Impact of 2026 Q1 Valuation

A valuation of the Facility Association Residual Market as at March 31, 2026 was completed after last month's Participation Report, and its results have now been incorporated into this month's report. The implementation of the new valuation resulted in an estimated $4.0 million favorable impact on the month's net results from operations. The favorable impact is primarily driven discounting with a slight offset from deterioration in loss ratios.

	Ontario PPV	Alberta PPV	Atlantics PPV	Territories PPV	PPV Total	Ontario Non-PPV	Alberta Non-PPV	Atlantics Non-PPV	Territories Non-PPV	Non-PPV Total	Grand Total
LIC Impact	**(1,223)**	**1,222**	**1,647**	**186**	**1,831**	**(5,256)**	**585**	**(859)**	**(276)**	**(5,807)**	**(3,976)**
PAY	(948)	1,286	2,188	201	**2,727**	(6,325)	857	(982)	(281)	**(6,731)**	(4,003)
CAY	(275)	(64)	(542)	(16)	**(896)**	1,069	(272)	122	4	**924**	27
LRC Impact	**-**	**-**	**279**	**-**	**279**	**-**	**-**	**-**	**-**	**-**	**279**
CAY	-	-	279	-	**279**	-	-	-	-	**-**	279
FtAY	-	-	-	-	**-**	-	-	-	-	**-**	-
Total	**(1,223)**	**1,222**	**1,925**	**186**	**2,110**	**(5,256)**	**585**	**(859)**	**(276)**	**(5,807)**	**(3,697)**
Impact on YTD COR	(5.4%)	25.7%	4.5%	11.6%	2.8%	(8.8%)	1.0%	(3.3%)	(9.3%)	(3.9%)	(1.9%)

The table below shows the yield impact on the liability this month. These amounts are included in the LIC and LRC impacts shown above.

Yield Impact Breakdown									
	Ontario PPV	Alberta PPV	Atlantics PPV	Territories PPV	Ontario Non-PPV	Alberta Non-PPV	Atlantics Non-PPV	Territories Non-PPV	TOTAL
LIC	(938)	(121)	(876)	(21)	(2,637)	(1,986)	(217)	(48)	(6,843)
LRC	0	0	345	0	0	0	0	0	345
TOTAL	**(938)**	**(121)**	**(532)**	**(21)**			**(217)**	**(48)**	**(6,498)**

Available Funds Distribution

The May 2026 Participation Report reflects a realignment or reallocation of funds shown in the table below. The net transfer of funds to members in **$0**.

Amounts in ($000) to be Transferred to / (from) Members

Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	2,454	(1,198)	1,256
Alberta	1,227	(9,402)	(8,175)
Newfoundland &	4,554	1,069	5,623
New Brunswick	(337)	(3,429)	(3,765)
Nova Scotia	4,650	830	5,480
Prince Edward Island	(661)	72	(589)
Yukon	(154)	341	187
Northwest Territories	172	162	335
Nunavut	(42)	(310)	(352)
Total	**11,864**	**(11,864)**	**0**

Although the total value of distributed funds has not changed, updates to the provincial allocation and member sharing ratios may create a balance payable to or receivable from Facility Association for your company.

The resulting amount is shown on page 21 of the IFRS 17 Member Participation Report on the line "Total Distributed to Member."

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

Saskia Matheson
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