FACILITY ASSOCIATION

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 031
DATE: August 31, 2026
SUBJECT: FARM – June 2026 Participation Report

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

Please be advised that the June 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 $000s Income Statement Highlights	Actual (June 2026)	Prior Year (June 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
Insurance Revenue	45,836	43,123	6.3%	546,785	527,644	3.6%
Operating Result	(1,752)	768	(328.0%)	(25,662)	8,599	(398.4%)
Written Vehicle Count	14,232	13,896	2.4%	124,335	123,298	0.8%
Average Written Premium ($s)	4,510	4,264	5.8%	4,498	4,253	5.8%
Combined Operating Ratio (%)	103.8%	98.2%	5.6%	104.7%	98.4%	6.3% pts
Balance Sheet Snapshot						
LIC	796,162	729,180	9.2%	829,362	763,713	8.6%
Nominal Unpaid Claims	819,601	741,323	10.6%	855,025	774,210	10.4%
Discount Amount	(86,506)	(69,482)	24.5%	(88,950)	(71,663)	24.1%
Risk Adjustment	63,067	57,338	10.0%	63,287	61,167	3.5%
LRC	179,974	211,611	(15.0%)	190,741	166,942	14.3%
LRC Excluding Loss Component	178,357	211,611	(15.7%)	188,171	166,942	12.7%
Loss Component	1,618	0		2,570	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
- FARM Catastrophe Report
- FARM Summary of Operations – Calendar Year 2026

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FARM Summary of IFRS17 Financial Results Amounts in $000s	Actual (June 2026)	Projection (June 2026)	Prior Year (June 2025)	2026 year-to-date as at 6 months	2025 year-to-date as at 6 months	2026 year-end Projection	Outlook* Full year 2026
Written Premium	64,193	59,258	55,961	276,538	258,688	559,376	552,764
Received Premium	59,419	56,593	55,091	273,566	256,664	551,322	328,991
Earned Premium	45,836	44,049	43,123	260,702	253,855	546,785	549,810
Insurance Revenue	**45,836**	**44,049**	**43,123**	**260,702**	**253,855**	**546,785**	**549,810**
Total Claims Incurred	33,340	31,685	30,069	227,076	177,538	438,555	395,476
Claims incurred (CAY)	35,486	33,777	31,509	203,178	185,738	423,418	414,508
Adjustments to Liabilities for Incurred Claims (PAYs)	(2,146)	(2,092)	(1,439)	23,898	(8,201)	15,137	(19,032)
Administrative Expense	7,842	7,417	6,776	36,935	33,328	73,004	70,962
Amortization of IACFs	4,082	3,732	3,706	22,753	21,495	45,704	46,528
Change in Loss Component	266	266	0	2,096	0	3,013	3,470
Insurance Service Expenses	**45,531**	**43,101**	**40,552**	**288,859**	**232,360**	**560,275**	**516,436**
Insurance Service Result	**305**	**948**	**2,571**	**(28,157)**	**21,495**	**(13,490)**	**33,375**
Insurance Finance Expense from PV FCF	(2,829)	(2,829)	(2,496)	(5,991)	(17,865)	(21,456)	(28,288)
Insurance Finance Expense from Risk Adjustment	(224)	(224)	(214)	(439)	(1,459)	(1,661)	(2,377)
Insurance Finance Expense from Loss Component	(4)	(4)	0	478	0	443	(57)
Insurance Finance Income (Expense)	**(3,057)**	**(3,057)**	**(2,710)**	**(5,952)**	**(19,324)**	**(22,675)**	**(30,722)**
Investment Income	**1,001**	**999**	**907**	**5,689**	**5,733**	**10,502**	**10,825**
Operating Result	**(1,752)**	**(1,111)**	**768**	**(28,420)**	**7,904**	**(25,662)**	**13,477**
Key Ratios:							
Loss ratio	**72.7%**	**71.9%**	**69.7%**	**87.1%**	**69.9%**	**80.2%**	**71.9%**
CAY Loss Ratio	77.4%	76.7%	73.1%	77.9%	73.2%	77.4%	75.4%
PAY Loss Ratio	(4.7%)	**(4.7%)**	**(3.3%)**	**9.2%**	**(3.2%)**	**2.8%**	**(3.5%)**
Underwriting and Admin Expenses	**26.6%**	**25.9%**	**24.3%**	**23.7%**	**21.6%**	**22.3%**	**22.0%**
Administrative Expenses	17.1%	16.8%	15.7%	14.2%	13.1%	13.4%	12.9%
Amortization of IACFs	8.9%	8.5%	8.6%	8.7%	8.5%	8.4%	8.5%
Change in Loss Component	0.6%	0.6%	0.0%	0.8%	0.0%	0.6%	0.6%
Insurance Service Ratio	**99.3%**	**97.8%**	**94.0%**	**110.8%**	**91.5%**	**102.5%**	**93.9%**
Insurance Finance Income	**6.7%**	**6.9%**	**6.3%**	**2.3%**	**7.6%**	**4.1%**	**5.6%**
Investment Income Ratio	**(2.2%)**	**(2.3%)**	**(2.1%)**	**(2.2%)**	**(2.3%)**	**(1.9%)**	**(2.0%)**
Combined Operating Ratio	**103.8%**	**102.5%**	**98.2%**	**110.9%**	**96.9%**	**104.7%**	**97.5%**

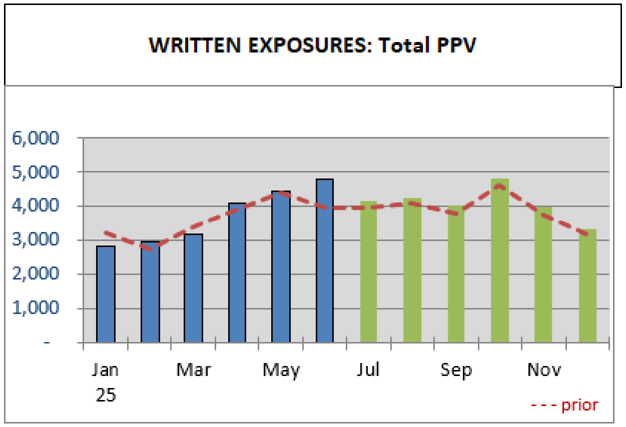
rounding differences may occur

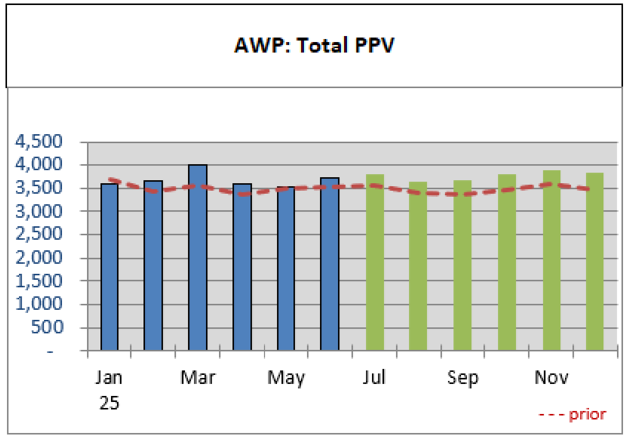
*as posted to FA's website Feb 06, 2026

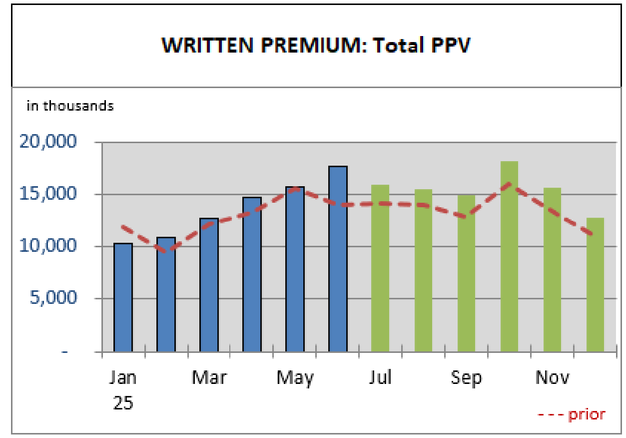
- **Claims Incurred**: Incurred losses were $33.3 million, higher than projection by $1.6 million and $3.3 million higher compared with the same month last year. Loss ratio was at 72.7%, 0.8 percentage points higher than projected, and 3 percentage points higher compared with prior year.
- **Change in 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:



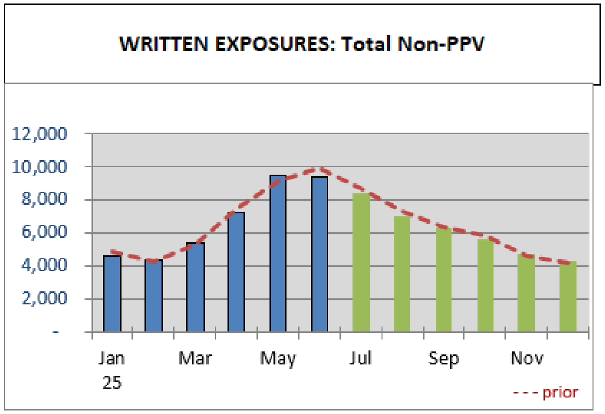


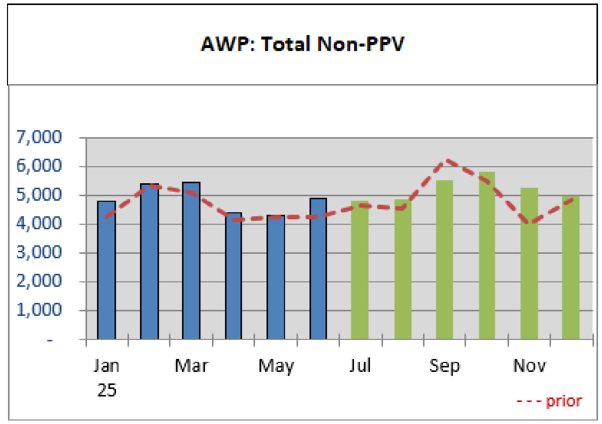


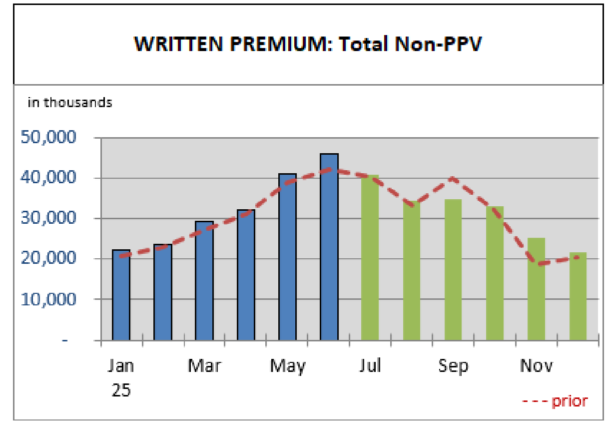
The Private Passenger vehicle count for the month was 4,785 vehicles, and written premium total of $17.7 million, an increase of 26.03% compared with the prior year. The average premium for PPV was 4.86% higher than the prior year. Below are the jurisdictions with notable PPV changes:

- Alberta PPV premium was $2.8M higher than the prior year, with vehicle counts higher by 360.
- Ontario PPV premium was $0.4M lower than the prior year, with vehicle counts down by 41.

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







The Non-Private Passenger written premium was $46.1 million, up 9.8% compared with the prior year, while vehicle count was 9,447, which was -4.72% lower than the previous year. Here are the jurisdictions with notable NPPV changes:

- Ontario interurban premium was $698K lower than the prior year, with counts higher by 213.
- Ontario public bus premium was $2.5M higher than the prior year, with counts higher by 73.
- Alberta interurban premium was $1.5M higher than the prior year, with counts lower by 44.

The total average premium for PPV and Non-PPV combined was 2.4% higher compared to prior. The overall month's written premium was $63.8 million; up $7.8M or 13.9% compared with prior year.

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
President & CEO