

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 034
DATE: September 29, 2026
SUBJECT: FARM – July 2026 Participation Report

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

Please be advised that the July 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	Actual (July 2026)	Prior Year (July 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	47,230	46,280	2.1%	544,262	527,644	3.1%
Operating Result	(936)	2,164	(143.3%)	(26,504)	8,599	(408.2%)
Written Vehicle Count	12,718	12,675	0.3%	124,574	123,300	1.0%
Average Written Premium (\$s)	4,091	4,471	(8.5%)	4,442	4,253	4.5%
Combined Operating Ratio (%)	102.0%	95.3%	6.7%	104.9%	98.4%	6.5% pts
Balance Sheet Snapshot						
LIC	800,499	737,945	8.5%	826,675	763,713	8.2%
Nominal Unpaid Claims	824,476	750,276	9.9%	852,164	774,210	10.1%
Discount Amount	(86,882)	(70,041)	24.0%	(88,588)	(71,663)	23.6%
Risk Adjustment	62,904	57,710	9.0%	63,099	61,167	3.2%
LRC	182,088	218,133	(16.5%)	183,469	166,942	9.9%
LRC Excluding Loss Component	180,239	218,133	(17.4%)	180,803	166,942	8.3%
Loss Component	1,849	0		2,667	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](#)
- [FARM Quarterly Financial Insight](#)

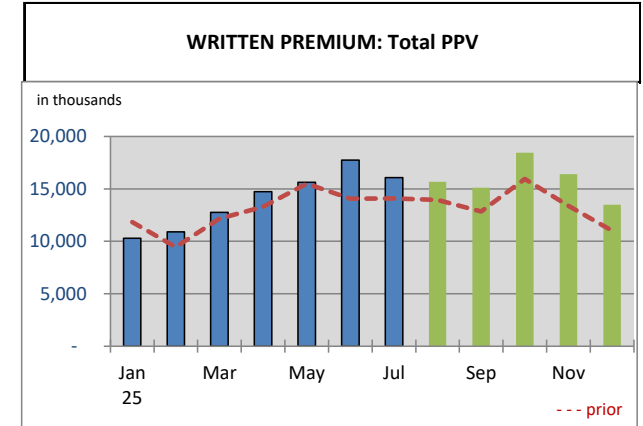
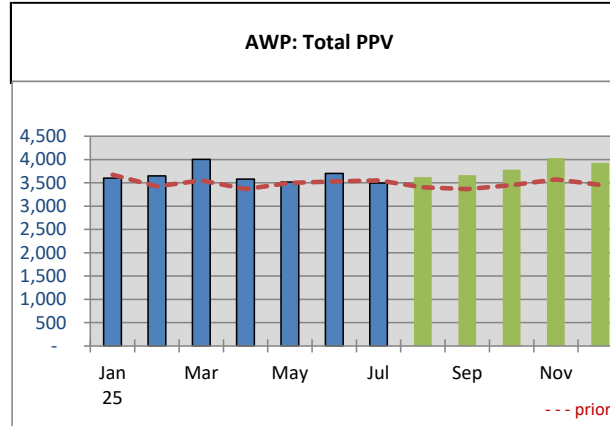
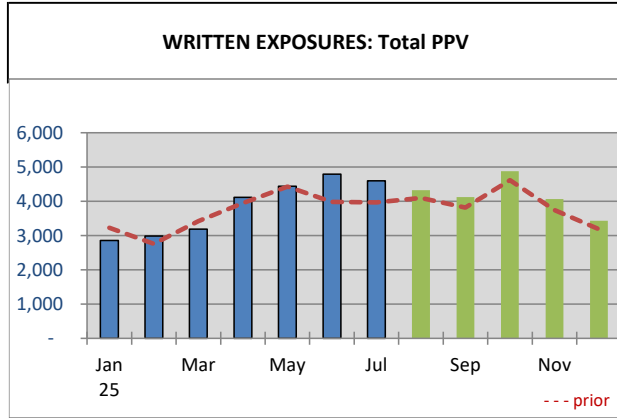
FARM Summary of IFRS17 Financial Results	Actual	Projection	Prior Year	2026 year-to-date	2025 year-to-date	2026 year-end	Outlook*
Amounts in \$000s	(July 2026)	(July 2026)	(July 2025)	as at 7 months	as at 7 months	Projection	Full year 2026
Written Premium	52,027	56,669	54,296	328,565	312,984	556,031	552,764
Received Premium	49,730	54,399	53,414	323,296	310,078	546,910	328,991
Earned Premium	47,230	46,916	46,280	307,933	300,135	544,262	549,810
Insurance Revenue	47,230	46,916	46,280	307,933	300,135	544,262	549,810
Total Claims Incurred	34,775	34,296	32,046	261,851	209,584	436,703	395,476
<i>Claims incurred (CAY)</i>	36,417	36,050	33,443	239,595	219,182	421,572	414,508
<i>Adjustments to Liabilities for Incurred Claims (PAYS)</i>	(1,642)	(1,754)	(1,397)	22,256	(9,598)	15,131	(19,032)
Administrative Expense	6,506	7,105	6,499	43,397	39,827	72,484	70,962
Amortization of IACFs	4,114	3,782	3,955	26,867	25,450	46,367	46,528
Change in Loss Component	227	227	0	2,323	0	3,108	3,470
Insurance Service Expenses	45,622	45,410	42,501	334,438	274,861	558,662	516,436
Insurance Service Result	1,608	1,506	3,779	(26,505)	25,274	(14,400)	33,375
<i>Insurance Finance Expense from PV FCF</i>	(2,573)	(2,573)	(2,383)	(8,564)	(20,248)	(21,416)	(28,288)
<i>Insurance Finance Expense from Risk Adjustment</i>	(207)	(207)	(203)	(646)	(1,662)	(1,658)	(2,377)
<i>Insurance Finance Expense from Loss Component</i>	(5)	(5)	0	474	0	441	(57)
Insurance Finance Income (Expense)	(2,785)	(2,785)	(2,586)	(8,737)	(21,910)	(22,633)	(30,722)
Investment Income	241	232	970	5,930	6,703	10,530	10,825
Operating Result	(936)	(1,047)	2,164	(29,312)	10,067	(26,504)	13,477
Key Ratios:							
Loss ratio	73.6%	73.1%	69.2%	85.0%	69.8%	80.2%	71.9%
<i>CAY Loss Ratio</i>	77.1%	76.8%	72.3%	77.8%	73.0%	77.5%	75.4%
<i>PAY Loss Ratio</i>	(3.5%)	(3.7%)	(3.0%)	7.2%	(3.2%)	2.8%	(3.5%)
Underwriting and Admin Expenses	23.0%	23.7%	22.6%	23.6%	21.7%	22.4%	22.0%
<i>Administrative Expenses</i>	13.8%	15.1%	14.0%	14.1%	13.3%	13.3%	12.9%
<i>Amortization of IACFs</i>	8.7%	8.1%	8.5%	8.7%	8.5%	8.5%	8.5%
<i>Change in Loss Component</i>	0.5%	0.5%	0.0%	0.8%	0.0%	0.6%	0.6%
Insurance Service Ratio	96.6%	96.8%	91.8%	108.6%	91.6%	102.6%	93.9%
Insurance Finance Income	5.9%	5.9%	5.6%	2.8%	7.3%	4.2%	5.6%
Investment Income Ratio	(0.5%)	(0.5%)	(2.1%)	(1.9%)	(2.2%)	(1.9%)	(2.0%)
Combined Operating Ratio	102.0%	102.2%	95.3%	109.5%	96.6%	104.9%	97.5%

rounding differences may occur

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

- **Claims Incurred:** Incurred losses were \$34.8 million, higher than projection by \$0.5 million and \$2.7 million higher compared with the same month last year. Loss ratio was at 73.6%, 0.5 percentage points higher than projected, and 4.4 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.

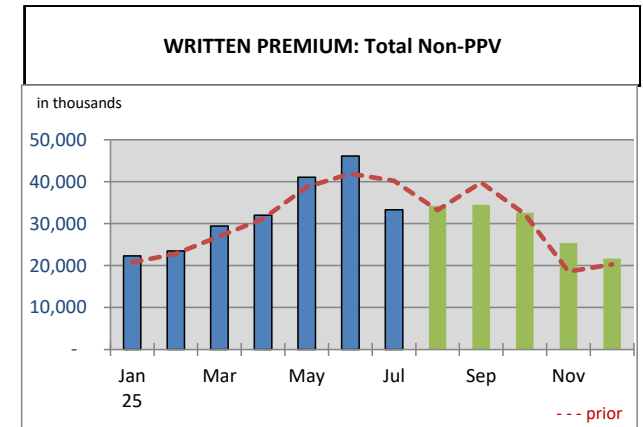
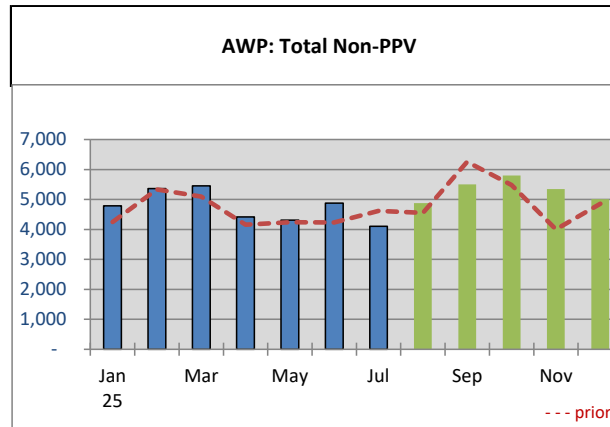
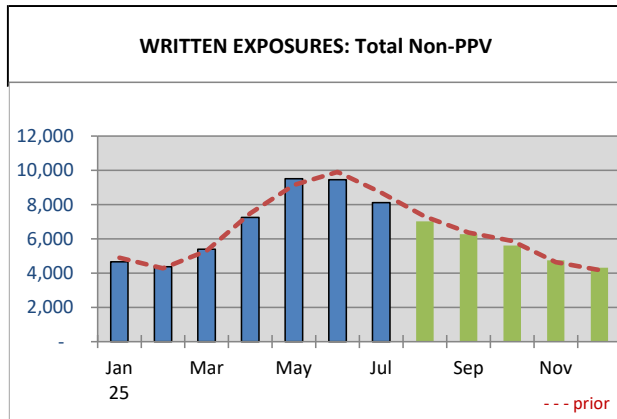
The charts below show the exposure by month where the blue bars represent the actual metric, the green bars represent the projected metric, and the red dotted line represents the prior year metric. **PPV premium activity** compared to prior year is below:



The Private Passenger vehicle count for the month was 4,597 vehicles, and written premium total of \$16.1 million, an increase of 14.1% compared with the prior year. The average premium for PPV was 1.5% lower than the prior year. Below are the jurisdictions with notable PPV changes:

- Alberta PPV premium was \$2.0M higher than the prior year, with vehicle counts higher by 254.
- Ontario PPV premium was \$1.4M lower than the prior year, with vehicle counts down by 107.

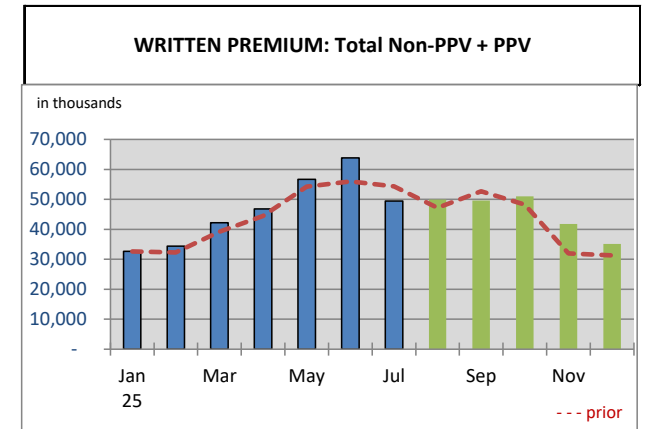
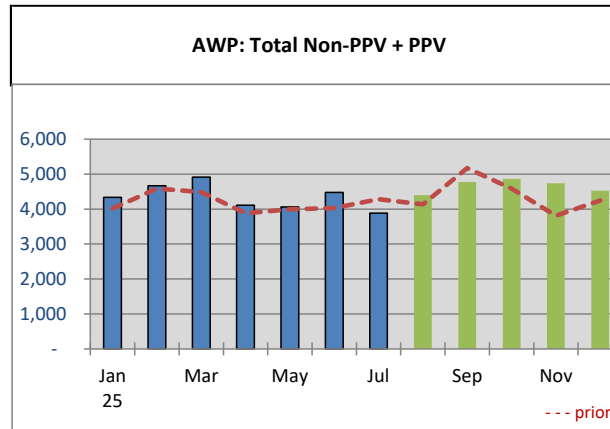
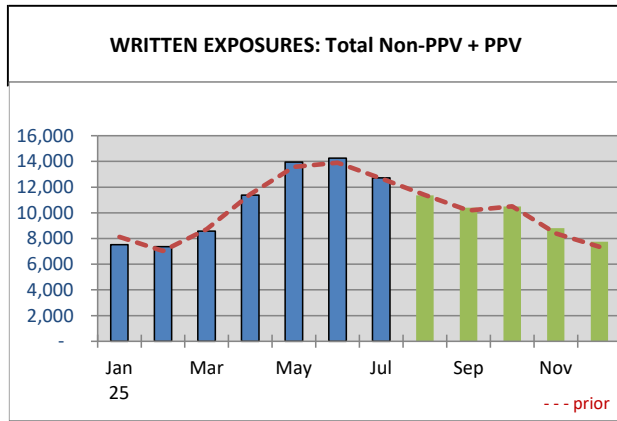
Non-PPV premium activity compared to prior year is below:



The Non-Private Passenger written premium was \$33.3 million, down 17.2% compared with the prior year, while vehicle count was 8,121, which was 6.7% lower than the previous year. Here are the jurisdictions with notable NPPV changes:

- Ontario interurban premium was \$1.9M lower than the prior year, with counts lower by 34.
- Ontario commercial premium was \$2.8M lower than the prior year, with counts lower by 87.
- Alberta commercial premium was \$0.7M higher than the prior year, with counts higher by 43.

Total premium activity compared to prior year is below:



The total average premium for PPV and Non-PPV combined was 9.4% lower compared to prior. The overall month's written premium was \$52.0 million; down \$2.3M or 4.4% 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