

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 035
DATE: September 29, 2026
SUBJECT: Risk Sharing Pool – August 2026 Operational Report

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

Please be advised that the August 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 (August 2026)	Prior Year (August 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
Income Statement Highlights						
Insurance Revenue	86,394	78,888	9.5%	1,001,057	905,847	10.5%
Operating Result	73,879	30,510	142.1%	(296,255)	(590,594)	(49.8%)
Written Vehicle Counts	41,200	44,954	(8.4%)	593,865	458,609	29.5%
Average Written Premium (\$s)	3,640	3,177	14.6%	3,492	3,156	10.6%
Combined Operating Ratio (%)	14.5%	61.3%	(46.8%) pts	129.6%	165.2%	(35.6%) pts
Balance Sheet Snapshot						
LIC	2,405,458	2,249,541	6.9%	2,474,681	2,255,709	9.7%
Nominal Unpaid Claims	2,472,129	2,313,821	6.8%	2,547,690	2,310,111	10.3%
Discount Amount	(243,218)	(226,267)	7.5%	(251,312)	(217,631)	15.5%
Risk Adjustment	176,548	161,986	9.0%	178,303	163,229	9.2%
LRC	1,126,492	1,342,037	(16.1%)	972,408	1,148,267	(15.3%)
LRC Excluding Loss Component	439,052	396,646	10.7%	459,747	431,835	6.5%
Loss Component	687,440	945,391	(27.3%)	512,661	716,432	(28.4%)

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	(August 2026)	(August 2026)	(August 2025)	as at 8 months	as at 8 months	Projection	Full year 2026	Actual
Written Premium	149,973	139,801	142,807	1,040,270	939,874	1,557,097	1,419,853	1,447,483
Received Premium	148,071	148,775	128,554	1,003,009	912,636	1,559,058	1,423,462	1,449,542
Earned Premium	131,471	132,904	120,497	998,069	901,802	1,525,639	1,439,709	1,381,500
Earned Expense Allowance	(45,077)	(45,716)	(41,609)	(343,339)	(310,152)	(524,582)	(496,499)	(475,653)
Insurance Revenue	86,394	87,188	78,888	654,730	591,650	1,001,057	943,210	905,847
Total Claims Incurred	98,061	130,799	126,018	913,502	960,868	1,412,596	1,582,611	1,347,854
<i>Claims incurred (CAY)</i>	88,932	134,647	104,341	982,850	972,210	1,496,694	1,636,493	1,404,124
<i>Adjustments to Liabilities for Incurred Claims (PAYs)</i>	9,129	(3,848)	21,677	(69,347)	(11,342)	(84,098)	(53,883)	(56,270)
Administrative Expense	811	777	753	6,753	5,796	10,447	10,719	9,458
Losses on Onerous Contracts	(54,611)	(0)	(12,505)	395,155	678,214	395,155	671,202	631,836
Reversal of Losses on Onerous Contracts	(50,783)	(50,783)	(59,238)	(430,754)	(449,105)	(612,268)	(733,857)	(648,639)
Insurance Service Expenses	(6,522)	80,793	55,029	884,656	1,195,772	1,205,930	1,530,675	1,340,508
Insurance Service Result	92,915	6,394	23,859	(229,926)	(604,122)	(204,872)	(587,464)	(434,661)
Insurance Finance Expense from PV FCF	(10,502)	(7,330)	3,146	(43,288)	(51,360)	(72,317)	(88,386)	(85,765)
<i>Discount Unwind PV FCF</i>	(7,330)	(7,330)	(6,465)	(55,579)	(55,231)	(84,607)	(88,386)	(81,155)
<i>Yield Impact PV FCF</i>	(3,173)	0	9,611	12,291	3,871	12,291	0	(4,609)
Insurance Finance Expense from Risk Adjustment	(878)	(584)	179	(3,371)	(3,608)	(5,661)	(6,779)	(6,309)
<i>Discount Unwind Risk Adjustment</i>	(581)	(584)	(498)	(4,386)	(4,038)	(6,675)	(6,779)	(6,076)
<i>Yield Impact Risk Adjustment</i>	(297)	0	677	1,014	430	1,014	0	(232)
Insurance Finance Expense from Loss Component	(7,656)	(1,966)	3,327	(6,670)	(46,906)	(13,405)	(33,685)	(63,860)
<i>Discount Unwind Loss Component</i>	(1,966)	(1,966)	(2,434)	(23,110)	(27,934)	(29,845)	(33,685)	(36,225)
<i>Yield Impact Loss Component</i>	(5,690)	0	5,761	16,520	(18,973)	16,520	0	(27,635)
Insurance Finance Income (Expense)	(19,036)	(9,879)	6,651	(53,330)	(101,874)	(91,382)	(128,850)	(155,933)
Operating Result	73,879	(3,485)	30,510	(283,256)	(705,996)	(296,255)	(716,314)	(590,594)
Key Ratios:								
Loss Ratio	113.5%	150.0%	159.7%	139.5%	162.4%	141.1%	167.8%	148.8%
<i>CAY Loss Ratio</i>	102.9%	154.4%	132.3%	150.1%	164.3%	149.5%	173.5%	155.0%
<i>PAY Loss Ratio</i>	10.6%	(4.4%)	27.5%	(10.6%)	(1.9%)	(8.4%)	(5.7%)	(6.2%)
Onerous Contract Ratio (excluding IFIE)	(122.0%)	(58.2%)	(90.9%)	(5.4%)	38.7%	(21.7%)	(6.6%)	(1.9%)
<i>Earned Expense allowance</i>	34.3%	34.4%	34.5%	34.4%	34.4%	34.4%	34.5%	34.4%
Administrative Expenses	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.1%	1.0%
Insurance Service Ratio	-7.5%	92.7%	69.8%	135.1%	202.1%	120.5%	162.3%	148.0%
Combined Operating Ratio	14.5%	104.0%	61.3%	143.3%	219.3%	129.6%	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 lower than projected for both the current month and year-end relative to The Outlook, primarily driven by favourable results in Ontario.

- **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 **decreased by \$54.6 million** driven by Ontario's favourable results in AY 2026 and projected AY 2027 in Collision, Comprehensive, and Property Damage.

Losses on Onerous Contracts

	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	Newfoundland & Labrador	Total
CAY (2026)	(15,370)	2,474	(8,170)	(293)	(1,512)	310	(22,561)
FtAY (2027)	(39,780)	0	11,211	(1,183)	(2,798)	500	(32,049)
Total	(55,150)	2,474	3,041	(1,475)	(4,310)	810	(54,611)

- **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 an unfavorable change of approximately \$9.2 million driven by a decrease in yield of approximately 13 to 14 basis points across all pools.

Impact of 2026 Q2 Valuation

A valuation of the RSP as at June 30, 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 **\$74.3 million overall favorable impact** on the month's net results from operations. The overall favorable impact is primarily driven by better-than-expected experience in Ontario CAY, particularly in Comprehensive and Collision claims, where the loss ratio trends continued due to decline in frequency and severity of theft losses and rate increases.

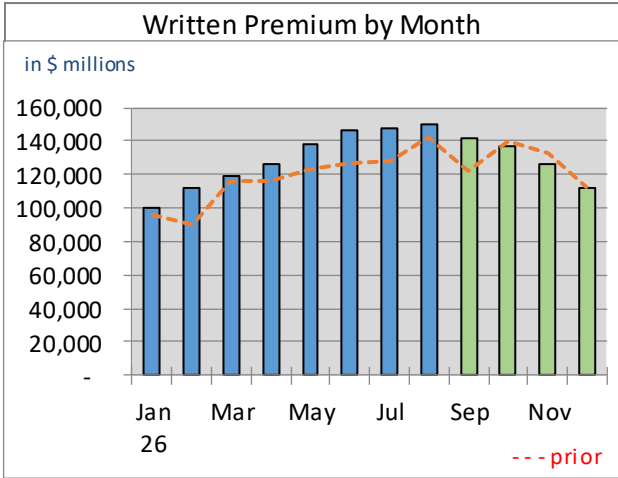
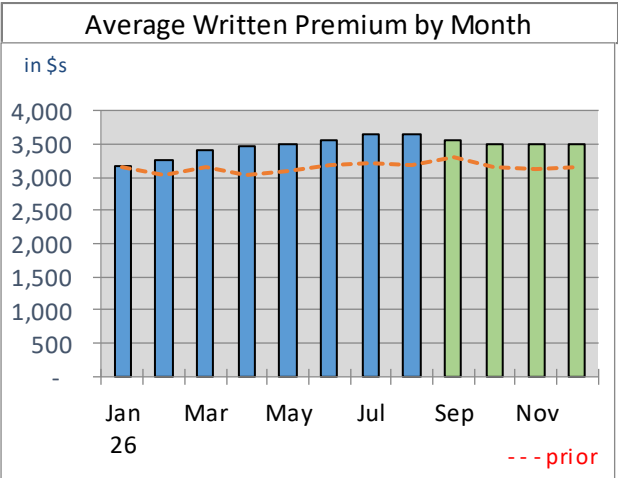
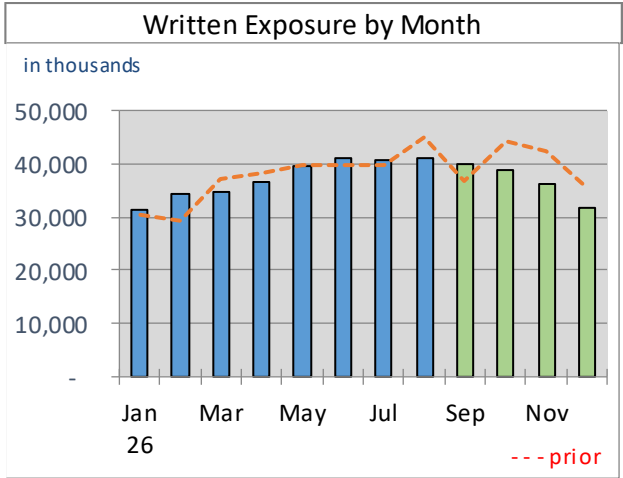
	ON	AB Grid	AB non-Grid	NS	NB	NL	TOTAL
LIC Impact	(12,637)	407	(14,558)	(2,366)	839	987	(27,328)
PAY	19,015	(3,564)	2,697	241	1,310	372	20,070
CAY	(31,652)	3,971	(17,255)	(2,607)	(471)	615	(47,399)
LRC Impact	(51,027)	2,958	5,725	(4,171)	(1,321)	882	(46,954)
CAY	(13,992)	2,958	(7,326)	(1,450)	(242)	341	(19,711)
FtAY	(37,035)	-	13,051	(2,721)	(1,079)	541	(27,244)
Total	(63,664)	3,364	(8,833)	(6,537)	(482)	1,870	(74,283)
Impact on YTD COR	(18.2%)	2.5%	(6.6%)	(37.2%)	(3.8%)	25.6%	(11.3%)

The table below shows the yield impact on the liability this month which reflects a Yield decrease of 13 to 14 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	1,454	1,338	527	58	126	(33)	3,469
LRC	3,060	321	2,027	110	116	56	5,690
TOTAL	4,514	1,659	2,554	168	242	23	9,160

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 41,200 vehicles, which was lower than prior year by 3,754 vehicles and 2,235 vehicles higher than The Outlook for the month. The decrease compared to prior year was primarily driven by a decrease in the Alberta Grid and Alberta Non-Grid pools, while being higher than the Outlook was driven by Alberta Grid. Average Written Premiums for the month are up by 9% primarily driven by an increase in the 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.

Saskia Matheson
President & CEO