FACILITY ASSOCIATION

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 041
DATE: October 30, 2026
SUBJECT: FARM – August 2026 Participation Report

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

Please be advised that the August 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 $000s Income Statement Highlights	Actual (August 2026)	Prior Year (August 2025)	% Change	2026 year-end Projection	2025 year-end Actual	% Change
Insurance Revenue	48,056	46,576	3.2%	545,997	527,644	3.5%
Operating Result	(3,486)	(8,578)	(59.4%)	(31,763)	8,599	(469.4%)
Written Vehicle Count	10,103	11,396	(11.3%)	124,154	123,300	0.7%
Average Written Premium ($s)	5,192	4,382	18.5%	4,430	4,253	4.2%
Combined Operating Ratio (%)	107.3%	118.4%	(11.2%) pts	105.8%	98.4%	7.4% pts
Balance Sheet Snapshot						
LIC	814,243	757,010	7.6%	833,660	763,713	9.2%
Nominal Unpaid Claims	832,283	770,505	8.0%	852,844	774,210	10.2%
Discount Amount	(83,963)	(74,247)	13.1%	(85,245)	(71,663)	19.0%
Risk Adjustment	65,923	60,752	8.5%	66,061	61,167	8.0%
LRC	181,370	218,140	(16.9%)	178,606	166,942	7.0%
LRC Excluding Loss Component	181,370	218,140	(16.9%)	178,606	166,942	7.0%
Loss Component	0	0		0	0	

A loss component was recognized for NL PPV which was deemed onerous for 2026. No other segments are currently deemed onerous. Due to the implementation impact explained below, the loss component is expected to be zero.

Related Links:

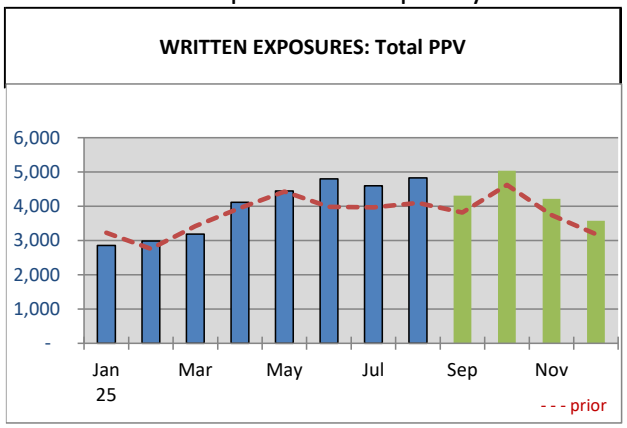
- LRC Calculation file
- FARM Catastrophe Report
- FARM Summary of Operations – Calendar Year 2026
- Detailed Valuation Results File
- Supplementary Information Including Exhibits

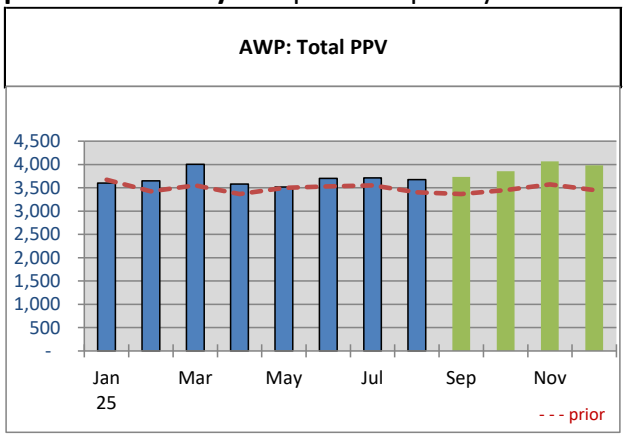
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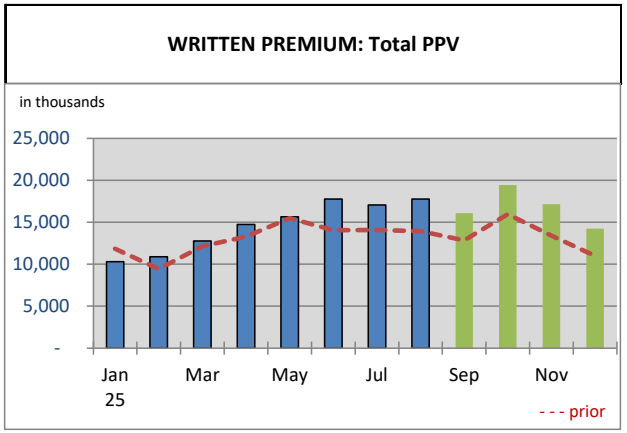
FARM Summary of IFRS17 Financial Results Amounts in $000s	Actual (August 2026)	Projection (August 2026)	Prior Year (August 2025)	2026 year-to-date as at 8 months	2025 year-to-date as at 8 months	2026 year-end Projection	Outlook* Full year 2026
Written Premium	52,455	49,936	46,587	381,020	359,571	562,337	552,764
Received Premium	47,757	47,757	45,988	371,054	356,066	546,910	328,991
Earned Premium	48,056	46,907	46,576	355,989	346,711	545,997	549,810
Insurance Revenue	**48,056**	**46,907**	**46,576**	**355,989**	**346,711**	**545,997**	**549,810**
Total Claims Incurred	38,573	34,344	46,634	300,424	256,218	442,161	395,476
Claims incurred (CAY)	39,362	36,065	44,521	278,957	263,703	427,062	414,508
Adjustments to Liabilities for Incurred Claims (PAYs)	(789)	(1,720)	2,112	21,467	(7,485)	15,099	(19,032)
Administrative Expense	6,640	6,137	5,916	49,987	45,743	73,339	70,962
Amortization of IACFs	4,162	3,863	4,688	31,029	30,138	46,952	46,528
Change in Loss Component	(1,854)	(1,854)	0	468	0	468	3,470
Insurance Service Expenses	**47,521**	**42,491**	**57,238**	**381,909**	**332,099**	**562,921**	**516,436**
Insurance Service Result	**535**	**4,416**	**(10,661)**	**(25,920)**	**14,612**	**(16,924)**	**33,375**
Insurance Finance Expense from PV FCF	(4,484)	(2,631)	959	(13,048)	(19,288)	(23,092)	(28,288)
Insurance Finance Expense from Risk Adjustment	(368)	(211)	116	(1,014)	(1,545)	(1,823)	(2,377)
Insurance Finance Expense from Loss Component	(5)	(5)	0	468	0	468	(57)
Insurance Finance Income (Expense)	**(4,857)**	**(2,847)**	**1,076**	**(13,594)**	**(20,834)**	**(24,447)**	**(30,722)**
Investment Income	**835**	**833**	**1,008**	**6,765**	**7,711**	**9,608**	**10,825**
Operating Result	**(3,486)**	**2,403**	**(8,578)**	**(32,749)**	**1,489**	**(31,763)**	**13,477**
Key Ratios:							
Loss ratio	**80.3%**	**73.2%**	**100.1%**	**84.4%**	**73.9%**	**81.0%**	**71.9%**
CAY Loss Ratio	81.9%	76.9%	95.6%	78.4%	76.1%	78.2%	75.4%
PAY Loss Ratio	(1.6%)	**(3.7%)**	**4.5%**	**6.0%**	**(2.2%)**	**2.8%**	**(3.5%)**
Underwriting and Admin Expenses	**18.6%**	**17.4%**	**22.8%**	**22.9%**	**21.9%**	**22.1%**	**22.0%**
Administrative Expenses	13.8%	13.1%	12.7%	14.0%	13.2%	13.4%	12.9%
Amortization of IACFs	8.7%	8.2%	10.1%	8.7%	8.7%	8.6%	8.5%
Change in Loss Component	(3.9%)	(4.0%)	0.0%	0.1%	0.0%	0.1%	0.6%
Insurance Service Ratio	**98.9%**	**90.6%**	**122.9%**	**107.3%**	**95.8%**	**103.1%**	**93.9%**
Insurance Finance Income	**10.1%**	**6.1%**	**(2.3%)**	**3.8%**	**6.0%**	**4.5%**	**5.6%**
Investment Income Ratio	**(1.7%)**	**(1.8%)**	**(2.2%)**	**(1.9%)**	**(2.2%)**	**(1.8%)**	**(2.0%)**
Combined Operating Ratio	**107.3%**	**94.9%**	**118.4%**	**109.2%**	**99.6%**	**105.8%**	**97.5%**

- **Claims Incurred**: Incurred losses were $38.5 million, $4.2 million higher than projection and $8.1 million lower compared with the same month last year. Loss ratio was at 80.3%, 7.0 percentage points higher than projected, and 19.9 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:



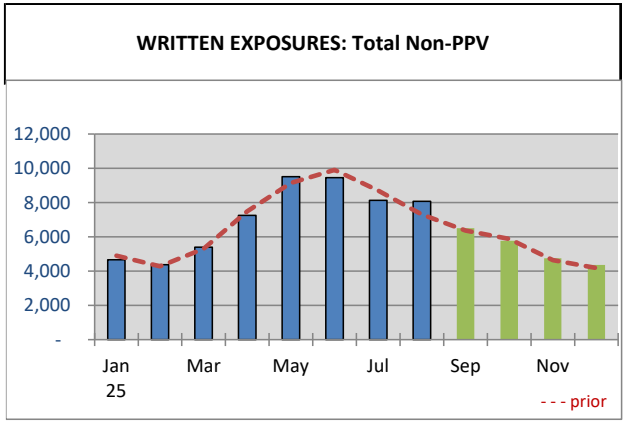


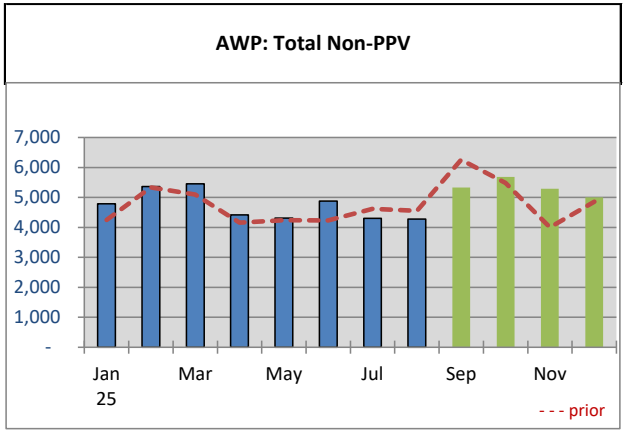


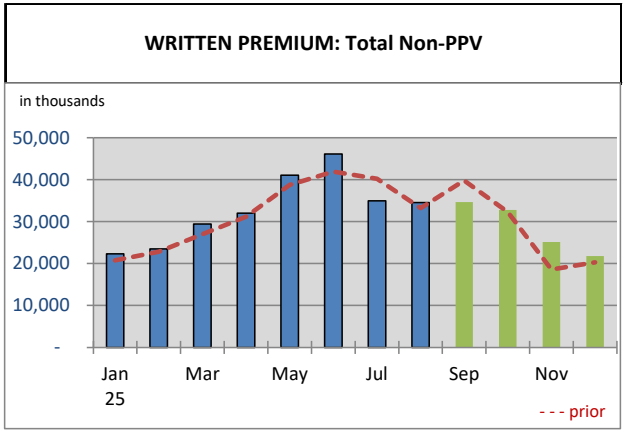
The Private Passenger vehicle count for the month was 4,832 vehicles, and written premium total of $17.8 million, an increase of 27.4% compared with the prior year. The average premium for PPV was 8.0% higher than the prior year. Below are the jurisdictions with notable PPV changes:

- Alberta PPV premium was $7.4M higher than the prior year, with vehicle counts higher by 1,086.
- Nova Scotia PPV premium was $1.4M higher than the prior year, with vehicle counts higher by 226.

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



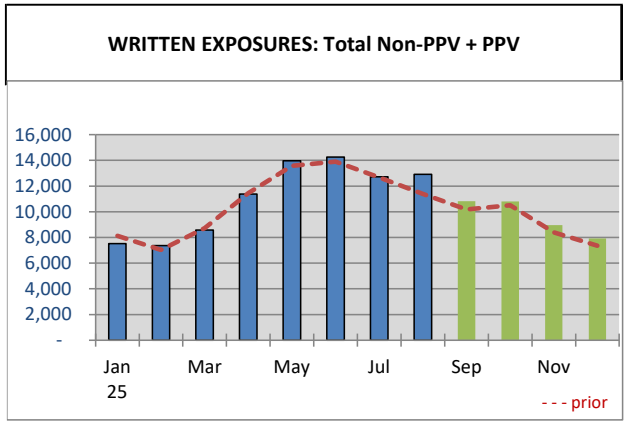


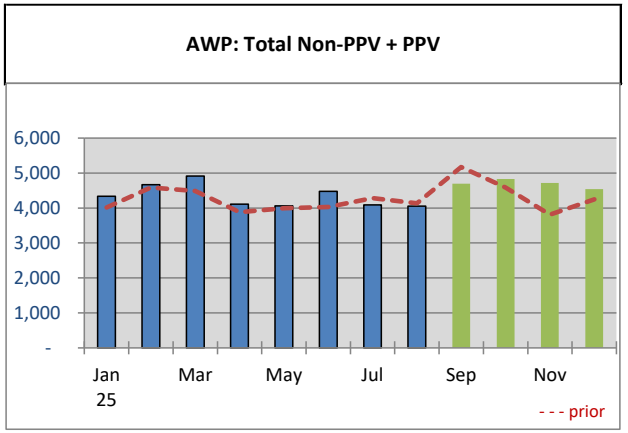


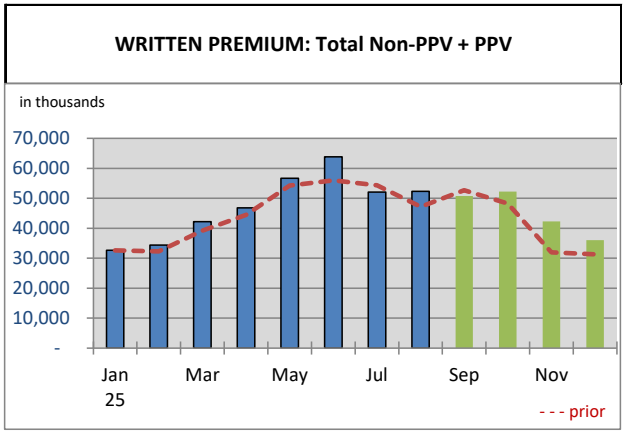
The Non-Private Passenger written premium was $34.5 million, up 1.4% compared with the prior year, while vehicle count was 8,079, which was 10.6% higher than the previous year. Here are the jurisdictions with notable NPPV changes:

- Ontario interurban premium was $1.6M higher than the prior year, with counts higher by 221.
- Ontario commercial premium was $1.8M lower than the prior year, with counts lower by 81.
- Alberta interurban premium was $2.1M lower than the prior year, with counts lower by 235.

Total premium activity compared to prior year is below:







The total average premium for PPV and Non-PPV combined was 2.12% lower compared to prior. The overall month's written premium was $52.3 million; up $5.7M or 10.9% compared with prior year.

Impact of 2025 Q4 Valuation

A valuation of the Facility Association Residual Market as at June 30, 2025 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 $4.4 million unfavorable impact on the month's net results from operations. The LIC unfavorable impact is primarily driven by unfavorable development in Alberta bodily injury Non-PPV, as well as favorable impact in the Atlantics for CAY offset by unfavorable PAY in PPV. Implementation changes had a favourable impact on Newfoundland PPV, reducing the Loss Component to zero. The group remains classified as onerous based on its initial loss component recognition, despite no LC remaining.

	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	**230**	**560**	**928**	**832**	**2,549**	**409**	**3,569**	**(907)**	**625**	**3,696**	**6,245**
PAY	516	174	3,760	461	**4,910**	(2,002)	(316)	150	472	**(1,695)**	3,215
CAY	(286)	386	(2,832)	371	**(2,360)**	2,411	3,884	(1,057)	153	**5,391**	3,030
LRC Impact	**-**	**-**	**(1,844)**	**-**	**(1,844)**	**-**	**-**	**-**	**-**	**-**	**(1,844)**
CAY	-	-	(1,844)	-	**(1,844)**	-	-	-	-	-	(1,844)
FtAY	-	-	-	-	**-**	-	-	-	-	-	-
Total	**230**	**560**	**(916)**	**832**	**706**	**409**	**3,569**	**(907)**	**625**	**3,696**	**4,401**
Impact on YTD COR	0.6%	5.5%	1.5%	30.8%	2.3%	0.4%	3.5%	(2.2%)	12.7%	1.5%	1.8%

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	0	0	0	0	0	0	0
TOTAL	**(938)**	**(121)**	**(876)**	**(21)**			**(217)**	**(48)**	**(6,843)**

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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President & CEO