FACILITY ASSOCIATION

TO: MEMBERS OF THE FACILITY ASSOCIATION
ATTENTION: CHIEF EXECUTIVE OFFICER
BULLETIN NO: F2026 – 042
DATE: October 30, 2026
SUBJECT: Risk Sharing Pool – September 2026 Operational Report

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

Please be advised that the September 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 $000s	Actual	Prior Year	%	2026 year-end	2025 year-end	%
Income Statement Highlights	(September 2026)	(September 2025)	Change	Projection	Actual	Change
Insurance Revenue	85,085	74,051	14.9%	1,010,229	905,847	11.5%
Operating Result	(33,003)	5,589	(690.5%)	(325,851)	(590,594)	(44.8%)
Written Vehicle Counts	45,714	36,744	24.4%	459,374	458,609	0.2%
Average Written Premium ($s)	3,655	3,318	10.1%	3,529	3,156	11.8%
Combined Operating Ratio (%)	138.8%	92.5%	46.3% pts	132.3%	165.2%	(32.9%) pts
Balance Sheet Snapshot						
LIC	2,434,896	2,277,787	6.9%	2,494,047	2,255,709	10.6%
Nominal Unpaid Claims	2,503,397	2,344,185	6.8%	2,567,520	2,310,111	11.1%
Discount Amount	(246,236)	(229,312)	7.4%	(253,047)	(217,631)	16.3%
Risk Adjustment	177,735	162,914	9.1%	179,574	163,229	10.0%
LRC	1,127,882	1,302,427	(13.4%)	1,022,818	1,148,267	(10.9%)
LRC Excluding Loss Component	453,171	413,008	9.7%	484,075	431,835	12.1%
Loss Component	674,711	889,419	(24.1%)	538,743	716,432	(24.8%)

Related Links:

- LRC Calculation File
- RSP Catastrophe Report
- RSP Summary of Operations - Calendar Year 2026

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RSP Summary of Financial Results

RSP Summary of IFRS17 Financial Results Amounts in $000s	Actual (September 2026)	Projection (September 2026)	Prior Year (September 2025)	2026 year-to-date as at 9 months	2025 year-to-date as at 9 months	2026 year-end Projection	Outlook* Full year 2026	2025 year-end Actual
Written Premium	167,067	141,790	121,923	1,207,337	1,061,797	1,620,903	1,419,853	1,447,483
Received Premium	150,336	150,756	140,317	1,153,345	1,052,953	1,610,487	1,423,462	1,449,542
Earned Premium	129,545	129,268	113,029	1,127,615	1,014,831	1,539,712	1,439,709	1,381,500
Earned Expense Allowance	(44,460)	(44,452)	(38,979)	(387,800)	(349,131)	(529,483)	(496,499)	(475,653)
Insurance Revenue	**85,085**	**84,816**	**74,051**	**739,815**	**665,701**	**1,010,229**	**943,210**	**905,847**
Total Claims Incurred	122,056	121,724	116,727	1,035,558	1,077,594	1,425,043	1,582,611	1,347,854
Claims incurred (CAY)	*126,261*	*125,823*	*123,621*	*1,109,110*	*1,095,831*	*1,509,269*	*1,636,493*	*1,404,124*
Adjustments to Liabilities for Incurred Claims (PAYs)	(4,205)	(4,099)	(6,895)	(73,552)	(18,237)	(84,226)	(53,883)	(56,270)
Administrative Expense	908	760	639	7,662	6,435	10,596	10,719	9,458
Losses on Onerous Contracts	29,610	0	(5,258)	424,765	672,956	424,765	671,202	631,836
Reversal of Losses on Onerous Contracts	(44,282)	(44,282)	(53,074)	(475,037)	(502,180)	(615,857)	(733,857)	(648,639)
Insurance Service Expenses	**108,292**	**78,202**	**59,034**	**992,948**	**1,254,806**	**1,244,546**	**1,530,675**	**1,340,508**
Insurance Service Result	**(23,207)**	**6,615**	**15,017**	**(253,133)**	**(589,105)**	**(234,317)**	**(587,464)**	**(434,661)**
Insurance Finance Expense from PV FCF	(7,275)	(7,275)	(6,558)	(50,563)	(57,918)	(72,402)	(88,386)	(85,765)
Discount Unwind PV FCF	*(7,275)*	*(7,275)*	*(6,558)*	*(62,854)*	*(61,789)*	*(84,693)*	*(88,386)*	*(81,155)*
Yield Impact PV FCF	*0*	*0*	*0*	*12,291*	*3,871*	*12,291*	*0*	*(4,609)*
Insurance Finance Expense from Risk Adjustment	(578)	(578)	(510)	(3,949)	(4,118)	(5,666)	(6,779)	(6,309)
Discount Unwind Risk Adjustment	*(578)*	*(578)*	*(510)*	*(4,963)*	*(4,548)*	*(6,680)*	*(6,779)*	*(6,076)*
Yield Impact Risk Adjustment	*0*	*0*	*0*	*1,014*	*430*	*1,014*	*0*	*(232)*
Insurance Finance Expense from Loss Component	(1,944)	(1,944)	(2,360)	(8,614)	(49,267)	(13,466)	(33,685)	(63,860)
Discount Unwind Loss Component	*(1,944)*	*(1,944)*	*(2,360)*	*(25,053)*	*(30,294)*	*(29,906)*	*(33,685)*	*(36,225)*
Yield Impact Loss Component	*0*	*0*	*0*	*16,520*	*(18,973)*	*16,520*	*0*	*(27,635)*
Insurance Finance Income (Expense)	**(9,796)**	**(9,796)**	**(9,428)**	**(63,126)**	**(111,302)**	**(91,534)**	**(128,850)**	**(155,933)**
Operating Result	***(33,003)***	***(3,182)***	***5,589***	***(316,259)***	***(700,408)***	***(325,851)***	***(716,314)***	***(590,594)***
Key Ratios:								
Loss Ratio	143.5%	143.5%	157.6%	140.0%	161.9%	141.1%	167.8%	148.8%
CAY Loss Ratio	148.4%	148.3%	166.9%	149.9%	164.6%	149.4%	173.5%	155.0%
PAY Loss Ratio	(4.9%)	(4.8%)	(9.3%)	(9.9%)	(2.7%)	(8.3%)	(5.7%)	(6.2%)
Onerous Contract Ratio (excluding IFIE)	(17.2%)	(52.2%)	(78.8%)	(6.8%)	25.7%	(18.9%)	(6.6%)	(1.9%)
Earned Expense allowance	34.3%	34.4%	34.5%	34.4%	34.4%	34.4%	34.5%	34.4%
Administrative Expenses	1.1%	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%	1.0%
Insurance Service Ratio	**127.3%**	**92.2%**	**79.7%**	**134.2%**	**188.5%**	**123.2%**	**162.3%**	**148.0%**
Combined Operating Ratio	**138.8%**	**103.8%**	**92.5%**	**142.7%**	**205.2%**	**132.3%**	**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 in-line with the projected loss ratio, while the year-end compared to The Outlook is lower.

- **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 **increased by $29.6 million** driven by updated member projections in Ontario and Alberta Non-grid.

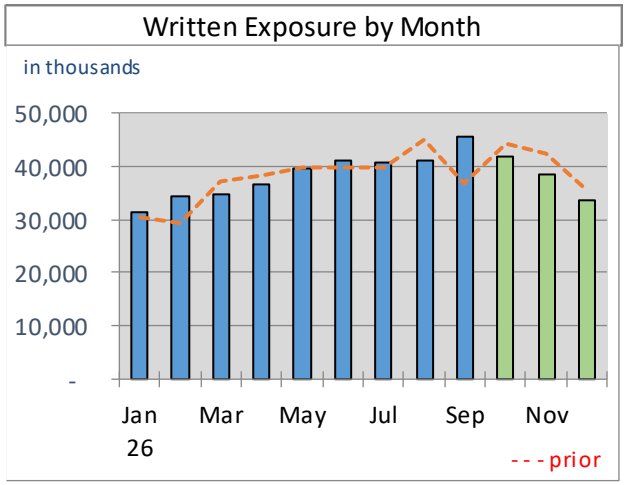
Losses on Onerous Contracts

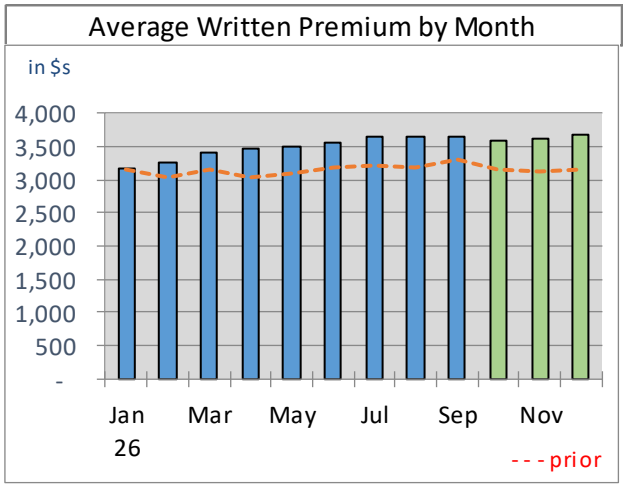
	Ontario	Alberta Grid	Alberta Non-Grid	New Brunswick	Nova Scotia	Newfoundland & Labrador	Total
CAY (2026)	817	759	724	507	321	449	3,576
FtAY (2027)	11,597	0	10,020	495	2,076	1,846	26,034
Total	**12,413**	**759**	**10,744**	**1,003**	**2,396**	**2,295**	**29,610**

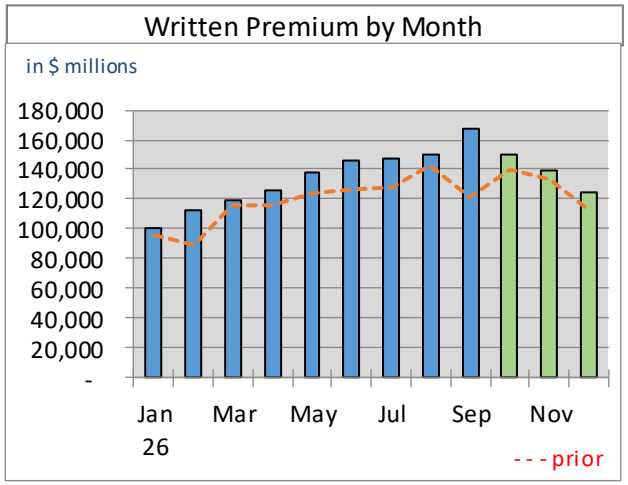
- **Reversal of Losses on Onerous Contracts**: This represents changes in the loss component during the reporting period arising from the portion of the opening LRC earned during the period. Excludes the impact of change in discount rates and completely aligns with projection.
- **Insurance Finance income/expense):** 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.

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 45,714 vehicles, which was higher than prior year by 8,970 vehicles and 6,086 vehicles higher than The Outlook for the month. The increase compared to prior year was primarily driven by Ontario, while being higher than the Outlook was driven by Alberta Grid. Average Written Premiums for the month are up by 11% primarily driven by increases 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.

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