



FACILITY
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TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO.: F16 – 056

DATE: JULY 28, 2016

**SUBJECT: FACILITY ASSOCIATION RESIDUAL MARKET
ANNUAL UPDATE OF MEMBER SHARING RATIOS
MAY 2016 PARTICIPATION REPORT**

With the recent availability of industry Automobile Statistical Plan (ASP) data for 2015, the share ratios for FARM monthly participation reporting have been updated.

The May 2016 Participation Report reflects a retroactive adjustment in respect of Accident Years 2013 (for young driver credit only), 2014, 2015, 2016, and 2017 (used to share the portion of premium written in 2016 that will earn in 2017) where the participation ratios are determined on the basis of Accident Year 2014 Earned Car Years developed to 24 months and Accident Year 2015 Earned Car Years developed to 12 months. The 2015 Earned Car Years developed to 12 months is used for the participation ratios for Accident Years 2016 and 2017. The share ratios for accident years 2016 and 2017 will next be updated in June 2017 at which time both will be based upon accident year 2016 developed to 12 months.

The Facility Association Plan of Operation contains provisions where a member's share of a loss in an accident year is reduced to the extent they write youthful drivers. Members' 2013 accident year share ratios may be affected this calendar year by the application of the young driver credits resulting from the use of a 5 year look back period which determines whether there is a loss in an accident year. 2013 is the first accident year to which the look back period applies. The look-back period is necessary to ensure that the share ratios of those members accumulating young driver credits are reduced only for unprofitable accident years. The look-back period is necessary since a given accident year can swing from profitable to unprofitable or alternatively from unprofitable to profitable over successive calendar years.

Additional details regarding the young driver credit maybe found by referencing Article V of the Plan of Operation, page 5 Section 3 (a) (i) which can be found on our website:

[Facility Association Plan of Operation, Effective October 27, 2012](#)

Bulletin F15-056

FARM - Annual Update of Member Sharing Ratio April 2015 Participation Report

Should you require any further information, please call Norm Seeney, Vice President, Finance and Member Services at (416) 644-4914 or Angela El Dewy, Accounting Manager, at (416) 644-4971.

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