



TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO.: F2020 – 075

DATE: OCTOBER 29, 2020

SUBJECT: FARM – AUGUST 2020 PARTICIPATION REPORT

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

Please be advised that the August 2020 FARM Participation Report is available on the Facility Association Portal at <https://portal.facilityassociation.com>.

Key Points

- (a) The updated valuation loss ratios include a review and assessment of the incurred impacts associated with the COVID-19 pandemic;
- (b) This month's results include the *implementation of the 2020 Q2 valuation*, resulting in an estimated **\$22.0 million unfavourable impact** on the operating result; **August 2020 had a net operating deficit** of \$17.6 million, with a COR of 151.5% on earned premium of \$34.1 million;
- (c) The **projected 2020 year-end net operating surplus is now \$17.1 million**, with a COR at 95.8% on earned premium of \$389 million (our Outlook for 2020 was \$33.7 million of net operating surplus with a COR of 90.5% on earned premium of \$342 million);
- (d) The **August 2020 Participation Report reflects the effect of a funds transfer of \$30 million** from Facility Association to Members; and
- (e) We have investigated a **Servicing Carrier case reserve claims reporting difference** between trial balance and automobile statistical plan reporting with previous two months' Participation Reports (June 2020 and July 2020) and concluded that the case reserves had been under-reported, due to a rejected outstanding loss file. It was confirmed that this issue was resolved in August 2020 and the high recorded indemnity reflected in this month was a direct result of the resolution. Because Facility Association uses an ultimate loss ratio matching (IBNR booking) approach with the monthly participation results calculations (recorded activity is assumed to be offset by changes in IBNR), **there is no impact on this months' Operating Results.**

New This Month

Members' Transfer of Funds

The August 2020 Participation Report reflects the effect of a **transfer of \$30 million** from Facility Association to members. Member Companies' share of this transfer is shown on page 21 of the Participation Report: Members Combined Accident Year Share Results for all Jurisdictions. **Note: All**

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balances due to/from Facility Association, and receivable and payable dates are shown on page 21 of the Participation Report. Please see the “Members’ Transfer of Funds” section on page 10 of this bulletin for more details.

Valuation

An actuarial valuation as at June 30, 2020 has been completed since last month’s Participation Report for the FARM private passenger and non-private passenger business segments for all jurisdictions and the results of that valuation have been incorporated into this month’s Participation Report. The valuation was completed by the Facility Association’s internal staff in conjunction with, and reviewed and approved by, the Appointed Actuary.

The implementation resulted in an estimated overall **\$22.0 million unfavorable** impact on the month’s net result from operations, adding an estimated 8.7 points to the year-to-date Combined Operating Ratio (ending at 102.8%). The impact on the month’s results is summarized in the tables below¹.

2020 Q2 FARM Valuation Implementation Impact (\$000s) – Impact on Year-to-date Results

Grand Total	unfav / (fav)						ytd EP 253,614 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ultimates & payout patterns		dsct rate		margins		ultimates & payout patterns		dsct rate		margins	
	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	26,266	2,243	28,509	3,806	(1,585)	30,730	10.4%	0.9%	11.2%	1.5%	(0.6%)	12.1%
CAY	(8,746)	(1,134)	(9,880)	1,144	1	(8,735)	(3.4%)	(0.4%)	(3.9%)	0.5%	-	(3.4%)
Prem Def	(26)	-	(26)	-	-	(26)	-	-	-	-	-	-
TOTAL	17,494	1,109	18,603	4,950	(1,584)	21,969	6.9%	0.4%	7.3%	2.0%	(0.6%)	8.7%

Please see “Effect of Quarterly Valuation” on page 5 for additional detail.

Summary of Financial Results

The calendar year-to-date Operating Result is -\$6.7 million and the incurred loss ratio to the end of 8 months is 81.0%, as summarized in the following table.

¹In the tables, “ults & payout patterns” refers to the impacts associated with changes in selected ultimates and updated cash flows of claims payments; “dsct rate” refers to the impact of changes in the selected discount rate applied to projected cash flows; and “apv adj.” refers to “actuarial present value adjustments”.

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FARM Summary of Financial Results (for month and year-to-date)

Amounts in \$000s	August 2020	August 2019	Year to date Aug 2020	Year to Date Aug 2019
Premium Written	40,020	33,906	281,037	241,600
Premium Earned	34,120	29,352	253,614	199,676
Incurred Losses	44,209	12,295	205,243	147,986
Underwriting & Admin Expense	7,488	6,651	55,055	45,474
Net Result from Operations	(17,577)	10,406	(6,684)	6,216
Ratios:				
Loss ratio - Prior Accident Years	88.2%	(29.0%)	18.6%	4.4%
- Current Accident Year	41.3%	70.9%	62.4%	69.7%
<i>Total</i>	129.5%	41.9%	81.0%	74.1%
Underwriting & Admin Expense	22.0%	23.1%	21.8%	23.1%
Combined Operating Ratio	151.5%	65.0%	102.8%	97.2%

rounding differences may occur

These results are discussed in some detail in the “Current Month Results” section. For additional numeric details, please refer to Exhibit 1 “Summary of Operations for Calendar Year 2020 - All jurisdictions by month”. A comparable summary by jurisdiction is included in Exhibit 2. Detailed exhibits by jurisdiction are included in the [Summary of Operations](#) folder on our website.

Updated Projection to Year-end 2020

PLEASE NOTE: August’s projections include the following **adjustments to reflect COVID-19 pandemic impacts:**

- A 5% decrease in written counts for the rest of the 2020 calendar year, following from discussion with FA’s underwriting team and Servicing Carriers and being consistent with the adjustment originally introduced with April 2020’s premium projections.

The projected calendar year Net Result from Operations to August 2020 is \$17.1 million and the estimated combined operating ratio to August 2020 is 95.8% as indicated in the following table.

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FARM Summary of Projected Year-end Financial Results (current month's projection, prior month's projection, and Outlook posted last fall)

FARM 2020 Year-end Projection Amounts in \$000s	Current (Aug 2020)	Prior Mth (Jul 2020)	Change	Final 2020 Outlook*
Premium Written	416,199	407,018	9,181	350,613
Premium Earned	388,592	384,351	4,241	341,552
Incurred Losses	286,667	266,869	19,798	233,103
Underwriting & Admin Expense	84,862	84,579	283	74,721
Net Result from Operations	17,063	32,903	(15,840)	33,728
Ratios:				
Loss ratio - Prior Accident Years	11.2%	3.4%	7.8%	(1.7%)
- Current Accident Year	62.6%	66.1%	(3.5%)	69.9%
<i>Total</i>	73.8%	69.4%	4.4%	68.2%
Underwriting & Admin Expense	22.0%	22.1%	(0.1%)	22.3%
Combined Operating Ratio	95.8%	91.5%	4.3%	90.5%

rounding differences may occur

*as posted to FA's website Nov. 20, 2019

This updated projection to the end of the year has deteriorated by \$15.8 million from the projection provided last month (see second last column in the preceding table), mainly due to the overall \$17.3 million unfavourable impact of the valuation as at June 30, 2020, as summarized in the following table (see more information under “Effect of Quarterly Valuation” on page 5), partially offset by changes in projected premium volumes by jurisdiction and business segment, and the associated impacts on earned premium, claims, and expense projections.

2020 Q2 FARM Valuation Implementation Impact (\$000s) – Impact on Year-end Projected Results

Grand Total	unfav / (fav) projected for full year						year EP 388,592 (current projection)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % full year EP from changes in:					
	ultimates & payout patterns		dsct rate		margins		ultimates & payout patterns		dsct rate		margins	
	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYs	26,266	2,266	28,532	3,439	(1,416)	30,555	6.8%	0.6%	7.3%	0.9%	(0.4%)	7.9%
CAY	(13,648)	(1,272)	(14,920)	1,651	1	(13,268)	(3.5%)	(0.3%)	(3.8%)	0.4%	-	(3.4%)
Prem Def	(34)	-	(34)	-	-	(34)	-	-	-	-	-	-
TOTAL	12,584	994	13,578	5,090	(1,415)	17,253	3.2%	0.3%	3.5%	1.3%	(0.4%)	4.4%

Current Month Results

The Net Results from Operations in the month of August 2020 was -\$17.6 million, down \$28.0 million from the same month last year. This deterioration is composed of an approximately \$29.6 million unfavourable impact stemming from the overall increase in the combined ratio (from 65.0% to 151.5% applied to \$34.1 million in earned premium), offset by a \$1.6 million favourable impact associated with the \$4.8 million increase in earned premium (at a prior combined ratio of 65.0%).

This month's results moved the year-to-date combined operating ratio from 95.1% at the end of 7 months

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to 102.8% at the end of 8 months. The 7.7 percentage point increase is composed of a 10.9 percentage point increase in the Prior Accident Years loss ratio, offset by a 3.2 percentage point decrease in the Current Accident Year loss ratio.

Variances from Projections

The following table provides a summary of key components of the operating results as compared to the estimates projected last month.

FARM Summary of Actual vs Projected variances

August 2020	Actual	Projection	Difference	Difference %
Premium Written	40,020	34,981	5,039	14.4%
Premium Earned	34,120	32,698	1,422	4.3%
Reported Losses				
Paid Losses	13,605	16,596	(2,991)	(18.0%)
Change in Outstanding Losses	48,157	7,061	41,096	582.0%
Total Reported Losses	61,762	23,657	38,105	161.1%
Change in IBNR*	(14,200)	(2,172)	(12,028)	
Change in Premium Deficiency (DPAC)*	(443)	(190)	(253)	
Change in Retro Claims Expense*	(3,353)	(709)	(2,644)	

(Amounts in \$000's)

rounding differences may occur

Each month, management reviews the variance between reported premium activity and claims activity (actual reported claims payments and changes in case reserves) and the associated projections. The projection process involves many assumptions including claims reporting patterns. Actual reporting patterns vary from month-to-month, sometimes considerably. Although variances from our projections are expected, management investigates variances beyond set thresholds and responds as appropriate.

For the month of August, recorded indemnity amounts were \$38.2 million higher than projected (*allowed claims expenses are included in the table immediately above as part of reported losses, explaining why the variance in Total Reported Losses in the table shows \$38.1 million*), mainly from the Prior Accident Years with an unfavourable variance of \$42.6 million. We have investigated a **Servicing Carrier case reserve claims reporting difference** between trial balance and automobile statistical plan reporting with previous two months' Participation Reports (June 2020 and July 2020) and concluded that the case reserves had been under-reported due to a rejected outstanding losses file. This issue was confirmed to be resolved in August 2020 and the large unfavourable variance in recorded indemnity we see in the month was a direct result of the resolution. Because Facility Association uses an ultimate loss ratio matching (IBNR booking) approach with the monthly participation results calculations (recorded activity is assumed to be offset by changes in IBNR), **there is no impact on this months' Operating Results.**

Effect of Quarterly Valuation

The August 2020 Participation Report reflects the results of an updated valuation as at June 30, 2020, with

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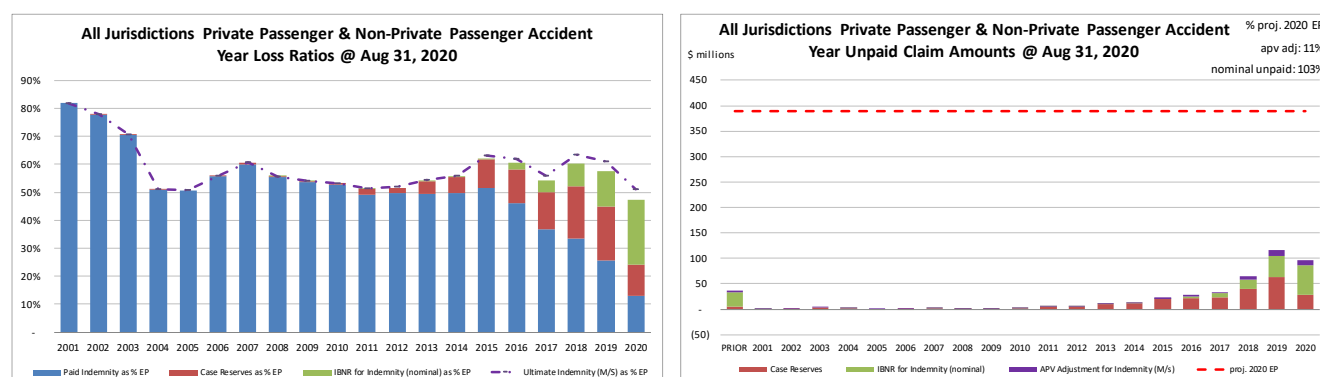
the associated impacts in relation to the results for August 2020 summarized in the following table.

2020 Q2 FARM Valuation Implementation Impact (\$000s) – Impact on Month's Results

Grand Total	unfav / (fav)						mth EP 34,120 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % mth EP from changes in:					
	ultimates & payout patterns		dsct rate		margins		ultimates & payout patterns		dsct rate		margins	
	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL	nominal	apv adj.	sub-tot	apv adj.	apv adj.	TOTAL
	[1]	[2]	[3]	[4]	[5]	[6]	[1]	[2]	[3]	[4]	[5]	[6]
PAYS	26,266	2,243	28,509	3,806	(1,585)	30,730	77.0%	6.6%	83.6%	11.2%	(4.6%)	90.1%
CAY	(8,746)	(1,134)	(9,880)	1,144	1	(8,735)	(25.6%)	(3.3%)	(29.0%)	3.4%	-	(25.6%)
Prem Def	(26)	-	(26)	-	-	(26)	(0.1%)	-	(0.1%)	-	-	(0.1%)
TOTAL	17,494	1,109	18,603	4,950	(1,584)	21,969	51.3%	3.3%	54.5%	14.5%	(4.6%)	64.4%

The following charts summarize the current view of the historical loss ratios (indemnity-only on a nominal basis) and the associated claims liabilities.

FARM Indemnity Only Accident Year Ultimate Loss Ratios and Claims Liabilities (% EP)



The valuation included all jurisdictions and business segments and resulted in updated policy liability cash flow estimates for all jurisdictions that, when applied to the updated risk free yield curve, resulted in a decrease in the selected discount rate from 0.66% to 0.27%. The investment return margin for adverse deviation was left unchanged at 25 basis points, but the selected claims development margins² were reviewed and updated (per usual practice, investment income margins and claims development margins are reviewed and updated annually with the June 30 valuation).

The **valuation summary** (in relation to **indemnity only**) is provided in the following table. (Please note that in reference to columns [7] to [9] in that table, the estimated impacts are in relation to a full year estimated earned premium, and are not “year-to-date”).

²Claims development margins are selected by jurisdiction, business segment, coverage, and accident half-year.

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2020 Q2 Valuation Summary (Indemnity Only)

Valuation Summary (Nominal Basis)

unfavourable / (favourable)

Jurisdiction	2019 & Prior Beginning Indemnity Unpaid (000s)	2019 & Prior Accident Year Indemnity Change (000s)	% of Beginning Unpaid	2020 Indemnity Loss Ratio	Change from Prior Valuation	Change against 2020 Earned Prem (000s)	2021 Indemnity Loss Ratio	Change from Prior Valuation	Change against 2021 Proj Earned Prem (000s)
	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
Ontario	105,457	24,759	23.5%	37.2%	(3.2%)	(4,682)	36.9%	(5.3%)	(8,331)
PPV	38,503	25,481	66.2%	48.6%	(2.4%)	(1,089)	54.5%	(1.1%)	(537)
Non-PPV	66,954	(722)	(1.1%)	32.0%	(3.6%)	(3,593)	29.0%	(7.1%)	(7,794)
Alberta	98,155	5,352	5.5%	54.7%	(1.3%)	(1,534)	53.6%	(3.7%)	(4,981)
PPV	9,973	106	1.1%	43.8%	0.1%	9	41.6%	(3.7%)	(397)
Non-PPV	88,182	5,246	5.9%	55.7%	(1.4%)	(1,544)	54.6%	(3.7%)	(4,583)
Newfoundland & Labrador	49,222	(1,183)	(2.4%)	59.1%	(4.0%)	(1,374)	63.5%	(1.4%)	(495)
PPV	36,845	(1,428)	(3.9%)	59.7%	(4.5%)	(1,164)	63.5%	(2.5%)	(670)
Non-PPV	12,377	245	2.0%	57.4%	(2.5%)	(210)	63.5%	2.0%	176
New Brunswick	32,723	(607)	(1.9%)	53.9%	(3.9%)	(1,155)	51.0%	(5.1%)	(1,652)
PPV	19,957	386	1.9%	53.9%	(4.0%)	(667)	51.6%	(5.1%)	(950)
Non-PPV	12,766	(993)	(7.8%)	53.8%	(3.7%)	(488)	50.3%	(5.1%)	(702)
Nova Scotia	25,903	(18)	(0.1%)	51.5%	(3.9%)	(1,502)	55.0%	(2.4%)	(992)
PPV	11,394	(607)	(5.3%)	50.3%	(5.8%)	(1,086)	56.1%	(2.1%)	(429)
Non-PPV	14,509	589	4.1%	52.6%	(2.1%)	(416)	54.0%	(2.6%)	(563)
Prince Edward Island	7,810	(77)	(1.0%)	51.6%	(1.8%)	(110)	51.7%	(1.5%)	(94)
PPV	4,066	196	4.8%	42.3%	(4.4%)	(133)	44.6%	(1.5%)	(46)
Non-PPV	3,744	(273)	(7.3%)	61.0%	0.8%	24	58.5%	(1.5%)	(48)
Yukon Territory	2,233	(133)	(6.0%)	43.7%	(6.2%)	(124)	50.1%	(2.3%)	(46)
PPV	1,209	(84)	(6.9%)	54.7%	(6.0%)	(22)	46.1%	(5.0%)	(20)
Non-PPV	1,024	(49)	(4.8%)	41.1%	(6.3%)	(102)	51.1%	(1.6%)	(25)
Northwest Territories	3,142	(57)	(1.8%)	41.8%	(2.1%)	(91)	40.2%	(2.0%)	(91)
PPV	1,559	(222)	(14.2%)	44.6%	(1.7%)	(45)	42.7%	(2.3%)	(63)
Non-PPV	1,583	165	10.4%	37.6%	(2.6%)	(46)	36.2%	(1.6%)	(28)
Nunavut	983	(10)	(1.0%)	25.3%	(4.3%)	(41)	27.5%	(1.6%)	(15)
PPV	234	(16)	(6.8%)	18.9%	(0.3%)	(1)	21.0%	(0.6%)	(1)
Non-PPV	749	6	0.8%	26.7%	(5.2%)	(41)	29.1%	(1.9%)	(14)
Total	325,628	28,026	8.6%	47.7%	(2.8%)	(10,612)	47.8%	(4.0%)	(16,696)

There are differences between the changes in valuation estimates (summarized above), and the impact of implementing the valuation into the operating results (summarized on the next page). For example, differences will emerge due to the differences between data available at June 30, 2020 (used for the valuation) and available for implementation (August 31, 2020).

In addition, column [6] of the preceding valuation summary table estimates the impact of the change in selected *current* accident year indemnity loss ratio against projected full year 2020 earned premium, whereas the *current* accident year row, second row of column [1] in the following implementation impact table applies the change to 2020 year-to-date earned premium at August 31, 2020.

With this background, the overall **impact of implementing the valuation** on the results of the Month of August 2020 is estimated as **unfavourable by \$22.0 million**, as summarized in the following table. In that table, column [1] shows indemnity only, and is therefore comparable to the valuation summary table above (column [2] in the valuation summary table is comparable to the first row of column [1] in the following table).

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2020 Q2 FARM Valuation Implementation Impact (\$000s) – Impact with expenses

Implementation Impact - relative to projection for month of March 2020 (negative values are favourable)

\$000s	indemnity [1]	retroactive claims fee [2]	allowed claims expenses [3]	nominal total [4]	actuarial present value [5]	Grand Total [6]
prior accident years (1994-2019)	28,221	216	(2,171)	26,266	4,464	30,730
current accident year claims incurred	(7,951)	(679)	(116)	(8,746)	11	(8,735)
premium deficiency / (DPAC)	(26)			(26)	-	(26)
TOTAL	20,244	(463)	(2,287)	17,494	4,475	21,969

An alternate summary of the valuation implementation impact is presented in the following table, including the impact in relation to year-to-date earned premium. In this table, rows “PAYs” and “CAY” (for “Prior Accident Years” and “Current Accident Year” respectively), include the changes in indemnity, retroactive claims fee adjustment provision and the provision for allowed claims adjustment expenses.

2020 Q2 FARM Valuation Implementation Impact (\$000s) – Impact on Year-to-date Results

Grand Total	unfav / (fav)						ytd EP 253,614 (actual)					
	IMPACT in \$000s from changes in:						IMPACT unfav / (fav) as % ytd EP from changes in:					
	ultimates & payout patterns nominal [1]	apv adj. [2]	sub-tot [3]	dsct rate apv adj. [4]	margins apv adj. [5]	TOTAL [6]	ultimates & payout patterns nominal [1]	apv adj. [2]	sub-tot [3]	dsct rate apv adj. [4]	margins apv adj. [5]	TOTAL [6]
PAYs	26,266	2,243	28,509	3,806	(1,585)	30,730	10.4%	0.9%	11.2%	1.5%	(0.6%)	12.1%
CAY	(8,746)	(1,134)	(9,880)	1,144	1	(8,735)	(3.4%)	(0.4%)	(3.9%)	0.5%	-	(3.4%)
Prem Def	(26)	-	(26)	-	-	(26)	-	-	-	-	-	-
TOTAL	17,494	1,109	18,603	4,950	(1,584)	21,969	6.9%	0.4%	7.3%	2.0%	(0.6%)	8.7%

The overall impact *prior to* the 39 basis point decrease in the discount rate (from 0.66% to 0.27%) and changes to margins for adverse deviation was unfavourable by \$18.6 million (Total row, column [3] of the preceding table on the left). This was augmented by the \$5.0 million unfavourable impact of the discount rate change (Total row, column [4] of left table above). Finally, while there was no update to the selected margins for investment income, updates were made to the selected margins for adverse claims development deviation, resulting in a \$1.6 million favourable margin change impact (Total row, column [5] of the preceding table on the left).

As shown in the following table³, management has observed marginally (on average 0.6% of liabilities) unfavourable total valuation impacts (column [5]) over the last 12 valuation implementations, with 6 valuation implementations being unfavourable over that 12-quarter period. It should be noted that the impacts in column [3] are largely outside of the control of FA (as being related to macroeconomic factors).

³The table summarizes the same information as provided in the columns [1], [2], [4], and [5] for the TOTAL row of the summary table on this page, but does so for the most recent 12 valuation implementations.

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FARM Valuation Implementation Impacts (\$000s) – most recent 12 valuations

FARM juris: ALL,

as at: 2020 Q2

Valuation	period implemented	unfavourable / (favourable) Valuation Implementation Impact (\$000s)					\$000s		
		updated LRs & exp	APVs @ prior assumptions	updated dsct rate	updated margins	Total Impact	Booked Policy Liabilities	Total Impact as % Book Liabs	Nominal Impact as % Book Liabs
		[1]	[2]	[3]	[4]	[5] = sum([1] to [4])	[6]	[7] = [5] / [6]	[8] = [1] / [6]
2017 Q3	Oct 2017	(2,100)	(341)	(5,847)	-	(8,288)	450,704	(1.8%)	(0.5%)
2017 Q4	Mar 2018	(10,085)	(890)	153	-	(10,822)	419,870	(2.6%)	(2.4%)
2018 Q1	May 2018	(949)	(1,001)	(1,647)	-	(3,597)	429,713	(0.8%)	(0.2%)
2018 Q2	Aug 2018	(4,126)	1,450	630	(1,800)	(3,846)	451,385	(0.9%)	(0.9%)
2018 Q3	Oct 2018	59	465	(3,754)	-	(3,230)	463,838	(0.7%)	-
2018 Q4	Mar 2019	(1,628)	129	3,105	-	1,606	469,304	0.3%	(0.3%)
2019 Q1	May 2019	13,044	950	4,632	-	18,626	507,837	3.7%	2.6%
2019 Q2	Aug 2019	(5,947)	(842)	419	(1,160)	(7,530)	535,467	(1.4%)	(1.1%)
2019 Q3	Oct 2019	9,607	537	(184)	-	9,960	558,937	1.8%	1.7%
2019 Q4	Mar 2020	3,604	1,995	(1,772)	-	3,827	597,699	0.6%	0.6%
2020 Q1	May 2020	3,863	351	11,698	-	15,912	612,063	2.6%	0.6%
2020 Q2	Aug 2020	17,494	1,109	4,950	(1,584)	21,969	666,907	3.3%	2.6%
12-qtrs	-	22,836	3,912	12,383	(4,544)	34,587			
% of total		66.0%	11.3%	35.8%	(13.1%)	100.0%			
6 unfavourable (nominal) valuations							2 impacts were outside of 2.5%		
Averages									
12-qtrs		1,903	326	1,032	(379)	2,882	513,644	0.6%	0.4%
2017 Q3 to 2018 Q4		(3,138)	(31)	(1,227)	(300)	(4,696)	447,469	(1.0%)	(0.7%)
2019 Q1 to 2020 Q2		6,944	683	3,291	(457)	10,461	579,818	1.8%	1.2%

The FA valuation approach is focused on providing (i) best estimates on a nominal basis (i.e. the longer term average of nominal changes in column [1] should be close-to-zero); (ii) the nominal changes of any one valuation in relation to policy liabilities⁴, should be “small” (less than 2.5%); and (iii) the valuation results should not indicate bias – that is, we generally anticipate approximately 1/3rd of nominal valuation impacts will be unfavourable, and 2/3rds will be favourable (due to the skewness of the development). On these 3 measures:

- (i) **Best estimate measurement: This objective has not been met**, as the 12-quarter nominal change in column [1] is \$22.8 million unfavourable. However, the average impact over the 12 quarters at \$1.9 million unfavourable (nominal only) represents 0.4% of ending policy liabilities per column [8], which we would view as not significant. That said, we note that the latest 6 valuations have been on average more unfavourable than the earlier 6 valuations were favourable.
- (ii) **Nominal size measurement: This objective has not been met**, as there are two individual valuation showing a nominal change in excess of 2.5% of ending policy liabilities per column [8] in the preceding table.

⁴We also consider changes in nominal estimates relative to beginning claims liabilities, with this metric also ideally being small, but in this case, less than 5.0%. Over time, our view of “small” for each of these metrics may change.

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- (iii) **Bias evidence measurement:** This objective has not been met, as 6 of 12 valuations show unfavourable changes (column [1] of the preceding table), higher than our expectation (3 to 5 of 12).

In summary, we believe the nominal valuation impacts had been moving toward our target impacts (long term zero impact; individual valuation impact of no more than 2.5% of policy liabilities; no bias evident), but the latest valuation suggests some reflection on our processes is warranted, so we are taking action in response.

The actuarial valuation will be updated next as at September 30, 2020 for all jurisdictions and business segments. The results are anticipated to be reflected in the October 2020 Participation Report.

Members' Transfer of Funds

As indicated in our Bulletin [F05-049](#) dated October 4, 2005, the Facility Association Board of Directors authorized the transfer to members of Facility Association Residual Market (FARM) reserve-related funds that are not required to meet Facility Association's short-term cash flow needs. Transferring these funds to Members allows them to invest the funds based upon Members' own investment plans and policies. **Please note that any investment losses on funds held by Members will be borne solely by them.**

As 100% of all FARM policyholder payments are made directly through Facility Association, Members will be required to return the FARM policyholder funds they hold when such payments are made, or projected to be made, by Facility Association. Facility Association's short-term cash flow needs are monitored on a monthly basis, and net transfers of funds to or from Members are made periodically as needed.

The August 2020 Participation Report reflects the effect of the ***transfer of \$30 million from Facility Association to Members***. The amount due to or from Facility Association for your company as a result of the transfer will depend on your company's share of the FARM in each jurisdiction, as well as differences in share ratios by business segment and accident year.

Each Member's share of the transfer of \$30 million is shown on page 21 of the FARM Participation Report: Members Combined Accident Year Share Results for all Jurisdictions. ***Note: All balances due to/from Facility Association, and receivable and payable dates are shown on page 21 of the Participation Report.***

The amounts to be settled with Facility Association at this time are the net amounts of the adjustment referred to above, an aggregate summary of which is shown in the following table.

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Amounts (\$000s) to be Transferred to / (from) Members

Summary by Jurisdiction	Private Passenger	Non Private Passenger	Total
Ontario	14,477	17,330	31,807
Alberta	1,425	911	2,336
Newfoundland & Labrador	(10,981)	(192)	(11,173)
New Brunswick	42	(1,918)	(1,876)
Nova Scotia	247	4,495	4,743
Prince Edward Island	143	1,101	1,244
Yukon	227	696	923
Northwest Territories	726	461	1,187
Nunavut	108	702	810
TOTAL	6,414	23,586	30,000

Management Comments

As shown in the following table, the **private passenger** annualized vehicle count represents an overall increase of 10% in August 2020 relative to August 2019, with majority of the increase attributed to Ontario.

FARM Private Passenger Written Counts (August 2020)

Jurisdiction	2020			2019			2018
	Annualized Vehicle Count	Change from Prior	% Change from Prior	Annualized Vehicle Count	Change from Prior	% Change from Prior	Annualized Vehicle Count
ON	851	254	42.6%	597	294	97.1%	303
AB	128	(12)	(8.8%)	141	49	53.4%	92
NL	1,132	8	0.7%	1,124	235	26.4%	889
NB	583	37	6.7%	546	21	4.0%	525
NS	675	13	1.9%	662	211	46.7%	451
PE	150	34	29.0%	116	22	23.0%	94
YT	16	9	130.1%	7	(5)	(41.1%)	12
NT	153	2	1.6%	150	(45)	(22.9%)	195
NU	5	3	100.0%	2	(3)	(57.1%)	6
Grand Total	3,691	346	10.4%	3,345	778	30.3%	2,567

Similarly, on a year-to-date basis, the private passenger annualized vehicle counts increased by 13%, largely driven by the increase in Ontario, up 1,670 vehicles (39%) and accounting for over half of the overall increase, shown in the following table.

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FARM Private Passenger Written Counts (Year-to-date to August 2020)

Jurisdiction	2020			2019			2018
	Annualized Vehicle Count	Change from Prior	% Change from Prior	Annualized Vehicle Count	Change from Prior	% Change from Prior	Annualized Vehicle Count
ON	5,988	1,670	38.7%	4,318	2,247	108.5%	2,071
AB	1,352	281	26.3%	1,071	5	0.4%	1,066
NL	8,149	504	6.6%	7,645	708	10.2%	6,937
NB	4,614	388	9.2%	4,226	176	4.3%	4,050
NS	5,322	113	2.2%	5,209	1,988	61.7%	3,222
PE	1,013	127	14.3%	886	74	9.1%	812
YT	105	15	16.4%	90	(26)	(22.6%)	117
NT	1,310	174	15.4%	1,136	(256)	(18.4%)	1,392
NU	80	11	15.3%	69	(13)	(16.2%)	82
Grand Total	27,934	3,284	13.3%	24,650	4,901	24.8%	19,749

On a rolling 12-month basis to August (as shown in the following table), FARM vehicle counts are up 17.0% across all rating classes (up 20.7% for private passenger, 14.9% for non-private passenger). In particular, the non-private passenger increase in vehicle counts is mainly driven by increases in commercial vehicles, motorcycles, and to a certain extent ATVs. While still on the radar, the increase for interurban vehicle counts that we have previously seen has gone down due to the recent decrease in Ontario, with the majority of the decrease from fleet business. We have also noted the recent increase in motorcycle business (primarily in Alberta) which we are actively monitoring.

Rolling 12-month premium changes are more significant than the changes in counts (private passenger up 34.4%, non-private passenger up 21.5%, for a total increase of 25.3%). The difference in the count and premium increases reflects the more significant increases in counts in Ontario and Alberta for private passenger and changes in mix by rating class and jurisdiction for non-private passenger.

FARM Vehicle Counts and Written Premium – Rolling 12-months to August 2020

Business Segment	FA Minor Rating Class Desc	2020 rolling 12 to month 08			% Change in Amount			Change in Amount			2019 rolling 12 to month 08		
		Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP	Annualize Vehicle Count	Sum of Written Premium	AWP
PPV	Private Passenger (x Farmers)	41,406	130,649,286	3,155	20.7%	34.4%	11.3%	7,106	33,420,563	320	34,300	97,228,723	2,835
	Farmer	-	75	75	-	100.0%	100.0%	-	75	75	-	-	-
PPV Total		41,406	130,649,361	3,155	20.7%	34.4%	11.3%	7,106	33,420,638	320	34,300	97,228,723	2,835
non-PPV	Private Passenger (x Farmers)	659	649,750	985	(3.3%)	(9.8%)	(6.7%)	(23)	(70,337)	(71)	682	720,087	1,056
	Commercial	20,184	112,026,831	5,550	36.5%	55.6%	14.0%	5,396	40,034,046	682	14,789	71,992,785	4,868
	Interurban	7,756	94,013,364	12,121	19.2%	(1.6%)	(17.4%)	1,249	(1,508,139)	(2,558)	6,508	95,521,503	14,679
	Public Bus	934	3,653,195	3,910	(43.0%)	(50.9%)	(13.8%)	(705)	(3,783,413)	(626)	1,639	7,436,608	4,536
	Private Bus & Misc Public	1,412	5,537,359	3,922	(3.3%)	3.6%	7.2%	(48)	194,094	262	1,460	5,343,265	3,660
	School Bus	891	1,373,969	1,541	(17.8%)	(21.9%)	(5.0%)	(193)	(384,483)	(81)	1,084	1,758,452	1,622
	Hotel & Country Club Bus	554	1,241,000	2,239	(4.4%)	(8.4%)	(4.2%)	(26)	(113,588)	(97)	580	1,354,588	2,336
	Taxi	4,715	30,696,622	6,510	2.1%	44.2%	41.3%	95	9,406,503	1,902	4,620	21,290,119	4,608
	Funeral	3	9,803	3,268	(40.0%)	(15.7%)	40.6%	(2)	(1,821)	943	5	11,624	2,325
	Ambulance	46	194,246	4,230	40.9%	47.4%	4.6%	13	62,484	186	33	131,762	4,044
	Motorcycle	19,068	13,955,118	732	13.6%	20.8%	6.4%	2,279	2,406,218	44	16,790	11,548,900	688
	All Terrain Vehicle	9,896	4,307,936	435	12.6%	20.0%	6.6%	1,105	717,079	27	8,791	3,590,857	408
	Snow Vehicle	3,849	1,641,586	426	(2.9%)	(1.1%)	1.7%	(116)	(18,559)	7	3,966	1,660,145	419
	Antique	6	11,834	2,120	34.0%	88.4%	40.6%	1	5,552	612	4	6,282	1,508
	Motor Home	359	901,128	2,511	47.1%	46.4%	(0.5%)	115	285,558	(12)	244	615,570	2,523
	Trailer Home	-	70,690	70,690	-	491.1%	491.1%	-	58,730	58,730	-	11,960	11,960
	Garage	-	10,892,394	10,892,394	-	28.1%	28.1%	-	2,386,634	2,386,634	-	8,505,760	8,505,760
	Non-Owned	-	463,007	463,007	-	45.5%	45.5%	-	144,845	144,845	-	318,162	318,162
	Drivers Policy	84	126,476	1,497	18.7%	38.5%	16.7%	13	35,178	214	71	91,298	1,283
non-PPV Total		70,419	281,766,308	4,001	14.9%	21.5%	5.7%	9,154	49,856,581	216	61,265	231,909,727	3,785
TOTAL		111,824	412,415,669	3,688	17.0%	25.3%	7.1%	16,260	83,277,219	244	95,565	329,138,450	3,444

Should you require any further information, please call Aidan Chen, AVP Data & Analytics at (416) 863-

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Saskia Matheson
President & CEO

Related link:

[FARM August 2020 Participation Report – Actuarial Highlights](#)

*For additional details on Actual vs Projected variances, IBNR, and valuation (if applicable)

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - ALL JURISDICTIONS BY MONTH
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$38,815	\$29,715	\$39,160	\$11,893	\$38,359	\$42,287	\$40,788	\$40,020	\$281,037	\$416,199	\$372,967
CHANGE IN UNEARNED PREMIUMS	(4,450)	364	(5,702)	17,183	(8,623)	(12,344)	(7,951)	(5,900)	(27,423)	(27,606)	(49,022)
NET PREMIUMS EARNED	\$34,365	\$30,079	\$33,458	\$29,076	\$29,736	\$29,943	\$32,837	\$34,120	\$253,614	\$388,593	\$323,945
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	2,394	(3,629)	7,887	(81)	5,957	(33)	(58)	26,336	38,773	38,772	14,991
EFFECT OF DISCOUNTING	(773)	(556)	(856)	(735)	9,863	(1,392)	(1,008)	3,772	8,315	4,650	924
DISCOUNTED	1,621	(4,185)	7,031	(816)	15,820	(1,425)	(1,066)	30,108	47,088	43,422	15,915
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	20,592	19,677	19,356	18,671	16,845	18,719	20,467	12,463	146,790	226,014	214,321
EFFECT OF DISCOUNTING	1,488	1,261	830	928	2,673	1,164	1,383	1,638	11,365	17,231	11,261
DISCOUNTED	22,080	20,938	20,186	19,599	19,518	19,883	21,850	14,101	158,155	243,245	225,582
CLAIMS INCURRED	\$23,701	\$16,753	\$27,217	\$18,783	\$35,338	\$18,458	\$20,784	\$44,209	\$205,243	\$286,667	\$241,497
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	3,980	3,082	4,101	1,178	3,954	4,354	4,205	4,139	28,993	42,939	38,519
AGENTS COMMISSIONS	3,082	2,124	2,769	1,284	3,062	3,335	3,232	3,018	21,906	32,511	28,514
DRIVER RECORD ABSTRACTS	286	271	206	372	530	318	472	328	2,783	4,649	3,532
BAD DEBTS	(3)	(2)	(2)	0	(3)	(2)	0	6	(6)	(10)	(148)
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	(361)	83	(381)	1,149	(641)	(930)	(581)	(443)	(2,105)	(2,141)	(3,571)
EFFECT OF DISCOUNTING	2	3	(52)	0	0	0	0	0	(47)	(47)	(460)
DISCOUNTED	(359)	86	(433)	1,149	(641)	(930)	(581)	(443)	(2,152)	(2,188)	(4,031)
UNDERWRITING EXPENSES	\$6,986	\$5,561	\$6,641	\$3,983	\$6,902	\$7,075	\$7,328	\$7,048	\$51,524	\$77,901	\$66,386
NET UNDERWRITING GAIN (LOSS)	\$3,678	\$7,765	-\$400	\$6,310	-\$12,504	\$4,410	\$4,725	-\$17,137	-\$3,153	\$24,025	\$16,062
ADMINISTRATIVE EXPENSES	398	623	419	506	482	518	485	458	3,889	7,428	6,286
PREMIUM FINANCE FEE	(13)	(12)	(13)	(12)	(12)	(11)	(12)	(12)	(97)	(88)	(130)
INVESTMENT INCOME	119	121	75	30	30	27	23	30	455	584	1,208
OPERATING RESULTS	\$3,386	\$7,251	-\$757	\$5,822	-\$12,968	\$3,908	\$4,251	-\$17,577	-\$6,684	\$17,093	\$10,854
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	4.7%	-13.9%	21.0%	-2.8%	53.2%	-4.8%	-3.2%	88.2%	18.6%	11.2%	4.9%
Current Accident Year	64.3%	69.6%	60.3%	67.4%	65.6%	66.4%	66.5%	41.3%	62.4%	62.6%	69.6%
All Accident Years Combined	69.0%	55.7%	61.3%	64.6%	118.8%	61.6%	63.3%	129.5%	81.0%	73.8%	74.5%
Underwriting & Admin Exp.(Earned)	21.5%	20.6%	21.1%	15.4%	24.8%	25.4%	23.8%	22.0%	21.8%	22.0%	22.4%
COMBINED OPERATING RATIO	90.5%	76.3%	102.4%	80.0%	143.6%	87.0%	87.1%	151.5%	102.8%	95.8%	96.9%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - ALL JURISDICTIONS
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	Alberta	Ontario	NS	PEI	NB	NFLD & LAB	Yukon	NWT	Nunavut	Total	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:												
PREMIUMS WRITTEN	\$90,405	\$105,003	\$29,731	\$4,184	\$22,256	\$23,837	\$1,645	\$3,330	\$646	\$281,037	\$416,199	\$372,967
CHANGE IN UNEARNED PREMIUMS	(9,154)	(9,487)	(4,047)	(192)	(2,668)	(1,307)	(279)	(307)	18	(27,423)	(27,606)	(49,022)
NET PREMIUMS EARNED	\$81,251	\$95,516	\$25,684	\$3,992	\$19,588	\$22,530	\$1,366	\$3,023	\$664	\$253,614	\$388,593	\$323,945
CLAIMS INCURRED												
PRIOR ACCIDENT YEARS												
UNDISCOUNTED	16,539	28,058	(4,090)	(626)	252	15	(795)	(400)	(180)	38,773	38,772	14,991
EFFECT OF DISCOUNTING	2,053	4,750	145	151	591	632	(12)	13	(8)	8,315	4,650	924
DISCOUNTED	18,592	32,808	(3,945)	(475)	843	647	(807)	(387)	(188)	47,088	43,422	15,915
CURRENT ACCIDENT YEAR												
UNDISCOUNTED	50,096	46,830	16,208	2,517	12,950	15,670	747	1,543	229	146,790	226,014	214,321
EFFECT OF DISCOUNTING	3,520	4,215	1,201	198	950	1,102	59	102	18	11,365	17,231	11,261
DISCOUNTED	53,616	51,045	17,409	2,715	13,900	16,772	806	1,645	247	158,155	243,245	225,582
CLAIMS INCURRED	\$72,208	\$83,853	\$13,464	\$2,240	\$14,743	\$17,419	-\$1	\$1,258	\$59	\$205,243	\$286,667	\$241,497
UNDERWRITING EXPENSES												
OPERATING & SERVICE FEES	9,041	11,340	2,973	419	2,226	2,431	165	333	65	28,993	42,939	38,519
AGENTS COMMISSIONS	7,300	6,764	2,595	382	2,048	2,302	143	319	53	21,906	32,511	28,514
DRIVER RECORD ABSTRACTS	562	288	786	152	503	437	7	48	0	2,783	4,649	3,532
BAD DEBTS	1	0	(1)	0	0	(5)	0	(1)	0	(6)	(10)	(148)
PREMIUM DEFICIENCY/(DPAC)												
UNDISCOUNTED	(632)	(683)	(337)	(14)	(234)	(154)	(25)	(28)	2	(2,105)	(2,141)	(3,571)
EFFECT OF DISCOUNTING	0	0	(47)	0	0	0	0	0	0	(47)	(47)	(460)
DISCOUNTED	(632)	(683)	(384)	(14)	(234)	(154)	(25)	(28)	2	(2,152)	(2,188)	(4,031)
UNDERWRITING EXPENSES	\$16,272	\$17,709	\$5,969	\$939	\$4,543	\$5,011	\$290	\$671	\$120	\$51,524	\$77,901	\$66,386
NET UNDERWRITING GAIN (LOSS)	-\$7,229	-\$6,046	\$6,251	\$813	\$302	\$100	\$1,077	\$1,094	\$485	-\$3,153	\$24,025	\$16,062
ADMINISTRATIVE EXPENSES	1,081	1,303	426	136	329	345	90	102	77	3,889	7,428	6,286
PREMIUM FINANCE FEE	(28)	(45)	(9)	0	(6)	(9)	0	0	0	(97)	(88)	(130)
INVESTMENT INCOME	133	167	47	10	41	49	3	4	1	455	584	1,208
OPERATING RESULTS	-\$8,205	-\$7,227	\$5,863	\$687	\$8	-\$205	\$990	\$996	\$409	-\$6,684	\$17,093	\$10,854
RATIOS:												
Claims & Adj Expenses Incurred (Earned)												
Prior Accident Years	22.9%	34.3%	-15.4%	-11.9%	4.3%	2.9%	-59.1%	-12.8%	-28.3%	18.6%	11.2%	4.9%
Current Accident Year	66.0%	53.4%	67.8%	68.0%	71.0%	74.4%	59.0%	54.4%	37.2%	62.4%	62.6%	69.6%
All Accident Years Combined	88.9%	87.7%	52.4%	56.1%	75.3%	77.3%	-0.1%	41.6%	8.9%	81.0%	73.8%	74.5%
Underwriting & Admin Exp.(Earned)	21.4%	19.9%	24.9%	26.9%	24.9%	23.8%	27.8%	25.6%	29.7%	21.8%	22.0%	22.4%
COMBINED OPERATING RATIO	110.3%	107.6%	77.3%	83.0%	100.2%	101.1%	27.7%	67.2%	38.6%	102.8%	95.8%	96.9%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - ALBERTA
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$17,167	\$8,069	\$12,538	\$5,102	\$11,971	\$12,086	\$12,086	\$11,386	\$90,405	\$131,727	\$114,601
CHANGE IN UNEARNED PREMIUMS	(4,415)	1,657	(1,834)	4,256	(2,849)	(3,043)	(1,962)	(964)	(9,154)	(9,152)	(8,283)
NET PREMIUMS EARNED	\$12,752	\$9,726	\$10,704	\$9,358	\$9,122	\$9,043	\$10,124	\$10,422	\$81,251	\$122,575	\$106,318
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	1,900	(636)	7,148	(79)	2,562	(11)	(4)	5,659	16,539	16,539	10,587
EFFECT OF DISCOUNTING	(298)	(146)	523	(294)	2,775	(769)	(462)	724	2,053	951	873
DISCOUNTED	1,602	(782)	7,671	(373)	5,337	(780)	(466)	6,383	18,592	17,490	11,460
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	6,322	6,016	7,083	6,205	6,106	5,933	6,647	5,784	50,096	76,741	68,811
EFFECT OF DISCOUNTING	414	325	313	264	861	318	326	699	3,520	4,954	2,997
DISCOUNTED	6,736	6,341	7,396	6,469	6,967	6,251	6,973	6,483	53,616	81,695	71,808
CLAIMS INCURRED	\$8,338	\$5,559	\$15,067	6,096	12,304	5,471	6,507	12,866	\$72,208	\$99,185	\$83,268
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	1,717	807	1,255	510	1,196	1,208	1,208	1,140	9,041	13,170	11,461
AGENTS COMMISSIONS	1,410	652	1,009	398	933	988	987	923	7,300	10,625	8,936
DRIVER RECORD ABSTRACTS	39	43	68	89	93	69	54	107	562	1,036	798
BAD DEBTS	1	1	(1)	1	0	0	0	(1)	1	3	(69)
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	(365)	111	(143)	346	(219)	(240)	(155)	33	(632)	(636)	(484)
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	0
DISCOUNTED	(365)	111	(143)	346	(219)	(240)	(155)	33	(632)	(636)	(484)
UNDERWRITING EXPENSES	\$2,802	\$1,614	\$2,188	\$1,344	\$2,003	\$2,025	\$2,094	\$2,202	\$16,272	\$24,198	\$20,642
NET UNDERWRITING GAIN (LOSS)	\$1,612	\$2,553	-\$6,551	\$1,918	-\$5,185	\$1,547	\$1,523	-\$4,646	-\$7,229	-\$808	\$2,408
ADMINISTRATIVE EXPENSES	185	183	119	162	32	151	127	122	1,081	2,158	1,771
PREMIUM FINANCE FEE	(5)	(3)	(4)	(4)	(3)	(3)	(3)	(3)	(28)	(26)	(36)
INVESTMENT INCOME	32	36	21	11	11	8	7	7	133	164	353
OPERATING RESULTS	\$1,454	\$2,403	-\$6,653	\$1,763	-\$5,209	\$1,401	\$1,400	-\$4,764	-\$8,205	-\$2,828	\$954
AVERAGE YTD OPERATING RESULT	\$1,454	\$1,929	-\$932	-\$258	-\$1,248	-\$807	-\$492	-\$1,026	-\$1,026	-\$236	\$80
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	12.6%	-8.0%	71.7%	-4.0%	58.5%	-8.6%	-4.6%	61.2%	22.9%	14.3%	10.8%
Current Accident Year	52.8%	65.2%	69.1%	69.1%	76.4%	69.1%	68.9%	62.2%	66.0%	66.6%	67.5%
All Accident Years Combined	65.4%	57.2%	140.8%	65.1%	134.9%	60.5%	64.3%	123.4%	88.9%	80.9%	78.3%
Underwriting & Admin Exp.(Earned)	23.4%	18.5%	21.6%	16.1%	22.3%	24.1%	21.9%	22.3%	21.4%	21.5%	21.1%
COMBINED OPERATING RATIO	88.8%	75.7%	162.4%	81.2%	157.2%	84.6%	86.2%	145.7%	110.3%	102.4%	99.4%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - ONTARIO
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$12,025	\$13,847	\$17,321	-\$1,441	\$14,822	\$15,837	\$15,773	\$16,819	\$105,003	\$158,759	\$146,703
CHANGE IN UNEARNED PREMIUMS	(175)	(2,417)	(4,152)	12,143	(3,414)	(4,516)	(3,322)	(3,634)	(9,487)	(10,996)	(28,619)
NET PREMIUMS EARNED	\$11,850	\$11,430	\$13,169	\$10,702	\$11,408	\$11,321	\$12,451	\$13,185	\$95,516	\$147,763	\$118,084
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	237	(2,713)	2,317	(2)	3,979	(11)	(55)	24,306	28,058	28,060	4,386
EFFECT OF DISCOUNTING	(277)	(294)	(243)	(151)	3,757	(343)	(256)	2,557	4,750	3,396	667
DISCOUNTED	(40)	(3,007)	2,074	(153)	7,736	(354)	(311)	26,863	32,808	31,456	5,053
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	7,422	7,182	5,749	6,048	4,961	6,126	6,707	2,635	46,830	72,476	68,258
EFFECT OF DISCOUNTING	628	580	270	389	904	458	539	447	4,215	6,835	4,395
DISCOUNTED	8,050	7,762	6,019	6,437	5,865	6,584	7,246	3,082	51,045	79,311	72,653
CLAIMS INCURRED	\$8,010	\$4,755	\$8,093	\$6,284	\$13,601	\$6,230	\$6,935	\$29,945	\$83,853	\$110,767	\$77,706
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	1,299	1,495	1,869	(154)	1,601	1,710	1,703	1,817	11,340	17,145	15,842
AGENTS COMMISSIONS	803	769	896	79	1,044	1,062	1,088	1,023	6,764	10,243	9,196
DRIVER RECORD ABSTRACTS	26	26	22	40	65	23	52	34	288	606	345
BAD DEBTS	0	0	0	0	1	(1)	0	0	0	0	(86)
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	(9)	(149)	(257)	751	(209)	(276)	(204)	(330)	(683)	(775)	(1,724)
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	0
DISCOUNTED	(9)	(149)	(257)	751	(209)	(276)	(204)	(330)	(683)	(775)	(1,724)
UNDERWRITING EXPENSES	\$2,119	\$2,141	\$2,530	\$716	\$2,502	\$2,518	\$2,639	\$2,544	\$17,709	\$27,219	\$23,573
NET UNDERWRITING GAIN (LOSS)	\$1,721	\$4,534	\$2,546	\$3,702	-\$4,695	\$2,573	\$2,877	-\$19,304	-\$6,046	\$9,777	\$16,805
ADMINISTRATIVE EXPENSES	105	285	183	63	255	80	169	163	1,303	2,735	2,347
PREMIUM FINANCE FEE	(6)	(7)	(7)	(2)	(6)	(5)	(6)	(6)	(45)	(37)	(61)
INVESTMENT INCOME	44	43	29	10	9	10	9	13	167	222	441
OPERATING RESULTS	\$1,654	\$4,285	\$2,385	\$3,647	-\$4,947	\$2,498	\$2,711	-\$19,460	-\$7,227	\$7,227	\$14,838
AVERAGE YTD OPERATING RESULT	\$1,654	\$2,970	\$2,775	\$2,993	\$1,405	\$1,587	\$1,748	-\$903	-\$903	\$602	\$1,237
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	-0.3%	-26.3%	15.7%	-1.4%	67.8%	-3.1%	-2.5%	203.7%	34.3%	21.3%	4.3%
Current Accident Year	67.9%	67.9%	45.7%	60.1%	51.4%	58.2%	58.2%	23.4%	53.4%	53.7%	61.5%
All Accident Years Combined	67.6%	41.6%	61.4%	58.7%	119.2%	55.1%	55.7%	227.1%	87.7%	75.0%	65.8%
Underwriting & Admin Exp.(Earned)	18.8%	21.2%	20.6%	7.3%	24.2%	22.9%	22.6%	20.5%	19.9%	20.3%	22.0%
COMBINED OPERATING RATIO	86.4%	62.8%	82.0%	66.0%	143.4%	78.0%	78.3%	247.6%	107.6%	95.3%	87.8%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - NOVA SCOTIA
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$3,617	\$3,146	\$3,291	\$3,253	\$3,436	\$4,317	\$4,618	\$4,053	\$29,731	\$43,440	\$35,559
CHANGE IN UNEARNED PREMIUMS	(432)	(194)	(139)	(151)	(336)	(1,161)	(1,140)	(494)	(4,047)	(3,679)	(6,000)
NET PREMIUMS EARNED	\$3,185	\$2,952	\$3,152	\$3,102	\$3,100	\$3,156	\$3,478	\$3,559	\$25,684	\$39,761	\$29,559
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	101	77	(2,424)	(2)	(1,462)	(4)	0	(376)	(4,090)	(4,091)	(907)
EFFECT OF DISCOUNTING	(33)	(18)	(427)	(48)	597	(66)	(55)	195	145	(120)	(165)
DISCOUNTED	68	59	(2,851)	(50)	(865)	(70)	(55)	(181)	(3,945)	(4,211)	(1,072)
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	2,337	2,252	1,984	2,223	1,615	2,135	2,352	1,310	16,208	25,121	23,331
EFFECT OF DISCOUNTING	160	140	95	87	267	130	165	157	1,201	1,787	1,211
DISCOUNTED	2,497	2,392	2,079	2,310	1,882	2,265	2,517	1,467	17,409	26,908	24,542
CLAIMS INCURRED	\$2,565	\$2,451	-\$772	\$2,260	\$1,017	\$2,195	\$2,462	\$1,286	\$13,464	\$22,697	\$23,470
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	362	314	329	325	344	432	462	405	2,973	4,345	3,555
AGENTS COMMISSIONS	308	262	290	296	320	382	388	349	2,595	3,866	3,226
DRIVER RECORD ABSTRACTS	96	70	68	100	135	108	152	57	786	1,477	951
BAD DEBTS	0	0	0	0	(1)	0	0	0	(1)	(1)	(29)
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	(37)	(6)	(12)	(16)	(35)	(103)	(89)	(39)	(337)	(329)	(790)
EFFECT OF DISCOUNTING	2	3	(52)	0	0	0	0	0	(47)	(47)	(187)
DISCOUNTED	(35)	(3)	(64)	(16)	(35)	(103)	(89)	(39)	(384)	(376)	(977)
UNDERWRITING EXPENSES	\$731	\$643	\$623	\$705	\$763	\$819	\$913	\$772	\$5,969	\$9,311	\$6,726
NET UNDERWRITING GAIN (LOSS)	-\$111	-\$142	\$3,301	\$137	\$1,320	\$142	\$103	\$1,501	\$6,251	\$7,753	-\$637
ADMINISTRATIVE EXPENSES	35	73	30	87	31	74	54	42	426	800	623
PREMIUM FINANCE FEE	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(9)	(8)	(12)
INVESTMENT INCOME	13	14	9	2	2	2	2	3	47	64	106
OPERATING RESULTS	-\$134	-\$202	\$3,279	\$50	\$1,290	\$69	\$50	\$1,461	\$5,863	\$7,009	-\$1,166
AVERAGE YTD OPERATING RESULT	-\$134	-\$168	\$981	\$748	\$857	\$725	\$629	\$733	\$733	\$584	-\$97
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	2.1%	2.0%	-90.5%	-1.6%	-27.9%	-2.2%	-1.6%	-5.1%	-15.4%	-10.6%	-3.6%
Current Accident Year	78.4%	81.0%	66.0%	74.5%	60.7%	71.8%	72.4%	41.2%	67.8%	67.7%	83.0%
All Accident Years Combined	80.5%	83.0%	-24.5%	72.9%	32.8%	69.6%	70.8%	36.1%	52.4%	57.1%	79.4%
Underwriting & Admin Exp.(Earned)	24.1%	24.3%	20.7%	25.5%	25.6%	28.3%	27.8%	22.9%	24.9%	25.4%	24.9%
COMBINED OPERATING RATIO	104.6%	107.3%	-3.8%	98.4%	58.4%	97.9%	98.6%	59.0%	77.3%	82.5%	104.3%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - PRINCE EDWARD ISLAND
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$578	\$243	\$480	\$513	\$499	\$631	\$668	\$572	\$4,184	\$6,103	\$5,865
CHANGE IN UNEARNED PREMIUMS	(58)	232	28	(12)	(67)	(143)	(135)	(37)	(192)	(82)	(650)
NET PREMIUMS EARNED	\$520	\$475	\$508	\$501	\$432	\$488	\$533	\$535	\$3,992	\$6,021	\$5,215
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	14	54	(583)	17	59	1	0	(188)	(626)	(627)	381
EFFECT OF DISCOUNTING	(5)	3	(129)	(2)	255	17	(6)	18	151	77	(53)
DISCOUNTED	9	57	(712)	15	314	18	(6)	(170)	(475)	(550)	328
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	334	312	322	315	300	320	351	263	2,517	3,803	3,685
EFFECT OF DISCOUNTING	24	17	16	20	45	6	32	38	198	325	215
DISCOUNTED	358	329	338	335	345	326	383	301	2,715	4,128	3,900
CLAIMS INCURRED	\$367	\$386	-\$374	\$350	\$659	\$344	\$377	\$131	\$2,240	\$3,578	\$4,228
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	58	25	48	51	50	63	67	57	419	610	585
AGENTS COMMISSIONS	51	25	43	46	45	58	61	53	382	566	545
DRIVER RECORD ABSTRACTS	15	13	8	21	36	14	27	18	152	220	242
BAD DEBTS	0	0	0	0	0	0	0	0	0	0	41
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	(5)	21	3	0	(5)	(12)	(13)	(3)	(14)	(7)	(60)
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	0
DISCOUNTED	(5)	21	3	0	(5)	(12)	(13)	(3)	(14)	(7)	(60)
UNDERWRITING EXPENSES	\$119	\$84	\$102	\$118	\$126	\$123	\$142	\$125	\$939	\$1,389	\$1,353
NET UNDERWRITING GAIN (LOSS)	\$34	\$5	\$780	\$33	-\$353	\$21	\$14	\$279	\$813	\$1,054	-\$366
ADMINISTRATIVE EXPENSES	9	10	9	25	19	26	22	16	136	181	171
PREMIUM FINANCE FEE	0	0	0	0	0	0	0	0	0	(1)	0
INVESTMENT INCOME	2	3	2	0	1	1	0	1	10	13	27
OPERATING RESULTS	\$27	-\$2	\$773	\$8	-\$371	-\$4	-\$8	\$264	\$687	\$885	-\$510
AVERAGE YTD OPERATING RESULT	\$27	\$13	\$266	\$202	\$87	\$72	\$60	\$86	\$86	\$74	-\$43
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	1.7%	12.0%	-140.2%	3.0%	72.7%	3.7%	-1.1%	-31.8%	-11.9%	-9.1%	6.3%
Current Accident Year	68.8%	69.3%	66.5%	66.9%	79.9%	66.8%	71.9%	56.3%	68.0%	68.6%	74.8%
All Accident Years Combined	70.5%	81.3%	-73.7%	69.9%	152.6%	70.5%	70.8%	24.5%	56.1%	59.5%	81.1%
Underwriting & Admin Exp.(Earned)	24.6%	19.8%	21.9%	28.5%	33.6%	30.5%	30.8%	26.4%	26.9%	26.1%	29.2%
COMBINED OPERATING RATIO	95.1%	101.1%	-51.8%	98.4%	186.2%	101.0%	101.6%	50.9%	83.0%	85.6%	110.3%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - NEW BRUNSWICK
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$2,667	\$1,670	\$2,057	\$2,347	\$3,322	\$3,977	\$3,227	\$2,989	\$22,256	\$32,500	\$28,610
CHANGE IN UNEARNED PREMIUMS	(227)	600	367	(87)	(961)	(1,503)	(590)	(267)	(2,668)	(2,158)	(2,307)
NET PREMIUMS EARNED	\$2,440	\$2,270	\$2,424	\$2,260	\$2,361	\$2,474	\$2,637	\$2,722	\$19,588	\$30,342	\$26,303
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	38	(47)	1,523	(3)	(334)	(5)	2	(922)	252	251	(2,973)
EFFECT OF DISCOUNTING	(43)	(62)	(8)	(82)	976	(168)	(76)	54	591	254	(422)
DISCOUNTED	(5)	(109)	1,515	(85)	642	(173)	(74)	(868)	843	505	(3,395)
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	1,710	1,602	1,685	1,595	1,689	1,747	1,859	1,063	12,950	20,062	20,134
EFFECT OF DISCOUNTING	111	78	41	64	291	90	142	133	950	1,411	932
DISCOUNTED	1,821	1,680	1,726	1,659	1,980	1,837	2,001	1,196	13,900	21,473	21,066
CLAIMS INCURRED	\$1,816	\$1,571	\$3,241	\$1,574	\$2,622	\$1,664	\$1,927	\$328	\$14,743	\$21,978	\$17,671
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	267	167	206	235	332	397	323	299	2,226	3,252	2,881
AGENTS COMMISSIONS	247	167	207	213	302	349	291	272	2,048	3,026	2,671
DRIVER RECORD ABSTRACTS	56	62	21	64	92	58	104	46	503	670	575
BAD DEBTS	0	0	0	0	0	0	0	0	0	0	(23)
UNDISCOUNTED	(22)	49	27	(5)	(81)	(129)	(48)	(25)	(234)	(209)	(213)
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	0
DISCOUNTED	(22)	49	27	(5)	(81)	(129)	(48)	(25)	(234)	(209)	(213)
UNDERWRITING EXPENSES	\$548	\$445	\$461	\$507	\$645	\$675	\$670	\$592	\$4,543	\$6,739	\$5,891
NET UNDERWRITING GAIN (LOSS)	\$76	\$254	-\$1,278	\$179	-\$906	\$135	\$40	\$1,802	\$302	\$1,625	\$2,741
ADMINISTRATIVE EXPENSES	28	33	21	64	44	64	40	35	329	605	512
PREMIUM FINANCE FEE	0	0	0	(2)	(1)	(1)	(1)	(1)	(6)	(6)	(9)
INVESTMENT INCOME	11	11	6	3	3	2	2	3	41	52	103
OPERATING RESULTS	\$59	\$232	-\$1,293	\$116	-\$948	\$72	\$1	\$1,769	\$8	\$1,066	\$2,323
AVERAGE YTD OPERATING RESULT	\$59	\$146	-\$334	-\$222	-\$367	-\$294	-\$252	\$1	\$1	\$89	\$194
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	-0.2%	-4.8%	62.5%	-3.8%	27.2%	-7.0%	-2.8%	-31.9%	4.3%	1.7%	-12.9%
Current Accident Year	74.6%	74.0%	71.2%	73.4%	83.9%	74.3%	75.9%	43.9%	71.0%	70.8%	80.1%
All Accident Years Combined	74.4%	69.2%	133.7%	69.6%	111.1%	67.3%	73.1%	12.0%	75.3%	72.5%	67.2%
Underwriting & Admin Exp.(Earned)	23.6%	21.1%	19.9%	25.3%	29.2%	29.9%	26.9%	23.0%	24.9%	24.2%	24.3%
COMBINED OPERATING RATIO	98.0%	90.3%	153.6%	94.9%	140.3%	97.2%	100.0%	35.0%	100.2%	96.7%	91.5%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - NEWFOUNDLAND & LABRADOR
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$1,966	\$2,334	\$2,673	\$1,766	\$3,660	\$4,279	\$3,580	\$3,579	\$23,837	\$35,842	\$34,533
CHANGE IN UNEARNED PREMIUMS	899	325	184	824	(919)	(1,496)	(593)	(531)	(1,307)	(1,282)	(3,235)
NET PREMIUMS EARNED	\$2,865	\$2,659	\$2,857	\$2,590	\$2,741	\$2,783	\$2,987	\$3,048	\$22,530	\$34,560	\$31,298
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	23	(169)	556	(3)	1,449	(1)	0	(1,840)	15	17	4,426
EFFECT OF DISCOUNTING	(114)	(26)	(488)	(153)	1,350	(61)	(148)	272	632	131	3
DISCOUNTED	(91)	(195)	68	(156)	2,799	(62)	(148)	(1,568)	647	148	4,429
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	2,142	2,002	2,202	1,972	1,833	2,062	2,212	1,245	15,670	24,054	25,969
EFFECT OF DISCOUNTING	128	105	88	93	263	134	151	140	1,102	1,662	1,297
DISCOUNTED	2,270	2,107	2,290	2,065	2,096	2,196	2,363	1,385	16,772	25,716	27,266
CLAIMS INCURRED	\$2,179	\$1,912	\$2,358	\$1,909	\$4,895	\$2,134	\$2,215	-\$183	\$17,419	\$25,864	\$31,695
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	197	234	314	176	366	428	358	358	2,431	3,633	3,484
AGENTS COMMISSIONS	186	208	252	215	357	402	342	340	2,302	3,463	3,279
DRIVER RECORD ABSTRACTS	48	33	14	54	102	41	83	62	437	548	533
BAD DEBTS	(3)	(3)	(1)	(1)	(3)	(1)	0	7	(5)	(11)	54
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	83	43	16	54	(86)	(129)	(54)	(81)	(154)	(161)	(310)
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	(273)
DISCOUNTED	83	43	16	54	(86)	(129)	(54)	(81)	(154)	(161)	(583)
UNDERWRITING EXPENSES	\$511	\$515	\$595	\$498	\$736	\$741	\$729	\$686	\$5,011	\$7,472	\$6,767
NET UNDERWRITING GAIN (LOSS)	\$175	\$232	-\$96	\$183	-\$2,890	-\$92	\$43	\$2,545	\$100	\$1,224	-\$7,164
ADMINISTRATIVE EXPENSES	17	36	32	55	51	68	44	42	345	657	604
PREMIUM FINANCE FEE	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(9)	(8)	(12)
INVESTMENT INCOME	14	12	7	4	4	4	3	1	49	55	151
OPERATING RESULTS	\$171	\$207	-\$122	\$130	-\$2,938	-\$157	\$1	\$2,503	-\$205	\$614	-\$7,629
AVERAGE YTD OPERATING RESULT	\$171	\$189	\$85	\$97	-\$510	-\$452	-\$387	-\$26	-\$26	\$51	-\$636
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	-3.2%	-7.3%	2.4%	-6.0%	102.1%	-2.2%	-5.0%	-51.4%	2.9%	0.4%	14.2%
Current Accident Year	79.2%	79.2%	80.2%	79.7%	76.5%	78.9%	79.1%	45.4%	74.4%	74.4%	87.1%
All Accident Years Combined	76.0%	71.9%	82.6%	73.7%	178.6%	76.7%	74.1%	-6.0%	77.3%	74.8%	101.3%
Underwriting & Admin Exp.(Earned)	18.4%	20.7%	21.9%	21.4%	28.7%	29.1%	25.9%	23.9%	23.8%	23.5%	23.6%
COMBINED OPERATING RATIO	94.4%	92.6%	104.5%	95.1%	207.3%	105.8%	100.0%	17.9%	101.1%	98.3%	124.9%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - YUKON
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$118	\$50	\$167	\$103	\$250	\$432	\$316	\$209	\$1,645	\$2,143	\$2,051
CHANGE IN UNEARNED PREMIUMS	58	94	10	53	(95)	(258)	(125)	(16)	(279)	(73)	(79)
NET PREMIUMS EARNED	\$176	\$144	\$177	\$156	\$155	\$174	\$191	\$193	\$1,366	\$2,070	\$1,972
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	3	22	(508)	(1)	(140)	(2)	0	(169)	(795)	(795)	247
EFFECT OF DISCOUNTING	0	(3)	(34)	1	46	0	(2)	(20)	(12)	(19)	36
DISCOUNTED	3	19	(542)	0	(94)	(2)	(2)	(189)	(807)	(814)	283
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	109	100	109	99	75	113	118	24	747	1,119	1,177
EFFECT OF DISCOUNTING	8	7	1	7	13	6	12	5	59	80	68
DISCOUNTED	117	107	110	106	88	119	130	29	806	1,199	1,245
CLAIMS INCURRED	\$120	\$126	-\$432	\$106	-\$6	\$117	\$128	-\$160	-\$1	\$385	\$1,528
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	12	5	17	10	25	43	32	21	165	215	205
AGENTS COMMISSIONS	9	6	16	10	22	36	25	19	143	187	182
DRIVER RECORD ABSTRACTS	1	2	1	1	1	1	0	0	7	15	17
BAD DEBTS	0	0	0	0	0	0	0	0	0	(1)	(22)
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	5	7	0	6	(9)	(21)	(11)	(2)	(25)	(7)	(6)
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	0
DISCOUNTED	5	7	0	6	(9)	(21)	(11)	(2)	(25)	(7)	(6)
UNDERWRITING EXPENSES	\$27	\$20	\$34	\$27	\$39	\$59	\$46	\$38	\$290	\$409	\$376
NET UNDERWRITING GAIN (LOSS)	\$29	-\$2	\$575	\$23	\$122	-\$2	\$17	\$315	\$1,077	\$1,276	\$68
ADMINISTRATIVE EXPENSES	4	3	7	16	16	20	11	13	90	92	82
PREMIUM FINANCE FEE	0	0	0	0	0	0	0	0	0	(1)	0
INVESTMENT INCOME	1	1	0	0	0	0	0	1	3	5	8
OPERATING RESULTS	\$26	-\$4	\$568	\$7	\$106	-\$22	\$6	\$303	\$990	\$1,188	-\$6
AVERAGE YTD OPERATING RESULT	\$26	\$11	\$197	\$149	\$141	\$114	\$98	\$124	\$124	\$99	-\$1
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	1.7%	13.2%	-306.2%	0.0%	-60.6%	-1.1%	-1.0%	-97.9%	-59.1%	-39.3%	14.4%
Current Accident Year	66.5%	74.3%	62.1%	67.9%	56.8%	68.4%	68.1%	15.0%	59.0%	57.9%	63.1%
All Accident Years Combined	68.2%	87.5%	-244.1%	67.9%	-3.8%	67.3%	67.1%	-82.9%	-0.1%	18.6%	77.5%
Underwriting & Admin Exp.(Earned)	17.6%	16.0%	23.2%	27.6%	35.5%	45.4%	29.8%	26.4%	27.8%	24.2%	23.2%
COMBINED OPERATING RATIO	85.8%	103.5%	-220.9%	95.5%	31.7%	112.7%	96.9%	-56.5%	27.7%	42.8%	100.7%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020

FACILITY ASSOCIATION RESIDUAL MARKET - NWT

Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)

Source: Monthly (Accident Year) Member Participation Report as at 08/2020

(thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$567	\$322	\$579	\$213	\$342	\$670	\$291	\$346	\$3,330	\$4,705	\$4,052
CHANGE IN UNEARNED PREMIUMS	(108)	25	(196)	133	(5)	(245)	62	27	(307)	(202)	140
NET PREMIUMS EARNED	\$459	\$347	\$383	\$346	\$337	\$425	\$353	\$373	\$3,023	\$4,503	\$4,192
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	64	(163)	(55)	0	(128)	(1)	(1)	(116)	(400)	(399)	(1,041)
EFFECT OF DISCOUNTING	(2)	(10)	(35)	(4)	86	(3)	(3)	(16)	13	(10)	(21)
DISCOUNTED	62	(173)	(90)	(4)	(42)	(4)	(4)	(132)	(387)	(409)	(1,062)
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	183	178	194	180	234	252	187	135	1,543	2,293	2,550
EFFECT OF DISCOUNTING	13	7	5	3	22	21	13	18	102	152	124
DISCOUNTED	196	185	199	183	256	273	200	153	1,645	2,445	2,674
CLAIMS INCURRED	\$258	\$12	\$109	\$179	\$214	\$269	\$196	\$21	\$1,258	\$2,036	\$1,612
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	57	32	58	21	34	67	29	35	333	471	406
AGENTS COMMISSIONS	58	32	51	25	33	54	31	35	319	452	395
DRIVER RECORD ABSTRACTS	5	22	4	3	6	4	0	4	48	71	65
BAD DEBTS	(1)	0	0	0	0	0	0	0	(1)	0	(15)
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	(12)	3	(17)	12	0	(21)	5	2	(28)	(19)	15
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	0
DISCOUNTED	(12)	3	(17)	12	0	(21)	5	2	(28)	(19)	15
UNDERWRITING EXPENSES	\$107	\$89	\$96	\$61	\$73	\$104	\$65	\$76	\$671	\$975	\$866
NET UNDERWRITING GAIN (LOSS)	\$94	\$246	\$178	\$106	\$50	\$52	\$92	\$276	\$1,094	\$1,492	\$1,714
ADMINISTRATIVE EXPENSES	10	(3)	13	19	20	20	9	14	102	125	110
PREMIUM FINANCE FEE	0	0	0	0	0	0	0	0	0	(1)	0
INVESTMENT INCOME	1	1	1	0	0	0	0	1	4	7	15
OPERATING RESULTS	\$85	\$250	\$166	\$87	\$30	\$32	\$83	\$263	\$996	\$1,373	\$1,619
AVERAGE YTD OPERATING RESULT	\$85	\$168	\$167	\$147	\$124	\$108	\$105	\$125	\$125	\$114	\$135
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	13.5%	-49.9%	-23.5%	-1.2%	-12.5%	-0.9%	-1.1%	-35.4%	-12.8%	-9.1%	-25.3%
Current Accident Year	42.7%	53.3%	52.0%	52.9%	76.0%	64.2%	56.7%	41.0%	54.4%	54.3%	63.8%
All Accident Years Combined	56.2%	3.4%	28.5%	51.7%	63.5%	63.3%	55.6%	5.6%	41.6%	45.2%	38.5%
Underwriting & Admin Exp.(Earned)	25.5%	24.8%	28.5%	23.1%	27.6%	29.2%	21.0%	24.1%	25.6%	24.4%	23.3%
COMBINED OPERATING RATIO	81.7%	28.2%	57.0%	74.8%	91.1%	92.5%	76.6%	29.7%	67.2%	69.6%	61.8%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply

SUMMARY OF OPERATIONS - CALENDAR YEAR 2020
FACILITY ASSOCIATION RESIDUAL MARKET - NUNAVUT
Operating Results for the 8 months ended August 31, 2020 (Discounted Basis)
Source: Monthly (Accident Year) Member Participation Report as at 08/2020
(Thousands of dollars)

	January	February	March	April	May	June	July	August	CY2020 YTD	CY2020 12 Months Updated Projections	CY2019 12 Months Actual
UNDERWRITING REVENUE:											
PREMIUMS WRITTEN	\$110	\$34	\$54	\$37	\$57	\$58	\$229	\$67	\$646	\$980	\$993
CHANGE IN UNEARNED PREMIUMS	8	42	30	24	23	21	(146)	16	18	18	11
NET PREMIUMS EARNED	\$118	\$76	\$84	\$61	\$80	\$79	\$83	\$83	\$664	\$998	\$1,004
CLAIMS INCURRED											
PRIOR ACCIDENT YEARS											
UNDISCOUNTED	14	(54)	(87)	(8)	(28)	1	0	(18)	(180)	(183)	(115)
EFFECT OF DISCOUNTING	(1)	0	(15)	(2)	21	1	0	(12)	(8)	(10)	6
DISCOUNTED	13	(54)	(102)	(10)	(7)	2	0	(30)	(188)	(193)	(109)
CURRENT ACCIDENT YEAR											
UNDISCOUNTED	33	33	28	34	32	31	34	4	229	345	406
EFFECT OF DISCOUNTING	2	2	1	1	7	1	3	1	18	25	22
DISCOUNTED	35	35	29	35	39	32	37	5	247	370	428
CLAIMS INCURRED	\$48	-\$19	-\$73	\$25	\$32	\$34	\$37	-\$25	\$59	\$177	\$319
UNDERWRITING EXPENSES											
OPERATING & SERVICE FEES	11	3	5	4	6	6	23	7	65	98	100
AGENTS COMMISSIONS	10	3	5	2	6	4	19	4	53	83	84
DRIVER RECORD ABSTRACTS	0	0	0	0	0	0	0	0	0	6	6
BAD DEBTS	0	0	0	0	0	0	0	0	0	0	1
PREMIUM DEFICIENCY/(DPAC)											
UNDISCOUNTED	1	4	2	1	3	1	(12)	2	2	2	1
EFFECT OF DISCOUNTING	0	0	0	0	0	0	0	0	0	0	0
DISCOUNTED	1	4	2	1	3	1	(12)	2	2	2	1
UNDERWRITING EXPENSES	\$22	\$10	\$12	\$7	\$15	\$11	\$30	\$13	\$120	\$189	\$192
NET UNDERWRITING GAIN (LOSS)	\$48	\$85	\$145	\$29	\$33	\$34	\$16	\$95	\$485	\$632	\$493
ADMINISTRATIVE EXPENSES	5	3	5	15	14	15	9	11	77	75	66
PREMIUM FINANCE FEE	0	0	0	0	0	0	0	0	0	0	0
INVESTMENT INCOME	1	0	0	0	0	0	0	0	1	2	4
OPERATING RESULTS	\$44	\$82	\$140	\$14	\$19	\$19	\$7	\$84	\$409	\$559	\$431
AVERAGE YTD OPERATING RESULT	\$44	\$63	\$89	\$70	\$60	\$53	\$46	\$51	\$51	\$47	\$36
RATIOS:											
Claims & Adj Expenses Incurred (Earned)											
Prior Accident Years	11.0%	-71.1%	-121.4%	-16.4%	-8.8%	2.5%	0.0%	-36.1%	-28.3%	-19.3%	-10.9%
Current Accident Year	29.7%	46.1%	34.5%	57.4%	48.8%	40.5%	44.6%	6.0%	37.2%	37.1%	42.6%
All Accident Years Combined	40.7%	-25.0%	-86.9%	41.0%	40.0%	43.0%	44.6%	-30.1%	8.9%	17.8%	31.7%
Underwriting & Admin Exp.(Earned)	22.9%	17.1%	20.2%	36.1%	36.3%	32.9%	47.0%	28.9%	29.7%	26.5%	25.7%
COMBINED OPERATING RATIO	63.6%	-7.9%	-66.7%	77.1%	76.3%	75.9%	91.6%	-1.2%	38.6%	44.3%	57.4%

Note: Amounts shown above do not reflect costs incurred directly by member companies e.g. income and premium taxes, health levies, association dues, cost of capital as a result of their compulsory participation in Facility Association and investment income earned on Facility Association premium dollars invested directly by members.

Rounding Difference may apply