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TO: MEMBERS OF THE FACILITY ASSOCIATION

ATTENTION: CHIEF EXECUTIVE OFFICER

BULLETIN NO.: F2020 – 040

DATE: JUNE 29, 2020

**SUBJECT: FACILITY ASSOCIATION RESIDUAL MARKET
ANNUAL UPDATE OF MEMBER SHARING RATIOS
APRIL 2020 PARTICIPATION REPORT**

With the recent availability of industry Automobile Statistical Plan (ASP) data for 2019, the share ratios for FARM monthly participation reporting have been updated.

Each June, as the industry data becomes available, a retroactive adjustment is made to the most recent accident years' calculation of participation ratios. The April 2020 Participation Report reflects a retroactive adjustment in respect of Accident Years 2018, 2019, 2020, and 2021 (used to share the portion of premium written in 2020 that will earn in 2021).

- Accident Year 2018 Earned Car Years has now been developed to 24 months and this revision has been used to adjust the 2018 participation ratios.
- Accident Year 2019 Earned Car Years developed to 12 months is now available, and is used for calculation of participation ratios for Accident Years 2019, 2020 and 2021.
- In June of 2020, the 2019 earned car years will be developed to 24 months, resulting in a minor adjustment to that year, while the share ratios for accident years 2020 and 2021 will be re-calculated based on accident year 2020 earned car years developed to 12 months.

The Facility Association Plan of Operation contains a provision whereby a member's share of FARM losses in a particular accident year in non-RSP provinces is reduced to the extent they write youthful drivers. This provision only applies to those Accident Years where the FARM in the jurisdiction in question sustains a loss. FA uses a 5 year look-back period in order to ensure that development of claims is sufficiently complete to settle the determination of profitability. 2013 was the first accident year to which the look back period applied. For the current review, members' 2015, 2016 and 2017 accident year share ratios may be affected.

Additional details may be found by referencing Article V of the Plan of Operation which can be found on our website:

[Facility Association Plan of Operation, Effective September 1, 2019.](#)

Should you require any further information, please call Aidan Chen, Associate Vice President, Data and Analytics at (416) 863-1750 ext. 4804.

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