



2024

Coachman Insurance Company annual report

Responsibility for Financial Statements

The financial statements are the responsibility of Management and have been prepared in conformity with International Financial Reporting Standards. In the opinion of Management, the financial statements fairly reflect the financial position, results of operations and cash flows of Coachman Insurance Company (the Corporation) within reasonable limits of materiality.

Preparation of financial information is an integral part of Management's broader responsibilities for the ongoing operations of the Corporation. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by an internal audit department.

An actuary has been appointed by the Corporation to carry out a valuation of the policy liabilities and to issue a report thereon to the shareholder and regulatory authorities. The valuation is carried out in accordance with accepted actuarial practice and International Financial Reporting Standards. The policy liabilities consist of provisions for claims obligations for insured events that have already occurred as well as obligations for the unexpired portion of existing insurance contracts. In performing this valuation, the actuary makes assumptions as to future rates of claim frequency and severity, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Corporation and the nature of the insurance policies. The actuary also makes use of Management information provided by the Corporation and the work of the external auditors in verifying the data used in the valuation.

The financial statements have been examined and approved by the Board of Directors. An Audit, Finance and Conduct Review Committee, composed of members of the Board of Directors, meets periodically with financial officers of the Corporation and the external auditors. These external auditors have free access to this Committee, without Management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

As appointed by the Lieutenant Governor in Council and approved by the Crown Investments Corporation of Saskatchewan, KPMG LLP have been appointed external auditors. Their responsibility is to report to the Members of the Legislative Assembly regarding the fairness of presentation of the Corporation's financial position and results of operations as shown in the financial statements. In carrying out their audit, the external auditors also make use of the work of the actuary and his report on the policy liabilities. The Auditor's Report outlines the scope of their examination and their opinion.



Penny McCune
President and Chief Executive Officer



Drew Kendel
Chief Financial Officer

February 27, 2025

Actuary's Report

To the policyholders and shareholder of Coachman Insurance Company:

I have valued the policy liabilities of Coachman Insurance Company for its financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2024.

In my opinion, the amount of policy liabilities is appropriate for this purpose. The valuation conforms to accepted actuarial practice in Canada and the financial statements fairly present the results of the valuation.

Chris McCulloch

Chris McCulloch

SGI CANADA

Fellow, Canadian Institute of Actuaries

Fellow, Casualty Actuarial Society

Winnipeg, Manitoba

February 27, 2025

Independent Auditor's Report

To the Shareholder of Coachman Insurance Company

Opinion

We have audited the financial statements of Coachman Insurance Company (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the Statement of Operations for the year then ended
- the statement of changes in shareholder's equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for KPMG LLP, featuring the letters 'KPMG' in a bold, sans-serif font, followed by 'LLP' in a smaller, similar font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants

Regina, Canada

February 27, 2025

Statement of Financial Position

	<i>(thousands of \$)</i>	
	December 31 2024	December 31 2023
Assets		
Cash and cash equivalents (note 4)	\$ 1,815	\$ 6,092
Accounts receivable	390	312
Investments under securities lending program (note 5)	26,843	27,877
Investments (note 5)	74,342	64,887
Reinsurance contract assets (note 6)	9,306	8,391
Property and equipment	33	28
Right-of-use assets	981	–
Prepaid expenses	13	9
Deferred income tax asset (note 10)	341	223
	\$ 114,064	\$ 107,819
Liabilities		
Accounts payable and accrued liabilities	\$ 1,167	\$ 1,432
Income taxes payable	236	838
Insurance contract liabilities (note 6)	55,805	52,445
Lease liability	1,005	–
Deferred income tax liability (note 10)	1	8
	58,214	54,723
Shareholder's equity		
Share capital (note 7)	1,000	1,000
Contributed surplus	30,600	30,600
Retained earnings	24,250	21,496
	55,850	53,096
	\$ 114,064	\$ 107,819

Contingencies (note 15)

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors and signed on their behalf on February 27, 2025.



Denis Perrault
Director



Richard Carter
Director

Statement of Operations

For the year ended December 31	(thousands of \$)	
	2024	2023
Insurance revenue (note 6)	\$ 53,763	\$ 39,374
Insurance services expenses (notes 6, 9)	(50,075)	(35,502)
Insurance service result from insurance contracts	3,688	3,872
Net expenses from reinsurance contracts (note 6)	(1,484)	(308)
Insurance service result	2,204	3,564
Insurance finance expense (note 6)	(2,347)	(2,286)
Reinsurance finance income (note 6)	298	233
Net insurance finance result	(2,049)	(2,053)
Net investment earnings (note 8)	8,399	6,654
Net investment result	6,350	4,601
Administrative expenses (note 9)	(5,076)	(4,900)
Income before income taxes	3,478	3,265
Income tax expense (note 10)	(724)	(833)
Net income	\$ 2,754	\$ 2,432

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Shareholder's Equity

For the year ended December 31	(thousands of \$)	
	2024	2023
Share capital		
Balance, end of the year	\$ 1,000	\$ 1,000
Contributed surplus		
Balance, end of the year	\$ 30,600	\$ 30,600
Retained earnings		
Balance, beginning of the year	21,496	19,064
Net income	2,754	2,432
Balance, end of the year	\$ 24,250	\$ 21,496
Total shareholder's equity	\$ 55,850	\$ 53,096

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

For the year ended December 31	(thousands of \$)	
	2024	2023
Cash provided by (used for):		
Operating activities		
Net income	\$ 2,754	\$ 2,432
Non-cash items:		
Depreciation	274	475
Net gain on investment portfolio (note 8)	(4,181)	(3,113)
Interest and other revenue from investments (note 8)	(2,675)	(2,399)
Interest expense from right-of-use assets	41	6
Income tax expense (note 10)	724	833
Change in non-cash operating items (note 13)	2,174	(5,076)
Income taxes (paid) received	(1,451)	4,360
	(2,340)	(2,482)
Investing activities		
Interest and other received	2,110	1,805
Purchases of investments	(60,484)	(57,937)
Proceeds on sale of investments	56,733	64,063
Purchases of property and equipment	(33)	–
	(1,674)	7,931
Financing activities		
Interest paid	(41)	(6)
Lease liability payments	(222)	(395)
	(263)	(401)
(Decrease) increase in cash and cash equivalents	(4,277)	5,048
Cash and cash equivalents, beginning of the year	6,092	1,044
Cash and cash equivalents, end of the year	\$ 1,815	\$ 6,092

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

December 31, 2024

1. Nature of Operations

Coachman Insurance Company (the Corporation) was incorporated under the laws of Ontario on June 12, 1979. The Corporation holds an Ontario provincial insurers' licence under the *Insurance Act* (Ontario) and is licensed to conduct business in Ontario. The address of the Corporation's registered office is Suite 200, 10 Four Seasons Place, Etobicoke, ON, Canada.

The Corporation's automobile insurance premium rates are regulated by the Financial Services Regulatory Authority of Ontario. Regulation of premium rates is based on claims and other costs of providing insurance coverage, as well as projected profit margins. Regulatory approvals can limit or reduce premium rates that can be charged or delay the implementation of changes in rates.

As a wholly-owned subsidiary of SGI CANADA Insurance Services Ltd. (SCISL), the financial results of the Corporation are included in its consolidated financial results and ultimately consolidated into the consolidated financial statements of Saskatchewan Government Insurance (SGI CANADA). The consolidated financial results of SGI CANADA are included in the consolidated financial statements of Crown Investments Corporation of Saskatchewan.

2. Basis of Preparation

Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standard Board. The audited financial statements were authorized for issue on February 27, 2025.

Basis of measurement

The financial statements have been prepared using the historical cost basis, except for certain financial instruments; the liability for incurred claims included within the insurance contract liabilities and the asset for reinsured claims within the reinsurance contract assets (net liability for incurred claims). The methods used to measure the values of financial instruments are discussed further in note 3. The net liability for incurred claims is measured on a discounted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy of fair value).

Statement of Financial Position classification

The Statement of Financial Position has been prepared on a non-classified basis broadly in order of liquidity.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

Use of judgments and estimates

In preparing these financial statements, management has made judgments and estimates that affect the application of the Corporation's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in note 11:

- level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently; and
- measurement of insurance and reinsurance contracts: determining the discount rates and the techniques for estimating risk adjustment for non-financial risk.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at December 31, 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in note 3 – measurement of the fair value of financial instruments and investment properties with significant unobservable inputs.

Information about assumptions made in measuring insurance and reinsurance contracts is included in note 11. Changes in assumptions about claims development, discount rates, including illiquidity premiums, and risk adjustments for non-financial risk, may change the fulfilment cash flows materially. These changes would not affect the carrying amounts of the contracts, unless they arise from onerous contracts.

One area of uncertainty is the current geopolitical environment. The potential impact of future changes in government policies including tariffs and trade restrictions could affect economic conditions, investment values and business operations including insurance services results. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates, and assumptions.

3. Material Accounting Policies

Financial assets and liabilities

The measurement basis for financial assets depends on whether the financial assets have been classified as amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL). The classification requirements for financial asset debt and equity instruments are described as follows:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortized cost using the effective interest method, less provision for impairment losses, if any. Financial assets that are held for collection of cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are classified as FVOCI. Financial assets classified as FVOCI are measured at fair value with changes in fair value recorded in other comprehensive income (OCI); except for the recognition of impairment gains or losses, interest revenue, and foreign exchange gains and losses on the instrument's amortized cost, which are recognized in net income. Financial assets not measured at amortized cost, or at FVOCI must be classified as FVPL. Financial assets classified as FVPL are measured at fair value and changes in fair value are recognized in net income.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, such as common shares. All equity instruments are classified as FVPL, except where the Corporation has elected, at initial recognition, to irrevocably designate an equity instrument at FVOCI. When this election is used, changes in fair value are recorded in OCI and are not subsequently reclassified to net income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such instruments, are recognized in net income when declared.

Financial liabilities

Financial liabilities classified as FVPL are measured at fair value and changes in fair value are presented partially in OCI (the amount attributable to changes in credit risk of the liability) and partially in net income (the remaining amount of change in fair value of the liability). Financial liabilities not classified as FVPL are measured at amortized cost using the effective interest method.

The Corporation has designated cash and cash equivalents and investments as FVPL. Accounts receivable are classified and subsequently measured at amortized cost. Accounts payable and accrued liabilities are classified and subsequently measured at amortized cost. Insurance contract liabilities are exempt from the above requirement.

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and liabilities simultaneously. Income and expenses are not offset in the Statement of Operations unless required or permitted by an accounting standard or interpretation, as specifically disclosed in the accounting policies of the Corporation. There are no financial assets and financial liabilities reported as offset in these financial statements.

Fair value of financial instruments

The fair value of financial instruments on initial recognition is normally the transaction price, being the fair value of the consideration given or received. After initial recognition, the fair value of financial instruments is determined based on available information and categorized according to a three-level fair value hierarchy.

Level 1

Level 1 includes financial instruments that have quoted prices in active markets for identical assets or liabilities. A financial instrument is regarded as quoted in an active market if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Corporation's financial assets measured at fair value and classified as Level 1 include the equity investment funds.

Level 2

Where the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models.

For discounted cash flow models, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics.

- Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments, currencies, market liquidity and financial condition of counterparties.
- Discount rates are influenced by risk-free interest rates and credit risk.

The inputs to these models are derived from observable market data where possible. Inputs used in valuations include:

- Prevailing market rates for bonds with similar characteristics and risk profiles;
- Closing prices of the most recent trade date subject to liquidity adjustments; or
- Average brokers' quotes when trades are too sparse to constitute an active market.

The Corporation's financial assets measured at fair value and classified as Level 2 include short-term investments and bonds and debentures. Fair value for short-term investments and bonds and debentures is based on, or derived from, market price data for same or similar instruments obtained from the investment custodian, investment managers or dealer markets.

Level 3

The Corporation uses input parameters that are not based on observable market data. Non-market observable inputs use fair values determined in whole or in part using a valuation technique or model based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data. In these cases, judgment is required to establish fair values. Changes in assumptions about these factors could affect the recognized fair value of financial instruments.

The Corporation's financial assets classified as Level 3 include the investments in the mortgage investment fund and real estate investment fund. The fair value of these investments is based on the Corporation's share of the net asset value of the respective fund, as determined by its investment manager, and used to value purchases and sales of units in the investments.

The primary valuation methods used by the investment managers are as follows:

- The fair value for the mortgage investment fund is determined based on market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgages (using spread-based pricing over Government of Canada bonds with a similar term to maturity), subject to adjustments for liquidity and credit risk.
- The fair value of the real estate investment fund is determined based on the most recent appraisals of the underlying properties. Real estate properties are appraised semi-annually by external, independent professional real estate appraisers who are accredited through the Appraisal Institute of Canada. Real estate appraisals are performed in accordance with generally accepted appraisal standards and procedures and are based primarily on the discounted cash flow and income capitalization methods.

The fair value of other financial assets and liabilities are considered to be the carrying value when they are of short duration or when the investment's interest rate approximates current observable market rates. Where other financial assets and liabilities are of longer duration, fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates. The fair values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

Impairment of financial assets

The Corporation's trade receivables are subject to the expected credit loss model under IFRS 9. For trade receivables, the Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Corporation considered historical default rates of past customers based on the data available at December 31, 2024 and forecasts of future economic conditions.

Investments

The Corporation records investment purchases and sales on a trade-date basis, being the date when the transactions are entered into. Financial assets are de-recognized when the rights to receive cash flows from them have expired, or when the Corporation has transferred substantially all risks and rewards of ownership.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not de-recognized on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Corporation to the counterparties in the course of such transactions. The securities are reported separately on the Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not recorded on the Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Corporation in the course of such transactions. Because the Corporation transfers the contractual rights to the cash flows of the securities as part of the arrangement, it does not have the ability to use the transferred assets during the terms of the arrangement.

Investment earnings

The Corporation recognizes interest as earned, investment fund revenue when a distribution is declared and a net gain and loss on investment portfolio when the investment has been sold and based on changes in market value of the investments held at the year-end date.

Interest revenue includes amortization of any premium or discount recognized at the date of purchase of the security. Amortization is calculated using the effective interest method. Interest is generally receivable on a semi-annual basis.

Direct investment expenses, such as external custodial, investment management and investment consultant expenses, are recorded against investment earnings.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect at the year-end date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized foreign exchange gains and/or losses arising on monetary and non-monetary investments designated as fair value through profit and loss are recognized in investment earnings. Unrealized gains (losses) arising on translation are charged to operations in the current year. Translation gains (losses) related to other financial assets and liabilities are charged to operations in the current year.

Insurance and reinsurance – Classification

Contracts under which the Corporation accepts significant insurance risk are classified as insurance contracts. Contracts held by the Corporation under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Corporation to financial risk. The Corporation does not accept insurance risk from other insurers.

All insurance contracts and all reinsurance contracts are measured under the simplified measurement model, the Premium Allocation Approach (PAA), as all of the Corporation's insurance and reinsurance contracts either have a coverage period of one year or less or, if they have a coverage period for longer than one year, do not produce a materially different measurement result from applying the General Measurement Model.

Level of aggregation

Insurance contracts are aggregated into portfolios and groups for measurement purposes. Portfolios are comprised of contracts with similar risks that are managed together.

The Corporation's portfolios are then further aggregated into groups as follows:

- each portfolio is divided into annual cohorts (i.e. by year of policy effective date); and
- each cohort is divided into three groups based on the profitability of contracts:
 - contracts that are onerous on initial recognition;
 - contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
 - remaining contracts in the annual cohort.

Portfolios may change prospectively if there are changes in how the Corporation manages its insurance operations.

Recognition

An insurance contract issued by the Corporation is recognized from the earliest of:

- the beginning of its coverage period (i.e. the period during which the Corporation provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

When the contract is recognized, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide coverage for underlying contracts that are included in different groups. However, the Corporation concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Corporation's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognized on the following dates:

- Reinsurance contracts initiated by the Corporation that provide proportionate coverage are recognized on the date any underlying insurance contract is initially recognized. This applies to the Corporation's quota share reinsurance contracts.
- Other reinsurance contracts initiated by the Corporation are recognized at the beginning of the coverage period of the group of reinsurance contracts. However, if the Corporation recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognized on that earlier date (see 'Onerous contracts'). This applies to the Corporation's excess of loss reinsurance contracts.

Contract boundaries

The measurement of groups of insurance and reinsurance contracts includes all of the future cash flows within the boundary of each contract.

Insurance contract cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Corporation can compel the policyholder to pay premiums or has a substantive obligation to provide services. A substantive obligation to provide services ends when the entity has the practical ability to reassess risk and can set a price or level of benefits that fully reflect those risks.

Cash flows are within the reinsurance contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Corporation is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

For payments made through an intermediary, premiums and claims related to insurance contract liabilities are recorded when cash is received or paid by the Corporation. Amounts held by intermediaries are included in determining the insurance contract liabilities.

Measurement models

The carrying amount of a group of insurance and reinsurance contracts at the end of each reporting period is composed of the following:

- Liability for remaining coverage: the obligation to provide coverage after the reporting period for insured events that have not yet occurred.
- Liability for incurred claims: the obligation to investigate and pay claims for insured events that have already occurred. This includes events that have occurred but for which claims have not yet been reported to the Corporation and other incurred insurance expenses.
- Asset for remaining coverage: the right to receive coverage from a reinsurer after the reporting period for reinsured events that have not yet occurred.
- Asset for incurred claims: the right to receive compensation for reinsured events that have already occurred, including events that have occurred, but for which reinsured claims have not been reported.

Premium allocation approach

The Corporation applies the PAA when measuring the liability for remaining coverage as follows:

Initial and subsequent measurement

The liability for remaining coverage includes:

- Premiums received.
- Less insurance acquisition cash flows paid net of the amortization of the insurance acquisition cash flows that have been recognized.
- Less amounts recognized as insurance revenue for the services provided, generally allocated based on the passage of time, usually 12 months.
- Any loss component for onerous contracts.

The Corporation has elected to not discount the liability for remaining coverage under the PAA.

Insurance acquisition cash flows

Insurance acquisition cash flows are costs directly attributable to selling or underwriting insurance contracts. These are presented in the liability for remaining coverage. These cash flows include costs such as commissions, premium taxes and an allocation of indirect costs such as salaries, information technology and facility costs such as building maintenance, depreciation and the leasing of space.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognized as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognized under a standard other than IFRS 17. Such an asset is recognized for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognized, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

The Corporation allocates insurance acquisition cash flows to groups of contracts using a systematic and rational method of allocation.

The Corporation has elected to defer insurance acquisition cash flows and amortize the costs over the coverage period.

Onerous contracts

A group of contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows, resulting in the net outflow being recognized as a loss component in the liability for remaining coverage and a loss is recognized immediately in net income (insurance service expense).

The loss component is re-evaluated quarterly. The loss component is measured on direct insurance but may be mitigated by a loss recovery component if the contracts are covered by reinsurance.

The loss recovery component is calculated by multiplying the initial loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Corporation expects to recover from the group of reinsurance contracts. The loss recovery component is included in the asset for remaining coverage and the recovery is recognized immediately in net income in net revenue (expenses) from reinsurance contracts. The loss recovery is subsequently amortized in net revenue (expenses) from reinsurance contracts.

The Corporation assumes no contracts in a portfolio are potentially onerous at initial recognition unless facts and circumstances indicate otherwise. The Corporation has developed a methodology for identifying indicators of possible onerous contracts, including reviewing forward looking expectations such as budget information and rate indications as well as historical experience.

At each reporting date, if facts and circumstances indicate that a group of insurance contracts is potentially onerous, then the Corporation applies the same analysis it has performed for groups potentially onerous at initial recognition.

Reinsurance

Reinsurance contracts are measured on the same basis as insurance contracts, except:

- They are adapted to reflect the features of reinsurance contracts that differ from insurance contracts, for example the generation of expenses or reduction in expenses rather than revenue.
- They include an allowance for non-performance risk by the reinsurer (which is presented in net revenue (expenses) from reinsurance contracts), and
- The risk adjustment represents the amount of risk being transferred to the reinsurer.

Measurement – Contracts measured under the PAA

The Corporation uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less. Contracts provide compensation for the costs of an insured event; for these contracts, the Corporation determines the insured event to be the occurrence of that event and the coverage period to be the period in which an insured event can occur for which a policyholder can make a valid claim.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The coverage period for these contracts is greater than one year. The Corporation reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the PAA. When comparing the different possible measurements, the Corporation considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

Liability for incurred claims

The liability for incurred claims is an estimate of the fulfillment cash flows related to incurred claims, including a risk adjustment to account for non-financial risk. The liability for incurred claims is discounted to consider the time value of money. Contracts measured under the PAA do not require an adjustment for the time value of money if the cash flows on those claims are expected to be paid or received within one year of the date the claims are incurred. The Corporation has elected to discount all of its liability for incurred claims. The determination of the liability for incurred claims requires a number of judgments and assumptions. These judgments and assumptions are discussed further in note 11.

Risk adjustment

The measurement of insurance and reinsurance contracts includes a risk adjustment for non-financial risk. The risk adjustment for non-financial risk is the compensation required for bearing the uncertainty about the amount and timing of cash flows of groups of insurance contracts. The risk adjustment includes the benefit of diversification and excludes the impact of financial risks. The change in the risk adjustment is presented in the insurance service result.

Discount rate

The liability for incurred claims is discounted. The Corporation has established a discount yield curve using risk-free rates adjusted to reflect the illiquidity characteristics of the applicable insurance contracts.

Derecognition and contract modification

The Corporation derecognizes a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

The Corporation also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized. If a contract modification does not result in derecognition, then the Corporation treats the changes in cash flows caused by the modification as changes in estimates of fulfillment cash flows.

Insurance revenue

Insurance revenue on direct insurance is allocated over the coverage period of the contract and includes:

- Premium receipts net of cancellations, and sales taxes; and
- Other insurance revenue which includes fees collected from policyholders in connection with the costs incurred for the Corporation's billing plans and fees received for the administration of other policies.

Insurance service expense

Insurance service expense includes fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and are comprised of both direct costs and an allocation of indirect costs. It is composed of the following:

- Incurred claims and other insurance service expense, which are fulfilment cash flows and include direct incurred claims and non-acquisition costs directly related to fulfilling insurance contracts;
- Amortization of insurance acquisition cash flows (see above); and
- Losses and reversals on onerous contracts (see above).

Insurance finance income and expense

Insurance finance income or expense comprises the change in the carrying amount of the group of insurance contracts arising from:

- The discount unwinding,
- Changes in discount rates, and
- The effect of financial risk and changes in financial risk.

The Corporation has elected to record changes in discount rates in net income in insurance finance (expense) income.

Income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Income taxes are comprised of both current and deferred taxes. Income taxes are recognized in the Statement of Operations.

Current income taxes are recognized as estimated income taxes for the current year. Deferred income tax assets and liabilities consist of temporary differences between tax and accounting basis of assets and liabilities, as well as the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any deferred income tax asset if it is probable that the asset will not be realized, probable being defined as more likely than not.

Cash and cash equivalents

Cash and cash equivalents consist of money market investments with a maturity of 90 days or less from the date of acquisition, and are presented net of cash on hand, less outstanding cheques.

Provisions and contingent liabilities

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable, or the amount cannot be reasonably estimated.

Structured settlements

In the normal course of claims adjudication, the Corporation settles certain long-term claim losses through the purchase of annuities under structured settlement arrangements with life insurance companies. As the Corporation does not retain any interest in the related insurance contract and obtains a legal release from the claimant, any gain or loss on the purchase of the annuity is recognized in the Statement of Operations at the date of the purchase and the related claim liabilities are de-recognized. However, the Corporation remains exposed to the credit risk that the life insurance companies may fail to fulfill their obligations.

Future accounting policy change

The following future change in accounting standards will have applicability to the Corporation.

IFRS 18 – Presentation and Disclosure of Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual periods beginning on or after January 1, 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the Statement of Operations, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Corporation is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Corporation's Statement of Operations, the Statement of Cash Flows and the additional disclosures required for MPMs. The Corporation is also assessing the impact on how information is grouped in the financial statements.

4. Cash and Cash Equivalents

	<i>(thousands of \$)</i>	
	2024	2023
Money market investments	\$ –	\$ 1,099
Cash on hand, net of outstanding cheques	1,815	4,993
Total cash and cash equivalents	\$ 1,815	\$ 6,092

5. Investments

The carrying values of the Corporation's investments are as follows:

	<i>(thousands of \$)</i>	
	2024	2023
Short-term investments	\$ 9,844	\$ 8,482
Bonds and debentures	30,378	21,281
Investment funds:		
Canadian equity	4,327	4,447
Global equity	10,518	11,275
Global small cap equity	2,002	2,039
Mortgage	14,810	12,907
Real estate	2,463	4,456
	74,342	64,887
Investments under securities lending program:		
Bonds and debentures	26,843	27,877
Total investments	\$ 101,185	\$ 92,764

Details of significant terms and conditions are as follows:

Short-term investments

Short-term investments are comprised of money market investments with a maturity of less than one year but greater than 90 days from the date of acquisition. These investments have an average effective interest rate of 3.8% (2023 – 5.1%) and an average remaining term to maturity of 67 days (2023 – 45 days).

Bonds and debentures

The carrying value and average effective interest rates are shown in the following chart by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	2024		2023	
Term to maturity (years)	Carrying value (thousands of \$)	Average effective rates (%)	Carrying value (thousands of \$)	Average effective rates (%)
Government of Canada:				
After one through five	\$ 27,939	3.0	\$ 23,633	3.6
Canadian provincial:				
After one through five	10,705	3.1	9,154	3.7
Canadian corporate:				
One or less	1,269	3.6	–	–
After one through five	11,410	3.5	11,466	4.5
After five	5,898	3.4	4,905	3.5
Total bonds and debentures	\$ 57,221		\$ 49,158	

Investment funds

The Corporation owns units in equity investment funds, a mortgage investment fund and a real estate investment fund. These investment funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

Securities lending program

Through its custodian, the Corporation participates in an investment securities lending program for the purpose of generating fee income. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

At December 31, 2024, the Corporation held collateral of \$28.2 million (2023 – \$29.3 million) for the loaned securities, which represents 105.0% of the fair value of the loaned securities.

Fair value hierarchy

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

	(thousands of \$)			
	2024			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ –	\$ 9,844	\$ –	\$ 9,844
Bonds and debentures	–	57,221	–	57,221
Investment funds:				
Canadian equity	4,327	–	–	4,327
Global equity	10,518	–	–	10,518
Global small cap equity	2,002	–	–	2,002
Mortgage	–	–	14,810	14,810
Real estate	–	–	2,463	2,463
Total investments	\$ 16,847	\$ 67,065	\$ 17,273	\$ 101,185

	(thousands of \$)			
	2023			
	Level 1	Level 2	Level 3	Total
Short-term investments	\$ –	\$ 8,482	\$ –	\$ 8,482
Bonds and debentures	–	49,158	–	49,158
Investment funds:				
Canadian equity	4,447	–	–	4,447
Global equity	11,275	–	–	11,275
Global small cap equity	2,039	–	–	2,039
Mortgage	–	–	12,907	12,907
Real estate	–	–	4,456	4,456
Total investments	\$ 17,761	\$ 57,640	\$ 17,363	\$ 92,764

The Corporation's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

A reconciliation of Level 3 investments is as follows:

	(thousands of \$)	
	2024	2023
Level 3 investments, beginning of the year	\$ 17,363	\$ 16,392
Add: Additions during the year		
Mortgage investment fund	1,765	802
Less: Disposals during the year		
Real estate investment fund	(2,000)	–
Gains (losses) recognized in net income		
Mortgage investment fund	138	173
Real estate investment fund	7	(4)
Level 3 investments, end of the year	\$ 17,273	\$ 17,363

During the year ended December 31, 2024 no investments were transferred between levels.

6. Insurance and Reinsurance Contracts

The net carrying amounts of insurance and reinsurance contracts are as follows:

	(thousands of \$)	
	2024	2023
Liability for remaining coverage	\$ 989	\$ 3,200
Liability for incurred claims	54,816	49,245
Insurance contract liabilities	55,805	52,445
Asset for remaining coverage	1,748	628
Asset for reinsured claims	7,558	7,763
Reinsurance contract assets	9,306	8,391
Net insurance and reinsurance contracts	\$ 46,499	\$ 44,054

Reconciliation of carrying amounts

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognized in the Statement of Operations.

Insurance contracts analysis by remaining coverage and incurred claims

	(thousands of \$)				
	December 31, 2024				
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening liabilities	\$ 2,671	\$ 529	\$ 44,276	\$ 4,969	\$ 52,445
Changes in Statement of Operations					
Insurance revenue	(53,763)	–	–	–	(53,763)
Incurred claims and other insurance services expenses	–	–	34,180	28	34,208
Amortization of insurance acquisition cash flows	13,578	–	–	–	13,578
Losses on onerous contracts	–	968	–	–	968
Prior-year development	–	–	1,250	71	1,321
Insurance service expenses	13,578	968	35,430	99	50,075
Insurance service result	(40,185)	968	35,430	99	(3,688)
Insurance finance expense	–	–	2,335	12	2,347
Total changes in Statement of Operations	(40,185)	968	37,765	111	(1,341)
Cash flows					
Premiums received	51,325	–	–	–	51,325
Claims and other insurance service expenses paid	–	–	(32,305)	–	(32,305)
Insurance acquisition cash flows	(14,319)	–	–	–	(14,319)
Total cash flows	37,006	–	(32,305)	–	4,701
Closing liabilities	\$ (508)	\$ 1,497	\$ 49,736	\$ 5,080	\$ 55,805

(thousands of \$)					
December 31, 2023					
	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cash flows	Risk adjustment	
Opening liabilities	\$ 1,875	\$ 366	\$ 50,775	\$ 5,708	\$ 58,724
Changes in Statement of Operations					
Insurance revenue	(39,374)	–	–	–	(39,374)
Incurred claims and other insurance services expenses	–	–	24,815	416	25,231
Amortization of insurance acquisition cash flows	9,817	–	–	–	9,817
Losses on onerous contracts	–	163	–	–	163
Prior-year development	–	–	1,450	(1,159)	291
Insurance service expenses	9,817	163	26,265	(743)	35,502
Insurance service result	(29,557)	163	26,265	(743)	(3,872)
Insurance finance expense	–	–	2,282	4	2,286
Total changes in Statement of Operations	(29,557)	163	28,547	(739)	(1,586)
Cash flows					
Premiums received	41,104	–	–	–	41,104
Claims and other insurance service expenses paid	–	–	(35,046)	–	(35,046)
Insurance acquisition cash flows	(10,751)	–	–	–	(10,751)
Total cash flows	30,353	–	(35,046)	–	(4,693)
Closing liabilities	\$ 2,671	\$ 529	\$ 44,276	\$ 4,969	\$ 52,445

Reinsurance contracts analysis by remaining coverage and incurred claims

(thousands of \$)				
December 31, 2024				
	Assets for remaining coverage	Assets for reinsured claims		Total
		Present value of future cash flows	Risk adjustment	
Opening assets	\$ 628	\$ 7,146	\$ 617	\$ 8,391
Changes in Statement of Operations				
Allocation of reinsurance premiums	(6,577)	–	–	(6,577)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	1,965	3,533	–	5,498
Prior-year development	–	(338)	(67)	(405)
Net expenses from reinsurance contracts	(4,612)	3,195	(67)	(1,484)
Reinsurance finance income	–	298	–	298
Total changes in the Statement of Operations	(4,612)	3,493	(67)	(1,186)
Cash flows				
Premiums paid	5,732	–	–	5,732
Amounts received	–	(3,631)	–	(3,631)
Total cash flows	5,732	(3,631)	–	2,101
Closing assets	\$ 1,748	\$ 7,008	\$ 550	\$ 9,306

(thousands of \$)				
December 31, 2023				
	Assets for remaining coverage	Assets for reinsured claims		Total
		Present value of future cash flows	Risk adjustment	
Opening assets	\$ 611	\$ 8,337	\$ 616	\$ 9,564
Changes in Statement of Operations				
Allocation of reinsurance premiums	(2,890)	–	–	(2,890)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	731	1,099	–	1,830
Prior-year development	–	751	1	752
Net expenses from reinsurance contracts	(2,159)	1,850	1	(308)
Reinsurance finance expense	–	233	–	233
Total changes in the Statement of Operations	(2,159)	2,083	1	(75)
Cash flows				
Premiums paid	2,176	–	–	2,176
Amounts received	–	(3,274)	–	(3,274)
Total cash flows	2,176	(3,274)	–	(1,098)
Closing assets	\$ 628	\$ 7,146	\$ 617	\$ 8,391

Fair value of the net liability for incurred claims

The Corporation estimates that the fair value of its net liability for incurred claims approximates its carrying amount.

(thousands of \$)						
	2024			2023		
	Liability for incurred claims	Asset for reinsured claims	Net	Liability for incurred claims	Asset for reinsured claims	Net
Undiscounted value	\$ 54,942	\$ 7,710	\$ 47,232	\$ 49,956	\$ 7,938	\$ 42,018
Effect of time value of money	(5,206)	(702)	(4,504)	(5,680)	(792)	(4,888)
Undiscounted risk adjustment	5,080	550	4,530	4,969	617	4,352
	\$ 54,816	\$ 7,558	\$ 47,258	\$ 49,245	\$ 7,763	\$ 41,482

The following tables show the development of the estimated net provision for unpaid claims relative to the current estimate of ultimate claim costs for the 10 most recent accident years as estimated at each reporting date.

	(thousands of \$)									
Accident year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net ultimate loss										
End of accident year	\$ 38,940	\$ 45,457	\$ 62,156	\$ 43,607	\$ 21,500	\$ 11,317	\$ 11,121	\$ 14,402	\$ 22,180	\$ 26,512
One year later	37,956	45,815	60,507	41,443	19,948	9,936	10,602	13,857	22,650	
Two years later	36,176	43,218	56,755	40,949	20,037	10,228	11,653	14,232		
Three years later	37,123	40,845	54,425	39,618	21,875	9,185	12,740			
Four years later	36,212	41,109	53,925	39,581	22,247	8,680				
Five years later	36,005	41,484	54,486	39,060	22,187					
Six years later	35,896	41,212	55,371	39,665						
Seven years later	35,669	41,024	55,382							
Eight years later	35,689	40,858								
Nine years later	35,628									
Cumulative loss development	\$ (3,312)	\$ (4,599)	\$ (6,774)	\$ (3,942)	\$ 687	\$ (2,637)	\$ 1,619	\$ (170)	\$ 470	n/a
Cumulative loss development as a % of original ultimate loss	(8.5%)	(10.1%)	(10.9%)	(9.0%)	3.2%	(23.3%)	14.6%	(1.2%)	2.1%	n/a

	(thousands of \$)										
Accident year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Current estimate of net ultimate loss	\$ 35,628	\$ 40,858	\$ 55,382	\$ 39,665	\$ 22,187	\$ 8,680	\$ 12,740	\$ 14,232	\$ 22,650	\$ 26,512	\$ 278,534
Cumulative paid	(35,397)	(39,957)	(54,414)	(37,778)	(19,229)	(7,074)	(8,151)	(9,598)	(13,318)	(11,440)	(236,356)
Net undiscounted claims outstanding	\$ 231	\$ 901	\$ 968	\$ 1,887	\$ 2,958	\$ 1,606	\$ 4,589	\$ 4,634	\$ 9,332	\$ 15,072	\$ 42,178
Net undiscounted claims outstanding for accident years 2014 and prior											256
Loss adjusting expense reserve											2,645
Risk adjustment and discounting											26
Unpaid Facility Association claims											2,167
Retained risk sharing pool											27
Health levies											(26)
Provision for non-performance of reinsurance											14
Subrogation allowance											228
Due from reinsurers											(426)
Other reconciling items											169
Net liability for incurred claims											\$ 47,258

Structured settlements

The Corporation settles some long-term disability claims by purchasing annuities for its claimants from various life insurers. The settlements legally release the Corporation from its obligations to the claimants. Consequently, neither the annuities purchased, nor the claim liabilities are recognized on the Statement of Financial Position. However, as part of the settlement, the Corporation provides a financial guarantee to the claimants in the event the life insurers' default on the scheduled payments and is thus exposed to credit risk to the extent any of the life insurers fail to fulfill their obligations. As at December 31, 2024, no information has come to the Corporation's attention that would suggest any weakness or failure in the life insurers from which it has purchased annuities.

The net present value of the scheduled payments as of the year-end date is \$0.4 million (2023 – \$0.4 million). The net risk to the Corporation is the credit risk related to the life insurance companies that the annuities are purchased from. No defaults have occurred, and the Corporation considers the possibility of default to be remote.

7. Share Capital

Authorized:

Unlimited number of common shares with no par value.

Issued and fully paid:	(thousands of \$)	
	2024	2023
10,000 common shares	\$ 1,000	\$ 1,000

8. Net Investment Earnings

Components of net investment earnings are as follows:

	<i>(thousands of \$)</i>	
	2024	2023
Net gain on investment portfolio	\$ 4,181	\$ 3,113
Interest and other	2,675	2,399
Investment fund distributions	1,758	1,344
Total investment earnings	8,614	6,856
Investment expenses	(215)	(202)
Net investment earnings	\$ 8,399	\$ 6,654

Details of the net gain on investment portfolio is as follows:

	<i>(thousands of \$)</i>	
	2024	2023
Short-term investments	\$ 3	\$ 108
Bonds and debentures	939	966
Investment funds:		
Canadian equity	612	167
Global equity	2,158	1,519
Global small cap equity	324	184
Mortgage	138	173
Real estate	7	(4)
Net gain on investment portfolio	\$ 4,181	\$ 3,113

9. Expenses by Nature

Components of the Corporation's insurance services expenses and administrative expenses are as follows:

	<i>(thousands of \$)</i>			
	December 31, 2024			
	Amortization of insurance acquisition cash flows	Other insurance services expense	Other expenses	Total
Claims and benefits	\$ –	\$ 29,295	\$ –	\$ 29,295
Losses on onerous insurance contracts	–	968	–	968
Commissions	7,354	–	–	7,354
Premium taxes	1,588	–	–	1,588
Expenses allocated to the Corporation:				
Salaries and employee benefits	2,362	1,275	2,002	5,639
Board of directors remuneration	–	–	10	10
Broker costs (excluding commissions)	43	–	10	53
Management fees	97	64	260	421
Professional fees (other than legal)	53	2,977	296	3,326
Legal fees	–	1,620	8	1,628
Depreciation and Amortization	128	35	86	249
Amortization of Intangible Assets	2	1	65	68
Occupancy expenses	242	58	173	473
Information technology	331	181	2,097	2,609
Bad debt expense	399	–	–	399
Interest expense	14	3	–	17
Finance costs	141	1	40	182
Other general expenses	824	19	29	872
	\$ 13,578	\$ 36,497	\$ 5,076	\$ 55,151
Represented within the Statement of Operations:				
Insurance service expenses	13,578	36,497	–	50,075
Administration expenses	–	–	5,076	5,076
	\$ 13,578	\$ 36,497	\$ 5,076	\$ 55,151

	(thousands of \$)			
	December 31, 2023			
	Amortization of insurance acquisition cash flows	Other insurance services expense	Other expenses	Total
Claims and benefits	\$ –	\$ 19,836	\$ –	\$ 19,836
Losses on onerous insurance contracts	–	163	–	163
Commissions	5,413	–	–	5,413
Premium taxes	1,161	–	–	1,161
Expenses allocated to the Corporation:				
Salaries and employee benefits	2,033	1,233	1,973	5,239
Board of directors remuneration	–	–	10	10
Broker costs (excluding commissions)	19	–	10	29
Management fees	37	46	147	230
Professional fees (other than legal)	42	2,217	76	2,335
Legal fees	11	1,967	11	1,989
Depreciation and Amortization	102	49	157	308
Amortization of Intangible Assets	9	–	60	69
Occupancy expenses	131	75	193	399
Information technology	155	80	2,283	2,518
Bad debt expense	164	–	–	164
Interest expense	2	1	–	3
Finance costs	116	1	32	149
Other general expenses	422	17	(52)	387
	\$ 9,817	\$ 25,685	\$ 4,900	\$ 40,402
Represented within the Statement of Operations:				
Insurance service expenses	9,817	25,685	–	35,502
Administration expenses	–	–	4,900	4,900
	\$ 9,817	\$ 25,685	\$ 4,900	\$ 40,402

10. Income Taxes

The Corporation's provision for income taxes is as follows:

	<i>(thousands of \$)</i>	
	2024	2023
Current	\$ 850	\$ 1,024
Deferred	(126)	(191)
Income tax expense	\$ 724	\$ 833

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory income tax rates to income before income taxes.

The reasons for the differences are as follows:

	<i>(thousands of \$)</i>	
	2024	2023
Income before income taxes	\$ 3,478	\$ 3,265
Combined federal and provincial tax rate	26.50%	26.50%
Computed income tax expense based on combined rate	\$ 922	\$ 865
Increase (decrease) resulting from:		
Non-deductible expenses for tax purposes	14	17
Investment earnings not subject to taxation	26	35
Other	(238)	(84)
Total income tax expense	\$ 724	\$ 833

All income taxes payable are due within one year.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

Deferred tax asset

	<i>(thousands of \$)</i>			
	Insurance contract liabilities	Reinsurance contract assets	Capital assets	Total
At January 1, 2023	\$ –	\$ 9	\$ 29	\$ 38
Credit (charge) reflected in income tax expense	188	(9)	6	185
At December 31, 2023	188	–	35	223
Credit (charge) reflected in income tax expense	122	–	(4)	118
At December 31, 2024	\$ 310	\$ –	\$ 31	\$ 341

Deferred tax liability

	(thousands of \$)			
	Insurance contract liabilities	Investments	Capital assets	Total
At January 1, 2023	\$ 12	\$ 2	\$ –	\$ 14
(Credit) charge reflected in income tax expense	(12)	(1)	7	(6)
At December 31, 2023	–	1	7	8
Credit reflected in income tax expense	–	–	(7)	(7)
At December 31, 2024	\$ –	\$ 1	\$ –	\$ 1

The Corporation expects that the deferred tax asset will be realized in the normal course of operations.

11. Insurance and Financial Risk Management

The Corporation, through its administrator, SGI CANADA, has established an enterprise risk management policy. The Board of Directors approved this policy and management is responsible for ensuring it is properly maintained and implemented. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting from management.

Insurance risk arises with respect to the adequacy of the Corporation's insurance premium rates and net liabilities for incurred claims (consisting of underwriting and actuarial risks). The nature of insurance operations also results in significant financial risks, as the Corporation's Statement of Financial Position consists primarily of financial instruments. Financial risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Insurance Risk

Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- Insurance risk: the risk transferred from the policyholder to the Corporation, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims
- Policyholder behaviour risk: the risk the policyholder will cancel a contract.
- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

A key component of the management of underwriting risk for the Corporation's products is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of assumed risk. The possibility of weather-related catastrophes is built into pricing, considering trends in historical data and leading indicators of climate-related risk.

The Corporation's insurance contracts are renewable annually. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk, such as the use of deductibles.

The Corporation also seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with SCISL and other insurers.

The policy of underwriting and reinsuring contracts of insurance limits the liability of the Corporation to a maximum amount of \$1.8 million (2023 – \$1.8 million) on any one loss. In addition, the Corporation carries auto physical damage catastrophe reinsurance limiting combined exposure to \$2.5 million (2023 – \$2.5 million) per event.

While the Corporation utilizes reinsurance, it is still exposed to reinsurance risk. Reinsurance risk is the risk of financial loss due to inadequacies in reinsurance coverage or the default of a reinsurer. The Corporation evaluates and monitors financial condition of its reinsurers to minimize exposure to significant losses from reinsurer insolvency.

Concentrations of credit risk for insurance contracts can arise from reinsurance ceded contracts as insurance ceded does not relieve the Corporation of its primary obligation to the policyholder. The Corporation seeks to place its reinsurance program with financially stable reinsurers. The 2024 reinsurance program has 95.5% of reinsurers with a financial strength rating between A- and A+, as rated by A.M. Best and Standard & Poor's. The remaining 4.5% of the program has been placed with unrated reinsurers. Guidelines are also in place to establish the maximum amount of business that can be placed with a single reinsurer in order to minimize the Corporations exposure to default.

Actuarial risk

Liability for incurred claims – Estimate of undiscounted future cash flows

Establishment of the net liability for incurred claims is based on known facts and interpretation of circumstances and is therefore a complex process influenced by a variety of factors. Measurement is uncertain due to claims that are not reported to the Corporation at the period-end date and therefore estimates are made as to the value of these claims. As well, uncertainty exists regarding the cost of reported claims that have not been settled, as all the necessary information may not be available at the period-end date.

The significant assumptions used to estimate the liability for incurred claims include: the Corporation's experience with similar cases, historical claim payment trends and claim development patterns, characteristics of each class of business, claim severity and frequency, effect of inflation on future claim settlement costs, court decisions, and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim, the more variable the ultimate settlement amount will be. Accordingly, short-tail claims such as physical damage or collision claims tend to be more reasonably predictable than long-tail claims such as liability claims.

As a result, the establishment of the net liability for incurred claims relies on a number of factors, which necessarily involve the risk that actual results may differ materially from the estimates.

Discount rates

The liability for incurred claims under the PAA is calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields of highly liquid sovereign securities in the currency of the insurance contracts. The illiquidity premium is determined by reference to observable market rates of investment-grade bonds. Discount rates applied for discounting of future cash flows are listed below:

As at	1 year	3 years	5 years	10 years
December 31, 2024	3.3%	3.5%	3.7%	4.2%
December 31, 2023	4.9%	4.4%	4.2%	4.3%

Risk adjustment

The risk adjustment is the compensation that the Corporation requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. It reflects an amount the Corporation would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount. The Corporation has estimated the risk adjustment for liability for incurred claims, which equates to an 80% confidence level. The reserve distribution is estimated using standard statistical techniques in accordance with actuarial practice. The main considerations underlying these techniques are:

- Historical claims development can be used to generate the full range of potential outcomes;
- Modeling of historical data and expert judgments to allow for the correlation between line of business and region; and
- Additional qualitative judgment is used to assess the extent to which there are events not included in the historical data.

Sensitivity analysis

The liability for incurred claims' sensitivity to certain key assumptions is outlined below. It is not possible to quantify the sensitivity to certain assumptions such as legislative changes or uncertainty in the estimation process. The analysis is performed for possible movements in the assumptions with all other assumptions held constant, showing the impact on net income. Movements in these assumptions may be non-linear and may be correlated with one another.

Sensitivities	(thousands of \$)					
	December 31, 2024			December 31, 2023		
	Direct	Ceded	Net	Direct	Ceded	Net
Discount Rate +1.0%	\$ 1,331	\$ 172	\$ 1,159	\$ 1,227	\$ 165	\$ 1,062
Discount Rate -1.0%	(1,411)	(183)	(1,228)	(1,304)	(176)	(1,128)
Reserves +/-5.0%	2,741	378	2,363	2,462	378	2,084

Financial risk

The nature of the Corporation's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk and liquidity risk.

Significant financial risks are related to the Corporation's investments. These financial risks are managed by having a Statement of Investment Policies and Goals (SIP&G), which is approved annually by the Corporation's Board of Directors. The SIP&G provides guidelines to the investment managers for the asset mix of the portfolio regarding quality and quantity of debt and equity investments using a prudent person approach. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Corporation receives regular reporting from the investment managers and custodian regarding compliance with the SIP&G. The investment managers' performance is evaluated based on return objectives, including realized and unrealized capital gains and losses plus income from all sources, and goals stated in the SIP&G.

Credit risk

The Corporation's credit risk arises primarily from certain investments. In addition, the Corporation is exposed to credit risk associated with its structured settlements as described separately in the notes to the financial statements.

Cash and cash equivalents include money market investments of nil (2023 – \$1.1 million). The money market investments mature within 90 days from the date of acquisition and have a credit rating of R-1.

Accounts receivable are solely related to accrued investment income and have a very low risk of default.

The maximum exposure to credit risk from insurance contracts is \$26.8 million (2023 – \$20.3 million), which primarily relates to premiums receivable for services that the Corporation has already provided and subrogation receivables on completed claims. The maximum exposure to credit risk from reinsurance contracts is \$0.4 million (2023 – \$0.2 million), which relates to amounts owed from reinsurers on completed claims.

Credit risk within investments is related to short-term investments, bonds and debentures, the mortgage investment fund and the real estate investment fund. It is managed through the investment policy that limits debt instruments to those of high credit quality (minimum rating for bonds and debentures is BBB, and for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Credit ratings for the bond and debenture investments are as follows:

	2024		2023	
Credit Rating	Fair value (thousands of \$)	Makeup of portfolio (%)	Fair value (thousands of \$)	Makeup of portfolio (%)
AAA	\$ 27,939	48.8	\$ 23,633	48.1
AA	18,505	32.3	15,718	32.0
A	8,447	14.8	6,727	13.6
BBB	2,330	4.1	3,080	6.3
Total	\$ 57,221	100.0	\$ 49,158	100.0

Within bonds and debentures, there are no holdings from one issuer, other than the Government of Canada or a Canadian province, over 10% of the market value of the combined bond and short-term investment portfolios. No one holding of a province is over 20% of the market value of the bond portfolio.

The unit value of the mortgage investment fund is impacted by the credit risk of the underlying mortgages. This risk is limited by restrictions within its own investment policy, which include single loan limits, diversification by property type and geographic regions within Canada. Each underlying mortgage is secured by real estate and related contracts.

Real estate funds are valued based on estimated fair values determined by using appropriate techniques and best estimates. Risk in the real estate portfolio is further managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk

The Corporation is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds and debentures and mortgage investment fund.

It is estimated that a 100 basis point increase/decrease in interest rates would have the following impact:

	(thousands of \$)			
	100 basis point increase		100 basis point decrease	
	2024	2023	2024	2023
Net investment (losses) earnings	\$ (1,861)	\$ (1,663)	\$ 1,861	\$ 1,663

Foreign exchange risk

The investment policy defines maximum limits to exchange rate sensitive assets within the investment portfolio. The following table indicates the exposure to exchange rate sensitive assets and provides the sensitivity to a 10% appreciation/depreciation in the Canadian dollar and the corresponding decrease/increase in net income and retained earnings:

Asset class	Maximum exposure	Current exposure		10% change in exchange rates	
		10%		10%	
		2024	2023	2024	2023
Global equities	15.0	10.4	12.2	\$ 1,052	\$ 1,127
Global small cap equities	3.0	2.0	2.2	200	204

As global equity funds are classified as fair value through profit and loss, any unrealized changes due to foreign currency are recorded in net income. There is no exposure to foreign exchange risk within the Corporation's bond and debenture portfolio. As well, no more than 10% of the market value of the bond portfolio shall be invested in bonds of foreign issuers. The Corporation's exposure to exchange rate risk resulting from the purchase of goods and services, and claims and reinsurance receivables and payables, are not material to the operations of the Corporation.

Equity prices

The Corporation is exposed to changes in equity prices in Canadian and global markets. Equities comprise 16.7% (2023 – 19.1%) of the carrying value of the Corporation's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee or related group of investees represents greater than 10% of the market value of the Corporation's common share portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation.

The Corporation's equity price risk is assessed using Value at Risk (VaR), a statistical technique that measures the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using a 95% confidence level. It is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95% of the time (19 times out of 20 years).

Asset class	(thousands of \$)			
	2024		2023	
Canadian equities	\$	+/- 1,094	\$	+/- 1,432
Global equities		+/- 2,967		+/- 3,191
Global small cap equities		+/- 600		+/- 742

The Corporation's equity investments are classified as fair value through profit and loss and any unrealized changes in their fair value are recorded in the Statement of Operations.

No derivative financial instruments have been used to alter the effects of market changes and fluctuations.

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The majority of financial liabilities, excluding certain unpaid claim liabilities, are short-term in nature and due within one year. The Corporation generally maintains positive overall cash flow through cash generated from operations as well as cash generated from investing activities.

The following tables summarize the estimated contractual timings of cash flows on an undiscounted basis arising from the Corporation's assets and liabilities, including insurance and reinsurance contracts. The difference between the carrying amount and estimated contractual timing of cash flows is the result of the effect of time value of money and the undiscounted risk adjustment, which has been separately disclosed for the assets for reinsured claims and the liability for incurred claims (note 6). As well, the assets and liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

	<i>(thousands of \$)</i>							
	2024							
	Carrying amount	Total	No stated maturity	0 – 6 months	7 – 12 months	1 – 2 years	3 – 5 years	More than 5 years
Assets								
Cash and cash equivalents	\$ 1,815	\$ 1,815	\$ 1,815	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts receivable	390	390	–	390	–	–	–	–
Investments	101,185	101,185	34,120	10,700	413	2,516	47,538	5,898
Assets for reinsured claims	7,558	7,710	–	1,579	1,628	1,249	1,673	1,581
	\$ 110,948	\$ 111,100	\$ 35,935	\$ 12,669	\$ 2,041	\$ 3,765	\$ 49,211	\$ 7,479
Liabilities								
Accounts payable and accrued liabilities	\$ 1,167	\$ 1,167	\$ 771	\$ 396	\$ –	\$ –	\$ –	\$ –
Liability for incurred claims	54,816	54,942	–	8,899	6,584	9,892	18,760	10,807
Lease liability	1,005	1,083	–	131	131	263	558	–
	\$ 56,988	\$ 57,192	\$ 771	\$ 9,426	\$ 6,715	\$ 10,155	\$ 19,318	\$ 10,807

(thousands of \$)								
2023								
	Carrying amount	Total	No stated maturity	0 – 6 months	7 – 12 months	1 – 2 years	3 – 5 years	More than 5 years
Assets								
Cash and cash equivalents	\$ 6,092	\$ 6,092	\$ 6,092	\$ –	\$ –	\$ –	\$ –	\$ –
Accounts receivable	312	312	–	312	–	–	–	–
Investments	92,764	92,764	35,124	8,482	–	19,846	24,407	4,905
Assets for reinsured claims	7,763	7,938	–	1,894	1,685	1,492	1,356	1,511
	\$ 106,931	\$ 107,106	\$ 41,216	\$ 10,688	\$ 1,685	\$ 21,338	\$ 25,763	\$ 6,416
Liabilities								
Accounts payable and accrued liabilities	\$ 1,432	\$ 1,432	\$ 871	\$ 561	\$ –	\$ –	\$ –	\$ –
Liability for incurred claims	49,245	49,956	–	7,894	6,391	8,943	16,019	10,709
	\$ 50,677	\$ 51,388	\$ 871	\$ 8,455	\$ 6,391	\$ 8,943	\$ 16,019	\$ 10,709

12. Capital Management

The Corporation's primary objectives when managing capital are to ensure adequate funding is available to pay policyholder claims, be flexible in its product offerings and support its growth strategies, while providing an adequate return to its shareholder. Its main sources of capital are retained earnings and cash injections in the form of contributed surplus advanced from its parent, SCISL. There were no changes to the Corporation's capital structure during the year.

The Corporation uses a common industry measurement, the Minimum Capital Test (MCT), to monitor capital adequacy. The MCT is a risk-based capital adequacy formula that assesses risks to assets, policy liabilities and off-balance sheet exposures by applying various factors to determine a ratio of capital available over capital required.

The Corporation is a provincially regulated insurer and, as such, is subject to rate regulation related to its automobile premiums. The Board of Directors approved a Capital Management policy for the Corporation prepared in accordance with Guideline A-4, *Regulatory Capital and Internal Capital Targets*, which The Office of the Superintendent of Financial Institutions issued in January 2014. The policy establishes an internal MCT target, in excess of 150%, which is used by the regulator as a minimum target for supervisory purposes. The policy also establishes an operating MCT target that provides for an operating cushion above the internal target. The Corporation's MCT at December 31, 2024 was 400% relative to its internal target MCT of 257%.

13. Change in Non-Cash Operating Items

The change in non-cash operating items is comprised of the following:

	(thousands of \$)	
	2024	2023
Reinsurance contract assets	\$ (915)	\$ 1,173
Accounts receivable	(2)	–
Prepaid expenses	(4)	(2)
Accounts payable and accrued liabilities	(265)	32
Insurance contract liabilities	3,360	(6,279)
	\$ 2,174	\$ (5,076)

14. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as “related parties”). Routine operating transactions with related parties were conducted in the normal course of business and recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Corporation has elected to take a partial exemption under IAS 24, *Related Party Disclosures*, which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

SGI CANADA provides management and administrative services to the Corporation. Expenses incurred by SGI CANADA and charged to the Corporation, and amounts outstanding at year-end, are as follows:

	(thousands of \$)	
	2024	2023
Accounts payable and accrued liabilities	\$ 461	\$ 581
Insurance service expenses	6,281	4,773
Administrative expenses	5,076	4,900

SCISL is one of the Corporation’s reinsurers (note 11). Reinsurance ceded to SCISL has increased net expenses from reinsurance contracts by \$0.4 million (2023 – decreased by \$0.2 million). Outstanding amounts included within reinsurance contract assets at year-end is \$2.7 million (2023 - \$4.0 million).

Key management personnel

Key management personnel are those persons having authority over the planning, directing and controlling activities of the Corporation, and include executive employees and Board members of the Corporation's ultimate parent, SGI CANADA. Compensation for these individuals is paid by SGI CANADA and a portion allocated to the Corporation on the basis of a cost allocation formula.

Key management personnel compensation allocated to the Corporation is comprised of:

	<i>(thousands of \$)</i>	
	2024	2023
Salaries and other short-term employee benefits	\$ 163	\$ 111
Post-employment benefits	11	9
	\$ 174	\$ 120

Other related party transactions are described separately in the notes to the financial statements.

15. Contingencies

In common with the insurance industry in general, the Corporation is subject to litigation arising in the normal course of conducting its insurance business. The Corporation is of the opinion that litigation will not have a significant effect on the financial position or results of operations.

