SGI CANADA
Quarterly Report
MARCH 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides a review of the results of the operations of SGI CANADA and its subsidiaries, SGI CANADA Insurance Services Ltd., the Insurance Company of Prince Edward Island and Coachman Insurance Company, collectively referred to as SGI CANADA or the Corporation. This discussion and analysis should be read in conjunction with the SGI CANADA unaudited consolidated financial statements and supporting notes as at and for the three month period ended March 31, 2008, and the SGI CANADA MD&A and annual audited financial statements and supporting notes as at and for the year ended December 31, 2007. All dollar amounts are in Canadian dollars. This MD&A reflects all information known to Management up to April 30, 2008.

Quarterly Consolidated Financial Highlights

The following table highlights quarter over quarter results for SGI CANADA:

Quarterly Consolidated Financial Highlights
($ in 000's)

	2008	2007				2006			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net premiums earned	79,967	80,560	77,746	75,639	73,917	75,873	73,310	71,391	70,233
Claims incurred	35,689	34,640	64,825	54,479	33,622	39,212	49,825	36,128	31,905
Net income (loss)	21,616	25,011	(9,030)	(2,701)	21,813	14,706	4,773	12,940	19,682
Cash flow from (used in) operations	(7,540)	19,662	16,285	21,883	(4,408)	25,117	21,279	14,462	(10,265)
Investments	463,205	481,127	455,826	447,488	467,557	444,464	430,368	399,055	404,383
Provision for unpaid claims	278,721	285,567	298,932	280,336	257,148	263,514	258,179	245,485	246,980

The following points are intended to assist the reader in analyzing trends in the quarterly financial highlights for 2008:

- Net premiums earned generally increase on a quarter over quarter basis during the year. Consistent with prior year results, first quarter premiums earned are lower than recorded in the prior fourth quarter, however, have been increasing consistently compared to first quarter premiums earned in 2007 and 2006.

- The first quarter generally results in strong net income as a result of lower claims incurred in the quarter compared to the rest of the year. Claims incurred are expected to increase in the second and third quarters as a result of the summer storm season.

For the three months ended March 31, 2008

Consolidated Statement of Operations

SGI CANADA generated a consolidated net income of $21,616,000 for the first three months of 2008, essentially the same as the profit for the first quarter of 2007.

Saskatchewan operations had a strong first quarter generating 95% of the profit. The first quarter is generally the strongest for operations in Saskatchewan as it includes no impact from the summer storm season. Out-of-province operations contributed 5% of total profit, down from last year when they contributed nearly 10%. The decline is due to higher claims losses in 2008.

The increase in premiums is from the expanding Saskatchewan economy resulting in policy growth and increased property values, which increase the average cost per policy. As well, the markets that SGI CANADA recently entered in Alberta, New Brunswick and Nova Scotia are contributing to the growing premium base.

Consolidated claims incurred of $35,689,000 resulted in a consolidated loss ratio of 44.6% in the first quarter of 2008, marginally lower than last year's first quarter loss ratio of 45.5%.

Other expenses, excluding claims incurred, were $30,261,000 to the end of March 2008, $3,046,000 higher than expenses for the same period in 2007. Administrative expenses of $9,910,000 in the first quarter were $1,342,000 higher than 2007, primarily due to higher salary costs in 2008. The administrative expense ratio was 12.4% for 2008 (2007 – 11.6%). Commission expenses for the first three months of 2008 were $1,410,000 higher than the same period in 2007, commensurate with the premium growth experienced. This resulted in a commission and premium tax ratio of 25.6%, essentially the same as 2007 (25.5%).

Investment earnings for the three month period ending March 31, 2008 were $8,210,000 (2007 – $9,291,000), $1,081,000 lower than the results from 2007. The lower earnings in 2008 were a result of lower realized gains from the sale of equities. The annualized cost-based rate of return was 6.0%, compared to 8.2% for 2007.

Consolidated Statement of Financial Position

Total assets decreased by $19,051,000 from $707,169,000 at December 31, 2007 to $688,118,000 at March 31, 2008, largely due to a decrease in investments. Investments decreased $17,922,000 in the first quarter, resulting from the sale of investments to pay premium taxes and the final payment on the 2007 dividend.

Total liabilities decreased $32,795,000, primarily a result of significant cash outlays during the quarter related to premium taxes payable and the final payment on the 2007 dividend. In addition, the provision for unpaid claims decreased by $6,846,000 during the quarter, primarily due to the continued settlement of Saskatchewan summer storm claims from the 2007 loss year.

Consolidated Statement of Comprehensive Income

For the three months ended March 31, 2008, comprehensive income of $19,985,000 (2007 – $20,638,000) was recorded, consisting of $21,616,000 (2007 – $21,813,000) of net income, less an other comprehensive loss of $1,631,000 (2007 – $1,175,000). The other comprehensive loss was a result of gains on the sale of investments of $2,222,000 (net of tax) which were reclassified to net income, partially offset by unrealized gains during the quarter of $591,000 (net of tax). The unrealized gains during the period were a result of increasing prices on bonds driven by declining interest rates in 2008.

Consolidated Statement of Cash Flows

While the Corporation's operating activities generated net income of $21,616,000 for the first quarter, they generated negative cash flow of $7,540,000. This was primarily a result of the annual premium tax payment in the first quarter.

Investing activities generated $19,110,000 through the sale of investments in order to fund the negative operating cash flows of $7,540,000 and the $10,535,000 dividend payment.

Outlook

Strong underwriting results have produced a solid profit in the first quarter of 2008, leaving SGI CANADA well positioned leading into the second quarter. However, as seen in 2007, the summer storm season in Saskatchewan has the capability to quickly and unfavourably impact the bottom line. In this respect, the strong results generated will be to the benefit of the Corporation heading into the summer months. In order to offset the impact of Saskatchewan summer storms, the Corporation will continue to geographically spread its insurance risk.

The growth will primarily be from the Alberta, New Brunswick and Nova Scotia markets during the remainder of 2008. The Corporation is focusing on strong underwriting fundamentals and providing outstanding customer service to its brokers in order to meet the challenges presented in this market.

Going forward, the Corporation will continue to focus on its strategy of spreading insurance risk geographically, growing revenues and maintaining and creating jobs in Saskatchewan.

SGI CANADA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at March 31, 2008 and December 31, 2007

	March 31 2008 (unaudited)	December 31 2007 (audited)
	(thousands of $)	
Assets		
Cash and cash equivalents	$ 36,029	$ 34,994
Accounts receivable	86,294	88,372
Deferred policy acquisition costs	40,961	43,347
Future income taxes	1,808	1,903
Reinsurers' share of unearned premiums	13,632	8,862
Investments (note 2)	463,205	481,127
Net investment in capital lease	1,504	1,611
Unpaid claims recoverable from reinsurers	31,788	33,824
Property, plant and equipment	9,945	10,154
Other assets	2,952	2,975
	$ 688,118	$ 707,169
Liabilities		
Accounts payable and accrued charges	$ 15,142	$ 21,530
Dividend payable	6,274	10,535
Premium taxes payable	3,126	14,408
Amounts due to reinsurers	10,909	5,330
Unearned reinsurance commissions	1,876	1,864
Unearned premiums	167,580	177,189
Provision for unpaid claims	278,721	285,567
	483,628	516,423
Non-controlling interest	**1,742**	1,709
Province of Saskatchewan's equity		
Equity advances	80,000	80,000
Retained earnings	109,370	94,028
Accumulated other comprehensive income	13,378	15,009
	202,748	189,037
	$ 688,118	$ 707,169

(see accompanying notes)

SGI CANADA

Consolidated Statement of Operations

For the periods ended March 31, 2008 and 2007

	three months to March 31	
	2008 (unaudited)	2007 (unaudited)
	(thousands of $)	
Gross premiums written	$ 77,845	$ 70,157
Net premiums written	$ 65,589	$ 59,840
Net premiums earned	**$ 79,967**	$ 73,917
Claims incurred	35,689	33,622
Commissions	16,546	15,136
Administrative expenses	9,910	8,568
Premium taxes	3,865	3,711
Facility Association participation (note 8)	(60)	(200)
Total claims and expenses	**65,950**	60,837
Underwriting profit	**14,017**	13,080
Investment earnings (note 3)	8,210	9,291
Income before income taxes and non-controlling interest	**22,227**	22,371
Income taxes	579	473
Income after income taxes and before non-controlling interest	**21,648**	21,898
Non-controlling interest	32	85
Net income	**$ 21,616**	$ 21,813

(see accompanying notes)

Consolidated Statement of Comprehensive Income

For the periods ended March 31, 2008 and March 31, 2007

	three months to March 31	
	2008 (unaudited)	2007 (unaudited)
	(thousands of $)	
Net income	**$ 21,616**	$ 21,813
Other comprehensive loss, net of income taxes:		
Unrealized gains on available for sale financial assets arising during the period	989	2,621
Income tax on unrealized gains	(398)	(69)
	591	2,552
Reclassification for realized gains on sale of investments included in operations	(2,524)	(3,856)
Income tax on realized gains	302	129
	(2,222)	(3,727)
Other comprehensive loss	**(1,631)**	(1,175)
Comprehensive income	**$ 19,985**	$ 20,638

(see accompanying notes)

Consolidated Statement of Changes in Province of Saskatchewan's Equity

For the periods ended March 31, 2008 and 2007

	three months to March 31	
	2008 (unaudited)	2007 (unaudited)
	(thousands of $)	
Equity advances		
Balance, end of period	**$ 80,000**	$ 80,000
Retained earnings		
Balance, beginning of period	$ 94,028	$ 81,599
Change in accounting policy	–	146
Net income	21,616	21,813
Dividend	(6,274)	(6,138)
Balance, end of period	**$ 109,370**	$ 97,420
Accumulated other comprehensive income		
Balance, beginning of period	$ 15,009	$ –
Change in accounting policy	–	25,795
Other comprehensive loss	(1,631)	(1,175)
Balance, end of period	**$ 13,378**	$ 24,620
Total Province of Saskatchewan's equity	**$ 202,748**	$ 202,040

(see accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the periods ended March 31, 2008 and March 31, 2007

	three months to March 31	
	2008	2007
	(unaudited)	(unaudited)
	(thousands of $)	
Cash provided by (used for):		
Operating activities		
Net income	$ 21,616	$ 21,813
Non-cash items:		
Amortization	315	387
Net realized gain on disposal of investments	(2,524)	(3,856)
Income attributable to non-controlling interest	32	85
Loss (income) from investments accounted for on the equity basis	(135)	7
Change in non-cash operating items (note 6)	(26,844)	(22,844)
	(7,540)	(4,408)
Investing activities		
Purchases of investments	(196,148)	(133,490)
Proceeds on sale of investments	215,008	139,384
Repayment of capital lease	107	96
Net purchases of property, plant and equipment	143	(8)
	19,110	5,982
Financing activities		
Dividends paid	(10,535)	(17,378)
Increase (decrease) in cash and cash equivalents	1,035	(15,804)
Cash and cash equivalents, beginning of period	34,994	24,054
Cash and cash equivalents, end of period	**$ 36,029**	$ 8,250

(see accompanying notes)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

March 31, 2008

1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited consolidated financial statements do not include all of the disclosures included in the Corporation's annual audited consolidated financial statements. The accounting policies used in the preparation of these interim financial statements are in accordance with Canadian generally accepted accounting principles and are consistent with those used in the preparation of the Corporation's 2007 annual audited consolidated financial statements, except as noted below. Accordingly, these interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Corporation's 2007 Annual Report.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the actuarial determination of the provision for unpaid claims, investment valuation and employee future benefits.

Effective January 1, 2008, three new presentation and disclosure standards were adopted, Canadian Institute of Chartered Accountants (CICA) Handbook Section 1535, *Capital Disclosures* (Section 1535), Handbook Section 3862, *Financial Instruments – Disclosures* (Section 3862), and Handbook Section 3863, *Financial Instruments – Presentation* (Section 3863).

Section 1535 requires the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. As this standard only addresses disclosure requirements, there is no impact on the Corporation's operating results.

Sections 3862 and 3863 replaced Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*. The new disclosure standards increase the disclosures related to financial instruments and the nature, extent and management of the Corporation's risks arising from financial instruments. The presentation standards carry forward unchanged the former presentation requirements. As these standards only address disclosure and presentation requirements, there is no impact on the Corporation's operating results.

2. INVESTMENTS

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

	(thousands of $) March 31 2008	December 31 2007
Short-term investments	$ 26,636	$ 41,863
Bonds and debentures	322,131	325,170
Canadian common shares	43,303	43,750
U.S. common shares	15,197	13,779
Pooled funds		
Canadian equity	12,077	12,888
U.S. equity	4,356	4,612
Non-North American equity	15,665	16,813
Mortgage	21,089	19,535
Preferred shares	735	735
Total available for sale investments	461,189	479,145
Investments accounted for on the equity basis	2,016	1,982
Total investments	$ 463,205	$ 481,127

The following table presents available for sale investments with unrealized losses at March 31, 2008 where the decline is considered temporary. Unrealized losses are recorded as a component of accumulated other comprehensive income.

	(thousands of $) as at March 31, 2008		as at December 31, 2007	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Bonds and debentures				
Federal	$ 6,383	$ (12)	$ 69,871	$ (217)
Provincial and municipal	3,641	(32)	29,911	(293)
Corporate	39,045	(524)	73,849	(1,417)
Canadian common shares	10,308	(1,145)	9,488	(766)
U.S. common shares	5,202	(553)	3,281	(385)
Pooled funds				
Canadian equity	12,078	(422)	–	–
U.S. equity	4,356	(150)	–	–
Non-North American equity	4,310	(287)	–	–
Total available for sale investments	$ 85,323	$ (3,125)	$ 186,400	$ (3,078)

The unrealized losses on the bonds and debentures arose primarily from changes in interest rates. For equities, unrealized losses are primarily the result of timing of the market prices or investment specific business environment factors. Since the Corporation has the ability to hold these securities until there is a recovery of fair value, which may be at maturity for bonds and debentures, these unrealized losses are considered temporary in nature.

The Corporation conducts a quarterly review to identify and evaluate investments that show indications of impairment. An investment is considered impaired if its fair value falls below its cost, and a write down is recorded in investment earnings when the decline is considered other than temporary. Factors considered in determining whether a loss is temporary include the length of time and extent to which fair value has been below cost, financial condition and near-term prospects of the issuer, and the ability to hold the investment for a period of time sufficient to allow for any anticipated recovery.

3. INVESTMENT EARNINGS

The components of investment earnings are as follows:

	(thousands of $) three months to March 31	
	2008	2007
Interest	$ 4,548	$ 3,995
Net realized gain on sale of investments	2,524	3,856
Premium financing	744	676
Dividends	243	217
Capital lease	39	50
Pooled funds	(23)	504
Investments accounted for on the equity basis	135	(7)
Total investment earnings	$ 8,210	$ 9,291

4. FINANCIAL RISK MANAGEMENT

The nature of the Corporation's operations result in a balance sheet that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price 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 SGI Board of Directors, based on a recommendation from the Investment Committee of the Board. The SIP&G provides guidelines to the investment manager for the asset mix of the portfolio regarding quality and quantity of debt, real estate 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 pools and in domestic and foreign markets.

Credit Risk

The Corporation's credit risk arises primarily from two distinct sources: accounts receivable (from its customers, brokers and reinsurers) and certain investments. The maximum credit risk to which it is exposed at March 31, 2008 is limited to the fair value of the financial assets recognized as follows:

	(thousands of $)			
	March 31, 2008		December 31, 2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	$ 36,029	$ 36,029	$ 34,994	$ 34,994
Accounts receivable	86,294	86,294	88,372	88,372
Fixed income investments [1]	369,856	369,856	386,568	386,568
Unpaid claims recoverable from reinsurers	31,788	31,788	33,824	33,824

[1]Includes short-term investments, bonds and debentures, and the mortgage pooled fund.

Cash and cash equivalents include short-term investments of $42,765,000 (December 31, 2007 – $39,905,000) that mature within 90 days from the date of acquisition. All short-term investments have a credit rating of R-1.

Accounts receivable are primarily from customers, diversified among residential, farm and commercial customers, along with amounts from brokers across the provinces that SGI CANADA operates in. Accounts receivable consist of balances outstanding for one year or less. Provisions for credit losses are maintained in an allowance account and regularly reviewed by the Corporation. Amounts are written off once reasonable collection efforts have been exhausted. Details of the allowance account are as follows:

	(thousands of $)	
	three months ended March 31 2008	twelve months ended December 31 2007
Allowance for doubtful accounts, opening balance	$ 4,937	$ 4,593
Accounts written off	(618)	(1,223)
Current period provision	99	1,567
Allowance for doubtful accounts, ending balance	$ 4,418	$ 4,937

Credit risk within investments is primarily related to short-term investments, bonds and debentures, and the mortgage pooled 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 bonds and debenture investments are as follows:

	March 31, 2008		December 31, 2007	
Credit Rating	Fair Value (thousands of $)	Makeup of Portfolio (%)	Fair Value (thousands of $)	Makeup of Portfolio (%)
AAA	$ 170,549	53.0	$ 202,605	62.2
AA	90,977	28.2	66,192	20.4
A	55,791	17.3	54,466	16.8
BBB	4,814	1.5	1,907	0.6
Total	$ 322,131	100.0	$ 325,170	100.0

Within bond and debentures investments, 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 pooled 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.

Credit risk associated with reinsurers is managed through regular monitoring of credit ratings of the reinsurers utilized by the Corporation. Reinsurers' credit ratings range from AA+ to A- as rated by A.M. Best at December 31, 2007.

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 the mortgage pooled fund. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase in interest rates would decrease other comprehensive income and accumulated other comprehensive income by $15.1 million at March 31, 2008, representing 4.1% of the $369.9 million fair value of fixed income investments.

Foreign exchange

The Corporation is subject to changes in the U.S./Canadian dollar exchange rate on its U.S. equity investments, purchases of goods and services that are denominated in U.S. dollars, and a portion of claims and reinsurance receivables and payables denominated in U.S. dollars. Also, the Corporation is exposed to EAFE (Europe, Australia and Far East) currencies through its investment in the non-North American Pooled Fund. Exposure to both U.S. equities and non-North American equities is limited to a maximum 7% each of the market value of the total investment portfolio, excluding investments accounted for on the equity basis and preferred shares. At March 31, 2008, the Corporation's exposure to U.S. equities was 4.2% (December 31, 2007 – 3.8%) and its exposure to non-North American equities was 3.4% (December 31, 2007 – 3.5%).

At March 31, 2008, a 10% weakening in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a $2.0 million increase in other comprehensive income and accumulated other comprehensive income. A 10% weakening in the Canadian dollar versus the EAFE currencies would result in approximately a $1.6 million increase in other comprehensive income and accumulated other comprehensive income. As U.S. common shares, U.S. equity pooled fund and non-North American equity pooled fund are classified as available for sale, any unrealized changes due to foreign currency are recorded as other comprehensive income and do not directly impact net income until the investment is sold.

The Corporation's exposure to foreign exchange risk within its bond and debenture portfolio is limited to a maximum 5% of the market value of the 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 considered material to the operations of the Corporation.

Equity prices

The Corporation is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. Equities comprise 19.7% (December 31, 2007 – 19.2%) 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 following table indicates the approximate change that would be expected to both other comprehensive income and accumulated other comprehensive income based on changes in the Corporation's benchmark indices at March 31, 2008:

	(Change in thousands of $)	
Change in Equity Benchmarks	10% increase	10% decrease
S&P/TSX Composite Index	$ 5,538	$ 5,538
S&P 500 Index	1,955	1,955
MSCI EAFE Index	1,566	1,566

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 claims liabilities, are short-term in nature, due within one year. The Corporation generally maintains positive overall cash flows through cash generated from operations as well as cash generated from its investing activities.

5. CAPITAL MANAGEMENT

The Corporation's primary objectives when managing capital is 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 equity advances from its parent, CIC. There were no changes to the Corporation's capital structure during the period.

The Corporation uses a common industry measurement, the Minimum Capital Test (MCT), to monitor its 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.

SGI CANADA is not a regulated insurer, however, its subsidiaries, SGI CANADA Insurance Services Ltd., Coachman Insurance Company and the Insurance Company of Prince Edward Island, are subject to rate regulation related to their automobile premiums. Regulators require insurers to maintain a level of capital sufficient to achieve an MCT of 150%. The Corporation's objective is to maintain capital sufficient to achieve the industry average MCT, a level in excess of the regulatory minimum. At March 31, 2008, the Corporation's MCT was 283%. At December 31, 2006, the industry average was 307%. Relevant 2007 industry information will be available in the second quarter. There have been no changes to the Corporation's capital management processes and measures since the prior year end.

6. CHANGE IN NON-CASH OPERATING ITEMS

	(thousands of $) three months to March 31 2008	2007
Accounts receivable	$ 2,078	$ 19,382
Deferred policy acquisition costs	2,386	2,344
Reinsurers' share of unearned premiums	(4,770)	(4,376)
Unpaid claims recoverable from reinsurers	2,036	3,282
Other assets	(40)	(365)
Accounts payable and accrued charges	(6,388)	(21,697)
Premium taxes payable	(11,282)	(10,550)
Amounts due to reinsurers	5,579	5,110
Unearned reinsurance commissions	12	(48)
Unearned premiums	(9,609)	(9,698)
Provision for unpaid claims	(6,846)	(6,228)
	$ (26,844)	$ (22,844)

7. EMPLOYEE FUTURE BENEFITS

The cost incurred during the quarter associated with the Corporation's defined benefit pension plan and its defined benefit service recognition plans was $676,000 (three months to March 31, 2007 – $694,000). Of this amount, $432,000 (three months to March 31, 2007 – $449,000) was allocated to the Saskatchewan Auto Fund for those employees of the Corporation who provide service to it.

8. FACILITY ASSOCIATION

Through its subsidiaries, the Corporation is a participant in various risk-sharing pools whereby most companies in the industry share resources to provide insurance for high risks. Facility Association transactions recorded in the Corporation's financial results are as follows:

	(thousands of $) three months to March 31 2008	2007
Net premiums written	$ 238	$ 196
Net premiums earned	$ 253	$ 272
Claims incurred	149	61
Commissions	22	22
Premium taxes	8	9
Administrative expenses	51	39
Total claims and expenses	230	131
Underwriting profit	23	141
Investment earnings	37	59
Net profit	$ 60	$ 200

9. SEGMENTED INFORMATION

The Corporation provides property and casualty insurance through four operating segments: Saskatchewan, Manitoba and Alberta, Ontario and the Maritimes (where Maritimes represents Prince Edward Island, New Brunswick and Nova Scotia). The performance of each operating segment is reported separately to the Corporation's Board of Directors. These operating segments correspond with the legal entities that make up the Corporation, as listed below:

(i) SGI CANADA in Saskatchewan;
(ii) SGI CANADA Insurance Services Ltd. in Manitoba and Alberta;
(iii) Coachman Insurance Company in Ontario; and,
(iv) The Insurance Company of Prince Edward Island in Prince Edward Island, New Brunswick and Nova Scotia.

(thousands of $)

three months to March 31 2008	Saskatchewan	Manitoba & Alberta	Ontario	Maritimes	Consolidation Adjustments	Total
Net premiums written	$ 52,970	$ 4,704	$ 5,767	$ 2,148	$ –	$ 65,589
Net premiums earned	$ 66,103	$ 5,565	$ 5,608	$ 2,691	$ –	$ 79,967
Claims incurred	26,876	4,328	2,926	1,559	–	35,689
Other expenses	24,744	2,390	2,041	1,086	–	30,261
Underwriting profit (loss)	14,483	(1,153)	641	46	–	14,017
Investment earnings	6,077	679	1,191	263	–	8,210
Income before the following:	20,560	(474)	1,832	309	–	22,227
Income taxes (recovery)	–	(142)	614	107	–	579
Non-controlling interest	–	–	–	–	32	32
Net income (loss)	$ 20,560	$ (332)	$ 1,218	$ 202	$ (32)	$ 21,616
Total assets	$478,014	$ 96,644	$118,285	$ 33,535	$ (38,360)	$688,118
Shareholder's equity	$126,724	$32,910	$ 36,304	$ 8,552	$ (1,742)	$202,748

(thousands of $)

three months to March 31 2007	Saskatchewan	Manitoba & Alberta	Ontario	Maritimes	Consolidation Adjustments	Total
Net premiums written	$ 49,873	$ 2,564	$ 5,789	$ 1,614	$ –	$ 59,840
Net premiums earned	$ 62,386	$ 3,713	$ 5,729	$ 2,089	$ –	$73,917
Claims incurred	26,963	1,892	3,641	1,126	–	33,622
Other expenses	22,950	1,622	1,966	677	–	27,215
Underwriting profit	12,473	199	122	286	–	13,080
Investment earnings	7,172	537	1,317	265	–	9,291
Income before the following:	19,645	736	1,439	551	–	22,371
Income taxes	–	264	1	208	–	473
Non-controlling interest	–	–	–	–	85	85
Net income	$ 19,645	$ 472	$ 1,438	$ 343	$ (85)	$ 21,813
Total assets	$452,041	$ 78,587	$117,060	$ 30,090	$ (29,278)	$648,500
Shareholder's equity	$132,875	$ 32,186	$ 29,703	$ 9,155	$ (1,879)	$202,040

10. COMPARATIVE FINANCIAL INFORMATION

For comparative purposes, certain 2007 balances have been reclassified to conform to 2008 financial statement presentation.