2023
ANNUAL REPORT

Farm Mutual Re

Collaborate. Empower. Succeed.

LAND ACKNOWLEDGMENT

Farm Mutual Re would like to acknowledge that our office is built upon the traditional lands of the Neutral, Anishinaabe and Haudenosaunee peoples. We pay tribute to their legacy and the legacy of all Indigenous Peoples of Canada.

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2023 FINANCIAL HIGHLIGHTS

In millions of dollars

$300
GROSS WRITTEN PREMIUMS*

$41
INSURANCE SERVICE RESULT

$50
NET INCOME

$506
VOTING AND PARTICIPATING MEMBERS' EQUITY

86.4%
NET COMBINED RATIO (partially discounted)

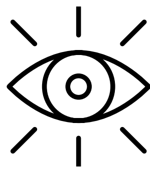
78.2%
NET LOSS RATIO (partially discounted)

501.4%
MCT RATIO

*Non-GAAP measure

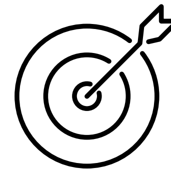
VISION AND MISSION

Throughout 2023 we refined our vision, mission and values to improve clarity around what we do (our mission), how we do it (our values) and where we're going (our vision).



Our Vision

We enable our partners to thrive with us



Our Mission

Strengthen the mutual insurance community

We are passionate about empowering and advancing the mutual community.

OUR VALUES

CARE

You matter. Care fosters environments where we encourage diverse perspectives and practise empathy so individuals feel empowered, heard, and safe to express themselves. Care builds inclusive, deep-rooted relationships to support collaboration and success.

TRUST

We believe in you. Trust underpins all our relationships, decisions, and actions. It requires integrity, transparency, and accountability in everything we do. A culture of trust weaves a safety net of empowerment around us where we are not afraid to try or fail. Trust moves us all forward.

COURAGE

You've got this. Courage means we do the right thing even when choices are difficult. With courage we explore unchartered territories and step beyond comfort to respectfully challenge assumptions and biases, while holding true to our values. Courage allows us to be ourselves.

SUSTAINABILITY

We're here for you. Sustainability cultivates resilient practices that encourage the environment, the business, and people to thrive. It balances the needs of the present while safeguarding resources and ecosystems for future generations, fostering responsibility for the well-being of the local and global community.

WHO WE ARE

Farm Mutual Re was formed in 1959, and from day one has been passionate about empowering and advancing the mutual community. We build deep-rooted relationships to drive trust and success. Being honest, transparent, and delivering on our promises defines our culture and commitment to doing what is right. We are proud to provide genuine value through our reinsurance solutions.

1st

Wholly Canadian-owned reinsurer

64

Years in service

100

Employees

45

Member companies

97

Broker Distribution Clients

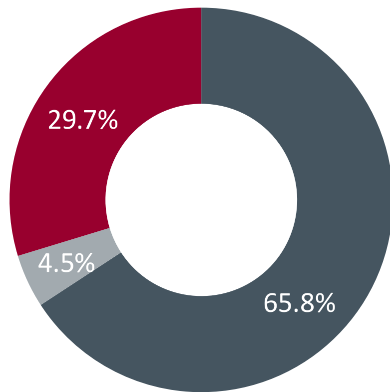
Proud to be named:

Participating member of:

Our subsidiary:

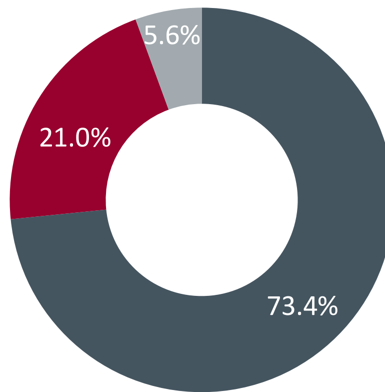
OUR BUSINESS IN 2023

Distribution Channels

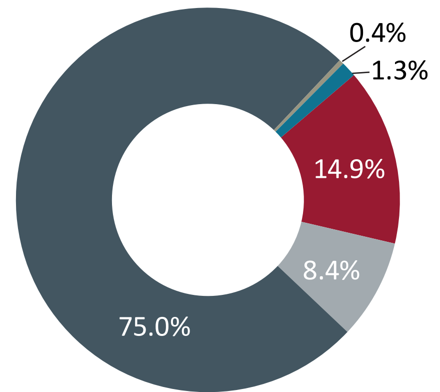


Business by Region

Member



Broker



MESSAGE FROM THE CHAIR

As we close another eventful year, it is both an honour and a privilege to address you through this annual report. Reflecting on the past year, we have witnessed substantial change and faced challenges head-on, embodying the resilience and adaptability that define our company. This message highlights key milestones and anticipates exciting developments on our horizon.

A Shift in Our Governance Model

Entering the second year since our governance model shift, we have seen this strategy mature and become more refined. Our decision to reduce the frequency of full Board meetings in favour of more focused committee meetings has been fully embraced by our Board members. This change has allowed for more in-depth discussions, leading to higher quality decision-making and increased Board engagement. The smaller, more frequent committee meetings have fostered a dynamic environment where every voice is heard and valued. This evolution in our governance structure continues.

Launch of Our New Strategic Plan

A milestone that stands out this year is the successful launch of our new strategic plan. This achievement is a testament to the exemplary leadership or “fortis ducatus” of our CEO, whose foresight and initiative have been instrumental in navigating this engaging process. Ensuring inclusive engagement of staff and Board members, our CEO’s approach has been both comprehensive and visionary. Although he humbly credits the plan to the collective contributions of the team, it is clear that effective leadership is key in translating diverse ideas into a cohesive and actionable strategy. This plan not only reflects our collective aspirations but also charts a clear path for our continued success and sustainability.

Managing Catastrophe Claims

This year, once again, we faced the challenge of managing a high volume of catastrophe events. In these difficult times, the commendable work of our member companies and international partners in meeting the needs of our members' policyholders has been nothing short of inspiring. While facing such events is never desirable, we take pride in being there for our members and partners. Our ability to remain financially strong through these events is a testament to the strength of our business model.

Conclusion

This year we will be saying goodbye to Ross Gowan. Ross has honourably served his full 12-year term on the Board including one year as Board Chair. We were fortunate to have Ross' attention to detail and preparation. He will be missed and we wish him and his wife Joyce all the best as they move into the next phase of life.

Reflecting on my tenure as Chair, it has been a genuinely enriching experience. The diversity of our Board is not just in our backgrounds, but also in our thoughts and perspectives, which blend harmoniously to create a dynamic and effective team. Our discussions, always robust and comprehensive, are testament to our focus. This journey has been both rewarding and inspiring, setting a high bar for our future endeavours.

As my tenure draws to a close, I extend my gratitude to JP and the entire team at Farm Mutual Re. Your unwavering dedication and exemplary professionalism are the cornerstones of our success. It is evident in every interaction and how you all champion the mission, vision, and values of our organization. This synergy not only strengthens our current achievements but also lays a solid foundation for our future efforts. I am filled with confidence and excitement about the journey we will embark on together, fortified by our shared commitment to excellence.

Ed Forbes
Board Chair

DIRECTORS AND OFFICERS

Top row, from left: Cam MacDonald (Interim Chief Reinsurance Officer), Errol Butler (Director), Amy Butler (Sr. Vice President & CFO), Shane MacKinnon (Director), Jill Chuli (Director), Jeff Consitt (Sr. Vice President & COO), Lisa Fazzari (Chief Claims Officer)

Bottom row, from left: Gord Lodwick (Director), Christine Van Daele (Director), Patrice Rouse (Chief Legal Officer & Corporate Secretary), Ed Forbes (Board Chair), Kevin Konecny (1st Vice Chair), Jean-Pierre Gagnon (President & CEO), Jennifer Allan (Sr. Vice President & CPO), Jill Taylor (2nd Vice Chair), Ross Gowan (Director)

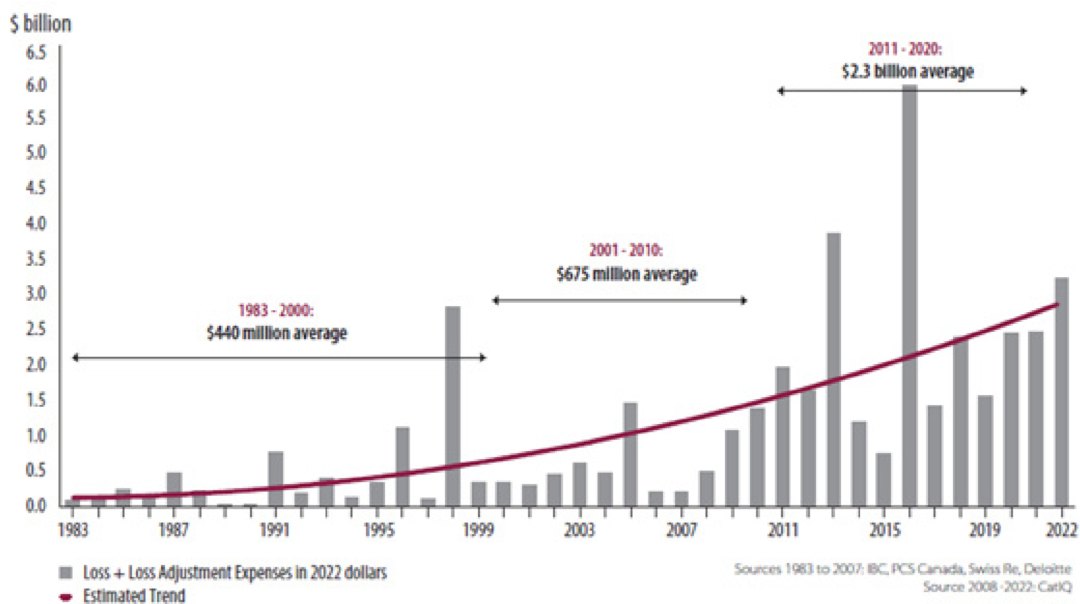
Not pictured: Valerie Fehr (Past Chair), Derek MacFarlane (Director), Teresa Martin (Director)

MESSAGE FROM THE CEO

Weather Events

After a challenging 2022, when we experienced the two largest catastrophes in our history, Farm Mutual Re and the mutual community continued to suffer the impact of changing weather patterns in 2023. We responded to eight catastrophes from our members with ground up losses of just under $72 million. This is the second year when we have assumed losses which are impacting our net catastrophe aggregate treaty. This is not strictly a mutual problem, as the Canadian industry, for a second year in a row, has sustained insured losses in excess of $3.1 billion. This trend is a continuation of what the industry has experienced over the last decade.

CATASTROPHIC LOSSES IN CANADA IN $000,000,000, 1983 TO 2022 AND TREND



Source: 2023 Facts Book, Insurance Bureau of Canada

The consensus is this activity is driven by three main factors: 1) change in weather patterns, 2) urbanization and 3) increase in insured values.

At Farm Mutual Re, we believe this is not sustainable for our community. With our reinsurers asking us to take on more risk, and us, in turn, asking our members to do the same, we need to ask primary policyholders to increase their participation in the losses, and find ways to mitigate losses or even prevent them from happening.

Farm Mutual Re's catastrophe experience in 2022 and 2023 has resulted in targeted efforts by our claims team to strengthen internal claims catastrophe planning, response, and reporting. This began with a change in member reporting guidelines to Farm Mutual Re to ensure timeliness and accuracy in reporting of catastrophe event details and claims. The revised mandatory reporting guidelines were shared with members in June of 2023 and are now included in member catastrophe contracts for 2024.

Furthermore, Farm Mutual Re and the Ontario Mutual Insurance Association provided three, full-day catastrophe response planning workshops for members to review and augment existing member plans in the areas of preparedness, response, and recovery. members' updated claim catastrophe response plans have been submitted to Farm Mutual Re. Our focus in 2024 will be to evaluate the robustness of the plans, as well as review member response relative to plans in significant multi-claim events.

While establishing strong plans for an effective claims response to catastrophe events is essential, building pre-claim resilience through a proactive and adaptive approach to climate-related risks remains paramount for both Farm Mutual Re and our members in the face of this evolving risk.

There are a few tailwinds that began towards the end of 2023. Inflation, which has impacted us for the better part of two years has started to come down and the Bank of Canada is contemplating decreasing interest rates in 2024, to minimize the risk of a recession. Multiple members are focusing on improving risk selection and pricing of their property book of business, which will benefit us. As property is the most important line of business for our community, optimizing its performance will lead to better results, and help the community build its surplus. Lastly, our renewal was much more orderly in 2023, but similarly to our members, we are taking on more risk.

Strategy

One of the most important pieces of work that we completed in 2023 was delivering a new strategic plan for 2024-2026. We decided to shorten the time horizon for our plan as the insurance industry, the mutual community and our external environment are constantly changing, and it is increasingly difficult to look beyond three years.

The completion of the strategic plan is the result of collaboration between our Board, our management and our whole team. Everyone had the opportunity to provide input in the process and I am happy to say there was a lot of convergence of opinions to get us where we landed. I also want to thank the members who responded to our request for feedback as their input was incorporated as well.

Details of the strategic plan are outlined further in the annual report.

Financial Performance

Our business delivered $41.3 million of insurance service results and our investment portfolio added $53.0 million of total investment income to help us deliver $50.3 million of comprehensive income, growing our surplus to $506.3 million, a new high for the company. The financial results for Farm Mutual Re were impacted by three main factors. The year was once again marked by intense weather events, from heavy rain to wildfires, in five of the six provinces where our members are located. Our strong approach to reserving continues to serve us well as demonstrated by another year of favourable prior year development. Lastly, investment income rebounded in the last quarter of the year. Our operating expenses were under budget. Finally, our Minimum Capital Test (MCT) ratio has improved to 501%, well above the regulatory minimum and supervisory target, as well as our internal target.

Our subsidiary, United General Insurance Corporation (UGIC) experienced a good turnaround year, making a strong contribution to Farm Mutual Re's consolidated results. It delivered insurance service results of $1.1 million, net investment income of $1.6 million and comprehensive income of $1.5 million. It has seen a revenue growth of around 5%, driven by rate increases and policy count growth. Their MCT ratio continues to be very strong at 589% and is well above the regulatory requirements.

Property per Risk

This continues to be a challenging line of business for Farm Mutual Re. We have taken successive rate increases over the last few years, and are close to breaking even, with a net combined ratio of 100.2%. The good news is that part of the results for last year can be explained by new claims reported to us from the 2022 storms, which means that the underlying results for the year trended favourably.

We know there are a number of member companies who are increasing their loss prevention activities for the farm business, and we applaud the leadership demonstrated by these companies.

Catastrophe

This line of business was a drag on our results last year. Members in five provinces were impacted by freezing rain, wildfires, windstorms and heavy rain. For the second year in a row, we breached the retention of our net catastrophe aggregate program, which had never been used before 2022.

We ended 2023 with a net underwriting loss of $33.2 million for this line of business. This is obviously not sustainable. The results were impacted by two main factors: multiple small to medium size catastrophe losses and large increase in our ceded catastrophe program premium (over 107%).

Casualty Excess of Loss

The automobile portfolio has been performing well in recent years. The impact of the pandemic on the frequency of losses has been well documented. In collaboration with our member companies, we have been able to manage the settlement of claims more aggressively, which has generated a significant amount of favourable prior year development over the last few years. The uncertainty around the runoff for those COVID years has been reduced significantly and on a calendar year basis, our results are stellar. This line of business generated $35.2 million of underwriting profit.

Broker Distribution

The crop programs had another excellent year, generating over $9.6 million of underwriting profit.

The broker property segment is inching closer to the types of results we are striving for on a consistent basis. Our net combined ratio at the end of the year was 103.0%. The work undertaken by our underwriters for the 2023 renewals is starting to pay off and we saw more rate increases on multiple programs again for the 2024 renewals. The results for this line of business are driven by better terms and conditions, better pricing, offset by a very active storm season in the U.S. and the cost of our retrocession program supporting the U.S. business.

Looking Ahead

The execution of our strategic plan is top of mind for everyone at Farm Mutual Re. As we meet our milestones, we will continue to verify our underlying assumptions and monitor risks associated with the plan.

With the retirement of two members of the executive team, Jennifer Allan and Jeff Consitt, another focus will be on-boarding new leaders to the team. With the addition of a new Chief Underwriting Officer, Chief Technology Officer and Chief People Officer, the executive will have a new identity. I also wanted to recognize the work that Cam MacDonald has accomplished over his time with us supporting the reinsurance team.

Lastly, the introduction of a new, independent director will bring change to our Board. Having a different perspective and voice on the Board will make it stronger.

Recognition

I would like to thank the Chair of our Board of Directors, Ed Forbes. I appreciated the support that Ed provided our team this year through the development of our new strategic plan. With his curiosity, and interest in emerging risks (or opportunities), he challenged us to think bigger.

It is time to say goodbye to Ross Gowan, who is leaving our Board after completing a full 12-year term. Having had a long tenure with a member company Board, we will miss his experience and his governance expertise. I want to thank Ross for his support and wish him and his wife, Joyce, all the best in their next stage of life.

I also want to thank the Board of Directors for its commitment to the successful development of our new strategic plan. Each director was engaged in the conversation and came prepared for every conversation. Our team felt supported, and we valued their enthusiasm as we delivered the plan to them.

At UGIC, Jeff Rideout stepped into the interim CEO role while the current CEO is on leave. I want to thank him, as well as Sharon Turnbull, our AVP, Underwriting and Loss Control Programs, who supported Jeff, for guiding the ship during the year.

Lastly, I want to thank the whole Farm Mutual Re team. Their commitment to excellence, to the sustainability of the mutual community and the betterment of their own community is inspiring. I am proud to be a part of our dynamic team; they make me strive to do my best every day.

Jean-Pierre Gagnon
President & CEO

STRATEGY

In 2023, we invested significant time and effort into the development of our new three-year strategy that begins in 2024.

With the guidance of a facilitator, the executive team, management, employees, and Board of Farm Mutual Re followed a disciplined process to put together a strategic plan to lead us to a place of strength and sustainability, not only for Farm Mutual Re, but for our business partners as well.

With this foundation in place, we then examined the internal and external environment, as well as the market and business forces impacting our organization. We took outputs from this analysis and combined them with our core capabilities and resources, to identify the strategic issues we needed to tackle. Then, we undertook a prioritization exercise assessing each issue using a scorecard to examine the effectiveness, the ease, the cost, and the level of risk mitigation it served. By assessing these four elements we landed on the top five strategic focus areas where we will invest our resources over the next three years. Three of these five priority areas are strategic imperatives, and two are complementary strategic enablers.

Three Strategic Imperatives

The first strategic imperative is Gaining Member Insights. As we better understand our members' strategies, we will serve them more effectively and ultimately enhance our collective profitability. At the end of our three-year strategy, we believe having greater insights will position us better to respond to our members' needs in a manner that reflects their preferences.

The second strategic imperative is Growing the Broker Distribution Segment. We define our broker business as being our non-member business, which comes to us through different reinsurance brokers. Pursuing a profitable growth and diversification strategy for the broker distribution segment will grow our surplus to the benefit of our mutual community. By late 2026, we plan to have greater broker diversification to reach new markets and have the underwriting bench strength and bandwidth to dedicate resources to this important business channel.

The third strategic imperative is Building Resiliency. To ensure ongoing financial strength, we must build a foundation of operational excellence supporting a more resilient organization in the face of rapidly evolving opportunities and risks. This involves efficiently extending capacity to chosen risk zones based on our risk appetite, investing in technology and pricing sophistication, supporting the development of catastrophe response plans, and establishing sustainability baselines.

Two Strategic Enablers

Two Strategic Enablers underpin all three strategic imperatives. These enablers encompass capabilities, capacities, and resources that contribute to the operating effectiveness of our organization to successfully execute the strategic plan.

The first is Data and Insights. This involves enabling efficient and effective decision making to support our strategic imperatives. Our goal is to develop a data "infostructure" so that data is clean, standardized, and accessible to ensure we make evidence-based decisions.

The second strategic enabler is Talent. This is about enabling our people to excel and deliver on our strategic imperatives. This enabler will focus on acquiring and retaining diverse employees with the needed skill sets to contribute to the success of this plan.

While developing a new strategy takes a great deal of time and effort, and requires making tough choices, it is extremely exciting to bring greater clarity and focus to our intentions to achieve a desired future state.

INNOVATION

In 2023, we made significant strides to bring our innovation vision to life. Our vision is to be a beacon of mutual innovation, carving a pathway for our future and empowering our community. The foundation of this vision is our mission, supported by the following three pillars.

Helping to Future-Proof Farm Mutual Re

Solving tough problems is at the core of innovation, and the solutions to those problems are often found in new or emerging technologies, such as artificial intelligence (AI). This year, we solved a challenging problem by completing a proof-of-concept (POC) focused on solving for inefficiencies in Claims. We leveraged AI and natural language processing (NLP) to solve this problem, applying our 5-Phase Innovation process and working closely with the Claims and Business Operations departments to build and test the POC.

To evaluate the outcomes, we prepared a thorough business value estimate and completed customer sentiment analysis with our Claims and Business Operations teams. Participants considered the POC highly valuable for their roles, providing significant workflow improvements compared to their current methods. They anticipated streamlined processes, substantial time savings, and increased efficiency, allowing them to focus on more meaningful tasks. Following these outcomes, we are scaling this solution across Farm Mutual Re in 2024. This is a great achievement and is just the beginning of solid outcomes from our investment in innovation.

The Innovation department continued to identify further innovation opportunities in 2023, with the launch of two additional POCs. The first is focused on leveraging AI to examine cost savings in Claims. The second is focused on delivering portfolio-level insights for our Broker Distribution Segment (BDS), supporting the growth of this segment for Farm Mutual Re.

As our work continues, so does our learning, highlighting the depth of opportunity. The first opportunity that Innovation has underscored is the importance of building strong digital foundations. A digital foundation is a solution model that relies on creating architectures, processes, and a mindset aimed at driving an impactful change. One integral digital foundation is the importance of data-driven decision-making. To initiate this foundation, our Innovation team delivered a strong Data & Insights strategy in 2023, which is a pivotal enabler of our new corporate strategy for 2024 and beyond.

Enabling Our Employees

Continuing our commitment to employee development, we advanced our mission by launching the Innovation Rotational Program. Building on the foundational training provided in 2022, we launched the Program to ensure that employees not only understand innovation concepts, but also have the methods and support to integrate these concepts into their roles. The Program delved deeper into advanced methodologies, emphasizing the importance of framing problems, and breaking them down, ideating, and testing assumptions on solutions. Over 55% of employees are already participating in the Program.

Engaging in the External Innovation Ecosystem

As we conclude another strong year, our mission extends to active participation in the Innovation Ecosystem. An Innovation Ecosystem is comprised of partnerships with external organizations dedicated to the growth and sustainability of our industry's future. In 2023, we launched a new partnership with a third-party business provider, which provides access to a series of InsurTech research reports, industry analysts, and other unique benefits. We also evaluated additional partnerships, narrowing our focus to key partners capable of fortifying our investment and decision-making processes.

This year, we look forward to launching our Ecosystem engagement offering across our membership, which includes expanding access to our partnerships. We will be sharing more on this soon, where members will have the opportunity to engage in the Ecosystem based on their unique strategies, appetites, and experiences. Stay tuned for more information on this during the OMIA CEO conference in May 2024.

Conclusion

The past year has been dedicated to crucial groundwork, exemplifying the commitment essential for cultivating and expanding our innovation capabilities. This deliberate effort positions us to continue realizing value-generating business outcomes in the coming years.

ENTERPRISE RISK MANAGEMENT

Farm Mutual Re's business activities expose the company to a wide variety of risks in virtually all aspects of our operations. Our ability to manage and mitigate these risks contributes to our strategic and operational decisions.

Risk Culture

Farm Mutual Re's risk culture promotes attitudes and behaviours that foster an environment where the risks taken are only those that are understood and can be monitored. Our risk culture reflects a shared responsibility across the organization with every employee having responsibility to identify, manage, and mitigate risk.

Risk Appetite

Farm Mutual Re's risk appetite statement defines the level and nature of risk that we are willing to accept in pursuit of our business objectives for each major risk category supported by identified thresholds and limits to inform ongoing decisions and performance.

Risk and Capital Management Framework

Our Enterprise Risk Management (ERM) framework is designed to monitor various risks that could materially impact our financial position. We manage risk through our enterprise-wide capability to recognize, understand, measure, assess, mitigate, and monitor the risks taken across the organization to ensure:

- strategic planning, business planning and risk management are integrated;
- risk-taking activities are aligned with business partner needs, expectations, legal and regulatory requirements; and
- business activities and transactions provide an appropriate balance of return for the risk assumed within our risk appetite, risk capacity and the level of capital is appropriate to the nature, scale and complexity of our risks, risk-taking activities, and operating environment.

Risk Management Structure and Accountability

The Board is responsible for overseeing the management of our risk profile, and risk-taking activities to ensure activities are proportionate to the nature, scale, and complexity of our business. The Board is supported by the Conduct Review, Risk & Compliance Committee which ensures that risks are measured, monitored, and reported.

The Leadership team inclusive of Executive Management, Senior Management, and Risk Owners are responsible for defining, implementing, continuously improving, and ensuring compliance with appropriate policies, standards, procedures, and controls to identify and manage the risks with the greatest potential to harm our organization.

ORSA

At least annually, we conduct an Own Risk and Solvency Assessment (ORSA). Our ORSA process is proportionate to the nature, scale, and complexity of our business. ORSA is an integral part of our ERM framework and enhances our understanding of capital requirements to support our solvency. In 2023, our ORSA process demonstrated that we have the financial resources to meet our obligations under all adverse scenarios tested and our ORSA capital requirements exceed our internal capital targets which are higher and more stringent than the regulatory capital minimum.

Risk Assessment

Farm Mutual Re maintains risk profiles for the major risk categories as identified within our Risk Appetite Statement. Risk profiles contain risk drivers, risk control challenges, methodologies for monitoring and review of risk, preventative controls, and the directional outlook of the risk.

The key risks we manage are explained in detail below.

Insurance Activities	
Catastrophe Risk	Catastrophe risk can arise if we experience a large number of claims arising from man-made or natural catastrophe events resulting in volatility in our financial results. Extreme weather continues to impact the frequency and severity of natural catastrophes. Despite the use of sophisticated models to evaluate the probability of occurrence and magnitude of loss from catastrophe events, such events are inherently unpredictable and by their nature, difficult to quantify.
Pricing Risk	Pricing risk can arise because of actual claims experience, timing of related cash flows and investment yields differing adversely from assumptions utilized in pricing conditions. Our experience on inward and outward reinsurance programs is the largest contributor to our pricing risk exposure. The rapid rise in inflationary pressures on the cost of goods creates exposure if inflation remains greater than estimates contemplated in current direct distribution segment pricing methodologies. This risk is further exacerbated by our limited ability to influence prices within the broker distribution segment of our business. We continue to mitigate this risk by reviewing and challenging annual pricing methodologies and managing outward reinsurance retentions.
Reserving Risk	Reserving risk arises when actual claims experience differs adversely from the assumptions used in setting reserves, which includes specific case reserves based on details of reported claims and a provision for IBNR as established by our Appointed Actuary. These assumptions are based on various factors including estimates of trends in claims frequency and severity, economic factors such as inflation, judicial and legislative decisions, and variability in the claims handling process.
Reinsurance Risk	Reinsurance risk is the risk to earnings and capital arising from purchasing insufficient or inadequate reinsurance coverage, paying a higher-than-expected premium for reinsurance coverage, or not recovering all reinsurance claims on a timely basis, or at all. Reinsurance capacity is influenced by capital markets, reinsurer returns, market experience, and underwriting conditions within contract terms. We use reinsurance to help manage our exposure to insurance risks.
Investment Activities	
Interest Rate/ Market Price Risk	Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in short-term and long-term market interest rates. Market price fluctuation risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Interest rate risk and market price risk are impacted by economic conditions such as pace of growth of GDP, corporate and consumer debt levels, and unemployment rates. The breadth of economic growth impacts volatility in capital markets, the central banks monetary policy view, and overall investment returns. Interest rate risk impacts both our investment portfolio and valuation of policy liabilities whereas market price risk impacts our equity investment portfolio.

Strategic And Emerging Risk	
Strategic Risk	Strategic risk arises primarily from failure to react to changes in the external environment, adverse business decisions, and improper implementation of business plans. Risks include, but are not limited to, Environmental, Social and Governance criteria, business interruption, talent management, data-driven decision making, and government and/or regulatory intervention.
Emerging Risk	Emerging risk consists of risk arising from developing or changing events or circumstances in the external context that are potentially significant but not fully understood, difficult to quantify, and possibly irrelevant to our position. Macro-level emerging risks in the external environment are a concern: the failure of a cloud service provider, stagflation, debt crisis, re-globalization, the impact of weaponized information and the resulting erosion of trust, and geoeconomic confrontation are risks which are monitored.
Operational Risk	
Operational Risk	Operational risk is the loss to an organization resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operations. Operational risk is driven by the ability to achieve resiliency, management of cyber security risk, technology risk, and outsourcing risks.

The Future of Enterprise Risk Management

Farm Mutual Re is committed to sound governance and the evolution of our ERM framework, policies, and procedures. We continue to evolve and enhance our risk management program in response to the ever-changing environment and evolving risks facing our organization.

CORPORATE SOCIAL RESPONSIBILITY

Humanity and nature go hand in hand, as one cannot thrive without the other. Farm Mutual Re takes strides to support and empower those around us. We understand that to combat the climate change crisis, we must continue to do more. Recognizing this, when we see a need, we act — as we have done for 64 years.

In the face of constant, hastening change, we remain steadfast in our commitment to being environmentally and socially responsible. In 2023 we continued to focus our philanthropic giving and volunteer efforts toward environmental sustainability, youth and education, thriving communities, and empowerment of the mutual community.

Our 2023 Community Investment Report will be published soon and will contain details on our work in these areas.

Environmental Sustainability

Being environmentally responsible is at the core of who we are. Our actions reflect the importance we place on supporting nature's fragile ecosystem. We know it is essential for everyone to do their part. It affects our very existence.

Youth & Education

We know young people want to make impactful, positive change on the world; and education is key. Our planet and society need their input, so we continue to support their learning. With positivity and ingenuity, the leaders of tomorrow will be able to navigate the complex challenges the world presents.

Thriving Communities

"Collaborate. Empower. Succeed." These words are more than our tagline, they explain how we work, and how we support our diverse employees and communities so all can flourish.

Empowering our Mutual Community

The mutual insurance community is our homebase. No matter where we go in Canada or around the world, we ensure we conduct our dealings for the betterment of the mutuals — from cultivating our mutual network to supporting our mutual affiliations.

2023 Consolidated Financial Statements

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Management's Statement of Responsibility

Role of Management

Management is responsible for preparation and presentation of the consolidated financial statements of Farm Mutual Reinsurance Plan Inc. (the Company). This responsibility includes selecting appropriate accounting policies and making estimates and informed judgments based on the anticipated impact of current transactions, events, and trends, consistent with International Financial Reporting Standards.

In meeting its responsibility for the reliability of the consolidated financial statements, management maintains and relies on a comprehensive system of internal control comprising organizational procedural controls and internal accounting controls. The Company's system of internal controls includes the communication of policies and the Company's Code of Business Conduct and Ethics, comprehensive business planning, proper segregation of duties, delegation of authority for transactions and personal accountability, selection and training of personnel, safeguarding of assets and maintenance of records.

The Company's Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee, which is independent from management.

The Audit Committee is appointed by the Board of Directors and reviews the consolidated financial statements, considers the reports of the independent actuary and the independent auditors, assesses the adequacy of internal controls, assesses the fees and expenses for audit services, and recommends to the Board of Directors the independent auditors for appointment by the voting and participating members. The independent auditors have full and free access to the Audit Committee and meet with the committee to discuss their audit work, the Company's internal controls over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the voting and participating members.

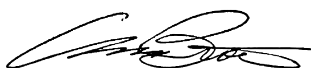
Role of the Actuary

The independent actuary is appointed by the Board of Directors pursuant to the Insurance Act (Ontario) to carry out a review of management's valuation of the estimated policy liabilities and provide an opinion to the Board of Directors regarding the appropriateness of the estimated policy liabilities recorded by management to meet all insurance policy obligations of the Company at the consolidated statement of financial position date. In performing the review of these estimated liabilities determined by management, which are by their very nature inherently variable, the independent actuary makes assumptions as to future loss ratios, trends, future rates of claims frequency and severity, inflation and both internal and external loss adjustment expenses taking into consideration the circumstances of the Company and the nature of the insurance policies in accordance with Canadian accepted actuarial practice, applicable legislation, and associated regulations and directives. In carrying out their work, the independent actuary makes use of the work of the independent auditor with regards to data upon which their calculations are based.

Management is responsible for the accuracy and completeness of the underlying data used in the valuation. The independent actuary's report outlines the scope of the review and the opinion.

Role of the Auditors

The independent auditors are recommended by the Board of Directors and appointed by the voting and participating members to conduct an independent and objective audit of the consolidated financial statements of the Company in accordance with International Financial Reporting Standards and to report thereon to the voting and participating members. In carrying out the audit procedures relating to the claims liabilities of the Company, the auditors make use of the work and report of the independent actuary. The auditors' report outlines the scope of the audit and the auditors' opinion.



Jean-Pierre Gagnon
President and CEO

Amy Butler
Sr. Vice President and CFO

Cambridge, Canada
February 28, 2024

Independent Auditor’s Report

To the members of Farm Mutual Reinsurance Plan Inc.

Opinion

We have audited the consolidated financial statements of Farm Mutual Reinsurance Plan Inc. (the “Entity”), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of comprehensive income and equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information (Hereinafter referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated financial performance and its consolidated 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 Consolidated 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 consolidated 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.

Emphasis of Matter – Changes in Accounting Policies and Comparative information

We draw your attention to Note 3 to the consolidated financial statements, which explains that certain comparative information presented were adjusted as a result of a full retrospective adoption of a change in accounting policy, with respect to IFRS 17:

- as at and for the year ended December 31, 2022 has been adjusted
- as at January 1, 2022 has been derived from the consolidated financial statements for the year ended December 31, 2021 which have been adjusted (not presented herein).

Notes 3 explain the reason for the adjustments.

Our opinion is not modified in respect of this matter.

Other Matter – Changes in Accounting Policies and Comparative information

As part of our audit of the consolidated financial statements for the year ended December 31, 2023, we audited the adjustments that were applied to adjust certain comparative information presented:

- as at and for the year ended December 31, 2022
- as at January 1, 2022

In our opinion, such adjustments are appropriate and have been properly applied.

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

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Consolidated 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 auditors' report that includes our opinion.

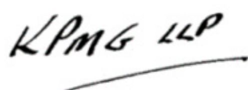
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants, Licensed Public Accountants
Kitchener, Canada
February 28, 2024

Appointed Actuary's Report

To the members of Farm Mutual Reinsurance Plan Inc.

I have valued the policy liabilities of Farm Mutual Reinsurance Plan Inc. for its consolidated financial statements prepared in accordance with International Financial Reporting Standards for the year ended 31 December 2023.

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

Cosimo Pantaleo
Fellow, Canadian Institute of Actuaries

Toronto, Canada
February 28, 2024

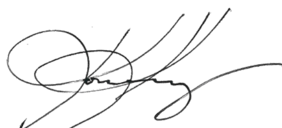
Consolidated Statement of Financial Position

As at

(in thousands of Canadian dollars)	Notes	December 31, 2023	December 31, 2022 Restated	January 1, 2022 Restated
Assets				
Cash and cash equivalents		**$ 62,595**	$ 61,557	$ 62,749
Accounts receivable		**583**	3,274	613
Accrued investment income		**886**	845	2,815
Income taxes receivable		**-**	213	-
Investments	5(a)	**860,052**	797,128	833,092
Insurance contract assets	6(a)	**30,690**	39,470	36,312
Reinsurance contract held assets	6(b)	**125,097**	222,889	49,590
Land, property and equipment	7	**10,848**	11,481	11,792
Intangible assets and goodwill	8	**2,808**	3,073	2,079
Deferred tax assets	9(a)	**3,096**	17,088	20,679
Other assets		**673**	617	496
		$ 1,097,328	$ 1,157,635	$ 1,020,217
Liabilities				
Accounts payable		**$ 3,133**	$ 3,610	$ 3,810
Income taxes payable		**2,349**	-	176
Insurance contract liabilities	6(a)	**580,678**	688,566	572,860
Reinsurance contract held liabilities	6(b)	**4,898**	9,442	1,238
		591,058	701,618	578,084
Voting and participating members' equity		**506,270**	456,017	442,133
		$ 1,097,328	$ 1,157,635	$ 1,020,217

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

On behalf of the Board:



Kevin Konecny
1st Vice Chair

Jill Taylor
2nd Vice Chair

Consolidated Statement of Comprehensive Income and Equity

For the year ended December 31

(in thousands of Canadian dollars)	Notes	2023	2022 Restated
Insurance revenue	6(a)	$ **289,079**	$ 258,398
Insurance service expense	6(a)	**(205,488)**	(380,758)
Insurance service result before reinsurance contracts held		**83,591**	(122,360)
Allocation of reinsurance premiums	6(b)	**(65,826)**	(46,283)
Amounts recoverable from reinsurers for incurred claims	6(b)	**23,571**	214,774
Net income (expense) from reinsurance contracts held		**(42,255)**	168,491
Insurance service result		**41,336**	46,131
Interest and dividend income	5(e)	**33,051**	25,759
Net fair value gains (losses) on financial assets at FVTPL	5(e)	**22,797**	(51,930)
Investment expenses	5(e)	**(1,819)**	(1,950)
Net foreign exchange loss	5(e)	**(991)**	(465)
Investment income (loss)		**53,038**	(28,586)
Insurance finance income (expense) for insurance contracts issued	6(a)	**(23,147)**	9,348
Reinsurance finance income (expense) for reinsurance contracts issued	6(b)	**6,187**	(3,085)
Net insurance financial result		**36,078**	(22,323)
Other expense	10	**(10,939)**	(6,652)
Income before taxes		**66,475**	17,156
Income tax expense	9(b)	**16,217**	3,458
Net income		$ **50,258**	$ 13,698
Items that will not be reclassified subsequently to net income			
Post-employment benefit obligation gain (loss)	14(b)	**(6)**	253
Deferred income tax recovery (expense)		**1**	(67)
		(5)	186
Comprehensive income		$ **50,253**	$ 13,884
Voting and participating members' equity, beginning of year		**456,017**	442,133
Voting and participating members' equity, end of year		$ **506,270**	$ 456,017

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

Consolidated Statement of Cash Flows

For the year ended December 31

(in thousands of Canadian dollars)	Notes	2023	2022 Restated
Cash flows provided by (used in) operating activities			
Comprehensive income for the year		**$ 50,253**	$ 13,884
Items not affecting cash			
Depreciation of property and equipment		**842**	861
Amortization of intangible assets		**567**	404
Deferred income tax expense		**13,992**	3,591
Net investment (gains) losses		**(22,797)**	51,930
Changes in other non-cash balances	17	**(1,181)**	(53,947)
Cash provided by operating activities		**$ 41,676**	$ 16,723
Cash flows provided by (used in) investing activities			
Purchases of investments		**$ (117,728)**	$ (699,424)
Proceeds from sale of investments		**77,601**	683,458
Purchases of property and equipment		**(209)**	(551)
Purchases of intangible assets		**(302)**	(1,398)
Cash used in investment activities		**$ (40,638)**	$ (17,915)
Increase (decrease) in cash position during the year		**1,038**	(1,192)
Cash and cash equivalents, beginning of year		**61,557**	62,749
Cash and cash equivalents, end of year		**$ 62,595**	$ 61,557

Supplementary disclosure of cash information		
Interest received	**$ 23,912**	$ 21,435
Dividends received	**$ 5,039**	$ 4,506
Income tax received (paid)	**$ 337**	$ (321)

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

Notes to the Consolidated Financial Statements

1. Nature of business

Farm Mutual Reinsurance Plan Inc. (the Company), along with its wholly owned subsidiary, United General Insurance Corporation (UGIC), offers property and casualty (P&C) reinsurance and insurance principally in Canada and the United States. The Company is incorporated without share capital under the laws of the Province of Ontario and is domiciled in Canada. The registered office and principal place of business is 350 Pinebush Road, Cambridge, Ontario.

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements and the accompanying notes were authorized for issue by the Board of Directors on February 28, 2024.

b) Basis of measurement and presentation

These consolidated financial statements have been prepared on a going concern basis under the historical cost convention using the accounting policies as described in Note 4. Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period. In line with industry practice for insurance companies, the Company presents its consolidated statement of financial position broadly in order of liquidity rather than using current and non-current classifications.

c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. All amounts in the notes are shown in thousands of Canadian dollars unless otherwise stated.

d) Use of judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the reporting date and the reported amounts of revenues and expenses during the year. Actual results may differ from these estimates. Although some variability is inherent in these estimates, management believes that the amounts provided are appropriate. The most complex and significant judgments, estimates and assumptions used in preparing the Company's consolidated financial statements are discussed below.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Management has applied judgment in its assessment of the identification of objective evidence of impairments of financial assets, other than those classified or designated at fair value through income or loss (FVTPL), assessing the business model within which the financial assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal outstanding, measurement of income taxes and recoverability of deferred tax assets and identifying the indicators of impairment for reinsurance assets, property and equipment, and intangible assets with finite useful lives. Additional judgments with respect to insurance and reinsurance contracts include classification of contracts, level of aggregation and measurement including the determination of the risk adjustments for non-financial risk and the coverage units provided under the contract.

2. Basis of preparation (continued)

d) Use of judgments, estimates and assumptions (continued)

Estimates and assumptions

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4(b) Financial instruments

Note 4(i) Insurance and reinsurance contracts

Note 4(k) Income taxes

Note 4(m) Post-employment benefits

3. Adoption of new accounting standard

In May 2017, the IASB issued IFRS 17 to establish a global standard which provides guidance on the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. IFRS 17 replaced IFRS 4. The Company adopted IFRS 17 on January 1, 2023 using the full retrospective approach. As such, the Company restated comparative information for 2022 and showed a third consolidated balance sheet as at January 1, 2022 as if IFRS 17 had always been applied. The Company's accounting policies for insurance and reinsurance contracts are explained in note 4.

a) Changes in classification, recognition and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

Accounting under the PAA is similar to IFRS 4 but there are a number of key differences:

- Onerous contracts: IFRS 17 requires the identification of groups of onerous contracts when facts and circumstances indicate a loss for PAA contracts. When onerous contracts are identified, the Company is required to recognize a loss immediately in the consolidated statement of comprehensive income and equity along with an increase in the insurance contract liability known as a loss component to appropriately reflect the timing of losses. If there is an onerous contract covered by a reinsurance contract, a recovery is recognized in the consolidated statement of comprehensive income and equity along with an increase in reinsurance contract assets. This concept is somewhat different from the liability adequacy test under IFRS 4 and also results in any losses being recognized sooner. The Company determined it had no onerous contracts upon transition.
- Discount rate: When measuring the liabilities for incurred claims (LIC), IFRS 17 requires an estimate of future cash flows to be discounted to reflect the time value of money, unless the Company expects claims to be paid in one year or less from the date they were incurred. The methodology for determining the discount rate is not prescribed. The Company will discount its LIC with yield curves applying risk-free rates plus an illiquidity premium reflective of the cash flow characteristics of the respective insurance and reinsurance contracts. Under IFRS 4, the Company's unpaid claims were discounted using a single rate based on the investments backing the liabilities.
- Risk adjustment (RA): Under IFRS 17, the LIC includes a RA which is the compensation the Company requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk. This replaces the provision for adverse deviation (PfAD) under IFRS 4 which was an additional risk margin to account for the uncertainty in the unpaid claims estimates.
- Insurance acquisition cash flows: Under IFRS 17, these are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which they belong. This concept is similar to deferred acquisition costs under IFRS 4 except that indirect costs can also be deferred. These acquisition costs can be capitalized and amortized over the coverage period of the underlying contracts or they can be expensed as incurred. The Company has elected to expense insurance acquisition cash flows except for contracts transacted through a broker where they will be deferred and amortized over the contract boundary. The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis.

3. Adoption of new accounting standard (continued)

b) Changes in presentation and disclosure

IFRS 17 results in significant changes to the presentation and disclosure of insurance and reinsurance contracts in the consolidated financial statements. The Company aggregates insurance and reinsurance contracts issued as well as reinsurance contracts held and presents separately portfolios of insurance and reinsurance contracts issued that are liabilities and that are assets as well as portfolios of reinsurance contracts held that are liabilities and that are assets. These portfolios are established at initial recognition in accordance with IFRS 17.

In the consolidated statement of financial position, most accounts receivable, deferred acquisition costs, unearned premiums, unpaid claims and certain other assets and liabilities, which were previously reported under IFRS 4, are grouped together under IFRS 17 to form insurance contract liabilities or assets. Reinsurance assets, unearned commissions and certain other assets and liabilities previously reported under IFRS 4 are grouped together under IFRS 17 to form reinsurance contact assets.

In the consolidated statement of comprehensive income and equity, underwriting income (loss) has been replaced with insurance service result. It is derived from several components. Insurance revenue is the revenues from direct insurance contracts and assumed reinsurance contracts (inwards reinsurance). It is essentially earned premiums which were previously reported under IFRS 4 although under IFRS 17, commissions reinsurers pay to other reinsurers are now deducted from insurance revenue. Insurance service expenses are all the directly attributable costs pertaining to the insurance and reinsurance contracts issued including claims, brokerage commissions and operating expenses. Insurance service result overall will include less expenses as those not directly attributable are now included in other income and expense. Allocation of reinsurance premiums represents premiums ceded to the Company's reinsurers (outwards reinsurance). Amounts recoverable from reinsurers represents recoveries from the Company's reinsurers for claims and other relevant expenses. The consolidated statement of comprehensive income and equity includes a new line called insurance finance income (expense) (IFIE). IFIE includes the impact of unwinding the discounting of claims as well as changes in discount rates. Previously, both these items along with the initial discounting of claims were included in underwriting income (loss). IFIE also includes foreign exchange gains and losses on insurance results.

c) Transition impacts

Upon transition to IFRS 17, January 1, 2022 consolidated assets decreased by $25,031 and consolidated liabilities by $26,953. This is due to the grouping of the various assets and liabilities into the line insurance contract liabilities or assets and reinsurance contract held assets or liabilities as described above.

Voting and participating members' equity on January 1, 2022 was $440,211. Upon transition, it was increased by $1,922 (net of a tax impact of $685) to $442,133.

4. Material accounting policies and judgments

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, UGIC, which operates and is incorporated in Canada. All material intercompany accounts and transactions have been eliminated.

Business combinations are accounted for using the acquisition method when control is transferred to the Company. The acquisition method requires that the acquirer recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, at the acquisition date. Acquisition costs directly attributable to the acquisition are expensed in the year incurred in operating expenses in the consolidated statement of comprehensive income and equity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest. Any contingent consideration is also measured at fair value at the acquisition date.

When the Company is exposed or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee, the investee is considered a subsidiary. Subsidiaries are fully consolidated from the date that control is obtained by the Company. Subsidiaries are deconsolidated from the date that control ceases.

4. Material accounting policies and judgments (continued)

b) Financial instruments

Financial assets are classified into the following categories:

- financial instruments mandatorily measured at FVTPL (trading and non-trading),
- financial instruments measured at amortized cost.

Equity investments are required to be measured at FVTPL, except where the Company has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, at fair value through other comprehensive income (FVOCI). No such election has been made by the Company.

The classification and measurement for debt instruments depends on the Company's business model for managing the financial assets to generate cash flows and whether the contractual cash flows represent solely payment of principal and interest (SPPI).

Business model assessment

The business model determines whether cash flows will result from holding to collect contractual cash flows, selling the financial assets, or both.

The Company considers the following in the determination of the applicable business model for financial assets:

- The business purpose of the portfolio;
- The risks that are being managed and the type of business activities that are being carried out on a day-to-day basis to manage the risks;
- The basis on which performance of the portfolio is being evaluated; and
- The frequency and significance of sales activity.

Financial assets are required to be reclassified, when and only when, the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

Contractual cash flows as solely payment of principal and interest assessment

In assessing whether contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that they would not be consistent with a basic lending arrangement. In making the assessment, the Company considers the primary terms as follows and assesses if the contractual cash flows of the instruments continue to meet the SPPI test:

- Performance-linked features;
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse terms);
- Prepayment and extension terms;
- Leverage features; and
- Features that modify elements of the time value of money.

Financial instruments mandatorily measured at FVTPL (trading and non-trading)

Trading financial instruments are mandatorily measured at FVTPL as they are held for trading purposes or are part of a managed portfolio with a pattern of short-term profit taking. Non-trading financial assets are also mandatorily measured at FVTPL if their contractual cash flow characteristics do not meet the SPPI test or if they are managed together with other financial instruments on a fair value basis.

Trading and non-trading financial instruments mandatorily measured at FVTPL are remeasured at fair value as at the consolidated statement of financial position date. Gains and losses realized on disposition, unrealized gains and losses from changes in fair value and investment income are included in income and loss. Transaction costs are expensed as incurred. Dividends are recognized on the ex-dividend date and interest is recognized on an accrual basis. Both dividends and interest are included in investment income.

Financial instruments mandatorily measured at FVTPL comprise short-term securities, bonds and debentures, mortgages, preferred shares and common shares.

4. Material accounting policies and judgments (continued)

b) Financial instruments (continued)

Financial instruments measured at amortized cost

Financial instruments that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortized cost. These financial instruments are recognized initially at fair value plus or minus direct and incremental transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method, net of an allowance for expected credit losses (ECL). Interest income from these financial instruments is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in income or loss. Impairment losses are presented as a separate line item in the consolidated statement of comprehensive income and equity.

Financial instruments measured at amortized cost comprise receivables arising from insurance contracts, accrued premium under insurance contracts net of applicable commissions and fees, deposits under insurance contracts, other miscellaneous receivables, payables arising from insurance contracts, accrued premium under insurance contracts net of applicable commissions and fees, investment transactions pending settlement, trade payables and accrued liabilities. Due to the short-term nature of these financial instruments, carrying value is considered to approximate fair value.

Fair value measurement

The fair value of a financial instrument on initial recognition is defined as the fair value of the consideration given. Subsequent to initial recognition, fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act.

Fair value is best evidenced by quoted bid or ask price, as appropriate, in an active market. Where bid or ask prices are not available, such as in an illiquid or inactive market, the closing price of the most recent transaction of that instrument subject to appropriate adjustments as required is used. Where quoted market prices are not available, the quoted prices of similar financial instruments or valuation models with observable market-based inputs are used to estimate the fair value. These valuation models may use multiple observable market inputs, including observable interest rates, foreign exchange rates, index levels, credit spreads, equity prices, counterparty credit quality, and corresponding market volatility levels. Minimal management judgment is required for fair values calculated using quoted market prices or observable market inputs for models. The calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

The Company uses the services of external security pricing vendors to obtain estimated fair values of securities in its investment portfolio. Fair values of pooled funds and mutual funds are based on the quoted market values of the underlying investments.

The Company employs a fair value hierarchy as follows:

Level 1: inputs represent unadjusted quoted prices for identical financial instruments exchanged in active markets.

Level 2: inputs include directly or indirectly observable inputs, other than Level 1 inputs, such as quoted prices for similar financial instruments exchanged in active markets, quoted prices for identical or similar financial instruments exchanged in active markets and other market observable inputs.

Level 3: inputs include unobservable inputs used in the measurement of financial instruments.

Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

4. Material accounting policies and judgments (continued)

c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances on deposit with banks and highly liquid investments that are readily converted into a known amount of cash, are subject to insignificant risk of changes in value and have an original maturity of ninety days or less in the consolidated statement of financial position. The carrying value of cash and cash equivalents approximates fair value.

d) Land, property and equipment

Land is recognized at cost. Property and equipment, including the building, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement costs are capitalized when incurred and if it is probable that future economic benefits associated with the item will flow to the Company.

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Land is not depreciated.

Property and equipment are depreciated on a straight-line basis as follows:

	Useful life
Building	15-50 years
Furniture and fixtures	5-10 years
Computer equipment	3-5 years

The assets' residual values and useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment are derecognized upon disposal or when no further future economic benefits are expected from their use or disposal. Gains and losses on disposal are calculated as the difference between the net disposal proceeds and the carrying value of the asset and are reported in operating expenses in the consolidated statement of comprehensive income and equity. Fully depreciated property and equipment are retained in cost and accumulated depreciation accounts until such assets are removed from service.

e) Goodwill

The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

f) Intangible assets

Intangible assets comprise capitalized costs to license and develop computer software where the software is not integral to the hardware on which it operates. Intangible assets are measured initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses.

Capitalized computer software assets have a finite useful life. Capitalized computer software costs are amortized over the estimated useful life of the asset, which is estimated to be five years for computer software assets.

Gains and losses arising from the disposition or impairment of an intangible asset are accounted for in the same manner as gains and losses arising from the disposition or impairment of property and equipment.

g) Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets, other than financial assets at FVTPL, is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. When there is evidence of impairment, the value of these financial instruments is written down to the estimated net realizable value through investment income in the consolidated statement of comprehensive income and equity.

4. Material accounting policies and judgments (continued)

h) Impairment of non-financial assets

Non-financial assets are tested for impairment in accordance with IAS 36 – Impairment of Assets, which requires impairment to be assessed at a cash generating unit (CGU) level. For purposes of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's CGUs or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or group of units.

The Company performs an impairment review at least annually and whenever there is an indication that an asset may be impaired. The fair value of the CGU has been determined based on the value in use (VIU) using a discounted cash flow model. Impairment occurs when the carrying amount of the CGU exceeds the recoverable amount. For CGU's which include goodwill, impairment is recognized against goodwill prior to impairing other assets. Any impairment of goodwill or other assets is recorded in income or loss in the year that such an impairment becomes evident. Previously recorded impairment losses for goodwill are not reversed in future years if the recoverable amount increases.

i) Insurance and reinsurance contracts

Classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the counterparty to an insurance contract agrees to compensate a policyholder on the occurrence of an adverse specified uncertain future event. As a general guideline, the Company determines whether it has significant insurance risk by comparing the benefits that could become payable or receivable under various possible scenarios relative to the premium received or paid for insuring the risk.

During the normal course of its business, the Company assumes insurance risk from other insurance companies (inwards reinsurance) and cedes insurance risk to other reinsurance companies (outwards reinsurance). Inwards reinsurance generally results in the Company holding insurance contract liabilities while outwards reinsurance generally results in the Company holding reinsurance contract assets. Through its wholly owned subsidiary, the Company accepts insurance risk from policyholders (direct insurance) by agreeing to compensate the policyholder if a specified event (the insured event) with uncertain timing or amount adversely affects the policyholder.

Insurance products are regularly assessed to determine if they contain distinct components that must be accounted for separately from IFRS 17. After separating any distinct components, IFRS 17 is applied to all remaining components of the contracts. Currently, none of the Company's products include distinct components that require separate accounting from IFRS 17.

Level of aggregation

Insurance and reinsurance contracts are aggregated into portfolios which comprise groups of contracts with similar risks that are managed together. Portfolios are then divided based on expected profitability at inception into onerous contracts, contracts with no significant risk of becoming onerous and all others. Each group contains contracts that have been issued no more than one year apart as they must be further subdivided into annual cohorts. Management uses judgment to determine the aggregation of its insurance and reinsurance contracts. Reinsurance contracts held are aggregated using these same principles except that the references to onerous contracts instead refers to contracts on which there is a net gain on initial recognition.

Contract boundary

When measuring its insurance and reinsurance contracts, the Company includes all future cash flows within the boundary of the contract. Cash flows are within the boundary of the insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer, or the reinsurer has the right to compel premiums from the Company, or the Company has a substantive right to receive insurance contract services from the reinsurer, or the reinsurer has the obligation to provide services to the Company.

Recognition

Groups of insurance contracts issued by the Company are recognized from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment in the group becomes due; and
- The issue date if facts and circumstances indicate that a group of contracts is onerous.

4. Material accounting policies and judgments (continued)

i) Insurance and reinsurance contracts (continued)

Groups of reinsurance contracts held by the Company are recognized from the earliest of the following:

- The beginning of the coverage period of the group unless the contracts provide proportionate coverage. If so, recognition would be delayed until the date any underlying insurance contracts are recognized if that date is after the beginning of the coverage period of the group of reinsurance contracts held;
- The date the Company recognizes a group of underlying insurance contracts as onerous so long as the Company entered into the related reinsurance contract held at or before this date.

The Company derecognises insurance and reinsurance contracts when:

- The rights and obligations relating to the relevant contracts are extinguished (i.e., discharged, cancelled or expired), or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

Measurement

Insurance and reinsurance contracts are measured using the General Measurement Model (GMM) or PAA. The PAA is a simpler measurement model used for contracts with a coverage period of one year or less. It can also be used for contracts with a coverage period greater than one year if the result using PAA would not be materially different from that under GMM. All of the Company's insurance and reinsurance contracts are PAA eligible and are measured using PAA.

The Company measures its reinsurance assets for reinsurance contracts held on the same basis as insurance and reinsurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued. Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage (ARC) for a group of reinsurance contracts held depicting the recovery of losses.

The liability for remaining coverage (LRC) is comprised of unearned premiums received plus a loss component for onerous contracts, if relevant, minus unamortized acquisition cash flows. If this balance is positive it would be an ARC.

The liability for incurred claims (LIC) is comprised of the Company's best estimate of the obligation to pay claim liabilities and other expenses for events that have already occurred as well as events that have occurred but have not yet been reported. The other expenses being allocated to the LIC are costs of processing and settling claims. Unpaid claims included in the LIC are estimated by the Appointed Actuary using accepted actuarial practice in Canada and based on assumptions such as historical loss development factors and payment patterns, future rates of insurance claims frequency and severity, inflation, expenses, changes in the legal environment, changes in the regulatory environment and other matters, taking into consideration the circumstances of the Company and the nature of the insurance contracts. There is considerable judgment in determining these factors. Unpaid claims are first determined on a case-by-case basis as insurance claims are reported and then reassessed as additional information becomes known. They include a reduction for the value of subrogation and other recoveries against third parties, and any adjustments to claims outstanding from previous years.

Included in unpaid claims is a provision to account for the future development of these insurance claims, including insurance claims incurred but not reported (IBNR) as well as a RA for non-financial risk. Unpaid claims are valued on a discounted basis. The liabilities are derecognized when the obligation to pay a claim expires, is discharged, or is cancelled.

The LRC along with the LIC comprise insurance contract liabilities. If the LRC is positive, it would be shown separate from insurance contract liabilities as insurance contract assets.

For reinsurance contracts held, the ARC is comprised of the unearned premiums paid to the Company's reinsurers less a loss recovery component for onerous underlying contracts, if relevant. The asset for incurred claims (AIC) is comprised of the Company's best estimate of claims recoverable from our reinsurers. The ARC and AIC comprise reinsurance contract assets. If the ARC is negative, it would be shown separate from reinsurance contract assets as reinsurance contract liabilities.

4. Material accounting policies and judgments (continued)

i) Insurance and reinsurance contracts (continued)

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which they belong. These cash flows include direct costs as well as an allocation of indirect costs. These acquisition costs can be capitalized and amortized over the coverage period of the underlying contracts or they can be expensed as incurred. The Company has elected to expense insurance acquisition cash flows except for contracts transacted through a broker where they will be deferred and amortized. No acquisition cash flows are allocated to the Company's reinsurance contracts held.

Onerous contracts

Under the PAA, the Company assumes that no contracts are onerous at the time of initial recognition unless facts and circumstances indicate otherwise. Management uses judgment in assessing facts and circumstances which are based on internal management information, budgets, forecasts, pricing information, results of similar contracts that have been recognized and environmental factors. If facts and circumstances indicate that a group of contracts are potentially onerous, further analysis is performed. A group of insurance contracts is onerous if the fulfilment cash flows result in a net outflow. If this is the case, a loss component would be recognized immediately in the LRC and a loss in the consolidated statement of comprehensive income and equity. These losses would be reversed over the term of the contracts that were onerous such that by the end of the coverage period, the loss component would be zero.

For reinsurance contracts held, the same principles would apply except that there would be a gain recognized immediately in the ARC and in the consolidated statement of comprehensive income and equity. The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

Discounting

The Company has elected not to discount the LRC. However, if a group of insurance contracts becomes onerous, the loss component of the LRC and if applicable, the ARC would be discounted. The LIC must be discounted if claims payments are expected beyond one year from the incurrence of the claim. Any claims payments expected to be paid in less than one year from the incurrence of the claim do not have to be discounted. However, the Company discounts the entire LIC and uses yield curves derived from the bottom-up approach that starts with a liquid risk-free rate that is adjusted to reflect the liquidity characteristics of the insurance contracts. Risk free rates are determined by reference to the yields of highly liquid Government of Canada bonds.

The Company has elected to present changes in discount rates in IFIE instead of Other Comprehensive Income. IFIE also includes the unwinding of the discounting. The initial discounting of the claim is included in insurance service expense.

Risk adjustment

RA is the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Company fulfils its insurance contracts. Changes in the RA related to non-financial risk are presented in full in insurance service result and are not disaggregated between a financial and non-financial portion. The Company has estimated the RA using a confidence level (probability of sufficiency) approach at the 75th to 85th percentile. That is, the Company has assessed that in order to be indifferent to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) we require an additional amount equivalent to the 75th to 85th percentile less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows (PVFCF) required to meet the target percentiles.

4. Material accounting policies and judgments (continued)

i) Insurance and reinsurance contracts (continued)

Insurance revenue

Insurance revenue is the total premiums receivable for the period of cover provided by direct insurance contracts as well as inwards reinsurance contracts entered into during the accounting period. Insurance revenue on inwards reinsurance contracts include any adjustments arising in the accounting period for changes in estimated premium in respect of inwards reinsurance in prior accounting periods. Inwards reinsurance premiums are based upon reports received from ceding companies. Estimates of insurance revenue and the LRC are made at the individual contract level, based on historical patterns and experience from the ceding company and management judgment for certain business that has not been reported to the Company. Insurance revenue is allocated based on the passage of time which for the vast majority of the Company's insurance contracts is twelve months. Under IFRS 17, the Company is also required to deduct from insurance revenue any commissions paid to reinsurers.

Insurance service expense

Insurance service expense is the fulfilment cash flows directly attributable to insurance contracts the Company has written. It includes incurred claims and other insurance service expenses which are directly attributable direct costs plus an allocation of indirect costs. Also included are the amortization of insurance acquisition cash flows and if applicable, losses on onerous contracts and reversals of those losses.

Insurance finance income (expense)

IFIE comprises the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money, changes in the time value of money and the effect of financial risk and changes in financial risk. It also includes net gains or losses on foreign exchange for the Company's groups of insurance contracts as noted in note 6(a) below. The Company presents IFIE within income or loss each period.

Net expense (income) from reinsurance contracts held

Net expense (income) from reinsurance contracts held include total premium payable for the whole period of cover provided by outwards reinsurance contracts entered into during the accounting period net of recoveries from the Company's reinsurers under outwards reinsurance contracts. This includes any adjustments arising in the accounting period for changes in premium in respect of reinsurance ceded in prior accounting periods.

j) Investment income (loss)

Dividend income is recognized on the ex-dividend date.

Interest income from debt securities is recognized on an accrual basis. Dividend income, interest income, realized and unrealized gains and losses on financial assets at FVTPL, and investment expenses are reported in investment income on the consolidated statement of comprehensive income and equity.

k) Income tax expense (recovery)

Income tax expense (recovery) comprises current and deferred tax and is recognized in net income, except to the extent that it relates to items recognized in other comprehensive income.

Current income tax is based on the results of operations in the current year, adjusted for items that are not taxable or not deductible. Current income tax is calculated based on income tax laws and rates enacted or substantively enacted as at the reporting date. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method on temporary differences between the carrying value of assets and liabilities and their respective tax values. Deferred tax is calculated using income tax laws and rates enacted or substantially enacted as at the consolidated statement of financial position date, which are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences as well as unused tax losses and tax credits to the extent that it is probable that taxable income will be available against which the losses can be utilized.

Management exercises judgment in estimating income tax expense (recovery). The Company is subject to income tax laws in the jurisdictions where it operates. Various tax laws are subject to different interpretations by the taxpayer and the relevant tax authority. To the extent that the Company's interpretations differ from those of the tax authorities or the timing of realization is not as expected, the income tax expense (recovery) may increase or decrease in future periods to reflect actual experience.

4. Material accounting policies and judgments (continued)

k) Income tax expense (recovery) (continued)

In determining the recoverability of deferred tax assets, the Company primarily considers current and expected profitability and the ability to use any recorded tax assets. The Company takes into consideration the underlying operation's performance as compared to plan, the outlook of the business going forward, the impact of enacted and proposed changes to tax law, the availability of tax planning strategies, and the expiry date of the tax losses.

l) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in net income and comprehensive income for the year.

m) Post-employment benefits

The Company provides certain pension and other post-employment benefits to eligible participants upon retirement.

Pension benefits

Substantially all employees participate in a multi-employer pension plan, the Ontario Mutual Insurance Association Pension Plan, (the Plan) which is a money purchase plan with a defined benefit option available to eligible employees at retirement. The amount of the retirement benefits to be received by an employee is based on the employee's length of service and final average earnings. The Plan exposes the participating employers to actuarial risks associated with the current and former employees of all employers. The information provided to the Company by the Plan administrator in accordance with the Plan agreement is insufficient to consistently and reliably allocate the obligation, Plan assets and cost to individual employers participating in the Plan. The Plan is therefore accounted for as if it were a defined contribution plan, recognizing contributions as an expense in the year to which they relate.

The Plan administrator obtains an actuarial valuation of the plan assets and liabilities in accordance with the Pension Benefits Act. The actuarial valuation involves assumptions about discount rates, future salary levels, mortality rates, inflation, and future pension increases. Due to the long-term nature of the Plan, such estimates are subject to significant uncertainty. The Plan administrator may require the Company to make additional contributions for the amortization of any unfunded liability, experience deficiency, or solvency deficiency with respect to benefits previously accrued pursuant to the requirements of the Pension Benefits Act.

Contributions payable to the Plan in exchange for service rendered by a participating employee are recognized in the period in which the service is rendered. Other contributions to the Plan are recognized when there is a present legal or constructive funding obligation. Other contributions are measured on an undiscounted basis, except where they are not expected to be settled wholly before twelve months after the end of the reporting period in which the funding obligation arose. Pension benefit costs are included in operating expenses in the consolidated statement of comprehensive income and equity.

Non-pension benefits

The Company provides lump-sum payments on retirement and post-employment extended health care and dental benefits to eligible retired employees. Entitlement to these benefits is conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. There are no employee contributions and the benefits are not funded.

The defined benefit accrued obligation and current service cost are actuarially determined using the projected unit credit valuation method pro-rated on service. According to this method, the accrued benefit obligation is equal to the actuarial present value of all future benefits multiplied by the ratio of the service at the valuation date to the service at the date when an employee is first eligible to receive the benefits. This method involves the use of the market interest rate at the measurement date on high-quality debt instruments for the discount rate and management's best estimates concerning such factors as salary escalation, retirement ages of employees, and expected extended health care and dental costs. Such estimates are subject to significant uncertainty.

The current service cost for a period is equal to the actuarial present value of benefits attributed to employee's services rendered in the period. Current service cost, other than actuarial gains and losses, are included in operating expenses in the consolidated statement of comprehensive income and equity. Actuarial gains and losses are recognized in full in other comprehensive income in the period in which they occur and then immediately in voting and participating members' equity. They are not reclassified to net income in subsequent years.

4. Material accounting policies and judgments (continued)

m) Post-employment benefits (continued)

The defined benefit accrued obligation is included in other liabilities in the consolidated statement of financial position.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes a liability for termination benefits at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

5. Investments

a) Classification of investments

Investment carrying values by class are as follows:

As at December 31	2023	2022
Short-term securities and pooled funds	**$ 5,545**	$ 1,261
Bonds and debentures		
Canadian government	**5,785**	7,886
Canadian provincial	**69,636**	69,607
Corporate	**14,707**	10,037
Canadian municipal - pooled funds	**2,941**	2,941
Pooled funds	**554,491**	499,241
Mortgages - pooled funds	**37,144**	37,930
Preferred shares	**23,072**	22,231
Common shares		
Directly held	**132,934**	132,352
Pooled funds	**13,797**	13,642
	$ 860,052	$ 797,128

b) Maturity profile of investments

The maturity profile of investments is as follows:

	2023				
As at December 31	Less than 1 year	From 1 to 5 years	Over 5 years	No specific maturity	Total
Short-term securities and pooled funds	**$ 5,545**	**$ -**	**$ -**	**$ -**	**$ 5,545**
Bonds and debentures	**95,238**	**480,581**	**71,741**	**-**	**647,560**
Mortgages - pooled funds	**-**	**37,144**	**-**	**-**	**37,144**
Preferred shares	**12,664**	**10,408**	**-**	**-**	**23,072**
Common shares	**-**	**-**	**-**	**146,731**	**146,731**
	$ 113,447	**$ 528,133**	**$ 71,741**	**$ 146,731**	**$ 860,052**

	2022				
As at December 31	Less than 1 year	From 1 to 5 years	Over 5 years	No specific maturity	Total
Short-term securities and pooled funds	$ 1,261	$ -	$ -	$ -	$ 1,261
Bonds and debentures	112,607	402,968	74,137	-	589,712
Mortgages - pooled funds	-	37,930	-	-	37,930
Preferred shares	4,698	17,533	-	-	22,231
Common shares	-	-	-	145,994	145,994
	$ 118,566	$ 458,431	$ 74,137	$ 145,994	$ 797,128

5. Investments (continued)

c) Collateral pledges

The Company has pledged assets with an estimated fair value as at December 31, 2023 of $215,293 (2022: $203,315) to collateralize a standby letter of guarantee facility. The letter of guarantee facility is used to collateralize unpaid claim liabilities. At December 31, 2023, the letter of guarantee utilization is $77,691 (2022: $71,159) in Canadian dollars (CAD). The letters of guarantee are denominated in United States dollars (USD).

d) Financial instruments measured at fair value

The distribution of financial instruments measured at fair value in the three-level hierarchy is as follows:

	2023			
As at December 31	Total	Level 1	Level 2	Level 3
Short-term securities and pooled funds	**$ 5,545**	**$ -**	**$ 5,545**	**$ -**
Bonds and debentures	**647,560**	**-**	**640,560**	**7,000**
Mortgages - pooled funds	**37,144**	**-**	**37,144**	**-**
Preferred shares	**23,072**	**-**	**23,072**	**-**
Common shares	**146,731**	**129,507**	**13,797**	**3,427**
	$ 860,052	**$ 129,507**	**$ 720,118**	**$ 10,427**

	2022			
As at December 31	Total	Level 1	Level 2	Level 3
Short-term securities and pooled funds	$ 1,261	$ -	$ 1,261	$ -
Bonds and debentures	589,712	-	582,712	7,000
Mortgages - pooled funds	37,930	-	37,930	-
Preferred shares	22,231	-	22,231	-
Common shares	145,994	129,208	13,642	3,144
	$ 797,128	$ 129,208	$ 657,776	$ 10,144

There were no transfers of financial instruments between levels during the year.

The following table provides a reconciliation of the level 3 fair value measurements.

For the year ended December 31	2023	2022
Fair value of level 3 investments, beginning of year	**$ 10,144**	$ 7,058
Additional investments made during year	**-**	2,800
Unrealized gain	**283**	286
Fair value of level 3 investments, end of year	**$ 10,427**	$ 10,144

The unrealized gain on Level 3 financial assets is included in investment income (loss) in the consolidated statement of comprehensive income and equity.

5. Investments (continued)

e) Investment income (loss)

Investment income (loss) by financial instrument classification is as follows:

For the year ended December 31	2023	2022
Debt securities		
Realized losses	**$ (1,769)**	$ (9,435)
Unrealized gains (losses)	**14,042**	(29,197)
Interest income	**26,645**	20,236
	$ 38,918	**$** (18,396)
Preferred shares		
Unrealized gains (losses)	**$ 818**	**$** (6,938)
Dividends	**1,561**	1,223
	$ 2,379	$ (5,715)
Common shares		
Realized gains	**$ 6,711**	$ 10,152
Unrealized gains (losses)	**2,995**	(16,512)
Dividends	**4,845**	4,300
	$ 14,551	$ (2,060)
Investment expense	**$ 1,819**	$ 1,950
Net foreign exchange loss	**$ (991)**	$ (465)
Investment income (loss)	**$ 53,038**	$ (28,586)

6. Insurance contracts

a) Roll forward of net asset or liability for insurance contracts

As at December 31	2023 Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the PVFCF	Risk adjustment	Total
Insurance contract liabilities, beginning of period					
Opening balance insurance contract assets	**$ (39,470)**	**$ -**	**$ -**	**$ -**	**$ (39,470)**
Opening balance insurance contract liabilities	**3,191**	**-**	**646,502**	**38,873**	**688,566**
Net opening insurance contract liabilities	**(36,279)**	**-**	**646,502**	**38,873**	**649,096**
Changes in the consolidated statement of comprehensive income and equity					
Insurance revenue	**(289,079)**	**-**	**-**	**-**	**(289,079)**
Insurance service expenses					
Incurred claims and other insurance service expenses	**-**	**-**	**251,103**	**12,887**	**263,990**
Amortization of insurance acquisition cash flows	**7,358**	**-**	**-**	**-**	**7,358**
Losses and reversal of losses on onerous contracts	**-**	**-**	**-**	**-**	**-**
Prior year development	**-**	**-**	**(50,967)**	**(14,893)**	**(65,860)**
	7,358	**-**	**200,136**	**(2,006)**	**205,488**
Insurance service result	**(281,721)**	**-**	**200,136**	**(2,006)**	**(83,591)**
Net finance expense (income) from insurance contracts	**-**	**-**	**25,641**	**-**	**25,641**
Effect of movements in exchange rates	**(132)**	**-**	**(2,362)**	**-**	**(2,494)**
Total changes in the consolidated statement of comprehensive income and equity	**(281,853)**	**-**	**223,415**	**(2,006)**	**(60,444)**
Cash flows					
Premium received	**297,365**	**-**	**-**	**-**	**297,365**
Claims and other insurance service expenses paid	**-**	**-**	**(329,469)**	**-**	**(329,469)**
Insurance acquisition cash flows	**(6,560)**	**-**	**-**	**-**	**(6,560)**
Total cash flows	**290,805**	**-**	**(329,469)**	**-**	**(38,664)**
Ending balance insurance contract assets	**(30,690)**	**-**	**-**	**-**	**(30,690)**
Ending balance insurance contract liabilities	**3,363**	**-**	**540,448**	**36,867**	**580,678**
Net closing insurance contract liabilities	**$ (27,327)**	**$ -**	**$ 540,448**	**$ 36,867**	**$ 549,988**

As at December 31	2022 Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the PVFCF	Risk adjustment	Total
Insurance contract liabilities, beginning of period					
Opening balance insurance contract assets	$ (36,312)	$ -	$ -	$ -	$ (36,312)
Opening balance insurance contract liabilities	3,057	-	529,425	40,378	572,860
Net opening insurance contract liabilities	(33,255)	-	529,425	40,378	536,548
Changes in the consolidated statement of comprehensive income and equity					
Insurance revenue	(258,398)	-	-	-	(258,398)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	-	462,580	14,721	477,301
Amortization of insurance acquisition cash flows	6,898	-	-	-	6,898
Losses and reversal of losses on onerous contracts	-	-	-	-	-
Prior year development	-	-	(87,215)	(16,226)	(103,441)
	6,898	-	375,365	(1,505)	380,758
Insurance service result	(251,500)	-	375,365	(1,505)	122,360
Net finance expense (income) from insurance contracts	-	-	(15,502)	-	(15,502)
Effect of movements in exchange rates	1,470	-	4,684	-	6,154
Total changes in the consolidated statement of comprehensive income and equity	(250,030)	-	364,547	(1,505)	113,012
Cash flows					
Premium received	253,723	-	-	-	253,723
Claims and other insurance service expenses paid	-	-	(247,470)	-	(247,470)
Insurance acquisition cash flows	(6,717)	-	-	-	(6,717)
Total cash flows	247,006	-	(247,470)	-	(464)
Ending balance insurance contract assets	(39,470)	-	-	-	(39,470)
Ending balance insurance contract liabilities	3,191	-	646,502	38,873	688,566
Net closing insurance contract liabilities	$ (36,279)	$ -	$ 646,502	$ 38,873	$ 649,096

6. Insurance contracts (continued)

b) Roll forward of net asset or liability for reinsurance contracts held

	2023				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of the PVFCF	Risk adjustment	Total
Reinsurance contract assets, beginning of period					
Opening balance reinsurance contract held assets	**$ -**	**$ -**	**$ 215,203**	**$ 7,686**	**$ 222,889**
Opening balance reinsurance contract held liabilities	**(9,442)**	**-**	**-**	**-**	**(9,442)**
Net opening reinsurance contract held assets	**(9,442)**	**-**	**215,203**	**7,686**	**213,447**
Changes in the consolidated statement of comprehensive income and equity					
Allocation of reinsurance premiums paid	**(65,826)**	**-**	**-**	**-**	**(65,826)**
Amounts recoverable for claims and other expenses incurred	**-**	**-**	**29,756**	**1,512**	**31,268**
Loss recoveries and reversals on onerous contracts	**-**	**-**	**-**	**-**	**-**
Prior year development	**-**	**-**	**(3,304)**	**(4,393)**	**(7,697)**
Net income (expense) from reinsurance contracts held	**(65,826)**	**-**	**26,452**	**(2,881)**	**(42,255)**
Net finance income (expense) from reinsurance contracts held	**-**	**-**	**6,187**	**-**	**6,187**
Effects in movements of exchange rates	**-**	**-**	**-**	**-**	**-**
Total changes in the consolidated statement of comprehensive income and equity	**(65,826)**	**-**	**32,639**	**(2,881)**	**(36,068)**
Cash flows					
Premium paid	**70,370**	**-**	**-**	**-**	**70,370**
Amounts received	**-**	**-**	**(127,550)**	**-**	**(127,550)**
Total cash flows	**70,370**	**-**	**(127,550)**	**-**	**(57,180)**
Ending balance reinsurance contract held assets	**-**	**-**	**120,292**	**4,805**	**125,097**
Ending balance reinsurance contract held liabilities	**(4,898)**	**-**	**-**	**-**	**(4,898)**
Net closing reinsurance contract held assets	**$ (4,898)**	**$ -**	**$ 120,292**	**$ 4,805**	**$ 120,199**

	2022				
	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss recovery component	Loss recovery component	Estimates of the PVFCF	Risk adjustment	Total
Reinsurance contract assets, beginning of period					
Opening balance reinsurance contract held assets	$ -	$ -	$ 45,931	$ 3,659	$ 49,590
Opening balance reinsurance contract held liabilities	(1,238)	-	-	-	(1,238)
Net opening reinsurance contract held assets	(1,238)	-	45,931	3,659	48,352
Changes in the consolidated statement of comprehensive income and equity					
Allocation of reinsurance premiums paid	(46,283)	-	-	-	(46,283)
Amounts recoverable for claims and other expenses incurred	-	-	223,419	5,507	228,926
Loss recoveries and reversals on onerous contracts	-	-	-	-	-
Prior year development	-	-	(12,672)	(1,480)	(14,152)
Net income (expense) from reinsurance contracts held	(46,283)	-	210,747	4,027	168,491
Net finance income (expense) from reinsurance contracts held	-	-	(3,085)	-	(3,085)
Effects in movements of exchange rates	-	-	-	-	-
Total changes in the consolidated statement of comprehensive income and equity	(46,283)	-	207,662	4,027	165,406
Cash flows					
Premium paid	38,079	-	-	-	38,079
Amounts received	-	-	(38,390)	-	(38,390)
Total cash flows	38,079	-	(38,390)	-	(311)
Ending balance reinsurance contract held assets	-	-	215,203	7,686	222,889
Ending balance reinsurance contract held liabilities	(9,442)	-	-	-	(9,442)
Net closing reinsurance contract held assets	$ (9,442)	$ -	$ 215,203	$ 7,686	$ 213,447

6. Insurance contracts (continued)

c) Discounting

The discount rates used to discount the future cash flows for insurance and reinsurance contracts are noted below:

	1 Year		3 Years		5 Years		Over 5 Years	
	2023	2022	2023	2022	2023	2022	2023	2022
Insurance and reinsurance contracts	**4.51%**	4.37%	**3.59%**	3.86%	**3.37%**	3.66%	**3.47%**	3.73%

7. Land, property and equipment

Land, property and equipment are comprised of the following:

	2023		
As at December 31	Land and building	Equipment	Total
Cost			
Balance, beginning of year	**$ 16,520**	**$ 8,749**	**$ 25,269**
Additions	**-**	**209**	**209**
Disposals	**(130)**	**(6,962)**	**(7,092)**
Balance, end of year	**$ 16,390**	**$ 1,996**	**$ 18,386**
Accumulated depreciation			
Balance, beginning of year	**$ 5,843**	**$ 7,945**	**$ 13,788**
Additions	**557**	**285**	**842**
Disposals	**(130)**	**(6,962)**	**(7,092)**
Balance, end of year	**$ 6,270**	**$ 1,268**	**$ 7,538**
Net book value, end of year	**$ 10,120**	**$ 728**	**$ 10,848**

	2022		
As at December 31	Land and building	Equipment	Total
Cost			
Balance, beginning of year	$ 16,317	$ 8,604	$ 24,921
Additions	310	241	551
Disposals	(107)	(96)	(203)
Balance, end of year	$ 16,520	$ 8,749	$ 25,269
Accumulated depreciation			
Balance, beginning of year	$ 5,395	$ 7,735	$ 13,130
Additions	555	306	861
Disposals	(107)	(96)	(203)
Balance, end of year	$ 5,843	$ 7,945	$ 13,788
Net book value, end of year	$ 10,677	$ 804	$ 11,481

8. Intangible assets and goodwill

Intangible assets and goodwill, as presented in the consolidated statement of financial position, are comprised of the following:

As at December 31	2023	2022
Intangible assets	**$ 2,608**	$ 2,873
Goodwill	**200**	200
	$ 2,808	$ 3,073

a) Intangible assets

Intangible assets are comprised of the following:

		2023	
As at December 31	Cost	Accumulated amortization	Carrying amount
Balance, beginning of year	**$ 11,946**	**$ 8,873**	**$ 3,073**
Additions	**302**	**567**	**(265)**
Disposals	**(8,571)**	**(8,571)**	**-**
Balance, end of year	**$ 3,677**	**$ 869**	**$ 2,808**

		2022	
As at December 31	Cost	Accumulated amortization	Carrying amount
Balance, beginning of year	$ 10,617	$ 8,538	$ 2,079
Additions	1,398	404	994
Disposals	(69)	(69)	-
Balance, end of year	$ 11,946	$ 8,873	$ 3,073

9. Income taxes

a) Deferred tax assets

The following table shows the components comprising deferred tax assets.

As at December 31	2023	2022 Restated
LIC net of reinsurance recoveries	**$ 7,831**	$ 17,700
Investments	**(75)**	(220)
Property and equipment	**(1,294)**	(1,191)
Post-employment benefits	**295**	276
Other	**140**	523
IFRS 17 transition	**(3,801)**	-
	$ 3,096	$ 17,088

9. Income taxes (continued)

b) Income tax expense

The reconciliation of income tax expense calculated at the Canadian statutory tax rate to the income tax expense at the effective tax rate recorded in net income is provided in the following table.

For the year ended December 31	2023			2022 Restated		
Income tax expense based on statutory rates	**26.6%**	**$**	**17,711**	26.6%	$	4,582
Adjustments to income tax expense (recovery) related to:						
Canadian dividend income not subject to tax	**(2.5%)**		**(1,679)**	(8.4%)		(1,435)
Non-deductible expenses	**0.1%**		**43**	0.2%		30
Effect of change in income tax rates	**0.0%**		**-**	(0.8%)		(135)
Other	**0.2%**		**142**	2.4%		416
Income tax expense	**24.4%**	**$**	**16,217**	20.0%	$	3,458

c) Deferred income tax expense

The following table shows the components comprising deferred income tax expense.

For the year ended December 31		2023		2022 Restated
LIC net of reinsurance recoveries	**$**	**9,869**	$	3,586
Investments		**(145)**		(2)
Property and equipment		**103**		339
Post-employment benefits		**(18)**		(19)
Other		**383**		(380)
IFRS 17 transition		**3,801**		-
	$	**13,993**	$	3,524

10. Insurance service expense

The following table shows the components of insurance service expense as well as the portion included in other expense.

For the year ended December 31		2023		2022
Claims and benefits	**$**	**181,105**	$	359,273
Salaries and benefits		**16,375**		14,790
Information technology		**2,361**		1,319
Occupancy		**1,225**		1,043
Travel, education and membership meetings		**1,089**		936
Office		**2,842**		2,090
Professional fees		**1,143**		765
Depreciation and amortization		**1,286**		1,105
Directors		**667**		483
Commissions		**7,359**		7,236
Other		**654**		1,319
	$	**216,106**	$	390,359
Represented by:				
Insurance service expense	**$**	**205,488**	$	380,758
Other expense		**10,618**		9,601
	$	**216,106**	$	390,359

Note: Claims and benefits above excludes allocated expenses. Other expense in the consolidated statement of comprehensive income and equity includes $321 (2022: $2,949) of foreign exchange losses (gains) on cash.

11. Refund of premiums

The Company's by-laws provide that the Board of Directors may declare a refund of premiums to voting and participating members in any year. In making such a determination, the Board of Directors must consider the Company's capital position at the end of the previous financial year and will consider whether current capital available is adequate for current capital needs and likely future capital needs. The Board of Directors did not declare a refund of premiums to voting and participating members for the year ended December 31, 2023 (2022: nil).

12. Capital management

The Company's objectives when managing capital are to maintain sufficient capital to support claim liabilities, ensure the confidence of policyholders, provide liquidity, exceed regulatory capital measures and maximize return on capital. Management is responsible for developing the capital strategy for the Company and actively monitoring the capital management process. The Board of Directors is responsible for overseeing management's risk-taking activities and compliance with the capital management policies.

The Company is subject to the regulatory capital requirements defined by the Financial Services Regulatory Authority (FSRA) and the Insurance Act (Ontario). FSRA evaluates the Company's capital adequacy through the Minimum Capital Test (MCT) which measures available capital against required risk-weighted capital. Total capital available represents equity less specific deductions for disallowed assets. Minimum capital required is calculated by categorizing assets and liabilities and applying prescribed risk factors to each category. The MCT Guideline sets out 100% as the minimum and 150% as the supervisory target standards for P&C insurance companies. In addition, the Company has set an internal target minimum ratio at a level higher and more stringent than FSRA's minimum and supervisory requirements.

On at least an annual basis, a capital stress test known as Financial Condition Testing (FCT) is performed to estimate the impact on capital of possible future adverse events scenarios. These scenarios are reviewed each year to ensure appropriate risks are included in the testing process. An Own Risk and Solvency Assessment (ORSA) is also conducted at least annually. ORSA is a framework for insurers to internally assess their risks and determine the level of capital required to support future solvency.

Outwards reinsurance is also used to protect the Company's capital level from large losses, including those of a catastrophic nature, which could have a detrimental impact on capital. The Company has adopted policies that specify tolerance for insurance risk retention. Once the retention limits are reached, as disclosed in note 13(a), outwards reinsurance is used to cover the excess risk.

The following table shows the MCT results.

As at December 31	2023	2022
Total capital available	**$ 501,967**	$ 446,798
Minimum capital required	**100,115**	101,760
Excess of capital available over capital required	**$ 401,852**	$ 345,038
MCT ratio	**501%**	439%

Note: 2022 is calculated under IFRS 4.

13. Insurance and financial risk

The Company's business activities expose it to a wide variety of risks in virtually all aspects of its operations. The ability to manage these risks is a key competency and is supported by a strong risk culture and an effective enterprise risk management process. Risks are managed through an enterprise-wide capability to recognize, understand, measure, assess, mitigate, and monitor the risks taken across the organization to ensure:

- Strategic and other planning and risk are aligned;
- Risk-taking activities are aligned with customer needs, stakeholder expectations, and legal and regulatory requirements; and
- Business activities and transactions provide an appropriate balance of return for the risk assumed, remain within the Company's risk appetite, risk capacity, and the level of capital appropriate to the nature, scale, and complexity of the Company's risks, risk taking activities, and operating environment.

The Company's exposure to potential loss from financial assets and insurance contracts primarily relates to insurance risk, credit risk, liquidity risk and various market risks, including interest rate, market price fluctuation risk, and foreign currency risk.

13. Insurance and financial risk (continued)

a) Insurance risk

Insurance risk is the risk that the total cost of claims and claims adjustment expenses will exceed premiums received and can arise as a result of numerous factors including pricing risk, reserving risk, catastrophe risk and concentration risk. The following discussion outlines the most significant insurance risks and the practices employed to mitigate these risks.

Pricing risk

Pricing risk arises when actual claims experience differs from the assumptions included in pricing calculations. The Company focuses on profitable underwriting using a combination of pricing models and price adequacy monitoring tools. Reinsurance products are priced taking into account numerous factors including claims frequency and severity trends, the capital required to support the product line, and the investment income earned on that capital. The Company's pricing is designed to ensure an appropriate return on capital while also providing long term rate stability. These factors are reviewed and adjusted periodically to ensure they reflect the current environment.

Reserving risk

Reserving risk arises when actual claims runoff experience differs adversely from the assumptions included in setting reserves. The establishment of the estimated LIC is based on known facts and interpretation of circumstances and is therefore a complex and dynamic process influenced by a large variety of factors. These factors include the Company's experience with similar cases and historical trends involving claim patterns, loss payments, pending levels of unpaid claims, product mix or concentration, claims severity and claim frequency patterns. Other factors include the continually evolving and changing regulatory and legal environment, actuarial studies, professional experience and existing claims management practices, the effect of inflationary trends on future claims settlement costs, court decisions, economic conditions and public attitudes. In addition, time can be a critical part of the provision determination, since the longer the span between the incidence of a loss and the payment or settlement of the claims, the more variable the ultimate settlement amount can be. Accordingly, short tail claims, such as property claims, tend to be more reasonably predictable than long tail claims, such as general liability and automobile accident benefit claims that are less predictable. The Company's LIC is reviewed by and must be acceptable to the independent Appointed Actuary.

As the LIC is intended to represent payments that will be made in the future, they are discounted to reflect the time value of money. Refer to note 4 for a discussion of discounting.

An interest rate sensitivity analysis demonstrates that a 1% change in interest rates, with all other assumptions held constant, results in an inverse change in the LIC and LIC net of reinsurance recoveries as shown in the table below.

As at December 31	2023		2022 Restated	
Impact on:	**+1%**	**-1%**	+1%	-1%
LIC	**(10,673)**	**11,260**	(11,161)	11,732
LIC net of reinsurance recoveries	**(9,030)**	**9,539**	(9,042)	9,525

Establishing an appropriate level of claims liabilities is an inherently uncertain process and is closely monitored by management. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on the LIC and LIC net of reinsurance recoveries for the Company's property per risk and casualty per occurrence excess of loss reinsurance contracts, which comprise 57.8% and 60.7% of the LIC and LIC net of reinsurance recoveries respectively (2022: 47.8% and 65.4% respectively).

	2023		2022	
As at December 31	Impact on LIC	Impact on LIC net of reinsurance recoveries	Impact on LIC	Impact on LIC net of reinsurance recoveries
Change in assumptions:	**+5%**	**+5%**	+5%	+5%
Ultimate claims incurred but not reported	**1,898**	**1,648**	1,029	908
Ultimate claims settlement cost	**90,602**	**79,844**	88,905	79,821

13. Insurance and financial risk (continued)

a) Insurance risk (continued)

The tables below show how the Company's estimate of cumulative incurred claims cost for each accident year have changed at successive year ends. Each column tracks the claims relating to a particular "accident year", which is the year in which such loss events occurred, regardless of when they were reported. The rows reflect the estimates in subsequent years for each accident year's claims. Cumulative payments to date in the table presents the cumulative amounts paid for claims for each accident year as the current reporting date.

2023 Claims development table – net of reinsurance recoveries

	Accident Year											
	Prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	$	$	$	$	$	$	$	$	$	$	$	$
One year later	-	130,991	121,250	145,671	151,324	163,063	175,950	171,477	250,539	213,677	233,347	
Two years later	-	118,855	98,050	124,261	143,066	173,215	186,308	168,636	225,524	209,007		
Three years later	-	121,530	94,926	125,041	146,962	173,310	189,578	165,381	208,795			
Four years later	-	121,154	101,284	137,974	153,953	159,807	179,418	157,079				
Five years later	-	125,792	102,220	133,092	149,517	151,501	172,733					
Six years later	-	124,663	99,301	125,716	147,356	146,861						
Seven years later	-	124,476	94,682	123,170	141,346							
Eight years later	-	123,413	90,190	118,843								
Nine years later	-	123,780	88,536									
Ten years later	-	122,456										
Current estimate	-	122,456	88,536	118,843	141,346	146,861	172,733	157,079	208,795	209,007	233,347	1,599,003
Cumulative payments to date	-	117,539	82,734	111,537	120,301	127,516	135,995	125,343	151,489	146,937	47,840	1,167,231
Undiscounted LIC net of reinsurance recoveries	13,458	4,917	5,802	7,306	21,045	19,345	36,738	31,736	57,306	62,070	185,507	445,230
Discounting, RA and other	652	29	278	228	590	605	643	74	(225)	1,183	1,573	6,988
LIC net of reinsurance recoveries	14,110	4,946	6,080	7,534	21,635	19,950	37,381	31,810	57,081	63,253	187,080	452,218

2022 (*Restated*) Claims development table – net of reinsurance recoveries

	Accident Year											
	Prior	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
	$	$	$	$	$	$	$	$	$	$	$	$
One year later	-	119,923	130,991	121,250	145,671	151,324	163,063	175,950	171,477	250,539	213,677	
Two years later	-	104,132	118,855	98,050	124,261	143,066	173,215	186,344	168,636	225,524		
Three years later	-	102,228	121,530	94,926	125,041	146,962	173,310	189,578	165,381			
Four years later	-	106,187	121,154	101,284	137,974	153,953	159,807	179,418				
Five years later	-	108,786	125,792	102,220	133,092	149,517	151,501					
Six years later	-	110,604	124,663	99,301	125,716	147,356						
Seven years later	-	111,171	124,476	94,637	123,170							
Eight years later	-	109,507	123,413	90,190								
Nine years later	-	105,889	123,780									
Ten years later	-	106,080										
Current estimate	-	106,080	123,780	90,190	123,170	147,356	151,501	179,418	165,381	225,524	213,677	1,526,077
Cumulative payments to date	-	99,708	116,882	81,757	109,688	115,175	123,523	130,823	113,376	122,979	69,419	1,083,330
Undiscounted LIC net of reinsurance recoveries	13,381	6,372	6,898	8,433	13,482	32,181	27,978	48,595	52,005	102,545	144,258	456,128
Discounting, RA and other	1,053	315	5	91	94	527	222	(282)	(835)	(1,537)	5,243	6,358
LIC net of reinsurance recoveries	14,434	6,687	6,903	8,524	13,576	32,708	28,200	48,313	51,170	101,008	149,501	462,486

13. Insurance and financial risk (continued)

a) Insurance risk (continued)

Catastrophe risk

Catastrophe risk arises as P&C insurance companies may be exposed to large losses arising from man-made or natural catastrophes that could result in significant underwriting losses. The Company evaluates potential catastrophic events and assesses the probability of occurrence and magnitude of these events through various modelling techniques. The Company manages catastrophe exposure by factoring in levels of reinsurance protection, capital levels, and risk tolerances.

Concentration risk

Concentration risk can arise from writing too many insurance or reinsurance contracts in a particular line of business, region or foreign currency or holding too many reinsurance contracts with one or a small number of reinsurers. The Company continually monitors its exposure to concentration risk. This risk is mitigated by writing contracts across lines of business, diversifying between our member and broker business and through the purchase of outwards reinsurance. Concentration risk in our broker business is further mitigated by carefully choosing which inward reinsurance contracts we want to write as well as our level of participation, all consistent with our risk appetite. Outwards reinsurance contracts are placed with numerous reinsurers who are financially sound. The Company is not exposed to significant concentration risk from foreign currencies with respect to its insurance and reinsurance contracts. It is exposed to regional concentration risk with the member business as all risks are located in Canada and heavily skewed towards Ontario.

Reinsurance

The Company purchases outwards reinsurance as part of its insurance risk mitigation program. However, outwards reinsurance does not relieve the Company from its primary commitments to ceding insurance companies under inwards reinsurance contracts. If any reinsurers are unable to meet their obligations under the related agreements, the Company would be liable for unrecoverable amounts. The outwards reinsurance contracts purchased by the Company provide coverage for a one-year term and are negotiated annually. The availability and cost of outwards reinsurance are subject to prevailing market conditions, both in terms of price and available capacity. Market conditions are influenced by recent loss experience of the Company and of the industry in general. The Company works with well-established reinsurers that have expertise in their fields, an understanding of the Company’s business and satisfactory financial strength ratings. Management reviews outwards reinsurance programs to manage cost efficiency and reduce the likelihood of coverage gaps.

The Company purchases outwards reinsurance to limit its net retained exposure for any single risk or single loss occurrence (“retention”) in Canada up to certain maximum per risk or per occurrence amounts (“limit”). In addition, the Company has obtained catastrophe reinsurance protection which provides coverage for the amount of loss in excess of the retention and up to the limit of coverage from a catastrophic event occurring in Canada or the United States, such as a severe convective storm (tornado, hail, straight-line wind, and lightning) or winter storm (snow, ice, freeze, and extra-tropical wind). The Company also purchases outwards reinsurance that provides coverage for the cumulative amount of loss resulting from all catastrophic events occurring in Canada in a year (“net catastrophe aggregate”).

The table below shows the Company’s per risk, per occurrence and net aggregate excess of loss reinsurance arrangements for exposures in Canada and the United States.

	2023			2022		
For the year ended December 31	Retention	Annual Aggregate Deductible	Limit	Retention	Annual Aggregate Deductible	Limit
Canada:						
Property per risk	**$ 2,500**	**$ 3,000**	**$ 24,000**	$ 2,500	$ 3,000	$ 24,000
Automobile per occurrence	**3,000**	**-**	**30,000**	3,250	-	30,000
Liability per occurrence	**3,000**	**-**	**30,000**	3,250	-	30,000
Catastrophe per occurrence	**20,000**	**-**	**410,000**	17,500	-	380,000
Catastrophe net aggregate	**35,000**	**-**	**70,000**	30,000	-	65,000
United States:						
Catastrophe per occurrence (in USD)	**15,000**	**-**	**55,000**	15,000	-	55,000

13. Insurance and financial risk (continued)

b) Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and thereby causes financial loss to another party. The Company's exposure to credit risk is concentrated in two specific areas: investment assets and underwriting and operating balances, including balances recoverable and receivable from reinsurers on ceded losses (including ceded incurred losses, ceded paid losses and ceded unearned premiums).

The aggregate gross credit risk exposure is comprised as follows:

As at December 31	2023	2022 Restated
Cash and cash equivalents	**$ 62,595**	$ 61,557
Accrued investment income	**886**	845
Accounts receivable	**49,130**	60,227
Income taxes receivable	**-**	213
Fixed income securities	**647,560**	589,712
Reinsurance contract assets	**125,097**	222,889
	$ 885,268	$ 935,443

Note: Accounts receivable includes amounts netted in the LRC.

Investments in fixed income securities

The Company monitors concentration and credit quality risk through policies to limit and monitor its exposure to individual issuers or related groups, with the exception of Canadian government bonds, as well as through ongoing review of the credit ratings of issuers held in the securities portfolio. The Company limits its investment exposure to any one corporate issuer or related group to less than 10% of the Company's investments. No more than 10 % of the bond and debenture portfolio may be held in instruments with a non-investment grade financial strength rating assigned by a recognized rating agency. Non-investment grade comprises obligations with a financial strength rating of "BB" or lower and unrated obligations.

The table below shows fixed income securities by financial strength rating.

	2023				
As at December 31	Short-term	Bonds and debentures	Mortgages	Preferred	Total
AAA/Aaa/P-1	**$ 908**	**$ 266,957**	**$ -**	**$ -**	**$ 267,865**
AA/Aa/P-2	**4,559**	**67,947**	**-**	**21,139**	**93,645**
A/P-3	**78**	**100,525**	**-**	**1,933**	**102,536**
BBB/Bbb/P-4	**-**	**175,613**	**-**	**-**	**175,613**
BB	**-**	**15,509**	**-**	**-**	**15,509**
B	**-**	**9,570**	**-**	**-**	**9,570**
Unrated	**-**	**11,439**	**37,144**	**-**	**48,583**
	$ 5,545	**$ 647,560**	**$ 37,144**	**$ 23,072**	**$ 713,321**

	2022				
As at December 31	Short-term	Bonds and debentures	Mortgages	Preferred	Total
AAA/Aaa/P-1	$ 118	$ 249,530	$ -	$ -	$ 249,648
AA/Aa/P-2	1,113	$60,697	-	20,147	81,957
A/P-3	30	103,810	-	2,084	105,924
BBB/Bbb/P-4	-	136,381	-	-	136,381
BB	-	16,945	-	-	16,945
B	-	11,793	-	-	11,793
Unrated	-	10,556	37,930	-	48,486
	$ 1,261	$ 589,712	$ 37,930	$ 22,231	$ 651,134

13. Insurance and financial risk (continued)

b) Credit risk (continued)

Recoverable from reinsurers and accounts receivable

The Company has a regular review process to assess the credit worthiness of reinsurers with whom it transacts business and to monitor and limit its exposure to any individual reinsurer or reinsurance group. The Company assesses the financial soundness of the reinsurers before signing any reinsurance treaties and monitors their situation on a regular basis. The financial analysis and monitoring performed by the Company's reinsurance broker is also considered. In addition, the Company has minimum rating requirements for its reinsurers.

Internal guidelines require participating reinsurers to have an "A-" or higher financial strength rating assigned by a recognized rating agency at inception of the contract and participating reinsurers on long-term settlement contracts to be approved by the Office of the Superintendent of Financial Institutions Canada at inception of the contact. Reinsurance contracts include provisions requiring any reinsurer that is not approved by a Canadian insurance authority having jurisdiction over the reinsurer to collateralize amounts receivable and recoverable using cash or letters of guarantee issued by a Canadian chartered bank.

The Company's accounts receivable, the majority of which are included in the LRC are short-term in nature and are not subject to material credit risk.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting cash flow commitments for obligations associated with insurance contracts, operating costs and expenses, and income tax payments. Obligations associated with insurance contracts include the payment of premiums under outwards reinsurance contracts and the payment of claims and commissions under inwards reinsurance contracts. Historically, the Company has used cash inflows from operating activities and investment activities to fund liquidity requirements. Cash inflows from operating activities are primarily the collection of premiums and reinsurance assets. Cash inflows from investment activities are primarily repayments of principal, sales of investment securities, and investment income.

The Company focuses on the stress that could be placed on liquidity requirements as a result of severe disruption or volatility in the capital markets or extreme catastrophic activity or the combination of both. The Company's liquidity management strategy is to hold cash, cash equivalents, and highly liquid, high quality short-term investment securities to meet anticipated obligations as they become due. The Company also has a highly liquid investment portfolio. The investment policy requires all investments to be in publicly traded securities that meet minimum size and trading requirements.

The table below shows the maturity profile of the net insurance contract liabilities and net reinsurance contract held assets.

	Less Than 1 Year		1-2 Years		2-3 Years		3-4 Years		4-5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net reinsurance contract held assets	**76,058**	166,601	**23,925**	31,468	**6,397**	6,147	**5,523**	3,308	**2,831**	1,324	**5,465**	4,599	**120,199**	213,447
Net insurance contract liabilities	**273,502**	359,500	**100,798**	109,535	**55,487**	60,249	**39,157**	41,356	**29,518**	28,333	**51,526**	50,123	**549,988**	649,096

d) Market risk

Market risk is the risk of loss from adverse changes in market rates and prices, such as interest rates, the trading price of equity and other securities, credit spreads and foreign currency exchange rates. Market risk is directly influenced by the volatility and liquidity in markets in which the underlying assets and liabilities are traded, expectations of future price and yield movements and the composition of the Company's investment portfolio.

Interest rate risk

Fluctuations in interest rates have a direct impact on the market valuation of the Company's debt securities and preferred shares. As interest rates rise, the market value of debt securities and preferred shares declines and, conversely, as interest rates decline, the market value of debt securities and preferred shares rises. The Company's interest rate risk management strategy is to position its debt securities and preferred shares based on its view of future interest rates and the yield curve, balanced with liquidity requirements. The Company may reposition the portfolio in response to changes in the interest rate environment.

13. Insurance and financial risk (continued)

d) Market risk (continued)

The table below shows the estimated increase or decrease in the fair value of the Company's debt securities and preferred shares resulting from an immediate hypothetical 100 basis point increase or decrease in interest rates, with all other variables held constant.

As at December 31	2023	2022
Short-term securities and pooled funds	**$ 4**	$ 64
Bonds and debentures	**16,497**	13,881
Mortgages - pooled funds	**916**	1,043
Preferred shares	**570**	543
	$ 17,987	$ 15,531

Market price fluctuations

The Company's investment portfolios are managed through the services of third-party professional investment management firms with a long term, value-oriented investment philosophy emphasizing downside protection. The Company has policies to limit and monitor its individual issue exposures and aggregate equity exposure.

The estimated impact of a 10% increase or decrease in equity prices, with all other variables held constant, would result in an increase or decrease of $14,673 (2022: $14,599) in the fair value of the Company's equity investment portfolio.

Foreign currency risk

Foreign currency risk is the risk that the fair value or cash flows of a financial instrument or insurance contract will fluctuate because of changes in exchange rates and produce an adverse effect on earnings when measured in a company's functional currency.

The Company's foreign currency risk relates primarily to inwards reinsurance contracts denominated in USD. For the year ended December 31, 2023, inwards reinsurance contracts denominated in USD were $43,259 USD (2022: $47,665 USD).

Net exposure to USD denominated amounts (in USD) included in the consolidated statement of financial position is as follows:

As at December 31	2023	2022 Restated
Cash and cash equivalents	**$ 2,429**	$ 3,139
Investments	**53,356**	50,445
Accrued investment income	**462**	414
Accounts receivable	**8,885**	9,680
Accounts payable	**56**	(288)
LIC	**(78,925)**	(79,403)
	$ (13,737)	$ (16,013)

Note: Accounts receivable includes amounts netted in the LRC.

14. Post-employment benefits

a) Pension benefits

The Plan is funded by employee and employer contributions. Current contributions are the amount required for Plan service costs and the normal cost of the benefits currently accruing in accordance with the provisions of the Plan, based upon the advice of the Plan actuary, less the employee contributions.

Employers must also make contributions to provide for the amortization of any unfunded liability, experience deficiency, or solvency deficiency with respect to benefits previously accrued pursuant to the requirements of the Pension Benefits Act (Ontario).

The Company included $1,136 (2022: $1,022) for current contributions in operating expenses in the consolidated statement of comprehensive income and equity. Expected current contributions to the Plan for the next annual reporting period are $1,456. The Company's proportion of the total current contributions to the Plan amount to 12.3% (2022: 12.3%).

14. Post-employment benefits (continued)

The most recent actuarial valuation was prepared as at December 31, 2021. As at December 31, 2023, the estimated going-concern funding surplus of the plan was $26,993 (2022: $3,571), a solvency basis funding surplus of $42,109 (2022: $33,301 surplus) and a funding surplus of $22,657 (2022: $10,603 surplus) under a hypothetical wind-up of the Plan.

In the event of wind up of the Plan or the Company's withdrawal from the Plan, the Plan deficit or surplus would be allocated by the Plan actuary and in accordance with the Pension Benefits Act (Ontario).

The Plan exposes the Company to a contingent liability for any shortfall in plan assets resulting from insufficient contributions, including actuarial losses relating to other participating employers and any shortfall in the Plan if other employers cease to participate.

b) Non-pension benefits

The Company provides lump-sum payments on retirement and post-employment extended health care and dental benefits to eligible retired employees.

The table below shows information about the Company's non-pension post-employment benefit plan which is grouped with accounts payable.

For the year ended December 31,	2023	2022
Accrued benefit obligation, beginning of year	**$ 1,040**	$ 1,220
Current service cost	**92**	120
Interest cost	**55**	40
Benefits paid	**(83)**	(87)
Actuarial loss (gain)	**6**	(253)
Accrued benefit obligation, end of year	**$ 1,110**	$ 1,040

The financial position of a post-employment, non-pension benefit plan is determined by comparing the value of assets to the actuarial liability, which is also known as the accrued benefit obligation, assuming the plan continues indefinitely. The Company's plan is unfunded. Therefore, there are no assets associated with the plan.

A valuation was prepared as at December 31, 2023 to determine the defined benefit obligation and the current service cost using the membership census data as at that date. The defined benefit obligation and current service cost are calculated using the projected benefit method with service prorate. Under this method, the defined benefit obligation is equal to the actuarial present value of all future benefits, taking into account the assumptions described below, multiplied by the ratio of the service at the valuation date to the service at the date the employee is first eligible for post-employment benefits. The employer current service cost for a period is equal to the actuarial present value of benefits attributed to employee's services rendered in that period.

The current period accrued benefit obligation is determined by increasing the December 31, 2022 accrued benefit obligation by the service cost for benefits to be earned during the period plus expected interest on the obligations and decreased by the expected benefit payments for each year, including interest.

The significant actuarial assumptions used in measuring the accrued benefit obligation are shown in the table below.

For the year ended December 31	2023	2022
Discount rate, beginning of year	**5.0%**	3.1%
Discount rate, end of year	**5.1%**	5.0%
Salary increases	**3.3%**	3.3%
Dental benefit cost trend rates	**4.0%**	4.0%
Extended health care cost trend rates	**6.00% reducing to 4.25% over 15 years**	6.5% reducing to 4.5% over 8 years

15. Related party transactions

Compensation for key management personnel, defined as the Company's directors, president and chief executive officer, senior vice presidents, vice presidents, assistant vice presidents, and managers, is set out below.

For the year ended December 31	2023	2022
Board of Directors	**$ 357**	$ 293
Key management personnel		
Salaries	**$ 6,045**	$ 5,626
Short-term employee benefits	**645**	471
Post-employment benefits	**1,144**	902
	$ 7,834	$ 6,999
	$ 8,191	$ 7,292

16. Guarantees

The Company can be assessed for its prescribed share of certain obligations to policyholders and claimants of insolvent insurance companies that are members of the Fire Mutuals Guarantee Fund. There is no limitation to the maximum potential future payments under the guarantee. No liability for obligations under the guarantee is carried in the Company's consolidated statement of financial position (2022: nil).

The Company provides indemnification to directors and officers, to the extent permitted by law, against certain claims made against them as a result of their services to the Company. The Company has insurance coverage for these agreements. No liability for obligations under the indemnification is carried in the Company's consolidated statement of financial position (2022: nil).

17. Changes in non-cash balances

The following table provides additional details on the items included in cash flows provided by (used in) operating activities.

For the year ended December 31	2023	2022 Restated
Accrued investment income	**$ (41)**	$ 1,970
Insurance contract assets	**8,780**	(3,158)
Reinsurance contract held assets	**97,792**	(173,299)
Accounts receivable	**2,691**	(2,661)
Income taxes receivable	**213**	(213)
Other assets	**(56)**	(120)
Accounts payable	**(477)**	(200)
Income taxes payable	**2,349**	(176)
Insurance contract liabilities	**(107,888)**	115,706
Reinsurance contract held liabilities	**(4,544)**	8,204
	$ (1,181)	$ (53,947)

Current and Past Chairs of the Board

Chair	From	To
Ed Forbes	2023	Present
Valerie Fehr	2022	2023
Paul Vandenbosch	2021	2022
Ross Gowan	2020	2021
Tom Oegema	2019	2020
Jeff Whiting	2018	2019
Ross Lincoln	2017	2018
Terry Shea	2016	2017
Barbara Bethune	2015	2016
Brian Downie	2014	2015
Daniel J. Hill	2013	2014
Doug Crockett	2012	2013
Bruce Caughey	2011	2012
John W. Leeson	2010	2011
Bruce Williams	2009	2010
Brian Bessey	2008	2009
Joe Facey	2007	2008
Serge Gauthier	2006	2007
Michael O'Shea	2005	2006
Kathryn Adie	2004	2005
Earl Harder	2003	2004
Philip Brett	2002	2003

Chair	From	To
Terry Malcolm	2001	2002
John McIntosh	2000	2001
Gerald Brown	1999	2000
Douglas Winer	1998	1999
Ronald Perry	1997	1998
Carl Turnbull	1996	1997
James Pinnock	1995	1996
Brian Fisher	1994	1995
Edward Pellow	1993	1994
Vern Inglis	1992	1993
Gordon Johnson	1991	1992
Donald Mylrea	1989	1991
Albert McArthur	1987	1989
Fred Legg	1985	1987
John Harper	1983	1985
Emory Knill	1981	1983
William Weir	1979	1981
K. Max Forsythe	1977	1979
Willard Shaw	1975	1977
Delmar Cobban	1973	1975
J. Stan Mitchell	1965	1973
Fred M. Fletcher	1959	1965

Current and Past Presidents

President	From	To
Jean-Pierre Gagnon	2019	Present
G.S. (Steve) Smith	2003	2019
John A. Harper	1986	2003
Gerald M. Snyder	1979	1986
Bruce Bird	1973	1979
H. H. McFadden	1959	1973

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