MAPLE MUTUAL INSURANCE COMPANY

FINANCIAL STATEMENTS

DECEMBER 31, 2023

MAPLE MUTUAL INSURANCE COMPANY

DECEMBER 31, 2023

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Independent Auditor's Report

To the Policyholders of Maple Mutual Insurance Company

Opinion

We have audited the financial statements of Maple Mutual Insurance Company (the "Company"), which comprise the statement of financial position as at December 31, 2023, and the statements of comprehensive income (loss), policyholders' surplus and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated. Our opinion is not modifed in respect to this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

MNP LLP

Wallaceburg, Ontario — Chartered Professional Accountants

February 29, 2024 — Licensed Public Accountants

Maple Mutual Insurance Company
Statement of Financial Position
As at December 31, 2023

	Notes	2023	2022 Restated - Note 3	January 1, 2022 Restated - Note 3
Assets				
Cash and cash equivalents		**$ 4,573,739**	$ 1,652,855	$ 3,290,567
Investments	8	**26,164,578**	29,032,013	32,351,377
Income tax recoverable	9	**183,692**	1,026,485	-
Reinsurance contract assets	6	**4,508,715**	2,179,888	917,407
Other assets		**58,911**	102,982	125,176
Property and equipment	10	**5,334,750**	5,401,784	1,081,298
		$ 40,824,385	$ 39,396,007	$ 37,765,825
Liabilities				
Accounts payable and accrued liabilities		**$ 143,833**	$ 824,814	$ 107,433
Insurance contract liabilities	6	**12,604,289**	12,485,887	10,746,987
Current tax liabilities		**-**	-	176,000
Deferred tax liabilities	9	**278,574**	481,353	216,569
		13,026,696	13,792,054	11,246,989
Policyholders' surplus				
Unappropriated policyholders' surplus		**27,797,689**	25,603,953	26,518,836
		$ 40,824,385	$ 39,396,007	$ 37,765,825

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Maple Mutual Insurance Company

Statement of Comprehensive Income (Loss)

For the year ended December 31, 2023

	Notes		2023		2022 Restated - Note 3
Insurance revenue		$	**16,415,601**	$	15,337,553
Insurance service expense	7		**(15,951,659)**		(13,872,359)
Insurance service result before reinsurance contracts held			**463,942**		1,465,194
Reinsurance premiums ceded			**(1,831,584)**		(1,845,356)
Recoverable from reinsurers for incurred claims			**2,447,779**		1,418,266
Net recovery (expense) from reinsurance contracts held			**616,195**		(427,090)
Insurance service result			**1,080,137**		1,038,104
Net investment income (loss)	8		**1,988,061**		(1,366,589)
Finance (expense) income from insurance contracts issued			**(483,000)**		91,000
Finance income (expense) from reinsurance contracts held			**51,000**		(62,000)
Net insurance financial result			**(432,000)**		29,000
Other income			**472,189**		25,994
General and operating expenses	7		**(1,120,870)**		(1,022,932)
Other expenses			**(648,681)**		(996,938)
Income (loss) before tax			**1,987,517**		(1,296,423)
Income tax recovery	9		**206,219**		381,540
Total comprehensive income (loss) for the year		$	**2,193,736**	$	(914,883)

The accompanying notes are an integral part of these financial statements

Maple Mutual Insurance Company
Statement of Policyholders' Surplus
For the year ended December 31, 2023

	Note		Surplus
Balance as at January 1, 2022, as previously reported		$	**26,214,936**
Adjustment on initial application of IFRS 17, net of tax	3		**303,900**
Restated balance at January 1, 2022			**26,518,836**
Comprehensive loss for the year, restated	3		**(914,883)**
Restated balance as at December 31, 2022			**25,603,953**
Comprehensive income for the year			**2,193,736**
Balance at December 31, 2023		$	**27,797,689**

The accompanying notes are an integral part of these financial statements

Maple Mutual Insurance Company

Statement of Cash Flows

For the year ended December 31, 2023

	Notes	***2023***	*2022*
			Restated - Note 3
Cash flows from operating activities			
Comprehensive income (loss) for the year		**$ 2,193,736**	$ (914,883)
Adjustments for:			
Depreciation of property and equipment	10	**200,812**	155,153
(Gain) loss on disposal of property and equipment		**(466,114)**	2,331
Realized gains on sale of FVTPL financial assets	8	**(437,797)**	(989,713)
Unrealized (gains) losses on investments	8	**(418,900)**	3,156,804
Interest and dividend income	8	**(1,259,915)**	(924,040)
Income tax recovery	9	**(206,219)**	(381,540)
		(2,588,133)	1,018,995
Changes in working capital accounts			
Reinsurance contract assets		**(2,328,827)**	(1,262,480)
Other assets		**44,071**	22,194
Accounts payable and accrued liabilities		**(680,981)**	717,381
Insurance contract liabilities		**118,402**	1,738,900
		(2,847,335)	1,215,995
Cash flows relating to income taxes			
Income taxes recovered (paid)		**846,233**	(556,161)
		(2,395,499)	763,946
Cash flows from investing activities			
Proceeds from sale of investments		**7,388,023**	6,287,802
Purchase of investments		**(3,605,993)**	(5,131,037)
Additions to property and equipment	10	**(357,665)**	(4,475,640)
Proceeds on disposition of property and equipment		**690,001**	-
		4,114,366	(3,318,875)
Cash flows from financing activities			
Interest and dividends received		**1,202,017**	917,217
Increase (decrease) in cash resources		**2,920,884**	(1,637,712)
Cash and cash equivalents, beginning of year		**1,652,855**	3,290,567
Cash and cash equivalents, end of year		**$ 4,573,739**	$ 1,652,855

The accompanying notes are an integral part of these financial statements

1. CORPORATION INFORMATION

Maple Mutual Insurance Company (the Company) is incorporated under the laws of Ontario and is subject to the Ontario Insurance Act. It is licensed to write property, liability, automobile, and farmers' accident insurance in Ontario. The Company's head office is located at 29553 St. George Street, Dresden, ON, Canada.

The Company is subject to rate regulation in the automobile business that it writes. Before automobile insurance rates can be changed, a rate filing is prepared as a combined filing for most Ontario Farm Mutuals. The rate filing must include actuarial justification for rate increases or decreases. All rate filings are approved or denied by the Financial Services Regulatory Authority of Ontario. Rate regulation may affect the automobile revenues that are earned by the Company. The actual impact of rate regulation would depend on the competitive environment at the time.

These financial statements have been authorized for issue by the Board of Directors on February 29, 2024.

2. BASIS OF PRESENTATION AND MEASUREMENT

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

These financial statements have been prepared on the historical cost basis except for financial assets classified as fair value through profit or loss (FVTPL).

The Company presents its statement of financial position on a non-classified basis in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the statement of financial position date (current) and more than twelve months after the statement of financial position date (non-current), presented in the notes.

The financial statements' values are presented in Canadian dollars ("CDN"), which is the Company's functional and presentation currency.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

In these financial statements, the Company has applied IFRS 17 - *Insurance Contracts* for the first time. The Company had early adopted IFRS 9 – *Financial Instruments* in 2018. There have been no early adoptions of any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023. The Company has applied IFRS 17 for the first time using the full retrospective approach which resulted in an opening adjustment recognized in Policyholders' surplus of $303,900.

The Company has restated comparative information for 2022. The nature of the changes in accounting policies can be summarised, as follows:

i. Transition

On transition date, January 1, 2022, the Company:

- Has identified, recognized, and measured each group of insurance contracts as if IFRS 17 had always applied,
- Derecognized any existing balances that would not exist had IFRS 17 always applied,
- Recognized any resulting net difference in policyholders' surplus.

3. ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

ii. Changes to classification 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.

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognized in revenue for insurance services provided.
- Measurement of the liability for remaining coverage is adjusted to include a loss component to reflect the expected loss from onerous contracts.
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company’s obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company defers insurance acquisition cash flows for all product lines 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.

iii. Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of comprehensive income (loss) have been changed significantly compared with last year. Changes to the line-item descriptions include:

<table>
<tr><th>Under IFRS 4, the Company presented:</th><th>IFRS 17 requires separate presentation of:</th></tr>
<tr><td>Gross written premiums</td><td rowspan="3">Insurance revenue</td></tr>
<tr><td>Changes in premium reserves</td></tr>
<tr><td>Net insurance premium revenue</td></tr>
<tr><td>Gross claims expenses</td><td rowspan="2">Insurance service expense
Finance income (expense) from insurance contracts issued</td></tr>
<tr><td>Commission expenses</td></tr>
<tr><td>Reinsurer’s share of claims and benefits incurred</td><td>Income or expenses from reinsurance contracts held
Finance income (expense) from reinsurance contracts held</td></tr>
</table>

3. ADOPTION OF NEW ACCOUNTING STANDARDS (Continued)

iv. Impact of adopting IFRS 17

The following tables summarize the impact of IFRS 17 on the Company's statement of financial position and statement of comprehensive income (loss) on transition.

Impact of IFRS on the statement of financial position

As at January 1, 2022	IFRS4	Presentation	Measurement	IFRS17
Total assets	$ 42,431,721	$ (3,961,916)	$ (703,980)	$ 37,765,825
Total liabilities	16,216,785	(3,961,916)	(1,007,880)	11,246,989
Policyholder's surplus	26,214,936	-	303,900	26,518,836
	$ 42,431,721	$ (3,961,916)	$ (703,980)	$ 37,765,825

As at December 31, 2022	IFRS4	Jan 1, 2022 Adjustments	Presentation	Measurement	IFRS17
Total assets	$ 44,067,971	$ (703,980)	$ (4,438,964)	$ 470,980	$ 39,396,007
Total liabilities	20,392,638	(1,007,880)	(4,438,964)	(1,153,740)	13,792,054
Policyholder's surplus	23,675,333	303,900	-	1,624,720	25,603,953
	$ 44,067,971	$ (703,980)	$ (4,438,964)	$ 470,980	$ 39,396,007
Comprehensive loss	$ (2,539,603)	-	-	$ 1,624,720	$ (914,883)

Measurement impact of IFRS 17

	As at January 1, 2022	As at December 31, 2022
Discount rate	$ (115,759)	$ (10,738)
Risk adjustment	251,022	(87,280)
IFRS 17 methodology changes	278,206	2,308,522
Income tax	(109,569)	(585,784)
Total impact	$ 303,900	$ 1,624,720

4. MATERIAL ACCOUNTING POLICIES

a) INSURANCE AND REINSURANCE CONTRACTS

i. Insurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues property and casualty insurance to individuals and businesses, which includes property, liability, and auto. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

ii. Separating components from insurance and reinsurance contracts

The Company assesses its insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract.

Currently, the Company's products do not include any distinct components that require separation.

iii. Levels of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels, which were higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No group for level of aggregation purposes may contain contracts issued more than one year apart.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

iv. Recognition

The Company recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) INSURANCE AND REINSURANCE CONTRACTS (Continued)

iv. Recognition (Continued)

The Company recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and
- the date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

v. Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an 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.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

vi. Measurement – Premium Allocation Approach

	IFRS 17 Options	***Adopted approach***
PAA Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for all insurance and reinsurance contracts is one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts and then amortised over the coverage period of the related group.	For all contracts, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) INSURANCE AND REINSURANCE CONTRACTS (Continued)

vi. Measurement – Premium Allocation Approach (Continued)

Liability for Remaining Coverage (LRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	For all contracts, there is no allowance for the accretion of interest as the premiums are received within one year of the coverage period.
Liability for Incurred Claims, (LIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all business lines, adjustments are made for the time value of money when assessing the incurred claims.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	For all contracts, the change in LIC as a result of changes in discount rates will be captured within comprehensive income.

vii. Insurance contracts – initial measurement

The Company applies the PAA to all the insurance contracts that it issues and reinsurance contracts that it holds as the coverage period for all contracts is one year or less.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date,
- Any other asset or liability previously recognized for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognized.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

viii. Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues (i.e. the PAA). However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue. Where the Company recognizes 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 for a group of reinsurance contracts held depicting the recovery of losses. The Company calculates the loss-recovery component by multiplying the loss recognized 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 recognized on the

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) INSURANCE AND REINSURANCE CONTRACTS (Continued)

viii. Reinsurance contracts held – initial measurement (Continued)

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. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

ix. *Insurance contracts – subsequent measurement*

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period,
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognized as an expense in the reporting period for the group,
- Minus the amount recognized as insurance revenue for the services provided in the period,

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

x. *Insurance contracts – subsequent measurement*

Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to the statement of comprehensive income (loss) (through insurance service expense).

xi. Reinsurance contracts – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

xii. Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company uses a systematic and rational method to allocate insurance acquisition cash flows to each group of insurance contracts.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognized in the statement of financial position, a separate asset for insurance acquisition cash flows is recognized for each related group.

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) INSURANCE AND REINSURANCE CONTRACTS (Continued)

xiii. Insurance contracts – modification and derecognition

The Company derecognizes insurance 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 derecognizes the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

xiv. Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

xv. Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognized based on the passage of time.

xvi. Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

4. MATERIAL ACCOUNTING POLICIES (Continued)

a) INSURANCE AND REINSURANCE CONTRACTS (Continued)

xvii. Loss-recovery components

As described in Note 4(a)(xvi) above, where the Company recognizes 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 for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

xviii. Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk. The Company presents insurance finance income or expenses within the statement of comprehensive income each period.

xix. Net expense (recovery) from reinsurance contracts held

The Company separately presents on the face of the statement of comprehensive income (loss), the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes commissions from an allocation of reinsurance premiums presented on the face of the statement of comprehensive income (loss).

b) INVESTMENTS

i) Financial assets

The Company designates all financial assets including cash and cash equivalents and investments as fair value through profit and loss (FVTPL) and subsequently measures these financial assets at fair value. The Company initially recognizes financial assets at fair value on the trade date at which the Company becomes a party to the contractual provisions of the asset.

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for the asset that are based on unobservable inputs.

The level in the fair value hierarchy within which the fair value measurement is categorized is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

ii) Net investment income (loss)

Net investment income consists of dividends, interest, realized gains and losses and unrealized gains and losses. Interest income is recognized as it accrues in the statement of comprehensive income (loss), using the effective interest method. Dividend income is recognized in the statement of comprehensive income (loss) on the date that the Company's right to receive payment is established. Investment management and custodial fees expenses are recognized as incurred.

4. MATERIAL ACCOUNTING POLICIES (Continued)

b) INVESTMENTS (Continued)

iii) Financial Liabilities

Financial liabilities are recognized initially at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company has the following financial liabilities: accounts payable and accrued liabilities.

Financial liabilities are subsequently measured at amortized cost.

c) INCOME TAXES

The Company uses the asset and liability method of accounting for income taxes. Income taxes are comprised of both current and deferred taxes. Income taxes are recognized in the statement of comprehensive income.

Current income taxes are recognized as estimated income taxes for the current year. Deferred income tax assets and liabilities consist of temporary differences between tax and accounting basis of assets and the period that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any deferred income tax asset if it is probable that the asset will not be realized, probable being defined as more likely than not.

d) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on deposit with financial institutions and short-term investments with a maturity of three months or less from the date of acquisition.

e) PROPERTY AND EQUIPMENT

Property and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land which is not depreciated. Costs include expenditures that are directly attributable to the acquisition of the asset. Depreciation is recognized in the statement of comprehensive income (loss) and is provided over the useful life of the assets using the declining balance method for buildings and furniture and fixtures and straight line for computer hardware.

Subsequent costs are included in the asset's carrying value when it is probable that future economic benefits associated with the item will flow to the Company and the item can be reliably measured. Repairs and maintenance are charged to the statement of comprehensive income (loss) in the period in which they have been incurred.

Depreciation is recognized in comprehensive income (loss) using the following methods and rates:

Buildings	20 - 40 years straight-line
Computer hardware	5 years straight-line
Furniture and equipment	5 years straight-line

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary. Impairment reviews are performed when there are indicators that the carrying value of an asset may exceed its recoverable amount. Construction in progress is not depreciated until the asset is placed into service.

Impairment reviews are performed when there are indicators that the carrying value of an asset may exceed its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. Impairment losses are recognized in the statement of operations as an expense. In the event the value of a previously impaired asset recovers, the previously recognized impairment loss is recovered in the statement of operations at that time.

4. MATERIAL ACCOUNTING POLICIES (Continued)

f) EMPLOYEE FUTURE BENEFITS

Pension Plan

The Company makes contributions on behalf of its employees to "The Retirement Annuity Plan for Employees of the Ontario Mutual Insurance Association and Member Companies". The pension plan is being accounted for as a multi-employer pension plan as defined by IAS 19 Employee Benefits. Eligible employees participate in the defined benefit plan. The defined benefit plan specifies the amount of the retirement benefit to be received by the employee based on the number of years the employee has contributed and his/her final average earnings. The plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. Under the terms of the Ontario Mutual Insurance Association Pension Plan, the Company is liable for the obligations of other companies participating in the pension should they be unable to satisfy their respective funding requirements.

The Company is one of a number of employers who have pooled the assets and liabilities of the pension plan to take advantage of economies of scale in making investment decisions and in minimizing expenses. The information to account for the plan as a defined benefit plan is not readily available for each company to determine its share of the assets and liabilities of the plan. In the event of a wind-up or withdrawal from the plan, the Company is responsible for its portion of the deficit and all expenses as determined by the plan actuary.

5. CRITICAL ACCOUNTING ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The company consolidates information and does not provide a separate breakdown for its major product lines; instead, it presents them as a unified portfolio.

Estimates and Assumptions

Valuation of insurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company’s previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now includes an explicit risk adjustment for non-financial risk.

a. *Liability for remaining coverage*

i. *Onerous groups*

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognized on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

ii. *Time value of money*

The company does not adjust the carrying amount of the liability for remaining coverage to reflect the time value of money or the effect of financial risk for any of its product lines.

5. CRITICAL ACCOUNTING ESTIMATES (Continued)

Estimates and Assumptions (Continued)

b. *Liability for incurred claims*

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

iii. *Discount rates*

Liabilities for incurred claims are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid sovereign securities. The illiquidity premium is determined by reference to observable market rates.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Insurance Contract Liabilities	4.52	4.41	3.70	3.97	3.53	3.86	3.77	4.08
Reinsurance Contract Assets	4.52	4.41	3.70	3.97	3.53	3.86	3.77	4.08

A sensitivity analysis of how the insurance liabilities respond to changes in the discount rates has been disclosed in Note 6 (a)i.

iv. *Risk adjustment for non-financial risk*

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts.

5. CRITICAL ACCOUNTING ESTIMATES (Continued)

Estimates and Assumptions (Continued)

iv. Risk adjustment for non-financial risk (Continued)

The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th 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) they require an additional amount equivalent to the 75th percentile level 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 required to meet the target percentiles.

A sensitivity analysis of how the insurance liabilities respond to changes in the risk adjustments has been disclosed in Note 6 (a)i.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, aside from those involving estimations and assumptions, which have the most significant effect on the amounts recognized in the financial statements.

a) Measurement of income taxes

Management exercises judgement in estimating the provision for income taxes. The Company is subject to income tax laws in province of Ontario. Various tax laws are potentially subject to different interpretations by the Company and the relevant tax authority. In the event the Company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience.

Significant management judgement is also required to determine the deferred tax balances. Management is required to determine the amount of deferred tax assets and liabilities that can be recognized, based on their best estimate of the likely timing that the temporary difference will be realized, and of the likelihood that taxable profits will exist in the future.

b) Measurement of insurance acquisition cash flows

Management exercise judgement when determining the allocation basis applied to insurance acquisition cash flows.

c) Classification of financial assets

Classification of financial assets requires management to make judgements regarding the business model under which the Company's financial assets are held and whether contractual cash flows consist solely of payments of principal and interest.

6. INSURANCE AND REINSURANCE CONTRACTS

The Company's activities expose it to a variety of insurance and financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. The company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the company's financial performance.

The risks written by the Company are concentrated within Ontario.

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

a) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company writes insurance primarily over a twelve-month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Ontario.

The above risk exposure is mitigated by diversification across a large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The Company has implemented an overall risk management framework. Exposures are limited by having documented underwriting limits, appetite and approvals. Pricing of property, and liability policies are based on assumptions, past experience, current trends, and future expectations, in an attempt to correctly match policy revenue with exposed risk. Automobile premiums are subject to approval by the Financial Services Regulatory Authority of Ontario and therefore may result in a delay in adjusting the pricing to exposed risk.

The Company enters into reinsurance contracts in the normal course of business in order to limit potential losses arising from certain exposures. Retention limits for the excess-of-loss reinsurance are established by product line. Amounts recoverable from the reinsurer are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Company follows a policy of underwriting and reinsuring contracts of insurance which, in the main, limit the liability of the Company to an amount on any one claim of $800,000 (2022 - $650,000) in the event of a property claim, $800,000 (2022 - $650,000) in the event of an automobile claim, $800,000 (2022 - $650,000) in the event of a liability claim. The Company also obtained reinsurance which limits the Company's liability to $1,950,000 (2022 - $1,950,000) in the event of a series of claims arising out of a single occurrence. In addition, the Company has obtained stop loss reinsurance which limits the liability of all claims in a specific year to 70% of gross net earned premiums.

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

a) Insurance risk (Continued)

i. Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, income before tax and surplus for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

			2023		
	Change in assumptions	Impact on income before tax, gross of reinsurance	Impact on income before tax, net of reinsurance	Impact on surplus, gross of reinsurance	Impact on surplus, net of reinsurance
		$'000	$'000	$'000	$'000
Expected loss	5.00%	(197)	(152)	(145)	(112)
Inflation rate	1.00%	(124)	(59)	(91)	(43)
Interest rate	1.00%	117	55	86	40
Expected loss	-5.00%	199	153	146	112
Inflation rate	-1.00%	122	58	90	43
Interest rate	-1.00%	(121)	(57)	(89)	(42)

ii. Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

a) Insurance risk (Continued)

ii. Claims development (Continued)

Gross and Net undiscounted liabilities for incurred claims for 2023

Amounts in $'000	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Gross of Reinsurance											
End of insured event year	5,989,056	6,496,196	6,245,216	7,740,845	8,627,984	6,669,891	7,515,526	8,755,577	9,958,869	**7,401,382**	
One year later	3,985,003	6,095,775	5,379,902	6,369,353	7,513,507	5,961,953	6,081,514	9,770,744	**10,424,662**		
Two years later	2,979,327	8,072,527	4,647,278	5,919,316	6,637,942	5,237,234	5,733,084	**9,141,417**			
Three years later	3,146,703	5,532,200	4,395,505	6,173,711	6,408,867	5,139,027	**5,421,596**				
Four years later	2,986,343	5,279,196	4,468,743	5,865,736	6,469,107	**5,108,137**					
Five years later	2,983,192	5,419,196	4,227,891	5,893,896	**5,909,106**						
Six years later	2,445,655	5,657,754	4,108,121	**5,720,401**							
Seven years later	2,445,655	5,657,754	**4,108,120**								
Eight years later	2,445,655	**5,657,754**									
Nine years later	**2,445,655**										
Gross estimates of the undiscounted amount of the claims	**2,445,655**	**5,657,754**	**4,108,120**	**5,720,401**	**5,909,106**	**5,108,137**	**5,421,596**	**9,141,417**	**10,424,662**	**7,401,382**	**61,338,230**
Cumulative payments to date	2,445,655	5,657,754	4,108,120	5,650,098	5,628,089	4,750,666	5,381,828	7,581,863	7,288,727	4,447,386	52,940,185
Gross undiscounted liabilities for incurred claims	-	-	-	70,303	281,017	357,472	39,767	1,559,554	3,135,936	2,953,996	8,398,045
Risk adjustment											457,094
Effect of discounting											(505,364)
Gross IBNR											874,868
Total liabilities for incurred claims											**$ 9,224,643**

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

a) Insurance risk (Continued)

ii. Claims development (Continued)

Gross and Net undiscounted liabilities for incurred claims for 2023

Amounts in $'000	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Net of Reinsurance											
End of insured event year	5,052,876	5,560,014	4,899,966	5,297,149	7,547,792	5,739,926	6,508,041	8,169,336	9,513,869	**4,916,313**	
One year later	3,517,168	5,159,441	4,575,143	5,678,788	6,954,522	5,497,675	5,673,699	9,092,503	**8,473,616**		
Two years later	2,823,383	6,939,224	4,473,928	5,518,403	6,481,998	5,139,234	5,517,269	**8,855,343**			
Three years later	2,926,447	5,071,799	4,389,554	5,676,547	6,408,867	5,139,027	**5,349,780**				
Four years later	2,766,087	5,012,058	4,468,743	5,368,573	6,469,107	**5,108,137**					
Five years later	2,762,936	5,012,058	4,227,891	5,396,732	**5,909,106**						
Six years later	2,445,655	5,012,058	4,108,121	**5,213,945**							
Seven years later	2,445,655	5,012,058	**4,108,120**								
Eight years later	2,445,655	**5,012,058**									
Nine years later	**2,445,655**										
Net estimates of the undiscounted amount of the claims	**2,445,655**	**5,012,058**	**4,108,120**	**5,213,945**	**5,909,106**	**5,108,137**	**5,349,780**	**8,855,343**	**8,473,616**	**4,916,313**	**55,392,073**
Cumulative payments to date	2,445,655	5,012,058	4,108,120	5,152,935	5,628,089	4,750,666	5,310,013	7,581,863	7,226,418	4,447,386	51,663,202
Net undiscounted liabilities for incurred claims	-	-	-	61,011	281,017	357,472	39,767	1,273,480	1,247,199	468,927	3,728,871
Risk adjustment											260,557
Effect of discounting											(249,272)
Net IBNR											871,582
Total liabilities for incurred claims											**$ 4,611,738**

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

b) Financial risk management

The Company has exposure to credit risk, liquidity risk and market risks from its use of insurance contracts and financial instruments:

i. Credit risk

Credit risk is the risk of financial loss to the Company if a debtor fails to make payments of interest and principal when due. The Company is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on the reinsurer to make payment when certain loss conditions are met.

The Company's investment policy puts limits on the bond portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis.

Reinsurance is placed with Farm Mutual Re, a Canadian registered reinsurer. Management monitors the creditworthiness of Farm Mutual Re by reviewing their annual financial statements, monitoring their A.M. Best rating and through ongoing communications. Reinsurance treaties are reviewed annually by management and the Board prior to renewal of the reinsurance contract.

The maximum exposure to investment credit risk is the carrying value of investments.

The Company manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance contract assets. The table below provides information regarding the credit quality of reinsurance contract assets and debt instruments measured at FVTPL.

	2023			
	A or better	Less than A	Not rated	Total
Term deposits	$ 619,958	$ -	$ 511,778	**$ 1,131,736**
Bonds	3,001,512	-	-	**$ 3,001,512**
Pooled funds - fixed income	10,524,426	-	-	**$ 10,524,426**
Reinsurance contract assets	-	4,508,715	-	**$ 4,508,715**
	$ 14,145,896	**$ 4,508,715**	**$ 511,778**	**$ 19,166,389**

	2022			
	A or better	Less than A	Not rated	Total
Term deposits	$ 506,623	$ -	$ -	**$ 506,623**
Bonds	4,343,921	-	-	**$ 4,343,921**
Pooled funds - fixed income	4,705,700	-	-	**$ 4,705,700**
Reinsurance contract assets	-	2,179,888	-	**$ 2,179,888**
	$ 9,556,244	**$ 2,179,888**	**$ -**	**$ 11,736,132**

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

a) Financial risk management (Continued)

Concentrations of credit risk

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure credit risk.

ii. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The Company mitigates this risk by monitoring cash activities and expected outflows. The Company's current liabilities arise as claims are made. The Company does not have material liabilities that can be called unexpectedly at the demand of a lender or client. Claim payments are funded by current operating cash flow including investment income.

The Company also maintains a minimum of 5% of its investible assets in cash and money market investments to manage short-term liquidity issues.

The maturity profile of the Company's financial assets and financial liabilities are summarised in the following table. Maturity profile amounts are stated at the expected cash flows (principal and interest) and are analysed by their expected payment dates. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

For the year ended December 31, 2023

	2024 1 year	2025 2 year	2026 3 year	2027 4 year	2028 5 year	>2028 >5 year	Total
Financial assets							
Cash and cash equivalents	$ 4,573,739	$ -	$ -	$ -	$ -	$ -	$ 4,573,739
Investments	12,867,592	1,396,096	527,646	980,036	1,219,518	9,173,690	26,164,578
Insurance assets							
Reinsurance contract assets	2,733,055	767,350	309,877	276,957	239,227	182,249	4,508,715
Total assets	$ 20,174,386	$ 2,163,446	$ 837,523	$1,256,993	$ 1,458,745	$9,355,939	$ 35,247,032
Insurance liabilities							
Liability for incurred claims	$ 5,564,547	$ 1,638,481	$ 850,733	$ 532,052	$ 427,414	$ 211,416	$ 9,224,643
Financial liabilities							
Accounts payable and accrued liabilities	143,833	-	-	-	-	-	143,833
Total liabilities	$ 5,708,380	$ 1,638,481	$ 850,733	$ 532,052	$ 427,414	$ 211,416	$ 9,368,476
Net liquidity gap	$ 14,466,006	$ 524,965	$ (13,210)	$ 724,941	$ 1,031,331	$9,144,523	$ 25,878,556

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

a) Financial risk management (Continued)

ii. Liquidity risk (Continued)

For the year ended December 31, 2022

	2023 1yr	2024 2yr	2025 3yr	2026 4yr	2027 5yr	>2027 >5yr	Total
Financial assets							
Cash and cash equivalents	$ 1,652,855	$ -	$ -	$ -	$ -	$ -	$ 1,652,855
Investments	20,381,964	482,025	701,374	617,961	698,134	6,150,555	29,032,013
Insurance assets							
Reinsurance contract assets	217,897	392,398	392,398	392,398	392,398	392,398	2,179,888
Total assets	$ 22,252,716	$ 874,423	$ 1,093,772	$ 1,010,359	$ 1,090,532	$ 6,542,953	$ 32,864,756
Insurance liabilities							
Liability for incurred claims	1,552,502	1,552,502	1,552,502	1,552,502	1,552,502	1,552,502	9,315,013
Financial liabilities							
Accounts payable and accrued liabilities	824,814	-	-	-	-	-	824,814
Total liabilities	$ 2,377,316	$ 1,552,502	$ 1,552,502	$ 1,552,502	$ 1,552,502	$ 1,552,502	$ 10,139,827
Net liquidity gap	$ 19,875,400	$ (678,079)	$ (458,730)	$ (542,143)	$ (461,970)	$ 4,990,451	$ 22,724,929

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods to measure liquidity risk.

iii. Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, price risk and currency risk.

a) Interest rate risk

Finance income or expenses from insurance contracts issued and reinsurance contracts held reflect changes in insurance contract liabilities valuations, driven by factors like discount rate adjustments and financial assumptions. These valuations, in turn, impact the Company's financial results. Prudent risk management strategies ensure stability in financial performance, underscoring the crucial link between investment returns and our insurance business.

The Company is also exposed to interest rate risk through its interest-bearing investments.

At December 31, 2023, a 1% move in interest rates, with all other variables held constant, could impact the market value of the interest bearing investments by $735,461 (2022 - $631,000). These changes would be recognized in the statement of comprehensive income (loss).

b) Price risk

Price risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings within its investment portfolio.

At December 31, 2023, a 10% move in equity markets, with all other variables held constant, would have an estimated effect on the fair values of these equity holdings of $618,105 (2022 - $912,000). This change would be recognized in the statement of comprehensive income (loss).

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

a) Financial risk management (Continued)

iii. Market risk (Continued)

The company has investment policies regarding limits on the total amount invested in equities as well as limits on securities of a single issuer. Adherence to the policies are monitored by the Board of Directors and holdings are adjusted on a quarterly basis to ensure compliance with the policies.

c) Currency risk

Currency risk represents the risk that the Company incurs losses due to exposure to foreign currency fluctuations. At December 31, 2023, the Company had no exposure to currency risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure market risk.

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

The Company provides disclosure for its entire portfolio on an overall basis without further disaggregating information based on major product lines. This approach reflects the company's management and reporting practices.

For the period ended December 31, 2023	**Liabilities for remaining coverage**	**Liabilities for incurred claims**		**TOTAL**
	Ex. Loss Component	**Expected PVFCF**	**Risk Adjustment**	
Opening balance Insurance Contract Liabilities	$ 3,170,874	$ 9,091,626	$ 223,387	$ 12,485,887
Insurance Revenue	16,415,601	-	-	16,415,601
Incurred claims and other insurance service expenses	-	11,934,882	-	11,934,882
Amortization of insurance acquisition cash flows	3,835,407	-	-	3,835,407
Adjustments to liabilities for incurred claims	-	(52,337)	233,707	181,370
Total insurance service expenses	3,835,407	11,882,545	233,707	15,951,659
Insurance service result	$ 12,580,194	$ (11,882,545)	$ (233,707)	$ 463,942
Finance expense from insurance contracts issued	-	483,000	-	483,000
TOTAL CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME (LOSS)	$ 12,580,194	(12,365,545)	$ (233,707)	$ (19,058)
CASH FLOWS				
Premiums received for insurance contracts	16,893,726	-	-	16,893,726
Claims, benefits and other expenses paid	-	(12,689,622)	-	(12,689,622)
Insurance acquisition cash flows	(4,104,760)	-	-	(4,104,760)
TOTAL CASH FLOWS	12,788,966	(12,689,622)	-	99,344
Ending balance insurance contract liabilities	**$ 3,379,646**	**$ 8,767,549**	**$ 457,094**	**$ 12,604,289**

* PVFCF refers to present value of future cash flows

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

c) Roll forward of net asset or liability for insurance contracts (Continued)

For the period ended December 31, 2022	Liabilities for remaining coverage	Liabilities for incurred claims		TOTAL
	Ex. Loss Component	Expected PVFCF	Risk Adjustment	
Opening balance Insurance Contract Liabilities	$ 2,947,817	$ 7,481,884	$ 317,286	$ 10,746,987
Insurance Revenue	15,337,553			15,337,553
Incurred claims and other insurance service expenses	-	8,465,832	-	8,465,832
Amortization of insurance acquisition cash flows	3,910,538	-	-	3,910,538
Adjustments to liabilities for incurred claims	-	1,589,888	(93,899)	1,495,989
Insurance Service Expenses	3,910,538	10,055,720	(93,899)	13,872,359
Insurance service result	$ 11,427,015	(10,055,720)	$ 93,899	$ 1,465,194
Finance income from insurance contracts issued	-	(91,000)	-	(91,000)
TOTAL CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME (LOSS)	$ 11,427,015	$ (9,964,720)	$ 93,899	$ 1,556,194
CASH FLOWS				
Premiums received for insurance contracts	15,689,830	-	-	15,689,830
Claims, benefits and other expenses paid	-	(8,354,978)	-	(8,354,978)
Insurance acquisition cash flows	(4,039,758)	-	-	(4,039,758)
TOTAL CASH FLOWS	11,650,072	(8,354,978)	-	3,295,094
Ending balance insurance contract liabilities	**$ 3,170,874**	**$ 9,091,626**	**$ 223,387**	**$ 12,485,887**

* PVFCF refers to present value of future cash flows

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

d) Reinsurance contracts

The company provides disclosure for its entire reinsurance portfolio on an overall basis without further disaggregating information based on specific reinsurance lines or segments. This approach aligns with the company's management and reporting practices.

For the period ended December 31, 2023	**Assets for remaining**	**Assets for incurred claims**		**TOTAL**
	Ex. Loss-Recovery Component	**Expected PVFCF**	**Risk Adjustment**	
Net opening reinsurance contract held balances	$ (174,501)	$ 2,294,744	$ 59,645	$ 2,179,888
CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME (LOSS)				
Allocation of reinsurance premiums paid	$ (1,831,584)	-	-	$ (1,831,584)
Incurred claims recovered and other reinsurance service expenses	-	1,317,596	-	1,317,596
Adjustments to assets for incurred claims	-	993,290	136,893	1,130,183
Amounts recoverable from reinsurers	-	2,310,886	136,893	2,447,779
Net expenses from reinsurance contracts held	$ (1,831,584)	$ 2,310,886	$ 136,893	$ 616,195
Finance income from reinsurance contracts held	-	51,000	-	51,000
TOTAL CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME (LOSS)	$ (1,831,584)	$ 2,361,886	$ 136,893	$ 667,195
Premiums paid	1,901,895	-	-	1,901,895
Amounts received	-	(240,263)	-	(240,263)
TOTAL CASH FLOWS	$ 1,901,895	$ (240,263)	-	$ 1,661,632
Net ending reinsurance contract held balances	**$ (104,190)**	**$ 4,416,367**	**$ 196,538**	**$ 4,508,715**

* PVFCF refers to present value of future cash flows

6. INSURANCE AND REINSURANCE CONTRACTS (Continued)

d) Reinsurance contracts (Continued)

For the period ended December 31, 2022		Assets for remaining coverage	Assets for incurred claims			TOTAL
		Ex. Loss-Recovery Component	Expected PVFCF	Risk Adjustment		
Net opening reinsurance contract held balances	$	(130,302)	$ 981,445	$ 66,264	$	917,407
CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME (LOSS)						
Allocation of reinsurance premiums paid	$	(1,845,356)	-	-	$	(1,845,356)
Incurred claims recovered and other reinsurance service expenses		-	885,286	-		885,286
Adjustments to assets for incurred claims		-	539,599	(6,619)		532,980
Amounts recoverable from reinsurers		-	1,424,885	(6,619)		1,418,266
Net expenses from reinsurance contracts held	$	(1,845,356)	$ 1,424,885	$ (6,619)	$	(427,090)
Finance expense from reinsurance contracts held		-	(62,000)	-		(62,000)
TOTAL CHANGES IN THE STATEMENT OF COMPREHENSIVE INCOME (LOSS)	$	(1,845,356)	$ 1,362,885	$ (6,619)	$	(489,090)
Premiums paid		1,801,157	-	-		1,801,157
Amounts received		-	(49,586)	-		(49,586)
TOTAL CASH FLOWS	$	1,801,157	$ (49,586)	-	$	1,751,571
Net ending reinsurance contract held balances	**$**	**(174,501)**	**$ 2,294,744**	**$ 59,645**	**$**	**2,179,888**

* PVFCF refers to present value of future cash flows

7. INSURANCE SERVICE EXPENSE

The breakdown of insurance service expense by major product lines is presented below:

	2023	2022
Claims and benefits	**$ 11,497,927**	$ 9,906,083
Salaries and employee benefits	**1,682,485**	1,890,548
Professional fees	**160,764**	64,975
Legal fees	**26,558**	28,067
Depreciation	**200,812**	155,153
Commissions	**2,031,485**	1,897,416
Occupancy expenses	**485,357**	169,421
Information technology	**628,738**	467,905
Other general expenses	**358,403**	315,723
Total	**$ 17,072,529**	$ 14,895,291

Represented by:	**2023**	2022
Insurance service expenses	**$ 15,951,659**	$ 13,872,359
General and operating expenses	**1,120,870**	1,022,932
Total	**$ 17,072,529**	$ 14,895,291

8. INVESTMENTS

	December 31, 2023 Cost	December 31, 2023 Fair value	December 31, 2022 Cost	December 31, 2022 Fair value
Term Deposits	**$ 1,100,000**	**$ 1,131,736**	$ 500,000	$ 506,623
Bonds				
Canadian Provincial	**2,532,337**	**2,428,030**	3,462,074	3,136,353
Canadian Corporate	**604,784**	**573,482**	1,291,395	1,207,568
	3,137,121	**3,001,512**	4,753,469	4,343,921
Equity				
Canadian Equity	**2,026,625**	**2,868,504**	1,848,932	2,704,324
Mutual funds	**-**	**-**	7,188,590	7,313,139
Pooled funds				
Canadian Fixed Income	**11,197,781**	**10,524,426**	5,243,236	4,705,700
Canadian Equity	**3,098,459**	**3,312,546**	2,914,773	2,874,729
Commerical Mortgages	**5,124,215**	**5,038,446**	6,815,567	6,559,205
	19,420,455	**18,875,418**	14,973,576	14,139,634
Other investments				
Mortgage	**262,714**	**262,714**	-	-
Fire Mutuals guarantee fund	**24,694**	**24,694**	24,372	24,372
	287,408	**287,408**	24,372	24,372
Total investments	**$ 25,971,609**	**$ 26,164,578**	**$29,288,939**	**$ 29,032,013**

As at December 31, 2023, the Company has accrued interest of $57,899 (2022 - $35,902).

The rate of return of the pooled funds portfolio held is 3.89% as at December 31, 2023 (2022 – 3.11%).

8. INVESTMENTS (Continued)

The Company has categorized its assets measured at fair value into the three-level fair value hierarchy as summarized in the following table, based on the priority of the inputs to the respective valuation technique as defined in Note 4 (b)i:

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Term Deposits	$ -	$ 1,131,736	$ -	$ 1,131,736
Bonds	-	3,001,512	-	3,001,512
Equities	2,868,504	-	-	2,868,504
Pooled funds	-	13,836,972	5,038,446	18,875,418
Other investments		24,694	262,714	287,408
Total	$ 2,868,504	$ 17,994,914	$ 5,301,160	$ 26,164,578
December 31, 2022				
Term Deposits	$ -	$ 506,623	$ -	$ 506,623
Bonds	-	4,343,921	-	4,343,921
Equities	2,704,324	-	-	2,704,324
Mutual funds	7,313,139	-	-	7,313,139
Pooled funds	-	7,580,429	6,559,205	14,139,634
Other investments	-	24,372	-	24,372
Total	$10,017,463	$ 12,455,345	$ 6,559,205	$ 29,032,013

There were no transfers between Level 1, Level 2 and Level 3 for the years ended December 31, 2023 and 2022.

A portion of the Company's investment in Canadian fixed income pooled funds is invested in a Canadian mortgage pooled fund. The Level 3 commercial mortgage pooled funds are valued based on the net asset values of the fund as provided by the investment manager of the fund. The commercial mortgages in the commercial mortgage pooled fund are valued at the present value of discounted future cash flows. The discount rate is based on the equivalent Government of Canada rate and an additional spread to compensate for a loan's particular risk. Due to the use of unobservable data and their limited liquidity, the investment in this fund is classified as Level 3.

The reconciliation of financial instruments at fair value using unobservable inputs (Level 3) is as follows:

	2023	2022
Balance, beginning of the year	$ 6,559,205	$ 6,625,186
Net purchases and (sales)	(1,428,638)	238,026
Unrealized gains (losses)	170,593	(304,007)
Balance, end of the year	$ 5,301,160	$ 6,559,205

8. INVESTMENTS (Continued)

NET INVESTMENT INCOME (LOSS)

	2023	2022
Realized gains on sale of FVTPL financial assets	**$ 437,797**	$ 989,713
Interest income	**505,928**	235,936
Dividend income	**753,987**	687,559
Unrealized gains (losses) on investments	**418,900**	(3,156,804)
Investment fees	**(125,700)**	(123,422)
Other (loss) income	**(2,851)**	429
	$ 1,988,061	$ (1,366,589)

9. INCOME TAXES

The significant components of tax (recovery) expense included in net income are composed of:

	2023	2022
Current tax recovery	**$ (3,440)**	$ (646,324)
Deferred tax (recovery) expense	**(202,779)**	264,784
Recovery of income taxes	**$ (206,219)**	$ (381,540)

Reasons for the difference between tax (recovery) expense for the year and the expected income taxes based on the statutory tax rate of 26.5% (2022 - 26.5%) are as follows:

	2023	2022
Income (loss) before taxes	**$ 1,987,517**	$ (1,296,423)
Expected expense (recovery) based on the statutory rate of 26.5% (2022 - 26.5%)	**526,692**	(343,552)
Capital cost allowance in excess of depreciation	**(48,000)**	(24,000)
Other non-deductible timing differences	**(168,635)**	(44,426)
Claims reserves timing differences	**(516,276)**	30,438
Recovery of income taxes	**$ (206,219)**	$ (381,540)

10. PROPERTY AND EQUIPMENT

	Land	Buildings	Computer hardware	Furniture and equipment	Construction in progress	Total
Cost						
Balance at January 1, 2022	$ 257,276	$ 821,172	$ 661,356	$ 374,405	$ 317,586	$ 2,431,795
Additions and transfers	-	1,577,045	12,984	50,248	2,835,363	4,475,640
Disposals	-	-	-	-	-	-
Balance on December 31, 2022	257,276	2,398,217	674,340	424,653	3,152,949	6,907,435
Additions and transfers	-	3,346,399	25,081	139,134	(3,152,949)	357,665
Disposals	(100,906)	(288,908)	-	(640)	-	(390,454)
Balance on December 31, 2023	**$ 156,370**	**$ 5,455,708**	**$ 699,421**	**$ 563,147**	**$ -**	**$ 6,874,646**
Accumulated depreciation						
Balance at January 1, 2022	-	373,449	645,627	331,422	-	1,350,498
Depreciation expense	-	140,596	11,287	3,270	-	155,153
Disposals	-	-	-	-	-	-
Balance on December 31, 2022	-	514,045	656,914	334,692	-	1,505,651
Depreciation expense	-	149,755	12,605	38,452	-	200,812
Disposals	-	(166,311)	-	(256)	-	(166,567)
Balance on December 31, 2023	**$ -**	**$ 497,489**	**$ 669,519**	**$ 372,888**	**$ -**	**$ 1,539,896**
Net book value						
December 31, 2022	$ 257,276	$ 1,884,172	$ 17,426	$ 89,961	$ 3,152,949	$ 5,401,784
December 31, 2023	**$ 156,370**	**$ 4,958,219**	**$ 29,902**	**$ 190,259**	**$ -**	**$ 5,334,750**

11. PENSION PLANS

The amount contributed to the defined contribution plan for 2023 was $140,197 (2022 - $142,206). The contributions were made for current service and these have been recognized in the statement of comprehensive income (loss). The current service amount is determined by the plan actuary using the projected accrued benefit actuarial cost method. The Company had a 1.60% (2022 - 1.60%) share of the total contributions to the plan in 2023.

Expected contributions to the plan for the next annual reporting period amount to $101,241.

The defined benefit plan has been closed to future eligible employees effective July 1, 2013. Future eligible employees will become part of a defined contribution plan. The amount contributed to the defined contribution plan for 2023 was $7,953 (2022 - $7,865).

12. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with key management personnel, which are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management:

		2023		2022
Compensation				
Short term employee benefits and director's fees	**$**	**636,538**	$	819,979
Total pension and other post-employment benefits		**95,201**		105,504
	$	**731,739**	$	925,483
Premiums written	**$**	**94,151**	$	87,895
Claims paid	**$**	**92,360**	$	12,975

13. CAPITAL MANAGEMENT

For the purpose of capital management, the Company has defined capital as policyholders' surplus.

The Company's objectives with respect to capital management are to ensure adequate funding is available to pay policyholder claims and maintain a capital base that is structured to exceed regulatory requirements and to best utilize capital allocations.

The regulators measure the financial strength of property and casualty insurers using a minimum capital test (MCT). The regulators require property and casualty companies to comply with capital adequacy requirements. This test compares a Company's capital against the risk profile of the organization. The risk-based capital adequacy framework assesses the risk of assets, policy liabilities and other exposures by applying various factors that are dependent on the risks associated with the Company's assets.

Additionally, an interest rate risk margin is included in the MCT by assessing the sensitivity of the Company's interest-sensitive assets and liabilities to changes in interest rates.

The regulator indicates that the Company should produce a minimum MCT of 150%. During the year, the Company has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement or if deemed necessary.

14. STRUCTURED SETTLEMENTS, FIRE MUTUALS GUARANTEE FUND AND FINANCIAL GUARANTEE CONTRACTS

The Company enters into annuity agreements with various life insurance companies to provide for fixed and recurring payments to claimants. Under such arrangements, the Company's liability to its claimants is substantially transferred, although the Company remains exposed to the credit risk that life insurers fail to fulfill their obligations.

The Company is a member of the Fire Mutuals Guarantee Fund (the Fund). The Fund was established to provide payment of outstanding policyholders' claims if a member Company becomes bankrupt. As a result, the Company may be required to contribute assets to their proportionate share in meeting this objective.

The Company is a member of the Farm Mutual Reinsurance Plan Inc. (the Plan), which is a general reinsurer that shares in the insurance risks originally accepted by the member insurance companies. As a member of the Plan, the Company may be required to contribute additional capital to the Plan in the form of subordinated debt should the Plan's capital fall below a prescribed minimum.

These exposures represent financial guarantee contracts. The Company accounts for financial guarantee contracts in accordance with IFRS 9 – *Financial Instruments.*