2024 Annual report

Co-operators General Insurance Company

co-operators

Our purpose

To create financial security for Canadians and our communities.

Our vision

We will be a catalyst for a resilient and sustainable society.

Our values

Our co-operative identity comes to life through our values.

- Responsibility: We balance our care for society and the environment with our business success.
- Integrity: We treat all our members, clients, employees, advisors, and partners with honesty and respect.
- Inclusion: We achieve success by embracing the diversity of all Canadians.

We're guided by global co-operative principles

The seven global co-operative principles—as outlined by the International Co-operative Alliance—guide our decision-making and align us to the global co-operative movement.

Table of contents

Company profile

Co-operators General Insurance Company (CGIC) is a leading Canadian-owned multi-product insurance and financial services organization with assets of more than $8.5 billion. CGIC has 4,779 employees and is supported by a multi-channel distribution model, which is primarily led by a dedicated Financial Advisor network with 2,889 licensed insurance representatives throughout Canada. Other distribution networks include independent brokers, in-house home and auto contact centres marketed through credit union relationships and other third-party channels. Under its primary line of business, Property and Casualty insurance, CGIC protects over 965,000 homes, 1.7 million vehicles, 44,000 farms and 326,000 businesses.

Corporate governance

CGIC is a member of the Co-operators group of companies. As such, we approach best practices in corporate governance from an enterprise perspective. We disclose our corporate governance practices in significant detail in the Annual Information Form we file on SEDAR+ at sedarplus.com at the end of March each year, and in the Co-operators' Integrated Annual Report.

Annual statement

This Annual Report constitutes the Annual Statement of Co-operators General Insurance Company (CGIC), which CGIC is required to deliver to its shareholders in accordance with s.334(1) of the Insurance Companies Act (Canada). The following list sets out the sections of this Annual Report and the page numbers on which such sections are located:

Management's Discussion & Analysis

For the year ended December 31, 2024

February 20, 2025

This Management's Discussion and Analysis (MD&A) comments on Co-operators General Insurance Company's operations and financial condition for the year ended December 31, 2024.

Unless otherwise stated or indicated by the context of this MD&A, "Co-operators General," "we," "us" and "our" refers to the consolidated Co-operators General Insurance Company, including its wholly owned subsidiaries: The Sovereign General Insurance Company (Sovereign), CUMIS General Insurance Company (CUMIS General), Co-operators Investment Limited Partnership (CILP), Co-operators Strategic Growth Corporation (CSGC) and Co-operators Insurance Agencies Limited (CIAL). CGIC refers to the non-consolidated Co-operators General Insurance Company.

The information in this discussion should be read in conjunction with our consolidated financial statements and notes. References to "Note" refer to the Notes to the consolidated financial statements. All amounts are expressed in Canadian dollars, unless otherwise specified, and are based on consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). Additional information relating to Co-operators General, including our Annual Information Form, can be found on SEDAR+ at www.sedarplus.com.

We use certain financial measures and ratios to assess our performance which do not have any standardized meaning prescribed by International Financial Reporting Standards (IFRS) and may not be comparable to similar measures presented by other issuers. They should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS. Such measures are defined in this document in the *Key Financial Measures (Non-GAAP)* section.

The information in this MD&A contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from these forward-looking statements as a result of various factors, including those discussed below or in our Annual Information Form. Please read the cautionary note that follows.

Non-GAAP and Other Financial Measures

The non-GAAP financial measures included in the MD&A and other financial reports are: direct written premium (DWP), net insurance revenue (NIR), net undiscounted claims and adjustment expenses, acquisition and other expenses, net impact of discounting and risk adjustment, and underwriting result.

The non-GAAP ratios included in the MD&A and other financial reports (other than the consolidated financial statements) are: DWP growth, NIR growth, loss ratio, loss ratio by line of business and geographic region, expense ratio, combined ratio, and return on equity.

Similar measures and ratios are widely used in the insurance industry and provide investors, financial analysts, rating agencies and other stakeholders with a better understanding of our business activity and financial results over time, in line with how management analyzes performance. Non-GAAP and other financial measures used by management are fully defined and reconciled to the corresponding GAAP measures. We also use other financial measures to assess our performance, including supplementary financial measures and segment measures, which are further presented in this MD&A.

See the *Key Financial Measures (Non-GAAP)* section for further information.

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements and forward-looking information, including statements regarding the operations, objectives, strategies, financial situation and performance of Co-operators General. These statements, which appear in this MD&A (including the documents incorporated by reference herein), generally can be identified by the use of forward-looking words, such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "plan," "would," "should," "could," "trend," "predict," "likely," "potential" and "continue," or the negative thereof and similar variations. These statements are not guarantees of future performance, and they involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information.

In addition, this MD&A may contain forward-looking statements and information attributed to third-party industry sources. By its nature, forward-looking information involves numerous assumptions, as well as known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information speak only as of the date of this MD&A.

Forward-looking statements and information in this MD&A include, but are not limited to, statements with respect to: our growth expectations, including negative growth; the impact of changes in governmental regulation on our company; possible changes to our expense levels; changes in tax laws; anticipated benefits of acquisitions and dispositions; and the impact of the global pandemic on our operations and financial position.

With respect to forward-looking statements and information contained in this MD&A, we have made assumptions regarding, among other things: inflation rates in the Canadian and global economies; the Canadian and US housing markets; the Canadian and global capital markets; the strength of the Canadian dollar relative to the US dollar; growth rates, including negative growth; employment levels and consumer spending in the Canadian economy; impacts of regulation and tax laws by the Canadian and provincial governments or their agencies; and the occurrence of and response to public health crises, and their ongoing impact on our investments, operations and claims. Some of the assumptions we have made are described in the *Outlook, Business Developments and Operating Environment* section of the MD&A.

We believe that the expectations reflected in the forward-looking statements and information are reasonable; however, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, levels of activity, performance or achievements. Consequently, we make no representation that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements and information. Some risks and other factors are beyond our control and could cause results to differ materially from those expressed in the forward-looking statements and information contained in this MD&A, and the documents incorporated by reference herein. These include, but are not limited to: actual inflation compared to expected inflation; our ability to implement our strategy or operate our business as we currently expect; our ability to accurately assess the risks associated with the insurance policies that we write; unfavourable capital-market developments or other factors, which may affect our investments; the cyclical nature of the property and casualty (P&C) insurance industry; our ability to accurately predict claims frequency; the frequency and severity of weather-related events; climate change; government regulations; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; our reliance on advisors to sell our products; our ability to successfully pursue our acquisition strategy; our participation in the Facility Association (a mandatory pooling arrangement among all industry participants); terrorist attacks and ensuing events; the occurrence of catastrophic events; our ability to accurately predict the ultimate amount of claims related to major or catastrophic events that have not been fully settled; our ability to maintain our financial-strength ratings; our ability to alleviate risk through reinsurance; our ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); our reliance on information technology and telecommunications systems; impacts of new or changing technologies, including those impacting personal transportation; breaches or failure of information-system security and privacy, including cyber terrorism; our dependence on key employees; and general economic, financial and political conditions.

Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement. We are under no duty to update any of the forward-looking statements after the date of this MD&A to conform such statements to actual results or to changes in our expectations, except as otherwise required by applicable legislation.

Key Accounting Changes

Refer to the *Other Accounting Matters* section of the MD&A, where information on changes in the accounting standards can be found.

Figures relating to 2022 in this MD&A have been restated under the new accounting standards where applicable.

Corporate Overview

About Us

As a leading, Canadian-owned multi-line insurer, Co-operators General plays a vital role in providing home, automobile, farm and commercial insurance products to individuals and businesses through a diverse distribution network. We are one of the largest providers of P&C insurance in Canada, with a national market share of approximately 5.8%[1]. Our multi-channel distribution model operates under our three main operating companies:

CGIC – Distributes both personal and commercial insurance products through a dedicated financial advisor network of over 2,800 licensed insurance representatives throughout Canada; home and auto insurance to employer, association and affinity groups across Canada and distributes the life insurance and wealth management products of Co-operators Life Insurance Company (CLIC), an affiliated company.

Sovereign – Provides risk solutions by offering complex commercial and specialty risk products for Canadian businesses.

CUMIS General – Creates financial security for Canadians and promotes the growth and success of credit unions in Canada by providing personal and commercial insurance products for credit unions and their members.

Co-operators General's parent company is Co-operators Financial Services Limited (CFSL); its ultimate parent company is The Co-operators Group Limited (CGL), a Canadian-owned co-operative with 45 members. Significant associated companies under common control include CLIC, Addenda Capital Inc. (Addenda), Federated Agencies Limited, Premier Managers Holdings Corporation (Premier), The Edge Benefits Limited, Smart Employees Benefit Inc. (SEB) and Carson, Dunlop & Associates.

"Co-operators" refers to CGL and its subsidiaries. The majority of Co-operators General's investment portfolio is managed by Addenda, an investment management firm. We also share many other corporate services with affiliated companies to maximize synergies across the group of companies.

Corporate Strategy

Our 2023-2026 Strategic Plan has five strategic dimensions; our identity as a co-operative, how we engage with our clients, how we achieve profitability and continue to grow, the business capabilities we bring to our deliverables, and the capabilities of our people. This section highlights some of the progress we've made this year in executing our strategy.

Co-operative Identity: Being a co-operative is core to our identity, and to our business. We will continue to be invaluable to the co-operative system. In 2024, we reinforced our role as a cornerstone of the co-operative system in Canada. For the 15th consecutive year, Co-operators was recognized by Corporate Knights for our ongoing efforts to catalyze a resilient and sustainable society. In the annual Best 50 Corporate Citizens ranking, Co-operators earned the highest ranking among insurers globally, second in the financial sector globally, and third on the overall ranking in Canada. For the seventh year running, Co-operators was also honoured as one of Canada's Greenest Employers by the Canada's Top 100 Employers project, as featured in *The Globe and Mail*. Another highlight of the year was a new partnership with First Nations University of Canada. This collaboration is providing Indigenous students with professional development resources that align with cultural values and traditions. Finally, in 2024, we celebrated the grand opening of our new Guelph headquarters. Our new flagship office was designed with a sharp focus on sustainability. The state-of-the-art building is zero-carbon designed, fully electric, and represents a testament of our dedication to our clients, member organizations, community and the planet.

Client Engagement: We will be the leader in client experience and will be recognized as a provider of holistic financial services. This year, we further solidified our position as a leader in client experience and holistic financial services. We continued to enhance our cloud-based customer relationship management (CRM) platform. This advanced technology has empowered us to deliver tailored functionality, streamline workflows, and elevate customer satisfaction. Complementing this was the successful adoption of guided omni-channel interventions that direct customers to the most efficient communication channels, saving them time and effort while enhancing the overall experience.

[1] As of December 31, 2023, the latest annual information available by MSA Research

In our continued efforts to meet our clients where they are, our Digital Quote and Buy platform for Home and Auto products made major leaps forward this year, quickly becoming the highest-volume channel for quotes. In turn, we created advisor and contact centre capacity, and streamlined the customer experience. Further amplifying our reach and resonance were our highly acclaimed NHL and Claim-Changers advertising campaigns, which strengthened our brand and broadened our client engagement. Together, these efforts ensured we remained connected, responsive, and focused on meeting the evolving needs of our clients.

Profitability & Growth: We will be competitive and drive profitability and growth through operational excellence and focused execution. This year presented unprecedented challenges, including record-setting CAT events: hailstorms and wildfires in Western Canada, widespread flooding in eastern provinces, and a historic hurricane season impacting Southern Ontario and Quebec. These events tested our resilience, driving record claims volumes; through operational excellence and commitment to customer service we managed these claims efficiently and maintained high levels of customer satisfaction.

These CAT events underscore the urgency for more resilient building practices in Canada. In 2024, we proudly launched our TomorrowStrongTM coverage, through which we empowered our clients to mitigate climate-related risks and improve the resiliency of their structures through weather-resistant upgrades. TomorrowStrongTM is a reinvestment in resilient solutions for our clients and communities.

Despite the 2024 challenges, we continued to demonstrate strong growth across our key channels. We achieved our strategic top-line growth objectives in advisor, contact centre, and quote and buy channels. This robust top-line growth has continued to outpace our peers since 2022 and is essential to the continued success of our business.

Building on the success of our recreational vehicle insurance strategy, we expanded our digital presence as the market leader in this space. Clients seeking coverage for ATVs, snowmobiles, motorcycles and trailers can now access benefit from the same enhanced Digital Quote & Buy platform as our Home and Auto customers. As the first Canadian insurer to offer a comprehensive suite of recreational vehicle insurance online, we have reinforced our leadership in this market.

A final highlight was an excellent year of underwriting profitability by our subsidiary Sovereign in which they successfully navigated market conditions while matching the needs of clients.

Business Capabilities: We will enhance and build key capabilities to enable us to be successful today and into the future. This year we took a leap forward with our business capabilities. We leveraged the experience gained through with Duuo by Co-operators to drive us to a market-leading position in embedded insurance. This expansion has led to the integration of our insurance solutions directly into the vehicle-purchasing process. We successfully implemented a partnership with a major auto manufacturer, streamlining the auto insurance customer experience.

We have also entered an adjacent market with the launch of our Home Services offerings. These new capabilities will allow us to support the resiliency of Canadians helping them maintain comfort and independence in their homes. At the same time, we expanded our home-inspection capabilities, providing comprehensive assessments for property owners.

Workforce Capabilities: We will have a diverse and agile workforce, whose skills, leadership capabilities and motivation differentiate us in the marketplace. Our workforce initiatives in 2024 focused on fostering agility, diversity and leadership. Through the ELEVATE performance management system, we continued to embed a high-performance culture across the organization. Our strong workforce capabilities were once again recognized as one of Canada's top 100 employers, awarded for our commitment to community, family, training, and physical and mental health. Co-operators remains committed to its employee promise, which supports employee contributions to a better world.

Looking ahead to 2025, we remain steadfast in our commitment to uphold co-operative principles, deliver exceptional value to our clients, and sustain our trajectory of growth and building capabilities. Together, we are shaping a future where Co-operators continues to lead in service excellence, sustainability and resiliency. Our unwavering purpose of financial security for Canadians and our communities, along with our vision to be a catalyst for a sustainable and resilient society, will guide our endeavours.

Summary of Key Financial Data and Results Overview

(in millions of dollars, except for ROE, EPS and ratios)

	2024	2023	2022[6]
Key financial data			
Direct written premium (DWP)[1]	**5,597.6**	4,891.2	4,400.5
Net insurance revenue (NIR)[1]	**4,809.6**	4,278.7	3,959.9
Insurance revenue	**5,350.5**	4,734.3	4,361.8
Insurance service result	**459.7**	400.8	682.0
Fees and other income	**12.2**	11.2	8.7
Net investment and insurance finance result	**237.9**	178.7	(0.8)
Net investment income and gains (losses)	**470.5**	345.1	(107.4)
Net insurance finance result	**(232.6)**	(166.4)	106.6
Net income	**245.1**	151.4	255.9
Total assets[5]	**8,521.9**	7,695.7	7,137.5
Total liabilities[5]	**5,716.0**	5,120.5	4,550.6
Shareholders' equity	**2,805.9**	2,575.2	2,586.9
Key success indicators			
DWP growth[1]	**14.4%**	11.2%	7.1%
NIR growth[1,2]	**12.4%**	8.1%	N/A
Underwriting result - excluding discounting and risk adjustment[1]	**(106.9)**	(184.9)	171.3
Earnings per common share (EPS)[3,4]	**$8.60**	$5.17	$9.10
Return on equity (ROE)[1]	**9.1%**	5.9%	9.9%
Combined ratio - excluding discounting and risk adjustment[1]	**102.2%**	104.4%	95.6%
Combined ratio - including discounting and risk adjustment[1]	**103.4%**	104.2%	89.6%
Minimum Capital Test (MCT)	**216%**	236%	251%

[1] Refer to *Key Financial Measures (Non-GAAP)* Section.

[2] Comparative period ratios have not been restated or are not available due to the transition to IFRS 17 on January 1, 2023.

[3] All of the common shares of CGIC are owned by CFSL; refer to the *Dividends declared* section for dividends declared per share.

[4] Earnings per share are calculated on a basic and diluted basis.

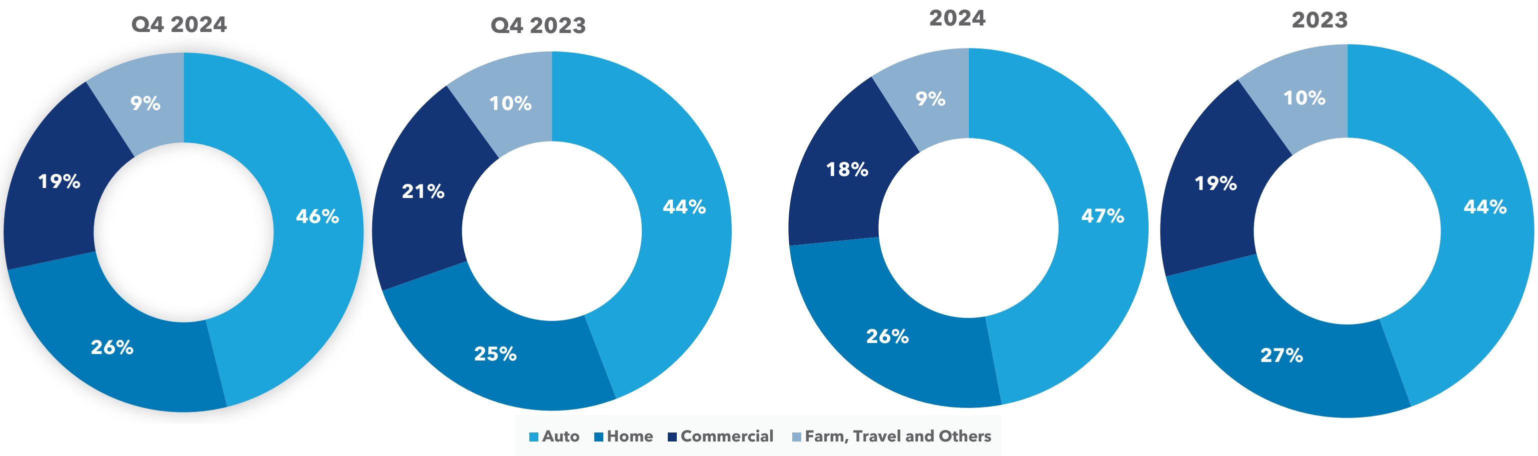
[5] Comprised of current and non-current amounts which are disclosed in the notes to the consolidated financial statements.

[6] Figures and ratios relating to 2022 have been restated under the new accounting standards where applicable.

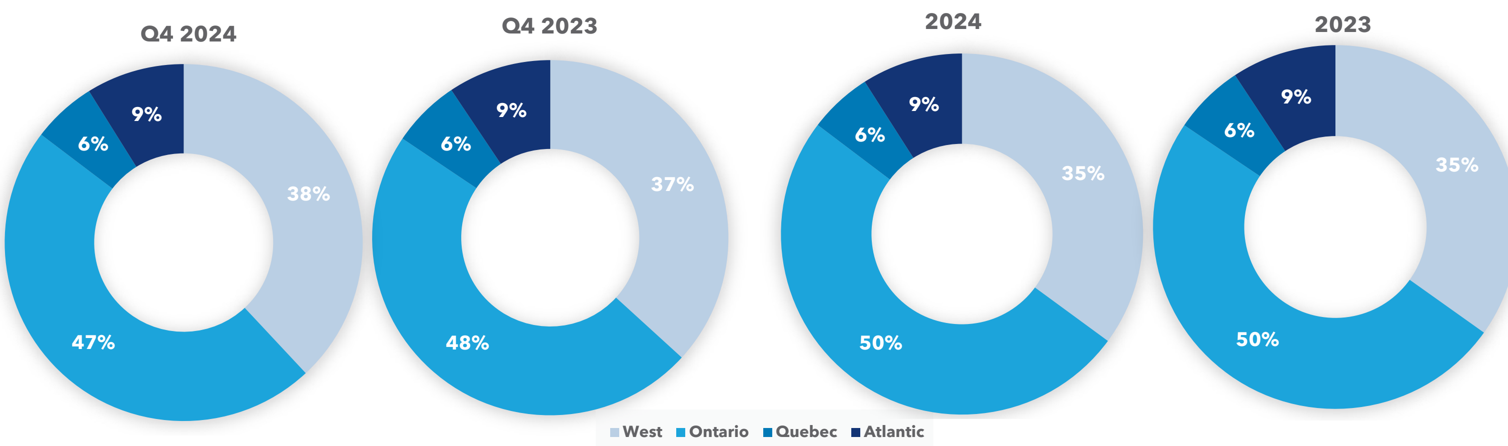
Co-operators General reported a net income after tax of $245.1 million for the year ended December 31, 2024 compared to a net income of $151.4 million in the same period of 2023. Our insurance service result was $459.7 million for the year, an increase of $58.9 million from insurance service result of $400.8 million in the comparative period. Our return on equity for the year was 9.1% versus 5.9% in the comparative period of 2023. Earnings per common share in the year were $8.60 compared to earnings per common share of $5.17 in the same period of the prior year.

We continued to grow proportionally across all core lines of business and in all regions in 2024 when compared to 2023. Higher average premiums and growth in vehicles and policies in force led to an increase in DWP of 14.4% and NIR growth of 12.4% over the prior year. The charts below show the shifts in the product lines and regions in the fourth quarter and for the year ended 2024 when compared to the same periods of the prior year.

DWP by Line of business



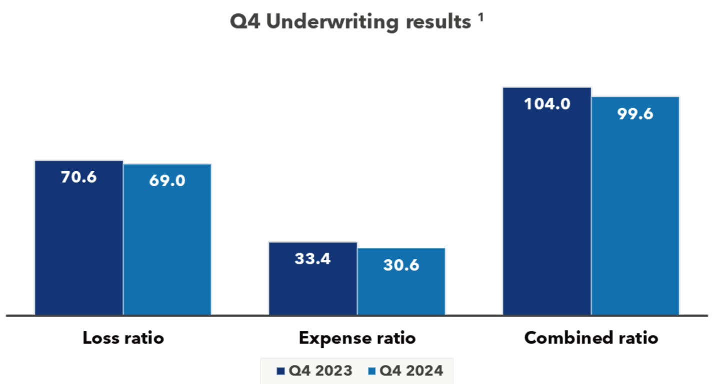
DWP by Geographic region

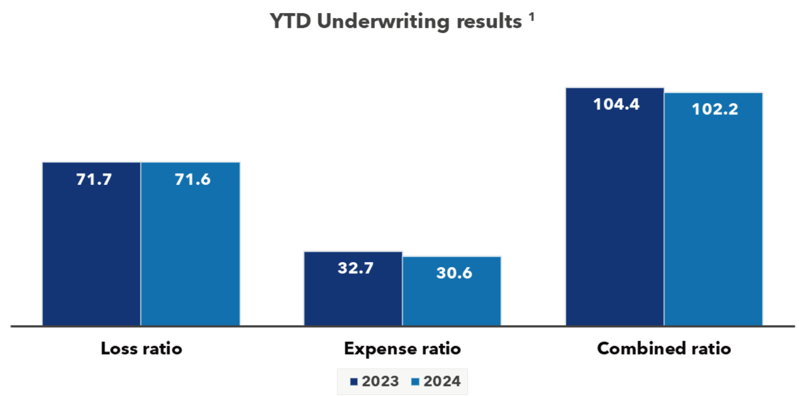


Our underwriting loss, excluding discounting and risk adjustment, for 2024 was $106.9 million, a favourable change of $78.0 million from the underwriting loss of $184.9 million in 2023. The favourable change was due to growth in NIR of $530.9 million outpacing the increases in both the net undiscounted claims and adjustment expenses of $376.2 million, and acquisition and other expenses of $76.7 million.

The increase in net undiscounted claims and adjustment expenses was primarily driven by higher major event activity related to four major events during 2024, as well as higher accident year claims. The increase in current year claims was partially offset by lower prior year claims development compared to the prior year. The increase in acquisition and other expenses was driven by the growth in premium, which resulted in increases in premium tax expense, net commissions and other acquisition expenses.

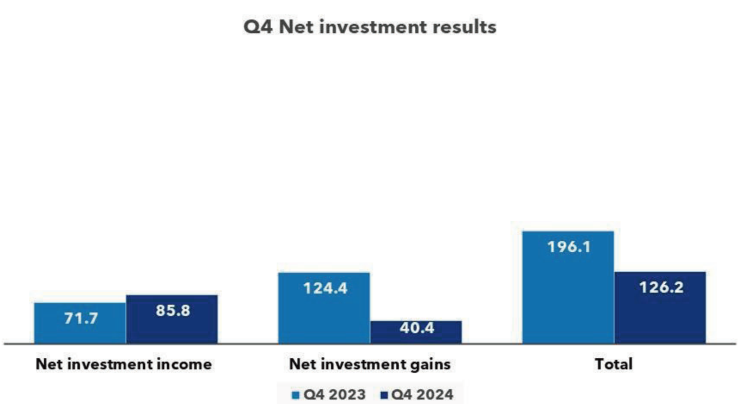
During the year, the combined ratio, excluding discounting and risk adjustment, improved by 2.2 percentage points when compared to the prior year. The ratio including discounting and risk adjustment improved slightly by 0.8 percentage points. The relative improvement of the ratio was smaller, due to the unfavourable impact of $61.5 million in net discounting and risk adjustment from a decrease in the yield curve compared to the prior year.

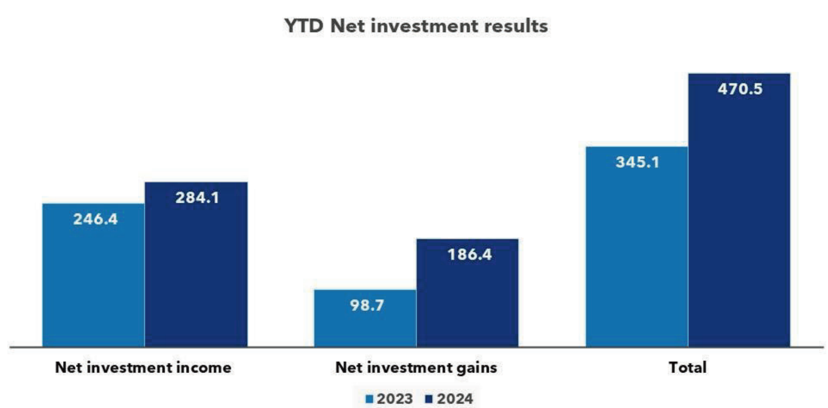




[1] The ratios are excluding discounting and risk adjustment and are in percentage points

Net investment and insurance finance results increased by $59.2 million, representing $237.9 million in income in the current year, compared to income of $178.7 million in the comparative period. The favourable result was primarily due to an increase of $125.4 million in total net investment income and gains when compared with the prior year, as a result of an increase in unrealized gains on our common shares portfolio, a decrease in net losses on our bond portfolio and higher net investment income earned from stronger reinvestment yields. The favourable result was partially offset by the increase in net finance expenses from insurance and reinsurance contracts of $66.2 million when compared with the prior year. The change was due to a decrease in the yield curve, which resulted in an increase to discounted liabilities during 2024, compared with the prior year.





Financial Performance Review

Net Results

	2024	2023	change	2022
Net income ($ millions)	**245.1**	151.4	93.7	255.9
ROE	**9.1%**	5.9%	3.2%	9.9%

Co-operators General earned a net income of $245.1 million for the year, an increase of $93.7million compared to the prior year's net income of $151.4 million, which resulted in an increase in ROE by 3.2% when compared to the prior year. The favourable results in 2024 were primarily due to a combination of improved underwriting results, and higher net investment income and gains when compared to prior year's results.

Refer to the *Return on Equity* section for the detailed calculation.

Direct Written Premium and Net Insurance Revenue

$ millions	2024	2023	% change	2022
DWP	**5,597.6**	4,891.2	14.4%	4,400.5
NIR	**4,809.6**	4,278.7	12.4%	3,959.9

During 2024, DWP increased by 14.4% to $5,597.6 million compared to the prior year. There was an increase in DWP across all lines of business, with the auto line of business being the largest contributor with an increase of 21.1%, when compared to the prior year. DWP also increased across all regions, with the Ontario region being the largest contributor with an increase of 15.9%.

NIR increased during the year by 12.4% to $4,809.6 million compared to the prior year. NIR grew across all regions and lines of business. Growth in both DWP and NIR was a result of increases in average premiums as well as growth in vehicles and policies in force, primarily due to new business.

NIR is reconciled to insurance revenue in the *Key Financial Measures (Non-GAAP)* section.

Net insurance revenue by line of business and geographic region

$ millions	2024	2023	% change	2022
Auto	**2,353.9**	1,992.9	18.1%	1,856.6
Home	**1,296.8**	1,194.2	8.6%	1,113.3
Commercial	**820.9**	775.4	5.9%	701.1
Farm, travel and other	**338.0**	316.2	6.9%	288.9
Total	**4,809.6**	4,278.7	12.4%	3,959.9

During the year, NIR for the auto line of business increased by 18.1%, primarily driven by higher average premiums across all regions, due to increased rates in the current year. Also contributing to the increase in the auto line of business was growth in vehicles in force attributable to new business, primarily in the West and Ontario regions.

NIR for the home line of business grew by 8.6% over the prior period due to higher average premiums across all regions. Also contributing to the increase was growth in policies in force, mainly in the Ontario and West regions which was driven by new business.

NIR for the commercial line of business increased by 5.9% over the comparative period. The growth was driven by a combination of higher average premiums and growth in policies in force across all regions, except for Quebec.

The farm, travel and other lines of business grew by 6.9% over the comparative period. The growth was primarily in the farm line of business, driven by higher average premiums and growth in policies in force, mainly in the West and Ontario regions, attributable to new business and higher retention.

Net Investment and Insurance Finance Result

$ millions	2024	2023	change	2022
Interest income	**215.1**	179.5	35.6	128.4
Dividend and other income	**78.1**	74.8	3.3	85.7
Investment expense	**(9.1)**	(7.9)	(1.2)	(8.1)
Net investment income	**284.1**	246.4	37.7	206.0
Net realized gains (losses)	**13.3**	(15.9)	29.2	18.1
Net foreign exchange losses	**(16.5)**	(2.7)	(13.8)	(18.9)
Expected credit losses	**(0.3)**	(1.6)	1.3	(1.4)
Change in fair value	**189.9**	118.9	71.0	(311.2)
Net investment gains (losses)	**186.4**	98.7	87.7	(313.4)
Net investment income and gains (losses)	**470.5**	345.1	125.4	(107.4)
Interest accreted from insurance	**(182.5)**	(153.6)	(28.9)	(40.3)
Effect of changes in interest rates and other financial assumptions	**(70.5)**	(26.4)	(44.1)	153.1
Net finance income (expenses) from insurance contracts	**(253.0)**	(180.0)	(73.0)	112.8
Interest accreted from reinsurance	**14.6**	11.7	2.9	3.1
Effect of changes in interest rates and other financial assumptions	**5.8**	1.9	3.9	(9.3)
Net finance income (expenses) from reinsurance contracts	**20.4**	13.6	6.8	(6.2)
Net investment and insurance finance result	**237.9**	178.7	59.2	(0.8)

The Company's net investment and insurance finance result increased by $59.2 million during the year, representing $237.9 million in income in the current year compared to an income of $178.7 million in the comparative period. The favourable change was due to an increase of net investment income and gains of $125.4 million when compared to the prior period, partially offset by an increase in net expenses from insurance and reinsurance finance results of $66.2 million when compared with the prior year.

Net investment income earned in the current year increased by $37.7 million compared to the prior year, due to higher interest income of $35.6 million from higher reinvestment yields captured through portfolio maturity and turnover. Net investment gains were $186.4 million in the current year, an increase of $87.7 million compared to gains of $98.7 million in the comparative period. The increase was driven by favourable movements in unrealized gains in the common share portfolio totaling $60.3 million and favourable movement in realized losses on our bond portfolio of $35.9 million. Our preferred shares portfolios also experienced favourable realized and unrealized gains movement totaling $8.8 million. Further contributing to the increase in net investment gains were favourable limited partnership valuations of $25.1 million. The favourable results were slightly offset by unfavourable movements in foreign exchange losses of $22.0 million during the year, driven by the weakening of the Canadian dollar relative to the US dollar. The overall favourable movement in net investment gains were driven by the interest rate cuts by the Bank of Canada, as inflation has been tamed.

Invested assets mix is discussed in the *Invested Assets* section of the MD&A.

The net finance expenses from insurance contracts were $253.0 million in the current year, compared to net finance expenses of $180.0 million in the comparative period, an unfavourable change of $73.0 million year-over-year. Net finance income from reinsurance contracts was $20.4 million in the current year, an increase of $6.8 million when compared with the prior year.

The driver for the overall increase in net finance expenses from insurance and reinsurance contracts of $66.2 million was the impact of unfavourable changes to the discount rates, due to a decline in the yield curve. This resulted in reduced discounting of liabilities and an unfavourable change in income in 2024 compared with the prior year.

Other Comprehensive Income (Loss)

$ millions	2024	2023	change	2022
Other comprehensive income (loss)[1]	**66.6**	71.3	(4.7)	(161.9)

[1] OCI is net of tax

Other comprehensive income was $66.6 million for the year, a decline of $4.7 million from the other comprehensive income of $71.3 million in 2023. The unfavourable change in other comprehensive income was the result of a decrease in unrealized bonds gains of $16.2 million and a decrease in reclassification adjustment gains of $15.7 million, driven by a lower interest rate decline and portfolio turnover in the current year. The unfavourable change was partially offset by a $24.7 million increase in preferred share gains.

Expenses

Loss ratio

$ millions, except ratios	2024	2023	change	2022
Net insurance revenue	**4,809.6**	4,278.7	530.9	3,959.9
Undiscounted gross claims and adjustment expenses	**3,863.0**	3,278.9	584.1	2,624.8
Gross loss component	**(41.6)**	9.6	(51.2)	13.1
Undiscounted ceded claims and adjustment expenses recoverable	**(368.5)**	(220.1)	(148.4)	(202.1)
Ceded loss recovery component	**(8.9)**	(0.6)	(8.3)	0.7
Net undiscounted claims and adjustment expenses[1]	**3,444.0**	3,067.8	376.2	2,436.5
Loss ratio (excluding discounting and risk adjustment)[1]	**71.6%**	71.7%	(0.1) pts	61.5%

[1] Refer to *the Key Financial Measures (Non-GAAP)* section.

Net undiscounted claims and adjustment expenses were $3,444.0 million during the year, an unfavourable increase of $376.2 million over the comparative period of 2023. This was primarily driven by higher major event activity related to four major events in the year (Central Alberta Hail, Jasper Wildfire, Southern Ontario Wind and Rain, and Québec Hurricane Debby) as well as higher accident year claims and reserve strengthening. This increase was partially offset by lower prior year claims development in this period.

The four major events impacted our results this year, resulting in higher claims primarily in the home and auto lines of business. The year-to-date losses, net of reinsurance and inclusive of costs relating to reinsurance reinstatement premiums, from these events totalled $220.6 million.

Undiscounted gross claims and adjustment expenses and the gross loss component are reconciled to insurance service expense in the *Key Financial Measures (Non-GAAP)* section below. Undiscounted ceded claims and adjustment expenses recoverable and ceded loss recovery component are reconciled to net expense from reinsurance contracts in the same section.

Loss ratio by line of business and geographic region

% excluding discounting and risk adjustment	2024	2023	change pts	2022
Auto	**83.0**	82.5	0.5	70.0
Home	**69.3**	70.5	(1.2)	54.9
Commercial	**53.7**	58.0	(4.3)	52.9
Farm, travel and other	**44.8**	44.1	0.7	53.2
Total	**71.6**	71.7	(0.1)	61.5

During 2024, the overall loss ratio improved by 0.1 percentage points, driven by growth in NIR outpacing the overall increase in net undiscounted claims and adjustment expenses.

The auto loss ratio deteriorated slightly by 0.5 percentage points over the comparative period, due to higher accident year claims in the West and Ontario regions, higher major event activity mainly in the West region and reserve strengthening in the West and Atlantic regions. The loss ratio was partially offset by lower prior year claims development, mainly in the Ontario region, and growth in premiums across all regions.

The loss ratio for the home line of business improved by 1.2 percentage points against the comparative period, as a result of improved prior year claims development and higher premium growth across all regions. The ratio's improvement was partially offset by higher major event activity and higher accident year claims, mainly in the West and Ontario regions.

The loss ratio for the commercial line of business improved by 4.3 percentage points, driven by lower prior year claims development and higher premium growth across all regions. The loss ratio improvement was partially offset by higher major event activity across all regions, except the Atlantic region, and higher accident year claims across all regions.

The farm, travel and other loss ratio deteriorated by 0.7 percentage points due to a combination of higher accident year claims and reserve strengthening across all regions. The loss ratio was partially offset by lower major event activity, lower prior year claims development and higher premium growth, primarily in the West and Ontario regions.

Acquisition and other operating expenses – Expense ratio

$ millions, except ratios	2024	2023	change		2022
Net insurance revenue	**4,809.6**	4,278.7	530.9		3,959.9
Net commissions	**510.7**	479.0	31.7		446.2
Net premium taxes	**174.9**	156.5	18.4		144.2
Net other acquisition and attributable insurance expenses	**397.8**	347.4	50.4		385.0
Other operating expenses	**389.1**	412.9	(23.8)		376.7
Acquisition and other expenses[1]	**1,472.5**	1,395.8	76.7		1,352.1
Components of expense ratio					
Net commissions	**10.6%**	11.2%	(0.6)	pts	11.3%
Net premium taxes	**3.6%**	3.7%	(0.1)	pts	3.6%
Net other acquisition and attributable insurance expenses	**8.3%**	8.1%	0.2	pts	9.7%
Other expenses	**8.1%**	9.7%	(1.6)	pts	9.5%
Expense ratio[1]	**30.6%**	32.7%	(2.1)	pts	34.1%

[1] Refer to *the Key Financial Measures (Non-GAAP)* section.

Acquisition and other expenses increased by $76.7 million compared to the prior year. However, the expense ratio saw an improvement of 2.1 percentage points when compared to the prior year, as the increase in expenses was outpaced by the growth in NIR.

The combined net other acquisition and attributable insurance expenses and other operating expenses increased by $26.6 million mainly due to increases in strategic spending during the year, when compared with 2023.

The increase in net commissions of $31.7 million was due to higher base commissions across all lines of business in line with the growth in NIR during this period, compared to the prior year. Similarly, net premium taxes increased by $18.4 million over the comparative period, due to growth in premiums across all products.

The gross amounts of commissions, premium taxes, other acquisition expenses, and attributable insurance expenses are reconciled to insurance service expenses in the *Key Financial Measures (Non-GAAP)* section below. Amounts recoverable from reinsurance related to commissions and premium taxes are reconciled back to net expenses from reinsurance contracts in the same section. All net amounts included above show the net expense after factoring in amounts recoverable from reinsurers.

Income Taxes

The effective tax rate for the year ended December 31, 2024 was 23.5%, representing an income tax expense of $75.6 million. Refer to Note 11 of our consolidated financial statements for the income tax reconciliation between the statutory tax rate and our effective tax rate.

Liquidity, Capital Resources and Financial Condition

Balance Sheet and Capital Position

$ millions	2024	2023	% change	2022
Assets				
Cash and cash equivalents	**427.2**	521.9	(18.1%)	315.8
Invested assets including securities on loan	**7,179.0**	6,374.6	12.6%	5,969.6
Reinsurance ceded contract assets	**558.1**	437.6	27.5%	405.8
Intangible assets	**59.6**	69.2	(13.9%)	71.4
Other assets	**298.0**	292.4	1.9%	374.9
Liabilities				
Insurance contract liabilities	**4,897.0**	4,342.7	12.8%	3,859.9
Retirement benefit obligations	**103.8**	98.9	5.0%	91.0
Other liabilities	**715.2**	678.9	5.3%	599.7
Shareholders' equity	**2,805.9**	2,575.2	9.0%	2,586.9

Our balance sheet and capital position remain strong at the end of 2024. We continue to closely monitor our liquidity and capital positions to ensure that we meet the needs of our clients, while also supporting our strategic areas of focus.

The value of our invested assets and cash and cash equivalents exceeded the value of our insurance contracts net of reinsurance ceded contracts by 75.3% as at December 31, 2024, compared to an excess of 76.6% as at December 31, 2022. Our invested assets increased by $804.4 million, compared to December 31, 2023, as a result of the reinvestment of cash generated from investment income and higher valuations due to favourable movements in the market. For changes in the cash and cash equivalents, refer to the *Cash flows* section.

Our net insurance contract liabilities increased by $433.8 million, primarily as a result of increases in higher unpaid claims and risk adjustment, which is in line with increased claims relating to major event activity during the year and higher current accident year claims.

Off-balance sheet arrangements and contractual commitments are discussed below in the MD&A.

Invested Assets

Invested asset mix

% based on fair value	2024	2023	2022
Bonds	**57.5%**	57.7%	55.5%
Stocks	**16.5%**	15.4%	16.7%
Mortgages	**10.1%**	10.0%	11.2%
Pooled Funds	**4.5%**	4.7%	5.0%
Limited Partnerships	**4.3%**	4.5%	5.1%
Short-term investments	**6.3%**	6.9%	5.7%
Other	**0.8%**	0.8%	0.8%
	100.0%	100.0%	100.0%

Co-operators General has a high quality, well diversified investment portfolio consisting primarily of bonds, equities and commercial mortgages. The bond portfolio is $4,131.2 million, or 57.5% (2023: $3,678.3 million or 57.7%), of our total invested assets and is diversified both geographically and by sector, with a large portion invested in Canadian government debt instruments. The equity portfolio makes up $1,187.7 million, or 16.5% (2023: $981.8 million or 15.4%), of our total invested assets and consists largely of publicly traded common and preferred stocks diversified by industry sector and issuer. Our equity portfolio is 81.9% weighted to Canadian stocks.

We hold mortgages with a carrying value of $722.3 million (2023: $635.6 million) on Canadian commercial and multi-residential properties. Mortgages make up 10.1% (2023: 10.0%) of our total invested assets and are of high credit quality, with 97.2% considered investment grade. Pooled funds and limited partnerships collectively make up 8.8% (2023: 9.2%) of our total invested assets. Pooled funds consist of units invested in fixed income and equity securities, while our limited partnership units represent investments in multi-residential infrastructure and real estate assets. Our short-term investments make up 6.3% (2023: 6.9%) of our invested assets, and include short-term government and corporate bonds with short maturities. Note 7 of the consolidated financial statements provides an extensive breakdown of invested assets.

Credit quality of bonds

% based on fair value	2024	2023	2022
AAA	**37.5%**	39.3%	38.3%
AA	**25.7%**	23.4%	25.4%
A	**19.5%**	19.9%	20.1%
BBB	**14.9%**	13.5%	12.8%
Below BBB	**2.4%**	3.4%	2.8%
Not rated	**0.0%**	0.5%	0.6%
	100.0%	100.0%	100.0%

We adhere to a conservative investment policy and strategy that is based on prudence, in accordance with regulatory guidelines, and in a broad sense, premium cash flows and claims settlement patterns by product line. This is achieved by investing in a diversified mix of securities, and by shifting between asset classes as trends in the market evolve. The credit quality of our bond portfolio remains high, with 82.7% rated A or higher, and with 97.6% of our bonds being considered investment grade, rated BBB or higher. This is consistent with the credit quality of our portfolio in the comparative period.

The *Financial Risk Management* section and Note 8 of the consolidated financial statements provide information on related credit and interest rate risks.

Minimum Capital Test

	2024	2023	2022
MCT	**216%**	236%	251%

Co-operators General's MCT of 216% as at December 31, 2024 remains strong and represents $438.1 million of capital in excess of our 180% internal minimum target. The decline of 20.0 percentage points stems from changes in net income, other comprehensive income and dividends declared in the period, which resulted in a change in capital available relative to capital required.

The MCT ratio is calculated by dividing total capital available by minimum capital required. The capital available is total shareholders' equity plus or minus certain adjustments as prescribed by the Office of the Superintendent of Financial Institutions (OSFI). The most significant changes to minimum capital required relate to changes in the regulatory definitions for insurance risk, market risk, credit risk and operational risk. The supervisory target-capital ratio established by OSFI for the industry, which we are expected to operate above, is 150% of capital required.

Shareholders' Equity

$ millions	2024	2023	2022
Common shares	**359.8**	359.8	359.8
Preferred shares			
Public issue	**100.0**	100.0	100.0
Private issue	**103.8**	103.4	101.1
Contributed capital	**100.9**	100.9	100.9
Retained earnings	**2,142.9**	1,979.3	2,064.5
Accumulated other comprehensive loss	**(1.5)**	(68.2)	(139.4)
Total	**2,805.9**	2,575.2	2,586.9

Our consolidated balance sheet as at December 31, 2024 includes $2,805.9 million in shareholders' equity, reflecting continued financial strength. Overall, our shareholders' equity position increased by $230.7 million during the year, due to a combination of higher retained earnings and lower dividends declared, when compared to the prior year.

Capital is a critical strategic resource. It reflects the financial well-being of the organization and enables us to pursue strategic business opportunities. A strong capital position also acts as a safeguard against possible losses or catastrophic events, and provides a basis for confidence in our financial strength by regulators, shareholders, policyholders and others. For more information on capital management, refer to Note 19 of the consolidated financial statements.

A summary of our shares, both issued and outstanding, is included below. For terms and a complete list of all authorized shares, refer to Note 16 of the consolidated financial statements.

2024	Authorized	Issued
Class A preference shares, series B	Unlimited	907,053
Class B preference shares	Unlimited	398
Class D preference shares, series A	Unlimited	13,803
Class D preference shares, series B	Unlimited	42,535
Class D preference shares, series C	Unlimited	43,184
Class E preference shares, series C	Unlimited	4,000,000
Class E preference shares, series D	Unlimited	-
Class F preference shares, series A	Unlimited	488,624
Class G preference shares, series A	Unlimited	14,984
Class H preference shares, series A	Unlimited	101,601
Common shares	Unlimited	27,155,757

Our publicly issued preferred shares include our Class E preference shares, Series C; these shares are listed on the Toronto Stock Exchange (TSX) and trade under the symbol CCS.PR.C.

Dividends and Earnings Per Share

Dividends declared

$ per share	2024	2023	2022
Class A preference shares			
Series B	**5.00**	5.00	5.00
Class B preference shares	**2.50**	2.50	2.50
Class D preference shares			
Series A	**5.00**	5.00	5.00
Series B	**5.00**	5.00	5.00
Series C	**5.00**	5.00	5.00
Class E preference shares			
Series C	**1.25**	1.25	1.25
Class F preference shares	**1.88**	1.88	1.88
Class G preference shares	**2.50**	2.50	2.50
Class H preference shares	**5.00**	2.50	0.00
Common shares	**2.58**	8.36	3.06

Dividends declared on preference shares were $11.5 million in the year ended December 31, 2024, compared to $11.4 million declared in the same period last year. Dividends declared on common shares during the year were $70.0 million compared to $225.2 million in 2023.

Earnings per share

$ millions, except share data and EPS	2024	2023	2022
Net income	**245.1**	151.4	255.9
Less: dividends on preference shares	**11.5**	11.4	11.3
Net income available to shareholders	**233.6**	140.0	244.6
Weighted average number of outstanding common shares[1]	**27,156**	27,049	26,868
Earnings per common share (EPS)[2]	**$8.60**	$5.17	$9.10

[1] All of the common shares of CGIC are owned by CFSL, shown as thousands of shares.

[2] Earnings per share are calculated on a basic and diluted basis.

Third-Party Ratings

Rating agencies issue several types of ratings. A Financial Strength Rating (FSR) provides guidance to policyholders of an insurance company's ability to meet its payment obligations to policyholders. An Issuer Credit Rating (ICR) provides guidance to investors of a company's ability to meet its senior obligations. A Preferred Share Rating (PSR) provides guidance on the credit worthiness of the preferred shares issued by a company.

Standard & Poor's ratings

	Outlook	2024	2023	2022
Co-operators General - FSR	Stable	**A-**	A-	A-
Co-operators General - ICR	Stable	**A-**	A-	A-
Co-operators General - PSR	n/a	**P-2**	P-2	P-2

A.M. Best ratings

	Outlook	2024	2023	2022
Co-operators General - FSR	Stable	**A**	A	A
Co-operators General - ICR	Stable	**a**	a	a
Sovereign - FSR	Stable	**A**	A	A
Sovereign - ICR	Stable	**a**	a	a

Morningstar DBRS ratings

	Outlook	2024	2023	2022
Co-operators General - FSR	Stable	**A**	A	A
Co-operators General - ICR	Stable	**A**	A	A
Co-operators General - PSR	Stable	**Pfd-2**	Pfd-2	Pfd-2

Cash Flows

$ millions	2024	2023	2022
Cash provided by operating activities	**508.6**	677.7	302.4
Investing activities			
Net purchases of investments	**(509.5)**	(213.0)	(418.6)
Net purchases of intangibles & property and equipment	**(0.8)**	(14.4)	(4.1)
Cash flows used in investment activities	**(510.3)**	(227.4)	(422.7)
Financing activities			
Net preference shares issued	**0.2**	3.1	2.9
Dividends paid	**(81.5)**	(236.6)	(93.3)
Lease liabilities paid	**(11.6)**	(10.8)	(10.9)
Cash flows used in financing activities	**(92.9)**	(244.2)	(101.3)
Net increase (decrease) in cash and cash equivalents	**(94.6)**	206.1	(221.6)

Cash and cash equivalents decreased during the year, mainly due to cash used in investment activities, compared to the prior year.

We have sufficient capital resources, cash flows from operating activities, and borrowing capacity to support our current and anticipated future activities; our scheduled principal and interest payments on any outstanding debt; our payment of dividends; and other financial commitments. Cash generated from insurance operations and investment returns normally exceeds our claims and operating expense requirements, and sufficiently funds our commitments and growth initiatives.

Our commitments consist primarily of unfunded capital contributions, as disclosed in the *Off-Balance Sheet Arrangements and Contractual Commitments* section. We have no material capital commitments or expenditures planned. For information on the estimated maturities of financial liabilities, insurance contracts and other commitments, refer to Note 8 of the consolidated financial statements.

Key Financial Measures and Ratios (Non-GAAP)

We measure and evaluate the performance of the consolidated operations using several financial measurements and ratios. These measurements add understanding around business volumes, the quality of risk underwriting, management-reserving practices, and the financial strength and financial leverage of Co-operators General.

These measures and ratios are non-GAAP and do not have standardized meaning prescribed by IFRS Accounting Standards (or GAAP); they are, however, derived from elements of the IFRS consolidated financial statements. They are comparable to financial measures used in the P&C insurance industry to enhance understanding of financial results and related trends, and to assist in assessing our performance.

We also use certain non-GAAP components in our non-GAAP financial measures and ratios. We have reconciled these to the GAAP figures presented in the consolidated financial statements below.

Reconciliation to insurance service expense

	2024	2023	2022
Undiscounted gross claims and adjustment expenses[1]	**3,863.0**	3,278.9	2,624.8
Gross impact of discounting on claims expenses[2]	**(221.4)**	(206.0)	(106.2)
Other insurance service expenses	**166.5**	120.9	125.8
Claims and expenses incurred and changes in past service	**3,808.1**	3,193.8	2,644.4
Commissions	**639.4**	600.4	547.4
Premium taxes	**183.6**	164.2	148.4
Other acquisition expenses	**231.3**	226.5	259.2
Amortization of insurance acquisition cash flows	**1,054.3**	991.1	955.0
Gross risk adjustment	**27.0**	24.5	(39.1)
Gross loss component	**(41.6)**	9.6	13.1
Insurance service expenses	**4,847.8**	4,219.0	3,573.4

[1] This includes amounts relating to both current and past service and depicts what our insurance service expense would have been if we did not apply discounting.

[2] This figure shows the impact to our insurance service expense as a result of discounting our claims and adjustment expenses.

Reconciliation to net expenses from reinsurance contracts

	2024	2023	2022
Allocation of premiums paid for reinsurance, excluding ceded acquisition expenses	**540.9**	455.6	401.9
Ceded commissions	**(128.7)**	(121.4)	(101.2)
Ceded premium taxes	**(8.7)**	(7.7)	(4.2)
Total allocation of premiums paid for reinsurance	**403.5**	326.5	296.5
Undiscounted ceded claims and adjustment expenses recoverable[1]	**(368.5)**	(220.1)	(202.1)
Ceded impact of discounting on claims recoveries[2]	**19.1**	15.3	10.5
Ceded claims and expenses incurred and changes in past service	**(349.4)**	(204.8)	(191.6)
Ceded impact of risk adjustment	**(2.2)**	(6.6)	0.8
Ceded loss recovery component	**(8.9)**	(0.6)	0.7
Net expenses from reinsurance contracts	**43.0**	114.5	106.4

[1] This includes amounts relating to both current and past service and depicts what our ceded claims and expenses recoverable would have been if we did not apply discounting.

[2] This figure shows the impact to our net expenses from reinsurance contracts as a result of discounting our ceded claims and adjustment expenses recoverable.

Acquisition and other expenses represent the total of acquisition expenses recognized in net income for the period, attributable insurance expenses, and other operating expenses net of any amounts recoverable from reinsurers. This measure is used to evaluate the expenses the entity incurs to acquire insurance contracts, non-claims related expenses to fulfil insurance contracts, and other operating expenses incurred to run our insurance operations. It is also used to calculate the expense ratio.

Direct written premium (DWP) represents the volume of insurance sales transactions in the period written directly by the insurer. DWP does not include reinsurance policies, assumed or ceded. Measuring year-over-year DWP growth is useful in assessing business-volume trends.

Net impact of discounting and risk adjustment represents the total impact of discounting and risk adjustment on insurance service expenses and the net expense on reinsurance contracts, plus the net finance expense (or income) from insurance contracts and the net finance income (or expense) from reinsurance contracts. It is used to derive our metrics and ratios which include discounting and risk adjustment. A reconciliation of the amount is presented below. Refer to the *Glossary of Terms* section for a broader definition of discounting and risk adjustment.

	2024	2023	2022
Gross impact of discounting on claims expenses	**(221.4)**	(206.0)	(106.2)
Ceded impact of discounting on claims recoveries	**19.1**	15.3	10.5
Net impact of discounting on claims	**(202.3)**	(190.7)	(95.7)
Insurance finance (income) expenses	**253.0**	180.0	(112.8)
Reinsurance finance (income) expenses	**(20.4)**	(13.6)	6.2
Net insurance finance (income) expenses	**232.6**	166.4	(106.6)
Gross risk adjustment	**27.0**	24.5	(39.1)
Ceded risk adjustment	**(2.2)**	(6.6)	0.8
Net impact of discounting and risk adjustment	**55.1**	(6.4)	(240.6)

Net insurance revenue (NIR) represents the insurance revenue recognized in the period less the allocation of ceded reinsurance premiums paid to reinsurers, excluding ceded acquisition expenses recovered from the reinsurer. It is a useful metric to identify the amount of revenue earned in the period that we ultimately retain. Measuring NIR growth year-over-year is useful in assessing trends in top-line earnings. The table below shows a reconciliation of insurance revenue to net insurance revenue.

	2024	2023	2022
Insurance revenue	**5,350.5**	4,734.3	4,361.8
Allocation of ceded reinsurance premiums	**(403.5)**	(326.5)	(296.5)
Ceded acquisition expenses	**(137.4)**	(129.1)	(105.4)
Net insurance revenue	**4,809.6**	4,278.7	3,959.9

Net undiscounted claims and adjustment expenses is the total undiscounted claims and insurance expenses net of any amounts recoverable from reinsurers and excluding acquisition expenses. This measure is used to evaluate expenses that the entity incurs in servicing claims before the impact of discounting. It is also used to calculate the loss ratio.

Underwriting result is the profit or loss from taking on insurance risk, excluding the impact of discounting and risk adjustment. It represents NIR less the expenses included in our loss ratio and expense ratio. This measure is a reliable and consistent measure of our financial performance related to underwriting over time. The underwriting result, including the impact of discounting and risk adjustment, incorporates the net impact of discounting and risk adjustment on our underwriting result.

Loss ratio excluding discounting and risk adjustment is the ratio of net undiscounted claims and adjustment expenses to NIR, expressed as a percentage. The loss ratio, excluding discounting and risk adjustment, is broken down by major product line; referred to in this document as loss ratio by line of business; and by the major geographic regions in which we operate; referred to in this document as loss ratio by geographic region. The loss ratio indicates if premium is sufficiently covering claims expenses. This ratio is also commonly referred to as the claims ratio and is a component of the combined ratio.

Expense ratio is the ratio of the total acquisition-related and general expenses to NIR, expressed as a percentage. The expense ratio, a component of the combined ratio, helps us understand if premium is sufficiently covering non-claims expenses.

Combined ratio is the ratio of total expenses to NIR, expressed as a percentage. The combined ratio is used to understand profitability from underwriting insurance risk. The combined ratio, excluding discounting and risk adjustment, is the sum of the loss ratio, excluding discounting and risk adjustment, and the expense ratio. The combined ratio including discounting and risk adjustment factors in the net impact of discounting and risk adjustment.

Prior year claims development is the difference between prior year-end estimates of net liabilities for incurred claims excluding the impact of discounting and the risk adjustment and the current estimates for the same block of claims. Favourable development represents a reduction in the estimated claims cost during the period for that block of claims. Prior year claims development can help describe the changes in the loss ratio period over period.

Return on equity (ROE) the annualized ratio of net income to total average of opening and closing shareholders' equity.

Underwriting Results

$ millions, except ratios	2024	2023	2022
Net insurance revenue	**4,809.6**	4,278.7	3,959.9
Net undiscounted claims and adjustment expenses	**3,444.0**	3,067.8	2,436.5
Loss ratio excluding discounting and risk adjustment	**71.6%**	71.7%	61.5%
Acquisiton and other expenses	**1,472.5**	1,395.8	1,352.0
Expense ratio	**30.6%**	32.7%	34.1%
Underwriting results excluding discounting and risk adjustment	**(106.9)**	(184.9)	171.4
Combined ratio excluding discounting and risk adjustment	**102.2%**	104.4%	95.6%
Net impact of discounting and risk adjustment[1]	**55.1**	(6.4)	(240.6)
Underwriting results including discounting and risk adjustment	**(162.0)**	(178.5)	412.0
Combined ratio including discounting and risk adjustment	**103.4%**	104.2%	89.6%

[1] Refer to *the Key Financial Measures (Non-GAAP)* section.

Our underwriting loss, excluding discounting and risk adjustment, for 2024 was $106.9 million, a favourable change of $78.0 million from the underwriting loss of $184.9 million when compared to the prior year. The favourable change was due to growth in NIR of $530.9 million, outweighing the increases in both the net undiscounted claims and adjustment expenses of $376.2 million, and acquisition and other expenses of $76.7 million.

Claims Development

$ millions	2024	2023	2022
Changes to liability for incurred claims	**(98.3)**	67.9	(157.9)
Changes to amounts recoverable for incurred claims	**58.1**	(11.8)	43.6
Less: discounting included above	**(168.6)**	(120.1)	117.3
Less: risk adjustment included above	**54.9**	48.8	94.8
Prior year claims development[1]	**(153.9)**	(15.2)	97.8

[1] Refer to *the Key Financial Measures (Non-GAAP)* section.

Co-operators General continues to monitor and assess claims development. As time progresses, we expect claims development to be impacted by, but not limited to, various direct and indirect factors. Prior accident year claims have been impacted by inflationary costs, due to the shortage of labour and supply chain disruptions, as well as increased litigation and class-action activity.

Current accident year claims have been impacted by an increase in the frequency of claims, inflationary pressures on claims costs, the recent occurrence of four major weather events, and overall uncertainty resulting from the above factors.

Return on Equity

$ millions, except ratios	2024	2023	2022
Net income	**245.1**	151.4	255.9
Shareholders' equity at January 1	**2,575.2**	2,586.9	2,583.0
Shareholders' equity at December 31	**2,805.9**	2,575.2	2,586.9
ROE	**9.1%**	5.9%	9.9%

Quarterly Results

(in millions of dollars except for EPS and ratios)

2024	Q1	Q2	Q3	Q4	Annual
Direct written premium	**1,119.5**	**1,516.3**	**1,514.6**	**1,447.2**	**5,597.6**
Net insurance revenue	**1,122.5**	**1,186.8**	**1,222.4**	**1,277.9**	**4,809.6**
Net income (loss)	**93.8**	**95.7**	**(45.2)**	**100.8**	**245.1**
Net investment income and gains	**105.6**	**63.9**	**174.7**	**126.3**	**470.5**
Other comprehensive income (loss)	**(6.4)**	**12.0**	**70.2**	**(9.2)**	**66.6**
Key statistics					
Earnings (loss) per common share (EPS)	**$3.41**	**$3.36**	**($1.71)**	**$3.55**	**$8.60**
Loss ratio excluding discounting and risk adjustment	**67.4%**	**64.8%**	**84.8%**	**69.0%**	**71.6%**
Expense ratio	**33.2%**	**29.0%**	**29.9%**	**30.6%**	**30.6%**
Combined ratio excluding discounting and risk adjustment	**100.6%**	**93.8%**	**114.7%**	**99.6%**	**102.2%**

2023	Q1	Q2	Q3	Q4	Annual
Direct written premium	994.1	1,321.4	1,314.7	1,261.0	4,891.2
Net insurance revenue	1,017.6	1,045.4	1,090.0	1,125.7	4,278.7
Net income (loss)	23.2	29.9	(0.2)	98.5	151.4
Net investment income and gains	103.3	39.9	5.8	196.1	345.1
Other comprehensive income (loss)	39.5	(39.0)	(34.6)	105.4	71.3
Key statistics					
Earnings (loss) per common share (EPS)	$0.82	$0.94	($0.05)	$3.48	$5.17
Loss ratio excluding discounting and risk adjustment	67.9%	74.1%	74.0%	70.6%	71.7%
Expense ratio	35.4%	31.6%	30.0%	33.4%	32.7%
Combined ratio excluding discounting and risk adjustment	103.3%	105.7%	104.0%	104.0%	104.4%

The quarterly results reflect the seasonality of our business. The timing of claims can be difficult to predict due to uncontrollable factors, such as weather. Results are also affected by more predictable factors, such as the timing of major expenditures, changes in estimates related to claims reserves, and purchase and sale decisions made with respect to our investment portfolio.

In 2024, our quarterly DWP results followed a similar seasonal pattern with 2023 results, with the second and third quarters representing the two largest quarters. In the first and second quarter of 2024, we saw a 0.5 and 9.3 percentage point improvement in the loss ratio compared to the same quarters in 2023, respectively. This was primarily the result of lower prior year claims development, and lower major activity across all lines of business and regions. The loss ratio in the third quarter of 2024 deteriorated when compared to 2023 by 10.8 percentage points, mainly due to higher major event activity in the auto and home lines of business mainly in the West and Ontario regions.

Review of fourth quarter 2024 results

Net income for the fourth quarter amounted to $100.8 million compared to $98.5 million in the same quarter of last year, an increase of $2.3 million. This quarter produced an earnings per common share of $3.55 compared to $3.48 in 2023. The increase is in line with higher net income after tax, due to an increase in underwriting income as well as increases in net investment income and gains.

Fourth quarter DWP increased by 14.8% over the same period of 2023 to $1,447.2 million, while NIR grew by 13.5% compared to the fourth quarter of prior year to $1,277.9 million. DWP and NIR growth over the comparative quarter was seen across all regions and lines of business, particularly in the auto and home lines of business. The increase in both auto and home was primarily attributable to growth in vehicles in force, policies in force and higher average premiums, particularly in the West and Ontario regions.

The loss ratio, excluding discounting and risk adjustment, improved by 1.6 percentage points driven by lower major event activity and reserve strengthening in the fourth quarter of 2024 when compared with prior period quarter. The fourth quarter expense ratio improved by 2.8 percentage points over the comparative period, due to overall reduced insurance operations expenses.

Net investment income and gains for the fourth quarter was $126.3 million, a decrease of $69.8 million compared to the same quarter in the prior year. The decrease was primarily driven by unrealized gains in both our common share and bond portfolios being much higher in the prior year quarter. The unfavourable change was partially offset by higher interest income on bonds and increased dividend distributions.

Off-Balance Sheet Arrangements and Contractual Commitments

Securities lending

We lend securities in our investment portfolio to other institutions for short periods to generate additional fee income. We receive securities of superior credit quality and value as collateral for securities loaned. As at December 31, 2024, the value of the securities on loan consisted of $27.2 million (2023: $86.9 million) in stocks and $454.7 million (2023: $692.4 million) in bonds. Securities with a fair value of $512.0 million (2023: $838.0 million) were received as collateral. The collateral received has not been recorded in Co-operators General's consolidated balance sheet.

Investment commitments

We have entered into commitments with private equity funds to invest funds of $80.3 million (2023: $80.3 million) and US$203.5 million (2023: US$183.5 million) into limited partnership structures. The timing and the amount of capital contributions that are called is determined by the General Partner. As at December 31, 2024, we had provided capital contributions of $315.5 million (2023: $286.1 million) towards these commitments.

Structured settlements

In the normal course of claims adjudication, we settle certain obligations to claimants through the purchase of annuities from third party life insurance companies under structured settlement arrangements. This business is placed with several licensed Canadian insurance companies. Our net risk is the credit risk related to the life insurance companies the annuities are purchased from. To manage this risk, we only enter into structured settlements with life insurance companies with a credit rating of A or higher. This risk is further reduced to the extent of coverage provided by Assuris, the life insurance compensation plan that funds most policy liabilities of an insolvent Canadian life insurer. As at December 31, 2024, we have guaranteed the life insurers' obligations under these annuities, totaling $683.9 million (2023: $660.0 million), based on the net present value of the projected future cash flow of these guarantees. No default has occurred, and we consider the possibility of default to be remote.

Contingencies

We are subject to litigation arising in the normal course of conducting our insurance business. Due to COVID-19, there is an ongoing litigation pertaining to coverage interpretation, resulting in certain class actions to which Co-operators General is a defendant. We are of the opinion that this litigation will not have a significant effect on the financial position, results of operations or cash flows of Co-operators General. Note 24 of the consolidated financial statements provides additional information on contingencies.

Related Party Transactions

In the normal course of business, we obtain services from our ultimate and immediate parent companies as well as from related companies that are under the common ownership of our ultimate parent company. Note 22 of the consolidated financial statements provides additional information on related party transactions.

$ millions Service Providers	Description of Services		2024	2023	2022
Corporate services from Co-operators Financial Services Limited	Corporate services are provided by the parent company, CFSL. CFSL recovers the cost for services including corporate procurement, human resources, costs related to the Board of Directors, annual general meeting, senior executives, general counsel, compliance, enterprise risk management, corporate actuarial, corporate reinsurance, strategic planning, enterprise project management office, corporate finance, financial accounting, tax, audit, marketing and corporate communications, enterprise information technology and workplace services. The charges are set on a cost-recovery basis and are shared amongst the various subsidiaries of the parent company based on estimated usage of services provided. This contract renews annually.		**293.7**	253.0	219.3
Executive services from The Co-operators Group Limited	Executive services are provided by certain senior executives of the ultimate parent company, CGL. The executive fee charges are allocated to the various subsidiaries of the parent company based on the compensation costs incurred by CGL related to these employees. This contract renews annually.		**0.9**	0.9	1.8
Product distribution from Premier Managers Holdings Corporation	Premier is one of the distribution channels for Sovereign. Premier charges a commission for its distribution services. This contract is set at terms and conditions similar to those of other third-party contracts. This contract renews annually.		**28.7**	29.6	36.4
Reinsurance from Co-operators Life Insurance Company	CUMIS General cedes a portion of the accident and sickness premium and the related commission expense within the travel line of business to CLIC. The reinsurance contract is set at terms and conditions similar to those of other third-party reinsurance contracts.	Premium	**104.8**	84.4	49.0
		Commission	**34.1**	32.1	27.5
Employee and retiree benefits administration from Co-operators Life Insurance Company	Employee life and long-term disability benefits are insured, and medical and dental benefits are provided for under an administrative services only contract. These contracts are set at terms and conditions similar to those CLIC establishes for its third-party client base. This contract renews annually.		**10.9**	13.0	12.0
Investment management services from Addenda Capital Inc.	Addenda provides investment management services for our portfolio of invested assets. The fees are charged in a manner that is consistent with Addenda's external clients. This contract renews annually.		**7.5**	6.3	6.2
Members and members of members service agreement with Federated Agencies Limited	Federated Agencies Limited holds applicable licenses to provide products and services to CGL's members and members of CGL's members. A commission is charged for broker and underwriting services. This contract renews annually.		**5.0**	4.9	4.3
Commission from DUUO	DUUO is a distributor of certain products and charges commission for the service provided to CGIC.		**1.5**	2.3	N/A

Services we provide:

We provide product distribution and marketing services of $61.4 million (2023: $58.6 million) to CLIC for insurance and wealth management products. We compensate the advisors directly and receive payments based on the production level from CLIC. The compensation rate is negotiated on a fair and equitable basis by using industry comparatives. We also charge CLIC for the portion of the marketing program deemed to benefit the life insurance business. This contract is periodically renegotiated.

CUMIS General assumes a portion of the accident and sickness business premium of $4.5 million (2023: $3.7 million) and the related commission expense of $1.6 million (2023: $1.7 million) within the travel line of business from CLIC. The reinsurance contract is set with terms and conditions similar to those of other third-party reinsurance contracts.

Outlook, Business Developments and Operating Environment

General Business and Economic Conditions

Real GDP in Canada increased 1.0% on an annualized basis in the third quarter, aligning closely with the 1.1% forecasted by the markets and slightly below the 1.5% anticipated by the Bank of Canada, as negative productivity growth once again weighed on real activity. On the demand side, consumption accelerated sharply to 3.5%, with strong services consumption, a component less sensitive to interest rates. As of December, the Canadian economy created more than 400,000 new jobs in 2024 but the unemployment rate rose to 6.7%, a 1.0 percentage point increase since January, as newcomers entered the labour market. Despite the rise in unemployed people, wage growth accelerated to a new high of 6.4%, remaining too elevated to be consistent with the definition of price stability of a 2.0% inflation rate. The Canadian labour market remains inflationary in the context of poor productivity performance.

Personal disposable income growth is strong, rising above 7.0% in nominal terms compared to last year. Total CPI inflation was 1.8% in December, as energy is still in deflation while the core index, excluding food and energy, was at the target of 2.0%. Stripping out relative price shocks in both goods and services signals a more worrying reading of inflation, as total inflation is poised to increase, particularly in the first half of next year as base effects will come into play. Specifically, inflation rates linked to wages are still outpacing the upper band of the inflation target range, leading to concerns that the victory over inflation is over.

The US economy is experiencing a different story, as productivity gains are still above trend, making the labour market non-inflationary, as unit labour cost growth should be below 2.0% next year. Core personal consumption expenditures (PCE) inflation for December 2024, the Federal Reserve's preferred inflation gauge, is now at 2.8%. Growth in PCE remains robust around 3.0%, as households' healthy balance sheets support spending and real incomes are rising. Base effects should decrease inflation to around 2.0% next year.

However, significant economic uncertainty exists as the new administration in the US reviews its trade and foreign policies that could lead to the imposition of tariffs on the Canadian markets and retaliatory tariffs in the US market. The outcome would have a negative impact on GDP growth and risk reflation. The impact on the Company depends on the future development of these policies, which will continue to be monitored.

Investment Environment

The Bank of Canada lowered its policy rate to 3.00% in January 2025, delivering a cumulative 200 basis points reduction in only eight months, the most aggressive easing campaign outside of a recession period. The Bank of Canada is still convinced that the economy is in excess supply, based on its own estimate of the output gap and rising unemployment. As time goes by, accumulating economic data is making the central bank's base case economic scenario assumptions questionable. The most likely scenario next year is reflation for Canada. The Federal Reserve lowered its policy rate by 25 basis points in December 2024, now targeting a range between 4.25% and 4.50%, but raised its inflation forecast given risks around possible trade tariffs.

Markets are pricing around 2.75% policy rate next year in Canada and a 4.0% in the US. This is at odds with long run equilibrium rates that are roughly the same and less inflationary labour market in the US. Tariffs by the new US administration could raise inflation in the US and harm growth in Canada but at this time markets continue to be unsure as to which of the policies will be implemented, leading to a high level of uncertainty surrounding economic forecasts for 2025.

In the fourth quarter, bond market interest rates rose materially both in Canada and in the US, primarily linked to the US' next administration's economic policy uncertainties. Stock markets increased slightly during the quarter, as strong growth managed to offset the impact of rising interest rates in a context of very high valuation in the United States. The S&P/TSX composite index in Canada benefited from a favourable environment for financials.

Property and Casualty Industry

The Canadian P&C insurance industry faced continued challenges in the fourth quarter of 2024, driven by weather events and moderating, but ongoing, inflationary pressures.

Key weather events in the fourth quarter included an early snowstorm in Manitoba causing widespread damage, persistent flooding in Vancouver due to heavy rains, and an ice storm in Ontario that impacted major metropolitan areas. These events followed a catastrophic summer of weather-related losses, including Toronto flooding, a Jasper wildfire, and a Calgary hailstorm, all with industry-wide implications. Catastrophe Indices and Quantification Inc. (CatIQ) now ranks summer 2024 as the most-destructive season in Canadian history for insured weather losses.

Year-to-date natural CAT losses for the Canadian insurance industry reached a staggering $8.5 billion as of December 2024, shattering all prior records. This surpasses the devastating $6.2 billion in losses incurred in 2016, a year marked by the Fort McMurray wildfire. Losses for the fourth quarter alone added approximately $1.0 billion to the total, driven by the aforementioned events. While the financial impact remains an earnings event rather than a capital event, the concentration of losses is straining industry operations. Insurers who had increased retentions and ceded less to reinsurers earlier in the year are bearing a larger share of these costs, intensifying rate pressures across the board.

Claims processing capacity remains a critical challenge, with the clustering of extreme weather events resulting in delayed claims settlements and heightened claim severity. Rate increases across personal property and auto accelerated in the fourth quarter of 2024, with analysts projecting continued hardening well into 2025.

In the personal property market, premium growth accelerated throughout 2024. This was driven by escalating repair costs, higher property values, and record CAT losses. Rising reinsurance costs - reflecting heightened global and domestic catastrophe risks - are also fueling premium growth. The demand for property reinsurance surged in the fourth quarter, with rates increasing up to 20% in high-risk zones, particularly in Western Canada and coastal regions. Consumer affordability challenges are emerging as a growing concern, with higher premiums weighing on household budgets.

While inflationary pressures eased slightly in the fourth quarter, the personal auto insurance market remains under strain. In the first half of 2024, national auto theft trends showed a decrease of 17.0 percentage points compared to the same period in 2023. However, regional shifts persisted, with Atlantic Canada experiencing a year-over-year rise in thefts during the fourth quarter. According to the Équité Association, these shifts reflect that fact that organized crime is adapting to anti-theft measures in Ontario and Quebec.

The Alberta government's 3.7% cap on auto insurance rates for "good drivers" continued to challenge insurers in the province, particularly following the $900 million Calgary hailstorm in the third quarter. Three insurers have already withdrawn from the market, with additional companies notifying the Alberta Insurance Council of their intent to reduce capacity in the fourth quarter. The government announced their much-anticipated roadmap for transformational auto reform by introducing the Care-First Model - a privately delivered, first-party payor system that will include limited access to tort for at-fault drivers convicted of a Criminal Code or select Major Traffic Safety Act offence as well as out of pocket expenses incurred that exceed policy limits under the Care First model. Legislation is expected to be introduced in the spring of 2025, with implementation on January 1, 2027. The Good Driver Cap remains, but it has increased from 3.7% to 5%, with an additional rider of 2.5% to account for the 2024 natural disasters. It will be re-evaluated for 2026. Unfortunately, excess profit regulation continues to exist, with the Alberta Automobile Insurance Rate Board (AIRB) issuing a new policy on Return of Excess Premiums.

The Canadian commercial insurance market experienced softening trends throughout 2024, though the pace of the softening varied across segments. While overall market conditions remained competitive, some lines of business demonstrated greater resistance to price declines. Catastrophic losses and global reinsurance market pressures began filtering into commercial lines, halting the softening trend in these segments. Underwriting scrutiny intensified, particularly for accounts with natural catastrophe exposure. Capacity constraints emerged in certain segments, especially for industries with high property risks, such as forestry and hospitality. However, new entrants and increased competition from international markets continued to temper rate increases outside of catastrophe-prone areas.

The global reinsurance market showed signs of stabilization in the fourth quarter, but Canadian reinsurers faced unique pressures, due to the country's record CAT losses. Treaty renewals for January 2025 reflect firming rates, with outsized increased for catastrophe-exposed regions. Reinsurers are adopting stricter terms, including higher retentions and tighter coverage limits, signaling challenges ahead for insurers that are reliant on reinsurance support.

Risk Management

Risk Management Overview

While the insurance industry risk landscape in Canada has endured similar challenges, it's entering an era of uncertainty from a relative position of strength with strong capitalization. These challenges include, but are not limited to, higher claims inflation outpacing general inflation, volatile capital markets responding to growing socio-economic uncertainties, the effects of ongoing geo-political conflicts, supply markets and declining economies. Further, severe weather across Canada continues to highlight the financial costs of a changing climate to both insurers and reinsurers. For instance, this summer has been one of the costliest catastrophe years on record for the Canadian P&C insurance industry which has had its ripple effect on higher reinsurance costs and further disrupted our property and auto supply chains. Indirect impacts also include longer claim closure times, strain on claims department resources, limited contractor capacity, higher auto parts and labour costs.

Other current risks include, but are not limited to, third party risk management, operational risk environment, higher auto market values, and heightened cyber-security threats.

Effective risk management is vital to making and executing sound business decisions, both strategically and operationally. It involves identifying and understanding the risks the organization is exposed to, making an assessment as to its materiality, and taking measures to manage these risks within acceptable tolerances. We recognize the importance of a strong risk management culture, where the efficient and effective assessment of material risks forms the basis of all decision-making and strategic planning. Refer to Note 8 and Note 9 of the consolidated financial statements for the details on risk management.

Co-operators has an enterprise-wide approach to the identification, assessment, quantification, monitoring, reporting and mitigation of risks across the organization which also applies to Co-operators General. The Board of Directors, directly or through the Risk Committee (RC), ensures that senior management has put appropriate risk management policies in place and that risk management processes are effective. Regular reports on our risk profile relative to our Board-approved risk appetite are provided to the RC and senior management by our Chief Risk Officer (CRO).

We have identified and considered a variety of risk issues when engaging in our organizational activities. We also monitor emerging risks that are evolving in uncertain ways, that have been forgotten in their dormancy, or that are new. We continuously assess our risk environment and the potential impact on our corporate strategy, business plan, competitive position, operational results, reputation and financial condition. The risks identified within our risk universe are not presumed to be exhaustive, while previously unidentified risks or material changes in the exposure to a known risk may occur resulting in a re-assessment of their relative effect on Co-operators General.

At least annually, we conduct an Own Risk and Solvency Assessment (ORSA). ORSA is a tool that is used to enhance our understanding of the interrelationships between our risk profile and capital needs. It is designed to be congruent with our business strategy and operational business plan. As part of the ORSA process, we consider all reasonably foreseeable and relevant material risks. ORSA incorporates stress testing over the business planning period in order to be forward-looking and to reflect the dynamic nature of our business and operating environment. As an output of the assessment, we determine the level of capital needed to cover our risks, including those covered in the regulatory capital guidelines.

Risk Management Structure

Board of Directors: Most of the Board oversight of the Enterprise Risk Management (ERM) Framework is delegated to the RC. However, the full Board maintains responsibility for approving the company's ERM Framework and its Risk Appetite Framework after reviewing the RC's recommendations. The Board also reviews and approves the results of the ORSA annually, specifically the Co-operators General's minimum internal capital target.

Risk Committee of the Board: The RC is comprised of a subset of members of the Board of Directors. The RC's mandate includes setting the "tone at the top" for a strong risk management culture, oversight of our ERM program, and providing a strategic risk perspective and counsel to senior management. The RC monitors ERM processes to ensure their effectiveness by approving risk limits for significant risks; reviewing regular reporting on our risk profile relative to our Board-approved risk appetite, and understanding action taken by management in response to identified issues. In addition, the RC oversees our stress testing program, providing management with advice based on the scenarios that is used to simulate the effects on the Company's income and capital from various possible adverse events and circumstances, including natural catastrophes arising from climate change.

Management Risk Committee (MRC): The MRC comprises all members of the Co-operators Management Group (CMG, which includes the Chief Executive Officer (CEO) and his direct reports), the CRO, and the Chief Compliance Officer. The MRC meets at least six times per year and is a strategic decision-making body responsible for planning, directing and controlling the impact of all significant risks faced by the organization. The MRC also helps to set the tone for a strong risk management culture, supporting the ERM vision across the organization and acting as the authoritative escalation body for material risk-related issues.

Management Capital Committee (MCC): The MCC is a senior management committee comprised of the CRO, the Chief Financial Officer (CFO), Finance VPs, and our Appointed Actuaries. This committee monitors, evaluates, and recommends capital allocation and strategy decisions to CMG. The MCC ensures that capital management practices align with all regulatory expectations and requirements. Its responsibilities include understanding the impact of stress events on capital and ensuring that adequate capital contingency plans are in place to deal with remote, but plausible, stress scenarios.

Management Investment Committee (MIC): The MIC is a senior management committee that includes the CRO, the CFO, Finance VPs, and key investment stakeholders. This committee reviews and advises management on the lending and investment programs. It also develops and recommends adoption of the lending and investment risk management policies and provides risk measurement, assessment, monitoring and reporting of investment policies.

Management Insurance Risk Committee (MIRC): The MIRC is a subcommittee of the MRC. The subcommittee has oversight and decision-making authority for items related to insurance risk. Its responsibilities include providing input and constructive challenge on new insurance products, material changes to current products and practices, and new business models.

Reinsurance & Insurance Counterparty Standards Committee (RICS): The RICS is a subcommittee of MIRC, that sets standards for assessing insurance and reinsurance counterparties with whom we currently, or may in the future, engage in financial business relationships. The RICS is also accountable for monitoring counterparties' credit and default risk against these standards, as well as ensuring compliance with regulatory guidelines in respect of counterparty risk standards.

Functional and Business Unit Risk Management: Functions that operate across the group of companies and business units that operate within their respective companies are responsible for managing the risks related to their own operations. While these risks may be specific to their function or business unit, the ERM Framework provides common language and common tools to identify, assess, quantify and manage these risks.

Oversight Functions: Areas with independent oversight accountabilities reside in functions such as ERM, Compliance, Enterprise Governance, Finance, Legal, Human Resources, Tax, Information Technology, Corporate Actuarial and other areas within control and group functions. They are not actively involved in the management of the business. They provide oversight of risks, provide guidance in their area of expertise, and help to build and monitor risk controls.

Audit Services: Audit Services performs periodic risk-based reviews to ensure adherence to risk policies and practices, thereby providing independent assurance that risk controls are in place and operating effectively.

Risk Appetite

Continuously and effectively balancing the risk-reward trade-off, while demonstrating our co-operative vision and values, preserves our ability to operate according to our company's overall appetite for risk. Our purpose in setting our risk appetite is to define the types and amount of risk we are willing and able to responsibly accept in the pursuit of earning an appropriate return and fulfilling our strategic goals. Our risk appetite statements describe, at a broad level, the risks we will avoid, the risks we are prepared to assume and the limits we will place on those risks in pursuit of our strategic goals and objectives.

Our risk appetite is informed by these principles:

- We cannot be in business without taking risks;
- The risks we take must further our purpose and be consistent with our vision and values;
- We view capital as a scarce and strategic resource to develop and sustain our business, we must earn a reasonable return on the capital we have;
- We must manage risk in a way that balances short- and long-term objectives, allowing us to compete in the marketplace and ensure our sustainability;
- We desire to both evaluate opportunities for appropriate risk-taking and prevent excessive risk-taking;
- The risks we face are multiple, complex and often inter-related, with some that are readily measurable and others that are not; while models provide a useful means for understanding our risks, and while controls provide valuable mitigation in the management of risks, they do not eliminate the need for the application of informed judgement and common sense.

The development and establishment of our risk appetite is a dynamic and iterative process that requires ongoing dialogue throughout our organization. Our risk appetite may change over time in line with our changing capabilities for managing risk. Our actual risk profile, relative to our desired risk appetite is monitored and reported quarterly to the RC and senior management.

Our risk appetite shapes our organization's risk profile, influences the development and implementation of our strategy, and determines the risks we undertake in relation to our organization's risk capacity.

Risk Universe

To categorize our existing risks, we use a common taxonomy referred to as our risk universe:

- Investment Risk – The risk of loss resulting from the quality of invested assets, movements in the capital markets, and/or the relationship between insurance assets and liabilities. It includes credit, liquidity, market and real estate risk.
- Insurance Risk – The risk of potential financial loss that may arise where the amount, timing and/or frequency of benefit and/or premium payments under insurance or reinsurance contracts is different than what was expected at the time of pricing and/or reserving for the insurance contract. Insurance risk is distinct from investment, operational, strategic or reputation risk where those risks are ancillary to or accompany the risk transfer. It includes policyholder behaviour, property & casualty and travel risk.
- Operational Risk – The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events. It includes legal and regulatory risk, but excludes strategic and reputation risk.
- Strategic Risk – The risk of loss arising from our inability to set, adopt, execute and achieve effective strategic and/or business plans and tactics e.g. lack of appropriate allocation of resources or inability to adapt to changes in our business environment. It includes Advisor Office Channel and Client Preferences & Behaviours, Competition, Co-operative Identity, Global Issues (e.g. Climate Change), and Business Model/ Landscape risk.
- Reputation Risk – The risk of loss resulting from an activity or failure of action by CGL or its representatives that impairs our image or public confidence, in the community and/or with our stakeholders. This may result in loss of business, legal action, an increased cost of capital, and/or additional regulatory oversight.

We also research and regularly monitor emerging trends and associated risk issues our company may face over our planning period. Our strategic planning processes would consider these trends and influence our building of these plans, accordingly.

The sections below highlight some of the existing risks that fall within the above five categories.

Investment (Financial) Risks

We view capital as a scarce and strategic resource. Therefore, we must ensure that our capital is protected, and it is working for us as efficiently as possible within our risk appetite.

Credit risk

Credit risk is the risk resulting from the failure of a counterparty/debtor to honour its obligation to us. It includes mortgage default, reinsurance counterparty, warranty, and other asset impairment risk.

Our credit risk exposures include mortgage default, reinsurance counterparty and other asset impairments (for example, relating to short-term investments, bonds, limited partnerships, mortgages, loans and receivables). Our RICS sets and monitors adherence to standards for reinsurance and insurance counterparties so that Co-operators General is not exposed to excessive or unacceptable counterparty risk. Our Investment Policies put limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, single issuer limits, corporate sector limits and general guidelines for geographic exposure. Co-operators General also has a comprehensive mortgage investment policy which includes, among other factors, single loan limits, diversification by type of property limits, and geographic diversification limits. For more information on credit risk refer to Note 8 of the consolidated financial statements.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It includes credit spread, equity, foreign exchange and interest rate risk. Market risk can impact assets and liabilities differently, thereby resulting in a mismatch between them (i.e., assets may be insufficient to fund the liabilities).

Equity market volatility can have a significant negative impact on our capital levels and our regulatory capital ratios. We continue to evaluate net income volatility due to market risks under the IFRS 9 and 17 standards. We closely monitored and evaluated our equity market risk tolerance, and we are prepared to execute on a variety of mitigating strategies as needed. We actively review our asset liability management (ALM) practices including asset optimization.

There are several strategies that we employ to ensure that our market risk remains within our risk appetite. These include: limiting our exposure to certain types of assets, reducing or exiting businesses with unacceptable levels of market risk, managing net duration with ALM strategies, using derivative instruments, and placing limits on the credit quality of fixed-income assets.

Credit spread risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of movements in credit spreads. Credit spread risk is distinct from the risk of default on the part of a counterparty or debtor.

Equity risk results from movements in and/or the volatility of equity markets, including equity prices and indices. Diversification techniques are employed to minimize risk. Our Investment Policies limit total investment in any entity or group of related entities to a maximum of 5% of our assets. Our stock portfolio is benchmarked to the indices noted in the table below. A 10% movement in the indices, with all other variables held constant, would have had the following estimated effect on the fair values of our stock holdings as at December 31, 2024:

$ millions **Stock Portfolio**	**Benchmark**	**2024**	2023
Canadian common	S&P/TSX Composite Index	**68.3**	56.2
U.S. equities	S&P 500 Index (CDN $)	**20.4**	17.0

Foreign exchange risk is the risk resulting from movements in and/or the volatility of foreign exchange rates. Foreign exchange rate risk arises whenever future payments are made or received in a foreign currency; a loss occurs if the foreign currency appreciates (in the case of foreign payments owed) or depreciates (in the case of foreign payments due), relative to the local currency. Our foreign exchange risk is primarily related to our investment holdings. Our policies limit investments in foreign denominated securities to a maximum value of 15% of invested assets. Foreign exchange forward contracts are commitments to buy or sell foreign currencies for delivery at a specified date in the future at a fixed rate.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of movements in and/or the volatility of interest rates, including the risk of inflation resulting in lower real asset values. When asset cash flows do not coincide with the cash flows arising from the liabilities, this may result in the need to either sell assets to meet policy obligations or reinvest excess asset cash flows in unfavourable interest rate environments. With the delinking of discounting assets and liabilities under IFRS 17, interest rate risk has increased. This is being monitored quarterly through various metrics, including net present value (NPV), net dollar duration (NDD), and income at risk (IAR) due to interest rate risk (IRR).

Historical data and current information are used to profile the ultimate claims settlement pattern by class of insurance, which is then used to develop an Investment Policy and strategy. To mitigate a portion of our interest rate risk, Co-operators General deploys an ALM strategy. A portion of the assets backing our unpaid claims and adjustment expenses are designated as fair value through profit or loss (FVTPL), under the fair value option with the objective of offsetting a targeted portion of the financial impact of interest rate changes and avoiding an accounting mismatch. While interest rate increases tend to have a positive effect on our net income, they tend to weaken our overall financial position, due to the impact on bond values. A 1% movement in the interest rate, with all other variables held constant, would have had the following estimated effect on the fair values of our holdings as at December 31, 2024:

$ millions	**December 31, 2024**		December 31, 2023	
	FVOCI	**FVTPL**	FVOCI	FVTPL
Bonds	**113.3**	**57.2**	120.2	44.0
Canadian preferred stocks	**9.2**	**2.1**	7.0	2.2
Pooled funds	**-**	**17.8**	-	23.1

For more information on market risk, refer to Note 8 of the consolidated financial statements.

Liquidity risk

Liquidity risk refers to the risk resulting from holding inadequate liquid assets to meet our obligations as they come due. It includes operational and strategic liquidity.

Liquidity risk can arise from adverse conditions in financial markets that could negatively affect our ability to convert invested assets into cash in a timely and cost-effective manner, or policyholder behavior in the form of cash demands as a result of claims, contractual commitments, or other outflows. Claims payments are funded by current revenue cash flow, which normally exceeds cash requirements. Refer to the *Off-Balance Sheet Arrangements and Contractual Commitments* section of the MD&A for a discussion of our commitments.

We do not have other material liabilities that can be called unexpectedly at the demand of a lender or client. We do not have material commitments for capital expenditures, and there is no need for such expenditures in the normal course of business. In addition, we measure our liquidity needs under both normal and stressed conditions ensuring that we have a sufficient level of liquid invested assets at all times. We have $19.0 million in available credit facilities as well as access to financial support from our parent company. As at December 31, 2024, we have utilized $nil of the available credit facilities. For more information on liquidity risk refer to Note 8 of the consolidated financial statements.

Insurance Risks

For P&C insurers, this represents the risk that policyholders will experience a higher frequency and/or severity of auto, home, commercial business and/or travel related losses. This results in higher-than-expected claims payments for bodily injury, liability coverages and/or coverages related to the damage to, or loss of, a physical asset. This includes catastrophe/adverse scenarios, claims, inflation, product design and pricing, reinsurance, reserve valuation, and underwriting risks. For more information on insurance risk, refer to Note 9 of the consolidated financial statements.

Catastrophe risk

Catastrophe risk is the risk that a catastrophic event severely impairs our financial position.

Catastrophe risk may arise if we experience a considerable number of claims arising from man-made or natural catastrophes that result in significant impacts on claims costs. Catastrophes can cause losses in a variety of different lines of business and may have continuing effects which, by their nature, could impede efforts to accurately assess the full extent of the damage they cause on a timely basis.

We have in place a robust reinsurance program. Our objectives related to ceded reinsurance are capital protection, reduction in volatility of results, increase in underwriting capacity, and accessing the expertise of our reinsurance partners. The placement of ceded reinsurance is mainly done on an excess-of-loss basis, but some proportional cessions are made for specific portfolios. Annually, we review and adjust our reinsurance coverage to reflect our risk profile and appetite, including but not limited to, our current exposures, capital base, and growth projections.

The Board of Directors approves and annually reviews the Reinsurance Risk Management Policy, which outlines the practices that management follows for managing and placing reinsurance. Ceded reinsurance complies with or exceeds regulatory guidelines, including financial preparedness for a 500-year return period country-wide earthquake event.

We ensure that our placement of reinsurance is diversified to avoid excessive concentration to a specific reinsurance group. We are selective with respect to our choice of reinsurers, placing reinsurance with only those reinsurers that have a strong financial condition. Based on our catastrophic loss models, our protection is in excess of minimum regulatory guidelines, and at a level that management considers prudent and in line with our risk appetite.

The increasing incidence and severity of extreme weather-related events is a growing challenge faced by the insurance industry. This challenge is intensified by aging municipal infrastructures that are unable to cope with intense storms, greater concentrations of people living in vulnerable areas, and higher property values at risk. As an organization whose purpose is to provide financial security for Canadians and our communities, it is our duty to continue to enhance our understanding of the potential impacts of climate change and its associated risks, while striving to develop and promote solutions that offer protection to our clients and enhance their financial resiliency. While many of the impacts associated with climate change are beyond our direct control, we have an opportunity to incentivize sustainable behaviour among our clients, mitigate risks through pricing and product development, and promote sustainable decision-making in our communities through various advocacy efforts. Refer to the *Climate-related financial disclosures* section for additional information.

Reinsurance risk

Reinsurance risk is the risk that the organization's reinsurance program (ceded and/or assumed) does not operate as intended. Reinsurance risk includes the risk to earnings and capital arising from i) purchasing insufficient or inadequate reinsurance coverage; ii) paying a higher than expected premium for reinsurance coverage; and iii) not recovering reinsurance claims on a timely basis, or at all.

Reinsurance is purchased to provide capacity, protect capital and earnings, and mitigate or avoid insurance risk. We have established and adhere to a sound and comprehensive reinsurance risk management policy that is overseen by senior management and the Board. We review our reinsurance limit and scope of cover requirements annually. After these requirements have been determined, we carefully negotiate reinsurance contract terms with selected entities. The availability and cost of this reinsurance is subject to prevailing market conditions. In managing reinsurance risk, we also assess and monitor the financial strength of our reinsurers on a regular basis. There have been no material defaults with reinsurers in the past 10 years. Refer to Note 10 of the consolidated financial statements for further information regarding reinsurance.

Product Design and Pricing risk

Product design and pricing risk is the risk resulting from the pricing or features of our products, where revenues and/or costs experienced differ from those expected at the time of pricing.

We price our products taking into account numerous factors including historical claims frequency and severity trends, product line expense ratios, cashflow payment patterns, special risk factors, the capital required to support the product line, and the investment income earned on that capital. Our pricing process is designed to ensure an appropriate return on equity, while also providing long-term rate stability. These factors are reviewed and adjusted periodically to ensure that they reflect the current environment.

We strive to ensure that our pricing will produce an appropriate return on invested capital; however, various external factors, like market realities or regulations, can have an impact on our ability to do so. For example, in provinces that mandate pricing for automobile insurance, pricing must be submitted to each provincial government regulator. It is possible that, in spite of our best efforts, regulatory decisions may impede automobile rate increases or other actions that we may wish to undertake. Also, during periods of intense competition for any product line, our competitors may price their products below the rates we consider acceptable, which would have an impact on our ability to maintain our rates where we want them. Additionally, changes in our natural environment that are exacerbated by climate change are making it more difficult to rely on historical claims frequency and severity as a predictor of future claims patterns. In order to continue to develop and offer products that meet the needs of Canadians and their communities, we have invested in the development of internal business intelligence and predictive models that provide us with further insight into hazard-prone areas.

Underwriting risk

Underwriting risk is the risk resulting from the selection and approval of risks to be insured.

Our underwriting objective is to develop business with sufficient scale within our target market on a prudent and diversified basis and to achieve profitable underwriting results. We underwrite automobile business based on annual reviews of the client's driving record and claims experience. We underwrite property lines based on location, physical condition, property replacement values, claims experience and other relevant factors. Highly trained and experienced underwriters manually underwrite complex risks using comprehensive underwriting manuals, which detail the practices and procedures used in the determination of the insurance risk and the decision of whether to offer coverage. We also leverage our business intelligence system, which gives us the tools to better segment and underwrite. All employees in the underwriting area are trained, and their work is audited by internal audit services on a regular basis. Advisors and brokers are compensated, in part, based on the profitability of their portfolio.

Claims risk

Claims risk is the risk that the level of actual ultimate claims paid on settlement is different from what was expected.

The majority of our claims are handled internally. Each claims personnel has an authority limit, which is based on related education, skills and work experience. They are supported by training and comprehensive reference materials that have been compiled to identify investigations and information required before a claim can be paid. Our claims handling approach results in an appropriate control of claims costs.

Reserve Valuation risk

Reserve valuation risk is that claims reserve valuation methodology and approach do not accurately reflect the actual liabilities.

We maintain provisions for unpaid claims and adjustment expenses to cover our estimated ultimate liability for claims. There is the potential for significant variability in the amount of ultimate settlement from the current amounts recorded. Given the ongoing supply chain disruptions, labour/talent shortages and inflationary pressures, there is a heightened level of uncertainty around the estimate, relative to prior valuations. We have also considered the impacts to frequency and severity of claims resulting from the global pandemic in the estimated ultimate liability for claims.

Our practice is to maintain an adequate margin to ensure that future years' earnings are not negatively affected by prior years' claims development and other variable factors, such as inflation. We also monitor fluctuations in reserve adequacy on an ongoing basis, and periodically seek an external peer review of reserve levels. We are subject to some exposure in the fluctuation of discounting and risk adjustment in the valuation of our discounted unpaid claims. Our claims development table and sensitivity analysis are in Note 9 of the consolidated financial statements.

Inflation risk

Inflation risk is the risk that an increase in prices will result in higher claims costs.

To support senior management in better understanding, anticipating and preparing for inflation risks and impacts, stress testing scenarios were developed last year for possible inflationary market outcomes over the planning horizon by our internal modelling teams. Management continues to closely monitor inflationary developments and their impact to the business, operations and capital resources.

Operational Risks

Operational risks are inherent in all activities, processes, and systems. The effective management of operational risk is a fundamental element of any organization and understanding operational risks leads to better decision making through the observation and analysis of past operational risk events and the patterns of observed behavior within an organization.

Business Continuity and Resilience risk

Business continuity and resilience risk is the risk of a prolonged interruption in the business operations or the inability to restore operations after a disruption. Causes can include (but are not limited to): health crisis, system outage, cyber breach, etc.

There are many events that could result in the interruption of our business operations. These can range from sudden catastrophes, such as power outages, cyber-attacks, earthquakes, floods and hurricanes, as well as pandemics. Business continuity plans are continually updated to respond to the changing work environment, and we have plans and actions in place to maintain resilience and maintain service standards to our clients as much as possible. Plans are evaluated and tested on a regular basis, and include inclement weather guidelines, telework guidelines, crisis communications procedures, and a staff emergency line. Further, Business Continuity and Infectious Disease Plans are created, maintained and tested to a set of established industry best practice standards. Compliance with these standards is monitored and reported to senior management and the Board of Directors at least annually.

Legislation and Regulatory Compliance risk

Legislation and Regulatory compliance risk is the risk of failing to comply with applicable laws and regulations. This can result in fines, penalties and/or suspensions.

P&C insurance companies are subject to significant regulation by governments. As a federally regulated financial institution, we are obligated to have a robust regulatory compliance management framework and methodology to support a compliance risk posture. As part of this framework, we monitor and report compliance with all relevant regulations for the jurisdictions in which we operate. Being in a highly regulated industry, future regulatory changes, novel or unexpected judicial interpretations or political developments, could change the business landscape in which we operate.

To mitigate the risks, we actively participate in discussions with regulators, governments, and industry groups to ensure we are well-informed of any contemplated changes being proposed, and that our concerns are understood.

Information Technology risk

Information technology risk is the risk that we cannot secure, develop, adopt, operate and support the technology required to meet current and future business objectives and client expectations. It includes access security, computer operations, resolution management, and IT system changes.

To support our various work postures, we have deployed additional technologies to strengthen cyber security and operational resiliency, enabling us to operate virtually for the foreseeable future. The cyber threat landscape is continually evolving and new vulnerabilities are being identified across all aspects of the technology spectrum. As a member of the financial services industry, our organization is exposed to threat agents looking for technical weaknesses and exploitable vulnerabilities. A cyber-incident has the potential to result in material consequences for our organization and our clients including loss of system availability, loss of data or data integrity, breaches or distribution of confidential information, as well as impacts to our overall reputation and brand. Our goal is to maintain strong control processes and a resilient technological environment that can safeguard our systems and client information.

To mitigate and manage our exposure to a cyber breach, our organization has a security risk management function, with both governance and operational components, including training and awareness at all levels. Our internal technology governance has been designed to meet both regulatory requirements and industry best practices. This function is designed to protect systems, with considerations of confidentiality, integrity and availability of information. Key activities include monitoring our systems for events to detect and prevent system intrusions, as well as conducting scans of the internal and external environments to identify and remediate vulnerabilities. We test our controls and processes on an ongoing periodic basis through technical and executive cyber simulations, penetration testing, and security testing by a trusted external party to simulate threat actors. Along with an extensive business continuity management program, we continually assess our cyber security program to ensure that we continue to be well-positioned to meet the needs of our business and clients.

Third-Party and Outsourcing risk

Third-party and outsourcing risk is the risk of failure to effectively manage service providers.

Third-party services are relied upon within many of our business processes. Third-party services present opportunities by providing flexibility, efficiencies, innovations and improved services. However, risks can arise from third-party services through failures in processes or controls (e.g. cyber breaches, system outages) and these risks are ever changing. Our Vendor Risk Management program has been updated and is utilized to manage and mitigate third-party risks through due diligence, vendor risk assessment, and continuous monitoring processes and tools.

Human Resources risk

The risk of failing to recruit, develop and retain people in the organization with the skills, competencies and knowledge necessary to achieve our goals.

Human Resources risk is a growing concern for the Co-operators (as well as the industry) and has been impacted by the pace of digital initiatives. Further, market demand for skilled staff has been pushed higher leading to resource scarcity and challenges. The job market remains exacerbated by demographic shifts, including an increase in early retirements and demand continues to outstrip labour supply.

Strategic Risks

Advisor Office Channel

The risk of not understanding and engaging our advisors resulting in inefficient, ineffective or inadequate distribution for our products and services.

Client Preferences and Behaviours risk

The risk of not understanding and adapting to clients' needs and expectations, including the risk of not investing sufficiently in alternative distribution channels (MGAs, Brokers and Advisors) for our products and services.

Recent years have seen an accelerated pace of preferences and behaviour trends that were already underway. People have experienced disruption at unprecedented levels, and it has required changes to their priorities. The ongoing global uncertainties are also impacting peoples' needs, choices, and overall well-being. This has given way to new behaviours and expectations across our society and our clients.

Competition risk

The risk of the organization's relative market position being impacted by our strategic choices and those of our competitors (or new market entrants) in the same markets.

Competition risk can arise within or outside the financial or insurance sector, and from traditional or non-traditional competitors. This risk includes diseconomies of scale and inefficiencies that threaten our ability to provide cost-effective, quality products and services in a timely and efficient manner.

Business Landscape risk

The risk of not understanding and adapting to fundamental changes in the insurance, financial services and technological operating environment (e.g. Gen AI, quantum computing).

Global Issues risk

Global issues risk is the risk of global trends and external issues that impact our clients and their communities, affect the nature of the insurance industry overall and/or affect our ability to remain relevant to our member organizations and clients. It includes the natural, political, legal, regulatory and social environment, as well as systemic risks.

We consider the implications of potential changes to our natural, political, legal and regulatory, economic and social environment in our strategic planning processes to understand the impacts and adjust our plans if necessary. Risks that are present in our natural environment, as a result of changing climate patterns, have long-term implications in our operating environment. Consistent with our vision of Co-operators as a catalyst for a sustainable society, we aspire to provide insurance and investment management solutions for individuals and businesses who wish to exert a positive influence on the social and/or natural environment. We advocate for sustainable behaviour and strive to incorporate sustainable practices within our own organization through impact investments and carbon emissions reduction.

Refer to the *Climate-related financial disclosures* section for a discussion of our commitment to manage this risk.
We research and consider the implications of emerging strategic trends in our strategic planning processes and build our plans accordingly.

Reputation Risks

Reputation risk is the risk of loss resulting from an activity or failure of action by CGL or its representatives that impairs our image or public confidence in the community and/or with our stakeholders. This may result in loss of business, legal action, an increased cost of capital, and/or additional regulatory oversight.

We conscientiously influence our reputation by being authentic to who we are, by assuming responsibility for our actions, and by proactively communicating and conducting our business activities in an ethical, fair, honest and transparent manner.
We have earned and cultivated a positive reputation over time by ensuring that our organization's actions, communications, partnerships, commitments, and community support activities are consistent with our brand. This consistency reinforces our stakeholders' trust and belief in the authenticity of our brand. Our objective is to diligently manage our reputation risk within a dynamic environment in order to maintain a successful balance between building, protecting and repairing our organization's reputation.

Climate-Related Financial Disclosures

The purpose of our organization is to provide financial security for Canadians and our communities. Climate change is a direct threat to this purpose and, as such, addressing climate change is a top strategic priority. We are actively engaged in mitigation and adaptation efforts that will help us be a catalyst for a resilient and sustainable society.

More information about Co-operator's climate-related financial disclosures, our approach to climate, including 2024 results on progress towards our targets, can be found in our *Climate Report* which is published in the second quarter of each year.

Governance

Co-operators' governance structure ensures there is the right level of oversight monitor and manage climate-related risks and opportunities. Board and management level committees and business groups actively work to oversee the strategic objectives and targets.

Board Level

The Board of Directors oversees our management of climate-related risks and opportunities. While relevant to all Board committees, this is primarily executed through the Sustainability Committee and the Risk Committee. The Board and its committees take climate-related risks and opportunities into account while overseeing overall strategy, major transactions, and risk management practices. The Board must also consider trade-offs between competing priorities and rely on risk appetites to guide these decisions. In addition to ongoing meetings where the committees individually assess progress toward our climate targets and monitor and review climate-related risks and opportunities, the Sustainability Committee and Risk Committee hold an annual joint meeting to measure progress on our climate-related disclosures.

Sustainability Committee
The Sustainability Committee assists the Board in fostering a culture of - and leading practices in – sustainability, while providing oversight of the sustainability performance of Co-operators. The purpose of the committee is to monitor implementation of the Sustainability Policy and of the organization's efforts toward its vision of being "a catalyst for a resilient and sustainable society." This includes monitoring emerging sustainability and climate-related issues, and risks and opportunities, as well as advising on the sustainability and resilience components of corporate strategy and stakeholder engagement.

The committee reviews and recommends policies, strategies and priorities to enable the integration of sustainability across the organization. This includes advising on policies, standards and the performance of sustainable investing activities. The committee also advises the Board on the sustainability impacts of key decisions and monitors and advises on measures to enhance sustainability governance practices at the Board and subsidiary boards.

The committee is comprised of a member of each of the other five Board committees, helping to integrate sustainability across the governance structure. At every meeting, members of the committee provide all other board committees with a report of the Sustainability Committee activities.

Risk Committee
The Risk Committee oversees the ERM program, including risk identification, risk appetite, risk management framework and policies, risk analysis and evaluation, risk monitoring and reporting, and program compliance. Annually, it examines the Company's capital needs in relation to its risk profile, for approval by the Board.

The committee provides oversight of our Chief Risk Officer and offers guidance and advice to senior management on strategic direction linked to our top risk issues, including climate-related risk. It also oversees our sustainable investment strategy, which is managed by the Management Investment Committee. The Risk Committee is comprised of four members of the Board.

Management Level

The governance of climate change cascades down from the Board and its committees to the senior management team, which is responsible for the execution of the corporate strategy. The senior management team then allocates resources and ensures that the organization has the capabilities to meet its climate-related targets, helps clients understand and manage their climate-related risks and steadily increases the proportion of the organization's investment portfolio in climate-related and resiliency-building investments. In turn, mandates for climate action cascade down from the senior management team to various business areas.

Sustainability metrics are included in the CEO and senior management's long-term incentive plan (LTIP). Senior management refers to the VP level and above. These metrics account for 15% of the LTIP with 10% relating directly to climate-related targets. 5% is related to our target on the percentage of invested assets in impact, transition and resilience investments and 5% is related to our operational emission reduction targets.

The Climate Executive Leadership Committee meets monthly to discuss climate-related risks and opportunities and provides oversight of climate risk management and reporting. A formalized mandate is currently under development and is expected to be finalized in 2025.

The Management Investment Committee provides strategic direction and oversight of the investment, hedging, and asset liability management activities. This management committee is responsible for regular reporting to the Board's Risk Committee, ensuring that climate and sustainability impacts of our investments are a key focus area. The execution of our investment strategies is performed through our subsidiary, Addenda.

The Resilience Investing Executive Steering Committee provides oversight and strategic direction for resilience investing. This committee works with the Management Investment Committee to consider resilience investments through the regular investment decision-making processes. The mandate for this committee is currently under review and changes are expected to be finalized in 2025.

The Management Risk Committee is a strategic decision-making body that is responsible for understanding and acting on the risks, including those related to climate, faced by our organization. In addition to supporting our ERM vision, it helps to set the tone at the top for a strong risk culture.

The Management Insurance Risk Committee has oversight and final decision-making authority for items related to insurance risk, including risks derived from climate change.

Co-operators Sustainability and Citizenship department also plays a key role in supporting initiatives at the management level. The team is tasked with supporting the integration of our sustainability principles throughout the organization, across our investment and insurance related functions.

Strategy

Confronting the climate crisis is at the core of the organization's strategy. As such, we strive to invest our assets and operate our businesses for positive impact; we offer products and services that build resilience; and we advocate for policies, initiatives and ideas that will move our society toward a more sustainable future. A list of our identified material climate-related risks and opportunities can be found in our *Climate Report*, which is published in the second quarter of each year.

Investments

A core aspect of our overall climate strategy is the management of our investments. This is demonstrated through our commitment to the UN-convened Net-Zero Asset Owner Alliance (NZAOA), which we joined in 2021. We have set net-zero and sustainability targets on our investments, including interim targets that are reviewed and updated regularly. We report on our progress toward these targets at least annually. Co-operators General's climate investing strategy is guided by core principles, which form an integral part of our broader mandate to Addenda:

- Purpose and vision – We are driven by our purpose to provide financial security for Canadians and our communities, and by our vision to be a catalyst for a resilient and sustainable society.
- Science-based – Our positions are aligned with the Paris Agreement and the best available scientific literature.
- Leading – We boldly advance leading climate-related investment practices that address climate mitigation and climate resilience.
- Catalyzing – We are active owners and collaborative advocates for enabling public policies as well as leveraging our resources and capabilities.
- Consistent – We are consistent in our policies and practices across companies and lines of business.
- Continuous improvement – We are intentional in raising our ambition level with every new interim target.
- Grounded – We consider "transition" in the real economy and concentrate on what is relevant to our clients, communities and the Canadian economy.
- Accountable – We set clear and ambitious portfolio-wide targets, and are transparent about our progress, challenges and performance.

Insurance

To successfully meet our purpose, the consideration of climate-related risks and opportunities remain at the forefront of our underwriting operations and business development. We continue to develop climate-related products and services, such as our Comprehensive Water product, which covers storm surge, and provides access to flood insurance for all Canadians, even those with the highest risk. In 2024, we launched our TomorrowStrong™ coverage, which offers clients additional funds to rebuild with resilience after a claim. We are also expanding our claims operations to include more sustainable practices, such as drying in place, and soft contents cleaning, and we are piloting a bumper and windshield recycling program to help reduce waste.

We continue to innovate by creating solutions that allow us to better manage and understand climate-related risks, and how they impact our insurance liabilities. Through our Climatic Hazards and Advanced Risk Modelling (CHARM) team, we have developed, and are using, sophisticated risk models that help us understand our exposure to climate-related risks from natural hazards (like floods and wildfires), plan for the financial impact of climate-related scenarios, and inform decisions on to how we design and deliver our insurance products. Furthermore, we take the opportunity to share our expertise and consult with other organizations, helping them better understand their own climate-related risks and exposures.

Climate-related scenario analysis

Climate scenario analysis is used to assess the resilience of our climate strategy and business model in terms of the impacts of climate-related risks. By executing scenarios and presenting the findings to senior management through the Financial Condition Testing (FCT) process, we continue to refine our analysis and our stress-testing processes.

Risk Management

Climate-related risks are integrated within the organization's overall risk management framework and related assessment mechanisms. Our risk management practices are influenced by our co-operative identity; we apply a consultative and community-based approach that takes a comprehensive longer-term view of our business and seeks to incorporate sustainability principles in line with our Sustainability Policy.

The successful application of our ERM Framework results in alignment between our articulated risk appetite, capital plans, business strategies and operating plans. As risks and strategies evolve, our continuous cycle of risk identification, risk assessment, risk quantification, and risk monitoring and reporting ensures that we adapt to changes within both our organization and our operating environment. A comprehensive set of risk controls supports our overall ERM approach. Likewise, ERM integration ensures that our ERM activities do not occur in isolation of business activities and are embedded in our risk culture.

Through our risk assessment process, we determine if risks are sufficiently mitigated, identify the need for adequate control, acknowledge the dependencies we may have, and discuss alternative mitigation options that may be available to us.

Our risk monitoring and reporting tools are designed to provide relevant, accurate and timely information on our material risks. For example, our risk dashboard provides a comparison of our ongoing risk profile against our articulated risk appetite. Our comprehensive stress testing program, which includes climate-related scenarios, reflects the assessment of our risk profile under moderate to severe stress levels. It also includes the discussion of risk controls to mitigate the exposure.

Top risks are defined as those that could prevent us from fulfilling our purpose and/or realizing our strategic goals. They are assessed on a residual basis, reflecting the controls that we have in place to mitigate our risks. Top risks are refreshed as part of a "top risk workshop" process on a biennial basis, which was last completed in 2024, and confirmed annually as part of the Own Risk and Solvency Assessment process. Furthermore, our top and emerging risks are synthesized into a report that is provided to the Risk Committee. This report highlights the potential impacts of each risk, and why it matters. Climate-related impacts have been identified as one of our organization's top risks over the long term.

We employ a "three lines of defence" model that provides a comprehensive and holistic approach to risk management. This model comprises risk identification, assessment and mitigation, control and monitoring, and reporting. We try to apply this approach in managing all climate-related physical and transition risks, including policy, legal, technological, market and reputational.

Climate related risk approach

Investments

Co-operators Investment Policy guides our overall approach to investment management, including risk management and policies related to sustainability, as well as impact and climate transition investing. The Board carries out the responsibilities of these policies through the Risk Committee. The Management Investment Committee also plays a key role, providing the strategic direction and oversight of the investment activities of the organization. Our investment management firm, Addenda, leads in the implementation of these policies, including those on climate transition. Addenda is continually trying to improve our understanding of various transition and physical climate-related risks that could impact our investments as well as helping seek climate-related investment opportunities. As an asset manager for both institutional and retail clients, Addenda recognizes that integrating climate considerations into investment decision-making improves the resilience of our investment portfolios over the long term.

Addenda's investment teams are evolving their practices and processes to support the integration of physical and transition risk assessment and management throughout the investment lifecycle. Addenda is also developing a customized approach for each asset class to identify and assess climate-related risks due to the different investment strategies each asset class controls.

Addenda's Sustainable Investing Team plays a big role in managing risk, supporting the portfolio managers throughout the research, due diligence, and review processes. It does this by:

- Conducting training sessions and building capacity on topics such as carbon emissions accounting and Canada's transition to net zero.
- Producing and distributing industry reports and papers to investment teams on emerging best practices, and associated global and Canadian initiatives, for climate risk management by institutional asset managers and owners.
- Conducting in-depth company-specific reviews, when requested by investment teams.
- Establishing and evolving Addenda's internally developed approach around assessing climate-positive impact solutions within the fixed income market.
- Preparing presentations to investment teams and management on proxy voting and investment performance.
- Driving engagement efforts among portfolio companies on topics such as climate risk and emissions reduction.

Insurance

Co-operators dedicates significant resources to anticipate and prepare for the many impacts of climate change. We preserve our capital, while managing costs, through reinsurance risk transfer mechanisms. Reinsurance protections are designed to cover for catastrophes within given exposure limits, thereby protecting our insurance entities from excessive catastrophic event losses. Our insurance companies are responsible for controlling exposures to individual catastrophes, as well as defining reinsurance requirements based on our overarching risk appetite and capital profile. Moreover, our counterparty credit risk exposure is minimized by spreading our reinsurance program across many trusted partners and setting robust financial standards of eligibility.

The materiality and timing of climate-related impacts to our reinsurance arrangements depend on many factors, including global mitigation and adaptation efforts, global climate-related natural catastrophic events, geography of our portfolio, insurance products and coverage, risk type, etc. There is inherent uncertainty in the modelling of natural perils and climate change. Our catastrophe reinsurance strategy is based on a relatively near-term outlook, with treaties commonly placed for one-year periods. This is aligned with the short-tail nature of the underlying business and our ability to re-price that business annually (and continuously manage the underlying portfolio). However, we recognize that climate-related risks are apparent in short-, medium-, and long-term scenarios, and that they have the potential to impact our profitability and our ability to achieve our purpose. It is widely accepted that climate change is resulting in more severe weather events and increasing the frequency of such events. Our property catastrophe reinsurance program helps us manage the financial impact of these events by receiving recoveries from reinsurers when the events are above the attachment point of our reinsurance treaty. Reinsurers are aware of the impact of climate change, and they use this in consideration of their pricing and offering of reinsurance capacity.

Metrics and Targets

We continue to focus on our long-term climate-related targets for our investments and operations which will help define a path for the crucial transition to a more sustainable and resilient economy.

Our climate strategy includes the following emissions-related targets:

- By 2030, 60% of our invested assets will be impact, climate transition, or resilience investments.
  - Interim target – by 2026, 50% of our invested assets will be impact, climate transition, or resilience investments.
- By 2030, we will reduce the emissions of our operations by 45% from 2019 base year levels.
- By 2040, we will have achieved net-zero emissions in our operations.
- By 2050, at the latest, we will be net-zero in our invested assets.
  - Interim target – by 2025, we will have reduced the emissions intensity of our investments by 25% from 2020 levels (for public equities and publicly traded bond portfolios).

Our invested assets are a significant lever that can be used to catalyze climate action. We recognize that carbon emission disclosure data quality and methodologies are continually evolving; as such, we are committed to reporting using global best practice guidelines and providing transparent disclosure on changes. We use the Partnership for Carbon Accounting Financials (PCAF) Standard Part A to calculate financed emissions.

For our operations, we have a target to reduce emissions by 45% by 2030 from 2019 base year, and to achieve net zero by 2040. This includes both direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3), including emissions resulting from corporate offices, Financial Advisor offices, fleet vehicles and business travel. Reflecting our commitment to leadership, and to that ensure our carbon accounting is aligned with the realities of hybrid and virtual work models, our target also includes emissions from employee commuting and working from home, and IT assets and services. Our greenhouse gas inventory is calculated using the operational control approach, as outlined within the Greenhouse Gas Protocol.

Controls and Procedures

Disclosure controls and procedures

Management is responsible for designing and maintaining adequate disclosure controls and procedures to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and CEO and the Executive Vice-President, Finance and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal control over financial reporting

Management is responsible for designing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. However, due to inherent limitations, these controls may not prevent or detect all material misstatements on a timely basis. Projections of any control effectiveness evaluation to future periods are subject to the risk that the controls may become inadequate due to potential changes in conditions or possible deteriorations in the degree of compliance with policies or procedures.

No changes were made to our internal control over financial reporting during the year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Accounting Matters

Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the consolidated statement of financial position date and the reported amounts of revenues and expenses during the year. The preparation of the consolidated financial statements also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes for the respective account balances. Actual results may differ from the Company’s estimates and have a material impact on the consolidated financial statements.

Significant estimates and assumptions include the following:

Valuation of insurance contracts	Type	Reference	Other significant judgements & estimates	Type	Reference
Estimates of future cash flows	Estimate	Note 10	Provision for advisor transition commission	Estimate	Note 14
Discount rates	Estimate	Note 10	Valuation of retirement benefit obligation	Estimate	Note 15
Discount rates	Judgement	Note 10	Expected credit losses	Judgement	Note 7
Risk adjustment	Estimate	Note 10			
Facts and circumstances of onerous contracts	Judgement	Note 9			

Accounting policies

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. Co-operators General and certain subsidiaries are insurance companies that must also comply with the accounting and reporting requirements of regulators. The significant accounting policies used in the preparation of the consolidated financial statements are described in Note 2 of the consolidated financial statements.

For a complete listing of new and amended accounting standards effective this year, refer to Note 4 of the consolidated financial statements. Otherwise, the accounting policies used in the year are consistent with those applied in our audited consolidated financial statements for the year ended December 31, 2023.

Future accounting changes

The IASB has continued to issue a number of amendments and new accounting pronouncements that will be applicable to Co-operators General in future periods. For a complete listing, and for details around their estimated impact, refer to Note 5 of our consolidated financial statements.

Glossary of Terms

Certain terms used in this MD&A have the meanings set forth below, and tend to be specific to the Canadian insurance industry or to Co-operators General. For terms relating to additional measures, non-GAAP measures and ratios that we use, refer to the *Key Financial Measures (Non-GAAP)* section.

Catastrophe reinsurance – a form of insurance which, subject to specified limits, indemnifies the ceding company for the amount of loss in excess of a specified retention amount with respect to an accumulation of losses resulting from a catastrophic event.

Claims development – a change in the estimate of ultimate net claims costs compared to the previous reporting period; related to claims incurred prior to the previous reporting date.

Claims frequency – the ratio of the number of claims opened in a period to the total number of policies in force.

Discounting – the impact of discounting includes the impact of changes in rates and financial assumptions used to discount our insurance liabilities, the accretion, or unwind, of discounting as time passes, and the impact of discounting on our cash flows or changes in those cash flows ; our claims and other estimates of future cash flows are discounted to reflect items such as the time value of money (i.e., the value of a dollar paid or received today), the financial risks inherent in the cash flows, and the liquidity of insurance contracts, while taking into consideration the best available market data and excluding any factors not relevant to insurance contracts.

Industry pools – consist of the "residual market" as well as mandatory risk-sharing pools (RSP) in Alberta, Ontario, Quebec, New Brunswick, Nova Scotia, and Newfoundland and Labrador. These pools, managed by the Facility Association (FA), except for the Quebec RSP, provide automobile insurance to individuals who are unable to purchase such coverage from private insurers acting voluntarily. All insurance companies share in the results of the pool, according to their market share.

Loss component – this amount represents the estimate of expected losses for onerous issued insurance contracts, over the remaining contract boundary.

Major event loss – a single claim that is considered significant, mostly due to weather-related events.

Office of the Superintendent of Financial Institutions (OSFI) – the Government of Canada body, responsible for the regulation and supervision of financial institutions and private pension plans subject to federal oversight.

Policies in force (PIF) – the number of active insurance policies at a specified date.

Retention – has two meanings: (1) in respect to reinsurance, the amount of risk not ceded to reinsurers; (2) in respect to policies in force, the number of policyholders who renew for a subsequent term.

Risk Adjustment – a GAAP-defined term representing the compensation an entity requires for bearing the uncertainty around the amount and timing of cash flows arising from non-financial risk from fulfilling insurance contracts. In the case of ceded insurance policies, risk adjustment represents the amount of risk transferred to the reinsurer.

Severity of claims – the average cost of each claim, based on total claims costs divided by the total number of claims opened in a period.

Underwriting – the selection and assumption of risk for designated loss or damage arising from specified events by issuing a policy of insurance in respect thereof.

RESPONSIBILITY FOR FINANCIAL REPORTING

Management and the appointed actuary

Management is responsible for the preparation of the accompanying consolidated financial statements and the accuracy, integrity and objectivity of the information they contain. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of Canadian insurance regulators. The financial information presented elsewhere in the annual report is consistent with the consolidated financial statements. These consolidated financial statements, which necessarily include some amounts that are based on management's best estimates and the opinion of the appointed actuary, have been prepared using careful judgement.

To assist management in the discharge of these responsibilities, Co-operators General Insurance Company and its wholly owned subsidiaries, collectively known as "the Company", maintain a system of internal controls designed to provide reasonable assurance that assets are safeguarded; that only valid and authorized transactions are executed; and that accurate, timely and comprehensive financial information is prepared. These controls are supported by policies and procedures and the careful selection and training of qualified staff. Further, management has a process in place to evaluate disclosure controls and procedures and internal controls over financial reporting.

The appointed actuary, who is a member of management, is appointed by the Board of Directors pursuant to the Insurance Companies Act (Canada). Among the appointed actuary's responsibilities is the requirement to carry out an annual valuation of the Company's insurance contract liabilities in accordance with accepted actuarial practice and regulatory requirements for the purpose of reporting to shareholders and the Office of the Superintendent of Financial Institutions, Canada. Management is responsible for providing the appointed actuary the information necessary for completion of the annual valuations. The appointed actuary's report follows.

Audit and Finance Committee of the Board of Directors

The Audit and Finance Committee of the Board of Directors, consisting entirely of non-executive, independent directors, is responsible for reviewing the accounting principles and practices employed by the Company and reviewing the Company's annual consolidated financial statements prior to their submission to the Board of Directors for final approval. The Audit and Finance Committee meets no less than quarterly with the internal and external auditors, and management to review and discuss accounting, reporting and internal control matters. Both the internal and external auditors, and the appointed actuary have full and unrestricted access to the Audit and Finance Committee, with and without the presence of management. The Audit and Finance Committee is responsible for recommending to the Board of Directors the appointment of the Company's external auditor, the approval of their remuneration and the terms of their engagement.

The consolidated financial statements have been examined independently by PricewaterhouseCoopers LLP, on behalf of the Company's shareholders. The Independent Auditor's Report is presented below and outlines the scope of their examination and expresses their opinion on the consolidated financial statements of the Company.

Rob Wesseling

Robert Wesseling
President and Chief Executive Officer

KHiggins

Karen Higgins
Executive Vice-President, Finance
and Chief Financial Officer

February 20, 2025

APPOINTED ACTUARY'S REPORT

To the Directors and Shareholders of Co-operators General Insurance Company:

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

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

Nicholas Caramagno
Appointed Actuary

Montreal, Quebec
February 20, 2025

Independent auditor's report

To the Shareholders of Co-operators General Insurance Company

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Co-operators General Insurance Company and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 report.

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

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

PricewaterhouseCoopers LLP
95 King Street South, Suite 201, Waterloo, Ontario, Canada N2J 5A2
T.: +1 519 570 5700, F.: +1 519 570 5730, Fax to mail: ca_waterloo_main_fax@pwc.com

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of the liability for incurred claims under IFRS 17, Insurance contracts *Refer to note 2 – Summary of material accounting policies, note 3 – Significant accounting judgments, estimates and assumptions, note 9 – Insurance risk management and note 10 – Insurance contract liabilities to the consolidated financial statements.* As at December 31, 2024, the liability for incurred claims amounted to $4,587,943. The measurement of the liability for incurred claims includes an estimate of future cash flows that will be required to settle unpaid claims obligations related to past insured events. These cash flows are adjusted to their present value and an explicit adjustment for non-financial risk, referred to as the risk adjustment, is added. The estimate of future cash flows is determined by the Company's Appointed Actuary using a range of accepted actuarial claims projection methods. These methods are designed to determine the timing and ultimate cost of all unpaid claims obligations and claims adjustment expenses. Uncertainty exists as all information related to past insured events may not be available or may not be reported to the Company immediately. As a result, determining these future cash flows at the valuation date requires the Appointed Actuary to make assumptions, which include expected loss ratios, loss development patterns and claims frequency and severity trends.	Our approach to addressing the matter included the following procedures, among others: • Evaluated the appropriateness of the Company's accounting policies, including policies specific to the measurement of the liability for incurred claims and their implementation. • Tested how management determined the liability for the incurred claims, which included the following: – Tested the data used in the estimate of future cash flows and the operating effectiveness of certain internal controls related to this data. – With the assistance of the professionals with specialized skill and knowledge in the field of actuarial science: ○ Evaluated the appropriateness of the accepted actuarial claims projection methods; ○ For certain lines of business, developed an estimate of future cash flows and compared that estimate to the estimate determined by the Appointed Actuary. Developing this independent estimate involved selecting accepted actuarial claims projection methods and selecting assumptions using management's data;

Key audit matter	How our audit addressed the key audit matter
The Appointed Actuary then adjusts the estimate of future cash flows to their present value to reflect the time value of money, and adds an explicit risk adjustment. These adjustments require the Appointed Actuary to make specific judgments related to the characteristics of the future cash flows and the compensation the Company requires for bearing uncertainty about their amount and timing. We considered this a key audit matter due to the estimation uncertainty and required judgment present in the estimate of future cash flows and the adjustments to determine their present value and risk adjustment. This in turn led to a high degree of auditor judgment and effort in evaluating audit evidence relating to these items. Professionals with specialized skill and knowledge in the field of actuarial science assisted us in performing our procedures.	○ For certain remaining lines of business, evaluated the reasonableness of significant assumptions related to the estimate of future cash flows; ○ Evaluated the reasonableness of the discount rates in the present value adjustment by considering the Appointed Actuary's selected reference portfolio and illiquidity premium; and ○ Evaluated the reasonableness of the Appointed Actuary's selected risk adjustment value and its consistency with the confidence interval disclosed in the notes to the consolidated financial statements. • Assessed the disclosures provided in the notes to the consolidated financial statements pertaining to the accounting policies and the liability for incurred claims.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 Company 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jessica Macht.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Ontario
February 20, 2025

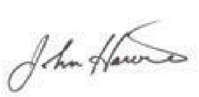
CONSOLIDATED FINANCIAL STATEMENTS

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

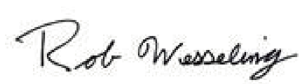
(in thousands of Canadian dollars)	**December 31, 2024 $**	December 31, 2023 $
Assets		
Cash and cash equivalents	**427,224**	521,863
Invested assets including securities on loan (note 7)	**7,179,018**	6,374,641
Reinsurance ceded contract assets (note 8)	**558,087**	437,626
Deferred income taxes (note 11)	**99,201**	88,494
Intangible assets (note 12)	**59,571**	69,208
Other assets (note 13)	**198,792**	203,837
	8,521,893	7,695,669
Liabilities		
Accounts payable and accrued charges	**381,346**	352,400
Income taxes payable (note 11)	**37,401**	64,134
Insurance contract liabilities (note 10)	**4,896,994**	4,342,692
Retirement benefit obligations (note 15)	**103,831**	98,924
Deferred income taxes (note 11)	**3,511**	5,143
Provisions and other liabilities (note 14)	**292,934**	257,153
	5,716,017	5,120,446
Shareholders' equity		
Share capital (note 16)	**563,644**	563,201
Contributed capital	**100,874**	100,874
Retained earnings	**2,142,850**	1,979,276
Accumulated other comprehensive loss	**(1,492)**	(68,128)
	2,805,876	2,575,223
	8,521,893	7,695,669

Contingencies and commitments (note 24)

Approved by the Board of Directors:



John Harvie
Chairperson



Robert Wesseling
President and Chief Executive Officer

See accompanying notes to the consolidated financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31

2024 (in thousands of Canadian dollars)	**Share capital** **$**	**Contributed capital** **$**	**Retained earnings** **$**	**Accumulated other comprehensive loss** **$**	**Total shareholders' equity** **$**
Balance, beginning of year	**563,201**	**100,874**	**1,979,276**	**(68,128)**	**2,575,223**
Net income	**-**	**-**	**245,051**	**-**	**245,051**
Other comprehensive income	**-**	**-**	**-**	**66,636**	**66,636**
Comprehensive income	**-**	**-**	**245,051**	**66,636**	**311,687**
Staff share loan plan (note 21)	**256**	**-**	**-**	**-**	**256**
Preference shares issued (note 16)	**9,497**	**-**	**-**	**-**	**9,497**
Preference shares redeemed (note 16)	**(9,310)**	**-**	**-**	**-**	**(9,310)**
Dividends declared (note 16)	**-**	**-**	**(81,477)**	**-**	**(81,477)**
Balance, end of year	**563,644**	**100,874**	**2,142,850**	**(1,492)**	**2,805,876**

2023 (in thousands of Canadian dollars)	Share capital $	Contributed capital $	Retained earnings $	Accumulated other comprehensive loss $	Total shareholders' equity $
Balance, beginning of year	560,890	100,874	2,064,540	(139,407)	2,586,897
Net income	-	-	151,381	-	151,381
Other comprehensive income	-	-	-	71,279	71,279
Comprehensive income	-	-	151,381	71,279	222,660
Staff share loan plan (note 21)	(824)	-	-	-	(824)
Preference shares issued (note 16)	11,549	-	-	-	11,549
Preference shares redeemed (note 16)	(8,414)	-	-	-	(8,414)
Dividends declared (note 16)	-	-	(236,645)	-	(236,645)
Balance, end of year	563,201	100,874	1,979,276	(68,128)	2,575,223

See accompanying notes to the consolidated financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31

(in thousands of Canadian dollars)	**2024** **$**	2023 $
Insurance revenue (note 9,10)	**5,350,461**	4,734,257
Insurance service expenses (note 10, 20)	**(4,847,799)**	(4,218,990)
Net expenses from reinsurance contracts (note 10)	**(43,010)**	(114,467)
Insurance service result	**459,652**	400,800
Net investment income and gains (note 7)	**470,547**	345,126
Net finance expenses from insurance contracts (note 7)	**(252,995)**	(180,000)
Net finance income from reinsurance contracts (note 7,10)	**20,397**	13,535
Net investment and insurance finance result	**237,949**	178,661
Fees and other income	**12,189**	11,177
Other operating expenses (note 20)	**(389,123)**	(412,866)
Other operating income and expenses	**(376,934)**	(401,689)
Income before income taxes	**320,667**	177,772
Income tax expense (note 11)	**(75,616)**	(26,391)
Net income	**245,051**	151,381
Earnings per share (basic & diluted)	**8.60**	5.17
Weighted average number of common shares	**27,156**	27,049

See accompanying notes to the consolidated financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(in thousands of Canadian dollars)	2024 $	2023 $
Net income	**245,051**	151,381
Other comprehensive income		
Items that may be reclassified subsequently to the consolidated statement of income:		
Net unrealized gains on fair value through other comprehensive income financial assets	**52,053**	73,951
Net reclassification adjustment for gains included in net income	**9,140**	30,526
Items that may be reclassified before income taxes	**61,193**	104,477
Income tax expense relating to items that may be reclassified (note 11)	**(15,945)**	(27,355)
	45,248	77,122
Items that will not be reclassified to the consolidated statement of income:		
Net unrealized gains on designated fair value through other comprehensive income financial assets	**28,828**	5,914
Net realized gains (losses) on designated fair value through other comprehensive income financial assets	**106**	(10,558)
Remeasurement of the retirement benefit obligations (note 15)	**-**	(3,439)
Items that will not be reclassified before income taxes	**28,934**	(8,083)
Income tax recovery (expense) related to items that will not be reclassified (note 11)	**(7,546)**	2,240
	21,388	(5,843)
Other comprehensive income	**66,636**	71,279
Comprehensive income	**311,687**	222,660

See accompanying notes to the consolidated financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

(in thousands of Canadian dollars)	**2024** **$**	2023 $
Operating activities		
Net income	**245,051**	151,381
Items not requiring the use of cash (note 21)	**(174,926)**	(90,422)
Changes in non-cash operating components (note 21)	**438,478**	616,771
Cash provided by operating activities	**508,603**	677,730
Investing activities		
Purchases and advances of:		
Invested assets	**(4,223,340)**	(3,647,115)
Property and equipment	**(3,109)**	(3,999)
Intangible assets (note 12)	**(345)**	(13,500)
Sales and redemptions of:		
Invested assets	**3,713,841**	3,434,081
Property and equipment	**2,053**	3,062
Intangible assets (note 12)	**573**	-
Cash used in investing activities	**(510,327)**	(227,471)
Financing activities		
Share capital - preference shares issued (note 16)	**9,497**	11,549
Share capital - preference shares redeemed (note 16)	**(9,310)**	(8,414)
Dividends paid (note 16)	**(81,482)**	(236,572)
Lease liabilities paid	**(11,620)**	(10,767)
Cash used in financing activities	**(92,915)**	(244,204)
Net increase (decrease) in cash and cash equivalents	**(94,639)**	206,055
Cash and cash equivalents, beginning of year	**521,863**	315,808
Cash and cash equivalents, end of year	**427,224**	521,863
Cash	**420,927**	507,113
Cash equivalents	**6,297**	14,750
Cash and cash equivalents, end of year	**427,224**	521,863

Supplemental information (note 21)

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of operations

Unless noted or the context indicates otherwise, in these notes "Company" refers to the Consolidated Co-operators General Insurance Company. CGIC refers to the Non-Consolidated Co-operators General Insurance Company.

The Company is composed of CGIC and its wholly owned subsidiaries: The Sovereign General Insurance Company (Sovereign), CUMIS General Insurance Company (CUMIS General), Co-operators Investment Limited Partnership (CILP), Co-operators Strategic Growth Corporation (CSGC) and Co-operators Insurance Agencies Limited (CIAL).

The registered office of the Company is 101 Cooper Drive, Guelph, Ontario. The Company is domiciled in Canada and is incorporated under the Insurance Companies Act (Canada). These consolidated financial statements of the Company for the year ended December 31, 2024 were authorized for issue by the Board of Directors on February 20, 2025.

CGIC and certain of its subsidiaries are licensed to write insurance in all provinces and territories in Canada. With the exception of CUMIS General, CGIC and certain of its subsidiaries are licensed to write all classes of insurance, other than life. CUMIS General is licensed to write property and casualty as well as accident and sickness insurance. AZGA Service Canada Inc. (AZGA Canada), an associate of Co-operators Life Insurance Company (CLIC), a company under common control, acts as Managing General Underwriter (MGU) with respect to the travel insurance underwritten by CUMIS General. CGIC and certain of its subsidiaries are regulated by the federal Insurance Companies Act and the various provincial insurance acts. The Company must comply with the accounting and reporting requirements of its regulator the Office of the Superintendent of Financial Institutions, Canada (OSFI).

The Company's common shares are 100% owned by Co-operators Financial Services Limited (CFSL), which in turn is owned 100% by The Co-operators Group Limited (CGL). The Class E preference shares, Series C are traded on the Toronto Stock Exchange under the symbol CCS.PR.C.

2. Summary of material accounting policies

Basis of preparation and statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). References to IFRS are set out in Part 1 of the Chartered Professional Accountants of Canada (CPA) Handbook - Accounting. Part 1 of the CPA Handbook incorporates IFRS and International Accounting Standards (IAS) as issued by the International Accounting Standards Board (IASB).

The consolidated statement of financial position is presented on a non-classified basis. Assets expected to be realized and liabilities expected to be settled within the Company's normal operating cycle of one year are typically considered to be current. Certain balances are composed of both current and non-current amounts. The current and non-current portions of such balances are disclosed, where applicable, throughout the notes to the consolidated financial statements.

Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention excluding certain financial instruments and insurance contract balances whose basis of measurement is disclosed in the following accounting policies.

Insurance contracts

Classification

Insurance contracts are contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain future event, other than a change in a financial variable, adversely affects the policyholder. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime until all rights and obligations are extinguished or expire.

The Company evaluates whether its insurance contracts contain any components that must be separated and accounted for under a different IFRS than the insurance contract standard. The Company's insurance contracts do not include any components that require separation.

The Company considers the term 'insurance contracts issued' to include any insurance contracts where the Company directly underwrites insurance risk (direct business) or where the Company assumes reinsurance risk (assumed business); balances related to insurance contracts issued are also referred to in this document as "gross" balances. The Company considers the term 'reinsurance held contracts' (ceded business) to include any contracts where the Company has entered into an agreement with a counterparty who has agreed to compensate the Company for valid claims arising from one or more insurance contracts issued by the Company. The Company considers the term 'insurance contracts' to include both insurance contracts issued and reinsurance held contracts, and the term 'insurance contract balances' to include insurance contract assets, reinsurance ceded contract assets, insurance contract liabilities, and reinsurance ceded contract liabilities.

Level of aggregation

For the purposes of measuring its insurance contracts, the Company divides insurance contracts issued and reinsurance held contracts, separately, into portfolios of insurance contracts. Portfolios comprise contracts with similar risks which are managed together. Portfolios are then further divided based on expected profitability at inception into a minimum of three groups: 1) onerous contracts, 2) contracts with no significant risk of becoming onerous, and 3) all other contracts. The Company assesses whether sets of insurance contracts containing similar characteristics can be evaluated together for the purposes of determining the grouping of contracts, when there is reasonable and supportable information to conclude that the contracts are homogenous and thereby will all be in the same group. For insurance contracts issued, the Company has elected to further subdivide the minimum grouping requirements into the aforementioned sets of insurance contracts. No group may contain contracts issued more than one year apart (known as annual cohorts). The Company has chosen annual cohorts that align with its fiscal year. The aggregation criteria are determined on initial recognition and cannot be subsequently revised, with the measurement criteria being applied to the group in aggregate. The Company has elected to group together contracts that, because of law or regulation, constrain its ability to set a different price for policyholders with different characteristics.

Recognition and derecognition

The Company initially recognizes insurance contracts it issues at the earliest of:

- the beginning of the effective date of the group of contracts;
- the date when the first payment from a policyholder is due; or
- for onerous contracts, the date when facts and circumstances indicate that it is onerous.

The Company derecognizes groups of insurance contracts when the rights and obligations have been extinguished or the contract is modified such that IFRS 17 requires the contract to be derecognized and a new contract recognized.

Contract boundary

The measurement of groups of insurance contracts includes all the cash flows within the boundary of the insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the period in which the Company can compel the policyholder to pay premiums or where the Company has a substantive obligation to provide insurance contract services to the policyholder. This substantive obligation ends when the Company has the ability to reassess the risk of the policyholder and can set a price or level of benefits that fully reflect the risks.

Measurement

Measurement model
The Company has chosen to measure all of its insurance contracts applying the Premium Allocation Approach (PAA). PAA is a simplified measurement model that may be applied when certain criteria are met. The majority of the Company's direct insurance contracts issued and loss-occurring reinsurance contracts were eligible to apply PAA as each contract in the group had a coverage period of one year or less. For groups of direct insurance contracts which have at least one contract with a coverage period extending beyond a year, and for risk-attaching reinsurance contracts, the Company is eligible to apply PAA as it reasonably expects that the simplification would not produce a materially different measurement result from applying the General Measurement Model.

Insurance acquisition cash flows
Insurance acquisition cash flows (IACF) 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 contracts to which the group belongs. Acquisition cash flows are capitalized and include direct costs and an allocation of overhead costs. The determination of which overhead costs are directly attributable to fulfilling insurance contracts is based on expense studies and the use of judgement. The Company allocates acquisition cash flows to groups of insurance contracts issued on a systematic and rational basis. The Company generally allocates attributable overhead costs to groups of contracts based on the total premiums, or vehicles/policies in force for each group.

Where IACF are paid, or where a liability has been recognized applying another IFRS standard, prior to the related group of insurance contracts being recognized, an asset for IACF is recognized within the Company's insurance contract liabilities and allocated to the groups of insurance contracts they are expected to be recognized within. When insurance contracts are recognized, the related portion of the asset is derecognized and included in the measurement at initial recognition of the liability for remaining coverage of the related group and continues to recognize an IACF asset for amounts relating to insurance contracts expected to be added to the group in a future reporting period.

IACF allocated to groups of insurance contracts issued are amortized over the coverage period of the related group.

Accounts receivable and accounts payable balances included in the measurement of insurance contracts
Receivable and payable balances which represent rights due from or obligations due to the policyholder, or a third party acting on behalf of the policyholder, represent cash flows within the contract boundary. Accordingly, such balances are presented within insurance contract balances in the consolidated statement of financial position. The Company considers cash flows to be outside of the contract boundary once the obligation under the insurance contract is discharged. Accordingly, receivable and payable balances which do not represent rights due from or obligations due to the policyholder, or a third party acting on behalf of the policyholder, are excluded from insurance contract liabilities.

Insurance contract balances
Insurance contract liabilities (or assets) applying PAA are composed of a liability (or asset) for remaining coverage, relating to future service, and a liability (or asset) for incurred claims, relating to past service.

Liability for remaining coverage
The liability for remaining coverage for PAA contracts reflects the premiums received to date less insurance acquisition cash flows plus the amortization of insurance acquisition cash flows and less amounts recognized in revenue for insurance contract services provided. The Company has elected not to adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk where the Company expects the time between providing each part of the services and the related premium due date to be no more than a year.

Where facts and circumstances indicate that a group of insurance contracts issued may be onerous, the Company calculates the difference between:

1) the liability for remaining coverage under PAA; and
2) the fulfillment cash flows that relate to the remaining coverage of the group.

If the fulfillment cash flows relating to remaining coverage of the group exceed the liability for remaining coverage under PAA, the Company recognizes a loss in the consolidated statement of income and establishes a loss component within the liability for remaining coverage.

For all other groups of contracts, the Company assumes that no contracts in the portfolio are onerous. If, at any time during the coverage period, facts and circumstances change and indicate that a group of insurance contracts issued is onerous or that a group of insurance contracts issued is no longer onerous, the Company re-evaluates the analysis of the loss component for a group of contracts based on the expected remaining cash flows and a loss component may be established or adjusted, as necessary.

The Company's facts and circumstances consider internally available information including forward-looking analysis of expected performance, significant changes to the expected costs of fulfilling insurance contracts, and pricing, amongst other factors. The loss component is amortized over the remaining coverage period of the group of contracts such that by the end of the coverage period the loss component will be zero.

Liability for incurred claims
The measurement of the liability for incurred claims includes estimates of the future cash flows that will be required to settle obligations related to past insured events, including events that have occurred and where claims have been incurred but not yet reported (IBNR). Differences between the estimated cost and subsequent settlement of claims are recognized in the consolidated statement of income in the period in which they are settled or in which the liabilities are re-estimated. The liability for incurred claims also includes the Company's obligation to pay other incurred insurance expenses. As disclosed above, certain balances payable or amounts receivable are now included in the liability for incurred claims where they relate to past service. All of these cash flows within the liability for incurred claims are then adjusted to their present value and includes an explicit risk adjustment for non-financial risk (risk adjustment). The methods used to determine the risk adjustment, discount rate, and reserves, which form the measurements of the liability for incurred claims, require significant judgement and estimation and are described in note 9.

Risk adjustment
The measurement of insurance contracts includes a risk adjustment for non-financial risk which is the compensation required for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment includes the benefit of diversification and excludes the impact of financial risks. The Company has elected to recognize changes in the risk adjustment entirely in the insurance service result.

Structured settlements
In the normal course of claims adjudication, the Company settles certain obligations to claimants through the purchase of annuities from third party life insurance companies under structured settlement arrangements (structured settlements). In accordance with OSFI Guideline D-5, these contracts are categorized as either Type 1 or Type 2 based on the characteristics of the claim settlement. Type 1 structured settlements are where the Company does not retain a reversionary interest under the contractual arrangement to any current or future benefits of the annuity, and the Company has obtained a legal release of the obligation from the claimant. For such contracts, any gain or loss arising on the purchase of an annuity is recognized in the consolidated statement of income at the date of purchase and the related claims liabilities are derecognized. All other structured settlements that do not meet these criteria are classified as Type 2, with the Company recognizing the annuity contract in other investments within invested assets. A corresponding liability representing the outstanding obligation to the claimant is recognized in insurance contract liabilities.

Reinsurance held contracts
Reinsurance contract held assets (or liabilities) applying PAA utilize similar principles to the guidance as insurance contracts issued adapted to reflect the features that differ, for example, the generation of expenses or reduction in expenses rather than revenue. Key modifications in the requirements for reinsurance held contracts include:

- The Company initially recognizes reinsurance held contracts from the earliest of:
    - the beginning of the effective date of the group of contracts; or
    - the date the Company recognizes an onerous group of underlying insurance contracts provided the Company has entered into the related reinsurance contract held at or prior to that date.
- Reinsurance held contracts cannot be onerous, and references to groups of onerous contracts are instead referred to as contracts where there is a net gain on initial recognition.
- Reinsurance held contracts do not have a loss component. Instead, they may include a loss-recovery component in the asset for remaining coverage depicting the expected recovery of losses from the reinsurer for any loss component on onerous underlying insurance contracts covered by the reinsurance contract. The loss-recovery component is calculated by multiplying the initial loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts. In order to be included in the loss-recovery calculation, the group of reinsurance contracts covering the onerous underlying contracts must be entered into before or at the same time as the loss is recognized on the underlying insurance contracts. The loss-recovery component is included in the asset for remaining coverage and the recovery is recognized immediately in net income in net expenses from reinsurance contracts. Subsequently, the loss-recovery component is adjusted to reflect changes in the loss component of the onerous underlying group of insurance contracts, while ensuring the loss-recovery component does not exceed the portion of the loss component that the Company expects to recover from the group of reinsurance contracts.
- The risk adjustment for reinsurance held contracts represents the amount of risk being transferred by the holder of the group of reinsurance contracts to the issuer of those contracts.

Presentation and disclosure

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

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

Insurance revenue
Over the contract boundary of insurance contracts issued, the total insurance revenue is the amount of total premium expected to be received. The Company allocates these expected premium receipts across the contract boundary and recognizes insurance revenue in each period for which insurance contract services are provided based on the passage of time.

Insurance service expenses
Insurance service expenses include changes in fulfillment cash flows relating to the liabilities for incurred claims and other insurance service expenses incurred to fulfill insurance contracts, amortization of insurance acquisition cash flows, and losses and reversals of losses on onerous contracts.

Net expenses from reinsurance held contracts
The Company has elected to present amounts relating to reinsurance held contracts as a single net amount within the insurance service result subtotal. Net expenses from reinsurance held contracts represents the amount of premium paid allocated to the period net of amounts to be recovered from reinsurers. The allocation of premiums paid to each period is based on the passage of time, where the total premiums expected to be paid are allocated evenly to each period. Reinsurance held cash flows expected to be recovered from the reinsurer which are not contingent on claims, such as ceded commissions and premium taxes, are treated as a reduction in the premiums to be paid to the reinsurer.

Net finance income or expense from insurance contracts
Net finance income or expense from insurance contracts comprise the change in the carrying amounts of groups of insurance contracts arising from:

- The time value of money and changes in the time value of money.
- The effect of financial risk and changes in financial risk.

The Company has elected to present these amounts entirely within the consolidated statement of income. Amounts related to insurance contracts issued are presented separately from amounts related to reinsurance held contracts.

Financial instrument contracts

Classification

Financial assets are measured at initial recognition at fair value and are classified and subsequently measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) or amortized cost based on the Company's business model for managing the financial instruments and the contractual cash flows of the instrument.

Debt instruments are measured at amortized cost if both the following conditions are met and the asset is not designated as FVTPL: (i) the asset is held within a business model that is Held-to-Collect (HTC) as described below, and (ii) the contractual terms of the instrument gives rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments are measured at FVOCI if both of the following conditions are met and the asset is not designated as FVTPL: (i) the asset is held within a business model that is Held-to-Collect-and-Sell (HTC&S) as described below, and (ii) the contractual terms of the instrument gives rise to cash flows that are SPPI.

All other debt instruments are measured at FVTPL.

Equity instruments are measured at FVTPL, unless the Company makes an irrevocable election to designate the asset as FVOCI. This election is made on an instrument-by-instrument basis.

Business model assessment
The Company determines the business model at the level that best reflects how portfolios of financial assets are managed to achieve the Company's business objectives. Judgement is used in determining the Company's business models, which is supported by relevant, objective evidence including:

- The significant risks affecting the performance of the Company's business, for example, market risk or credit risk.
- Historical and future expectations of sales of the loans or securities portfolios managed as part of a business model.

The Company's business models fall into the following categories:

- HTC: The objective of this business model is to hold loans and securities to collect contractual principal and interest cash flows. Sales are incidental to this objective and are expected to be infrequent or insignificant.
- HTC&S: Both collecting contractual cash flows and sales are integral to achieving the objective of the business model. Within this business model, the Company has elected the FVTPL option on bonds backing insurance contract liabilities to minimize the volatility from interest rate movements.
- Other: Short-term investments are classified as FVTPL as the primary objective of holding these investments is to manage liquidity and realize cash flows through sale.

SPPI assessment
Instruments held within an HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of SPPI. SPPI payments are those which would typically be expected from a basic lending arrangement. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal outstanding over a period of time.

Where the contractual terms introduce variability of cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Recognition and measurement

Purchases and sales of invested assets classified as FVTPL or FVOCI are recorded in the consolidated statement of financial position on a trade date basis, the date on which the Company commits to purchase or sell the investment. Invested assets classified as amortized cost are recorded in the consolidated statement of financial position on the date they are settled.

Financial assets measured at amortized cost are debt instruments that meet the SPPI test and are managed on a HTC business model. These financial assets are subsequently measured at amortized cost, using the effective interest rate method, net of an allowance for expected credit losses (ECL). Loans measured at amortized cost under IFRS 9 include the Company's mortgage portfolio.

Debt financial instruments measured at FVOCI are non-derivative financial assets with contractual cash flows that meet the SPPI test and are managed on a HTC&S business model. FVOCI debt instruments are measured initially at fair value, plus direct and incremental costs. Subsequent to initial recognition, FVOCI debt instruments are remeasured at fair value through other comprehensive income (OCI), with the exception that both related foreign exchange gains or losses and changes in ECL allowances are recognized in the consolidated statement of income. Cumulative gains and losses previously recognized in OCI are transferred from accumulated other comprehensive income (AOCI) to the consolidated statement of income when the debt instrument is derecognized.

Equity financial instruments are measured at FVTPL unless an irrevocable designation is made to measure them at FVOCI. Gains or losses from changes in the fair value of equity instruments designated at FVOCI, including any related foreign exchange gains or losses, are recognized in OCI. Amounts recognized in OCI are not subsequently recycled to the consolidated statement of income, with the exception of dividends. Instead, cumulative gains or losses upon derecognition of the equity instrument will be transferred within equity from AOCI to retained earnings and presented in Net gains (losses) reclassified to retained earnings in the consolidated statement of changes in equity. Financial assets designated as FVOCI include certain preferred shares only.

Debt instruments with a reliably measurable fair value can be designated as FVTPL (the fair value option) on initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing related gains and losses on a different basis (an "accounting mismatch"). Debt instruments designated as FVTPL are recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in the consolidated statement of income. The FVTPL election has been made on the Company's bond portfolio used to back the Company's insurance contract liabilities.

Derivatives are measured at FVTPL. There are no derivatives designated as a hedge for accounting purposes. The gains and losses arising from remeasuring derivatives are recognized in the consolidated statement of income in net investment income and gains. Positive fair values are reported in invested assets and negative fair values are reported in provisions and other liabilities.

Impairment – allowance for ECL

ECL allowances are recognized on all financial assets that are debt instruments classified either as amortized cost or FVOCI. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. Forward-looking information is explicitly incorporated into the estimation of ECL allowances, which involves significant judgement.

ECL allowances are measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk (SICR) since initial recognition or when there is objective evidence of impairment.

The calculation of ECL allowances is based on the expected value of three probability-weighted scenarios to measure the expected cash shortfalls, discounted at the effective interest rate. A cash shortfall is the difference between the contractual cash flows that are due and the cash flows that are expected to be received.

The key inputs in the measurement of ECL allowances are as follows:

- The probability of default (PD) is an estimate of the likelihood of default over a given time horizon;
- The loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time; and
- The exposure at default (EAD) is an estimate of the exposure at a future default date.

Lifetime ECL is the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month ECL is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on the financial instrument that are possible within the 12 months after the reporting date.

Due to the inclusion of relative credit deterioration criteria and consideration of forward-looking information, lifetime credit losses are generally recognized earlier than the credit event. As a result of the requirements above, financial instruments subject to ECL allowances are categorized into three stages.

Stage 1 comprises all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Company recognizes 12 months of ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of its initial recognition.

Stage 2 comprises all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognizes lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then the Company reverts to recognizing 12 months of ECL as the financial instrument has migrated back to stage 1. The Company determines whether a financial instrument has experienced a SICR since its initial recognition on an individual financial instrument basis. Changes in the required ECL allowance, including the impact of financial instruments migrating between stage 1 and stage 2, are recorded in net investment income and gains (losses) in the consolidated statement of income. Significant judgement is also required in the application of SICR.

Stage 3 financial instruments are those that the Company has classified as impaired. The Company recognizes lifetime ECL for all stage 3 financial instruments. The Company classifies a financial instrument as impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred after its initial recognition. Evidence of impairment includes indications that the borrower is experiencing significant financial difficulties, or a default or delinquency has occurred. All financial instruments on which repayment of principal or payment of interest is contractually 30 days in arrears are automatically considered.

A financial instrument is no longer considered impaired when all past due amounts, including interest, have been recovered, and it is determined that the principal and interest are fully collectable in accordance with the original contractual terms or revised market terms of the financial instrument with all criteria for the impaired classification having been remedied. Financial instruments are written off, either partially or in full, against the related allowance for credit losses when the Company judges that there is no realistic prospect of future recovery in respect of those amounts. When financial instruments are secured, this is generally after all collateral has been realized or transferred to the Company, or in certain circumstances, when the net realizable value of any collateral and other available information suggests that there is no reasonable expectation of further recovery. In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses. The assessment of full collection of previously impaired financial instruments and the assessment of whether there is no realistic prospect of future recovery are significant judgements.

Other financial instruments policies

Fair value

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value measurements for invested assets are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3).

The fair value of other financial assets and financial liabilities is considered to be the carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates. Where other financial assets and financial liabilities are of longer duration and not quoted in an active market, fair value is determined using the discounted cash flow method (DCF) using discount rates based on adjusted observable market rates.

Transaction costs

Transaction costs relating to financial instruments measured at FVTPL are expensed as incurred. For instruments measured at amortized cost and debt instruments measured at FVOCI, transaction costs are amortized over the expected life of the instrument using the effective interest rate method. For equity instruments designated at FVOCI, transaction costs are included in the instrument's carrying value.

Effective interest rate

Interest income and expense for all financial instruments measured at amortized cost and for debt securities measured at FVOCI is recognized in net investment income and gains (losses) using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying value of the financial asset or liability upon initial recognition. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Fees relating to loan origination, including commitment, restructuring and renegotiation fees, are considered an integral part of the yield earned on the loan and are accounted for using the effective interest rate method. Interest income is recognized on stage 1 and stage 2 financial assets measured at amortized cost by applying the effective interest rate to the gross carrying amount of the financial instrument. For stage 3 financial instruments, interest income is recognized using the rate of interest used to discount the estimated future cash flows for the purpose of measuring the impairment loss and applied to the net carrying value of the financial instrument.

Embedded derivatives

Embedded derivatives are not bifurcated from financial assets. Instead, the financial asset is classified in its entirety into the appropriate classification at initial recognition through an assessment of the contractual cash flow characteristics of the asset and the business model under which it is managed.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the Company's consolidated statement of financial position given that the risks and rewards of ownership are not transferred from the Company to the counterparties in the course of such transactions. Securities pledged from counterparties as collateral are not recorded on the Company's consolidated statement of financial position given that the risks and rewards of ownership are not transferred from the counterparties to the Company in the course of such transactions.

Presentation

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is the ability and intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and cash equivalents include short-term investments with a maturity of three months or less from the date of acquisition.

Other material accounting policies

Business acquisitions and consolidation

The Company recognizes goodwill as the fair value of the consideration transferred less the net recognized amount of the identifiable assets acquired and liabilities assumed measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net income. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Subsidiaries
Subsidiaries are all entities over which CGIC has control. CGIC controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by CGIC.

	Place of business	Ownership interest and voting rights held by the Company	Principal activities
Sovereign	Canada	100%	Property & casualty insurance
CUMIS General	Canada	100%	Property & casualty insurance
CILP	Canada	100%	Investment partnership
CIAL	Canada	100%	Licensed insurance agency
CSGC	Canada	100%	Licensed insurance agency

Transactions eliminated on consolidation
Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, unless the transaction provides evidence of impairment.

Intangible assets

Finite life intangible assets are amortized on a straight-line basis over their estimated useful lives and are carried at cost less accumulated amortization and impairment. Finite life intangible assets are tested for impairment when events or circumstances indicate that the carrying value may not be recoverable. Indefinite life intangible assets are not amortized but are evaluated for impairment annually or more frequently when an event or circumstance indicates impairment may exist. An impairment loss is recognized as the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, which are cash generating units (CGU).

For intangible assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset or CGU is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset or CGU in prior years.

The details of the Company's accounting policy as it applies to each intangible asset group is as follows:

	Term
Goodwill	Indefinite life, not amortized
Licenses	Indefinite life, not amortized
Brand	Indefinite life, not amortized
Customer relationships	5-10 years
Software	2 - 5 years

Software consists primarily of internally generated software development costs.

Retirement benefit obligations

Retirement benefit obligations include pensions, medical and dental benefits and certain other benefits to qualifying individuals. The primary pension plan is a defined contribution plan.

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in other operating expenses in the consolidated statement of income in the periods during which services are rendered by employees.

The other benefit plans are benefit obligations, accounted for using the projected unit credit method. The expected costs of retirement benefit obligations are expensed during the periods of service under the plan's benefit formula and an accrued post-employment benefit obligation is recognized. This is generally from when an employee's service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits under the plan. The obligation is determined by application of the terms of the plans together with relevant actuarial assumptions. There are no employee contributions to the other benefit plans. The plans are not funded. Net interest on the accrued benefit liability is recognized in other operating expenses in the consolidated statement of income.

The effects of remeasurement of retirement benefit obligations, including differences between the actual return on plan assets and the interest income on plan assets, and actuarial gain and loss, are recognized permanently in OCI. Past service costs are recognized in the consolidated statement of income at the earlier of when the amendment or curtailment occurs or when the Company recognizes related restructuring or termination benefits, where applicable.

Provisions and other liabilities

Provisions are recognized when: (i) the Company has a present legal or constructive obligation as a result of past events, (ii) it is more likely than not that an outflow of resources will be required to settle the obligation, and (iii) the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense and classified as other operating expenses in the consolidated statement of income.

Provision for advisor transition commissions
The Company's advisors are eligible for a transition commission payout on a qualifying termination. The transition commission liability is based on the number of years of service as an advisor and the advisor's average trailing commission volume. Payments to terminated advisors are funded in part from reduced commission payments which are made to advisors assuming the rights to the book of business during the first three years of their agency relationship. The obligation to active advisors is determined by accruing for the benefits earned to date on a present value basis assuming the cash flows associated with the earned benefits are paid out at the expected termination date.

Other operating income and expenses

Fees and other income include commission revenue from the sale of insurance policies. Other operating expenses contain expenses which are not directly attributable to fulfilling insurance contracts.

Leases

The Company presents right-of-use assets in other assets and lease liabilities in provisions and other liabilities in the consolidated statement of financial position.

Foreign currency translation

Functional and presentation currency
The consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

Transactions and balances
The Company translates all foreign currency monetary assets and liabilities into Canadian dollars at year-end foreign exchange rates. Revenue and expenses are translated at the prevailing foreign exchange rate on the date of the transaction. Exchange gains and losses are recognized in the consolidated statement of income with the exception of unrealized gains and losses associated with non-monetary financial assets, such as equities classified as FVOCI, which are recorded in OCI.

Income taxes

The Company accounts for income taxes using the asset and liability method. Under this method, the provision for income taxes is calculated based on income tax laws and rates enacted and substantively enacted as at the consolidated statement of financial position date. The income tax provision comprises current and deferred income taxes. Current income taxes are amounts expected to be payable or recoverable as a result of current year operations. Deferred income tax assets and liabilities arise from temporary differences between the accounting and tax basis of assets and liabilities. A deferred income tax asset is recognized to the extent that it is probable the benefit of losses and deductions will be available to be carried forward to future years for income tax purposes. Current and deferred income taxes are recorded in the consolidated statement of income, except for those items that are associated with components of OCI. In those cases, the applicable tax is also recorded in OCI.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in shareholders' equity as a deduction from the proceeds, net of tax.

3. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the consolidated statement of financial position date and the reported amounts of revenues and expenses during the year. The preparation of the consolidated financial statements also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes for the respective account balances. Actual results may differ from the Company's estimates and have a material impact on the consolidated financial statements.

Significant estimates and assumptions include the following:

Valuation of insurance contracts	Type	Reference	Other significant judgements & estimates	Type	Reference
Estimates of future cash flows	Estimate	Note 10	Provision for advisor transition commission	Estimate	Note 14
Discount rates	Estimate	Note 10	Valuation of retirement benefit obligation	Estimate	Note 15
Discount rates	Judgement	Note 10	Expected credit losses	Judgement	Note 7
Risk adjustment	Estimate	Note 10			
Facts and circumstances of onerous contracts	Judgement	Note 9			

4. Adoption of new and amended accounting standards

Effective January 1, 2024, the Company adopted the following new and amended accounting standards:

IAS 1 Amendment – Classification of liabilities as current or non-current and non-current liabilities with covenants

Narrow-scope amendments to IAS 1 were issued in January 2020 to provide clarification over the classification of debt and other liabilities as current or non-current. The amendments aim to promote consistency in the application of the classification requirements of the standard by entities. In October 2022, the IASB issued a further amendment regarding non-current liabilities with covenants to clarify only covenants that an entity is required to comply with on or before the reporting date affect classification as current or non-current. It also requires an entity to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months.

In July 2020, the IASB issued the finalized amendment which defers the effective date of the January 2020 amendments by one year to January 1, 2024. The Company has completed an evaluation of this amendment and determined there is no impact on its consolidated financial statements.

IFRS 16 Amendment – Lease liability in a sale and leaseback

In September 2022, the IASB amended IFRS 16 Leases, to specify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liabilities that arise in a sale and leaseback transaction. The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in such a way that it does not recognize any amount of the gain or loss related to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of the lease. This amendment is effective for reporting periods on or after January 1, 2024. The Company has determined there will be no impact on its consolidated financial statements as a result of this amendment.

IAS 7 and IFRS 7 Amendment – Supplier finance arrangements

The IFRS Interpretation Committee has amended IFRS 7, "Supplier Finance Arrangements", to more clearly define members of the arrangements, increase disclosure requirements and add "signposts" within the existing disclosure requirements. Key changes resulting from this amendment include clarification regarding characteristics of these arrangements, when information is required to be disclosed, and clearly state that arrangements used for purely credit enhancement or instruments used to settle amounts owed are not supplier finance arrangements. The Company has determined there will be no impact on its consolidated financial statements as a result of this amendment.

5. Accounting standards issued but not yet applied

IAS 21 Amendment – Lack of exchangeability

The IFRS interpretation committee amended IAS 21, "Lack of Exchangeability". The amendment defines instances when currencies are exchangeable and the process of determining the exchange rate when currencies are not exchangeable. Amendments to IAS 21 are effective for annual reporting periods beginning on or after January 1, 2025. The Company is currently evaluating the impact this amendment will have on its consolidated financial statements.

Amendments to IFRS 7 & 9 - Classification and measurement of financial instruments

In 2022, the IASB concluded a post-implementation review, and amended IFRS 9 guidance to clarify the date of initial recognition or derecognition of financial assets and financial liabilities settled through electronic transfers. The existing application guidance states that a financial liability is derecognized at its settlement date but as an alternative, the amendment is permitting entities to deem a financial liability that will be settled using an electronic payment system to be discharged prior to the settlement date. Amendments to IFRS 9 are effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently evaluating the impact this amendment will have on its consolidated financial statements.

Replacement of IAS 1 – Presentation of financial statements "IFRS 18"

The IASB undertook the primary financial statements project in response to investors' concerns about the comparability and transparency of entities' performance reporting. The conclusions from this amendment are a result of the continuation of the conversations from 2019 and are meant to be applied to all financial statements that are prepared and presented in accordance with IFRS accounting standards. Application of IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently evaluating the impact this amendment will have on its consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB uses the annual improvements process to make necessary, but non-urgent, amendments to IFRS accounting standards that will not be included as part of another major project. Application of these amendments is effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently evaluating the impact this amendment will have on its condensed consolidated interim financial statements.

6. Global financial market volatility and economic uncertainty

Significant uncertainty continues to pose risks to the economic outlook driven by extreme weather-related events, challenges in monetary policy normalization, including persistent inflation raising the prospect of higher interest rates for longer periods in certain economies, growing geopolitical tensions, escalating trade tensions which could raise the cost of imported goods and hinder disinflation, potential upcoming elections domestically; including the new administration in the U.S, which could result in changes in economic, trade and foreign policy and potential restrictive fiscal policies in response to high government debt. The impact on the Company, results of operations and financial performance and condition, including but not limited to the potential for credit and unrealized gains or losses on its invested assets portfolio and impacts to insurance contract liabilities and other provisions, will depend on future developments which remain uncertain.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

7. Invested assets and net investment and insurance finance result

a) Invested assets

	Fair Value					
	Classified		Designated		Amortized Cost	Carrying Value
	FVOCI	FVTPL	FVOCI	FVTPL		Total
December 31, 2024	**$**	**$**	**$**	**$**	**$**	**$**
Bonds						
Federal	**833,071**	**-**	**-**	**403,767**	**-**	**1,236,838**
Provincial	**606,663**	**-**	**-**	**362,607**	**-**	**969,270**
Municipal	**73,746**	**-**	**-**	**24,863**	**-**	**98,609**
Corporate	**744,708**	**344,520**	**-**	**417,398**	**-**	**1,506,626**
Asset-backed securities	**17,433**	**-**	**-**	**10,273**	**-**	**27,706**
International	**189,767**	**-**	**-**	**102,360**	**-**	**292,127**
	2,465,388	**344,520**	**-**	**1,321,268**	**-**	**4,131,176**
Stocks						
Canadian common	**-**	**664,595**	**32**	**-**	**-**	**664,627**
Canadian preferred	**-**	**78,594**	**229,240**	**-**	**-**	**307,834**
U.S. equities	**-**	**215,220**	**-**	**-**	**-**	**215,220**
	-	**958,409**	**229,272**	**-**	**-**	**1,187,681**
Short-term investments	**-**	**455,659**	**-**	**-**	**-**	**455,659**
Limited partnerships	**-**	**305,650**	**-**	**-**	**-**	**305,650**
Pooled funds	**-**	**323,761**	**-**	**-**	**-**	**323,761**
Mortgages	**-**	**-**	**-**	**-**	**722,314**	**722,314**
Other investments	**-**	**-**	**-**	**-**	**12,538**	**12,538**
Investment income due and accrued	**-**	**-**	**-**	**-**	**40,239**	**40,239**
Total invested assets	**2,465,388**	**2,387,999**	**229,272**	**1,321,268**	**775,091**	**7,179,018**

	Fair Value					
	Classified		Designated		Amortized Cost	Carrying Value
	FVOCI	FVTPL	FVOCI	FVTPL		Total
December 31, 2023	$	$	$	$	$	$
Bonds						
Federal	871,296	-	-	251,375	-	1,122,671
Provincial	646,452	-	-	193,402	-	839,854
Municipal	72,519	-	-	19,779	-	92,298
Corporate	712,587	310,672	-	278,054	-	1,301,313
Asset-backed securities	23,410	-	-	9,156	-	32,566
International	218,416	-	-	71,132	-	289,548
	2,544,680	310,672	-	822,898	-	3,678,250
Stocks						
Canadian common	-	540,033	8,071	-	-	548,104
Canadian preferred	-	94,574	169,282	-	-	263,856
U.S. equities	-	169,861	-	-	-	169,861
	-	804,468	177,353	-	-	981,821
Short-term investments	-	436,993	-	-	-	436,993
Limited partnerships	-	289,075	-	-	-	289,075
Pooled funds	-	297,795	-	-	-	297,795
Derivative assets	-	5,744	-	-	-	5,744
Mortgages	-	-	-	-	635,642	635,642
Other investments	-	-	-	-	12,045	12,045
Investment income due and accrued	-	-	-	-	37,276	37,276
Total invested assets	2,544,680	2,144,747	177,353	822,898	684,963	6,374,641

At December 31, 2024, the fair value of the securities on loan included in invested assets above consists of $27,237 (2023 - $86,864) in stocks and $454,679 (2023 - $692,431) in bonds.

In the normal course of business, the Company disposes of equity instruments designated at FVOCI, which are limited to preferred shares. The Company disposed of $6,701 (2023- $84,252) of preferred shares in the current year and recognized a realized gain of $105 (2023 – loss of $10,559) in AOCI.

b) Investments - measured at fair value

The Company is responsible for determining the fair value of its investment portfolio by utilizing market-driven measurements obtained from active markets where available, by considering other observable and unobservable inputs and by employing valuation techniques that make use of current market data. Assets and liabilities recorded at fair value in the consolidated statement of financial position are measured and classified in a hierarchy consisting of three levels for disclosure purposes. The three levels are based on the significance and reliability of the inputs to the respective valuation techniques. The input levels are defined as follows:

Level 1 - Quoted prices
Represents unadjusted quoted prices for identical instruments exchanged in active markets. The fair value is determined based on quoted prices in active markets obtained from external pricing sources.

Level 2 - Significant other observable inputs
Includes directly or indirectly observable inputs other than quoted prices for identical instruments exchanged in active markets. These inputs include quoted prices for similar instruments exchanged in active markets; quoted prices for identical or similar instruments exchanged in inactive markets; inputs other than quoted prices that are observable for the instruments, such as interest rates and yield curves, volatilities, prepayment spreads, credit risks and default rates where available; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Significant unobservable inputs
Includes inputs that are not based on observable market data. Management is required to use its own assumptions regarding unobservable inputs as there is little, if any, market activity in these assets or liabilities or related observable inputs that can be corroborated at the measurement date. Unobservable inputs require significant management judgement or estimation to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities. To verify pricing, the Company assesses the reasonability of the fair values by comparing to industry accepted valuation models, to movements in credit spreads and to recent transaction prices for similar assets where available. Mortgages are measured at amortized cost and their fair value, valuation technique and inputs are disclosed under note 7(e).

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The following summarizes how fair values were determined for recurring measurements:

December 31, 2024	Level 1 - Quoted prices $	Level 2 - Significant other observable inputs $	Level 3 - Significant unobservable inputs $	Total fair value $
FVOCI				
Bonds	-	2,465,388	-	2,465,388
Stocks	229,240	-	32	229,272
	229,240	2,465,388	32	2,694,660
FVTPL				
Bonds	-	1,665,788	-	1,665,788
Stocks	958,409	-	-	958,409
Short-term investments	-	455,659	-	455,659
Limited partnerships	-	-	305,650	305,650
Pooled funds	-	323,761	-	323,761
	958,409	2,445,208	305,650	3,709,267
Total invested assets at fair value	1,187,649	4,910,596	305,682	6,403,927
FVTPL				
Derivative liabilities (note 14)	-	9,866	-	9,866
Total financial liabilities at fair value	-	9,866	-	9,866

December 31, 2023	Level 1 - Quoted prices $	Level 2 - Significant other observable inputs $	Level 3 - Significant unobservable inputs $	Total fair value $
FVOCI				
Bonds	-	2,544,680	-	2,544,680
Stocks	169,282	-	8,071	177,353
	169,282	2,544,680	8,071	2,722,033
FVTPL				
Bonds	-	1,133,570	-	1,133,570
Stocks	804,468	-	-	804,468
Short-term investments	-	436,993	-	436,993
Limited partnerships	-	-	289,075	289,075
Pooled funds	-	297,795	-	297,795
Derivative assets	-	5,744	-	5,744
	804,468	1,874,102	289,075	2,967,645
Total invested assets at fair value	973,750	4,418,782	297,146	5,689,678
FVTPL				
Derivative liabilities (note 14)	-	443	-	443
Total financial liabilities at fair value	-	443	-	443

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The investments measured at fair value and classified as Level 3 are limited partnerships, which represent units of third-party managed private equity funds (Funds). The fair value of limited partnership investments are based on the net asset value (NAV) of the funds. Limited partnership NAV's are derived from each of the individual Funds' most recent quarterly or annual financial statements and through valuation techniques employed by each Funds' management using unobservable inputs. As a result of the timing of the receipt of valuation data from the investment managers, these investments are generally reported on a three-month lag, which approximates fair value at the reporting period, unless there is a significant indicator of change in value by the reporting date. Sales of these investments are reported within net investment income and gains (losses). The Company does not assess the sensitivity of the fair value of limited partnerships because the inputs used by each fund manager to determine the NAV are unobservable and not readily available.

The following table is a reconciliation of the Level 3 fair value measurements:

December 31, 2024	Stocks $	Limited partnerships $	Total $
Balance, beginning of year	**8,071**	**289,075**	**297,146**
Purchases	**-**	**18,851**	**18,851**
Sales and redemptions	**(8,039)**	**(17,066)**	**(25,105)**
Unrealized gains	**-**	**14,790**	**14,790**
Balance, end of year	**32**	**305,650**	**305,682**

December 31, 2023	Stocks $	Limited partnerships $	Total $
Balance, beginning of year	8,216	303,027	311,243
Purchases	-	16,275	16,275
Sales and redemptions	(145)	(19,902)	(20,047)
Unrealized losses	-	(10,325)	(10,325)
Balance, end of year	8,071	289,075	297,146

c) Net investment and insurance finance result

Net investment income and gains is presented below:

December 31, 2024	Classified FVOCI $	Classified FVTPL $	Designated FVOCI $	Designated FVTPL $	Amortized Cost $	Other $	Total $
Interest income	**81,579**	**32,768**	**-**	**39,420**	**32,461**	**28,931**	**215,159**
Dividend income	**-**	**64,410**	**13,676**	**-**	**-**	**-**	**78,086**
Investment expense	**(2,853)**	**(2,763)**	**(265)**	**(1,529)**	**(1,509)**	**(161)**	**(9,080)**
Net investment income	**78,726**	**94,415**	**13,411**	**37,891**	**30,952**	**28,770**	**284,165**
Net realized gains (losses)	**(9,370)**	**19,365**	**-**	**2,976**	**350**	**-**	**13,321**
Net foreign exchange gains (losses)	**41**	**(16,497)**	**-**	**-**	**-**	**-**	**(16,456)**
Change in fair value (note 21)	**-**	**166,461**	**-**	**23,401**	**-**	**-**	**189,862**
Expected credit losses (note 21)	**189**	**-**	**-**	**-**	**(534)**	**-**	**(345)**
Net investment gains (losses)	**(9,140)**	**169,329**	**-**	**26,377**	**(184)**	**-**	**186,382**
Net investment income and gains	**69,586**	**263,744**	**13,411**	**64,268**	**30,768**	**28,770**	**470,547**

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

December 31, 2023	Classified FVOCI $	Classified FVTPL $	Designated FVOCI $	Designated FVTPL $	Amortized Cost $	Other $	Total $
Interest income	73,453	35,293	-	21,696	31,371	17,765	179,578
Dividend income	-	60,835	13,377	-	-	570	74,782
Investment expense	(2,787)	(2,349)	(194)	(901)	(1,481)	(146)	(7,858)
Net investment income	70,666	93,779	13,183	20,795	29,890	18,189	246,502
Net realized gains (losses)	(30,307)	24,987	-	(10,763)	106	-	(15,977)
Net foreign exchange losses	-	(2,709)	-	-	-	-	(2,709)
Change in fair value (note 21)	-	85,740	-	33,188	-	-	118,928
Expected credit losses (note 21)	(219)	-	-	-	(1,399)	-	(1,618)
Net investment gains (losses)	(30,526)	108,018	-	22,425	(1,293)	-	98,624
Net investment income and gains	40,140	201,797	13,183	43,220	28,597	18,189	345,126

Net investment result and net insurance finance result is presented below. Insurance related includes impacts from assets backing insurance liabilities, and non-insurance includes impacts from surplus assets. The cashflows generated from insurance related assets are closely related to those of the liabilities they back. The below excludes net investment result included in OCI, which is primarily non-insurance.

	December 31, 2024		
	Insurance related $	**Non-insurance $**	**Total $**
Interest income	**52,643**	**162,516**	**215,159**
Dividend income	**4,636**	**73,450**	**78,086**
Investment expense	**(2,281)**	**(6,799)**	**(9,080)**
Net investment income	**54,998**	**229,167**	**284,165**
Net realized gains	**1,935**	**11,386**	**13,321**
Net foreign exchange losses	**-**	**(16,456)**	**(16,456)**
Expected credit losses (note 21)	**-**	**(345)**	**(345)**
Change in fair value (note 21)	**51,200**	**138,662**	**189,862**
Net investment gains	**53,135**	**133,247**	**186,382**
Net investment income and gains	**108,133**	**362,414**	**470,547**
Interest accreted from insurance	**(182,479)**	**-**	**(182,479)**
Effect of changes in interest rates and other financial assumptions	**(70,516)**	**-**	**(70,516)**
Net finance expense from insurance contracts	**(252,995)**	**-**	**(252,995)**
Interest accreted from reinsurance	**14,575**	**-**	**14,575**
Effect of changes in interest rates and other financial assumptions	**5,822**	**-**	**5,822**
Net finance income from reinsurance contracts	**20,397**	**-**	**20,397**
Net investment and insurance finance result	**(124,465)**	**362,414**	**237,949**

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

	December 31, 2023		
	Insurance related	Non-insurance	Total
	$	$	$
Interest income	35,334	144,243	179,577
Dividend income	2,117	72,666	74,783
Investment expense	(1,558)	(6,300)	(7,858)
Net investment income	35,893	210,609	246,502
Net realized gains (losses)	(16,647)	670	(15,977)
Net foreign exchange gains	-	(2,709)	(2,709)
Expected credit losses (note 21)	-	(1,618)	(1,618)
Change in fair value (note 21)	68,207	50,721	118,928
Net investment gains	51,560	47,064	98,624
Net investment income and gains	87,453	257,673	345,126
Interest accreted from insurance	(153,586)	-	(153,586)
Effect of changes in interest rates and other financial assumptions	(26,414)	-	(26,414)
Net finance expense from insurance contracts	(180,000)	-	(180,000)
Interest accreted from reinsurance	11,662	-	11,662
Effect of changes in interest rates and other financial assumptions	1,873	-	1,873
Net finance income from reinsurance contracts	13,535	-	13,535
Net investment and insurance finance result	(79,012)	257,673	178,661

d) Maturity profile of invested assets

December 31, 2024	< 1 Year $	1 - 3 Years $	4 - 5 Years $	> 5 Years $	No fixed term $	Total $
Bonds	**312,881**	**1,480,002**	**991,786**	**1,346,507**	**-**	**4,131,176**
Stocks	**-**	**-**	**-**	**-**	**1,187,681**	**1,187,681**
Short-term investments	**455,659**	**-**	**-**	**-**	**-**	**455,659**
Limited partnerships	**-**	**-**	**-**	**-**	**305,650**	**305,650**
Pooled funds	**-**	**-**	**-**	**-**	**323,761**	**323,761**
Mortgages	**161,707**	**375,429**	**177,214**	**7,964**	**-**	**722,314**
Other investments	**-**	**-**	**-**	**12,538**	**-**	**12,538**
Investment income due and accrued	**-**	**-**	**-**	**-**	**40,239**	**40,239**
	930,247	**1,855,431**	**1,169,000**	**1,367,009**	**1,857,331**	**7,179,018**
	13%	**26%**	**16%**	**19%**	**26%**	**100%**

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

December 31, 2023	< 1 Year $	1 - 3 Years $	4 - 5 Years $	> 5 Years $	No fixed term $	Total $
Bonds	125,214	1,374,040	953,596	1,225,400	-	3,678,250
Stocks	-	-	-	-	981,821	981,821
Short-term investments	436,993	-	-	-	-	436,993
Limited partnerships	-	-	-	-	289,075	289,075
Pooled funds	-	-	-	-	297,795	297,795
Derivative assets	5,301	-	-	-	443	5,744
Mortgages	194,883	337,068	101,720	1,971	-	635,642
Other investments	-	-	-	12,045	-	12,045
Investment income due and accrued	-	-	-	-	37,276	37,276
	762,391	1,711,108	1,055,316	1,239,416	1,606,410	6,374,641
	12%	27%	17%	19%	25%	100%

e) Mortgage diversification

Creditor concentration	**December 31, 2024 $**	December 31, 2023 $
Insured residential	**1,465**	1,567
Uninsured residential	**212,217**	160,432
Commercial	**508,632**	473,643
	722,314	635,642

Geographic concentration	**December 31, 2024 $**	December 31, 2023 $
Atlantic	**22,635**	13,890
Quebec	**260,025**	230,194
Ontario	**273,405**	250,134
West	**166,249**	141,424
	722,314	635,642

Fair Value	**727,368**	624,335

Mortgages are categorized in Level 3 of the fair value hierarchy. The fair value of the mortgages has been calculated by discounting the expected cash flows of each instrument. The discount rate is determined using the Government of Canada benchmark bond yield for instruments of similar maturity, adjusted for specific credit risk. In determining the adjustment for credit risk, the Company, considers market conditions, the value of the properties that the mortgage is secured by and other indicators of creditworthiness.

f) Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The Company has interests in various structured entities included in invested assets on the consolidated statement of financial position. These entities include asset-backed investment vehicles, pooled funds and limited partnerships. The Company does not consolidate these structured entities as the Company does not hold significant ownership or does not control the entity that manages these structured entities.

The Company's interests in unconsolidated structured entities at the end of the year are as follows:

December 31, 2024	**Carrying value** $	**Maximum exposure to loss** $
Asset-backed securities	**27,706**	**27,706**
Pooled funds	**323,761**	**323,761**
Limited partnerships	**305,650**	**305,650**

December 31, 2023	Carrying value $	Maximum exposure to loss $
Asset-backed securities	32,566	32,566
Pooled funds	297,795	297,795
Limited partnerships	289,075	289,075

Asset-backed securities
Investment in third-party asset-backed securities consists of mortgage-backed securities, auto loan receivables and credit card receivables. Financing and support is limited to the investment made.

Pooled funds
Investments in pooled funds consist of units invested in underlying fixed income and equity securities managed by Addenda and other third-party managers. The pooled funds are perpetual private trusts created under trust agreements. Pooled funds provide investors with access to the underlying portfolio with the objective of reducing volatility risk through balanced portfolios and achieving increased yields. Financing and support is only provided to the pooled funds through the purchase of units and therefore, the Company's maximum exposure in the pooled funds is limited to the total fair value of its investments in these funds.

Limited partnerships
The Company owns units of the Funds with a mandate to generate capital appreciation and yield through investments in infrastructure assets. Limited partnership investments are structured to give the third-party sponsor the exclusive right to manage and control the Funds. These limited partnerships are financed by the capital commitments and contributions of the limited partners of the Funds. The Company's maximum exposure to loss is limited to the total capital contributed to these Funds by the Company. The Company has committed to providing future capital contributions which are disclosed in note 24.

g) Expected credit losses

The following table presents the ECL on bonds carried at FVOCI and mortgages carried at amortized cost. There were no significant transfers between stages in the current year (2023 - $nil) and the movement in balances represents changes in risk parameters, purchases and sales.

	ECL Provision December 31, 2024				ECL Provision Dcecember 31, 2023			
	Stage 1 $	**Stage 2** $	**Stage 3** $	**Total** $	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Financial assets								
Bonds	**1,651**	**-**	**-**	**1,651**	1,840	-	-	1,840
Mortgages	**721**	**291**	**1,642**	**2,654**	747	309	1,064	2,120
Total invested assets	**2,372**	**291**	**1,642**	**4,305**	2,587	309	1,064	3,960

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

Carrying values by stage of bonds classified as FVOCI and mortgages classified as amortized cost subject to ECL are presented in the table below:

	ECL Balance Sheet Value December 31, 2024				ECL Balance Sheet Value Dcecember 31, 2023			
	Stage 1 $	**Stage 2 $**	**Stage 3 $**	**Total $**	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Financial assets								
Bonds	**2,465,388**	**-**	**-**	**2,465,388**	2,544,680	-	-	2,544,680
Mortgages	**714,688**	**4,127**	**3,499**	**722,314**	632,015	758	2,869	635,642
Total invested assets	**3,180,076**	**4,127**	**3,499**	**3,187,702**	3,176,695	758	2,869	3,180,322

8. Financial risk management

The Company has established risk management policies and practices covering key aspects of its operations. The Board of Directors approves these policies and management is responsible for ensuring the policies are properly maintained and implemented. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting, as well as annual compliance reporting and by reviews conducted by the Company's internal audit services.

Credit risk

Credit risk refers to the risk of financial loss from the failure of a debtor/counterparty to meet its payment obligations to the Company. Credit risk is increased when there is a concentration of investments made in similar industry sectors, in the same geographical area or within a single entity. The Company's investment policy puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, single issuer limits, corporate sector limits and general guidelines for geographic exposure. The Company monitors all positions within these concentration limits.

The Company limits its investment concentration in any one corporate investee or control group to 5% (2023 – 5%) of total assets and a maximum of 20% (2023 – 20%) of the bond portfolio can be invested in bonds rated below A. At December 31, 2024, the largest corporate credit exposure was 1.5% of invested assets (2023 – 2.1%) or 3.8% of total equity (2023 – 5.1%), and the bond portfolio includes 82.7% (2023 – 82.6%) of bonds rated A or better.

The Company's mortgage portfolio represents 10.1% (2023 – 10.0%) of invested assets carrying value. The Company has a comprehensive mortgage policy which includes, among other factors, single loan limits, diversification by type of property limits, and geographic diversification limits. Each mortgage is secured by real estate and related contracts. At December 31, 2024, the largest single mortgage balance was $20,294 (2023 - $12,319). All commercial mortgages greater than $2,000 are risk rated on an annual basis.

Credit risk can arise on reinsurance ceded contract asset balances due to the non-performance of the reinsurer, as ceding does not relieve the primary insurer of its responsibility to the policyholders. The Company has established a Reinsurance and Insurance Counterparty Standards Committee that evaluates the financial condition of its reinsurers to minimize its exposure to significant loss from any one reinsurer's insolvencies. Reinsurers are typically required to have a minimum financial strength rating of A- at the inception of the treaty; rating agencies used are A.M. Best and Standard & Poor's ("S&P"). Concentration guidelines are also in place to establish the maximum amount of business that can be placed with a single reinsurer. There were no material defaults on transactions with reinsurers during the year. The Company has included in the estimates of the present value of future cash flows an estimate of non-performance risk of reinsurers.

Credit risk for insurance contract liabilities is primarily related to premiums due from policyholders related to insurance contract services provided where cash has not yet been received. The Company's credit exposure to any one individual policyholder is not material. The Company's policies are distributed by advisors, program managers, or brokers who manage cash collection.

Bonds, short-term investments and selected cash equivalent amounts are based on external ratings provided by Morningstar DBRS, S&P and Moody's Investors Services.

Reinsurance ceded contracts and other receivables are classified based on financial strength ratings provided by A.M. Best and S&P. Mortgages are classified using Addenda's internal rating system which monitors the credit related exposures. Addenda considers experience, judgement, and other qualitative and quantitative factors in assigning an internal credit rating.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The tables below provide information on balances with exposure to credit risk. Where available further details are provided on the credit rating of counterparties. AAA is the highest possible rating and those assets that fall outside of the range of AAA to BBB are classified as speculative grade.

	December 31, 2024 $	December 31, 2023 $
Cash and cash equivalents	**427,224**	521,863
Bonds	**4,131,176**	3,678,250
Short-term investments[1]	**455,659**	436,993
Limited partnerships	**305,650**	289,075
Pooled funds	**323,761**	297,795
Derivative assets[2]	**-**	5,744
Mortgages	**722,314**	635,642
Investment income due and accrued	**40,239**	37,276
Reinsurance ceded contracts[3]	**558,087**	437,626
Other investments	**12,538**	12,045
	6,976,648	6,352,309

[1] As at December 31, 2024, 100.0% (2023 – 100.0%) of short-term investments were investment grade with ratings ranging from AAA to BBB.
[2] As at December 31, 2024, the derivative assets with a positive fair value were $nil (2023 – transacted with counterparties rated AA).
[3] As at December 31, 2024, 100% (2023 – 92.3%) of the reinsurance ceded contracts were investment grade with ratings ranging from AAA to BBB.

	December 31, 2024		December 31, 2023	
	Bonds %	**Mortgages %**	Bonds %	Mortgages %
AAA	**37.5**	**-**	39.3	-
AA	**25.7**	**0.2**	23.4	0.2
A	**19.5**	**87.9**	19.9	83.6
BBB	**14.9**	**9.1**	13.5	10.4
Below BBB	**2.4**	**2.8**	3.4	5.8
Not rated	**-**	**-**	0.5	-
	100.0	**100.0**	100.0	100.0

Management has interpolated short-term investments ratings as follows: AAA = R-1 (high); AA = R-1 (middle); A = R-1 (low); BBB = R-2 (high, middle, low); below BBB = R-3 (high, middle, low).

The total amounts outlined in the tables above represent the Company's maximum credit exposure based on a worst-case scenario, except for structured settlements, and do not take into account any collateral held or other credit enhancements attached to the assets.

In the normal course of claims adjudication, the Company settles certain obligations to claimants through the purchase of annuities from third party life insurance companies under structured settlement arrangements. The Company guarantees the life insurers' obligations under these annuities, which are $683,899 as at December 31, 2024 (2023 - $659,952), based on the net present value of the projected future cash flow of these guarantees. $12,540 (2023 - $12,038) of the total value is classified as Type 2 structured settlements and recorded in other investments within invested assets. This business is placed with several licensed Canadian companies. The net risk to the Company is the credit risk related to the life insurance companies from which the annuities are purchased from. To manage this risk, the Company enters structured settlements with life insurance companies with a credit rating of A or higher. No defaults occurred in 2024 and 2023 and the Company considers the possibility of default to be remote. Credit risk is further reduced to the extent of coverage provided by Assuris, the life insurance compensation insurance plan that funds most policy liabilities of an insolvent Canadian life insurer.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The Company participates in a securities lending program managed by a federally regulated financial institution whereby the Company lends securities it owns to other financial institutions to allow them to meet delivery commitments. The Company receives securities of superior credit quality and value as collateral for securities loaned. Securities with a fair value of $512,024 (2023 - $838,043) were received as collateral against securities lent of $481,916 (2023 - $779,295). The collateral received has not been recorded in the Company's consolidated statement of financial position.

The Company is the assigned beneficiary of collateral consisting of cash, trust accounts and letters of credit $127,650 as at December 31, 2024 (2023 - $99,202) as security from unlicensed reinsurers. This collateral is held in support of policy liabilities of $90,797 as at December 31, 2024, (2023 - $83,699) and could be used should these reinsurers be unable to meet their obligations. The cash collateral amounting to $25,425 (2023 - $12,453) has been recorded in the Company's consolidated statement of financial position in cash and cash equivalents.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: equity risk, currency risk and interest rate risk.

a) Equity risk

Equity risk arises whenever financial results are adversely affected by changes in the capital markets.

An investment policy is in place and its application is monitored by the Board of Directors on a quarterly basis. Diversification techniques are employed to minimize risk. Policies limit investments in any entity or group of related entities to a maximum of 5% (2023 – 5%) of the Company's assets.

The Company's stock portfolio is benchmarked to the indices noted in the table below. A 10% movement in the indices, with all other variables held constant, would have the following estimated effect on the fair values and net income before taxes of the Company's stock holdings:

		December 31, 2024		December 31, 2023	
		FVOCI	**FVTPL**	FVOCI	FVTPL
Stock Portfolio	**Benchmark**	**$**	**$**	$	$
Canadian common	S&P/TSX Composite Index	**3**	**68,266**	744	55,481
U.S. equities	S&P 500 Index (CDN $)	**-**	**20,416**	-	16,983

b) Currency risk

Currency risk is the risk that the value of the foreign denominated financial instruments that is not offset by corresponding liabilities will fluctuate as a result of changes in foreign exchange rates.

The majority of the Company's currency risk is related to its investment holdings. Policies limit investments in foreign denominated securities to a maximum value of 15% (2023 – 15%) of invested assets. A 10% change in the value of the foreign currency would result in an increase or decrease in net income by a change in the fair value of foreign currency forward contract hedges of $14,986 (2023 - $19,188). A 10% change in the value of the foreign currency would affect the fair value of investments by $38,544 (2023 - $74,848). For FVOCI foreign denominated investments, a 10% change in the value of the foreign currency would result in an increase or decrease in OCI of $14,043 (2023 - $18,599).

The Company executed foreign exchange forward contracts to mitigate a portion of currency risk. Foreign exchange forward contracts are commitments to buy or sell foreign currencies for delivery at a specified date in the future at a fixed rate. Foreign exchange forward contracts are transacted in over-the-counter markets. Foreign exchange forward contracts with positive fair values are included in invested assets (note 7) and those with negative fair values are included in provisions and other liabilities (note 14).

The counterparty risk of default for these derivative financial instruments is limited to their positive replacement cost, which is substantially lower than their notional amount. The replacement cost of over-the-counter derivative financial instruments is an estimate and is determined using valuation models that incorporate prevailing foreign exchange rates and prices on underlying instruments with similar maturities and characteristics. The replacement cost reflects the estimated amount that the Company would receive, or might have to pay, to terminate the contracts as at December 31, 2024. The Company would pay $9,866 to terminate the contracts as at December 31, 2024 (2023 - receive $5,301). The maturity date for the Company's contracts range from January 23 to April 17, 2025. The notional amounts of the foreign currency forward contracts total $192,648 (2023 - $197,182). The counterparties are federally regulated financial institutions.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

OSFI requires disclosure of the replacement cost, credit equivalent amount and the risk-weighted equivalent for each type of derivative instrument. The credit equivalent amount is the replacement cost of an instrument plus an additional amount representing potential future credit exposure, as defined by OSFI. The risk-weighted equivalent is determined by applying a risk-weighted factor to the credit equivalent amount based on OSFI guidelines.

The credit equivalent amount and risk-weighted equivalent by type of derivative instrument is as follows:

	December 31, 2024		December 31, 2023	
	Credit equivalent amount	**Risk-weighted equivalent**	Credit equivalent amount	Risk-weighted equivalent
	$	**$**	$	$
Foreign currency forward contracts	**-**	**-**	5,801	29

c) Interest rate 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 market interest rates. The Company is significantly exposed to changes in interest rates. Movements in short-term and long-term interest rates, including changes in credit spreads, cause changes in the realized and unrealized gains and losses.

To manage this risk, historical data and current information that profiles the ultimate claims settlement pattern by class of insurance, is used as a basis to develop a Board-approved and monitored investment policy and strategy. The policy and strategy is based upon prudence, regulatory guidelines and claims settlement patterns by product line. The policy provides conservative investment limits which balance the Company's long-term focus with market opportunities as they arise. This is achieved by investing in a diversified mix of securities and by shifting between asset classes as trends in capital markets develop.

A 1% movement in the interest rate, with all other variables held constant, would have the following estimated effect on the fair values, and net income or OCI before taxes, of the Company's holdings:

	December 31, 2024		December 31, 2023	
	FVOCI	**FVTPL**	FVOCI	FVTPL
	$	**$**	$	$
Bonds	**113,348**	**57,167**	120,190	43,950
Canadian preferred stocks	**9,231**	**2,101**	7,027	2,150
Pooled funds	**-**	**17,752**	-	23,128

Interest rate risk also causes income volatility as a result of the discounting of insurance contract balances. Changes in the value of insurance contract balances resulting from fluctuations in interest rates flow through net finance expense or income in the consolidated statement of income. The corresponding change in asset values backing those liabilities will either flow through the consolidated statement of income or through OCI based on the designation of assets held to settle future claims obligations. If the assets backing the liabilities are designated under the fair value option as FVTPL, the gains and losses due to interest rate fluctuations flow through the consolidated statement of income.

To mitigate the impact of interest rate risk, the Company utilizes an asset liability management (ALM) strategy where the assets backing the Company's insurance contracts are designated as Fair Value Through Profit and Loss (FVTPL) under the election permitted by IFRS 9. The objective of the program is to reduce insurance related income mismatches between the impact of interest rate changes on invested assets and insurance liabilities through a duration matching strategy. Under IFRS 17, the discount curve used to measure the insurance liabilities is de-linked from the invested asset holdings as the rate is determined from a reference portfolio that is designed to match cash flow patterns of the insurance contracts. Due to the de-linking implications, income volatility will exist in the consolidated statement of income.

The estimated sensitivity to changes in the interest rate related to the Company's insurance contracts and the financial assets backing insurance contracts to before-tax net income and equity are presented below. Negative figures represent a decrease to before-tax net income or equity, while positive figures represent an increase.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

		December 31, 2024			
		Before-tax net income impact		Equity impact	
		Insurance contracts	**Financial assets**	**Insurance contracts**	**Financial assets**
Assumption	**Sensitivity**	**$**	**$**	**$**	**$**
Interest rates	+100 bps	**82,233**	**(74,920)**	**60,852**	**(55,441)**
Interest rates	-100 bps	**(86,652)**	**74,920**	**(64,122)**	**55,441**

		December 31, 2023			
		Before-tax net income impact		Equity impact	
		Insurance contracts	Financial assets	Insurance contracts	Financial assets
Assumption	Sensitivity	$	$	$	$
Interest rates	+100 bps	70,158	(67,078)	51,917	(49,638)
Interest rates	-100 bps	(73,847)	67,078	(54,647)	49,638

Liquidity risk

Liquidity risk refers to the ability of the Company to access sufficient funds to meet financial obligations as they fall due. The Company's obligations arise as a result of claims, contractual commitments, or other outflows. The Company has no material commitments for capital expenditures and there is normally no need for such expenditures in the normal course of business.

Claims, contractual commitments and other outflows are funded by current revenue cash flow which normally exceeds cash requirements. At December 31, 2024, the Company had $427,224 (2023 - $521,863) of cash and cash equivalents, and $455,659 (2023 - $436,993) of short-term investments. In addition, the Company had a combination of lines of credit and a liquid investment portfolio. Together, the bond portion of the portfolio, which consists primarily of Canadian fixed-income securities issued or guaranteed by governments and investment grade corporate bonds and publicly traded Canadian and U.S. equities had a December 31, 2024 fair value of $5,220,725 (2023 - $4,506,832).

Along with internally generated funds, the Company has credit facilities of $19,000 (2023 - $19,000) that provide it with additional financial flexibility to fulfill cash requirements on an ongoing basis. At December 31, 2024, the Company had utilized $nil (2023 - $nil).

The Company's estimated maturities of its financial liabilities (note 7) and other commitments are shown in the following table on an undiscounted basis. Financial liabilities and contractual commitments are presented based on their contractual maturities. Other liabilities are presented based on expectations of the timing of future cash flows and/or the duration of the contract.

Contractual commitments are not reported on the consolidated statement of financial position.

	< 1 Year	**1 - 3 Years**	**4 - 5 Years**	**6 - 9 Years**	**> 10 Years**	**Total**
December 31, 2024	**$**	**$**	**$**	**$**	**$**	**$**
Accounts payable and accrued charges	**381,346**	**-**	**-**	**-**	**-**	**381,346**
Lease liabilities	**12,532**	**16,025**	**7,545**	**2,399**	**150**	**38,651**
Other liabilities						
Advisor transition commissions	**74,358**	**62,827**	**22,445**	**41,083**	**60,365**	**261,078**
Advisor transition commission payable	**15,147**	**16,350**	**-**	**-**	**-**	**31,497**
Derivative liabilities	**9,866**	**-**	**-**	**-**	**-**	**9,866**
	493,249	**95,202**	**29,990**	**43,482**	**60,515**	**722,438**
Contractual commitments						
Mortgage funding	**33**	**27,427**	**3,543**	**-**	**-**	**31,003**

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

December 31, 2023	< 1 Year $	1 - 3 Years $	4 - 5 Years $	6 - 9 Years $	> 10 Years $	Total $
Accounts payable and accrued charges	352,400	-	-	-	-	352,400
Lease liabilities	11,900	15,597	6,669	2,989	483	37,638
Other liabilities						
Advisor transition commissions	70,853	61,102	17,993	39,551	55,847	245,346
Advisor transition commission payable	10,700	11,509	-	-	-	22,209
Derivative liabilities	443	-	-	-	-	443
	446,296	88,208	24,662	42,540	56,330	658,036
Contractual commitments						
Mortgage funding	2,279	163	-	-	-	2,442

The mortgage funding commitments have interest rates ranging from 4.20% to 8.80% (2023 – 6.75% to 9.70%).

The Company's estimated maturities of its insurance contract liabilities are shown in the following table on an undiscounted basis based on the timing of expected future cash flows.

December 31, 2024	**< 1 Year $**	**1 - 2 Years $**	**2 - 3 Years $**	**3 - 4 Years $**	**4 - 5 Years $**	**> 5 Years $**	**Total $**
Liability for incurred claims excluding risk adjustment	**1,922,612**	**779,583**	**579,447**	**456,248**	**329,272**	**625,870**	**4,693,032**

December 31, 2023	< 1 Year $	1 - 2 Years $	2 - 3 Years $	3 - 4 Years $	4 - 5 Years $	> 5 Years $	Total $
Liability for incurred claims excluding risk adjustment[1]	1,673,617	701,474	535,454	400,472	295,701	529,244	4,135,962

9. Insurance risk management

a) Nature of risks arising from insurance contract liabilities

There is uncertainty whether an insured event occurs and to what degree for each policy. By the very nature of an insurance contract, the risk is random and therefore unpredictable. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of insurance risk. The Company is at risk for losses in the event that incomplete or incorrect assumptions or information are used when pricing, issuing or reserving for insurance products.

The principal risk to the Company under its insurance contracts is that the actual claims and benefit payments arising may exceed the carrying amount of the insurance liabilities because the frequency and/or severity of the actual claims were greater than expected.

As a property and casualty insurer, catastrophes could have a significant effect on the Company's operating results and financial condition. Catastrophic loss risk is the exposure to loss resulting from multiple claims arising out of a single catastrophic event. Potential events include perils such as: earthquake, tornado, wind, hail, flood or fire.

[1]The prior year figure has been restated to align with current year presentation

Underwriting risk, claims risk and product design and pricing risk are also important to the proper management of insurance risk. Underwriting risk is the exposure to financial loss resulting from the selection and approval of risks to be insured or the inappropriate application of underwriting rules to risks being insured. Claims risk is the exposure to financial loss resulting from a change in the frequency and/or severity of claims; inadequate claim adjudication; or inappropriate claim settlement. Product design and pricing risk is the exposure to financial loss from transacting insurance business where costs and liabilities experienced in respect of a product line exceed the expectation in pricing it. Policies, processes and other internal controls have been established to manage these risks to within tolerable levels.

In managing certain insurance risks, reinsurance is employed by the Company; however, the Company is still exposed to reinsurance risk. Reinsurance risk is the risk of financial loss due to inadequacies in reinsurance coverage or the default of a reinsurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder.

Other external factors play a role in the Company's management of insurance risk. Property and casualty insurers are subject to significant regulation by governments. As in any regulated industry, it is possible that future regulatory changes or developments may prevent the Company from raising rates or taking other actions to enhance operating results. As well, future regulatory changes, novel or unexpected judicial interpretations or political developments could impact the ultimate amount of claims that must be paid out. Macroeconomic risks such as fluctuations in the yields used in the valuation of the Company's insurance contract liabilities or changes in the Company's forecasts of expected inflation levels are also important considerations in developing the estimated liability.

b) Sources of uncertainty and processes used to determine assumptions for the estimates of future cash flows for the liability for incurred claims

The Company establishes an estimate of future cash flows for the liability for incurred claims which includes an amount to settle all reported and IBNR claims.

When determining the estimate for future cash flows, the Company first considers reported claims estimates. Individual reported claims estimates are set by a combination of predictive models and internal claims adjusters on a case-by-case basis for all lines of business except for travel insurance. Predictive models are used for attritional claims, taking into consideration facts about the incident, the claimant, the policyholder, and the damage or injury. Large or complex claims are estimated by claims specialists. These specialists apply their knowledge and expertise, after taking available information regarding the circumstances of the claim into account, to set individual case reserve estimates. The Company has documented policy and procedures by which case reserve estimates are set. For travel insurance, the valuation for the liability for incurred claims is completed by the MGU and reviewed by the Company's actuarial department through the performance of a quarterly peer review.

To arrive at the ultimate estimate for future cash flows, the Company then estimates an amount related to IBNR claims. These IBNR claims estimates are calculated by the appointed actuary and are intended to cover future development on both reported claims and claims that have occurred but have yet to be reported. Uncertainty exists on reported claims in that all information may not be available at the valuation date. Uncertainty also exists on unreported claims in that claims may not be reported to the Company immediately; therefore, estimates are made as to their value, an amount which may take years to finally determine.

The total estimate of future cash flows is determined using a range of accepted actuarial claims projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. These methods are designed to determine the timing and ultimate cost of all unpaid claims and adjustment expenses, including both reported and not yet reported claims, and use assumptions for expected loss ratios, loss development patterns, claims frequency and severity trends, exposure, expected reinsurance recoveries and trends. In situations where there has been a significant change in the environment or underlying risks, the historical data is adjusted to account for expected differences.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The table below depicts how the estimates of cumulative claims, net of reinsurance, have developed over time as at December 31, 2024:

Accident year	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	**2024** $	**Total** $
Estimate of ultimate claims costs (net of reinsurance & undiscounted):											
At end of accident year	1,637,924	1,757,030	1,882,990	2,181,340	2,251,704	2,155,675	2,162,829	2,555,951	2,932,985	**3,468,938**	
One year later	1,588,473	1,749,824	1,897,698	2,166,238	2,301,838	2,112,461	2,131,566	2,638,527	**3,012,154**		
Two years later	1,567,564	1,782,620	1,903,731	2,185,220	2,309,603	2,060,714	2,109,299	**2,626,677**			
Three years later	1,572,105	1,790,940	1,914,403	2,165,890	2,318,365	2,066,086	**2,106,902**				
Four years later	1,571,785	1,817,706	1,907,194	2,156,991	2,393,461	**2,110,069**					
Five years later	1,592,405	1,834,104	1,927,715	2,158,587	**2,333,278**						
Six years later	1,576,200	1,809,529	1,911,850	**2,152,701**							
Seven years later	1,568,806	1,802,017	**1,903,342**								
Eight years later	1,574,260	**1,797,812**									
Nine years later	**1,571,192**										
Current year estimate of net cumulative claims	1,571,192	1,797,812	1,903,342	2,152,701	2,333,278	2,110,069	2,106,902	2,626,677	3,012,154	3,468,938	**23,083,065**
Cumulative payments to date	(1,534,988)	(1,751,762)	(1,830,313)	(2,042,150)	(2,131,624)	(1,839,046)	(1,771,875)	(2,135,143)	(2,213,327)	(1,768,312)	**(19,018,540)**
Liability recognized	**36,204**	**46,050**	**73,029**	**110,551**	**201,654**	**271,023**	**335,027**	**491,534**	**798,827**	**1,700,626**	**4,064,525**
Liability with respect to prior accident years											**76,165**
Effect of discounting											**(329,966)**
Effect of risk adjustment											**232,930**
Other											**13,051**
Net liabilities for incurred claims											**4,056,705**

December 31, 2024	**Estimates of the PV of future cash flows** $	**Risk Adjustment** $	**Total** $
Gross liabilities for incurred claims	**4,321,193**	**266,750**	**4,587,943**
Amounts receivable from reinsurers	**(497,418)**	**(33,820)**	**(531,238)**
Total net liabilities for incurred claims	**3,823,775**	**232,930**	**4,056,705**

c) Changes in assumptions used in measuring insurance contract liabilities

Assumptions used to develop this estimate are selected by class of business, type of loss and geographic location. Consideration is given to the characteristics of the risks, historical trends, amount of data available on individual claims, inflation and any other pertinent factors.

Some assumptions require a significant amount of judgement such as the expected impacts of future judicial decisions and government legislation. The diversity of these considerations results in it not being practicable to identify and quantify all individual assumptions that are more likely than others to have a significant impact on the measurement of the Company's insurance contract liabilities.

d) Objectives, policies and processes for managing risks arising from insurance contract liabilities

The Company's underwriting objective is to develop business within the Company's target market on a prudent and diversified basis and to achieve profitable underwriting results.

The Company uses comprehensive underwriting manuals which detail the practices and procedures used in the determination of the insurance risk for each item to be insured and the decision of whether or not to insure the item. The Company underwrites automobile business after annual reviews of the client's driving record and claims experience.

The Company underwrites property lines based on physical condition, property replacement values, claims experience, geography and other relevant factors. All employees in the underwriting area are trained and their work is subject to underwriting reviews by the Company. Advisors and brokers are compensated, in part, based on the profitability of their portfolio.

The Company, in accordance with OSFI requirements, seeks a full peer review every three years, accompanied by an annual methodology and assumption review in the intervening years.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The Company's pricing policies take into account numerous factors including claims frequency and severity trends, product line expense rates, special risk factors, the capital required to support the product line and the investment income earned on that capital. The Company's pricing process is designed to ensure an appropriate return on equity while also providing long-term rate stability. The application of facts and circumstances of these risks is a significant judgement in the valuation of insurance contracts. These factors are reviewed annually and adjusted periodically to ensure they reflect the current environment.

The Company monitors its compliance with all relevant regulations and actively participates in discussions with regulators, governments and industry groups to ensure that it is well-informed of contemplated changes and that its concerns are understood. In its strategic planning process, the Company considers the implications of potential changes to its regulatory and political environment and adjusts its plans if necessary.

e) Objectives, policies and processes for managing insurance risk through reinsurance

The Company's strategy is to retain underwriting risk where it is financially prudent. The Company reviews its insurance requirements annually to assess the level of reinsurance coverage required. Reinsurance is purchased to limit the Company's exposure to a particular risk, category of risk or geographic risk area. To manage reinsurance counterparty risk, the Company assesses and monitors the financial strength of its reinsurers on a regular basis.

The Company writes business that is broadly diversified in terms of the lines of business and geographic location. There is no guarantee that a catastrophe will not result in claims against the Company in excess of its maximum reinsurance coverage; however, based on the Company's catastrophic loss models, protection is in excess of regulatory guidelines and at a level that management considers prudent.

The Company follows the policy of underwriting and reinsuring contracts of insurance which limits the liability of the Company to a maximum amount on any one loss. In addition, the Company has obtained reinsurance which limits the Company's liability in the event of a series of claims arising out of a single occurrence, with the exception of travel insurance which is described in further detail below.

The Company's net retentions are as follows:

	December 31, 2024 **$**	December 31, 2023 $
Individual loss		
Property	**7,500**	7,500
General liability	**5,000**	5,000
Automobile	**5,000**	5,000
Fidelity and Director's liability	**5,000**	5,000
Catastrophe		
Maximum limit	**2,000,000**	1,700,000
Company retention	**99,950**	100,275

For certain special classes of business or types of risk, the retention for single risk events may be lower through specific treaties or the use of facultative reinsurance. The maximum limit for catastrophe reinsurance is applied to all property and casualty insurance operations ultimately owned by CGL. After application of the catastrophe program, the Company's retention is $99,950 (2023 - $100,275) in incurred claims.

In 2024, the Company accessed the catastrophe coverage described above; substantially all of it has been reinstated through the payment of additional premiums.

CUMIS General's accident and sickness travel insurance, underwritten by the MGU, is fully ceded: 45% (2023 – 45%) to CLIC and 55% (2023 – 55%) to an external reinsurer. Further external excess of loss reinsurance protection is purchased on a per person and catastrophe basis. Travel medical has a limit of $6,750 (2023 - $6,750) as well as a catastrophe limit of $15,250 (2023 - $15,250). Trip cancellation, after application of the above noted 55% cession, has a limit of $6,750 (2023 - $6,750). Flight accident is fully reinsured and accidental death claims have coverage in the event of a single event involving 15 or more lives of $150,000 (2023 - $150,000).

The underwriting impact of the Company's use of reinsurance programs on the year's results is described in note 10.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

f) Sensitivity analysis

The Company has exposures to risks in each class of business that may develop and that could have a material impact on the Company's financial position. The correlation of assumptions has a significant effect in determining the ultimate claims liability, and movements in assumption are non-linear; also, it is not possible to quantify the sensitivity of certain key assumptions such as future legislative changes.

To ensure that the Company has sufficient capital to withstand a variety of significant and plausible adverse event scenarios, the Company performs Financial Condition Testing (FCT) on the capital adequacy of the Company. FCT is performed annually, as required by the Insurance Companies Act and OSFI, based on the standards set by the Canadian Institute of Actuaries (CIA). FCT is prepared by the appointed actuary and the adverse event scenarios are reviewed annually to ensure that the appropriate risks are included in the FCT process. The plausible adverse event scenarios used in the most recent FCT process which affect the net loss ratio in a similar manner to the sensitivity analysis below, considered the impacts of claims frequency and severity risk, inflation risk, premium risk, reinsurance risk and investment risk. The exposure of the peril of earthquake with default of reinsurers was also applied in a stress test analysis, as outlined in note 7(g). The most recent results indicated that the Company's future financial and capital positions are satisfactory under the assumptions applied.

The estimated sensitivity to changes in best estimate assumptions related to the Company's insurance contracts on before-tax net income and equity are presented in the table below before and after the effect of reinsurance:

		December 31, 2024			
		Before-tax net income impact		**Equity impact**	
		Gross	**Net of reinsurance**	**Gross**	**Net of reinsurance**
Assumption	**Sensitivity**	**$**	**$**	**$**	**$**
Loss ratio[1]	+10%	**(382,139)**	**(344,402)**	**(282,783)**	**(254,857)**
Actuarial reserve misestimate	1% deficiency	**(45,879)**	**(40,567)**	**(33,950)**	**(30,020)**

		December 31, 2023			
		Before-tax net income impact		Equity impact	
		Gross	Net of reinsurance	Gross	Net of reinsurance
Assumption	Sensitivity	$	$	$	$
Loss ratio[1]	+10%	(328,846)	(306,781)	(243,346)	(227,018)
Actuarial reserve misestimate	1% deficiency	(39,880)	(36,538)	(29,511)	(27,038)

[1] The loss ratio sensitivity depicts the impact of a 10% increase on claims and adjustment expenses and loss component expense or recovery relating to insurance contracts issued, excluding the impact of discounting and risk adjustment. The figure net of reinsurance factors in amounts recoverable from reinsurers, including the loss-recovery component, and also excludes the impact of discounting and risk adjustment.

g) Concentrations of insurance risk

The Company has catastrophe exposures arising from the property and automobile comprehensive policies it writes across the country. Exposures to concentrations of insurance risk subject to catastrophe losses are evaluated, and the Company has adopted a reinsurance strategy to reduce such exposures to an acceptable level.

A particular focus is the exposure to the peril of earthquake in British Columbia, Quebec, and Eastern Ontario. The Company utilizes industry-accepted earthquake modeling techniques to understand its exposures and applies this information to establish the catastrophe coverage outlined in note 9(e). In addition to earthquake, other catastrophe perils such as severe convective storm, hurricane and winter storm are also modeled, and reinsurance is purchased based on the peril that generates the largest loss. As the catastrophe reinsurance purchased is not peril specific, the Company is thereby provided with a high level of protection for catastrophic loss from other perils. The earthquake stress tests completed on the Company's capital are based on 1 in 500 year events. The scenarios tested are in line with or more severe than the guidance provided by the CIA.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The Company's primary underwriting results by product line are as follows:

December 31, 2024	Insurance revenue $	Incurred claims and other expenses $	Changes to liability for incurred claims $
Auto	**2,474,134**	**2,061,850**	**32,940**
Home	**1,383,883**	**1,017,555**	**(15,000)**
Farm	**236,543**	**61,522**	**1,955**
Commercial	**970,099**	**654,092**	**(92,340)**
Travel and other	**285,802**	**138,349**	**(25,840)**
	5,350,461	**3,933,368**	**(98,285)**

December 31, 2023	Insurance revenue $	Incurred claims and other expenses $	Changes to liability for incurred claims $
Auto	2,080,695	1,624,923	44,975
Home	1,251,659	820,637	25,431
Farm	210,959	104,131	(2,554)
Commercial	899,486	477,231	8,529
Travel and other	291,458	123,538	(8,499)
	4,734,257	3,150,460	67,882

h) Financial risks in insurance contracts

Information about credit risk, liquidity risk and market risk for insurance contract liabilities, including a sensitivity analysis for interest rate risk, is disclosed in note 8.

10. Insurance contract liabilities

a) Profile of insurance and reinsurance balances by product line

	December 31, 2024		December 31, 2023	
	Liability for incurred claims **$**	**Asset for incurred claims** **$**	Liability for incurred claims $	Asset for incurred claims $
Auto	**2,845,726**	**227,365**	2,424,643	184,434
Home	**606,510**	**87,124**	482,027	17,873
Farm	**80,312**	**4,076**	71,577	2,489
Commercial	**974,584**	**162,229**	910,341	135,963
Travel and other	**80,811**	**50,444**	99,369	65,546
	4,587,943	**531,238**	3,987,957	406,305

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

b) Insurance contract liability roll-forward

The roll-forward of the net liabilities for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below. The entire ending balance for assets for insurance acquisition cash flows presented below is expected to be derecognized and included in the measurement of the related groups of insurance contracts within 1 year.

	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	Estimates of PV of future cash flows	Risk adjustment	Assets for insurance acquisition cash flows	Total
December 31, 2024	**$**	**$**	**$**	**$**	**$**	**$**
Insurance contract liabilities as at January 1	**320,941**	**50,645**	**3,748,183**	**239,773**	**(16,850)**	**4,342,692**
Insurance revenue	**(5,350,461)**					**(5,350,461)**
Insurance service expense						
Incurred claims and other expenses		**(57,560)**	**3,836,584**	**96,784**		**3,875,808**
Amortization of insurance acquisition cash flows	**1,054,318**					**1,054,318**
Losses on onerous contracts and reversals of those losses		**15,958**				**15,958**
Changes to liability for incurred claims			**(28,478)**	**(69,807)**		**(98,285)**
Total insurance service expenses	**1,054,318**	**(41,602)**	**3,808,106**	**26,977**	**-**	**4,847,799**
Insurance service result	**(4,296,143)**	**(41,602)**	**3,808,106**	**26,977**	**-**	**(502,662)**
Insurance finance expenses (note 7)	**-**	**11,441**	**241,554**	**-**	**-**	**252,995**
Total changes in the consolidated statement of comprehensive income	**(4,296,143)**	**(30,161)**	**4,049,660**	**26,977**	**-**	**(249,667)**
Cash flows						
Premiums received	**5,376,373**					**5,376,373**
Claims and other expenses paid			**(3,476,650)**			**(3,476,650)**
Insurance acquisition cash flows	**(1,007,911)**				**(87,843)**	**(1,095,754)**
Total cash flows	**4,368,462**	**-**	**(3,476,650)**	**-**	**(87,843)**	**803,969**
Allocation of insurance acquisition cash flows to groups of insurance contracts	**(85,603)**				**85,603**	**-**
Insurance contract liabilities as at December 31	**307,657**	**20,484**	**4,321,193**	**266,750**	**(19,090)**	**4,896,994**

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

	Liability for remaining coverage		Liability for incurred claims			
December 31, 2023	Excluding loss component $	Loss component $	Estimates of PV of future cash flows $	Risk adjustment $	Assets for insurance acquisition cash flows $	Total $
Insurance contract liabilities as at January 1	223,439	37,622	3,402,106	215,487	(18,790)	3,859,864
Insurance revenue	(4,734,257)					(4,734,257)
Insurance service expense						
Incurred claims and other expenses		(42,031)	3,071,471	78,989		3,108,429
Amortization of insurance acquisition cash flows	991,063					991,063
Losses on onerous contracts and reversals of those losses		51,616				51,616
Changes to liability for incurred claims			122,333	(54,451)		67,882
Total insurance service expenses	991,063	9,585	3,193,804	24,538	-	4,218,990
Insurance service result	(3,743,194)	9,585	3,193,804	24,538	-	(515,267)
Insurance finance expenses (note 7)	-	(213)	180,213	-	-	180,000
Total changes in the consolidated statement of comprehensive income	(3,743,194)	9,372	3,374,017	24,538	-	(335,267)
Cash flows						
Premiums received	4,819,724					4,819,724
Claims and other expenses paid			(3,021,008)			(3,021,008)
Insurance acquisition cash flows	(911,806)				(92,271)	(1,004,077)
Total cash flows	3,907,918	-	(3,021,008)	-	(92,271)	794,639
Allocation of insurance acquisition cash flows to groups of insurance contracts	(94,210)				94,210	-
Other movements	26,988	3,651	(6,932)	(251)	-	23,456
Insurance contract liabilities as at December 31	320,941	50,645	3,748,183	239,774	(16,851)	4,342,692

Loss component recognized in the liability for remaining coverage relates primarily to the auto product line.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

c) Reinsurance ceded contract roll-forward

The amounts presented under reinsurance ceded contract assets in the consolidated balance sheets represent the Company's net contractual rights and obligations under reinsurance contracts. The roll-forward of the net assets for reinsurance held contracts, showing assets for remaining coverage and amounts recoverable for incurred claims, is disclosed in the table below.

	Asset for remaining coverage		Amounts recoverable for incurred claims		
	Excluding loss recovery	Loss-recovery	Estimates of PV of future cash flows	Risk adjustment	Total
December 31, 2024	$	$	$	$	$
Reinsurance contract assets as at January 1	**30,679**	**642**	**374,714**	**31,591**	**437,626**
Allocation of reinsurance premiums paid	**(403,490)**				**(403,490)**
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses		**(643)**	**392,613**	**17,090**	**409,060**
Loss-recovery on onerous underlying contracts and adjustments		**9,495**			**9,495**
Changes to amounts recoverable for incurred claims			**(43,214)**	**(14,861)**	**(58,075)**
Total amounts recoverable from reinsurers for incurred claims	**-**	**8,852**	**349,399**	**2,229**	**360,480**
Net expenses (income) from reinsurance contracts	**(403,490)**	**8,852**	**349,399**	**2,229**	**(43,010)**
Reinsurance finance expense (note 7)	**-**	**-**	**20,397**	**-**	**20,397**
Total changes in the consolidated statement of comprehensive income	**(403,490)**	**8,852**	**369,796**	**2,229**	**(22,613)**
Cash flows					
Premiums paid	**390,166**				**390,166**
Amounts received			**(247,092)**		**(247,092)**
Total cash flows	**390,166**	**-**	**(247,092)**	**-**	**143,074**
Reinsurance contract assets as at December 31	**17,355**	**9,494**	**497,418**	**33,820**	**558,087**

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

December 31, 2023	Asset for remaining coverage: Excluding loss recovery $	Asset for remaining coverage: Loss-recovery $	Amounts recoverable for incurred claims: Estimates of PV of future cash flows $	Amounts recoverable for incurred claims: Risk adjustment $	Total $
Reinsurance contract assets as at January 1	15,007	80	365,808	24,951	405,846
Allocation of reinsurance premiums paid	(326,451)				(326,451)
Amounts recoverable from reinsurers for incurred claims					
Amounts recoverable for incurred claims and other expenses		(427)	187,379	12,264	199,216
Loss-recovery on onerous underlying contracts and adjustments		989			989
Changes to amounts recoverable for incurred claims			17,403	(5,624)	11,779
Total amounts recoverable from reinsurers for incurred claims	-	562	204,782	6,640	211,984
Net income (expense) from reinsurance contracts	(326,451)	562	204,782	6,640	(114,467)
Reinsurance finance expense (note 7)	-	-	13,535	-	13,535
Total changes in the consolidated statement of comprehensive income	(326,451)	562	218,317	6,640	(100,932)
Cash flows					
Premiums paid	365,189				365,189
Amounts received			(234,006)		(234,006)
Total cash flows	365,189	-	(234,006)	-	131,183
Other movements	(23,066)	-	24,595	-	1,529
Reinsurance contract assets as at December 31	30,679	642	374,714	31,591	437,626

d) Significant judgements and estimates used in the measurement of insurance contracts and reinsurance ceded contracts

The initial actuarial estimate of future cash flows for the liability for incurred claims is an undiscounted amount. The Company adjusts the estimates of future cash flows for the liability for incurred claims within insurance contract liabilities to reflect the time value of money. The Company has established a methodology which utilizes a risk-free rate plus an illiquidity premium derived from reference to observable market rates, using a judgmentally determined portfolio of provincial, municipal, and corporate bonds adjusted for any characteristics which differ from those of the future cash flows of the Company's insurance contracts. The Company utilizes the following discount rates for all of its insurance contracts issued and reinsurance held contracts (reinsurance ceded contracts):

December 31, 2024				December 31, 2023			
1 Year	**3 Years**	**5 Years**	**10 Years**	1 Year	3 Years	5 Years	10 Years
3.21%	**3.31%**	**3.53%**	**4.05%**	4.84%	4.07%	3.99%	4.12%

Included in the Company's liability for incurred claims within insurance contract liabilities is a risk adjustment. For insurance contracts the Company issues, the risk adjustment represents the compensation that the Company requires for bearing uncertainty about the amount and timing of cash flows related to the groups of insurance contracts the Company issues arising from non-financial risks. For the Company's reinsurance held contracts the risk adjustment represents the amount of risk being transferred to the reinsurer.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The determination of an appropriate risk adjustment requires judgement. The Company utilizes a hybrid approach for determining the risk adjustment and applies a cost of capital method net of reinsurance held at the Company level to inform the selection of risk adjustment margins. The ultimate risk adjustment margins may reflect additional compensation required by the Company in addition to what the cost of capital method indicates. The risk adjustment margins are then applied to their relevant reserves to derive the risk adjustment. The cost of capital method selected reflects the benefit of diversification across the Company and the approach applied by the Company results in a corresponding confidence level for the risk adjustment at the 83rd percentile (2023 – 84th percentile).

Significant estimates related to the estimates of undiscounted future cash flows are disclosed in note 9.

11. Income taxes

a) Reconciliation to statutory income tax rate

In the consolidated statement of income, income tax expense reflects an effective tax rate which differs from the statutory tax rate for the following reasons:

	December 31, 2024		December 31, 2023	
	$	**%**	$	%
Income before income taxes	**320,667**		177,772	
Income tax at statutory rates	**83,373**	**26.0**	46,221	26.0
Effects of :				
Non-taxable investment income	**(8,440)**	**(2.6)**	(6,640)	(3.7)
Non-deductible expenses	**477**	**0.1**	470	0.3
Change in income tax rates	**54**	**-**	(136)	(0.1)
Difference in effective tax rate of subsidiaries	**632**	**0.2**	(171)	(0.1)
Adjustment to tax expense in respect of prior years	**(851)**	**(0.3)**	865	0.5
Other	**371**	**0.1**	(14,218)	(8.0)
Income tax expense	**75,616**	**23.5**	26,391	14.9

The statutory tax rate has remained unchanged at 26.0% in 2024 (2023 – 26.0%).

b) Income taxes included in the consolidated statement of income

	December 31, 2024	December 31, 2023
	$	$
Current tax expense (recovery)		
Current period	**89,473**	52,163
Change in tax rates	**(117)**	(128)
Adjustment for prior periods	**(1,769)**	6,114
Other	**371**	(117)
	87,958	58,032
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	**(13,431)**	(26,384)
Change in tax rates	**171**	(8)
Adjustment for prior periods	**918**	(5,249)
	(12,342)	(31,641)
Income tax expense	**75,616**	26,391

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

	December 31, 2024 $	December 31, 2023 $
Current income tax expense	**23,488**	26,145
Deferred income tax expense (recovery)	**3**	(1,030)
Total income tax expense included in OCI	**23,491**	25,115

c) Income taxes included in OCI

	December 31, 2024 $	December 31, 2023 $
Items that may be reclassified subsequently to the consolidated statement of income:		
Net unrealized gains on fair value through other comprehensive income financial assets	**13,579**	19,269
Net reclassification adjustment for losses included in net income	**2,366**	8,086
Total items that may be reclassified subsequently to the consolidated statements of income	**15,945**	27,355
Items that will not be reclassified to the consolidated statement of income:		
Net unrealized gains on designated fair value through other comprehensive income financial assets	**7,520**	1,405
Net realized gains (losses) on designated fair value through other comprehensive income financial assets	**26**	(2,749)
Remeasurement of the retirement benefit obligations	**-**	(896)
Total income tax expense included in OCI	**23,491**	25,115

d) Components of deferred income taxes

December 31, 2024	**Assets $**	**Liabilities $**	**Net $**
Invested assets	**(2,027)**	**-**	**(2,027)**
Intangible assets	**(676)**	**(4,098)**	**(4,774)**
Property and equipment	**708**	**17**	**725**
Right-of-use assets	**(8,063)**	**-**	**(8,063)**
Insurance contract liabilities	**8,140**	**-**	**8,140**
Retirement benefit obligations	**27,013**	**-**	**27,013**
Lease liabilities	**8,939**	**-**	**8,939**
Provisions and other liabilities	**65,112**	**-**	**65,112**
Loss carry-forwards and credits	**55**	**570**	**625**
	99,201	**(3,511)**	**95,690**

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

December 31, 2023	Assets $	Liabilities $	Net $
Invested assets	(2,338)	-	(2,338)
Intangible assets	(1,369)	(5,648)	(7,017)
Property and equipment	572	-	572
Right-of-use assets	(7,756)	-	(7,756)
Insurance contract liabilities	(11,193)	-	(11,193)
Retirement benefit obligations	25,772	-	25,772
Lease liabilities	8,620	-	8,620
Provisions and other liabilities	58,687	-	58,687
Loss carry-forwards and credits	17,499	505	18,004
	88,494	(5,143)	83,351

The net movement of the deferred income taxes is as follows:

	December 31, 2024 **$**	December 31, 2023 $
Balance, beginning of year	**83,351**	52,568
Income statement recovery	**12,342**	31,641
Other comprehensive income recovery (expense)	**(3)**	1,030
Other items	**-**	(1,888)
Balance, end of year	**95,690**	83,351

e) Loss carry-forwards

The Company has non-capital loss carry-forwards of $2,855 (2023 - $68,476) of which deferred income taxes of $570 (2023 - $17,569) has been recognized. The non-capital loss carry-forwards expire as follows:

2035	3
2036	37
2037	47
2038	9
2039	384
2040	1,127
2041	503
2042	720
2043	25

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

12. Intangible assets

	Goodwill $	Licenses $	Brand $	Customer relationships $	Software $	Total $
Cost						
January 1, 2023	6,806	34,900	800	53,492	32,568	128,566
Disposals	-	-	-	13,500	-	13,500
Impairment	-	(6,250)	-	-	-	(6,250)
December 31, 2023	6,806	28,650	800	66,992	32,568	135,816
Additions	-	-	-	345	-	345
Disposals	-	(573)	-	-	-	(573)
December 31, 2024	**6,806**	**28,077**	**800**	**67,337**	**32,568**	**135,588**
Accumulated amortization						
January 1, 2023	-	-	-	32,893	24,238	57,131
Amortization	-	-	-	6,672	2,805	9,477
December 31, 2023	-	-	-	39,565	27,043	66,608
Amortization (note 21)	-	-	-	6,647	2,762	9,409
December 31, 2024	**-**	**-**	**-**	**46,212**	**29,805**	**76,017**
Net carrying value						
December 31, 2023	6,806	28,650	800	27,427	5,525	69,208
December 31, 2024	**6,806**	**28,077**	**800**	**21,125**	**2,763**	**59,571**

During the year, the Company recognized an impairment loss of $nil (2023 - $6,250) on its licenses. The recoverable amount was based on the fair value net of costs to sell, which is determined by recent or upcoming transactions executed with third parties.

13. Other assets

	December 31, 2024 **$**	December 31, 2023 $
Due from related parties	**36,254**	43,399
Property and equipment	**11,036**	13,158
Due from risk sharing pools	**(106)**	(193)
Prepaid expenses	**13,988**	8,853
Right-of-use assets	**31,040**	29,766
Due from intermediaries	**96,930**	97,456
Other	**9,650**	11,398
	198,792	203,837

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

14. Provisions and other liabilities

	December 31, 2024 $	December 31, 2023 $
Provision for advisor transition commissions	**217,652**	201,414
Lease liabilities	**34,411**	33,087
Advisor transition commission payable	**30,510**	21,533
Other provisions and liabilities	**495**	676
Foreign currency forward contracts (note 8)	**9,866**	443
	292,934	257,153

Potential future undiscounted cash flows of $80,780 (2023 - $77,218) have not been included in the lease liability as it is not reasonably certain that the leases will be extended. The lease liability also does not include future undiscounted cash flows of $1,055 (2023 - $1,131) for leases the Company is committed to but has not yet commenced.

Significant estimates used in the measurement of provisions

The provision for advisor transition commissions is an obligation to active advisors determined by accruing for the benefits earned to date on a present value basis assuming the cash flows associated with the earned benefits are paid out at the expected termination date. The significant assumptions used to estimate the provision include the discount rate and the average termination age. The provision is discounted at a real rate of 2.07% (2023 – 2.44%) and assumes an average termination age of 56 (2023 - 56).

A reconciliation of the provision for advisor transition commissions is provided below.

	December 31, 2024 $	December 31, 2023 $
Balance, beginning of year	**201,414**	177,620
Additional provision charged to income		
Earning of advisor benefits	**26,451**	24,114
Interest expense	**8,872**	8,546
Settlements for advisor terminations	**(22,621)**	(14,499)
Change in assumptions	**3,536**	5,633
Balance, end of year	**217,652**	201,414

		Advisor transition impact		Net income impact	
Significant assumptions	Change in assumption	**December 31, 2024**	December 31, 2023	**December 31, 2024**	December 31, 2023
Discount rate	1.00%	**13,845**	12,512	**(10,245)**	(9,259)
Average termination age	2 years	**5,091**	5,185	**(3,768)**	(3,837)

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

15. Retirement benefit obligations

The Company offers post-employment benefits including a) medical, dental and life insurance benefits; and b) defined contribution pension plan for qualifying retirees and certain other individuals.

a) Medical, dental and life insurance benefits

The Company offers medical, dental and life insurance benefits for qualifying retirees and certain other individuals. The accrued benefit obligation has been determined as at December 31, 2024, based on updated actuarial assumptions from the valuation completed as at January 1, 2022. The plan is unfunded and the Company meets its obligation as it falls due. The next triennial valuation is due to be completed as at January 1, 2025.

Information regarding the plan's costs, liabilities and actuarial assumptions is as follows:

	December 31, 2024 $	December 31, 2023 $
Accrued benefit obligation		
Balance, beginning of year	**98,924**	91,022
Current service cost	**4,565**	4,102
Interest on accrued benefits	**4,597**	4,449
Benefits paid	**(4,255)**	(4,088)
Remeasurement losses		
Actuarial losses arising from changes in financial assumptions	**-**	3,439
Balance, end of year	**103,831**	98,924
Elements of benefit costs recognized in the year		
Current service cost	**4,565**	4,102
Interest on accrued benefits	**4,597**	4,449
Components of benefit costs recorded in net income (note 20)	**9,162**	8,551
Remeasurements on the net benefit liability:		
Actuarial losses arising from changes in financial assumptions	**-**	3,439
Components of benefit costs recorded in OCI	**-**	3,439
Total components of benefit costs	**9,162**	11,990

Significant estimates used in the measurement of retirement benefit obligations

The cost of the benefit obligation is calculated by the Company's independent actuaries using assumptions determined by management. Measurement uncertainty exists in valuing the components of retirement benefit obligations, as the Company is required to make certain assumptions in determining the present value of the cash flows associated with earned benefits based on current market conditions and experiential information available at the time. The long-term nature of the exposure and future fluctuations in the actual results makes the valuation uncertain and includes significant assumptions in estimating the obligation including the discount rate, mortality and estimates of medical care cost trends.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The significant actuarial assumptions were as follows as at December 31:

Significant assumptions	December 31, 2024	December 31, 2023
Discount rate	**4.75%**	4.75%
Assumed medical care cost trend rates as at December 31		
Medical care cost trend rate	**4.50%**	4.50%
Cost trend rate declines to	**4.50%**	4.50%
Year that the rate reaches the rate it is assumed to remain at	**2022**	2022
Mortality		
Retiring at the end of the reporting period:		
Average life expectancy for male retiring at age 65	**22.3**	22.3
Average life expectancy for female retiring at age 65	**24.6**	24.5
Retiring 20 years after the end of the reporting period:		
Average life expectancy for male retiring at age 65	**23.3**	23.3
Average life expectancy for female retiring at age 65	**25.5**	25.5

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics.

Through its medical, dental and life insurance benefit plan, the Company is exposed to standard risks including changes in bond yields and life expectancy. The discount rate is derived from corporate bond yields and a decrease in the bond yields will increase the accrued benefit obligation. The medical and dental benefits are provided for the life of the member, so increases in life expectancy will increase the accrued benefit obligation. The ultimate cost of the plans will depend upon actual future events rather than the assumptions made. The sensitivity of the other benefit plan obligation to changes in the weighted principal assumptions is:

		Impact on other benefit plan obligation	
Significant assumptions	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	Decrease by $12,722	Increase by $15,795
Medical and dental cost trend rates	1.00%	Increase by $14,607	Decrease by $12,383
Life expectancy	1 year	Increase by $6,487	Decrease by $4,573

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the obligation to significant actuarial assumptions, the same projected unit credit method has been applied as when calculating the retirement benefit obligation recognized within the statement of financial position.

The weighted average duration of the accrued benefit liability is 15.2 years (2023 – 16.2).

b) Defined contribution pension plan

The Company has a defined contribution pension plan for all of its employees. The total cost recognized for the Company's defined contribution plans is $23,355 (2023 - $22,587), which is recognized in other operating expenses in the consolidated statement of income.

16. Share capital

The number of shares and the amounts per share are not in thousands.

Authorized senior preference shares

Class A preference shares, Class B preference shares and Class E preference shares rank equally, and in priority to all other classes of preference and common shares.

1,440,000	Class A preference shares, series A, non-cumulative dividend to be determined semi-annually by the Board of Directors subject to a minimum rate of 5% of the redemption value if declared, redeemable at the redemption value of $37.50 per share, with a stated value of $25 per share. Convertible to Class F preference shares, series A. The Company may redeem or purchase at any time, at its option, all or part of the shares for the redemption value in accordance with the terms and conditions set out in the Company's By-law No. 2.
Unlimited	Class A preference shares, series B, non-cumulative dividend to be determined semi-annually by the Board of Directors subject to a minimum rate of 5% of the redemption value if declared, redeemable at the redemption value of $100 per share, with a stated value of $100 per share. The Company may redeem or purchase at any time, at its option, all or part of the shares for the redemption value in accordance with the terms and conditions set out in the Company's By-law No. 2.
Unlimited	Class B preference shares, non-cumulative dividend to be determined semi-annually by the Board of Directors subject to a minimum rate of 5% of the redemption value if declared, redeemable at the redemption value of $50 per share, with a stated value of $25 per share. Convertible to Class G preference shares, series A. The Company may redeem or purchase at any time, at its option, all or part of the shares for the redemption value in accordance with the terms and conditions set out in the Company's By-law No. 2.
Unlimited	Class E preference shares, series A, non-cumulative dividend, if declared, payable quarterly, the rate being 5.75% per annum until June 30, 2002. After June 30, 2002, dividends are the greater of 90% of the prime rate or 5.50%. On June 30, 2002 and thereafter on every fifth anniversary, the holder has the right to convert the Class E preference shares, series A preference shares into non-cumulative redeemable Class E preference shares, series B on a share for share basis. On June 30, 2002 and thereafter on every fifth anniversary, the Company may redeem the whole issue at $25 per share. After June 30, 2002 at any date other than the anniversary dates, the Company may redeem the shares in whole or part for $25.50 per share. On June 30, 2007 the Company redeemed all of the Class E preference shares, series A at a cash redemption price per share of $25.00.
Unlimited	Class E preference shares, series B, issued June 30, 2002 and every fifth year thereafter, only on conversion of Class E preference shares, series A. Non-cumulative dividend, if declared, payable quarterly. On the twenty-first day prior to June 30, 2002 and every fifth anniversary thereafter, the dividend rate will be set at a minimum of 95% of the Government of Canada yield. On June 30, 2007 and every fifth anniversary, the Company may redeem the whole issue at $25 per share.
Unlimited	Class E preference shares, series C, non-cumulative dividend, if declared, payable quarterly, the rate being $0.3125 per share, to yield 5.00% per annum. The initial dividend was declared and paid on September 30, 2007 and amounted to $0.3767 per share. On June 30, 2012 and thereafter, the Company may redeem at any time all or from time to time any part of the outstanding Class E preference shares, series C at the Company's option, by payment of an amount in cash for each Class E preference shares, series C of $26.00 if redeemed during the 12 months commencing June 30, 2012, $25.75 if redeemed during the 12 months commencing June 20, 2013, $25.50 per share if redeemed during the 12 months commencing June 30, 2014, $25.25 per share if redeemed during the 12 months commencing June 30, 2015, and $25.00 per share if redeemed on or after June 30, 2016, together in each case with an amount equal to all declared and unpaid preferential dividends up to but excluding the date fixed for redemption.
Unlimited	Class E preference shares, series D, non-cumulative dividend, if declared, payable quarterly, the rate being $1.8125 per share, to yield 7.25% per annum. The initial dividend was declared and paid on September 30, 2009 for $0.6505 per share. On June 30, 2014 and on June 30 every five year thereafter, the dividend rate will reset to be equal to the then current five-year Government of Canada bond yield plus 5.21%. The Class E preference shares, series D were not redeemable prior to June 30, 2014. On June 30, 2014 the Company redeemed all of the Class E preference shares, series D at a cash redemption price per share of $25.00.
Unlimited	Class E preference shares, series E, issued June 30, 2014 and on every fifth year thereafter, only on the conversion of Class E preference shares, series D. Non-cumulative quarterly floating rate dividend, as and when declared, equal to the then current three-month Government of Canada Treasury Bill yield plus 5.21%. The Company may redeem all or part of the outstanding Class E preference shares, series E at its option without the consent of the holder, by the payment of an amount in cash for each Class E preference shares, series E so redeemed of (i) $25.00 per share together with an amount equal to the sum of all declared and unpaid dividends up to, but excluding, the date fixed for redemption in the case of redemptions on June 30, 2019 and on June 30 every fifth year after such date, or (ii) $25.50 per share together with an amount equal to the sum of all declared and unpaid dividends up to, but excluding, the date fixed for redemption in the case of redemptions on any other date after June 30, 2014 that is not a Class E preference shares, series E conversion date.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

Authorized junior preference shares

Unlimited	Class C, preference shares issuable in series
100,000	Class C preference shares, series A, non-cumulative 6% dividend and a participating dividend up to 5%, each to be determined annually by the Board of Directors with a stated value of $100
Unlimited	Class D preference shares, series A, non-cumulative dividend to be determined annually by the Board of Directors, redeemable at $100 per share, with a stated value of $100 per share
Unlimited	Class D preference shares, series B, non-cumulative dividend to be determined annually by the Board of Directors, redeemable at $100 per share, with a stated value of $100 per share
Unlimited	Class D preference shares, series C, non-cumulative dividend to be determined annually by the Board of Directors, redeemable at $100 per share, with a stated value of $100 per share
Unlimited	Class F preference shares, series A, non-cumulative dividend subject to a minimum rate of 5% if declared to be determined annually by the Board of Directors, redeemable at $37.50 per share, with a stated value of $25 per share
Unlimited	Class G preference shares, series A, non-cumulative dividend subject to a minimum rate of 5% if declared to be determined annually by the Board of Directors, redeemable at $50 per share, with a stated value of $25 per share
Unlimited	Class H preference shares, series A, non-cumulative dividend to be determined semi-annually by the Board of Directors subject to a minimum rate of 5% of the redemption value if declared, redeemable at the redemption value of $100 per share, with a stated value of $100 per share. The Company may redeem or purchase at any time, at its option, all or part of the shares for the redemption value in accordance with the terms and conditions set out in the Company's By-law No. 2.
Unlimited	Class I and Class J preference shares, these have been authorized but have been given no attributes and have not yet been issued. The Board of Directors has the right to define the attributes and issue as required

Authorized common shares

Unlimited	Common Shares

The redemption of any share must be approved in advance by OSFI.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

The changes and the number of shares issued and outstanding are as follows:

	Beginning of year		Issued during the year		Redeemed during the year		End of year	
December 31, 2024	**Number of shares**	**Amount $**	**Number of shares**	**Amount $**	**Number of shares**	**Amount $**	**Number of shares**	**Amount $**
Class A preference shares, series B	**988,133**	**98,810**	**8,711**	**874**	**89,791**	**8,983**	**907,053**	**90,701**
Class B preference shares	**398**	**11**	**-**	**-**	**-**	**-**	**398**	**11**
Class D preference shares, series A	**13,803**	**1,380**	**-**	**-**	**-**	**-**	**13,803**	**1,380**
Class D preference shares, series B	**42,535**	**4,254**	**-**	**-**	**-**	**-**	**42,535**	**4,254**
Class D preference shares, series C	**43,184**	**4,318**	**-**	**-**	**-**	**-**	**43,184**	**4,318**
Class E preference shares, series C	**4,000,000**	**100,000**	**-**	**-**	**-**	**-**	**4,000,000**	**100,000**
Class F preference shares, series A	**488,624**	**12,216**	**-**	**-**	**-**	**-**	**488,624**	**12,216**
Class G preference shares, series A	**14,984**	**375**	**-**	**-**	**-**	**-**	**14,984**	**375**
Class H preference shares, series A	**18,646**	**1,865**	**86,229**	**8,623**	**3,274**	**327**	**101,601**	**10,161**
Common shares	**27,155,757**	**359,778**	**-**	**-**	**-**	**-**	**27,155,757**	**359,778**
		583,007		**9,497**		**9,310**		**583,194**
Less staff share loan plan	**407,920**	**19,806**	**64,127**	**-**	**57,131**	**-**	**414,916**	**19,550**
		563,201						**563,644**

	Beginning of year		Issued during the year		Redeemed during the year		End of year	
December 31, 2023	Number of shares	Amount $	Number of shares	Amount $	Number of shares	Amount $	Number of shares	Amount $
Class A preference shares, series B	975,422	97,540	96,848	9,684	84,137	8,414	988,133	98,810
Class B preference shares	404	11	-	-	6	-	398	11
Class D preference shares, series A	13,803	1,380	-	-	-	-	13,803	1,380
Class D preference shares, series B	42,535	4,254	-	-	-	-	42,535	4,254
Class D preference shares, series C	43,184	4,318	-	-	-	-	43,184	4,318
Class E preference shares, series C	4,000,000	100,000	-	-	-	-	4,000,000	100,000
Class F preference shares, series A	488,624	12,216	-	-	-	-	488,624	12,216
Class G preference shares, series A	14,984	375	-	-	-	-	14,984	375
Class H preference shares, series A	-	-	18,646	1,865	-	-	18,646	1,865
Common shares	26,942,059	359,778	213,698	-	-	-	27,155,757	359,778
		579,872		11,549		8,414		583,007
Less staff share loan plan	394,279	18,982	76,355	-	62,714	-	407,920	19,806
		560,890						563,201

The staff share loan plan consists of loans to employees of the Company's ultimate parent and its subsidiaries for the purchase of the Company's class H preference shares, series A (previously class A preference shares, series B). Loans are offered on an interest free basis to all employees at pre-determined intervals and are repaid through payroll withholdings and dividend payments. Loans are generally settled within ten years and are secured by the preference shares. The carrying value of the preferred shares closely approximates the fair value of the staff share loan plan.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

Dividends are as follows:

	December 31, 2024				December 31, 2023			
	Declared	**Declared per share**	**Paid**	**Paid per share**	Declared	Declared per share	Paid	Paid per share
	$	**$**	**$**	**$**	$	$	$	$
Class A, series B	**4,618**	**5.00**	**4,832**	**5.00**	4,946	5.00	4,920	5.00
Class B	**1**	**2.50**	**1**	**2.50**	1	2.50	1	2.50
Class D, series A	**70**	**5.00**	**70**	**5.00**	69	5.00	70	5.00
Class D, series B	**212**	**5.00**	**212**	**5.00**	213	5.00	212	5.00
Class D, series C	**216**	**5.00**	**216**	**5.00**	216	5.00	216	5.00
Class E, series C	**5,000**	**1.25**	**5,000**	**1.25**	5,000	1.25	5,000	1.25
Class F, series A	**916**	**1.88**	**916**	**1.88**	916	1.88	916	1.88
Class G, series A	**38**	**2.50**	**37**	**2.50**	37	2.50	37	2.50
Class H, series A	**406**	**5.00**	**198**	**5.00**	47	2.50	-	-
Common shares	**70,000**	**2.58**	**70,000**	**2.58**	225,200	8.36	225,200	8.36
	81,477		**81,482**		236,645		236,572	

17. Earnings per share

Earnings per share is calculated by dividing net income, after deducting total preferred share dividends, by the weighted average number of fully paid common shares outstanding throughout the year.

	December 31, 2024	December 31, 2023
	$	$
Net income	**245,051**	151,381
Less: dividends on preference shares declared	**11,477**	11,445
Net income available to common shareholders	**233,574**	139,936
Weighted average number of outstanding common shares	**27,156**	27,049
Earnings per share (basic & diluted)	**8.60**	5.17

18. Retained earnings

The Company has not recorded an additional charge to retained earnings in the current year, for the difference between the carrying value and the redemption amount of preferred shares.

	December 31, 2024	December 31, 2023
	$	$
Class F preference shares, series A	**6,108**	6,108
Class G preference shares, series A	**375**	375
	6,483	6,483

19. Capital management

The Company views capital as a scarce and strategic resource. This resource protects the financial well-being of the organization, and is also critical in enabling the Company to pursue strategic business opportunities. Adequate capital also acts as a safeguard against possible unexpected losses, and as a basis for confidence in the Company by shareholders, policyholders, creditors and others.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

For the purpose of capital management, the Company has defined capital as shareholders' equity. The Company has a Capital Management Policy that is approved by the Board of Directors. The purpose of this policy is to protect and evaluate the allocation of capital as a scarce and strategic resource, maximize the return on invested capital, and to plan ahead for future capital needs. Capital is monitored by the Management Capital Committee at the Company's ultimate parent level.

Reinsurance is utilized to protect the Company's capital from catastrophic loss arising from perils such as earthquake, tornado, wind, hail, flood or fire. The incidence and severity of catastrophic losses are inherently unpredictable. To limit the Company's potential impact, it purchases reinsurance which will reimburse the Company for claims. Details of the Company's reinsurance program are disclosed in note 7(e). The Company's retention on any single event is $99,950 (2023 - $100,275), which represents approximately 3.6% (2023 – 3.8%) of the Company's capital.

On an annual basis, the appointed actuary prepares the FCT analysis which projects and analyzes trends of capital adequacy under a variety of plausible adverse scenarios. Also on an annual basis, the Company performs stress testing in accordance with OSFI Guideline E-18. This testing evaluates the potential effects on the Company's financial condition of a set of specified changes in risk factors, corresponding to exceptional but plausible adverse events. At least annually, the Company performs an Own Risk and Solvency Assessment (ORSA) to determine the minimum amount of capital the Company can hold and still be within its risk appetite (ORSA Capital). The results of this assessment are provided to the Board of Directors.

CGIC and some of its subsidiaries are subject to regulatory capital requirements defined by OSFI and the Insurance Companies Act (Canada). OSFI measures the financial strength of property and casualty insurers using the Minimum Capital Test (MCT). The MCT compares a company's capital, including AOCI, against the risk profile of the organization. The risk-based capital adequacy framework assesses the risk of assets, insurance contracts, structured settlements, letters of credit, derivatives, unlicensed reinsurance and other exposures, by applying varying factors.

The Company's internal target or Minimum Internal MCT is determined through the ORSA Capital, while giving consideration to FCT, internal stress testing results and OSFI's supervisory target MCT. OFSI's supervisory target is 150%. The Company's Minimum Internal MCT, established by the Board of Directors is 180% (2023 – 175%). As at December 31, 2024, the Company and its subsidiaries held capital in excess of both OSFI's target ratio and internal minimums.

20. Expenses by nature

	December 31, 2024 $	December 31, 2023 $
Claims and benefits (including risk adjustment)	**3,668,608**	3,097,430
Losses (recoveries) on onerous insurance contracts	**(41,602)**	9,586
Premium taxes	**183,552**	163,993
Commissions	**639,350**	600,377
Compensation costs	**558,141**	503,099
Retirement benefit obligations (note 15)	**9,162**	8,551
Amortization and depreciation	**24,266**	24,216
Interest expense	**1,434**	1,495
Other	**194,011**	223,109
Total insurance service and other operating expenses	**5,236,922**	4,631,856
Represented by:		
Insurance service expenses	**4,847,799**	4,218,990
Other operating expenses	**389,123**	412,866
Total insurance service and other operating expenses	**5,236,922**	4,631,856

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

21. Consolidated statement of cash flows

a) Other non-cash items

	December 31, 2024 $	December 31, 2023 $
i) Items not requiring the use of cash		
Investing activities losses	**3,135**	18,686
Impairment losses on intangibles (note 12)	**-**	6,250
Expected credit losses (note 7)	**345**	1,618
Amortization and depreciation of:		
Bond premium/discount	**(5,426)**	5,015
Mortgage accretion	**63**	281
Intangible assets (note 12)	**9,409**	9,477
Property and equipment	**3,175**	997
Right-of-use assets	**11,670**	11,606
Change in fair value of FVTPL invested assets (note 7)	**(189,862)**	(118,928)
Deferred income taxes (note 11)	**(12,342)**	(29,887)
Retirement benefit obligations	**4,907**	4,463
	(174,926)	(90,422)
ii) Changes in non-cash operating components		
Insurance contract liabilities	**554,302**	482,828
Reinsurance ceded contract assets	**(120,461)**	(31,780)
Staff share loan plan	**256**	(824)
Other assets	**1,237**	(85,914)
Accounts payable and accrued charges	**28,146**	(3,107)
Income taxes payable (recoverable)	**(50,217)**	234,596
Provisions and other liabilities	**25,215**	20,972
	438,478	616,771

Included in accounts payable and accrued charges are amounts due for unsettled invested asset purchases. Other assets mainly include amounts receivable from unsettled invested asset sales.

b) Supplemental information

	December 31, 2024 $	December 31, 2023 $
Interest and dividends received	**256,202**	239,418
Interest paid	**1,434**	1,495
Net income taxes paid (recovered)	**136,063**	(174,913)

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

22. Related party transactions

The following transactions were carried out with related parties:

December 31, 2024	Associates of companies under common control $	Companies under common control $	Parents $	Total $
Insurance revenue	-	3,535	-	3,535
Insurance service expenses	(125,178)	(40,822)	(6,997)	(172,997)
Net expenses from reinsurance contracts	-	(4,257)	-	(4,257)
Insurance service result	(125,178)	(41,544)	(6,997)	(173,719)
Fees and other income				
Investment counselling services	-	(7,073)	-	(7,073)
Other operating expenses				
Corporate services	-	1,849	247,577	249,426
Employee benefit insurance	-	2,188	-	2,188
	-	4,037	247,577	251,614
Dividends declared	-	-	27,572	27,572
Balances outstanding at year-end				
Reinsurance ceded contract assets	-	27,757	-	27,757
Insurance contract liabilities	-	(14,776)	-	(14,776)
Due from related parties	1,332	3,588	32,981	37,901
Due to related parties	-	34,227	27,731	61,958
Borrowings	-	345	570	915

December 31, 2023	Associates of companies under common control $	Companies under common control $	Parents $	Total $
Insurance revenue	-	3,723	-	3,723
Insurance service expenses	(121,915)	(46,834)	(8,470)	(177,219)
Net expense from reinsurance contracts	-	(3,310)	-	(3,310)
Insurance service result	(121,915)	(46,421)	(8,470)	(176,806)
Fees and other income				
Investment counselling services	-	(5,965)	-	(5,965)
Other investment income	-	-	570	570
Net investment and insurance finance result	-	(5,965)	570	(5,395)
Other operating expenses				
Corporate services	-	1,572	233,275	234,847
Employee benefit insurance	-	3,796	-	3,796
	-	5,368	233,275	238,643
Dividends declared	-	-	25,943	25,943
Balances outstanding at year-end				
Reinsurance ceded contract assets	-	30,098	-	30,098
Insurance contract liabilities	-	2,106	-	2,106
Due from related parties	4,454	2,564	37,836	44,854
Due to related parties	-	36,173	30,954	67,127
Borrowings	-	-	570	570

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

In the table above, the use of the term 'Parents' includes all related party transactions with the immediate and ultimate parent companies, as defined in note 1. Included in 'Companies under common control' are all related party transactions between companies that are controlled by the same ultimate parent company. Included in 'Associates of companies under common control' are related party transactions between the Company and AZGA, which is an associate of CLIC. Included in 'Associates and joint ventures' are all related party transactions where the Company has significant influence or joint control. All transactions between CGIC and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

With the exception of corporate services, which are based on an internal contract, all other services are in the normal course of business and are established at agreed upon terms and conditions.

The amounts due to/from related parties represent current accounts with related parties and are generally settled within 30 days.

Key management personnel of the Company include all directors and executive and senior management. The summary of compensation to key management personnel for the year is as follows:

	December 31, 2024	December 31, 2023
	$	$
Salaries and other short-term benefits	**23,119**	19,124
Post-employment benefits	**2,346**	2,062
Other long-term benefits	**3,185**	3,434
Total compensation of key management personnel	**28,650**	24,620

23. Segmented information

The Company's results of operations are reviewed by senior management and the Board of Directors based on one operating and reporting segment, property and casualty operations.

Regulatory information

The carrying amount of the Company's subsidiaries' aggregate share capital are as follows:

	December 31, 2024	December 31, 2023
	$	$
Sovereign	**200,953**	200,953
CUMIS General	**157,471**	130,471
CIAL	**67,801**	67,801
CSGC	**35,461**	29,529
Total carrying amount of subsidiaries' share capital	**461,686**	428,754

Related party revenue

Less than 1% (2023 – less than 1%) of revenue is generated from related parties.

Geographic information

The Company operates exclusively in Canada, writing business in all provinces and territories.

Major customers

The Company derives its source of revenue from many policyholders, none of which generate more than 10% of the revenue total.

(Amounts in thousands of Canadian dollars, except for per share amounts and where otherwise noted)

24. Contingencies and commitments

The Company is subject to litigation arising in the normal course of conducting its insurance business. As a result of COVID-19, litigation arose pertaining to coverage interpretation, resulting in certain class actions to which the Company is a defendant. The Company is of the opinion that this litigation will not have a significant effect on the financial position, results of operations or cash flows of the Company. In addition, the Company is from time to time subject to litigation other than the litigation relating to claims under its policies. Legal proceedings are often subject to numerous uncertainties and it is not possible to predict the outcome of individual cases. In management's opinion, the Company has made adequate provision for, or has adequate insurance to cover all claims and legal proceedings. Consequently, any settlements reached should not have a material adverse effect on the consolidated financial position of the Company.

The Company provides indemnification agreements for directors, to the extent permitted by law, against certain claims made against them as a result of their services to the Company. The Company purchases directors and officers insurance to mitigate the potential financial impact associated with these commitments. The limits of insurance purchased are compared to Canadian benchmarks obtained from the financial institutions practice of the Company's broker and other industry sources. They are consistent with limits purchased by organizations of similar size and are in amounts management believes to be adequate and reasonable.

The Company has entered into commitments with private equity funds to invest $80,314 (2023 - $80,314) as well as US$203,468 (2023 - US$183,468) of capital contributions into limited partnership structures. Capital contributions may be called upon by the General Partner in such amounts and at such times as the General Partner shall deem appropriate. At December 31, 2024, the Company has provided capital contributions of $314,538 (2023 - $286,045) to finance these limited partnership investments, which are included in note 7.

25. Rate regulated entities

Automobile insurance is regulated as to the nature and extent of benefits in all provinces. Additionally, the establishment and management of rating structures and algorithms, as well as underwriting rules, are regulated in the provinces of Alberta, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador where private insurance systems exist. The Company's access to write automobile insurance is limited and regulated in those provinces with publicly-run automobile insurance programs.

The Company's claims costs are influenced by governments to the extent they pass legislation or regulations that change the nature and extent of benefits and other requirements that impact claims costs and the settlement process.

The Company is subject to three types of regulatory processes, known as rate filings, to modify their rating structures and algorithms. Depending on the content and/or impact of the filing, one process is prescribed in the regulation as follows:

Category	Description
File and use	Insurers file their rates with the regulatory authority and wait a specific amount of time before implementing them
File and approve	Insurers file their rates with the regulatory authority and wait for approval before implementing them
Use and file	Insurers file their rates with the regulatory authority within a specified period after they are implemented

The following table lists the provincial authorities which regulate automobile insurance rates. For the year ended December 31, 2024, automobile insurance revenue in these provinces comprised 45.8% (2023[1] – 43.6%) of the Company's gross insurance revenue during the year.

Jurisdiction	Regulatory authority	Regulatory process
Alberta	Alberta Automobile Insurance Rate Board, Office of the Alberta Superintendent of Insurance	File and use or file and approve
Newfoundland and Labrador	Board of Commissioners of Public Utilities	File and use or file and approve
New Brunswick	New Brunswick Insurance Board	File and approve
Nova Scotia	Nova Scotia Utility and Review Board	File and use or file and approve
Ontario	Financial Services Regulatory Authority	File and use or file and approve
Prince Edward Island	Island Regulatory and Appeals Commission	File and use
Quebec	Autorité des marchés financiers	Use and file

[1]The prior year figure has been restated to align with current year presentation

Corporate directory

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President and
Chief Executive Officer

Jessica Baker
Executive Vice-President and
Chief Retail Sales Officer, Advisor,
Contact Centre and Retail Wealth

Emmie Fukuchi
Executive Vice-President and
Chief Experience Officer

Lisa Guglietti
Executive Vice-President and
Chief Operating Officer,
P&C Insurance Solutions

Paul Hanna
Executive Vice-President,
Member Relations, Governance
and Corporate Services

Karen Higgins
Executive Vice-President and
Chief Financial Officer

Kathleen Howie
Senior Vice-President,
General Counsel and
Associate Secretary

Laura Mably
Executive Vice-President and
Chief Human Resources Officer

Harry Pickett
Executive Vice-President and
Chief Information Officer

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sovereigninsurance.ca

Colette Taylor
Executive Vice-President and
Chief Operating Officer

Share Listings

The Toronto Stock Exchange Symbol
"CCS.PR.C"

Board of Directors

John Harvie

Chairperson
Atlantic

Robert Moreau

Vice-Chairperson
Atlantic

Robert Wesseling

President and
Chief Executive Officer
Ontario

Alberta
Hazel Corcoran
Kate Hill
Jim Laverick

Atlantic
Jim MacFarlane

British Columbia
Phil Baudin
Shelley McDade
Christie Stephenson

Manitoba
Mike Csversko
Rod Wilson

Ontario
Michael Barrett
Brent Clode
Pierre Dorval
Chris Johnson
Nicole Waldron
Jack Wilkinson
Alexandra Wilson

Quebec
François Hastir
Jessica Provencher

Saskatchewan
Lorna Knudson
Jennifer Uhren

Member organizations

The membership of The Co-operators Group Limited consists primarily of co-operative organizations, credit union centrals and representative farm organizations.

Alberta

- Alberta Federation of Agriculture
- Alberta Federation of Rural Electrification Associations
- Credit Union Central Alberta Limited
- Federation of Alberta Gas Co-ops Ltd.
- UFA Co-operative Limited

Atlantic

- Amalgamated Dairies Limited
- Atlantic Central
- Atlantic Retail Co-operatives Federation
- Canadian Worker Co-operative Federation†
- Newfoundland-Labrador Federation of Co-operatives
- Northumberland Cooperative Limited
- Scotian Gold Cooperative Limited
- UNI Coopération financière

British Columbia

- Agrifoods International Cooperative Limited†
- BC Agriculture Council
- BC Tree Fruits Cooperative
- Central 1 Credit Union†
- Modo Co-operative
- PBC Health Benefits Society
- Realize Strategies Co-op

Manitoba

- Arctic Co-operatives Limited
- Bee Maid Honey Limited†
- Caisse Populaire Groupe Financier Ltée
- Credit Union Central of Manitoba Limited
- Keystone Agricultural Producers

Ontario

- Caisse Populaire Alliance Limitée
- Co-operative Housing Federation of Canada†
- Gay Lea Foods Co-operative Limited
- GROWMARK, Inc.
- Ontario Federation of Agriculture
- Ontario Organic Farmers Co-operative Inc.
- St-Albert Cheese Co-operative Inc.
- United Steelworkers – District 6†

Quebec

- Exceldor†
- Le Réseau des coops d'alimentation / ICI COOP
- Fédération des coopératives du Nouveau-Québec / ILAGiiSAQ
- Fédération des coopératives funéraires du Québec
- Fédération québécoise des coopératives de santé
- Fédération québécoise des coopératives en milieu scolaire/ COOPSCO
- Sollio Cooperative Group
- william.coop

Saskatchewan

- Access Communications Co-operative Limited
- Agricultural Producers Association of Saskatchewan
- Credit Union Central of Saskatchewan
- Federated Co-operatives Limited†
- Regina Community Clinic

† Multi-region member

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