



Co-operators General Insurance Company

Unaudited Condensed Consolidated Interim Financial Statements

For the first quarter ended March 31, 2017

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED BALANCE SHEETS
(unaudited)

As at

	March 31, 2017	December 31, 2016
(in thousands of Canadian dollars)	\$	\$
Assets		
Cash and cash equivalents	19,365	44,529
Invested assets (note 3)	4,288,873	4,270,922
Premiums due	760,132	831,478
Income taxes recoverable	15,041	16,336
Reinsurance ceded contracts (note 5)	181,850	236,631
Deferred acquisition expenses	197,921	207,740
Assets held for sale	472	472
Deferred income taxes	97,730	98,587
Intangible assets (note 7)	71,085	70,502
Other assets (note 8)	74,385	77,259
	5,706,854	5,854,456
Liabilities		
Accounts payable and accrued charges	126,610	183,817
Income taxes payable	11,504	16,553
Insurance contracts (note 4)	3,710,220	3,818,688
Borrowings	30,102	17,941
Retirement benefit obligations	112,264	111,083
Deferred income taxes	4,457	4,229
Provisions and other liabilities (note 9)	123,142	123,263
	4,118,299	4,275,574
Shareholders' equity		
Share capital	223,422	222,720
Contributed capital	10,132	10,132
Retained earnings	1,201,691	1,218,439
Accumulated other comprehensive income	153,310	127,591
	1,588,555	1,578,882
	5,706,854	5,854,456

See accompanying notes to condensed consolidated interim financial statements.

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

3 months ended March 31, 2017 (in thousands of Canadian dollars)	Share capital \$	Contributed capital \$	Retained earnings \$	Accumulated other comprehensive income \$	Total shareholders' equity \$
Balance, beginning of period	222,720	10,132	1,218,439	127,591	1,578,882
Net income	-	-	34,552	-	34,552
Other comprehensive income	-	-	-	25,719	25,719
Total comprehensive income	-	-	34,552	25,719	60,271
Staff share loan plan	233	-	-	-	233
Preference shares issued/redeemed	469	-	-	-	469
Dividends declared (note 11)	-	-	(51,250)	-	(51,250)
Premium on redemption of preference shares	-	-	(50)	-	(50)
Balance, end of period	223,422	10,132	1,201,691	153,310	1,588,555

3 months ended March 31, 2016 (in thousands of Canadian dollars)	Share capital \$	Contributed capital \$	Retained earnings \$	Accumulated other comprehensive income \$	Total shareholders' equity \$
Balance, beginning of period	217,495	10,132	1,083,097	147,886	1,458,610
Net income	-	-	39,345	-	39,345
Other comprehensive loss	-	-	-	3,361	3,361
Total comprehensive income	-	-	39,345	3,361	42,706
Staff share loan plan	75	-	-	-	75
Preference shares issued/redeemed	1,217	-	-	-	1,217
Dividends declared (note 11)	-	-	(1,250)	-	(1,250)
Premium on redemption of preference shares	-	-	(34)	-	(34)
Balance, end of period	218,787	10,132	1,121,158	151,247	1,501,324

See accompanying notes to condensed consolidated interim financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(in thousands of Canadian dollars except for earnings per share and weighted average number of common shares)	3 months ended March 31, 2017 \$	3 months ended March 31, 2016 \$
Direct written premium (note 10)	540,288	519,479
Ceded written premium (note 10)	(18,431)	(15,587)
Income		
Net earned premium (note 10)	609,311	588,453
Net investment income and gains (note 3)	62,820	29,729
Fees and other income	1,711	1,436
	673,842	619,618
Expenses		
Claims and adjustment expenses	400,458	376,551
Ceded claims and adjustment expenses	18,325	(3,279)
Premium and other taxes	19,901	18,048
Commissions and advisor compensation	110,732	104,770
Ceded commission	(1,080)	(1,082)
General expenses	80,627	73,312
	628,963	568,320
Income before income taxes	44,879	51,298
Income tax expense (note 6)	10,327	11,953
Net income	34,552	39,345
Earnings per share	1.55	1.78
Weighted average number of common shares	21,458	21,376

See accompanying notes to condensed consolidated interim financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

(in thousands of Canadian dollars)	3 months ended March 31, 2017 \$	3 months ended March 31, 2016 \$
Net income	34,552	39,345
Other comprehensive income		
Items that may be reclassified subsequently to the statement of income:		
Net unrealized gains (losses) on available-for-sale financial assets		
Bonds	21,382	10,218
Stocks	25,692	(1,109)
	47,074	9,109
Net reclassification adjustment for (gains) losses included in net income		
Bonds	3,244	(5,314)
Stocks	(15,413)	613
	(12,169)	(4,701)
Other comprehensive income before income taxes	34,905	4,408
Income tax expense	9,186	1,047
Other comprehensive income	25,719	3,361
Comprehensive income	60,271	42,706

See accompanying notes to condensed consolidated interim financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands of Canadian dollars)	3 months ended March 31, 2017 \$	3 months ended March 31, 2016 \$
Operating activities		
Net income	34,552	39,345
Items not requiring the use of cash (note 12)	(25,376)	6,501
Changes in non-cash operating components (note 12)	(39,955)	(10,097)
Cash provided by (used in) operating activities	(30,779)	35,749
Investing activities		
Purchases and advances of:		
Invested assets	(675,543)	(745,027)
Intangible assets (note 7)	(1,324)	(243)
Property and equipment	(1,741)	(1,426)
Sale and redemption of:		
Invested assets	725,360	713,054
Intangible assets (note 7)	-	146
Assets held for sale	-	2,215
Cash provided by (used in) investing activities	46,752	(31,281)
Financing activities		
Share capital - preference shares issued	2,205	2,253
Share capital - preference shares redeemed	(1,736)	(1,036)
Dividends paid (note 11)	(53,717)	(3,549)
Premium on redemption of preferred shares	(50)	(34)
Cash provided by (used in) financing activities	(53,298)	(2,366)
Net increase (decrease) in cash and cash equivalents less short-term indebtedness	(37,325)	2,102
Cash and cash equivalents less short-term indebtedness, beginning of period	26,588	86,912
Cash and cash equivalents less short-term indebtedness, end of period	(10,737)	89,014
Cash	19,365	89,014
Short-term indebtedness	(30,102)	-
Cash and cash equivalents less short-term indebtedness, end of period	(10,737)	89,014

See accompanying notes to condensed consolidated interim financial statements.

CO-OPERATORS GENERAL INSURANCE COMPANY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(unaudited)

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

1. Nature of operations

Unless otherwise noted or the context otherwise indicates, 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 comprised of CGIC and its wholly owned subsidiaries: The Sovereign General Insurance Company (Sovereign), COSECO Insurance Company (COSECO), L'Équitable, Compagnie d'assurances Générale (L'Équitable), Co-operators Investment Limited Partnership (CILP) and Co-operators Insurance Agencies Limited (CIAL). 100% of the voting rights attached to all the outstanding voting shares or partnership interests of each of Sovereign, COSECO, L'Équitable, CILP and CIAL are held by the Company.

The registered office of the Company is Priory Square, 130 Macdonell Street, Guelph, Ontario. The Company is domiciled in Canada and is incorporated under the Insurance Companies Act (Canada). These condensed consolidated interim financial statements of the Company for the three months ended March 31, 2017 were authorized for issue in accordance with a resolution of the Audit Committee of the Board of Directors on May 1, 2017.

CGIC and certain of its subsidiaries are licensed to write all classes of insurance, other than life, in all provinces and territories in Canada. CGIC and certain of its subsidiaries are regulated by the federal insurance act. The Company must comply with 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 significant accounting policies

Basis of preparation and statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, including International Accounting Standard (IAS) 34, “Interim Financial Reporting”.

The consolidated balance sheets are 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 would typically be considered as current. Certain balances are comprised of both current and non-current amounts.

Seasonality

The property and casualty insurance business is seasonal in nature. Premiums are generally written in annual renewal cycles, often in the second quarter each year. Weather conditions can vary significantly between quarters, with extreme weather conditions historically having an impact on the first and third quarters.

CO-OPERATORS GENERAL INSURANCE COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)

(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

Segmented information

The Company's results of operations are reviewed by senior management and the Board of Directors based on one reporting and operating segment, property and casualty operations. Prior to 2016, results were reviewed and assessed at each legal entity within the consolidated group.

Significant accounting policies

These condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2016.

The significant estimates and judgments made by management in applying accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements of the Company for the year ended December 31, 2016.

3. Invested assets and net investment income and gains

The Company's invested assets are held within CILP, a wholly-owned subsidiary of the Company, established January 1, 2016.

a) Invested assets

	Fair value			Amortized cost Loans and receivables	Carrying value Total
	AFS	Classified FVTPL	Designated FVTPL		
March 31, 2017	\$	\$	\$	\$	\$
Bonds					
Federal	532,563	-	28,992	-	561,555
Provincial	760,277	-	33,699	-	793,976
Municipal	57,232	-	-	-	57,232
Corporate	876,819	-	55,312	-	932,131
Asset-backed securities	46,104	-	5,438	-	51,542
International	45,003	-	-	-	45,003
	2,317,998	-	123,441	-	2,441,439
Stocks					
Canadian common	511,356	-	-	-	511,356
Canadian preferred	7,601	-	380,894	-	388,495
U.S. equities	182,105	-	-	-	182,105
Foreign equities	65,606	-	-	-	65,606
	766,668	-	380,894	-	1,147,562
Short-term investments	87,480	-	-	-	87,480
Limited partnerships	79,261	-	-	-	79,261
Foreign currency forward contracts	-	774	-	-	774
Mortgages	-	-	-	498,970	498,970
Other investments	-	-	-	10,354	10,354
Investment income due and accrued	-	-	-	23,033	23,033
Total invested assets	3,251,407	774	504,335	532,357	4,288,873

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(unaudited)

(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

	Fair Value			Amortized Cost Loans and receivables	Carrying Value Total
	AFS	Classified FVTPL	Designated FVTPL		
December 31, 2016	\$	\$	\$	\$	\$
Bonds					
Federal	545,739	-	24,913	-	570,652
Provincial	739,478	-	27,045	-	766,523
Municipal	57,092	-	-	-	57,092
Corporate	916,030	-	67,427	-	983,457
Asset-backed securities	52,471	-	5,403	-	57,874
International	44,529	-	-	-	44,529
	<u>2,355,339</u>	<u>-</u>	<u>124,788</u>	<u>-</u>	<u>2,480,127</u>
Stocks					
Canadian common	516,418	-	-	-	516,418
Canadian preferred	7,227	-	355,650	-	362,877
U.S. equities	191,455	-	-	-	191,455
Foreign equities	70,636	-	-	-	70,636
	<u>785,736</u>	<u>-</u>	<u>355,650</u>	<u>-</u>	<u>1,141,386</u>
Short-term investments	33,126	-	-	-	33,126
Limited partnerships	72,193	-	-	-	72,193
Foreign currency forward contracts	-	563	-	-	563
Mortgages	-	-	-	513,256	513,256
Other investments	-	-	-	10,354	10,354
Investment income due and accrued	-	-	-	19,917	19,917
Total invested assets	<u>3,246,394</u>	<u>563</u>	<u>480,438</u>	<u>543,527</u>	<u>4,270,922</u>

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 balance sheets 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 and quoted prices for identical or similar instruments exchanged in inactive markets. For financial instruments that do not have directly observable inputs, the fair value is calculated as the present value of the future cash flows considering inputs other than quoted prices that are observable for

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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. Consistent with market participants, the Company determines the fair values of foreign exchange forward contracts by using a discounted cash flow valuation technique using observable market data.

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.

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

	Level 1 - Quoted prices \$	Level 2 - Significant other observable inputs \$	Level 3 - Significant unobservable inputs \$	Total fair value \$
March 31, 2017				
AFS				
Bonds	-	2,317,998	-	2,317,998
Stocks	757,358	7,601	-	764,959
Short-term investments	-	87,480	-	87,480
Limited partnerships	-	-	79,261	79,261
	757,358	2,413,079	79,261	3,249,698
FVTPL				
Bonds	-	123,441	-	123,441
Stocks	380,894	-	-	380,894
Foreign currency forward contracts	-	774	-	774
	380,894	124,215	-	505,109
Total invested assets at fair value	1,138,252	2,537,294	79,261	3,754,807
FVTPL				
Foreign currency forward contracts (note 9)	-	2,225	-	2,225
Total financial liabilities at fair value	-	2,225	-	2,225

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(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

	Level 1 - Quoted prices \$	Level 2 - Significant other observable inputs \$	Level 3 - Significant unobservable inputs \$	Total fair value \$
December 31, 2016				
AFS				
Bonds	-	2,355,339	-	2,355,339
Stocks	776,800	7,227	-	784,027
Short-term investments	-	33,126	-	33,126
Limited partnerships	-	-	72,193	72,193
	776,800	2,395,692	72,193	3,244,685
FVTPL				
Bonds	-	124,788	-	124,788
Stocks	355,650	-	-	355,650
Foreign currency forward contracts	-	563	-	563
	355,650	125,351	-	481,001
Total invested assets at fair value	1,132,450	2,521,043	72,193	3,725,686
FVTPL				
Foreign currency forward contracts (note 9)	-	3,142	-	3,142
Total financial liabilities at fair value	-	3,142	-	3,142

Excluded from these totals are AFS investments of \$1,709 (2016 - \$1,709) in shares of other co-operative entities which are carried at cost as they do not have quoted market prices in active markets.

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

	Limited partnerships \$
3 months ended March 31, 2017	
Balance, beginning of period	72,193
Purchases	7,736
Sales and redemptions	(950)
Gains	
Unrealized included in OCI	282
Balance, end of period	79,261

No investments were transferred between levels during the period (2016 - \$nil).

The investments measured at fair value and classified as Level 3 as at March 31, 2017 are limited partnerships, which represent units of third-party managed private equity funds (Funds). The fair values of limited partnership investments are based on the net asset value (NAV) from each of the individual Funds most recent quarterly or annual financial statements. Limited partnership NAV's are derived by valuation techniques employed by each Funds management using unobservable inputs. The Company assesses the NAV disclosed in each Funds most recent financial statement using independent analytical procedures to ensure the amount is a reasonable representation of fair value. 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.

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(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

The fair value of mortgages at March 31, 2017 is \$508,616 (March 31, 2016 - \$539,014). Mortgages measured at fair value, for disclosure purposes only, are classified as Level 3. 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.

c) Net investment income and gains

	3 months ended March 31, 2017 \$	3 months ended March 31, 2016 \$
Interest income	19,693	20,214
Dividend and other income	9,126	6,847
Investment expense	(1,567)	(992)
Net investment income	27,252	26,069
Net realized gains	10,640	2,680
Net foreign exchange gains	3,439	13,365
Change in fair value	21,489	(11,638)
Impairment losses	-	(747)
Net investment gains	35,568	3,660
Net investment income and gains	62,820	29,729

4. Insurance contracts

Insurance contracts are comprised of the following balances:

	As at March 31, 2017 \$	As at December 31, 2016 \$
Undiscounted unpaid claims and adjustment expenses	2,373,310	2,401,407
Effect of time value of money	(101,407)	(104,597)
Provisions for adverse deviation	236,165	233,509
Effect of discounting	134,758	128,912
Discounted unpaid claims and adjustment expenses	2,508,068	2,530,319
Unearned premiums	1,202,152	1,288,369
	3,710,220	3,818,688

The most recent set of annual consolidated financial statements provides a summary of the Company's unpaid claims and adjustment expense provision and unearned premiums by type of insurance contract both before and after reinsurance.

5. Reinsurance contracts

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.

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(unaudited)

(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

The Company's net retentions are as follows:

	As at March 31, 2017 \$	As at December 31, 2016 \$
Individual loss		
Property	7,500	7,500
General liability	5,000	5,000
Automobile	5,000	5,000
Catastrophe		
Maximum limit	1,450,000	1,300,000
Company retention	70,000	70,000

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 \$70,000 in incurred claims.

The amounts presented under reinsurance ceded contracts in the consolidated balance sheets represent the Company's net contractual rights under reinsurance contracts and consist of the following:

	As at March 31, 2017 \$	As at December 31, 2016 \$
Reinsurance ceded assets		
Reinsurers' share of unearned premiums	5,679	6,088
Reinsurers' share of unpaid claims and adjustment expenses	234,834	297,923
Reinsurer receivables	20,636	26,944
	261,149	330,955
Reinsurance ceded liabilities		
Unearned reinsurance commissions	1,864	1,864
Payable to reinsurers	2,175	2,679
Unlicensed reinsurer deposits	75,260	89,781
	79,299	94,324
Reinsurance ceded contracts	181,850	236,631

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(unaudited)

(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

6. Income taxes

Reconciliation to statutory income tax rate

In the consolidated statements of income, the income taxes reflect an effective tax rate which differs from the statutory tax rate for the following reasons:

	3 months ended March 31, 2017		3 months ended March 31, 2016	
	\$	%	\$	%
Income before income taxes	44,879		51,298	
Income tax expense at statutory rates	12,117	27.0	13,850	27.0
Effects of:				
Non-taxable investment income	(1,956)	(4.4)	(1,753)	(3.4)
Non-deductible expenses	107	0.2	132	0.3
Change in income tax rates	(16)	-	(185)	(0.4)
Other	75	0.2	(91)	(0.2)
Income tax expense	10,327	23.0	11,953	23.3

7. Intangible assets

	Goodwill	Licenses	Software	Broker Customer Lists	Total
	\$	\$	\$	\$	\$
Cost					
January 1, 2016	1,076	43,750	18,395	20,453	83,674
Additions	-	6,250	-	3,906	10,156
December 31, 2016	1,076	50,000	18,395	24,359	93,830
Additions	-	-	-	1,324	1,324
March 31, 2017	1,076	50,000	18,395	25,683	95,154
Accumulated amortization					
January 1, 2016	-	-	17,642	3,176	20,818
Amortization	-	-	255	2,255	2,510
December 31, 2016	-	-	17,897	5,431	23,328
Amortization	-	-	64	677	741
March 31, 2017	-	-	17,961	6,108	24,069
Net carrying value					
December 31, 2016	1,076	50,000	498	18,928	70,502
March 31, 2017	1,076	50,000	434	19,575	71,085

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(unaudited)

(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

8. Other assets

	As at March 31, 2017 \$	As at December 31, 2016 \$
Due from related parties	25,316	29,191
Reinsurance assumed receivables	922	1,104
Property and equipment	27,834	28,521
Due from risk sharing pools	6,776	5,223
Income from investments in joint ventures	8,759	8,900
Prepaid expenses	2,280	785
Other	2,498	3,535
	74,385	77,259

9. Provisions and other liabilities

	As at March 31, 2017 \$	As at December 31, 2016 \$
Provision for advisor transition commissions	102,947	101,271
Advisor transition commission payable	11,057	11,753
Other provisions	4,556	2,208
Foreign currency forward contracts (note 3)	2,225	3,142
Other liabilities	2,357	4,889
	123,142	123,263

10. Net earned premium

	3 months ended March 31, 2017 \$	3 months ended March 31, 2016 \$
Direct written premium	540,288	519,479
Assumed written premium	1,646	2,039
Gross written premium	541,934	521,518
Ceded written premium	(18,431)	(15,587)
Net written premium	523,503	505,931
Change in gross unearned premium	86,217	83,355
Change in ceded unearned premium	(409)	(833)
Net earned premium	609,311	588,453

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(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

11. Share capital

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

For the three months ended March 31, 2017, the Company issued 22,054 (2016 - 22,533) Class A preference shares, series B for \$2,205 (2016 - \$2,253) and redeemed 16,362 shares (2016 - 9,686) for \$1,636 (2016 - \$969). The Company redeemed 3,996 (2016 - 2,691) Class A preference shares, series A for \$100 (2016 - \$67).

Dividends are as follows:

	3 months ended March 31, 2017				3 months ended March 31, 2016			
	Declared \$	Declared per share \$	Paid \$	Paid per share \$	Declared \$	Declared per share \$	Paid \$	Paid per share \$
Class A, series A	-	-	162	-	-	-	169	0.94
Class A, series B	-	-	1,578	-	-	-	1,403	2.50
Class B	-	-	1	-	-	-	1	1.25
Class D, series A	-	-	35	-	-	-	35	2.50
Class D, series B	-	-	106	-	-	-	106	2.50
Class D, series C	-	-	108	-	-	-	108	2.50
Class E, series C	1,250	0.31	1,250	0.31	1,250	0.31	1,250	0.31
Class F, series A	-	-	458	-	-	-	458	0.94
Class G, series A	-	-	19	-	-	-	19	1.25
Common shares	50,000	2.33	50,000	2.33	-	-	-	-
	51,250		53,717		1,250		3,549	

During the three months ended March 31, 2017, the Company declared and paid common dividends to its parent for \$50,000 (2016 - \$nil).

CO-OPERATORS GENERAL INSURANCE COMPANY
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)

(Amounts in thousands of Canadian dollars, except for per share, weighted average number of common shares and where otherwise noted)

12. Statement of cash flows - other non-cash items

	3 months ended March 31, 2017 \$	3 months ended March 31, 2016 \$
i) Items not requiring the use of cash		
Investing activities gains	(14,079)	(16,045)
Loss on disposal	-	(412)
Amortization and depreciation of:		
Bond premium/discount	4,702	5,027
Mortgage accretion	202	-
Intangible assets (note 7)	741	591
Property and equipment	2,426	2,419
Change in fair value of FVTPL invested assets (note 3)	(21,489)	11,638
Impairment losses (note 3)	-	747
Deferred income taxes	799	1,371
Retirement benefit obligations	1,181	1,165
Income from investments in joint ventures	141	-
	(25,376)	6,501
ii) Changes in non-cash operating components		
Other		
Insurance contracts	(108,468)	(33,263)
Reinsurance ceded contracts	54,781	2,270
Premiums due	71,346	59,788
Deferred acquisition expenses	9,819	11,853
Staff share loan plan	233	75
Accounts receivable and other assets	(1,070)	7,118
Accounts payable and accrued charges	(54,738)	(50,881)
Income taxes payable/recoverable	(12,654)	(8,006)
Provisions and other liabilities	796	949
	(39,955)	(10,097)