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– 2021 – Annual Report



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Protecting Canadian policyholders – Assuris has your back.

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Message from the Chair of the Board of Directors

In 2021, we welcomed our new President & CEO, Paul Petrelli. This brought forth a fresh perspective on both the management of the organization and its strategic direction for the future.

Frank Swedlove
Chair of the Board of Directors

Looking Forward

Assuris must be resolution ready. Being resolution ready means being able to respond quickly if a life insurance company fails. An effective and quick resolution will protect policyholders and will be more cost effective - in other words, minimize cost to the industry. But more importantly, a successful resolution will maintain confidence in our industry.

Amplifying our Voice

Assuris wants to build a strong relationship with its stakeholders other than in a crisis when a life insurance company fails. We firmly believe that strong relationships today are critical to effectively dealing with a potential future failure.

The communication plan is a key component of our strategic priority to ensure that Assuris continues to be resolution ready. We need to get the message out to policyholders that “you have Assuris’ protection.” The first time that Canadians hear about Assuris should not be at the time of a life insurance company failure. More frequent and targeted communication to our stakeholders - specifically, policyholders and financial advisors - will build trust and confidence in Assuris and the life insurance industry.

Protecting Canadian Policyholders

Another key component to being ready to deal with a troubled life insurance company is to ensure that we have the most robust policyholder protection in place. Over the next year, we will set a clear path to review our current benefits protection. As such, through collaboration with our member companies, regulators, and other industry partners, we intend to increase our protection levels to better protect Canadian policyholders. We want Canadian policyholders to know – Assuris has their backs.

Acknowledgments

My first year as Chair of the Board of Directors at Assuris has been challenging, but also extremely rewarding. With an ambitious agenda for 2022 and beyond, I look forward to many initiatives that will enhance protection for Canadian policyholders.

I would like to take this opportunity to thank my predecessor Dan Thornton, for his decade long service to the Board and Chair for the past four years. He was a great leader and his contributions to the Board will be greatly missed.

I am grateful to the members of the Board for their support and for their service to Assuris. I also want to acknowledge the tremendous contribution of our members serving on our Industry Advisory Committee (IAC). The IAC is incredibly valuable in encouraging the exchange of information and providing advice on key industry issues.



President & CEO's message

I remain excited and humbled to be part of the Assuris team. When I joined Assuris, in January 2021, the pandemic was still raging in Canada and the future looked uncertain. This past year amplified how important our mission of protecting Canadian policyholders is. As we transition to a new normal, we at Assuris, are committed to delivering on our top priorities.

Resolution Ready

We focus on being ready to protect Canadian policyholders if a life insurance company is in trouble. We understand and anticipate the industry-wide and company-specific scenarios that could cause a member to fail, and tailor our risk detection and resolution work to our different member segments. We sharpen our company risk and resolution expertise by developing and deploying our resolution tool kit through frequent resolution preparedness testing.

Stakeholder Engagement

We build and maintain strong relationships with our stakeholders by purposefully engaging with each stakeholder in a manner that is relevant to that stakeholder. We firmly believe that strong relationships today are critical to effectively dealing with a potential future failure.

Operational Excellence

We deliver excellence in everything we do and approach our work with a continuous improvement mindset. We match our members' high expectations for sound financial discipline, effective risk management, best practices in corporate governance, leading human resources practices and highly secure technology for our members' regulatory filings.

I want to say thank you to the Assuris team for their commitment and excellent work in completing a successful year. I also want to thank the Board of Directors for their significant contributions and support during my first year at Assuris. Together, with the backing of the life insurance industry, we are committed to our mission of protecting Canadians' financial well-being and further strengthening confidence and trust in the life insurance industry.

Paul Petrelli

Paul Petrelli
President & CEO

Our Mission

Assuris is the not for profit organization that protects Canadian policyholders if their life insurance company fails.

Our Values



Protection at a Glance

Assuris provides protection to Canadian policyholders for benefits under products issued by life insurance companies in Canada.

Assuris provides separate protection for individual, group, registered and non-registered benefits. Assuris also provides separate protection for individual Tax-Free Savings Accounts and group Tax-Free Savings Accounts invested in accumulation annuities.

Death Benefits, Health Expense, Monthly Income, Cash Values

If a member life insurance company fails, Assuris will seek to transfer the policies to a solvent company. Assuris guarantees that policyholders will retain at least 85% of the insurance benefits they were promised. Insurance benefits include Death Benefit, Health Expense, Monthly Income and Cash Values. Assuris provides 100% protection when benefits are below certain dollar values.

Benefits	Protection	or 85%, whichever is higher
Death Benefit	\$200,000	
Health Expense	\$60,000	
Monthly Income	\$2,000/month	
Cash Values	\$60,000	

Accumulated Values

Assuris will seek to transfer investment products to a solvent company. For these products, Assuris guarantees that policyholders will retain 100% of their Accumulated Value up to a maximum of \$100,000. Investment products include accumulation annuities, universal life overflow accounts and dividend deposit accounts.

Benefits	Protection
Accumulated Value	Up to \$100,000

For more information on Assuris and its protection, please visit www.assuris.ca 

2021 Corporate Governance Compliance Report

Board of Directors	<ul style="list-style-type: none"> ✓ ✓ 	<p>All directors, except for the President & CEO, retained their independence from the Corporation.</p> <p>Mr. Frank Swedlove was elected as Chair of the Board by the directors following the Annual General Meeting.</p>
Role of the Board	<ul style="list-style-type: none"> ✓ 	<p>The Board satisfied itself that the Corporation is managed in a manner that permits it to effectively and efficiently fulfill its mission, values and vision.</p>
Position Descriptions	<ul style="list-style-type: none"> ✓ 	<p>There are approved position descriptions for the Chair of the Board, Chairs of the Committees, Directors and the President & CEO.</p>
Director Orientation & Continuing Education	<ul style="list-style-type: none"> ✓ ✓ ✓ 	<p>The new directors, Mses. Eprile and Federau, received director orientation sessions with management which covered the strategic direction of the Corporation and an overview of each operational area.</p> <p>Throughout the year, the Board participated in presentations and education sessions by Assuris staff, professionals in the life insurance industry, and guest speakers.</p> <p>Assuris held a Directors' Conference as part of continuing education for the Board focused on key issues affecting the life insurance industry.</p>
Confidentiality	<ul style="list-style-type: none"> ✓ ✓ 	<p>All information received from Members and regulators and the analysis of that information is considered restricted and was kept confidential by the Corporation.</p> <p>Directors confirmed that they read the confidentiality guidelines, understood their duties of confidentiality to Assuris and signed the confidentiality agreement.</p>
Independence	<ul style="list-style-type: none"> ✓ 	<p>All directors maintained their independence from Members.</p>
Conflicts of Interest – Personal Gain	<ul style="list-style-type: none"> ✓ ✓ ✓ 	<p>Directors confirmed that they did not use their position at Assuris, or information obtained from Assuris for personal gain.</p> <p>The Compliance Officer reported to the Corporate Governance & Nominating Committee that there were no transactions with related parties.</p> <p>The Compliance Officer reported that there were no conflicts of interest with respect to a transaction or with any other matter being considered by the Board.</p>

2021 Corporate Governance Compliance Report

Compensation of Directors	✓	A three-year review of director compensation was completed in 2020. In consultation with the Industry Advisory Committee, the Board approved setting the directors' annual cash compensation retainer at P50, based on the proxy market. The increase includes an adjustment of 7.5% annually to reach P50 by 2023. After 2023, a market average increase of approximately 2.5% will be implemented annually to maintain appropriate director compensation.
Nomination of Directors	✓ ✓	Mr. Dan Thornton and Ms. Greta Cusworth retired from the Board at the end of their respective terms. Ms. Brenda Eprile and Monika Federau were elected to the Board by the Members at the Annual General Meeting in May.
Committees of the Board	✓ ✓	The Board approved the structure of the committees. Each committee of the Board reviewed its written mandate.
Audit Committee	✓ ✓	All directors in the Audit Committee are financially literate. The education and experience of each Audit Committee member that is relevant to the performance of their responsibilities is available on the Assuris Website. In 2021, total fees paid by the Corporation to the external auditors for Audit services were \$81,000. There were no fees paid for non-audit services.
Evaluations	✓	The Board approved the updated governance practices for the surveys and questionnaires used to evaluate the effectiveness of the Board, the Chair and the directors.
Reporting	✓ ✓ ✓	The Board reviewed the performance of each Committee against its mandate and accepted that the Committees had satisfactorily carried out their respective mandates. The Chair of the Corporate Governance & Nominating Committee met with each director individually. The Board reviewed its performance against the Role of the Board, and determined that it had fulfilled the Role of the Board.
Our Guidelines and Practices	✓	This Report on Compliance with the Guidelines was accepted by the Corporate Governance & Nominating Committee and approved by the Board for publication in the Annual Report.

Summary of Board and Committee Meetings Attended for the Year ended December 31, 2021

Board Meetings Attended	
Denis Berthiaume	9 of 9
Alain Brunet	9 of 9
Greta Cusworth	3 of 3**
Micheline Dionne	9 of 9
Brenda Eprile	5 of 5*
Monika Federau	5 of 5*
Tricia O'Malley	9 of 9
Paul Petrelli	9 of 9
Janis Sarra	9 of 9
Frank Swedlove	9 of 9
Dan Thornton	3 of 3**
Mark Zelmer	9 of 9

Committee Meetings Attended	
Denis Berthiaume	13 of 13
Alain Brunet	11 of 11
Greta Cusworth	5 of 5**
Micheline Dionne	11 of 11
Brenda Eprile	6 of 6*
Monika Federau	6 of 6*
Tricia O'Malley	11 of 11
Paul Petrelli	6 of 6
Janis Sarra	13 of 13
Frank Swedlove	14 of 14
Dan Thornton	10 of 10**
Mark Zelmer	10 of 10

* Mses. Eprile and Federau joined the Board in May 2021

** Ms. Cusworth and Mr. Thornton retired from the Board in May 2021

Financial Overview

A Specific Assessment was collected from the members beginning in 2017. The purpose of this assessment is to increase the Liquidity Fund to a Base Level of \$200 million by 2021. This Fund provides immediate cash to meet Assuris' obligations in any future insolvency before assessing members. Our Liquidity Fund was \$202 million at December 31, 2021.

Statement of Financial Position

Assets and Liabilities

Total assets of \$206.7 million consists of \$203.3 million of liquid bonds, \$1.1 million of cash and cash equivalents, \$0.9 million of right of use asset, \$0.8 million of accrued investment income and \$0.6 million of other assets.

Total liabilities of \$2.7 million consists of \$1.7 million of accounts payable, accrued liabilities and employee future benefits, \$1.0 million of lease liability.

Statement of Comprehensive Income

Revenue and Expenses

Total revenue of \$8.2 million is from an Administrative Assessment to Members of \$6.0 million and an investment income of \$2.2 million from bonds and short-term investments.

Total overall operating expenses are \$7.6 million.

Management Statement of Responsibilities For Financial Reporting

The consolidated financial statements are the responsibility of management and have been prepared in conformity with International Financial Reporting Standards (IFRS). Management has exercised its judgement and made best estimates when deemed appropriate. In the opinion of management, the consolidated financial statements fairly reflect the financial position and results of operations of Canadian Life and Health Insurance Compensation Corporation ("Assuris").

Management has established and maintains a system of internal controls that provides reasonable assurance that assets are protected from unauthorized disposition and that financial records are complete and accurate. Management continually monitors the system of internal controls for compliance.

The Board of Directors is responsible for approving the financial statements. The Audit Committee of the Board, comprised of directors who are neither officers nor employees of the Corporation, oversees management's responsibility for the financial statements and the internal control system. It meets regularly with the external auditors without the presence of management. The Audit Committee then submits its report to the Board of Directors recommending the approval of the financial statements.



Paul Petrelli
President & CEO



Aby Jain
Controller

Toronto, Canada
February 23, 2022

Independent auditor's report

To the Members of Canadian Life and Health Insurance Compensation Corporation (Assuris)



Independent auditor's report

To the Members of Canadian Life and Health Insurance Compensation Corporation (Assuris)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Canadian Life and Health Insurance Compensation Corporation (Assuris) and its subsidiary (together, the Corporation) as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in members' funds for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies 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 Corporation 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.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 24, 2022

Consolidated Statement of Financial Position

December 31, 2021
with comparative figures for 2020

(in thousands of dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Assets		
Cash and cash equivalents	\$ 1,147	\$ 1,099
Bonds (note 6)	196,238	182,938
Exchange Traded Funds (note 6)	7,054	7,296
Total Investments	203,292	190,234
Accrued investment income	800	761
Accounts receivable and prepaids	174	98
Property and equipment (note 7)	398	497
Right of use asset – office premises (note 8)	908	1,046
Total Assets	206,719	193,735
Liabilities		
Accounts payable and accrued liabilities	1,184	939
Employee future benefits (note 9)	535	479
Lease liability – office premises (note 8)	961	1,086
Total Liabilities	2,680	2,504
Members' Funds		
Administrative	1,730	3,142
Liquidity	202,035	184,770
Accumulated Other Comprehensive Income		
Net unrealized gain (loss) on investments	274	3,319
Total Members' Funds	204,039	191,231
Total Liabilities and Members' Funds	206,719	193,735

On behalf of the Board:



Director



Director

Consolidated Statement of Comprehensive Income

December 31, 2021
with comparative figures for 2020

(in thousands of dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue		
Investment income (note 10)	\$ 2,203	\$ 3,088
Administrative assessment (note 12)	6,000	6,000
Operating Revenue	8,203	9,088
Expenses		
Salaries and benefits	4,698	3,844
Professional fees	707	1,041
Directors' fees	630	530
Travel and meetings	67	35
External services	369	226
General office and administration	1,079	1,041
Operating expenses	7,550	6,717
Net Operating Income	653	2,371
Members' Contributions		
Specific Assessment (note 11)	15,200	15,200
Net Income	15 853	17,571
Other Comprehensive Income (OCI)		
OCI, beginning of the year	3,319	(123)
OCI, end of the year	274	3,319
Net change during the year	(3,045)	3,442
Total Comprehensive Income	12,808	21,013

Consolidated Statements of Changes in Members' Funds

December 31, 2021
with comparative figures for 2020

(in thousands of dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Members' Funds, beginning of the year (note 5(c))	\$ 187,912	\$ 170,341
Accumulated OCI, beginning of the year	3,319	(123)
Total members' funds, beginning of the year	191,231	170,218
Total comprehensive income	12,808	21,013
Members' Funds, end of the year	204,039	191,231

Consolidated Statement of Cash Flows

December 31, 2021
with comparative figures for 2020

(in thousands of dollars)

	Year ended December 31, 2021	Year ended December 31, 2020
Cash Flows from Operating Activities		
Administrative Fund		
Cash received from:		
Investment income	\$ 3,603	\$ 4,643
Administrative Assessment	5,994	5,994
Cash used for:		
Salaries and employee benefits	(4,587)	(3,656)
Professional and directors' fees	(1,215)	(1,528)
Supplies and services	(1,227)	(1,124)
Liquidity Fund		
Cash received from:		
Specific Assessment	15,200	15,200
Cash provided from Operating Activities	17,768	19,529
Cash Flows from Investing Activities		
Sale and Maturity of bonds	88,820	47,005
Purchase of bonds	(106,361)	(66,110)
Cash used to purchase property and equipment	(30)	(109)
Net Cash Used for Investing Activities	(17,571)	(19,214)
Cash Flows from Financing Activities		
Lease liability – principal portion	(149)	(144)
Increase (Decrease) in Cash and Cash Equivalents	48	171
Cash and cash equivalents, beginning of the year	1,099	928
Cash and Cash Equivalents, end of the year	1,147	1,099

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

1. Reporting entity

Canadian Life and Health Insurance Compensation Corporation (“Assuris,” the “Corporation”) is a federally incorporated not-for-profit organization established to provide Canadian policyholders with specified levels of protection against loss of benefits due to the financial failure of their life insurance company. All insurance companies that are licensed to issue policies covered by the Corporation are Members. As a not-for-profit organization, the Corporation is exempt from income taxes under the Income Tax Act.

For a full description of the protection provided, assessment principles and other corporate matters, reference should be made to the Corporation’s By-Laws and Memorandum of Operation.

The Corporation is domiciled in Canada. The address of the Corporation’s registered office is 250 Yonge Street, Suite 3110, P.O. Box 23, Toronto, Ontario M5B 2L7.

2. Basis of preparation

(a) Statement of compliance

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

The consolidated financial statements for the year-ended December 31, 2021, were approved for issue by the Board of Directors on February 24, 2022.

(b) Basis of consolidation

The consolidated financial statements of the Corporation for the year ended December 31, 2021, include the funds of the Corporation, and its direct wholly-owned subsidiary CompCorp Life Insurance Company (“CompCorp Life”). All inter-company transactions are eliminated upon consolidation.

(c) Funds

The Corporation is funded by assessments levied on its Members.

Administrative assessments are assessed to Members to cover the administrative costs of the Corporation. Each member is assessed \$6,000 plus an amount based on its capital required in Canada as filed with its solvency regulator.

Specific Assessments are assessed to Members to cover the costs of protecting the policyholders of a failed Member or to provide funds to the Liquidity Fund. Each Member’s assessment is based on its capital required in Canada as filed with its solvency regulator.

Extraordinary assessments may be made to cover the costs of protecting the policyholders of a failed Member. Each Member’s extraordinary assessment is based on its premium income from policies written after a date after the failure.

Notes to Consolidated Financial Statements

Assessments are recognized on an accrual basis as revenue or contributions to the appropriate restricted funds. Investment income earned by the funds is recognized in the respective fund.

The Administrative Fund and the Liquidity Fund are considered by management to be internally restricted under the By-Laws, which define the purpose and the assessment process for each fund. The By-Laws also outline the permitted transfers between the funds.

The Administrative Fund represents the income and costs of administration not associated with a particular insolvency.

The Liquidity Fund provides the Corporation with a source of liquid assets to provide immediate support to the policyholders of a Member determined by the Board to be a “Troubled Member.”

The fund is not designed to provide for the cost of supporting policyholders. When the Board authorizes the Corporation to make a financial commitment to a Troubled Member, a separate fund will be established to account for the costs and obligations to that Member. Transfers from the Liquidity Fund to this separate fund, which reduces the Liquidity Fund to below its target level, will be recorded as an inter-fund receivable. Assessments to Members to cover funding needs in connection with the Troubled Member will be recognized as income in the separate fund.

(d) Basis of measurement

The consolidated financial statements of the Corporation have been prepared on the historical cost basis, except for bonds, which are carried at fair value through other comprehensive income, and Exchange Traded Funds (ETFs) which are carried at fair value through income.

(e) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency. Except as otherwise indicated, all financial information presented in Canadian dollars has been rounded to the nearest thousand.

(f) Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

(g) Liquidity format

The Corporation presents its consolidated statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in note 5.

(h) COVID-19 disclosure

Assuris has continued to monitor the development of COVID-19 pandemic and taken a number of measures to mitigate its effects. Our Business Continuity Plan allowed employees to work from home and ensured business as usual through the pandemic.

Notes to Consolidated Financial Statements

At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case. We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our employees.

COVID-19 did not have any impact on the liquidity of Assuris itself. However, to ensure we have sufficient funds available quickly in case of any failure in the industry, a more conservative investing strategy was adopted to maintain high liquidity of our investment portfolio by reinvesting only in Government of Canada Bonds, see note 6 Investments for reference.

3. Significant accounting policies

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

(a) Cash and cash equivalents

Cash and cash equivalents are highly liquid investments composed of bank balances, overnight bank deposits and short-term investments with original maturities of three months or less. They are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Interest income is recorded on an accrual basis.

(b) Investments

The Corporation classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Corporation's business model for managing the financial assets and the contractual terms of the cash flows.

At initial recognition, the Corporation measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Bonds are carried at fair value through other comprehensive income (FVOCI). The Corporation holds bonds to collect contractual cash flows and to sell. Contractual cash flows represent solely payments of principal and interest. Interest income is recorded on an accrual basis using the effective interest rate method. Realized gains and losses are recognized immediately in profit or loss.

Exchange Traded Funds (ETFs) are measured at fair value through profit or loss. Interest income is recorded on an accrual basis using the effective interest rate method. Unrealized and realized gains or losses are recognized immediately in profit or loss.

Cash and cash equivalents, accrued investment income and accounts receivable are measured at amortized cost.

The Corporation assesses on a forward-looking basis, the expected credit losses associated with assets carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Corporation considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Corporation compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, including external credit ratings, actual or expected adverse changes in business, and other external factors.

Notes to Consolidated Financial Statements

(c) Property and equipment

Property and equipment consist of computer equipment, software and leasehold improvements, measured at cost less accumulated depreciation and accumulated impairment losses if any. Computer equipment and software are depreciated over four years on a straight-line basis. Leasehold improvements are amortized over the lease term of ten years on a straight-line basis.

(d) Employee future benefits

Executives of the Corporation are eligible to earn awards under the Long-Term Incentive Plan (LTI). These awards are determined based on the executive's performance in the year before the award is granted. The award is adjusted based on corporate performance over the next three years and paid at the end of that period. A payment will be made only if the executive is still employed by the Corporation and the corporate performance has been satisfactory. The LTI liability is recognized over the four-year performance period and reported on the Statement of Financial Position. Similarly, the expense is recognized each year over the four-year period as the corporate performance is achieved, and the employee is still in service. The expenses for the year are recorded in salaries and benefits.

(e) Revenue Recognition

The Corporation is funded by an annual Administrative Assessment assessed to Members and recorded as revenue. This revenue is recognized over the same fiscal year as the Corporation's performance obligation to Members is fulfilled.

(f) Lease

As a lessee, the Corporation recognized the right-of-use asset representing its rights to use the underlying asset and lease liabilities representing its obligation to make future lease payments, in the Consolidated Statement of Financial Position.

The lease liability is initially measured at the present value of the non-cancellable lease payments over the lease term and discounted at the Corporation's incremental borrowing rate. The Corporation uses the bankers' acceptance rate compounded annually as the proxy of the incremental borrowing rate. Lease payments include:

- fixed payments, less any lease incentives receivable,
- payments or penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The right-of-use asset is measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability,
- lease payments made at or before the lease commencement date, less lease incentives received,
- initial direct costs, and
- restoration obligations.

The right-of-use asset is subsequently measured at amortized cost. The asset is depreciated over lease term, on a straight-line basis.

Extension and termination options exist for the Corporation's property lease. The Corporation re-measures the lease liability when there is a change in the assessment of the inclusion of the extension option in the lease term resulting from a change in facts and circumstances.

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

4. Timing of Expected Recovery or Settlement of Assets and Liabilities

	December 31, 2021			December 31, 2020		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	\$ 1,147	\$ -	\$ 1,147	\$ 1,099	\$ -	\$ 1,099
Bonds	74,810	121,428	196,238	83,030	99,908	182,938
ETFs	-	7,054	7,054	-	7,296	7,296
Accrued investment income	800	-	800	761	-	761
Accounts receivable and prepaids	174	-	174	98	-	98
Right of use asset – office premises	138	770	908	137	909	1,046
Total Assets	77,069	129,252	206,321	85,125	108,113	193,238
Liabilities						
Accounts payable and accrued liabilities	1,184	-	1,184	939	-	939
Employee future benefits	208	327	535	191	288	479
Lease liability – office premises	135	826	961	125	961	1,086
Total Liabilities	1,527	1,153	2,680	1,255	1,249	2,504

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

5. Administrative Fund and Liquidity Fund Information

(a) Consolidated Statement of Financial Position

	Administrative Fund	Liquidity Fund	Year ended December 31, 2021	Administrative Fund	Liquidity Fund	Year ended December 31, 2020
Assets						
Cash and cash equivalents	\$ 155	\$ 992	\$1,147	\$ 362	\$ 737	\$ 1,099
Bonds (note 6)	2,625	193,613	196,238	3,575	179,363	182,938
Exchange Traded Funds (note 6)	-	7,054	7,054	-	7,296	7,296
Total Investments	2,625	200,667	203,292	3,575	186,659	190,234
Accrued investment income	159	641	800	124	637	761
Accounts receivable and prepaids	174	-	174	98	-	98
Equipment (note 7)	398	-	398	497	-	497
Right of use asset-office premises (note 8)	908	-	908	1,046	-	1,046
Total Assets	4,419	202,300	206,719	5,702	188,033	193,735
Liabilities						
Accounts payable and accrued liabilities	1,171	13	1,184	933	6	939
Employee future benefits (note 9)	535	-	535	479	-	479
Lease liability – office premises (note 8)	961	-	961	1,086	-	1,086
Total Liabilities	2,667	13	2,680	2,498	6	2,504
Members' Funds (note 5(c))						
Administrative	1,730	-	1,730	3,142	-	3,142
Liquidity	-	-	202,035	-	184,770	184,770
Accumulated Other Comprehensive Income						
Net unrealized loss on investments	22	252	274	62	3,257	3,319
Total Members' Funds	1,752	202,287	204,039	3,204	188,027	191,231
Total Liabilities and Members' Funds	4,419	202,300	206,719	5,702	188,033	193,735

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

5. Administrative Fund and Liquidity Fund Information

(b) Consolidated Statement of Comprehensive Income

	December 31, 2021			December 31, 2020		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
Revenue						
Investment income (note 10)	\$ 35	\$ 2,168	\$ 2,203	\$ 57	\$ 3,031	\$ 3,088
Administrative Assessment (note 12)	6,000	-	6,000	6,000	-	6,000
	6,035	2,168	8,203	6,057	3,031	9,088
Expenses						
Salaries and benefits	4,698	-	4,698	3,844	-	3,844
Professional fees	707	-	707	1,041	-	1,041
Directors' fees	630	-	630	530	-	530
Travel and meetings	67	-	67	35	-	35
External services	369	-	369	226	-	226
General office and administration	976	103	1,079	956	85	1,041
Operating expenses	7,447	103	7,550	6,632	85	6,717
Net Operating Income	(1,412)	2,065	653	(575)	2,946	2,371
Members' Contributions						
Specific Assessment (note 11)	-	15,200	15,200	-	15,200	15,200
Net Income	(1,412)	17,265	15,853	(575)	18,146	17,571
Other Comprehensive Income (OCI)						
OCI, beginning of the year	62	3,257	3,319	-	(123)	(123)
OCI, end of the year	22	252	274	62	3,257	3,319
Net change during the year	(40)	(3,005)	(3,045)	62	3,380	3,442
Total Comprehensive Income (Loss)	(1,452)	14,260	12,808	(513)	21,526	21,013

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

5. Administrative Fund and Liquidity Fund Information

(c) Consolidated Statement of Changes in Members' Funds

	December 31, 2021			December 31, 2020		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
Members' Funds, beginning of the year	\$ 3,142	\$ 184,770	\$ 187,912	\$ 3,717	\$ 166,624	\$ 170,341
Accumulated other comprehensive income	62	3,257	3,319	-	(123)	(123)
Total members' funds, beginning of the year	3,204	188,027	191,231	3,717	166,501	170,218
Total Comprehensive Income	(1,452)	14,260	12,808	(513)	21,526	21,013
Members' Funds, end of the year	1,752	202,287	204,039	3,204	188,027	191,231

6. Investments

(a) Fair values

Fair values of bonds and ETFs are determined by reference to quoted market bid prices.

(b) Effective interest rates

	Remaining term to maturity		December 31, 2021		December 31, 2020	
	Within 1 year	1 to 5 years	Carrying Value	Effective rates%	Carrying Value	Effective rates%
Government of Canada	\$ 41,770	\$ 65,826	\$ 107,596	0.3-2.8	\$ 131,038	0.5-3.8
Canadian provinces	4,346	27,730	32,076	1.6-9.0	28,952	1.6-8.0
Canadian corporate and municipalities	28,694	34,926	63,620	1.8-3.8	30,244	2.5-3.8
	74,810	128,482	203,292	0.3-9.0	190,234	0.5-8.0

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

6. Investments

(c) Credit risk

The Corporation has an objective to maximize the return on its investments without taking undue credit risk. The policy is to invest in Government of Canada, Provincial, Municipal, corporate bonds and ETFs.

Under the investment policy, the maximum investment in each category is:

Investment	Limit	Restrictions	December 31, 2021	December 31, 2020
Government of Canada	Unlimited	None	74.1%	68.6%
Canadian provinces	80% total portfolio	15% in any one province	15.7%	15.1%
Canadian corporate and municipalities	25% total	5% for any one issuer	9.5%	16.0%

Qualified investments have to be rated by at least two of the approved rating agencies – Standard & Poor's, Moody's and DBRS. In 2021 and 2020, the Corporation's credit risk related to bonds with the following ratings:

Bonds by rating	December 31, 2021	December 31, 2020
AAA	\$ 167,820	\$ 138,979
AA	27,165	22,212
A	2,044	22,998
Total Bonds	197,029	184,189

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

6. Investments

(d) Interest rate risk

The Corporation is exposed to changes in the fair value of its fixed-income securities due to changes in interest rates. In sustained periods of lower interest rates, the interest income will be reduced, as the reinvestment yields on maturing securities are lower.

An immediate hypothetical 100 basis point increase in interest rates for all maturities would decrease the fair value of the bond portfolio by \$2,921,263 (2020 - \$2,487,100).

7. Property and equipment

	Cost	Accumulated Depreciation	December 31, 2021	Cost	Accumulated Depreciation	December 31, 2020
Computer equipment and software	\$ 487	\$ 382	\$ 105	\$ 457	\$ 324	\$ 133
Leasehold improvements	483	193	290	483	148	335
Furniture	107	104	3	107	78	29
	1,077	679	398	1,047	550	497

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

8. Leases

The Corporation currently leases the office premises. This note provides additional information for this lease.

(a) Amounts recognized in the consolidated statement of financial position

The statement of financial position shows the following amounts relating to leases:

Right of use assets	December 31, 2021	December 31, 2020
Office premises	\$ 908	\$ 1,046

Lease Liabilities	December 31, 2021	December 31, 2020
Current	\$ 135	\$ 125
Non-current	826	961
Total	961	1,086

(b) Amounts recognized in the consolidated statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right of use assets	2021	2020
Office premises	\$ 138	\$ 138

Interest expense (included in administrative expenses)	\$ 23	\$ 26
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The total cash outflow for leases in 2021 was \$326,583 (2020 - \$322,076).

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

9. Employee Future Benefits

Employee future benefit costs are recognized in salaries and benefits expense.
The change in the employee future benefits obligation is provided in the table below:

	December 31, 2021	December 31, 2020
Opening Balance LTI	\$ 479	\$ 480
Paid during the year	(191)	(192)
Accrued benefit obligation - current year	247	191
	535	479

10. Investment income

Investment income was derived from the following sources:

	2021	2020
Cash and cash equivalents	\$ -	\$ 2
Bonds	2,278	2,675
ETFs	(75)	411
	2,203	3,088

Notes to Consolidated Financial Statements

Year ended December 31, 2021 with comparative figures for 2020 (tabular amounts in thousands)

11. Specific Assessment

The Specific Assessment was assessed to Members beginning in 2017. The assessment was a contribution by Members to increase the Liquidity Fund to a Base Level of \$200 million by 2021 to meet potential liquidity needs. The target Base Level was achieved during the year. The assessment for each Member was proportional to the capital required in Canada as filed with its solvency regulator. In accordance with the Corporation's By-Laws, during 2020, the Board of Directors authorized a Specific Assessment of \$15,200,000 for 2021 (2020 - \$15,200,000).

12. Administrative Assessment

An annual Administrative Assessment is assessed to Members to cover the cost of administration not associated with a particular insolvency. The assessment is recorded as revenue and varies for each Member, as described in our By-Laws, depending on the Members' size. In accordance with the Corporation's By-Laws, during 2020, the Board of Directors authorized an Administrative Assessment of \$6,000,000 for 2021 (2020 - \$6,000,000).

13. Related Party Transactions

Key personnel of the Corporation are employees with authority and responsibility for planning, controlling and directing activities of the Corporation, including members of the Board of Directors. Remuneration expenses for key personnel are the only related party transactions.

	2021	2020
Directors' fees	\$ 630	\$ 530
Salaries	2,152	1,323
Other benefits	786	523
	3,568	2,376

Five-Year Financial Summary

The Five-Year Financial Summary outlines the five-year history of the key items in the Statements of Financial Position and summarized revenue and expenses.

Five Year Financial Summary (amounts in thousands)	2021	2020	2019	2018	2017
Summarized Assets, Liabilities and Members' Funds					
Assets					
Invested assets	\$ 204,439	\$ 191,333	\$ 170,073	\$ 151,131	\$ 132,913
Other assets	1,372	1,356	1,462	1,362	1,333
Right of use asset – office premises *	908	1,046	1,183	-	-
	206,709	193,735	172,718	152,493	134,246
Liabilities					
Accounts payable and other liabilities	1,719	1,418	1,295	1,296	1,298
Lease liability – office premises *	961	1,086	1,205	-	-
	2,680	2,504	2,500	1,296	1,298
Members' Funds					
Administrative	1,730	3,142	3,717	3,568	3,065
Liquidity	202,035	184,770	166,624	148,675	131,288
Accumulated Other Comprehensive Income					
Net unrealized loss on investments	274	3,319	(123)	(1,046)	(1,405)
Total Members' Funds	204,039	191,231	170,218	151,197	132,948
Total Liabilities and Members' Funds	206,719	193,735	172,718	152,493	134,246
Summarized Revenue and Expenses					
Revenue					
Investment income	\$ 2,203	\$ 3,088	\$ 2,898	\$ 2,302	\$ 1,968
Other income	-	-	3	-	3
Administrative Assessment	6,000	6,000	6,000	6,000	6,000
Operating expenses	8,203	9,088	8,901	8,302	7,971
Expenses					
Operating expenses	7,550	6,717	6,003	5,612	5,465
Excess of revenue over expenses	653	2,371	2,898	2,690	2,506
Members' Contributions					
Specific Assessment	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200

* The new balances are the result of a new accounting standard adopted in 2019.



Industry Advisory Committee

Assuris' governance structure includes an Industry Advisory Committee (IAC) which consists of seven representatives from member life insurance companies. The representatives are elected by the members at Assuris' Annual General Meeting.

The IAC ensures that the Assuris Board of Directors is aware of member views; the IAC was established to encourage the exchange of information, improve communications and retain the input of members.

The IAC representatives are:

- **Peter McCarthy (Chair)**
President & CEO, BMO Life Assurance Company
- **Alec Blundell**
EVP & COO, Co-operators Life Insurance Company
- **Jean-François Chalifoux**
President & CEO, Beneva
- **Denis Dubois**
President & COO, Desjardins Financial Security
- **Lisa Forbes**
Chief Financial Officer, Manulife Canada
- **Todd Lawrence**
President & CEO, ivari
- **Jeff Macoun**
President and COO, Canada, The Canada Life Assurance Company



Our Team



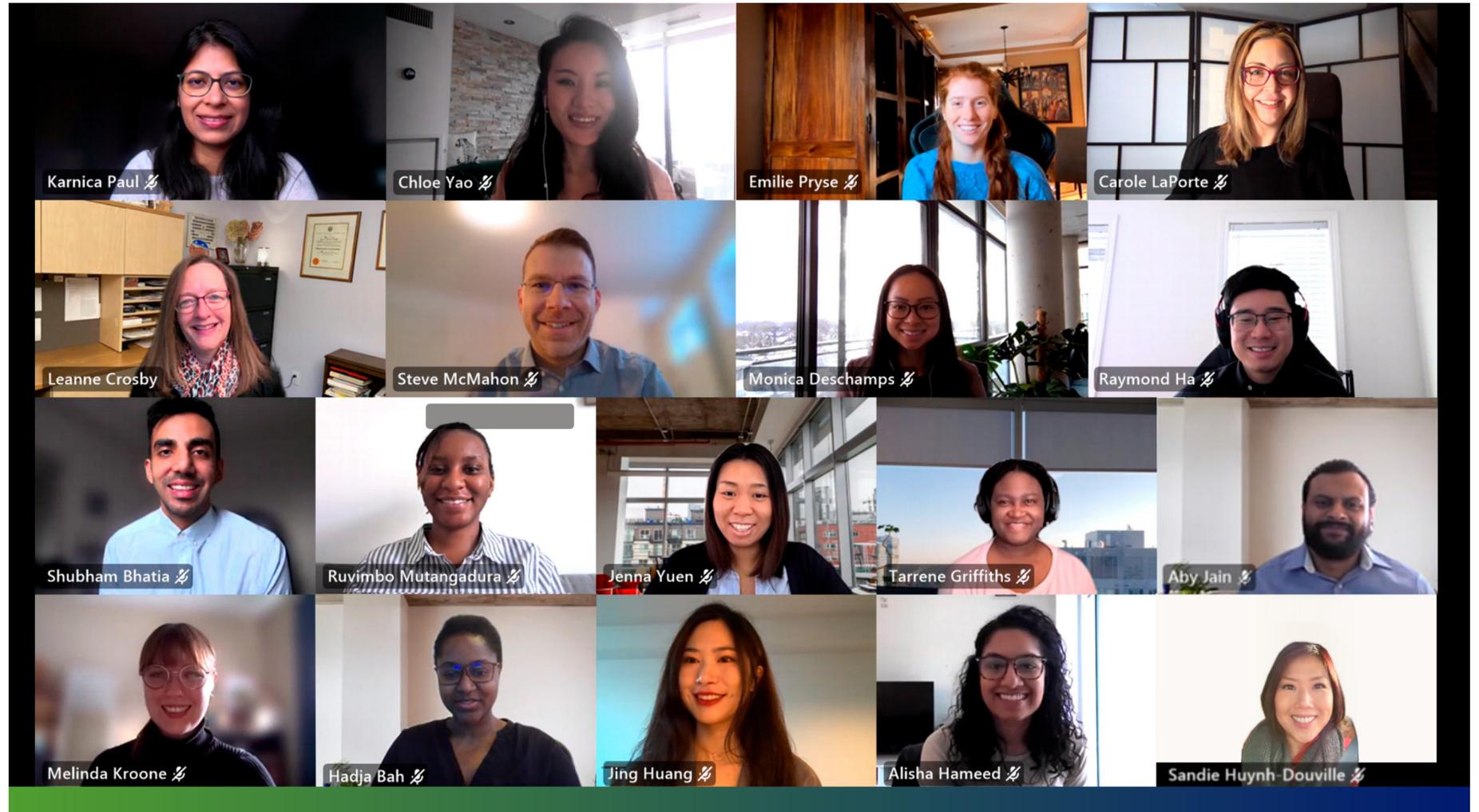
Paul Petrelli
President & CEO



Stephanie Greer
Executive Vice President,
Risk & Resolution



Josée Rheault
Executive Vice President,
Operations



Board of Directors



Chair

Frank Swedlove

Former President & CEO of the Canadian Life and Health Insurance Association (CLHIA)

Committees

- Industry Risk & Resolution
- Audit
- CompCorp Life Board
- Corporate Governance & Nominating
- Human Resources



Denis Berthiaume, FSA, FCIA

Former Senior Executive Vice-President and Chief Operating Officer of Desjardins Financial Corporation

Committees

- Industry Risk & Resolution
- Corporate Governance & Nominating
- Human Resources



Alain Brunet, FSA, FCIA

Former Senior Vice-President and President of Insurance at National Bank of Canada

Committees

- Industry Risk & Resolution
- Audit
- CompCorp Life Board



Micheline Dionne, FCIA

Former Senior Vice President & Chief Actuary, RGA Canada

Committees

- Industry Risk & Resolution
- Human Resources



Brenda Eprile, FCPA, IC.D.C

Former Executive Director and Chief Accountant at the Ontario Securities Commission

Committees

- Industry Risk & Resolution
- Audit
- CompCorp Life Board



Monika Federau

Former Chief Strategy Officer at Intact Financial

Committees

- Industry Risk & Resolution
- Human Resources



Tricia O'Malley, FCPA, FCA

Former Chair, Canadian Accounting Standards Board and former Member of the International Accounting Standards Board

Committees

- Industry Risk & Resolution
- Audit
- CompCorp Life Board



Paul Petrelli, LL.B

President & CEO, Assuris

Committees

- Industry Risk & Resolution



Dr. Janis Sarra, S.J.D.

Professor of Law at the University of British Columbia (UBC), Peter A. Allard School of Law

Committees

- Industry Risk & Resolution
- Corporate Governance & Nominating



Mark Zelmer

Former Deputy Superintendent of Financial Institutions, Office of the Superintendent of Financial Institutions (OSFI)

Committees

- Industry Risk & Resolution
- Corporate Governance & Nominating