

# 2020 Annual Report



**Assuris**

# Table of Contents

## MESSAGES

Message from the Chair of the Board of Directors .....	2
Message from the President & CEO .....	4

## ABOUT US

Our Mission and Values .....	6
Protection at a Glance .....	6

## 2020 REPORTING

Corporate Governance Guidelines .....	7
2020 Corporate Governance Compliance Report .....	10
Summary of Board and Committee Meetings .....	11
Financial Overview .....	12
Management Statement of Responsibilities for Financial Reporting .....	13
Auditor's Report .....	14
Consolidated Financial Statements and Notes .....	17
Five-Year Financial Summary .....	30

## THE TEAM

Executive Team .....	31
Industry Advisory Committee .....	31
Board of Directors .....	32



## MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS



Assuris  
has a renewed  
commitment to  
further strengthen our  
partnerships with our  
members and the  
regulators.

### New Leadership

This is a period of transition for Assuris with our new President & CEO, Paul Petrelli, leading the organization. While Assuris has always had strong leadership, Paul will bring his unique perspective from over 20 years in the industry. His legal background, strong understanding of the regulatory framework and his experience in mergers & acquisitions will be a tremendous asset in the unlikely event that a life insurance company fails.

It is also my final year on the Assuris Board of Directors. After having served as a director for ten years, four of which I had the pleasure of serving as Chair, I will be retiring.

The past year has been a challenging one. The COVID-19 pandemic is having a significant impact on the Canadian and worldwide economy. It is still uncertain if there will be increased solvency risks in the life insurance industry from the fallout of the pandemic. Assuris is focused on understanding these potential risks and always being resolution ready. Being resolution ready means being prepared to deal with the failure of any life insurance company in Canada. We will keep working with our members to obtain readily available key risk information which will allow us to identify and understand any new solvency risks in the industry. We will also continue to develop our resolution options and strengthen the tools to ensure a quick resolution. A quicker resolution means it will reduce the costs to the industry and ultimately minimize potential losses to policyholders.

With our new leadership, Assuris has a renewed commitment to further strengthen our partnerships with our members and the regulators. When we work together, we contribute to a robust Canadian financial system. For the members this means Assuris understanding the issues that impact our industry. And for the regulators this means continuous information sharing and if needed, early intervention to ensure that there are enough assets to protect policyholders. It is imperative that we maintain open lines of communication with the industry and regulators to remain resolution ready.

Finally, we need to understand and identify potential solvency issues under the new accounting standards, as the industry implements IFRS 17. The transition to IFRS 17 provides an opportunity to enhance the regulatory filings and receive better and more standardized information from the insurance industry.

We remain vigilant in fulfilling our mission to protect Canadian policyholders if their life insurance company fails.

## Building on our Expertise

When I reflect on my years with Assuris, I am proud of what the organization has accomplished:

- We worked with the industry to enhance our funding capacity to ensure that we meet the immediate financial needs of policyholders if a life insurance company fails.
- We collaborated with the regulators and standard setters to enhance and strengthen solvency legislation and regulation.
- We managed the liquidation of Union du Canada protecting over 22,000 Canadian policyholders from significant financial losses.
- We established a strong Board by recruiting exceptional directors with regional and language representation as well as gender balance.
- We established cooperation with other protection plans, nationally and internationally, as a founding member of the International Forum of Insurance Guarantee Schemes (IFIGS).



We  
continue  
to develop our  
resolution options  
and strengthen the  
tools to ensure a  
quick resolution.



## Acknowledgments

I would like to thank my colleagues on the Board. I want to specifically thank Bill Knight for his contributions as he completed his term in 2020. I valued his insight and expertise in the financial services industry over the nine years he served on the Assuris Board. I also want to welcome Denis Berthiaume to the Assuris Board. His industry experience will be a great asset to the Board. I am handing over a strong board that will continue to provide oversight and foresight for Assuris.

Finally, I would like to thank Assuris management and staff for their support and hard work during my tenure. I specifically want to congratulate Gordon Dunning on his retirement. I always appreciated Gordon's strong leadership to provide the best protection for Canadian policyholders. He did this by building and maintaining strong relationships with our members and the regulators. Gordon built a strong and reputable organization, leaving behind a legacy for the Assuris employees to carry forward.

Together, we successfully completed another year at Assuris. Under Assuris' new leadership, the organization will continue to fulfill its mission in protecting Canadian policyholders.

Dan Thornton  
Chair of the Board of Directors





## MESSAGE FROM THE PRESIDENT & CEO

I am delighted to be joining the Assuris team at this important time for the life insurance industry. This past year tested our resilience and responsiveness – as an industry and as individuals. We all adapted and innovated to deal with the uncertainty created by the global pandemic and anticipated changes within our industry. Throughout this difficult year, our members continued to serve and support their customers, helping millions of Canadians deal with the health and financial challenges they face in these difficult times. These realities are, of course, still with us in 2021. But I am confident that our industry will continue to do its utmost to help and protect Canadians.

I am very proud of our team at Assuris, who have risen to the challenges of the past year while continuing to deliver flawlessly on our mission to protect policyholders in the unlikely event that their life insurance company fails. Equipped with our internal expertise and strong partnerships with stakeholders, we are well-positioned to continue to meet the needs of members, regulators and Canadian policyholders.

I began my tenure as President & CEO meeting with member companies, regulators and other stakeholders to better understand their needs and priorities. At these meetings, I also shared Assuris' priorities for the coming year, including our commitment to achieving the appropriate diversity among our employees and our Board of Directors.



Equipped  
with our  
internal expertise and  
strong partnerships with  
stakeholders, we are  
well-positioned to continue  
to meet the needs of  
members, regulators  
and Canadian  
policyholders.

## Stakeholder Engagement

While Assuris has always had strong support from our industry and regulatory partners, we are committed to further strengthening these relationships. We believe there is an opportunity for Assuris to be a conduit for industry information and best practices on solvency-related matters among members, such as the transition to IFRS 17 and cyber risk. We will continue to build trust and confidence with our stakeholders and contribute to a more effective and robust system to protect Canadian policyholders.

## IFRS 17

Like all our members, we at Assuris are also preparing for IFRS 17. We are identifying potential solvency issues under these new standards and the potential impact on our members. We are also developing our understanding and training our team on the new accounting standards. Assuris is ready to help facilitate the industry's transition to IFRS 17.

## Resolution Ready

Finally, Assuris remains focused on being resolution ready. This means that, should the need arise, we will respond quickly to support a low-cost timely resolution that maintains confidence in the industry and protects Canadian policyholders from significant financial losses. We are always testing and improving our resolution strategies and developing and strengthening our resolution options and tools. We also regularly develop case studies and conduct simulations with our Board and regulatory partners to test our knowledge and identify any potential gaps in an already robust system.

These priorities guide our work in the year ahead. Together with our members and regulatory partners, we will continue to protect Canadian policyholders.

In closing, I want to say a heartfelt thank you to my predecessor, Gordon Dunning, for his unparalleled contributions to the success of Assuris since its inception over 30 years ago. I would also like to express my gratitude to the Board and staff at Assuris for their warm welcome and support as I assumed the role of President & CEO.

*Paul Petrelli*

Paul Petrelli  
President & CEO



We are  
committed  
to achieving  
diversity among our  
employees and  
our Board  
of Directors.



## About Us

### Our Mission

Assuris' mission is to protect Canadian policyholders if their life insurance company fails.

### Our Values

- Results
- Integrity
- People

### Protection at a Glance

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

#### *Death Benefits, Monthly Income, Health Expense, and 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, Monthly Income, Health Expense and Cash Values. Assuris provides 100% protection when benefits are below certain dollar values:

Benefits	Protection	or <b>85%,</b> whichever is higher
Death Benefits	\$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

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.

Information on Assuris protection may be obtained by contacting the Assuris Information Centre at Centre at 1-866-878-1225 or visit Assuris' website at [www.assuris.ca](http://www.assuris.ca).

# Corporate Governance Guidelines

These Corporate Governance Guidelines have been adopted by the Board and aim to achieve best practices in corporate governance. They take into account developments in public company practices and our obligations to policyholders, Members and government.

## Board of Directors

All directors, except the President & CEO, must be independent of the Corporation, as they must have no material relationship or interest in the Corporation. The President & CEO is a non-independent director. As an employee and an executive officer, The President & CEO has a material relationship with the Corporation.

At the beginning of each board year, the Board elects one of the independent directors as Chair.

At each meeting of the Board and its committees, the independent directors will hold a closed session without the management of the Corporation present.

The Board has established a dedicated email to enable stakeholders to directly contact the Board.

## Role of the Board

The Board of Directors is responsible for the stewardship of the Corporation, setting the strategic direction, and the oversight of management of the business and affairs of the Corporation. The Board has adopted a written description of its role.

The Board will satisfy itself that the Corporation is managed in a manner that permits it to effectively and efficiently fulfill its mission, values and vision.

## Position Descriptions

The Board has approved written position descriptions for a Director of the Board, the Chair of Board, the Chair of each Committee and the President & CEO.

The Chair of the Board is responsible for providing leadership to the Board in effectively carrying out its responsibilities.

The Chair of each Committee is responsible for providing leadership to that Committee in effectively carrying out its responsibilities as described in its mandate.

The President & CEO is responsible for providing leadership to the Corporation in fulfilling its vision, mission, values and objectives.

## Director Orientation and Continuing Education

Once elected to the Board of Directors, new directors receive orientation sessions with management. The sessions cover the strategic direction of the Corporation and an overview of each operational area. All directors also participate in continuing education sessions held during the year. The sessions are on various current topics which may impact Assuris, its corporate strategic direction, and the industry.

## Confidentiality

The Corporation receives non public information from both Members and Regulators. This information is kept confidential and access to the Assuris analysis of Member information is restricted.

The Board has adopted practices on confidentiality that apply to all directors and employees of the Corporation.

Directors and employees must sign a confidentiality agreement.

Directors and employees must reconfirm annually that they have read the confidentiality guidelines and understand their duties of confidentiality to Assuris.

## Independence

The Corporation must maintain independence from our Members so that it can apply unbiased judgment in its discussions and decisions about them.

The Board has adopted practices on independence that apply to all directors and employees of the Corporation.

## Conflicts of Interest – Personal Gain

Directors and employees must not use their position at Assuris or information obtained from Assuris for personal gain.

The Board has adopted practices on investments in Members to ensure that directors and employees cannot use information obtained at Assuris for personal gain.

The Board has adopted practices on normal course consumer products issued by Members to ensure that directors and employees cannot use information obtained at Assuris for personal gain.



The Board has also adopted practices to identify all parties that are related to directors and employees. Any transactions with those related parties are identified, reviewed and reported to the Board.

If a director has a conflict of interest with respect to any transaction or with any other matter being considered, the director involved is excluded from all discussions and decisions related to that matter.

### Compensation of Directors

It is important for Assuris to provide an appropriate level of compensation to attract the highest caliber of directors. Assuris engages consultants to review compensation of directors, to ensure that compensation is appropriate based on responsibilities and risks involved in being a director of the Corporation.

The Board, after consultation with the Industry Advisory Committee, approves the compensation of directors.

### Nomination of Directors

The Board is responsible for ensuring that it is composed of directors with appropriate skills, competencies and experience. Each year, the Board recommends to our Members, candidates for election to the Board, at the Annual General Meeting.

The Board seeks to achieve gender balance, a balance of anglophone and francophone directors, and regional diversity on the Board.



It is important  
for Assuris to attract  
the highest caliber  
of directors with the  
appropriate skills,  
competencies and  
experience.

## Committees of the Board

There are four committees of the Board: Industry Risk & Resolution, Audit, Corporate Governance & Nominating and Human Resources. Each Committee will provide advice to management and report to the Board on the effectiveness of management's practices in ensuring the successful implementation of the policies.

Each Committee has a written mandate approved by the Board that sets out the responsibilities of the Committee. The mandate is reviewed annually by the Committee and then approved by the Board.

### Industry Risk & Resolution Committee

The Industry Risk & Resolution Committee is responsible for recommending to the Board, policies that require management to:

- Implement and maintain systems for identifying solvency risks in companies,
- Analyze and plan for the various methods of resolution,
- Develop resolution strategies and assess resolvability for Companies of Concern,
- Consider broad economic changes and industry-wide risks,
- Advocate for changes in legislation, regulations, guidelines and standards, to better protect policyholders,
- Safeguard the confidentiality of information and ensure a high level of security on restricted material.

All members of the Board are members of the Industry Risk & Resolution Committee.

### Audit Committee

The Audit Committee is responsible for overseeing the quality, timeliness and integrity of the Corporation's financial reporting and directly overseeing the work of the external auditor.

The Committee is also responsible for recommending to the Board, policies that require management to:

- Prepare accurate financial reports,
- Maintain appropriate internal controls, and
- Maintain appropriate risk management.

All members of the Committee, composed of independent directors, are financially literate.

### Corporate Governance & Nominating Committee

The Corporate Governance & Nominating Committee is responsible for recommending to the Board, Corporate Governance practices to:

- Ensure that the Corporate Governance Guidelines comply with evolving standards in Corporate Governance,
- Plan for the succession of the Chair of the Board,
- Ensure appropriate Board renewal by identifying Qualified Persons, who have the appropriate skills, competencies and experience to serve on the Board,
- Identify candidates that have the appropriate skills, competencies and experience for election to the Industry Advisory Committee,
- Ensure directors receive appropriate orientation, and continuing education.

The Corporate Governance & Nominating Committee is composed of independent directors.

### Human Resources Committee

The Human Resources Committee is responsible for recommending to the Board, policies that require management to:

- Attract, develop and retain a small number of highly skilled employees that meet the organization's needs,
- Provide an attractive package of challenging work, positive career opportunities and professional development,
- Maintain a results-oriented work environment,
- Provide competitive compensation and benefits.

The Human Resources Committee is composed of independent directors. The Committee engages consultants to review the compensation of the executives to ensure that their compensation is appropriate.

### Evaluations

The Board determines the competencies required of an effective director. Annually, the Board engages an external consultant to conduct a:

- Board Effectiveness Survey – to measure its own effectiveness,
- Peer Evaluation – to assess the effectiveness of each director,
- Chair Evaluation – to assess the effectiveness of the Chair of the Board.

### Reporting

Annually, the Board:

- Reviews the performance of each Committee against its mandate and approves changes to the mandates.
- Reviews its performance against the Role of the Board of Directors.
- Reviews its role and, if appropriate, approves changes to the Role of the Board of Directors.
- Receives a report from the Corporate Governance & Nominating Committee on compliance with these guidelines.

### Our Guidelines and Practices

These guidelines are consistent with established corporate governance guidelines for financial institutions, by the Office of the Superintendent of Financial Institutions and other provincial regulatory bodies.

The Board has adopted Corporate Governance Practices which outline how to comply with these guidelines.

# 2020 Corporate Governance Compliance Report

The following is the 2020 Corporate Governance Report on compliance with our guidelines.

BOARD OF DIRECTORS	✓	All directors, except for the President & CEO, retained their independence from the Corporation.
	✓	Mr. Dan Thornton was elected as Chair of the Board by the directors following the Annual General Meeting.
ROLE OF THE BOARD	✓	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.
POSITION DESCRIPTIONS	✓	There are approved position descriptions for the Chair of the Board, Chairs of the committees, Directors and the President & CEO.
DIRECTOR ORIENTATION & CONTINUING EDUCATION	✓	The new director, Mr. Denis Berthiaume, received a director orientation session with management which covered the strategic direction of the Corporation and an overview of each operational area.
	✓	The Board participated in presentations by Assuris staff, professionals in the life insurance industry, and guest speakers at the Directors' Conference.
	✓	Assuris held a Directors' Conference as part of continuing education for the Board. The conference was focused on issues that are currently pertinent to the industry.
CONFIDENTIALITY	✓	All information received from Members and Regulators and the analysis of that information is considered restricted and was kept confidential by the Corporation.
	✓	Directors confirmed that they read the confidentiality guidelines, understood their duties of confidentiality to Assuris and signed the confidentiality agreement.
INDEPENDENCE	✓	All directors maintained their independence from Members.
CONFLICTS OF INTEREST – PERSONAL GAIN	✓	Directors confirmed that they did not use their position at Assuris or information obtained from Assuris for personal gain.
	✓	The Compliance Officer reported to the Corporate Governance Committee that there were no transactions with related parties.
	✓	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.
COMPENSATION OF DIRECTORS	✓	A three-year review of director compensation has been initiated and is scheduled for completion in 2020.
NOMINATION OF DIRECTORS	✓	Mr. William Knight retired from the Board in May.
	✓	Mr. Denis Berthiaume was elected to the Board by the Members at the Annual General Meeting in May.
COMMITTEES OF THE BOARD	✓	The Board approved the membership of the committees.
	✓	Each Committee of the Board reviewed its written mandate.

AUDIT COMMITTEE	✓	Each Audit Committee member is financially literate. The education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as a member is available on the Assuris Website.
	✓	In 2020, total fees paid by the Corporation to the external auditors for Audit services were \$78,502. There were no fees paid for non-audit services.
EVALUATIONS	✓	The Board conducted a peer evaluation based on the competencies required of an effective director. The results were compiled by an external consultant.
	✓	The Board conducted a survey measuring its own effectiveness and determined that the Board operated effectively.
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 met with each director individually.
	✓	The Board reviewed its performance against the Role of the Board, and determined that it had satisfactorily fulfilled the Role of the Board.
OUR GUIDELINES AND PRACTICES	✓	This Report on Compliance with the Guidelines was accepted by the Corporate Governance 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, 2020.

<i>Board Meetings Attended</i>	<i>Committee Meetings Attended</i>
Denis Berthiaume . . . . . 5 of 5*	Denis Berthiaume . . . . . 7 of 7 *
Alain Brunet. . . . . 8 of 8	Alain Brunet. . . . . 10 of 10
Greta Cusworth . . . . . 8 of 8	Greta Cusworth . . . . . 9 of 9
Micheline Dionne . . . . . 8 of 8	Micheline Dionne. . . . . 19 of 19
Gordon M. Dunning . . . . . 8 of 8	Gordon M. Dunning . . . . . 26 of 26
William G. Knight . . . . . 3 of 3**	William G. Knight . . . . . 4 of 4**
Tricia O'Malley . . . . . 8 of 8	Tricia O'Malley . . . . . 17 of 17
Janis Sarra . . . . . 8 of 8	Janis Sarra. . . . . 24 of 25
Frank Swedlove . . . . . 8 of 8	Frank Swedlove . . . . . 22 of 22
Dan Thornton. . . . . 8 of 8	Dan Thornton . . . . . 36 of 36
Mark Zelmer. . . . . 8 of 8	Mark Zelmer . . . . . 22 of 22
	* Mr. Berthiaume joined the Board in May 2020
	** Mr. Knight retired from the Board in May 2020

# 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 \$185 million at December 31, 2020.

## Statement of Financial Position

### Assets and Liabilities

Total assets of \$193.7 million consists of \$190.2 million of liquid bonds, \$1.1 million of cash and cash equivalents, \$1.0 million of right of use asset, \$0.8 million of accrued investment income and \$0.6 million of other assets.

Total liabilities of \$2.5 million consists of \$1.4 million of accounts payable, accrued liabilities and employee future benefits, \$1.1 million of lease liability.

## Statement of Comprehensive Income

### Revenue and Expenses

Total revenue of \$9.1 million is from an Administrative Assessment to Members of \$6.0 million and an investment income of \$3.1 million from bonds and short-term investments.

Total overall operating expenses are \$6.7 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. 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.



Paul Petrelli  
President & CEO

Toronto, Canada  
February 18, 2021

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.



Aby Jain  
Controller



## 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, 2020 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, 2020;
- 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.

---

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.*  
*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*  
*Tél. : +1 416 863-1133, Téléc. : +1 416 365-8215*

"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.

**(Signed) "PriceWaterhouseCoopers LLP"**

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
February 18, 2021

# Consolidated Statements of Financial Position

December 31, 2020 with comparative figures for 2019

(in thousands of dollars)	Year ended December 31, 2020	Year ended December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	\$ 1,099	\$ 928
Bonds (note 6)	182,938	162,079
Exchange Traded Funds (note 6)	7,296	7,066
<b>Total Investments</b>	<b>190,234</b>	<b>169,145</b>
Accrued investment income	761	860
Accounts receivable and prepaids	98	81
Property and equipment (note 7)	497	521
Right of use asset – office premises (note 8)	1,046	1,183
<b>Total Assets</b>	<b>193,735</b>	<b>172,718</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	939	815
Employee future benefits (note 9)	479	480
Lease liability – office premises (note 8)	1,086	1,205
<b>Total Liabilities</b>	<b>2,504</b>	<b>2,500</b>
<b>Members' Funds</b>		
Administrative	3,142	3,717
Liquidity	184,770	166,624
<b>Accumulated Other Comprehensive Income</b>		
Net unrealized gain (loss) on investments	3,319	(123)
<b>Total Members' Funds</b>	<b>191,231</b>	<b>170,218</b>
<b>Total Liabilities and Members' Funds</b>	<b>193,735</b>	<b>172,718</b>

On behalf of the Board:



Director



Director



# Consolidated Statement of Comprehensive Income

Year ended December 31, 2020 with comparative figures for 2019

(in thousands of dollars)	Year ended December 31, 2020	Year ended December 31, 2019
<b>Revenue</b>		
Investment income (note 10)	\$ 3,088	\$ 2,898
Administrative assessment (note 12)	6,000	6,000
Other income	–	3
Operating Revenue	9,088	8,901
<b>Expenses</b>		
Salaries and benefits	3,844	3,508
Professional fees	1,041	460
Directors fees	530	564
Travel and meetings	35	233
External services	226	220
General office and administration	1,041	1,018
Operating expenses	6,717	6,003
Net Operating Income	2,371	2,898
<b>Members' Contributions</b>		
Specific Assessment (note 11)	15,200	15,200
Net Income	17,571	18,098
<b>Other Comprehensive Income (OCI)</b>		
OCI, beginning of the year	(123)	(1,046)
OCI, end of the year	3,319	(123)
Net change during the year	3,442	923
<b>Total Comprehensive Income</b>	<b>21,013</b>	<b>19,021</b>

## Consolidated Statements of Changes in Members' Funds

	Year ended December 31, 2020	Year ended December 31, 2019
Members' Funds, beginning of the year (note 5(c))	\$ 170,341	\$ 152,243
Accumulated OCI, beginning of the year	(123)	(1,046)
Total members' funds, beginning of the year	170,218	151,197
Total comprehensive income	21,013	19,021
<b>Members' Funds, end of the year</b>	<b>191,231</b>	<b>170,218</b>

# Consolidated Statements of Cash Flows

December 31, 2020 with comparative figures for 2019

(in thousands of dollars)	Year ended December 31, 2020	Year ended December 31, 2019
<b>Cash Flows from Operating Activities</b>		
<b>Administrative Fund</b>		
Cash received from:		
Investment income	\$ 4,643	\$ 4,531
Administrative Assessment	5,994	5,994
Other income	–	3
Cash used for:		
Salaries and employee benefits	(3,656)	(3,281)
Professional and directors' fees	(1,528)	(1,075)
Supplies and services	(1,124)	(1,352)
<b>Liquidity Fund</b>		
Cash received from:		
Specific Assessment	15,200	15,200
<b>Cash provided from Operating Activities</b>	<b>19,529</b>	<b>20,020</b>
<b>Cash Flows from Investing Activities</b>		
Sale and Maturity of bonds	47,005	31,685
Purchase of bonds	(66,110)	(49,939)
Purchase of Exchange Traded Funds	–	(2,791)
Cash used to purchase property and equipment	(109)	(16)
<b>Net Cash used for Investing Activities</b>	<b>(19,214)</b>	<b>(21,061)</b>
<b>Cash Flows from Financing Activities</b>		
Lease liability – principal portion	(144)	(144)
Increase (Decrease) in Cash and Cash Equivalents	171	(1,185)
Cash and cash equivalents, beginning of the year	928	2,113
<b>Cash and Cash Equivalents, end of the year</b>	<b>1,099</b>	<b>928</b>

# Notes to Consolidated Financial Statements

Year ended December 31, 2020 with comparative figures for 2019 (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, 2020, were approved for issue by the Board of Directors on February 18, 2021.

### (b) Basis of consolidation

The consolidated financial statements of the Corporation for the year ended December 31, 2020, 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.

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

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19. Our Business Continuity Plan was implemented in March 2020, allowing employees to work from home and to ensure business as usual through the pandemic.

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.

## (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

The Corporation has adopted IFRS 16 Leases retrospectively from January 1, 2019. 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. 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.

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

	December 31, 2020			December 31, 2019		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 1,099	\$ –	\$ 1,099	\$ 928	\$ –	\$ 928
Bonds	83,030	99,908	182,938	35,854	126,225	162,079
ETFs	–	7,296	7,296	–	7,066	7,066
Accrued investment income	761	–	761	860	–	860
Accounts receivable and prepaids	98	–	98	81	–	81
Right of use asset – office premises	137	909	1,046	137	1,046	1,183
<b>Total Assets</b>	<b>85,125</b>	<b>108,113</b>	<b>193,238</b>	<b>37,860</b>	<b>134,337</b>	<b>172,197</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	939	–	939	815	–	815
Employee future benefits	191	288	479	184	296	480
Lease liability – office premises	125	961	1,086	119	1,086	1,205
<b>Total Liabilities</b>	<b>1,255</b>	<b>1,249</b>	<b>2,504</b>	<b>1,118</b>	<b>1,382</b>	<b>2,500</b>

## 5. Administrative Fund and Liquidity Fund Information

### (a) Consolidated Statement of Financial Position

	Administrative Fund	Liquidity Fund	Year ended Dec. 31, 2020	Administrative Fund	Liquidity Fund	Year ended Dec. 31, 2019
<b>Assets</b>						
Cash and cash equivalents	\$ 362	\$ 737	\$ 1,099	\$ 424	\$ 504	\$ 928
Bonds (note 6)	3,575	179,363	182,938	3,837	158,242	162,079
Exchange Traded Funds (note 6)	–	7,296	7,296	–	7,066	7,066
<b>Total Investments</b>	<b>3,575</b>	<b>186,659</b>	<b>190,234</b>	<b>3,837</b>	<b>165,308</b>	<b>169,145</b>
Accrued investment income	124	637	761	67	793	860
Accounts receivable and prepaids	98	–	98	81	–	81
Due from (to) other funds	–	–	–	98	(98)	–
Equipment (note 7)	497	–	497	521	–	521
Right of use asset – office premises (note 8)	1,046	–	1,046	1,183	–	1,183
<b>Total Assets</b>	<b>5,702</b>	<b>188,033</b>	<b>193,735</b>	<b>6,211</b>	<b>166,507</b>	<b>172,718</b>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	933	6	939	809	6	815
Employee future benefits (note 9)	479	–	479	480	–	480
Lease liability – office premises (note 8)	1,086	–	1,086	1,205	–	1,205
<b>Total Liabilities</b>	<b>2,498</b>	<b>6</b>	<b>2,504</b>	<b>2,494</b>	<b>6</b>	<b>2,500</b>
<b>Members' Funds (note 5(c))</b>						
Administrative	3,142	–	3,142	3,717	–	3,717
Liquidity	–	184,770	184,770	–	166,624	166,624
<b>Accumulated Other Comprehensive Income</b>						
Net unrealized loss on investments	62	3,257	3,319	–	(123)	(123)
<b>Total Members' Funds</b>	<b>3,204</b>	<b>188,027</b>	<b>191,231</b>	<b>3,717</b>	<b>166,501</b>	<b>170,218</b>
<b>Total Liabilities and Members' Funds</b>	<b>5,702</b>	<b>188,033</b>	<b>193,735</b>	<b>6,211</b>	<b>166,507</b>	<b>172,718</b>

(b) Consolidated Statement of Comprehensive Income

	December 31, 2020			December 31, 2019		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
<b>Revenue</b>						
Investment income (note 10)	\$ 57	\$ 3,031	\$ 3,088	\$ 67	\$ 2,831	\$ 2,898
Administrative Assessment (note 12)	6,000	–	6,000	6,000	–	6,000
Other income	–	–	–	3	–	3
	6,057	3,031	9,088	6,070	2,831	8,901
<b>Expenses</b>						
Salaries and benefits	3,844	–	3,844	3,508	–	3,508
Professional fees	1,041	–	1,041	460	–	460
Directors fees	530	–	530	564	–	564
Travel and meetings	35	–	35	233	–	233
External services	226	–	226	220	–	220
General office and administration	956	85	1,041	936	82	1,018
Operating expenses	6,632	85	6,717	5,921	82	6,003
Net Operating Income	(575)	2,946	2,371	149	2,749	2,898
<b>Members' Contributions</b>						
Specific Assessment (note 11)	–	15,200	15,200	–	15,200	15,200
Net Income	(575)	18,146	17,571	149	17,949	18,098
<b>Other Comprehensive Income (OCI)</b>						
OCI, beginning of the year	–	(123)	(123)	(22)	(1,024)	(1,046)
OCI, end of the year	62	3,257	3,319	–	(123)	(123)
Net change during the year	62	3,380	3,442	22	901	923
<b>Total Comprehensive Income (Loss)</b>	<b>(513)</b>	<b>21,526</b>	<b>21,013</b>	<b>171</b>	<b>18,850</b>	<b>19,021</b>

### (c) Consolidated Statement of Changes in Members' Funds

	December 31, 2020			December 31, 2019		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
Members' Funds, beginning of the year	\$ 3,717	\$ 166,624	\$ 170,341	\$ 3,568	\$ 148,675	\$ 152, 243
Accumulated other comprehensive income	–	(123)	(123)	(22)	(1,024)	(1,046)
Total members' funds, beginning of the year	3,717	166,501	170,218	3,546	147,651	151,197
Total Comprehensive Income	(513)	21,526	21,013	171	18,850	19,021
<b>Members' Funds, end of the year</b>	<b>3,204</b>	<b>188,027</b>	<b>191,231</b>	<b>3,717</b>	<b>166,501</b>	<b>170,218</b>

## 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, 2020		December 31, 2019	
	Within 1 year	1 to 5 years	Carrying Value	Effective Rates %	Carrying Value	Effective Rates %
Government of Canada	\$ 62,632	\$ 68,406	\$ 131,038	0.5-3.8	\$ 88,107	0.8-3.8
Canadian provinces	10,380	18,572	28,952	1.6-8.0	51,918	1.3-10.6
Canadian corporate and municipalities	10,017	20,227	30,244	2.5-3.8	29,120	2.5-3.8
	<b>83,029</b>	<b>107,205</b>	<b>190,234</b>	<b>0.5-8.0</b>	<b>169,145</b>	<b>0.8-10.6</b>

### (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, 2020	December 31, 2019
Government of Canada	Unlimited	None	68.6%	52%
Canadian provinces	80% total portfolio	15% in any one province	15.1%	30%
Canadian corporate municipalities, and ETFs	25% total portfolio	5% for any one issuer	16.0%	18%

Qualified investments have to be rated by at least two of the approved rating agencies – Standard & Poor's, Moody's and DBRS. In 2020 and 2019, the Corporation's credit risk related to bonds with the following ratings:

Bonds by rating	December 31, 2020		December 31, 2019	
AAA	\$	138,979	\$	98,514
AA		22,212		28,694
A		22,998		35,719
<b>Total Bonds</b>	<b>\$</b>	<b>184,189</b>	<b>\$</b>	<b>162,927</b>

### (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 \$2,487,100 (2019 – \$3,494,766).

## 7. Property and equipment

	Cost	Accumulated Depreciation	December 31, 2020	Cost	Accumulated Depreciation	December 31, 2019
Computer equipment and software	\$ 457	\$ 324	\$ 133	\$ 353	\$ 261	\$ 92
Leasehold improvements	483	148	335	483	103	380
Furniture	107	78	29	102	53	49
	<b>1,047</b>	<b>550</b>	<b>497</b>	<b>938</b>	<b>417</b>	<b>521</b>



## 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, 2020	December 31, 2019
Office premises	\$ 1,046	\$ 1,183

  

Lease Liabilities	December 31, 2020	December 31, 2019
Current	\$ 125	\$ 119
Non-current	961	1,086
<b>Total</b>	<b>\$ 1,086</b>	<b>\$ 1,205</b>

### (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	2020	2019
Office premises	\$ 138	\$ 138
Interest expense (included in administrative expenses)	\$ 26	\$ 28

The total cash outflow for leases in 2020 was \$322,076 (2019 – \$319,110).

## 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 table below:

	December 31, 2020	December 31, 2019
Opening Balance LTI	\$ 480	\$ 470
Paid during the year	(192)	(191)
Accrued benefit obligation – current year	191	201
	<b>479</b>	<b>480</b>

## 10. Investment income

Investment income was derived from the following sources:

	2020	2019
Cash and cash equivalents	\$ 2	\$ 14
Bonds	2,675	2,682
ETFs	411	202
	<b>3,088</b>	<b>2,898</b>

## 11. Specific Assessment

The Specific Assessment was assessed to Members beginning in 2017. The assessment is a contribution by Members to increase the Liquidity Fund to a Base Level of \$200 million by 2021, to meet potential liquidity needs. The assessment for each Member is proportional to the capital required in Canada as filed with its solvency regulator. In accordance with the Corporation's By-Laws, during 2019, the Board of Directors authorized a Specific Assessment of \$15,200,000 for 2020 (2019 – \$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 2019, the Board of Directors authorized an Administrative Assessment of \$6,000,000 for 2020 (2019 – \$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.

	2020	2019
Directors fees	\$ 530	\$ 564
Salaries	1,323	1,269
Other benefits	523	528
	<b>2,376</b>	<b>2,361</b>

## 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.

(amounts in thousands)	2020	2019	2018	2017	2016
<b>Summarized Assets, Liabilities and Members' Funds</b>					
<b>Assets</b>					
Invested assets	\$ 191,333	\$ 170,073	\$ 151,131	\$ 132,913	\$ 117,000
Other assets	1,356	1,462	1,362	1,333	792
Right of use asset					
– office premises	1,046	1,183	–	–	–
	<b>193,735</b>	<b>172,718</b>	<b>152,493</b>	<b>134,246</b>	<b>117,792</b>
<b>Liabilities</b>					
Accounts payable					
and other liabilities	1,418	1,295	1,296	1,298	1,143
Lease liability — office premises	1,086	1,205	–	–	–
	2,504	2,500	1,296	1,298	1,143
<b>Members' Funds</b>					
Administrative	3,142	3,717	3,568	3,065	2,401
Liquidity	184,770	166,624	148,675	131,288	114,248
<b>Accumulated Other Comprehensive Income</b>					
Net unrealized loss					
on investments	3,319	(123)	(1,046)	(1,405)	–
	191,231	170,218	151,197	132,948	116,649
	<b>193,735</b>	<b>172,718</b>	<b>152,493</b>	<b>134,246</b>	<b>117,792</b>
<b>Summarized Revenue and Expenses</b>					
<b>Revenue</b>					
Investment income	\$ 3,088	\$ 2,898	\$ 2,302	\$ 1,968	\$ 2,094
Other income	–	3	–	3	3
Administrative Assessment	6,000	6,000	6,000	6,000	4,000
	9,088	8,901	8,302	7,971	6,097
<b>Expenses</b>					
Operating expenses	6,717	6,003	5,612	5,465	5,401
Excess of revenue over expenses	2,371	2,898	2,690	2,506	696
<b>Members' Contributions</b>					
Specific Assessment	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200	–

## Executive Team



**Paul Petrelli, LL.B.,**  
*President & CEO*



**Stephanie Greer,**  
FSA, FCIA  
*Executive Vice President,  
Risk & Resolution*



**Josée Rheault**  
*Executive Vice President,  
Operations*

## 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**

*President & COO, Co-operators Life Insurance Company*

**Denis Dubois**

*President & COO, Desjardins Financial Security*

**Jacques Goulet**

*President, Sun Life Financial Canada*

**Todd Lawrence**

*President & CEO, ivari*

**Jeff Macoun**

*President and COO, Canada, The Canada Life Assurance Company*

**Christian Mercier**

*President & CEO, The Union Life, Mutual Assurance Company*



# Board of Directors

## Chair



**Dan Thornton**

(1) (2) (3) (4) (5)

*Former Chief Operating Officer,  
The Co-operators Life Insurance Company*

## COMMITTEES

(1) Audit

(2) CompCorp Life Board

(3) Corporate Governance & Nominating

(4) Human Resources

(5) Industry Risk & Resolution

*\*Committee Chair*

## Directors



**Denis Berthiaume, FSA, FCIA**

(3) (5)

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



**Paul Petrelli, LL.B**

(5)

*President & CEO, Assuris*



**Alain Brunet, FSA, FCIA**

(1) (2) (5)

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



**Dr. Janis Sarra, S.J.D.**

(3)\* (4) (5)

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



**Greta Cusworth**

(3) (5)

*Former Senior Vice President,  
Sun Life Financial*



**Frank Swedlove**

(4)\* (5)

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



**Micheline Dionne, FCIA**

(1)\* (2)\* (5)

*Former Senior Vice President &  
Chief Actuary, RGA Canada*



**Mark Zelmer**

(4) (5)\*

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



**Tricia O'Malley, FCPA, FCA**

(1) (2) (5)

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