

Assuris

2022 Annual Report

Protecting Canadian policyholders – Assuris has your back.

For the accessible version of our 2022 Annual Report, please [click here](#).

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Chair of the Board's Message

The year ahead will be a challenging one. In this post-pandemic era, we are facing inflation, labour shortages, and a looming recession – all of which are having a significant impact on the Canadian economy. Assuris is carefully monitoring potential risks to the life and health insurance sector from these rapidly changing developments. We remain vigilant in fulfilling our mission to protect Canadian policyholders.

Frank Swedlove
Chair of the Assuris
Board of Directors

Assuris must be resolution ready, which means being able to respond quickly if a life insurance company fails. We will continue to leverage and grow our understanding of industry-wide and company-specific scenarios that could be indicators of a failure, and we will tailor our risk detection and resolution work to each of our different member segments. Assuris' new Centre of Excellence (COE) for resolution preparedness will focus on developing playbooks and scenario testing capabilities. An effective and quick resolution will be more cost effective, thereby minimizing the cost to the industry, and will maintain public confidence in our industry. But more importantly, it will protect our policyholders to the fullest extent possible and demonstrate that we truly "have their back".

While our focus is on policyholders, Assuris must continue to develop strong relationships with our other stakeholders. We have a renewed commitment to further strengthen our partnerships with our members, the regulators, and our industry partners. We firmly believe that strong relationships today are critical to effectively managing a potential future failure. For the members, it means Assuris understands the issues that impact our industry. For the regulators, it means we continuously share information and, if needed, we work together towards an effective resolution to protect policyholders. For other industry partners and the professions we work with, strong relationships means ensuring our collective strength provides all Canadians with added confidence and peace of mind when planning a future for themselves and their loved ones. When we work together, we contribute to a robust Canadian financial system.

Last year, we came out of the gate strong, launching a comprehensive review of policyholder coverage and working with our Members to develop new thinking about optimal protection. We began implementing our communications plan to raise awareness about Assuris and policyholder protection, backed by the strength of the life insurance industry. We will build on this foundation and continue our outreach to Canadian policyholders and financial advisors because the first time that Canadians hear about Assuris should not be at the time of a life insurance company failure.

Fundamentally we must always have on top of mind that we are a not-for-profit organization responsible to our members and our various stakeholders. As such, we must be fiscally responsible; we must be aware and responsive to ongoing risks, particularly ensuring the protection of data and other sensitive information; we must create a fair and safe work environment for our employees; and we must ensure our corporate governance practices meet the highest Canadian standards. This mission guides all of us at Assuris.

We had an ambitious agenda in 2022, with many successes. 2023 is the year to carry that momentum forward and build on last year's successes.

I am grateful to the directors serving on the Assuris Board for their commitment and dedication. 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. Finally, I want to acknowledge Assuris' team for their unwavering commitment to the protection of Canadian policyholders.

President & CEO's Message



Assuris' mission is to protect policyholders if their life insurance company fails, with the goal of meeting the needs and expectations of our stakeholders. We achieve this through executing our strategic priorities and performing in line with our values.

I am extremely proud to report that in 2022, Assuris not only met – but exceeded its goals. Assuris was well prepared to handle the impacts of an ever-evolving landscape on both a national and global scale. As the Canadian life insurance industry navigated the lingering impacts of the COVID-19 pandemic and the effects of heightened inflation on consumer behaviour, as well the upcoming transition to IFRS 17, Assuris doubled down to ensure it could fulfil its important mission of protecting Canadian policyholders.

In the heightened risk environment in 2022, Assuris prioritized resolution preparedness and contingency planning. In addition to completing high quality company and industry risk analysis, we developed new risk identification processes to handle the new information to ensure we were well positioned for the transition to IFRS 17 on January 1, 2023. We continue to further develop and fine tune our resolution readiness playbook maintaining our focus on being ready to protect Canadian policyholders if a life insurance company were to fail.

We also launched a communication plan with the objective to increase awareness about Assuris benefits – because the first time a policyholder hears about Assuris should not be when their life insurance company fails. As part of this communication plan, we also developed our Crisis Communication Playbook. This year, we will continue to actively inform Canadian policyholders about how Assuris protects life and health insurance benefits, and we will work with our various stakeholders to promote the overall safety and security of the industry.

In 2022, Assuris continued to deliver strong performance on all fronts. Assuris responded to changes in the life insurance industry and boosted its resiliency by approaching the work with a continuous improvement mindset. On top of our regular priorities of maintaining excellent practices and processes, ensuring that all work meets the “best in class” standard and that it is completed in a timely manner, we concentrated on developing a playbook to respond to a potential cybersecurity incident.

Looking forward to the year ahead, Assuris will continue to focus on resolution readiness, stakeholder engagement and operational excellence.

I would like to thank our talented and dedicated staff for Assuris' achievements over the last year and thank our Board of Directors for its support and guidance – so we can say with confidence “Protecting Canadian policyholders, Assuris has your back.”

Paul Petrelli

Paul Petrelli
President & CEO, Assuris

Our Mission

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

Our Values

Results

Respect

Partnership

Integrity

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 Expenses, 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	
Death Benefit	\$200,000	or 85%, whichever is higher
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 Values	Up to \$100,000

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

2022 Corporate Governance Compliance Report

The following is the 2022 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. Frank Swedlove 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, Ms. Marie- Josée Martin, received director orientation sessions with management which covered the strategic direction of the Corporation and an overview of each operational area. Throughout the year, the Board participated in presentations and education sessions by Assuris staff, professionals in the life insurance industry, and guest speakers. Assuris held a Directors' Conference as part of continuing education for the Board focused on key issues affecting the life insurance 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 & Nominating 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.

2022 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	✓ ✓	Ms Micheline Dionne retired from the Board at the end of their term. Ms. Marie- Josée Martin was 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 on 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 2022, total fees paid by the Corporation to the external auditors for Audit services were \$89,000. 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, 2022

Board Meetings Attended	
Denis Berthiaume	5 of 5
Alain Brunet	5 of 5
Micheline Dionne	2 of 2*
Brenda Eprile	5 of 5
Monika Federau	5 of 5
Marie-Josée Martin	3 of 3**
Tricia O'Malley	5 of 5
Paul Petrelli	5 of 5
Janis Sarra	5 of 5
Frank Swedlove	5 of 5
Mark Zelmer	5 of 5

Committee Meetings Attended	
Denis Berthiaume	8 of 8
Alain Brunet	13 of 13
Micheline Dionne	6 of 6*
Brenda Eprile	12 of 13
Monika Federau	8 of 8
Marie-Josée Martin	6 of 6**
Tricia O'Malley	13 of 13
Paul Petrelli	4 of 4
Janis Sarra	8 of 8
Frank Swedlove	17 of 17
Mark Zelmer	8 of 8

* Ms. Dionne retired from the Board in May 2022

** Ms. Martin joined the Board in May 2022

Financial Overview

A Specific Assessment was collected from the members beginning in 2017. The purpose of this assessment was 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 \$204 million at December 31, 2022.

Statement of Financial Position

Assets and Liabilities

Total assets of \$204.7 million consist of \$190.3 million of liquid bonds, \$12.2 million of cash and cash equivalents, \$0.8 million of right of use asset, \$0.8 million of accrued investment income and \$0.6 million of other assets.

Total liabilities of \$2.3 million consist of \$1.5 million of accounts payable, accrued liabilities and employee future benefits, \$0.8 million of lease liability.

Statement of Comprehensive Income

Revenue and Expenses

Total revenue of \$10.9 million is from an Administrative Assessment to Members of \$8.5 million and an investment income of \$2.4 million from bonds and short-term investments.

Total overall operating expenses are \$8.3 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 22, 2023

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, 2022 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, 2022;
- 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.

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

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



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 23, 2023

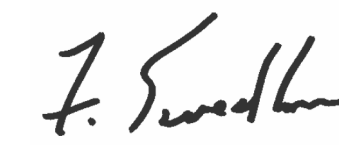
Consolidated Statement of Financial Position

Year ended December 31, 2022
with comparative figures for 2021

(in thousands of dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Assets		
Cash and cash equivalents	\$ 12,250	\$ 1,147
Bonds (note 6)	183,803	196,238
Exchange Traded Funds (note 6)	6,592	7,054
Total Investments	190,395	203,292
Accrued investment income	789	800
Accounts receivable and prepaids	195	174
Property and equipment (note 7)	376	398
Right of use asset – office premises (note 8)	770	908
Total Assets	204,775	206,719
Liabilities		
Accounts payable and accrued liabilities	934	1,184
Employee future benefits (note 9)	505	535
Lease liability – office premises (note 8)	826	961
Total Liabilities	2,265	2,680
Members' Funds		
Administrative	3,253	1,730
Liquidity	203,576	202,035
Accumulated Other Comprehensive Income		
Net unrealized gain (loss) on investments	(4,319)	274
Total Members' Funds	202,510	204,039
Total Liabilities and Members' Funds	204,775	206,719

On behalf of the Board:



Director



Director

Consolidated Statement of Comprehensive Income

Year ended December 31, 2022
with comparative figures for 2021

(in thousands of dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Revenue		
Investment income (note 10)	\$ 2,371	\$ 2,203
Administrative assessment (note 12)	8,500	6,000
Operating Revenue	10,871	8,203
Expenses		
Salaries and benefits	4,844	4,698
Professional fees	811	707
Directors' fees	693	630
Travel and meetings	204	67
External services	652	369
General office and administration	1,109	1,079
Operating expenses	8,313	7,550
Net Operating Income	2,558	653
Members' Contributions		
Specific Assessment (note 11)	506	15,200
Net Income	3,064	15 853
Other Comprehensive Income (OCI)		
OCI, beginning of the year	274	3,319
OCI, end of the year	(4,319)	274
Net change during the year	(4,593)	(3,045)
Total Comprehensive Income	(1,529)	12,808

Consolidated Statements of Changes in Members' Funds

Year ended December 31, 2022
with comparative figures for 2021

(in thousands of dollars)



	Year ended December 31, 2022	Year ended December 31, 2021
Members' Funds, beginning of the year (note 5(c))	\$ 203,765	\$ 187,912
Accumulated OCI, beginning of the year	274	3,319
Total members' funds, beginning of the year	204,039	191,231
Total comprehensive income	(1,529)	12,808
Members' Funds, end of the year	202,510	204,039

Consolidated Statement of Cash Flows

December 31, 2022
with comparative figures for 2021

(in thousands of dollars)

	Year ended December 31, 2022	Year ended December 31, 2021
Cash Flows from Operating Activities		
Administrative Fund		
Cash received from:		
Investment income	\$ 3,731	\$ 3,603
Administrative Assessment	8,494	5,994
Cash used for:		
Salaries and employee benefits	(5,290)	(4,587)
Professional and directors' fees	(1,338)	(1,215)
Supplies and services	(1,733)	(1,227)
Liquidity Fund		
Cash received from:		
Specific Assessment	506	15,200
Cash provided from Operating Activities	4,370	17,768
Cash Flows from Investing Activities		
Sale and Maturity of bonds	82,915	88,820
Purchase of bonds	(75,960)	(106,361)
Cash used to purchase property and equipment	(67)	(30)
Net Cash Used for Investing Activities	6,888	(17,571)
Cash Flows from Financing Activities		
Lease liability – principal portion	(155)	(149)
Increase (Decrease) in Cash and Cash Equivalents	11,103	48
Cash and cash equivalents, beginning of the year	1,147	1,099
Cash and Cash Equivalents, end of the year	12,250	1,147

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (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, 2022, were approved for issue by the Board of Directors on February 23, 2023.

(b) Basis of consolidation

The consolidated financial statements of the Corporation for the year ended December 31, 2022, 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.

Notes to Consolidated Financial Statements

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.

Notes to Consolidated Financial Statements

(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, 2022 with comparative figures for 2021 (tabular amounts in thousands)

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

	December 31, 2022			December 31, 2021		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	\$ 12,250	\$ -	\$ 12,250	\$ 1,147	\$ -	\$ 1,147
Bonds	123,949	59,854	183,803	74,810	121,428	196,238
ETFs	-	6,592	6,592	-	7,054	7,054
Accrued investment income	789	-	789	800	-	800
Accounts receivable and prepaids	195	-	195	174	-	174
Right of use asset – office premises	138	632	770	138	770	908
Total Assets	137,321	67,078	204,399	77,069	129,252	206,321
Liabilities						
Accounts payable and accrued liabilities	934	-	934	1,184	-	1,184
Employee future benefits	200	305	505	208	327	535
Lease liability – office premises	138	688	826	135	826	961
Total Liabilities	1,272	993	2,265	1,527	1,153	2,680

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (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, 2022	Administrative Fund	Liquidity Fund	Year ended December 31, 2021
Assets						
Cash and cash equivalents	\$ 572	\$ 11,678	\$ 12,250	\$ 155	\$ 992	\$ 1,147
Bonds (note 6)	3,247	180,556	183,803	2,625	193,613	196,238
Exchange Traded Funds (note 6)	-	6,592	6,592	-	7,054	7,054
Total Investments	3,247	187,148	190,395	2,625	200,667	203,292
Accrued investment income	196	593	789	159	641	800
Accounts receivable and prepaids	195	-	195	174	-	174
Due from other funds	106	(106)	-	-	-	-
Equipment (note 7)	376	-	376	398	-	398
Right of use asset-office premises (note 8)	770	-	770	908	-	908
Total Assets	5,462	199,313	204,775	4,419	202,300	206,719
Liabilities						
Accounts payable and accrued liabilities	927	7	934	1,171	13	1,184
Employee future benefits (note 9)	505	-	505	535	-	535
Lease liability – office premises (note 8)	826	-	826	961	-	961
Total Liabilities	2,258	7	2,265	2,667	13	2,680
Members' Funds (note 5(c))						
Administrative	3,253	-	3,253	1,730	-	1,730
Liquidity	-	203,576	203,576	-	202,035	202,035
Accumulated Other Comprehensive Income						
Net unrealized loss on investments	(50)	(4,269)	(4,319)	22	252	274
Total Members' Funds	3,203	199,307	202,510	1,752	202,287	204,039
Total Liabilities and Members' Funds	5,461	199,314	204,775	4,419	202,300	206,719

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (tabular amounts in thousands)

5. Administrative Fund and Liquidity Fund Information

(b) Consolidated Statement of Comprehensive Income

	December 31, 2022			December 31, 2021		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
Revenue						
Investment income (note 10)	\$ 37	\$ 2,334	\$ 2,371	\$ 35	\$ 2,168	\$ 2,203
Administrative Assessment (note 12)	8,500	-	8,500	6,000	-	6,000
	8,537	2,334	10,871	6,035	2,168	8,203
Expenses						
Salaries and benefits	4,844	-	4,844	4,698	-	4,698
Professional fees	811	-	811	707	-	707
Directors' fees	693	-	693	630	-	630
Travel and meetings	204	-	204	67	-	67
External services	652	-	652	369	-	369
General office and administration	1,010	99	1,109	976	103	1,079
Operating expenses	8,214	99	8,313	7,447	103	7,550
Net Operating Income	323	2,235	2,558	(1,412)	2,065	653
Members' Contributions						
Specific Assessment (note 11)	-	506	506	-	15,200	15,200
Net Income	323	2,741	3,064	(1,412)	17,265	15,853
Other Comprehensive Income (OCI)						
OCI, beginning of the year	22	252	274	62	3,257	3,319
OCI, end of the year	(50)	(4,269)	(4,319)	22	252	274
Net change during the year	(72)	(4,521)	(4,593)	(40)	(3,005)	(3,045)
Total Comprehensive Income (Loss)	252	(1,781)	(1,529)	(1,452)	14,260	12,808

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (tabular amounts in thousands)

5. Administrative Fund and Liquidity Fund Information

(c) Consolidated Statement of Changes in Members' Funds

	December 31, 2022			December 31, 2021		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
Members' Funds, beginning of the year	\$ 1,730	\$ 202,035	\$ 203,765	\$ 3,142	\$ 184,770	\$ 187,912
Accumulated other comprehensive income	22	252	274	62	3,257	3,319
Total members' funds, beginning of the year	1,752	202,287	204,039	3,204	188,027	191,231
Transfer of funds (note 12)	1,200	(1,200)	-	-	-	-
Total Comprehensive Income	252	(1,781)	(1,529)	(1,452)	14,260	12,808
Members' Funds, end of the year	3,204	199,306	202,510	1,752	202,287	204,039

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, 2022		December 31, 2021	
	Within 1 year	1 to 5 years	Carrying Value	Effective rates%	Carrying Value	Effective rates%
Government of Canada	\$ 93,101	\$ 28,687	\$ 121,788	0.25-2.5	\$ 107,596	0.3-2.8
Canadian provinces	23,338	26,775	50,113	0.8-9.0	32,076	1.6-9.0
Canadian corporate and municipalities	7,509	10,985	18,494	2.5-3.8	63,620	1.8-3.8
	123,948	66,447	190,395	0.25-9.0	203,292	0.3-9.0

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (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, 2022	December 31, 2021
Government of Canada	Unlimited	None	60.0%	74.1%
Canadian provinces	80% total portfolio	15% in any one province	24.8%	15.7%
Canadian corporate and municipalities	25% total	5% for any one issuer	9.1%	9.5%

Qualified investments have to be rated by at least two of the approved rating agencies – Standard & Poor’s, Moody’s and DBRS. In 2022 and 2021, the Corporation’s credit risk related to bonds with the following ratings:

Bonds by rating	December 31, 2022	December 31, 2021
AAA	\$ 136,427	\$ 167,820
AA	43,393	27,165
A	4,761	2,044
Total Bonds	184,581	197,029

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (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.

An immediate hypothetical 100 basis point increase in interest rates for all maturities would decrease the fair value of the bond portfolio by \$1,859,073 (2021 - \$2,921,263).

7. Property and equipment

	Cost	Accumulated Depreciation	December 31, 2022	Cost	Accumulated Depreciation	December 31, 2021
Computer equipment and software	\$ 554	\$ 425	\$ 129	\$ 487	\$ 382	\$ 105
Leasehold improvements	483	238	245	483	193	290
Furniture	107	105	2	107	104	3
	1,144	768	376	1,077	679	398

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (tabular amounts in thousands)

8. Lease of office premises

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, 2022	December 31, 2021
Office premises	\$ 770	\$ 908

Lease Liabilities	December 31, 2022	December 31, 2021
Current	\$ 138	\$ 135
Non-current	688	826
Total	826	961

(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	2022	2021
Office premises	\$ 138	\$ 138

Interest expense (included in administrative expenses)	\$ 20	\$ 23
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The total cash outflow for leases in 2022 was \$333,737 (2021 - \$326,583).

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (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, 2022	December 31, 2021
Opening Balance LTI	\$ 535	\$ 479
Paid during the year	(208)	(191)
Accrued benefit obligation - current year	178	247
	505	535

10. Investment income

Investment income was derived from the following sources:

	2022	2021
Cash and cash equivalents	\$ -	\$ -
Bonds	2,661	2,278
ETFs	(290)	(75)
	2,371	2,203

Notes to Consolidated Financial Statements

Year ended December 31, 2022 with comparative figures for 2021 (tabular amounts in thousands)

11. Specific Assessment

The Specific Assessment was assessed to Members beginning in 2017 with the last of five assessments received in 2021. 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.

In 2022, a new member contributed \$505,717 to the Liquidity Fund as part of the process of joining Assuris. The amount contributed was determined based on a calculation of the new member’s proportion of the industry total 2020 year end base solvency buffer, applied to the liquidity fund total, assuming they had been a member since inception of the Liquidity Fund. This methodology will be applied to companies wanting to become members in the future.

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 2021, the Board of Directors authorized an Administrative Assessment of \$8,500,000 for 2022 (2021 - \$6,000,000).

A transfer of \$1,200,000 to the Administrative Fund from the Liquidity Fund was authorized by the Board of Directors to fund administrative costs.

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.

	2022	2021
Directors’ fees	\$ 693	\$ 630
Salaries	1,722	2,152
Other benefits	429	786
	2,844	3,568

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)	2022	2021	2020	2019	2018
Summarized Assets, Liabilities and Members' Funds					
Assets					
Invested assets	\$ 202,645	\$ 204,439	\$ 191,333	\$ 170,073	\$ 151,131
Other assets	1,360	1,372	1,356	1,462	1,362
Right of use asset – office premises *	770	908	1,046	1,183	-
Total Assets	204,775	206,709	193,735	172,718	152,493
Liabilities					
Accounts payable and other liabilities	1,439	1,719	1,418	1,295	1,296
Lease liability – office premises *	826	961	1,086	1,205	-
Total Liabilities	2,265	2,680	2,504	2,500	1,296
Members' Funds					
Administrative	3,253	1,730	3,142	3,717	3,568
Liquidity	203,576	202,035	184,770	166,624	148,675
Accumulated Other Comprehensive Income					
Net unrealized gain(loss) on investments	(4,319)	274	3,319	(123)	(1,046)
Total Members' Funds	202,510	204,039	191,231	170,218	151,197
Total Liabilities and Members' Funds	204,775	206,719	193,735	172,718	152,493
Summarized Revenue and Expenses					
Revenue					
Investment income	\$ 2,371	\$ 2,203	\$ 3,088	\$ 2,898	\$ 2,302
Other income	-	-	-	3	-
Administrative Assessment	8,500	6,000	6,000	6,000	6,000
Operating Revenue	10,871	8,203	9,088	8,901	8,302
Expenses					
Operating expenses	8,313	7,550	6,717	6,003	5,612
Excess of revenue over expenses	2,558	653	2,371	2,898	2,690
Members' Contributions					
Specific Assessment	\$ 506	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200

* On adoption of IFRS 16 Leases 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:

Denis Dubois (Chair)

President & COO, Desjardins Financial Security

Alec Blundell

EVP & COO, Co-operators Life Insurance Company

Jean-François Chalifoux

President & CEO, Beneva

Lisa Forbes

Chief Financial Officer, Manulife Canada

Louis Gagnon

President & CEO, Foresters Life Insurance Company

Fabien Jeudy

President & CEO, The Equitable Life Insurance company of Canada

Jeff Macoun

President and COO, Canada, The Canada Life Assurance Company



Our Team



Chloe Yao, Paul Petrelli, Mansi Raichura, Andre Roopchand, Hadja Bah, Maire-Claire Albanese, Carole LaPorte, Laura Parente, Steve McMahon, Jing Huang, Lola Luo, Stephanie Greer, Leanne Crosby, Monica Deschamps, Aby Jain, Raymond Ha, Josée Rheault, Shubham Bhatia, Kenny Lam Liang, Tarrene Griffiths, Peter Peng

Board of Directors



Chair

Frank Swedlove

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

Committees

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



Denis Berthiaume, FSA, FCIA

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

Committees

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



Monika Federau

Former Chief Strategy Officer at Intact Financial

Committees

- Human Resources
- Industry Risk & Resolution



Paul Petrelli, LL.B

President & CEO, Assuris

Committees

- Industry Risk & Resolution

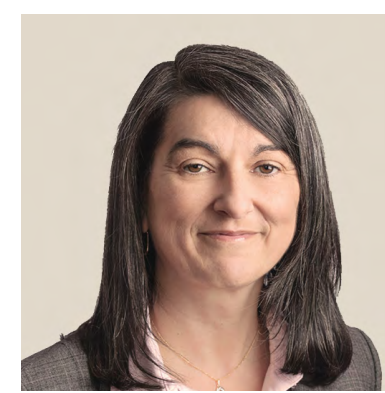


Alain Brunet, FSA, FCIA

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

Committees

- Audit
- CompCorp Life Board
- Industry Risk & Resolution

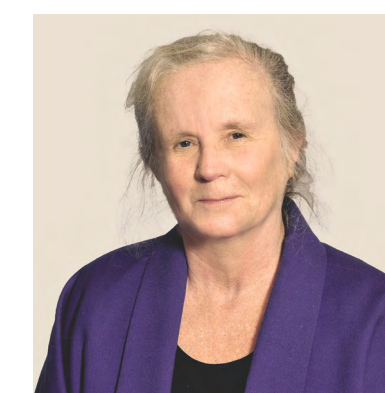


Marie-José Martin, FCIA, FSA, ICD.D

Former President and CEO for Blue Cross Life Insurance Company of Canada

Committees

- Corporate Governance
- 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

- Corporate Governance & Nominating
- Industry Risk & Resolution



Brenda Eprile, FCPA, ICD.D

Former Executive Director and Chief Accountant at the Ontario Securities Commission

Committees

- Audit
- CompCorp Life Board
- Industry Risk & Resolution



Tricia O'Malley, FCPA, FCA

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

Committees

- Audit
- CompCorp Life Board
- Industry Risk & Resolution



Mark Zelmer

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

Committees

- Human Resources
- Industry Risk & Resolution