



Assuris



2023 Annual Report

Protecting Canadian life and health insurance policyholders –
Assuris has your back.



For the accessible version of our 2023 Annual Report, please [click here](#).

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THE TEAM



Chair of the Board's Message

Assuris continues to work towards being resolution ready. In the coming years, we will focus on working with our member companies and the regulators on ongoing resolvability assessments and resolution planning.

Frank Swedlove
Chair of the Assuris
Board of Directors

Protecting Canadian Policyholders

Never is it more true that we are living in “interesting” times – fundamental changes resulting from the pandemic, high inflation, changes in the nature of work and geopolitical uncertainties all contribute to a world where it is more difficult to predict the future.

In this social media era, loss of confidence can occur swiftly. Policyholders may make bad decisions that damage their financial well being, such as not paying premiums and thus losing irreplaceable benefits. For this reason, it is critical that organizations like Assuris be at the top of their game.

Practically, this means that we need to be “resolution ready”. That is, we need to understand and carry out resolution planning in advance of any potential market risk that may impact the solvency of a life and health insurance company in Canada. The longer that it takes to resolve a member company, the greater uncertainty of outcome and the higher the risk that contagion is transmitted to other sectors. Trust in the wider insurance industry may be irrevocably damaged. This could result in higher losses to policyholders and other creditors and ultimately higher costs for Assuris and the industry.

Assuris – The Authority in Resolution

Assuris is the independent expert on life and health insurance resolution. Based on our experience with past failures and our current resolution preparedness work and as regulators and international standards dictate closer attention to resolution planning, Assuris is in a unique position to contribute to this expertise role. Assuris can take the lead in developing resolution plans for the life and health insurance industry. By doing so, this helps minimize cost and regulatory burden for members while providing regulators and other authorities with the highest quality resolution risk analysis and mitigation plans.

Recognitions

I want to thank the Board of Directors for their commitment and dedication to Assuris’ mission to protect policyholders if their life and health insurance company fails. I also want to acknowledge Assuris’ team for their commitment to the protection of Canadian policyholders. The Assuris team is comprised of experts on the life and health insurance industry in key functional areas including actuaries, lawyers, accountants and communications professionals.

Finally, I want to acknowledge the tremendous contribution of our members serving on our Industry Advisory Committee (IAC). The IAC is incredibly valuable in encouraging the exchange of information and providing advice on key industry issues.



President & CEO's Message

Assuris' mission is to protect Canadian policyholders if their life and health insurance company fails, with the goal of meeting the needs and expectations of our stakeholders. We achieve this through executing strategic priorities of: being resolution ready; enhancing and building credibility; and ensuring operational excellence.

Paul Petrelli

Paul Petrelli
President & CEO, Assuris

Being Resolution Ready

In 2023, we further defined functional areas under Resolution Ready: Risk Analysis, Resolution Analysis, Resolution Preparedness, Legal, Communications, Treasury and Operational Support.

We are now focusing on enhancing our understanding of the potential impact industry-wide risk could have on our member companies, and the core member segment key risk exposures raised by the IFRS 17 transition.

We also continue to develop resolution planning and resolvability risk analysis, as well as to proactively engage with relevant stakeholders and policymakers to influence potential changes to the Canadian insurance resolution framework.

As experts in the resolution of any life and health insurance company in Canada, we are also actively developing and testing our playbooks, strengthening our resolution knowledge base and resolution funding capabilities.

Enhancing and Building Credibility

In 2023, our plan under the strategic priority of stakeholder engagement was made with the goal of raising awareness of Assuris and its protection. In partnership with our member life and health insurance companies, we successfully introduced new higher levels of policyholder protection.

The groundwork has now been established, and while we remain committed to raising awareness of Assuris and its protection, our strategic priority is now evolving. We are now focused on a longer-term objective to tell our story and further enhancing our credibility as the experts in protecting Canadian life and health insurance policyholders and the authority in resolving failed life and health life insurance companies in Canada.

President & CEO's Message

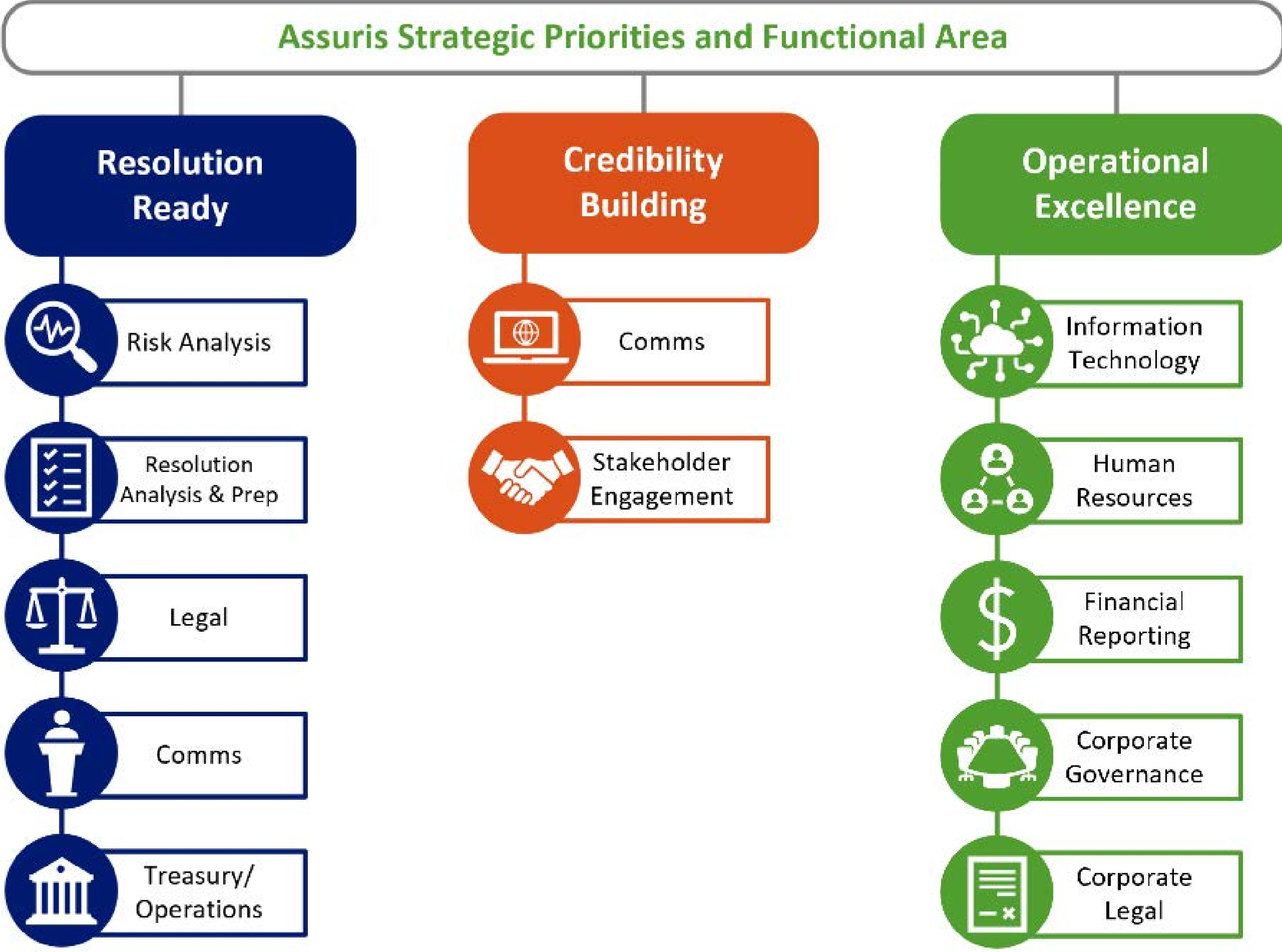
Ensuring Operational Excellence

The Operational Excellence focuses on maintaining excellent practices and processes, ensuring that all work meets the “best in class” standard and that it is completed in a timely manner. Work within the Operational Excellence priority includes Information Technology, Human Resources, Financial Reporting, Corporate Governance and Corporate Legal.

The work of Operational Excellence will be continuously streamlined and improved. This includes completing a migration to the new IT infrastructure to ensure a more robust and efficient technological foundation and implementing a cloud-based board portal which offers a secure and reliable platform.

We accomplished a lot in 2023 but the year ahead will be even more exciting. Our team is committed and dedicated to protecting Canadian life and health insurance policyholders.

We can confidently say – “Assuris has your back”.



Our Mission

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

Our Values

Results

Respect

Partnership

Integrity

Protection at a Glance

Assuris' protection applies to all individual and group insurance products issued by our member companies.

This includes, but is not limited to, life insurance policies such as whole, universal and term, health insurance such as supplementary medical and travel, annuities, retirement income and wealth management products. The levels of protection by product benefits are as follows:

Benefits	Assuris Protection	
Death Benefit	\$1,000,000	<p>or 90%, whichever is higher</p>
Health Expense	\$250,000	
Monthly Income	\$5,000/month	
Investments / Savings: <ul style="list-style-type: none"> • Cash Value • Accumulated Value • Segregated Fund Guarantee 	\$100,000	

For more information on Assuris and its protection, please visit [assuris.ca](https://www.assuris.ca)

2023 Corporate Governance Compliance Report

The following is the 2023 Corporate Governance Report on compliance with our guidelines.

Board of Directors	<p>✓</p> <p>✓</p>	<p>All directors, except for the President & CEO, retained their independence from the Corporation.</p> <p>Mr. Frank Swedlove was elected as Chair of the Board by the directors following the Annual General Meeting.</p>
Role of the Board	<p>✓</p>	<p>The Board satisfied itself that the Corporation is managed in a manner that permits it to effectively and efficiently fulfill its mission, values and vision.</p>
Position Descriptions	<p>✓</p>	<p>There are approved position descriptions for the Chair of the Board, Chairs of the Committees, Directors and the President & CEO.</p>
Director Orientation & Continuing Education	<p>✓</p> <p>✓</p> <p>✓</p>	<p>There was no new director orientation session with management due to an early departure from the newly elected director from the Board.</p> <p>Throughout the year, the Board participated in presentations and education sessions by Assuris staff, professionals in the life insurance industry, and guest speakers.</p> <p>Assuris held a Directors' Conference as part of continuing education for the Board focused on resolution ready simulation and educational sessions and key issues affecting the life insurance industry.</p>
Confidentiality	<p>✓</p> <p>✓</p>	<p>All information received from member life and health insurance companies and regulators and the analysis of that information is considered restricted and was kept confidential by the Corporation.</p> <p>Directors confirmed that they read the confidentiality guidelines, understood their duties of confidentiality to Assuris and signed the confidentiality agreement.</p>
Independence	<p>✓</p>	<p>All directors maintained their independence from member life and health insurance companies.</p>
Conflicts of Interest – Personal Gain	<p>✓</p> <p>✓</p> <p>✓</p>	<p>Directors confirmed that they did not use their position at Assuris, or information obtained from Assuris for personal gain.</p> <p>The Compliance Officer reported to the Corporate Governance & Nominating Committee that there were no transactions with related parties.</p> <p>The Compliance Officer reported that there were no conflicts of interest with respect to a transaction or with any other matter being considered by the Board.</p>

2023 Corporate Governance Compliance Report

Compensation of Directors	✓	In consultation with the Industry Advisory Committee, the Board approved setting the directors' annual cash compensation retainer at P50, based on the proxy market. In 2023, a market increase of 3.4% was implemented to maintain appropriate director compensation.
Nomination of Directors	✓ ✓	Mr. Denis Berthiaume retired from the Board in March 2023. Mr. Clint Davis joined the Board in May 2023 and resigned in June 2023.
Committees of the Board	✓ ✓	The Board approved the structure of the committees and formed the Stakeholder's Engagement Committee. 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 2023, total fees paid by the Corporation to the external auditors for Audit services were \$92,000.00. There were fees paid for non-audit services in the amount of \$58,320.00, which complies with Assuris' External Independence Policy.
Evaluations	✓	The Board followed 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 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.

Summary of Board and Committee Meetings Attended for the Year ended December 31, 2023

Board Meetings Attended	
Denis Berthiaume	1 of 1*
Alain Brunet	4 of 4
Brenda Eprile	4 of 4
Monika Federau	4 of 4
Marie-Josée Martin	4 of 4
Tricia O'Malley	4 of 4
Paul Petrelli	4 of 4
Janis Sarra	4 of 4
Frank Swedlove	4 of 4
Mark Zelmer	4 of 4
Clint Davis	1 of 1**

Committee Meetings Attended	
Denis Berthiaume	3 of 3*
Alain Brunet	9 of 9
Brenda Eprile	10 of 10
Monika Federau	9 of 9
Marie-Josée Martin	10 of 10
Tricia O'Malley	10 of 10
Paul Petrelli	4 of 4
Janis Sarra	9 of 9
Frank Swedlove	17 of 17
Mark Zelmer	10 of 10
Clint Davis	0 of 0**

* Mr. Denis Berthiaume retired from the Board in March 2023

** Mr. Clint Davis joined the Board in May 2023 and resigned in June 2023.

Financial Overview

As specified in our By-Laws, Assuris must maintain a Liquidity Fund of at least \$100 million and a current Base Level of \$200 million. This provides immediate cash to meet Assuris' obligations in any future insolvency before assessing Members. Our Liquidity Fund was \$208 million as of December 31, 2023.

Statement of Financial Position

Assets and Liabilities

Total assets of \$213.4 million consists of \$172.0 million of liquid bonds, \$39.4 million of cash and cash equivalents, \$0.6 million of right of use asset, \$0.9 million of accrued investment income and \$0.5 million of other assets.

Total liabilities of \$2.7 million consists of \$2.0 million of accounts payable, accrued liabilities and employee future benefits, \$0.7 million of lease liability.

Statement of Comprehensive Income

Revenue and Expenses

Total revenue of \$14.0 million is from an Administrative Assessment to Members of \$9.0 million and an investment income of \$5.0 million from bonds and short-term investments.

Total operating expenses are \$9.0 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, 2024

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) of Canadian Life and Health Insurance Compensation Corporation (Assuris) and its subsidiary

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, 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2023;
- 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
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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 22, 2024

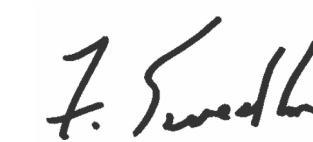
Consolidated Statement of Financial Position

Year ended December 31, 2023
with comparative figures for 2022

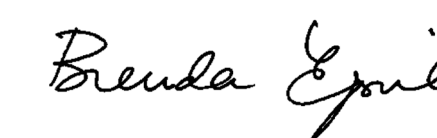
(in thousands of dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Assets		
Cash and cash equivalents	\$ 39,384	\$ 12,250
Bonds (note 6)	172,047	183,803
Exchange Traded Funds (note 6)	-	6,592
Total Investments	172,047	190,395
Accrued investment income	929	789
Accounts receivable and prepaids	128	195
Property and equipment (note 7)	293	376
Right of use asset – office premises (note 8)	632	770
Total Assets	213,413	204,775
Liabilities		
Accounts payable and accrued liabilities	1,434	934
Employee future benefits (note 9)	548	505
Lease liability – office premises (note 8)	689	826
Total Liabilities	2,671	2,265
Members' Funds		
Administrative	3,483	3,253
Liquidity	208,371	203,576
Accumulated Other Comprehensive Income		
Net unrealized loss on investments	(1,112)	(4,319)
Total Members' Funds	210,742	202,510
Total Liabilities and Members' Funds	213,413	204,775

On behalf of the Board:



Director



Director

Consolidated Statement of Comprehensive Income

Year ended December 31, 2023
with comparative figures for 2022

(in thousands of dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue		
Investment income (note 10)	\$ 4,996	\$ 2,371
Administrative assessment (note 12)	9,000	8,500
Other Income	2	-
Operating Revenue	13,998	10,871
Expenses		
Salaries and benefits	5,252	4,844
Professional fees	854	811
Directors' fees	735	693
Travel and meetings	273	204
External services	704	652
General office and administration	1,155	1,109
Operating expenses	8,973	8,313
Net Operating Income	5,025	2,558
Members' Contributions		
Specific Assessment (note 11)	-	506
Net Income	5,025	3,064
Other Comprehensive Income (OCI)		
OCI, beginning of the year	(4,319)	274
OCI, end of the year	(1,112)	(4,319)
Net change during the year	3,207	(4,593)
Total Comprehensive Income	8,232	(1,529)

Consolidated Statements of Changes in Members' Funds

Year ended December 31, 2023
with comparative figures for 2022

(in thousands of dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Members' Funds, beginning of the year (note 5(c))	\$ 206,829	\$ 203,765
Accumulated OCI, beginning of the year	(4,319)	274
Total members' funds, beginning of the year	202,510	204,039
Total comprehensive income	8,232	(1,529)
Members' Funds, end of the year	210,742	202,510

Consolidated Statement of Cash Flows

December 31, 2023
with comparative figures for 2022

(in thousands of dollars)

	Year ended December 31, 2023	Year ended December 31, 2022
Cash Flows from Operating Activities		
Administrative Fund		
Cash received from:		
Investment income	\$ 4,297	\$ 3,731
Administrative Assessment	9,136	8,494
Cash used for:		
Salaries and employee benefits	(4,901)	(5,290)
Professional and directors' fees	(1,505)	(1,338)
Supplies and services	(1,900)	(1,733)
Liquidity Fund		
Cash received from:		
Specific Assessment	-	506
Cash provided from Operating Activities	5,127	4,370
Cash Flows from Investing Activities		
Sale and Maturity of bonds	139,843	82,915
Purchase of bonds	(117,681)	(75,960)
Cash used to purchase property and equipment	-	(67)
Net Cash Used for Investing Activities	22,162	6,888
Cash Flows from Financing Activities		
Lease liability – principal portion	(155)	(155)
Increase in Cash and Cash Equivalents	27,134	11,103
Cash and cash equivalents, beginning of the year	12,250	1,147
Cash and Cash Equivalents, end of the year	39,384	12,250

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (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, 2023, were approved for issue by the Board of Directors on February 22, 2024.

(b) Basis of consolidation

The consolidated financial statements of the Corporation for the year ended December 31, 2023, 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 solvency buffer 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 solvency buffer 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 remaining 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 liability 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, 2023 with comparative figures for 2022 (tabular amounts in thousands)

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

	December 31, 2023			December 31, 2022		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Assets						
Cash and cash equivalents	\$ 39,384	\$ -	\$ 39,384	\$ 12,250	\$ -	\$ 12,250
Bonds	137,003	35,044	172,047	123,949	59,854	183,803
ETFs	-	-	-	-	6,592	6,592
Accrued investment income	929	-	929	789	-	789
Accounts receivable and prepaids	128	-	128	195	-	195
Right of use asset – office premises	138	494	632	138	632	770
Total Assets	177,582	35,538	213,120	137,321	67,078	204,399
Liabilities						
Accounts payable and accrued liabilities	1,434	-	1,434	934	-	934
Employee future benefits	195	353	548	200	305	505
Lease liability – office premises	138	551	689	138	688	826
Total Liabilities	1,767	904	2,671	1,272	993	2,265

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (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, 2023	Administrative Fund	Liquidity Fund	Year ended December 31, 2022
Assets						
Cash and cash equivalents	\$ 801	\$ 38,583	\$ 39,384	\$ 572	\$ 11,678	\$ 12,250
Bonds (note 6)	3,882	168,165	172,047	3,247	180,556	183,803
Exchange Traded Funds (note 6)	-	-	-	-	6,592	6,592
Total Investments	3,882	168,165	172,047	3,247	187,148	190,395
Accrued investment income	249	680	929	196	593	789
Accounts receivable and prepaids	125	3	128	195	-	195
Due from other funds	201	(201)	-	106	(106)	-
Equipment (note 7)	293	-	293	376	-	376
Right of use asset-office premises (note 8)	632	-	632	770	-	770
Total Assets	6,183	207,230	213,413	5,462	199,313	204,775
Liabilities						
Accounts payable and accrued liabilities	1,371	63	1,434	927	7	934
Employee future benefits (note 9)	548	-	548	505	-	505
Lease liability – office premises (note 8)	689	-	689	826	-	826
Total Liabilities	2,608	63	2,671	2,258	7	2,265
Members' Funds (note 5(c))						
Administrative	3,483	-	3,483	3,253	-	3,253
Liquidity	-	208,371	208,371	-	203,576	203,576
Accumulated Other Comprehensive Income						
Net unrealized loss on investments	92	(1,204)	(1,112)	(50)	(4,269)	(4,319)
Total Members' Funds	3,575	207,167	210,742	3,203	199,307	202,510
Total Liabilities and Members' Funds	6,183	207,230	213,413	5,461	199,314	204,775

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (tabular amounts in thousands)

5. Administrative Fund and Liquidity Fund Information

(b) Consolidated Statement of Comprehensive Income

	December 31, 2023			December 31, 2022		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
Revenue						
Investment income (note 10)	\$ 52	\$ 4,944	\$ 4,996	\$ 37	\$ 2,334	\$ 2,371
Administrative Assessment (note 12)	9,000	-	9,000	8,500	-	8,500
Other Income	2	-	2	-	-	-
	9,054	4,944	13,998	8,537	2,334	10,871
Expenses						
Salaries and benefits	5,252	-	5,252	4,844	-	4,844
Professional fees	854	-	854	811	-	811
Directors' fees	735	-	735	693	-	693
Travel and meetings	273	-	273	204	-	204
External services	704	-	704	652	-	652
General office and administration	1,006	149	1,155	1,010	99	1,109
Operating expenses	8,824	149	8,973	8,214	99	8,313
Net Operating Income	230	4,795	5,025	323	2,235	2,558
Members' Contributions						
Specific Assessment (note 11)	-	-	-	-	506	506
Net Income	230	4,795	5,025	323	2,741	3,064
Other Comprehensive Income (OCI)						
OCI, beginning of the year	(50)	(4,269)	(4,319)	22	252	274
OCI, end of the year	92	(1,204)	(1,112)	(50)	(4,269)	(4,319)
Net change during the year	142	3,065	3,207	(72)	(4,521)	(4,593)
Total Comprehensive Income (Loss)	372	7,860	8,232	252	(1,781)	(1,529)

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (tabular amounts in thousands)

5. Administrative Fund and Liquidity Fund Information

(c) Consolidated Statement of Changes in Members' Funds

	December 31, 2023			December 31, 2022		
	Administrative Fund	Liquidity Fund	Total	Administrative Fund	Liquidity Fund	Total
Members' Funds, beginning of the year	\$ 3,253	\$ 203,576	\$ 206,829	\$ 1,730	\$ 202,035	\$ 203,765
Accumulated other comprehensive income	(50)	(4,269)	(4,319)	22	252	274
Total members' funds, beginning of the year	3,203	199,307	202,510	1,752	202,287	204,039
Transfer of funds (note 12)	-	-	-	1,200	(1,200)	-
Total Comprehensive Income	372	7,860	8,232	252	(1,781)	(1,529)
Members' Funds, end of the year	3,575	207,167	210,742	3,204	199,306	202,510

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, 2023		December 31, 2022	
	Within 1 year	1 to 5 years	Carrying Value	Effective rates%	Carrying Value	Effective rates%
Government of Canada	\$ 115,325	\$ 19,715	\$ 135,040	0.5-3.0	\$ 121,788	0.25-2.5
Canadian provinces	14,238	12,420	26,658	2.3-9.0	50,113	0.8-9.0
Canadian corporate and municipalities	7,440	2,909	10,349	1.8-3.4	18,494	2.5-3.8
	137,003	35,044	172,047	0.5-9.0	190,395	0.25-9.0

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (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, 2023	December 31, 2022
Government of Canada	Unlimited	None	63.9%	60.0%
Canadian provinces	80% total portfolio	15% in any one province	12.7%	24.8%
Canadian corporate and municipalities	25% total portfolio	5% for any one issuer	5.0%	9.1%

Qualified investments have to be rated by at least two of the approved rating agencies – Standard & Poor's, Moody's and DBRS. In 2023 and 2022, the Corporation's credit risk related to bonds with the following ratings:

Bonds by rating	December 31, 2023	December 31, 2022
AAA	\$ 144,598	\$ 136,427
AA	20,490	43,393
A	7,888	4,761
Total Bonds	172,976	184,581

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (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 \$1,263,779 (2022 - \$1,859,073).

7. Property and equipment

	Cost	Accumulated Depreciation	December 31, 2023	Cost	Accumulated Depreciation	December 31, 2022
Computer equipment and software	\$ 557	\$ 470	\$ 87	\$ 554	\$ 425	\$ 129
Leasehold improvements	483	282	201	483	238	245
Furniture	112	107	5	107	105	2
	1,152	859	293	1,144	768	376

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (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 the lease:

Right of use asset	December 31, 2023	December 31, 2022
Office premise	\$ 632	\$ 770

Lease Liability	December 31, 2023	December 31, 2022
Current	\$ 138	\$ 138
Non-current	551	688
Total	689	826

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

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

Depreciation charge of right of use asset	2023	2022
Office premise	\$ 138	\$ 138

Interest expense (included in administrative expenses)	\$ 17	\$ 20
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The total cash outflow for the lease in 2023 was \$339, 206 (2022 - \$333,737).

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (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, 2023	December 31, 2022
Opening Balance LTI	\$ 505	\$ 535
Paid during the year	(200)	(208)
Accrued benefit obligation - current year	243	178
	548	505

10. Investment income

Investment income was derived from the following sources:

	2023	2022
Cash and cash equivalents	\$ 101	\$ -
Bonds	4,713	2,661
ETFs	182	(290)
	4,996	2,371

Notes to Consolidated Financial Statements

Year ended December 31, 2023 with comparative figures for 2022 (tabular amounts in thousands)

11. Specific Assessment

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 with existing businesses 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 2022, the Board of Directors authorized an Administrative Assessment of \$9,000,000 for 2023 (2022 - \$8,500,000).

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.

	2023	2022
Directors' fees	\$ 735	\$ 693
Salaries	1,803	1,722
Other benefits	574	429
	3,112	2,844

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)	2023	2022	2021	2020	2019
Summarized Assets, Liabilities and Members' Funds					
Assets					
Invested assets	\$ 211,431	\$ 202,645	\$ 204,439	\$ 191,333	\$ 170,073
Other assets	1,350	1,360	1,372	1,356	1,462
Right of use asset – office premises	632	770	908	1,046	1,183
Total Assets	213,413	204,775	206,719	193,735	172,718
Liabilities					
Accounts payable and other liabilities	1,982	1,439	1,719	1,418	1,295
Lease liability – office premises	689	826	961	1,086	1,205
Total Liabilities	2,671	2,265	2,680	2,504	2,500
Members' Funds					
Administrative	3,483	3,253	1,730	3,142	3,717
Liquidity	208,371	203,576	202,035	184,770	166,624
Accumulated Other Comprehensive Income					
Net unrealized gain(loss) on investments	(1,112)	(4,319)	274	3,319	(123)
Total Members' Funds	210,742	202,510	204,039	191,231	170,218
Total Liabilities and Members' Funds	213,413	204,775	206,719	193,735	172,718
Summarized Revenue and Expenses					
Revenue					
Investment income	\$ 4,996	\$ 2,371	\$ 2,203	\$ 3,088	\$ 2,898
Other income	2	-	-	-	3
Administrative Assessment	9,000	8,500	6,000	6,000	6,000
Operating Revenue	13,998	10,871	8,203	9,088	8,901
Expenses					
Operating expenses	8,973	8,313	7,550	6,717	6,003
Excess of revenue over expenses	5,025	2,558	653	2,371	2,898
Members' Contributions					
Specific Assessment *	-	\$ 506	\$ 15,200	\$ 15,200	\$ 15,200

* Specific assessment levied on members to increase the Liquidity Fund to a Base Level of \$200 million

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:

Lisa Forbes (Chair)

Chief Financial Officer, Manulife Canada

Jean-François Chalifoux

President & CEO, Beneva

Rino D'Onofrio

President & CEO, RBC Life Insurance Company

Sébastien Depuis

President & CEO, Assumption Mutual Life Insurance Company

Fabien Jeudy

President & CEO, The Equitable Life Insurance company of Canada

Sandra Perri

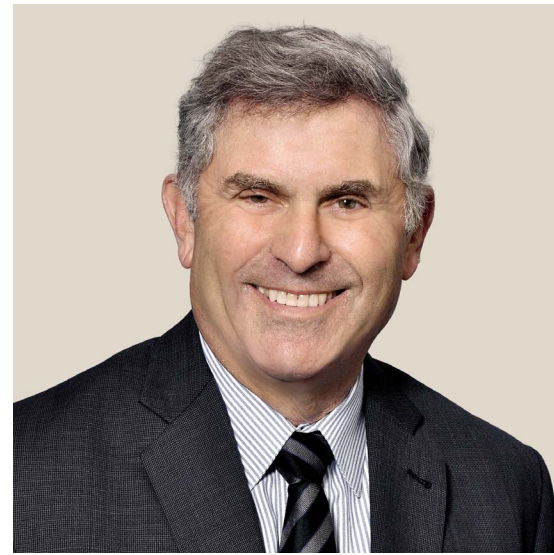
SVP & General Counsel, SLF Canada, Sun Life Assurance Company of Canada

René Zanin

Global Chief Legal, Compliance and Membership Officer, Foresters Financial



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
- Stakeholder Engagement



Alain Brunet, FSA, FCIA

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

Committees

- Corporate Governance & Nominating
- Industry Risk & Resolution
- Stakeholder Engagement



Marie-José Martin, FCIA, FSA, ICD.D

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

Committees

- Audit
- CompCorp Life Board
- Human Resources
- 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
- Stakeholder Engagement



Brenda Eprile, FCPA, ICD.D

Former Executive Director and Chief Accountant at the Ontario Securities Commission

Committees

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

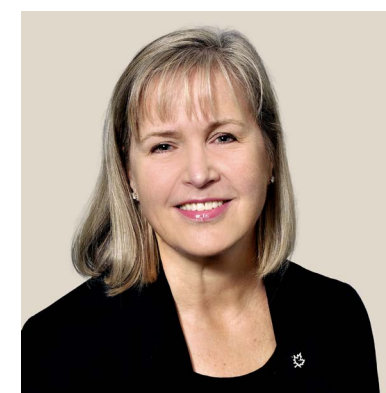


Mark Zelmer

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

Committees

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



Monika Federau

Former Chief Strategy Officer at Intact Financial

Committees

- Human Resources
- Industry Risk & Resolution
- Stakeholder Engagement



Paul Petrelli, LL.B

President & CEO, Assuris

Committees

- Industry Risk & Resolution