Annual Report 2024

ivari®

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ivari

ivari is one of Canada's leading individual life insurance providers, with $15 billion in total assets and total new life sales of $95.9 million in 2024.

Canadians at every stage of life access our reliable life and protection products through a national network of independent advisors. Each day, we strive to provide a positive experience for all who interact with us and continually seek feedback to keep doing what is working well and make changes to what isn't.

With headquarters in Toronto and a second office in Montreal, ivari employs approximately 300 people with a wide range of skills and expertise. We provide challenging and rewarding careers in the continually evolving financial services industry and ongoing learning and development opportunities.

Our commitment to giving back to the communities in which we live and work comes in many forms. Our Volunteer Program gives each employee up to 12 hours a year to volunteer with a registered charity of their choice. And ivari's Healthy Steps Program supports organizations helping young people develop healthy habits, such as active living, healthy eating and health education. Giving back is a core part of who we are.

To learn more about ivari, visit ivari.ca.

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

A groundbreaking year for ivari.

At ivari, we envision a future where every Canadian has access to life insurance solutions that align with their values and long-term needs.

ivari insurance products are designed to give Canadians peace of mind. They are easily understood, and we provide a seamless and proven customer experience. We place a strong emphasis on advisor support, diversified channels and innovative product features. This is underpinned by operational efficiencies and prudent risk management. In 2024, we launched new products to the Canadian market, helping us position the company for continued growth.

ivari became a member of the Sagicor family. Like ivari, which has been providing protection to Canadians for generations dating back to our founding in 1933, Sagicor has a proud history of providing wise financial thinking in its home markets for a very long time, dating back to its founding as the Mutual of Barbados in 1843. Sagicor's core mission of being a positive influence on the communities in which it operates is highly compatible with our own.

There are numerous opportunities for ivari to collaborate with the rest of the Sagicor companies to share expertise and experience and establish centres of excellence. To effectively oversee some of these initiatives, I was pleased to take on the role of President and Chief Executive Officer of ivari, in Canada, in addition to my roles at Sagicor Financial and at Sagicor Life USA.

Continued investments in growth.

As we look back over the year, there were many landmark accomplishments aligned with the objectives and projects we pushed forward.

We pursued opportunities to strengthen our position within priority products and our aligned distribution channels, with technology being a key lever. In addition to two product launches, further enhancements were implemented to modernize and expand our digital business platform used by advisors, making it faster, easier, and one of the best in the market. Significant progress was achieved in transforming our administrative and technology platforms to provide us with additional scalability and optionality to support our future growth.

Despite market volatility, ivari delivered a solid performance with a net income of $159.9M. New life sales were $95.9M. ivari continues to have a strong balance sheet and has maintained its financial strength throughout the year. Please refer to the Core Earnings commentary later in this Annual Report for an explanation of the various drivers of these financial results.

We support our most valuable assets – our employees.

We continue to support the needs of all our employees by emphasizing a flexible approach to work-life balance and offering opportunities to develop and grow in their roles. Consistent with our investments in previous years, we continue to offer our employees the chance to fulfill professional and personal goals through a robust course offering, wellness programming, rewards and recognition, and tuition reimbursement. Our focus on our employees is reflected in the excellent employee engagement scores gauged through our annual employee surveys.

Our commitment to a diverse and inclusive culture.

We have built a culture that thrives on embracing the unique views and backgrounds that each ivari employee brings to the organization while ensuring that individuals are treated fairly and have universal access to resources, opportunities, and support. We are committed to ensuring that we have an inclusive workplace – one with a culture that allows all employees to be heard and to thrive.

ivari gives back.

As a life insurance company, we have a deep understanding of what it takes for people to lead healthy lives. Through the ivari Healthy Steps Charitable Giving Program, we support organizations that help teach young people the skills they need to develop healthy habits, particularly in areas like active living, healthy eating, mental health, and health education. Our long-standing partnership with the United Way/Centraide Canada allows us to give back to organizations working to make a difference in the communities where we live and work.

The way forward is bright!

We have gained strong momentum in 2024, and I look forward to a bright future of growth in 2025 and beyond. It is an honour to lead this team of talented and committed employees and a privilege to work with a diverse Board of Directors who have provided strong guidance and support for the business and our clients. On behalf of the Board of Directors and all ivari employees, thank you for your continued confidence in us. I encourage you to take the time to learn more about our organization and our exceptional team.

Andre Mousseau
President and CEO of ivari

BUSINESS HIGHLIGHTS

- Net Income: $159.9M
- New life sales: $95.9M
- Total Assets: $15B
- LICAT ratio: 131%

CORE EARNINGS

ivari reports its financial results according to IFRS but also uses non-IFRS measures. Non-IFRS measures, which differ from standard accounting principles, help understand ongoing operations and management's view of performance. They enhance period-to-period comparability and measure shareholder value contribution. However, these measures can vary between institutions and should not replace IFRS-based performance measures.

Based on non-IFRS measures, ivari's net income is presented in the Annual Report in a Drivers of Earnings format to assist readers in understanding management's perspective on ivari's performance. It summarizes the financial results between Core earnings and non-Core earnings.

Core earnings is intended to remove from net income the impacts of items that create volatility in ivari's results under IFRS, or that are not representative of ivari's business operating performance and long-term earnings potential. For example, equity market volatility and interest rate changes can all have significant impacts on the reported value of ivari's assets and insurance contract liabilities, and therefore net income in the period. These impacts, however, may not be realized in subsequent periods if markets move in the opposite direction, which can cause difficulty in attempting to compare performance year over year. Each of these items is classified as a supplementary financial measure and has no directly comparable IFRS financial measure disclosed in ivari's financial statements to which the measure relates, nor are reconciliations available.

The following items are included in core earnings:

Expected insurance earnings

This is the profit created by the recognition of services provided to inforce policyholders, held in the Contractual Service Margin (CSM), and the release of safety margins held in the Risk Adjustment (RA). These RA margins for any specific year are no longer required as the year passes because ivari is no longer exposed to the risks at the end of that year. CSM recognition and RA release are expected to remain relatively stable from year to year and grow with underlying business.

Impact of new insurance business (onerous contracts)

This represents the losses related to writing new insurance business identified as onerous at initial recognition including the impact of the associated reinsurance contracts. We do not expect a significant amount of onerous contracts.

Core insurance experience gains (losses)

This is the impact of differences between management expected and actual non-financial insurance experience during the year, as included in the insurance contract liabilities. For example, these items would include experience gains or losses on mortality, policyholder behaviour and expenses. Core insurance experience could be volatile year to year reflecting actual claims experience.

Core net investment result

This provides the expected investment earnings from ivari's portfolio of assets, before any market fluctuation that happened during the year, net of the finance expenses on insurance contract liabilities, and investment expenses. These figures grow with underlying business and may experience volatility year to year from changes in interest rates and investment actions.

Other core items

These include income from activities not related to life insurance, expenses not attributable to insurance contracts, interest expenses on deposits from reinsurers and a recalculation of income taxes using the core elements at a statutory tax rate of 25.8%.

The following items are excluded from core earnings:

Market experience gains and losses

This is the difference between actual and expected market movements impacting both the insurance liabilities and assets backing those liabilities, as well as surplus assets. ivari remains subject to yield curve movements, spread movements and volatility in equity returns.

Changes in actuarial assumptions and methods

This is the impact from revisions to the methodologies and assumptions used in the measurement of insurance, reinsurance, and investment contracts.

Other

This includes the difference between actual taxes paid and core income taxes, and one-time adjustments that are unusual in nature.

Drivers of Earnings Statement for the year ended December 31, 2024
(millions of dollars)

	2024	2023 [1]
Core insurance service result		
Risk adjustment release	$ 41.2	$ 39.5
CSM recognized for services provided	71.2	70.0
Expected earnings on short-term (PAA) insurance business	—	—
Expected insurance earnings	112.4	109.5
Impact of new insurance business (onerous contracts)	—	—
Core insurance experience gains/(losses)	(17.2)	(33.6)
Total – Core net insurance service result	**95.2**	**75.9**
Expected investment earnings	153.2	129.9
Credit experience/change in expected credit loss	—	—
Other	—	—
Core net investment result	**153.2**	**129.9**
Core non-insurance activities	0.8	1.0
Core other expenses	(19.4)	(21.1)
Other (other interest and finance costs)	(77.6)	(77.2)
Core earnings – pre-tax	**152.2**	**108.5**
Core income taxes	(39.8)	(28.2)
Core earnings – after-tax	**112.4**	**80.3**
Items excluded from core earnings (after-tax)		
Market experience gains/(losses)	17.8	107.7
Changes in actuarial methods & assumptions	28.2	(22.6)
Other	1.5	1.1
Total	47.5	86.2
Net income (loss)	**$ 159.9**	**$ 166.5**

[1] Certain 2023 results in the Drivers of Earnings were refined to more accurately reflect how management views the business.

Core earnings of $112.4 million for the year increased $32.1 million, or 40%, from the $80.3 million reported in 2023, reflecting an increase in expected investment earnings and lower insurance experience losses. Net income was $159.9 million for the year.

Expected insurance earnings of $112.4 million in 2024 increased by $2.9 million from the $109.5 million reported in 2023 primarily due to growth in underlying business.

Core insurance experience loss of $17.2 million in 2024 is mainly driven by unfavourable mortality experience . The loss of $33.6 million in 2023 is mainly driven by unfavourable policyholder experience.

Expected investment earnings of $153.2 million in 2024 have increased by $23.3 million from $129.9 million in 2023 mainly due to the impact of lower interest rates on insurance contract liabilities.

Market experience of $17.8 million in 2024 has decreased by $89.9 million from $107.7 million in 2023 mainly due to interest rate movements throughout the year.

The net impact of changes in actuarial methods and assumptions of $28.2 million in 2024 related primarily to favourable mortality updates, partially offset by unfavourable policyholder behaviour updates. In 2023, most of the impact resulted from refinements in methodologies due to the adoption of the new accounting standards.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for preparing the accompanying financial statements. This responsibility includes selecting appropriate policies and making estimates and other judgments consistent with International Financial Reporting Standards issued by the International Accounting Standards Board and with the requirements of the Office of the Superintendent of Financial Institutions.

The Board of Directors oversees management's responsibilities for financial reporting. An Audit and Conduct Review Committee, comprising both affiliated and non-affiliated Directors, is appointed by the Board of Directors to review the financial statements and report to the Directors prior to their approval of the financial statements for issuance to the shareholder and policyholders.

Management is also responsible for maintaining systems of internal control that provide reasonable assurance that financial information is reliable, that all financial transactions are properly authorized, that assets are safeguarded and that ivari ("the Company") adheres to legislative and regulatory requirements. These systems include the communication of policies and standards of business conduct throughout the Company. Such policies and standards are designed to prevent conflicts of interest and unauthorized disclosure of information. Internal controls are reviewed and evaluated by the Company's internal auditors.

The Audit and Conduct Review Committee also conducts such review and inquiry of management and the internal and external auditors as it deems necessary in establishing that the Company is employing an appropriate system of internal control, is adhering to legislative and regulatory requirements and is applying the Company's policies and standards of business conduct. Both the internal and external auditors have full and unrestricted access to the Audit and Conduct Review Committee, with and without the presence of management.

The Office of the Superintendent of Financial Institutions conducts periodic examinations of the Company. These examinations are designed to evaluate compliance with provisions of the Insurance Companies Act (Canada) and to ensure that the interests of policyholders and the public are safeguarded.

The Appointed Actuary, who is a member of management, is appointed by the Board of Directors to discharge the various actuarial responsibilities required under the Insurance Companies Act (Canada) and conducts the valuation of the Company's insurance contract liabilities. The report of the Appointed Actuary accompanies these financial statements.

The Company's external auditors, PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, conduct an independent audit of the financial statements and meet separately with both management and the Audit and Conduct Review Committee to discuss the results of their audit. The Independent Auditor's Report to the shareholder and policyholders accompanies these financial statements.

Andre Mousseau
President and Chief Executive Officer

Carolyn Ling
Executive Vice President and Chief Financial Officer

APPOINTED ACTUARY'S REPORT

To the Shareholder and Policyholders of ivari:

I have valued the policy liabilities of ivari for its financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2024.

In my opinion, the amount of policy liabilities is appropriate for this purpose. The valuation conforms to accepted actuarial practice in Canada and the financial statements fairly present the results of the valuation.

February 27, 2025
Toronto, Ontario

Les Rehbeli
Fellow, Canadian Institute of Actuaries

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Policyholders of ivari.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ivari (the "Company") as at December 31, 2024 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 Accounting Standards).

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2024;
- the statement of profit or loss for the year then ended;
- the statement of comprehensive income (loss) for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information 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 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Comparative information

The financial statements of the Company for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 27, 2024.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

February 27, 2025
Toronto, Ontario

STATEMENT OF FINANCIAL POSITION

(thousands of dollars)

	Note	December 31, 2024	December 31, 2023
ASSETS			
Cash and cash equivalents	4,5	$ 139,593	$ 178,773
Short-term investments	4,5	1,155,890	951,846
Bonds and debentures	4,5	6,113,047	6,133,375
Exchange-traded and mutual funds	4,5	3,069,091	2,486,052
Derivative financial instruments	4,5,6	132	205
Other invested assets	4	92,106	67,979
Accrued investment income	4	33,461	35,255
Total Invested Assets		$ 10,603,320	$ 9,853,485
Reinsurance contract held assets	10	$ 3,037,827	$ 3,170,786
Deferred tax assets	19	197,600	225,221
Other assets	7	106,099	112,031
Segregated fund assets	5,8,20	643,508	651,077
Total Assets		**$ 14,588,354**	**$ 14,012,600**
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities, excluding those for account of segregated fund holders	8	$ 11,682,248	$ 11,162,204
Investment contract liabilities	9	9,448	12,038
Derivative financial instruments	5,6	657	711
Tax liabilities		—	21,902
Other payables	12	1,010,945	1,003,206
Insurance contract liabilities for account of segregated fund holders	5,8,20	643,508	651,077
Total Liabilities		$ 13,346,806	$ 12,851,138
Equity			
Capital stock	13	$ 911,750	$ 911,750
Contributed capital	14	1,485,772	1,485,545
Retained earnings (deficit)		(1,155,974)	(1,235,833)
Accumulated other comprehensive income (loss)		—	—
Total Equity		1,241,548	1,161,462
Total Liabilities and Equity		**$ 14,588,354**	**$ 14,012,600**

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors on February 27, 2025 and signed on its behalf by

Robin Fitzgerald

Andre Mousseau
President and Chief Executive Officer

Robin Fitzgerald
Director

STATEMENT OF PROFIT OR LOSS

(thousands of dollars)

		For the year ended	
	Note	December 31, 2024	December 31, 2023
Insurance Service Result			
Insurance revenue	8,16	$ 821,695	$ 777,757
Insurance service expense	8,17	(458,241)	(650,476)
Net recovery (expense) from reinsurance contracts held	10	(261,215)	(77,875)
Net Insurance Service Result		**$ 102,239**	**$ 49,406**
Investment Result			
Investment income	4	$ 1,006,899	$ 1,211,831
Insurance finance income (expenses) for insurance contracts issued	4,8	(930,539)	(1,273,413)
Reinsurance finance income (expenses) for reinsurance contracts held	4,10	123,562	328,661
Increase in investment contract liabilities	4,9	(165)	(276)
Net investment result - before segregated funds		$ 199,757	$ 266,803
Segregated funds investment result			
Investment income (loss) for segregated funds	20	$ 100,728	$ 72,120
Insurance finance income (expenses) for segregated funds	20	(100,728)	(72,120)
Net segregated funds investment result		$ —	$ —
Net Investment Result		**$ 199,757**	**$ 266,803**
Other Expenses			
Operating and administrative expenses	17	$ (101,472)	$ (101,299)
Other income (expense)		2,313	960
Total Other Expenses		**$ (99,159)**	**$ (100,339)**
Profit (Loss) Before Tax		**$ 202,837**	**$ 215,870**
Income tax recovery (expense)	19	(42,978)	(49,403)
Profit (Loss) For The Year		**$ 159,859**	**$ 166,467**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(thousands of dollars)

	December 31, 2024	December 31, 2023
Profit (Loss) For The Year	$ 159,859	$ 166,467
Other comprehensive income (loss), net of income taxes:		
Items that may be reclassified subsequently to income		
Reclassification adjustment for losses (gains) into net income (loss):	—	—
Total Comprehensive Income (Loss)	**$ 159,859**	**$ 166,467**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(thousands of dollars)

	Capital Stock	Contributed Capital	Retained Earnings (Deficit)	AOCI [1]	Total Equity
Balance as at January 1, 2023	$ 911,750	$ 1,485,545	$ (1,392,663)	$ (5,970)	$ 998,662
Transition adjustment - IFRS 9 [2]	—	—	(9,637)	5,970	(3,667)
Balance as at January 1, 2023, after changes in accounting policies	$ 911,750	$ 1,485,545	$ (1,402,300)	$ —	$ 994,995
Comprehensive income	—	—	166,467	—	166,467
Balance as at December 31, 2023	$ 911,750	$ 1,485,545	$ (1,235,833)	$ —	$ 1,161,462
Comprehensive income	—	—	159,859	—	159,859
Dividends		—	(80,000)	—	(80,000)
Share based payments [3]	—	227	—	—	227
Balance as at December 31, 2024	**$ 911,750**	**$ 1,485,772**	**$ (1,155,974)**	**$ —**	**$ 1,241,548**

[1] Accumulated Other Comprehensive Income

[2] Refer to Note 2 for the Company's IFRS 9 transition disclosures.

[3] Refer to Note 18 for the Company's Share based payments disclosures.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(thousands of dollars)

	For the year ended	
	December 31, 2024	December 31, 2023
OPERATING ACTIVITIES		
Income before taxes	$ 202,837	$ 215,870
Adjustments		
Income taxes (paid)	(39,807)	(17,688)
Amortization of share plan	227	—
Decrease (increase) in accrued investment income	1,794	(2,218)
Decrease (increase) in other assets	2,761	(33,522)
Decrease in deferred tax provision on operating income	27,621	32,428
Increase in insurance contract liabilities	512,475	1,082,764
(Decrease) in investment contract liabilities	(2,590)	(3,008)
(Decrease) increase in other liabilities	(12,520)	(8,407)
Decrease (increase) in reinsurance assets and liabilities, net	132,959	(148,475)
Net unrealized and realized (gains)	(403,144)	(637,063)
Net accrual of discount on invested assets	(154,574)	(139,240)
Net cash provided by operating activities	$ 268,039	$ 341,441
INVESTING ACTIVITIES		
Sales, maturities and scheduled repayments of:		
Bonds and other fixed-term securities	$ 191,524	$ 276,646
Exchange-traded and mutual funds	121,786	85,140
Mortgage loans	—	7
Other invested assets	—	68
Derivatives	(697)	(1,011)
Purchases and issues of:		
Bonds and other fixed-term securities	(145,628)	(477,189)
Exchange-traded and mutual funds	(283,095)	(196,373)
Short-term investments and other invested assets, net	(109,466)	79,216
Net cash (used in) investing activities	$ (225,576)	$ (233,496)
FINANCING ACTIVITIES		
Principal portion of lease liability	$ (1,643)	$ (1,728)
Lease termination penalty	—	(1,440)
Dividends	(80,000)	—
Net cash (used in) financing activities	$ (81,643)	$ (3,168)
Net (decrease) increase in cash and cash equivalents during the year	$ (39,180)	$ 104,777
SUMMARY OF CHANGES IN CASH POSITION		
Cash and cash equivalents, beginning of year	$ 178,773	$ 73,996
Net (decrease) increase in cash and cash equivalents during the year	(39,180)	104,777
Cash and cash equivalents, end of year	**$ 139,593**	**$ 178,773**
SUPPLEMENTARY CASH FLOW INFORMATION RELATING TO OPERATING ACTIVITIES		
Interest expense paid	$ 75,674	$ 73,191
Interest income received	186,556	180,707
Dividend income received	127,365	75,443

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – INDEX

December 31, 2024

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

a) Corporate Information

ivari (“the Company”) is a Canadian life insurance company, incorporated under the *Insurance Companies Act* (Canada) and licensed to offer life, and accident and sickness insurance throughout Canada. Until October 2, 2023, the Company was privately held with all of its outstanding common shares owned by ivari Holdings ULC (“iHULC”) which was ultimately owned by Wilton Re Ltd. (“WRL”). On October 3, 2023, WRL sold Proj Fox Acquisition Inc. and its subsidiaries (including the Company) to Sagicor Financial Company Ltd (“Sagicor”). The Company is now a wholly owned subsidiary of ivari Holdings Inc, which is a wholly owned subsidiary of Sagicor. The common shares and warrants of Sagicor are listed on the Toronto Stock Exchange.

ivari provides protection and wealth management solutions, including individual life insurance, annuities, segregated funds, and accident and sickness insurance to Canadians from its registered office and headquarters at 5000 Yonge Street, Toronto, Ontario, M2N 7E9. The Company distributes its solutions through a large network of independent advisors.

The Company is a Federally Regulated Financial Institution, subject to regulation by the Office of the Superintendent of Financial Institutions, Canada (“OSFI”), and by the Provincial and Territorial Superintendents of Financial Institutions and Insurance for all provinces and territories. Under regulations and guidelines prescribed by OSFI, the Company is required to maintain certain minimum levels of capital, which are dependent on the type and amount of insurance policies in force and the nature of the Company’s assets. OSFI limits the distribution of the Company’s earnings through monitoring of adherence to these capital requirements.

b) Basis of Presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board (“IASB”), as well as the regulatory requirements of OSFI.

The preparation of the financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in Note 2.

These financial statements are presented in Canadian dollars, which is the functional currency of ivari, and all amounts are rounded to the nearest thousand dollars except when otherwise indicated.

Assets and liabilities denominated in foreign currency are translated using the closing exchange rate at the statement of financial position date, and income and expenses are translated using the average exchange rates over the period. The resulting gains and losses related to foreign exchange are included in investment income.

These financial statements were approved by the Company’s Board of Directors on February 27, 2025.

c) Use of Estimates and Judgments

The preparation of the financial statements requires that management make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Accounting policies requiring complex estimates and significant judgments include the measurement and classification of insurance contract liabilities and investment contract liabilities, the valuation of certain financial assets and liabilities, and income taxes. Details on the judgments and estimates are provided in the related notes.

Although some variability is inherent in these estimates, management believes that the amounts provided are appropriate as at the date of these financial statements.

2. Material Accounting Policies and Accounting Policy Changes

a) Adoption of IFRS 9 Financial Instruments effective January 1, 2023

The Company has applied IFRS 9 effective January 1, 2023. Differences arising from the adoption of IFRS 9 have been recognized in retained earnings as of January 1, 2023. The following outlines the nature of the changes in the accounting policies and the detailed effects of the Company's adoption of IFRS 9.

Classification and measurement

IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics to determine their classification and measurement category.

IFRS 9 establishes the following measurement categories:

- Financial assets at fair value through profit or loss including equity instruments and derivatives
- Debt instruments at fair value through OCI, with gains or losses recycled to profit or loss on derecognition (not used by the Company)
- Equity instruments at fair value through OCI, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company)
- Debt instruments at amortized cost (not used by the Company)

In adopting IFRS 9, the Company elected to reclassify all financial assets previously designated as Available For Sale ("AFS") under IAS 39 to fair value through profit and loss ("FVTPL") to reduce the potential accounting mismatch due to insurance contract liabilities having longer duration than supporting assets, exposing the Company to interest rate volatility that is offset if surplus assets are recorded at FVTPL.

Impairment calculation for financial assets not held at FVTPL

IFRS 9 requires the entities to record an allowance for an expected credit loss (ECL) for all debt instruments not held at FVTPL replacing IAS 39's incurred loss approach, with a forward-looking ECL approach. ECL is an expected loss amount as a result of credit deterioration of the party that has been issued the credit.

Financial assets, not otherwise required to be recorded as FVTPL, are designated as FVTPL. As the Company's financial assets are all designated as FVTPL, no ECL was established.

Transition disclosure

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Company applied the amended disclosure requirements, together with IFRS 9, for the year beginning January 1, 2023 below.

The impact of transition to IFRS 9 is as follows:

	Other assets	AOCI	Retained earnings
Opening balance under IAS 39 (January 1, 2023)	$ 113,891	$ (5,970)	$ (1,392,663)
Reclassification of unrealized gains (losses) on available-for-sale assets to the FV of invested assets held at FVTPL, net of tax	—	5,970	(5,970)
Measurement difference on loan balance in other assets	(3,667)	—	(3,667)
Adjusted opening balance under IFRS 9 (January 1, 2023)	$ 110,224	$ —	$ (1,402,300)

b) Material Accounting Policies

The material accounting policies used in the preparation of these financial statements are summarized below.

i) Financial Assets

Financial assets are recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they are purchased.

The Company records sales of invested assets on the trade date.

Classification

The following financial assets are classified as FVTPL: financial assets managed on a fair value basis in accordance with the Company's risk management and investment strategy, and financial assets containing an embedded derivative that is not closely related and that cannot be reliably separated. In addition, the Company designates financial assets to this category when, by doing so, a potential accounting mismatch in the financial statements is eliminated or significantly reduced.

With the adoption of IFRS 17 and IFRS 9, the Company determined that total asset duration was shorter than the duration of insurance contract liabilities, which leads to an accounting mismatch that would be reduced by electing to carry all assets at FVTPL. This represented a change from the former accounting regime where assets backing insurance contract liabilities were held as fair value and surplus assets were held as Available-For-Sale ("AFS").

Measurement

Financial assets are initially recognized at fair value excluding interest accrued to date. For FVTPL assets, all accrued income and realized and unrealized gains (losses) are recognized in total investment income (loss) in the statement of income (loss).

Fair Value

The fair value of a financial instrument on initial recognition is normally the transaction price, that is, the fair value of the consideration given or received. In certain circumstances, however, the initial fair value may be based on other observable current market transactions involving the same instrument, without modification or repackaging, or based on a valuation technique whose variables only include inputs from observable markets.

Subsequent to initial recognition, the values of financial assets and financial liabilities are measured at fair values that are quoted in active markets based on bid prices for financial assets or ask prices for financial liabilities.

When independent prices are not available, fair values are determined by using valuation techniques which utilize observable market inputs. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. See Note 5 for additional information.

The Company calculates fair value based on the following methods of valuation and assumptions:

Invested Assets

The fair value of invested assets is based on quoted market prices. If quoted market prices are not readily available, the fair value is based on prevailing market prices for instruments with similar characteristics and risk profiles or internal or external valuation models using observable market-based inputs.

Derivative Financial Instruments

The fair value of exchange-traded futures derivative financial instruments is based on quoted market prices. The fair value of over-the-counter derivative financial instruments is determined using valuation models that incorporate prevailing market rates and prices on underlying instruments with similar maturities and characteristics.

The fair value of over-the-counter trading derivatives, including foreign currency forwards and credit swaps as well as equity call and put options, is estimated using established models which recognize the need to address market, liquidity and credit risks not appropriately captured by the models and is recorded net of valuation adjustments. For certain derivatives, fair value may be determined in whole or in part from valuation techniques using non-observable market inputs or transaction prices. A number of factors such as bid-offer spread, credit profile and market uncertainty are taken into account, as appropriate, when values are determined using valuation techniques.

Cash, Cash Equivalents and Short-term Investments

Assets included here are comprised of cash, current operating accounts, term deposits and fixed income securities which are held for the purpose of meeting short-term cash commitments.

Short-term investments with a maturity of less than 90 days from the acquisition date are presented as cash equivalents.

Bonds and Debentures

The fair value of publicly traded bonds is determined using quoted market bid prices. For non-publicly traded bonds, when independent prices are not available, fair values are determined by using valuation techniques which utilize observable market inputs. These primarily include comparisons with similar instruments where market observable prices exist and may include discounted cash flow analysis and other valuation techniques commonly used by market participants. The Company does not believe that using alternative assumptions in the valuation techniques for these bonds would result in significantly different fair values.

Exchange-traded Funds ("ETFs")

The Company invests in ETFs to match the underlying investment risk of equity-linked account values for universal life contracts. ETFs are recorded at their fair values, being the bid price recorded by the securities exchange on which such securities are principally traded.

Mutual Funds and Segregated Funds

The Company invests in mutual and segregated funds to match the underlying investment risk of equity-linked account values for universal life contracts. The fair value of investments in mutual funds is determined using specified bid unit values.

Common Stock

Common stock is included at fair value in exchange-traded and mutual funds on the statement of financial position.

Other Invested Assets

As part of its derivatives activities, the Company has pledged short-term investments as futures margins.

The Company has invested seed units in its segregated funds, and these are carried at fair value using quoted prices.

Impairment

Investments are reviewed regularly on an individual basis to determine impairment status. The Company considers various factors in the impairment evaluation process, including, but not limited to the financial condition of the issuer; specific adverse conditions affecting an industry or region; a decline in fair value not related to interest rates; bankruptcy; defaults; and delinquency in payments of interest or principal. Investments are considered to be impaired when there is no longer reasonable assurance of timely collection of the full amount of the principal and interest due or when the Company does not intend to hold the investment until the value has recovered.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

ii) Financial Liabilities

Measurement

Financial liabilities are recognized initially on the date they are originated at fair value plus any directly attributable incremental costs. Subsequent to initial recognition, financial liabilities are measured at amortized cost using the effective interest method, except derivative liabilities which are measured at fair value.

The Company's financial liabilities include investment contract liabilities, derivative liabilities and other liabilities which consist of the following:

- Amounts on Deposit from Reinsurers: The Company has a funds withheld arrangement with one of its reinsurance providers and credits interest on the outstanding balance of the amount payable to the reinsurer. This arrangement is classified as a financial liability valued at amortized cost.
- Other liabilities also include accounts payable, accrued expenses and other taxes payable.

Derecognition

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or when they expire.

iii) Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities can offset each other and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

iv) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. An incremental cost is one that would not have been incurred had the financial instrument not been acquired, issued or disposed of. Transaction costs are included in the cost of investments purchased or are a reduction in the proceeds received on the sale of investment, as a result, these costs are immediately recognized in profit or loss as an expense.

v) Insurance and Reinsurance Contracts Held

Classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred, on a present value basis. Insurance contracts can also transfer financial risk as long as there is also significant insurance risk.

In addition, the Company holds reinsurance contracts issued by other entities to compensate the Company for claims arising from insurance contracts it has issued. The Company does not issue reinsurance contracts to other entities.

Separation of Components from Insurance Contracts Issued and Reinsurance Contracts Held

The Company assesses its life insurance and reinsurance held contracts to determine whether they contain distinct non-insurance components which must be accounted for under another IFRS Accounting Standard rather than IFRS 17. After separating any distinct components and accounting for each under the appropriate IFRS Accounting Standard, the Company applies IFRS 17 to all remaining components of the insurance contract.

Some contracts issued by the Company include amounts which will be paid in all circumstances (e.g., cash surrender value, account value less withdrawal fees, guarantee period payments) regardless of whether an insured event has occurred. Some reinsurance contracts held by the Company will reimburse a portion of the amounts paid by the Company in all circumstances. These have been assessed to meet the definition of a Non-Distinct Investment Component (NDIC) within IFRS 17 and are accounted for on that basis. The NDIC release is excluded from the recognition of Insurance Revenue, actual payouts are excluded from Insurance Service Expense, and reinsurer reimbursements are excluded from Net Expenses from Reinsurance Contracts.

Level of Aggregation

The Company determines its level of aggregation for its insurance contracts by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on each contract's expected profitability at inception. While three potential expected profitability levels are defined under IFRS 17, the Company has determined that the insurance contracts it issues have no significant possibility of becoming onerous subsequently and therefore the Company only separates contracts between those that are expected to be onerous contracts (where fulfillment cash outflows exceed fulfillment cash inflows on a present value basis), and the remainder of contracts.

The Company evaluates the expected profitability of each new contract issued by comparing its specific policy characteristics, including coverage, age, amount and smoker status to a predefined modeled profitability of a similar contract. The Company uses its actuarial and pricing models to establish the predefined profitability expectations and regularly reviews or refines these expectations based on changes in experience.

The Company has defined portfolios of insurance contracts in keeping with its major product lines: Universal Life, Term Life, Critical Illness, Single Premium Immediate Annuities and Segregated Funds.

The Company groups its insurance contracts issued, and reinsurance contracts held portfolios separately but in a consistent manner.

Contracts are further separated by calendar year of issue, except those contracts which were transitioned to IFRS 17 under the fair value approach. In that instance, the groups include contracts issued more than one year apart. On the IFRS 17 transition date, the company:

- Identified, recognized and measured each group of insurance contracts issued and new reinsurance contracts held from January 1, 2021 and subsequently as if IFRS 17 had always applied, following the full retrospective approach;
- For groups of insurance contracts issued and reinsurance contracts held prior to January 1, 2021, the company determined that it was impracticable to apply the full retrospective approach and has elected to instead use the fair value approach which is described below;
- Derecognized any existing balances that would not exist had IFRS 17 always applied; and
- Recognized any resulting net difference in equity.

Fair value approach

The Company has applied the fair value approach on transition for certain groups of contracts. Prior to transition, it grouped contracts from all years into a single unit for accounting purposes. The Company has determined that obtaining reasonable and supportable information to apply the full retrospective approach is impracticable. Under the fair value approach, the Company has determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contractsand the fulfillment cash flows measured at the transition date. In determining fair value, the Company has applied the requirements of IFRS 13 Fair Value Measurement.

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Company has used reasonable and supportable information available at the transition date in order to:

- Identify groups of insurance contracts
- Determine whether any contracts are direct participating insurance contracts
- Identify any discretionary cash flows for insurance contracts without direct participation features

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. For the measurement of fulfillment cash flows at the date of transition, the locked-in discount rate effective January 1, 2022 was applied. The discount rate used for accretion of interest on the CSM is determined using a modified bottom-up approach.

The Company used the embedded value approach to determine the fair value of contracts effective prior to the transition date.

Recognition

The Company recognizes groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date; and
- For a group of onerous contracts, when the group becomes onerous if facts and circumstances indicate there is such a group.

The Company recognizes a group of reinsurance contracts held from the beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Contract boundary

The Company includes in the measurement of a group of insurance contracts and reinsurance held contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

For life contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The Company reassesses contract boundary of each group at the end of each reporting period.

Measurement Models

The Company uses two measurement models to value its insurance contracts, the General Measurement Model ("GMM") and the Variable Fee Approach ("VFA").

Direct participating contracts are measured under VFA and the Company has determined that contracts within the Segregated Funds portfolio meet the requirements of a direct participation contract as follows:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- The Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- The Company expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Company has determined that insurance contracts within the Life and Wealth portfolios do not meet the above requirements of a direct participation contract and so are appropriately measured using the GMM.

The Company's reinsurance held contracts cover only underlying contracts within the Individual Life portfolio. All reinsurance contracts held are measured under the GMM.

Unless specifically indicated, the following points apply to contracts measured under either the GMM or VFA Measurement Model, and are applied separately for insurance contracts or reinsurance contracts held.

- Insurance Contracts – Initial Measurement

  The general model measures a group of insurance contracts as the total of its fulfillment cash flows and a CSM representing the unearned profit the Company will recognize as it provides insurance contract services under the insurance contracts in the group.

- Fulfillment Cash Flows

  Fulfillment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. Cash flows are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:

- Premiums and related cash flows.
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims.
  - Payments to policyholders resulting from embedded surrender value options.
  - An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs.
- Claims handling costs.
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries.
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts
- Transaction-based taxes.

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Other information about the known or estimated characteristics of the insurance contracts.
- Historical data about the Company's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions.
- Current pricing information, when available.

• Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from selling and underwriting activities required to initiate a group of contracts.

The measurement of fulfillment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way based on the passage of time.

• Contractual Service Margin

The CSM represents the unearned profit for a group of insurance contracts that the Company expects to recognize in the future in insurance revenue as it provides insurance services under those contracts.

Subsequent measurement of CSM is discussed further below.

- Risk Adjustment

  Risk adjustments for non-financial risk represent the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfills insurance contracts. The risk adjustment considers mortality/longevity, morbidity, expense, and policyholder behaviour risks, includes both favourable and unfavourable outcomes, and reflects diversification benefits from the insurance contracts issued.

  The Company has estimated the risk adjustment using a margin approach. This approach applies a margin for adverse deviation, typically in terms of a percentage of best estimate assumptions, where future cash flows are uncertain. The resulting cash flows are discounted at rates consistent with the best estimate cash flows to arrive at the total risk adjustment. The ranges of these margins are set by the Company and reviewed periodically.

  The risk adjustment for non-financial risk for insurance contracts on a net basis corresponds to a 75%-80% confidence level (75%-80% for 2023).

- Discount Rates

  Insurance contract cash flows are discounted using risk free yield curves adjusted by an illiquidity premium to reflect the liquidity characteristics of the liabilities. Cash flows that vary based on the returns of underlying items are adjusted to reflect their variability under these adjusted yield curves. Each yield curve is interpolated between the spot rate at the last observable market data point and an ultimate spot rate which reflects the long-term real interest rate plus inflation expectations. The spot rates used for discounting the liability cash flows are as follows and include an illiquidity premium determined with reference to net asset spreads indicative of the liquidity characteristics of the liabilities:

	December 31, 2024							
Liquidity Category	**Observable Years**	**Ultimate Year**	**1 Year**	**5 years**	**10 Years**	**20 years**	**30 years**	**Ultimate**
Illiquid	30	70	3.86%	4.09%	4.69%	5.10%	4.99%	5.15%
Medium Illiquid	30	70	3.36%	3.58%	4.17%	4.57%	4.47%	4.65%

	December 31, 2023							
Liquidity Category	**Observable Years**	**Ultimate Year**	**1 Year**	**5 years**	**10 Years**	**20 years**	**30 years**	**Ultimate**
Illiquid	30	70	5.44%	4.58%	4.75%	4.83%	4.88%	5.15%
Medium Illiquid	30	70	4.93%	4.07%	4.23%	4.32%	4.36%	4.65%

- Reinsurance Contracts Held – Initial Measurement

  The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

  - Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.
  - The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer using the same confidence interval level.
  - The Company recognizes both gains and losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a loss that relates to events before initial recognition.

  Where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss-recovery component depicting the recovery of losses.

  The Company calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Company uses a systematic and rational method to determine the portion of losses recognized on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

  The loss-recovery component adjusts the carrying amount of the reinsurance asset for remaining coverage.

- Insurance Contracts – Subsequent Measurement – GMM

  The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

  - The liability for remaining coverage comprises the fulfillment cash flows that relate to services that will be provided under the contracts in the future periods and any remaining CSM at that date.
  - The liability for incurred claims comprises the fulfillment cash flows for incurred claims and expenses that have not yet been paid.

  The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognized in profit or loss, because it relates to future service to be provided.

  The CSM is released into income when insurance contract services are provided, by using coverage units. Coverage units represents the quantity of service (insurance coverage, investment-return and investment-related services) provided and are determined by considering the benefit provided under the contract and its expected coverage duration. When the relative size of the investment-related service coverage or the investment-return service coverage unit is disproportionate compared to the insurance service coverage unit, or vice-versa, the Company must determine a relative weighting of the services to reflect the delivery of each of those services. The Company identifies the coverage units as part of the product governance process and did not identify contracts where such weighting was required.

The coverage units by product type are:

- Term Life: sum assured (equivalent to actual face amount)
- Whole Life: sum assured (equivalent to actual face amount)
- Universal Life: Net Amount at Risk (NAAR) + fund value
- Critical Illness: sum assured (equivalent to Benefit Amount)
- Single Premium Immediate Annuities: annuity payout amount
- Segregated Funds: maximum of (Account Value, Guaranteed Minimum Death Benefit, Guaranteed Minimum Maturity Benefit, Present Value (Guaranteed Minimum Withdrawal Benefit/Guaranteed Lifetime Withdrawal Benefit))
- Reinsurance: align with direct/underlying business when applicable. Otherwise, contracts considered on a case-by-case basis.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group;
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition (referred to as the “locked-in discount rate”);
- The changes in fulfillment cash flows relating to future service, except to the extent that increases in the fulfillment cash flows exceed the carrying amount of the CSM, giving rise to a loss that is immediately recognized into income; and
- The amount recognized as insurance revenue because of the transfer of insurance contract services in the period.

The Company has elected the equal-weighted-average approach to derive the locked-in curve, where the CSM at initial recognition(for each contract) will be determined based on monthly discount curve.

The changes in fulfillment cash flows relating to future service that adjust the CSM are comprised of:

- Experience adjustments that arise from the difference between the actual premium receipts and related cash flows versus those expected at the beginning of the period.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk, which are recognized in the finance section of the statement of profit or loss.
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable.
- Changes in the risk adjustment for non-financial risk that relate to future service.
- Adjustments to the CSM noted above are measured at the locked-in discount rates.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfillment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

- Reinsurance Contracts Held – Subsequent Measurement – GMM

  The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

  - Changes in the fulfillment cash flows are recognized in profit or loss if the related changes arising from the underlying insurance contracts have been recognized in profit or loss. Alternatively, changes in the fulfillment cash flows adjust the CSM.
  - Changes in the fulfillment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

  Any change in the fulfillment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the reinsurance contract held.

  Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognized from related reinsurance contracts held is disclosed as a loss-recovery component.

  Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

  A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfillment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfillment cash flows of the group of reinsurance contracts held adjust the CSM.

  Reinsurance assets are assessed for changes in non-performance risk and the effect is recognized in profit or loss in each period.

- Insurance Contracts – Subsequent Measurement – VFA

  For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

  - The effect of any new contracts added to the group.
  - The change in the amount of the Company's share of the fair value of the underlying items except for:
    - The amount of CSM the Company chooses to present in profit or loss to offset the impact from its risk mitigation instruments;
    - The decrease in the amount of the Company's share of the fair value of the underlying items exceeds the carrying amount of the CSM, giving rise to a loss; or
    - The increase in the amount of Company's share of the fair value of the underlying items that reverses a previously recognized loss.
  - The changes in fulfillment cash flows relating to future service, except:
    - The amount of the CSM the Company chooses to present in profit or loss to offset the impact from its risk mitigation instruments;
    - Such increases in the fulfillment cash flows that exceed the carrying amount of CSM and the group of contracts, giving rise to a loss; or
    - Such decreases in the fulfillment cash flows are allocated to the loss component of the liability for remaining coverage.
  - The amount recognized as insurance revenue because services were provided in the period.

- Insurance and Reinsurance Contracts Held – Modification and Derecognition

  In general, the Company does not permit policy modifications which were not set out in the original contract. The Company has determined that the modifications allowed are not substantial enough to lead to the derecognition of the original contract and thus the contracts continue to be measured as part of the original group.

  The Company derecognizes insurance contracts when the rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired).

  Reinsurance assets are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party. Reinsurance liabilities are derecognized when the contractual obligations are extinguished or expire or when the contract is transferred to another party.

Presentation

The Company presents separately in the statement of financial position the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities. Insurance contract liabilities for account of segregated fund holders and the corresponding segregated fund assets are separately presented in the statement of financial position.

The Company disaggregates the amounts recognized in the statement of profit or loss into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses. Insurance finance income related to segregated fund account liabilities and the corresponding income on segregated fund assets are separately presented in the statement of profit or loss.

The Company disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes a portion of the change as part of the insurance service result and a portion as insurance finance income and expense.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

- Insurance Revenue

  The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts. Insurance revenue includes the following:

  - Expected claims and other expenses directly attributable to fulfilling insurance contracts, measured at the amounts expected at the beginning of the year, and excluding investment components and amounts allocated to the loss components;
  - Release of the risk adjustment for the year, excluding amount allocated to the loss component and amounts related to changes in the time value of money, which are recognized in insurance service expense and insurance finance income (expenses), respectively;
  - CSM amortization to reflect services provided in the year, measured using coverage units for the reporting year as a proportion of the total coverage units;
  - Amortization of insurance acquisition cash flows;

- Loss components

  The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses.

  A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have since become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfillment cash flows to:

  i) the loss component; and

  ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfillment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts.

- Loss-recovery components

  When the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company recognizes income, adjusts the CSM and establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

  Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognized from related reinsurance contracts held is disclosed as a loss-recovery component.

  Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

  The carrying amount of the loss-recovery component will not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

- Insurance service expenses

  Amortization of insurance acquisition cash flows in insurance revenue is an allocation of the portion of the premiums that relates to the recovery of insurance acquisition cash flows, determined in a systematic way based on the passage of time. Amortization of insurance acquisition cash flows is based on coverage units for the reporting year as a proportion of the total coverage units. An equal and offsetting amount is included in insurance service expenses.

  Insurance service expenses include the following:

  - Claims incurred in the period (excluding investment components and amounts allocated to loss component);
  - Expenses incurred that are directly attributable to fulfilling the insurance contracts;
  - Losses on onerous contracts and reversals of those losses;
  - Changes related to past services; and
  - Amortization of insurance acquisition cash flows.

- Insurance finance income (expenses)

  The Company does not disaggregate insurance finance income or expenses on insurance contracts issued between profit or loss and OCI. The impact of changes in market interest rates on the value of the life insurance and related reinsurance assets and liabilities are reflected through profit or loss in order to minimize accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

- Net income or expense from reinsurance contracts held

  The Company presents separately on the face of the statement of profit or loss the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid.

- Segregated funds

  Segregated funds contracts provide minimum death, withdrawal and maturity value guarantees to the policyholders. The Company considers these benefits to be insurance contracts and includes the liabilities associated with these guarantees in insurance contract liabilities.

  Certain of the segregated funds contracts allow the policyholders to invest in segregated investment funds managed by the Company for their benefit. The policyholders bear the risks and rewards of the performance of the funds, however the underlying assets of the funds are owned by the Company.

  The underlying assets are recorded at fair value and the values are based on quoted market prices or, where quoted market prices are not readily available, on prevailing market prices for instruments with similar characteristics and risk profiles or by using internal or external valuation models with observable market-based inputs. Segregated funds assets and liabilities are presented as separate lines on the statement of financial position.

  The Company earns a fee for the management of these funds which is included in the determination of expected future cash flows.

vi) Investment Contracts

Investment contracts are contracts under which the Company accepts a financial risk for a policyholder but does not accept a significant insurance risk. Contracts issued by the Company that transfer financial risk from the policyholder to the Company and do not transfer significant insurance risk are accounted for as financial liabilities and they can be reclassified as insurance contracts if the insurance risk subsequently becomes significant.

Investment contract liabilities are measured at amortized cost and recognized when the investment contract is entered into. At initial recognition, the Company records these liabilities at fair value less transaction costs directly attributable to issuance of the investment contract. For subsequent periods, the Company measures the investment contract liabilities at amortized cost using the effective interest method. The liability is derecognized when the investment contract expires, is discharged or is cancelled.

vii) Embedded Derivatives

Life insurance contracts typically include derivative-like terms and conditions. With the exception of policyholder options to surrender the contract at a fixed amount, contractual features that are not closely related to the insurance contract and that do not themselves meet the definition of insurance contracts are bifurcated and accounted for as derivatives. In assessing whether a derivative-like feature is closely related to the contract in which it is embedded, the Company considers the similarity of the characteristics of the embedded derivative and the host contract. Embedded derivatives that transfer significant insurance risk are accounted for as insurance contracts.

These financial instruments are measured at fair value with changes in fair value recognized in profit or loss. Fair value of embedded derivatives is calculated net of the interest accrued to date and is based on market prices, when available. When market prices are not available, other valuation techniques, such as option pricing or stochastic modeling, are applied.

The valuation techniques incorporate all factors that market participants would consider and are based on observable market data when available.

viii) Income Taxes

The income tax expense (recovery) is the amount expected to be paid to (recovered from) the taxation authorities for the current year as well as adjustments for taxes expected to be payable or recoverable in respect to previous periods. The tax rates used to compute these amounts are those that are enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ix) Deferred Income Taxes

Deferred income taxes are accounted for using the liability method of tax allocation. Under this method, a deferred tax asset or liability is recorded for differences that are expected to reverse in future periods between the carrying amount of an asset or liability recognized in the statement of financial position and the amount attributed to that asset or liability for tax purposes. These differences are referred to as temporary differences. Deferred income taxes are calculated on temporary differences arising from investments in subsidiaries except where the Company controls the timing of the reversal of the temporary difference and it is apparent that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset or liability is recorded at the tax rate expected to apply when each temporary difference is reversed, and the change in the balance is recognized in either OCI or net income depending on the nature of the underlying transaction.

A deferred tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither net income nor comprehensive income, no deferred tax asset is recognized.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available in the future against which the deferred tax asset can be applied. An unrecognized deferred tax asset is reassessed at each reporting date and recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

A deferred tax liability is recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the comprehensive income nor taxable income (loss).

x) Derivatives Excluding Embedded Derivatives

Derivatives are financial instruments that require little or no net initial investment, are settled at a future date and whose value changes in response to an underlying variable(s).

In the ordinary course of business, the Company uses various derivatives, such as currency forwards, equity futures and credit derivatives, to manage the risk related to its asset/liability positions and to hedge against fluctuations in interest rates, foreign exchange rates, stock market indices and credit changes.

Derivatives with a positive fair value are reported as assets and derivatives with a negative fair value are reported as liabilities.

IFRS Accounting Standards specify the criteria under which hedge accounting may be applied and how hedge accounting may be executed for each of the permitted hedging strategies. The Company does not use hedge accounting for any of its derivative instruments.

Fair values of exchange-traded futures contracts are based on quoted market closing prices. Fair values of forward contracts, which are traded over-the-counter, are determined using pricing models which take into account current market prices of underlying instruments, interest rates and exchange rates. Fair values of swap contracts are determined by discounting expected future cash flows using current market interest rates and exchange rates for similar instruments. The valuation techniques incorporate all factors that market participants would consider and are based on observable market data, when available.

xi) Provisions

Provisions are recognized for present legal or constructive obligations arising from past events, when it is probable that they will result in a flow of economic benefits (losses) and the amount can be reliably estimated. The amount recognized as a provision is the best estimate of the amount required to settle the present obligation at the statement of financial position date, considering all its inherent risks and uncertainties. Legal costs related to the settlement are recognized as incurred. These provisions are reviewed on a case-by-case basis as facts and circumstances change.

xii) Other Assets

Other assets are measured at amortized cost and include accounts receivable, property and equipment, right-of-use assets, intangible assets, and prepaid assets. Additional notes on some categories appear below:

Accounts Receivable

Accounts receivable is comprised of amounts due from business partners, affiliates and brokers. Accounts Receivable is measured at amortized cost, adjusting for expected credit losses at each reporting date. The simplified approach is applied when calculating the expected credit loss for accounts receivable, reflecting the lifetime expected credit losses. These receivables are not material and expected credit losses are recognized in profit or loss.

Property and Equipment

Property and equipment is comprised of: furniture, computers, other equipment, leasehold improvements and leased equipment. These assets are carried at cost less accumulated depreciation and impairment. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lower of lease terms of the associated leases and the useful life. All other property and equipment are depreciated over periods that range from three to ten years.

Intangible Assets

Software and other intangible assets are recognized to the extent that the assets: can be identified; are controlled by the Company; are expected to provide future economic benefits; and can be measured reliably. The Company has no internally-generated intangible assets arising from research or goodwill, brands, customer lists and similar items.

Software and other intangible assets are carried at cost less accumulated depreciation and impairment losses. Depreciation of the asset is over its useful life as the future economic benefits emerge and is recognized in net income as an expense. The depreciation period and pattern are reviewed at each reporting date, with any changes recognized in net income (loss).

Intangible assets are depreciated over periods ranging from three to ten years. The depreciation expense is recognized in marketing and operating expenses in the statement of income (loss).

An intangible asset is derecognized when it is disposed of or when no future economic benefits are expected from its use or disposal.

Prepaid Assets

Prepaid Assets includes amounts paid to the Company's primary outsourced services provider to modernize the Company's legacy administration systems, while providing policy administration, customer support services and digital new business capabilities. The asset will be amortized over remaining life of the related service agreement. As well, future system license and maintenance costs paid in advance are included as prepaid assets and will be amortized as the services are used.

xiii) Impairment Property and Equipment, Intangible Assets and Prepaid Assets

A property and equipment item, an intangible or prepaid asset is impaired if the carrying amount exceeds the amount that would be recovered through its use or sale. The impairment loss is calculated as the difference between the carrying and the recoverable amount of the asset, which is the higher of the value-in-use of the asset and its fair value less cost to sell. The value-in-use represents the discounted future net cash flows from the continuing use and ultimate disposal of the asset and reflects its known inherent risks and uncertainties.

Impairment losses are charged directly to net income (loss).

Impairment losses are reversed when there is evidence that there has been a change in the estimates used to determine the recoverable amount of the asset since recognition of the last impairment loss. The reversal is recognized in net income to the extent that it reverses impairment losses previously recognized in net income. The carrying amount after reversal would not exceed the amount that would have been recognized had there been no impairment.

xiv) Revenue Recognition

Revenue for service contracts are generally recognized as revenue when due.

Fee income earned over time from the management of segregated fund assets is determined based on asset values and previously established fee rates.

The majority of such fee income is variable and is recognized as revenue when it is highly probable that a significant reversal will not occur.

xv) Total Investment Income (Loss)

Interest income is recognized in the statement of profit or loss as it accrues and is calculated by using the effective interest method. Fees and commissions are an integral part of the effective yield of the financial asset or liability and are recognized as an adjustment to the effective interest rate of the instrument.

Dividends as well as mutual funds and ETF distributions are recognized when declared.

Realized gains (losses) on the sale of financial assets are recorded in net income and are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Investment expenses are comprised of administration expenses, both internal and external, as well as expenses related to investment income and are recognized in net income as they accrue.

xvi) Related Party Transactions

The Company enters into transactions with related parties in the normal course of business. Transactions are at market terms and conditions, except for service fees, which are charged at a cost equivalent to the cost incurred in providing these services.

xvii) Leases

The Company recognizes right-of-use assets and lease liabilities at the commencement date of its lease and sublease agreements. The right-of-use assets are presented as part of other assets on the statement of financial position and lease liabilities are presented as other liabilities.

Depreciation charges for the right-of-use assets and interest on the lease liabilities are recognized as operating expenses in the year to which they relate. Short-term leases and leases of low value assets are expensed.

xviii) Deferred Compensation Payments

The Company provides a cash-based deferred compensation plan to certain levels of management employees. The estimated award is expensed over the 48-month vesting period and any adjustments to the expected award are recognized as they are determined. The final award amount is paid approximately 4 years following the end of the year in which it is earned.

xix) Contributed Capital

The Company records contributed additional capital in contributed capital at fair value.

xx) Sales Taxes and Premium Taxes

Expenses and assets are recognized net of the amount of related sales taxes in the following two instances:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Some receivables and payables include the related amount of sales tax.

Outstanding net amounts of sales or premium taxes recoverable from, or payable to, the taxation authorities are included as part of other assets or other liabilities in the statement of financial position.

c) Other Amended International Financial Reporting Standards

In September 2022, the IASB issued amendments to IFRS 16 Leases to specify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liabilities that arise in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. There was no material impact to the Company's Financial Statements resulting from these amendments.

In November 2022, the IASB issued amendments to IAS 1 − Non-current liabilities with covenants to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.The adoption of this amendment, effective January 1, 2024, did not have an impact on the Company's financial statements.

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 – Supplier Finance which enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows, and exposure to liquidity risk. The adoption of this amendment, effective January 1, 2024, did not have an impact on the Company's financial statements.

d) Future Accounting Policy Changes

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, disclosure of management-defined performance measures, and principles for aggregation and disaggregation of financial information in the financial statements and the notes. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 is to be applied retrospectively. The Company is evaluating the adoption of this standard.

The IASB issued other revised standards and exposure drafts effective for annual periods starting beyond January 1, 2025. Adoption of these amendments is not expected to have a significant impact on the Company's Financial Statements.

3. Risk Management

Enterprise Risk Management (“ERM”) provides the framework under which all risk management activities within the Company are coordinated. The objective of ERM is to ensure that significant risks are identified, risk limits are defined, risks are appropriately managed, and that risk management activities are properly monitored within a given set of established risk tolerances on an ongoing basis. The Company has in place an established organization, framework, policies and procedures for managing the significant risks associated with its business.

The Board is ultimately responsible for the Company’s risk management and it regularly monitors risk management policies and practices. The Investment and Risk Committee (“IRC”) and the Audit and Conduct Review Committee (“ACRC”) of the Board facilitate the Board’s risk management monitoring as part of their mandates.

An Own Risk and Solvency Assessment (“ORSA”) Report has been approved by the Company’s Board. This report consolidates documentation and assessments of the Company’s ERM framework as well as documentation about the development of internal targets and capital needs.

Risk Identification, Monitoring and Measurement

The Company’s Risk and Capital Committee (“RCC”) oversees, monitors and ensures appropriate risk taking and risk management decisions, with the authority to adjust or limit risk positions in line with the Company’s defined risk strategy and established risk tolerances. The RCC provides a high level of assurance to the ACRC and the IRC that risk taking is in compliance with the defined risk management framework, policies and guidelines.

Risk Management function, under the direction of the Chief Risk Officer, plays a key role in the achievement of the Company’s risk management and governance objectives. Working with the RCC, Risk Management proactively identifies and assesses financial, credit and operational risks facing the Company and oversees the development of plans to manage and mitigate these risks into the future. It promotes a risk management culture within the Company and ensures current risk management policies and procedures are appropriate for the circumstances of the Company and meet applicable regulatory standards. Risk Management works with Company management to articulate the risk appetite and risk profile of the Company. The Internal Audit function develops short-and long-term audit plans, giving consideration to the inherent and residual risks of ongoing business processes and the impact of the changing internal and external environments, with the input of the RCC and the ACRC. Audits are conducted in accordance with this plan, independently assessing the effectiveness and efficiency of risk management policies and processes designed to: identify, measure and mitigate risks; provide accurate, timely and reliable financial and operating information; safeguard assets; and support compliance with regulatory and other legislative requirements.

The Company employs a continuous process for extreme event monitoring, which includes the use of Capital at Risk Target Ranges, quarterly shock testing and annual Financial Condition Testing (“FCT”). FCT acts as a stress testing technique. The Capital at Risk framework identifies the Company’s risk appetite to various market and underwriting risks to which the Company is exposed. Both downside and upside shocks are modeled. The framework allows management to identify risks which are material and develop appropriate action plans to mitigate these risks. The FCT analyzes the Company’s regulatory capital adequacy over a five-year projected timeframe by stress testing a number of significantly adverse but plausible scenarios. FCT testing allows for harmonization with ORSA.

The Company manages its risks in accordance with risk management policies, approved annually by the RCC, the ACRC or the Board, as applicable. These policies set out general principles, accountabilities, risk limits and reporting requirements for the measurement and management of risks the Company faces.

Identified risks are categorized as illustrated in the table below and further classified as key risks or non-key risks. Non-key risks are monitored for any changes in likelihood and/or severity and, if warranted, elevated to key risk status.

Financial	Insurance	Operational	Strategic
• Economic • Credit • Market • Liquidity • Capital	• Pricing • Reserving • Underwriting	• Business Continuity/ Climate Change • Physical Resources • Fraud/Wrongdoing • Human Resources • Technology/ Cybersecurity • Litigation • Compliance • Process/Execution • Model • Third Party	• Strategy • Competitor • Legislation/Regulation • Governance • Strategic/External Relations • International

a) Economic Risk

ivari's performance is affected by the general business and economic conditions for Canada. Our financial performance and financial condition could be adversely affected by unfavourable movements in interest rates and inflation, a decline in economic activity, higher volatility in financial markets, lower employment levels, lower consumer spending and higher debt levels, and the establishments of government, monetary and/or fiscal policies that could result in greater economic risks, such as economic slowdown and recessions, and/or more elevated sovereign risks, as well as abrupt changes in geopolitical environment, disruptions in trades, outbreak of a pandemic, or other health crises.

ivari actively monitors general business and economy trends, and the potential triggers it could have on consumer disposable income, employment markets, inflation/deflation, credit, market and operating risks, among other factors.

b) Credit Risk

Credit risk is the possibility of loss from not receiving amounts owed by the Company's financial counterparties. The Company is subject to credit risk in connection with issuers of securities held in the Company's investment portfolio, debtors, reinsurers and derivative counterparties. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile deteriorates. Credit risk can also arise in connection with deterioration of, or the Company's ability to realize the value of, an underlying security that is used to collateralize a debt obligation. Credit risk can occur at multiple levels as a result of broad economic conditions, challenges with specific sectors of the economy or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in the Company's investment portfolio would cause the Company to record realized or unrealized losses and may increase provisions for asset default, adversely impacting earnings.

i) Credit Risk Governance and Control

The Company manages exposure to credit risk by establishing concentration limits by counterparty, credit rating and asset class. To further minimize credit risk, the financial condition of the counterparties is monitored on a regular basis. These requirements are outlined in the Investment Policy and associated materials.

ii) Concentration of Credit Risk for Financial Instruments

Concentration of credit risk arises from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics, such as groups of debtors in the same economic or geographic regions or in similar industries. The following table provides the fair values of bonds and debentures by industry sector.

	Fair Value Through Profit or Loss	
	December 31, 2024	December 31, 2023
Government	$ 2,246,968	$ 2,283,706
Financial	453,491	435,542
Communications	821,471	855,062
Utilities	845,514	875,175
Consumer	660,076	653,390
Industrial	435,368	434,527
Energy	574,854	523,256
Other	75,305	72,717
Total	$ 6,113,047	$ 6,133,375

iii) Concentration of Credit Risk for Insurance Contracts

All products are sold in Canada and there is no (2023 – nil) policyholder that represents more than 1% of premiums.

iv) Asset Default Risk

The following table provides the fair values of the bonds and debentures by credit rating.

	December 31, 2024		December 31, 2023	
	Fair Value Through Profit or Loss	Percent of Portfolio	Fair Value Through Profit or Loss	Percent of Portfolio
AAA	$ 365,095	6%	$ 354,686	6%
AA	1,902,716	31%	1,932,958	32%
A	1,677,752	27%	1,510,289	24%
BBB	2,167,484	36%	2,335,442	38%
Total	$ 6,113,047	100%	$ 6,133,375	100%

The following table provides the fair values of short-term investments, cash equivalents and futures margins by credit rating.

	December 31, 2024		December 31, 2023	
	Fair Value Through Profit or Loss	Percent of Portfolio	Fair Value Through Profit or Loss	Percent of Portfolio
AAA	$ 705,641	52%	$ 563,151	48%
AA	656,891	48%	545,644	47%
A	—	—	60,219	5%
Total	$ 1,362,532	100%	$ 1,169,014	100%

v) Loans Past Due

The Company has no financial assets and receivables where principal or interest is past due (2023 – nil).

vi) Derivative Financial Instruments by Counterparty Credit Rating

Credit risk from derivative transactions is generated by the potential for the counterparty to default on its contractual obligations when one or more transactions have a positive market value to the Company. Therefore, derivative-related credit risk is represented by the positive fair value of the instrument and is normally a small fraction of the contract's notional amount.

The following table summarizes derivative financial instruments with a positive fair value by counterparty rating.

	December 31, 2024	December 31, 2023
AA	$ 132	$ —
A	—	205
Total	$ 132	$ 205

vii) Credit Risk for Reinsurance

The following table summarizes the potential maximum exposure to loss of reinsurance assets, by the rating assigned to the reinsurers by external rating agencies.

	December 31, 2024			December 31, 2023		
	Reinsurance Assets	Collateral from Reinsurers	Net Exposure	Reinsurance Assets	Collateral from Reinsurers	Net Exposure
AA	$ 3,064,822	$ 1,280,675	$ 1,784,147	$ 3,161,123	$ 1,234,690	$ 1,926,433
A	(26,995)	—	(26,995)	9,663	—	9,663
Total	$ 3,037,827	$ 1,280,675	$ 1,757,152	$ 3,170,786	$ 1,234,690	$ 1,936,096

Non-performance risk is not significant for the Company.

c) Market Risk

Interest Rate Risk

Interest rate risk is the potential for adverse effect on the Company's financial performance and financial condition arising from changes or volatility in interest rates or credit/swap spreads when asset and liability cash flows do not coincide. The Company is exposed to interest rate risk when the cash flows from assets and the policy obligations they support are mismatched, as this may result in the need to either sell assets to meet policy payments and expenses or reinvest excess asset cash flows in unfavourable interest rate environments. The impact of changes or volatility in interest rates or credit/swap spreads are reflected in the valuation of the Company's financial assets and insurance contract liabilities. The interest rate guarantee provisions included in the Company's universal life contracts, summarized in Note 3(b)(iii), represent one of the Company's most significant exposures to interest rate risk. If the Company's investment returns fall below the guaranteed interest rates, it may have to increase liabilities in respect of its universal life contracts.

i) Market Risk Management, Governance and Control

The Company manages its interest rate, equity and currency risks through tolerance limits and control activities outlined in its Asset-Liability Risk Management and Enterprise Risk Management Policies. Key controls defined by management, which are utilized in the management and measurement of market risk are outlined below.

- Risk appetite and target ranges have been established for market risk.
- Ongoing monitoring and reporting of market risk sensitivities against established risk target ranges is performed.
- Related risk management policies, guidelines and procedures are in place.
- The Asset-Liability Management working group oversees key market risk strategies and tactics, reviews compliance with applicable policies and standards and reviews investment and hedging performance.
- Hedging and asset-liability management programs are maintained in respect of key market risks.
- Product development and pricing policies require a detailed risk assessment and pricing provisions for material market risks.
- Use of foreign exchange derivative contracts such as currency swaps and forwards to mitigate exposure outside of established risk target ranges.
- Stress testing techniques, such as FCT, are used to measure the effects of significant and sustained adverse market movements.
- Insurance contract liabilities are established in accordance with standards set forth by the Actuarial Standards Board (ASB) and guidance provided by the Canadian Institute of Actuaries (CIA).
- Target capital levels that exceed regulatory minimums have been established.

The following tables set out the potential immediate impacts, on, or sensitivity of, our contractual service margin (pre-tax), common shareholder's profit for the year (after-tax) to certain instantaneous change in market variables as at December 31, 2024 and December 31, 2023. The estimated sensitivities reflect the impact of market movements on insurance contract liabilities and invested assets.

Interest rates – yield curve

	As at December 31, 2024			
Change in Interest Rate	**50 bps decrease**	**50 bps increase**	**100 bps decrease**	**100 bps increase**
Potential Impact on CSM (pre-tax)	$ (5,400)	$ 6,300	$ (10,900)	$ 12,600
Potential Impact on Profit for the Year (after-tax)	27,500	(34,500)	45,900	(75,400)
Potential Impact on Total Equity	27,500	(34,500)	45,900	(75,400)

	As at December 31, 2023			
Change in Interest Rate	**50 bps decrease**	**50 bps increase**	**100 bps decrease**	**100 bps increase**
Potential Impact on CSM (pre-tax)	$ (7,600)	$ 6,100	$ (15,300)	$ 12,200
Potential Impact on Profit for the Year (after-tax)	37,500	(41,200)	69,100	(87,000)
Potential Impact on Total Equity	37,500	(41,200)	69,100	(87,000)

Equity Markets

	As at December 31, 2024			
Change in Equity Markets[1] [2]	**10% decrease**	**10% increase**	**20% decrease**	**20% increase**
Potential Impact on CSM (pre-tax)	$ (1,000)	$ 2,000	$ (2,000)	$ 3,700
Potential Impact on Profit for the Year (after-tax)	(29,900)	29,900	(61,400)	61,400
Potential Impact on Total Equity	(29,900)	29,900	(61,400)	61,400

	As at December 31, 2023			
Change in Equity Markets[1] [2]	**10% decrease**	**10% increase**	**20% decrease**	**20% increase**
Potential Impact on CSM (pre-tax)	$ (1,700)	$ 1,600	$ (2,700)	$ 3,300
Potential Impact on Profit for the Year (after-tax)	(25,800)	26,300	(53,400)	52,600
Potential Impact on Total Equity	(25,800)	26,300	(53,400)	52,600

[1] CSM, Profit for the Year and Equity sensitivities have been rounded to increments of hundreds of thousands.

[2] A 25.76% (2023 — 25.86%) statutory tax rate was used to estimate profit for the year.

ii) Segregated Fund Guarantees and Hedging Strategy

The guarantee provisions included in the Company's segregated funds contracts represent one of the Company's exposures to market risk. These guaranteed benefits are linked to underlying fund performance and may be triggered upon death, maturity or withdrawal. The Company established insurance contract liabilities for these guaranteed benefits which reflect the market value of certain hedge instruments as well as the cash flows from these hedge instruments that are available to pay for the guarantees.

The Company uses a semi-static hedge program to significantly reduce exposure to equity risk in its segregated funds. The Company has hedged about 100% (2023 – 100%) of the segregated fund equity exposure and 100% (2023 – 100%) of the currency exposure as measured on an economic basis.

See Note 6(g) for a table summarizing the derivatives used in the Company's hedging programs.

The following table provides information with respect to the maturity, death and withdrawal benefit guarantees provided in the Company's in-force segregated fund policies.

	As at December 31, 2024			As at December 31, 2023		
	Guarantee Value	**Fund Value [1]**	**Amount at Risk**	**Guarantee Value**	**Fund Value [1]**	**Amount at Risk**
Maturity Benefit	$ 366,271	$ 805,247	$ 205	$ 410,716	$ 795,804	$ 743
Death Benefit	650,828	805,247	4,104	697,535	795,804	12,927
Withdrawal Benefit	312,509	805,247	89,026	322,841	795,804	99,531

[1] Fund value includes $161,739 of other universal life funds invested in general accounts invested assets (2023 – $144,727).

iii) Universal Life Minimum Interest Guarantees

The following table shows the total fund value of universal life policyholder funds by their guaranteed interest rates.

	Fund Value[1]	
	As at December 31, 2024	As at December 31, 2023
No guarantee	$ 83,446	$ 80,061
Up to 2%	117,167	115,080
Above 2% and up to 3%	181,927	183,141
Above 3% and up to 4%	721,370	705,046
Total	$ 1,103,910	$ 1,083,328

[1] The Fund Value excludes balances where the credited rate is tied to the policy loan rate.

iv) Exchange-traded funds

The Company invests in ETFs, tracking various global market indices, to support policyholder funds invested in such indices.

v) Embedded Derivatives

A host contract that includes an identifiable condition to modify the cash flows that are otherwise payable is said to contain an embedded derivative. The death and maturity guarantee provisions included in the Company's segregated fund contracts as well as the interest and market index guarantee provisions included in the Company's universal life contracts have been identified as embedded derivatives, and represent the Company's most significant exposure to market and interest rate risk.

The economic characteristics and risks associated with the death and maturity guarantee provisions in the Company's segregated fund contracts have potential for significant insurance risk. Consequently, these embedded derivatives are considered to be insurance contracts and are reported as such.

For Universal Life policies, policyholders can choose to invest their deposits in a variety of guaranteed and variable fund choices. The Guaranteed Investment Accounts have a minimum interest rate guarantees ranging from 0% to 4%, with newer products having a lower minimum interest rate guarantee. The minimum interest guarantee is an embedded derivatives within universal life.

The death benefit within universal life is linked to the guaranteed and variable funds. This feature meets the definition of an insurance contract because the policyholder benefits only when the insured event, death, occurs. Therefore, the embedded derivative and host contract are interdependent and closely related. The Company cannot measure the embedded derivatives separately without considering the host insurance. The embedded derivative is not required to be separated and will be accounted for as insurance contracts.

Foreign Exchange Risk

Foreign exchange risk is the results of mismatches in the currency of our assets and liabilities, and cash flows. This risk may arise from foreign exchange rate movements that are not fully passed through to the policyholders. As at December 31, 2024 and 2023, the Company has minimal exposure to currency risk.

Equity Risk

Equity risk is the potential adverse effect on the Company's financial performance and financial condition from declines or volatility in equity market prices. The Company is exposed to equity risk through the guarantees within its products, and through the impact of policyholder funds invested in accounts which track external equity-related indices such as universal life and segregated funds. The exposure to equity risk arising from death and maturity guarantee provisions included in the Company's segregated funds contracts, as summarized in the Segregated Funds Guarantees and Hedging Strategy section, has declined in recent years due to a de-emphasis of segregated funds sales.

d) Liquidity Risk

Liquidity risk is the possibility that the Company will not be able to fund our financial obligation and collateral as required as they fall due. This includes the risk of being forced to sell assets at depressed value resulting in realized losses on sales.

i) Liquidity Risk Management, Governance and Control

The Company manages its liquidity risk through liquidity ratio tolerance limits and risk mitigation activities outlined in its Liquidity Risk Management Policy. Risk mitigation activities primarily involve managing cash flows so as to ensure that cash inflows are sufficient to meet cash outflows, taking into consideration the liquidity of the Company's assets.

Key controls defined by management, which are utilized in the management and measurement of liquidity risk are outlined below.

- Stress testing of the Company's liquidity is performed annually by comparing liquidity coverage ratios under various economic scenarios and timeframes to the Company's policy thresholds.
- Cash management and asset-liability management programs ensure that sufficient cash flow and liquid assets are available to cover potential funding requirements. The Company invests in various types of assets with a view of matching them to its liabilities of various durations.
- The Company maintains a credit facility for general corporate purposes.
- The Company's contingency plan to mitigate the impact of a liquidity crisis includes the sale of highly liquid securities. If further action is required, the Company will work with its parent to facilitate capital contributions.
- As at December 31, 2024 and 2023, the Company maintained sufficient liquidity to cover all cash flow needs.

ii) Maturity of Liabilities and Commitments

In the normal course of business, the Company enters into contracts that give rise to future obligations, and the timing of payments for certain liabilities is shown below.

	December 31, 2024				
	Less than 1 year	1-5 years	5-10 years	After 10 years	Total
Liabilities[1] and Lease Commitments[3]					
Undiscounted investment contract liabilities	$ 4,355	$ 4,967	$ 690	$ 329	$ 10,341
Derivative liabilities	657	—	—	—	657
Other liabilities	135,143	351,664	426,485	1,729,318	2,642,610
Undiscounted insurance contract liabilities[1][2]	(32,525)	283,889	1,658,416	24,977,634	26,887,414
Other insurance contract liabilities[1]	—	—	—	—	(5,665)
Subtotal	107,630	640,520	2,085,591	26,707,281	29,535,357
Leases[3]	2,651	8,925	—	—	11,576
Total	$ 110,281	$ 649,445	$ 2,085,591	$ 26,707,281	$ 29,546,933

	December 31, 2023				
	Less than 1 year	1-5 years	5-10 years	After 10 years	Total
Liabilities[1] and Lease Commitments[3]					
Undiscounted investment contract liabilities	$ 2,387	$ 6,842	$ 757	$ 259	$ 10,245
Derivative liabilities	711	—	—	—	711
Other liabilities	124,117	341,043	424,676	1,821,007	2,710,843
Undiscounted insurance contract liabilities[1][2]	(52,354)	147,513	1,398,368	23,532,471	25,025,998
Other insurance contract liabilities[1]	—	—	—	—	49,886
Subtotal	74,861	495,398	1,823,801	25,353,737	27,797,683
Leases[3]	2,650	10,685	891	—	14,226
Total	$ 77,511	$ 506,083	$ 1,824,692	$ 25,353,737	$ 27,811,910

[1] Payments are based on maturity dates and actual settlement of the obligations could occur earlier than shown. Where timing cannot be estimated, only a total is shown.

[2] These amounts represent the undiscounted estimated cash flows of in-force contracts used in the determination of insurance contract liabilities. It exclude CSM and risk adjustment. Future segregated fund obligations have not been offset by the impact of the Company's hedge program. For further information, see 6(g).

[3] Leases are discussed in Note 11.

Amounts payable on demand, totaling $5,133,919 and $187,681 (2023 – $4,384,919 and $180,395) for insurance contract liabilities and reinsurance contract assets respectively, relate to policyholders' account values less applicable surrender fees and policy loans.

The composition of other payables is described in Note 12; all are expected to be settled in less than 5 years, except lease liabilities which is included in table above and amounts on deposit from reinsurers which is detailed in Note 12(a). Insurance acquisition cash flows written prior to the contracts recognition are not material.

e) Insurance Risk

Insurance risk is the uncertainty of product performance due to actual experience emerging differently than expected in the areas of mortality and morbidity, and longevity. In addition, policyholder behavior, product design and pricing, expense and reinsurance risks impact multiple risks categories, including insurance risk.

The Company manages its insurance risk through its Underwriting Risk Management Policy, Claims Risk Management Policy, Reinsurance Risk Management Policy and Product Design and Pricing Risk Policy. These policies are approved annually by the RCC. These policies set out general principles, accountabilities, risk limits and reporting requirements for the measurement and management of underwriting, claim, reinsurance, product design and pricing risks.

i) Insurance Risk Management, Governance and Control

Key controls utilized in the management and measurement of insurance risk are outlined below:

- Insurance contract liabilities are established in accordance with standards set forth by the ASB and guidance provided by the CIA.
- Target capital levels have been established that exceed regulatory minimums.
- Board-approved maximum retention limits mean that insurance amounts issued in excess of these limits are reinsured.
- Various limits, restrictions and fee structures may be introduced into plan designs in order to establish more homogeneous policy risk profiles and limit the potential for anti-selection
- Well-defined underwriting and risk selection standards are regularly monitored and audited by the Company, its reinsurers and the Medical Insurance Bureau.
- Approval limits are established for underwriting staff based on education and experience.
- Review and monitoring are conducted of persistency, agents' conduct and complaints.
- Diversification and risk pooling is managed by aggregation of broad exposures across product lines, geography, distribution channels, etc.
- Well-defined claims adjudication procedures provide guidelines to effectively manage when claims are to be paid, declined or when further investigation is required to make a decision.
- Reviews and audits of submitted claims are performed by the Company's reinsurers.
- Experience studies (both Company specific and industry level) and driver of earnings analyses are regularly conducted and factored into the valuation of insurance contract liabilities as well as product pricing practices. Review and approval of any recommended changes are performed by the Chief Actuary.
- Stress testing techniques, such as FCT, are used to measure the effects of significant and sustained adverse movements in insurance risk factors.

ii) Insurance Risk, Best Estimate Assumptions and Methodology

The methods of determining the material best estimate assumptions used in the computation of insurance contract liabilities are described in the following paragraphs. The selection and monitoring of appropriate assumptions are designed to minimize the extent to which the Company is financially exposed to measurement uncertainty.

Mortality and Morbidity Assumptions

Mortality refers to the rates at which death occurs for defined groups of insured risks. Best estimate mortality assumptions are based on internal as well as industry experience and are differentiated by age, gender, underwriting class and policy type.

Morbidity refers to the occurrence of accidents and sickness for defined groups of insured risks. Best estimate morbidity assumptions are based on internal as well as industry experience and are differentiated by age, gender, occupation class, smoking status and policy type.

Mortality Improvement Assumptions

Mortality improvement refers to higher than expected improvements in insured life expectancy, which generally manifest itself slowly over time. Best estimate mortality improvement assumptions are established for longer duration individual life insurance contracts, based on the recent industry studies. Such assumption increases the insurance contract liabilities net of reinsurance assets as the life insurance portfolio is adversely impacted by older reinsurance arrangements. Mortality improvement is also assumed for single premium annuities.

Lapse Assumptions

The Company bases its estimates of future lapse rates on previous experience for each block of policies and on industry experience where available and appropriate.

For life insurance policies, best estimate lapse rates vary with several factors including: product design, age, smoking status and policy duration.

For segregated fund contracts, expected lapse rates vary with several factors, most notably: the ratio of the current market value to the current guarantee value (“MV/GV ratio”), tax registration status and time remaining to the potential date of claim (term to maturity).

Premium Persistency Assumptions

Premium persistency represents the level of ongoing deposits on contracts where there is policyholder discretion as to the amount and timing of deposits. Best estimates of the amounts and duration of future premium payments on universal life insurance policies are based on past experience and policy level data where available.

Directly Attributable Expense Assumptions

Directly attributable expenses are included in insurance contract liabilities to provide for the future costs of administering in force policies including the costs of premium collection, adjudication and processing of claims, periodic actuarial calculations, and related attributable overhead expenses. Estimates of future policy maintenance expenses are based on the Company’s experience as well as estimates of such factors as contractual reductions in outsourced unit costs, estimates for inflation, productivity changes, business volumes and tax rates.

Participating Policies

Insurance contract liabilities for participating policies, which is an immaterial block, include the present value of estimated amounts of future policyholder dividends based on current dividend scales.

Adjustable Policies

Expected reductions in 2024 in policy benefits on applicable adjustable policies are immaterial (2023 – immaterial) and have not been used to reduce insurance contract liabilities.

iii) Insurance Risk Sensitivities

The CSM and income sensitivities illustrated in the table below are as follows:

As at December 31, 2024	Impact from changes to policy related assumptions on:			
	CSM (Pre-tax)		Income (After-tax) [1]	
	Gross	Net	Gross	Net
2% adverse change in future mortality rates for insurance liabilities	$ (82,000)	$ (700)	$ (52,200)	$ 6,700
2% adverse change in future longevity rates for annuity liabilities	(1,800)	(1,800)	100	100
5% increase in future expense levels	(14,200)	(14,100)	(5,400)	(5,300)
10% adverse change in policyholder behaviour (i.e., lapses)	(234,700)	(182,300)	(121,100)	(48,100)

As at December 31, 2023	Impact from changes to policy related assumptions on:			
	CSM (Pre-tax)		Income (After-tax) [1]	
	Gross	Net	Gross	Net
2% adverse change in future mortality rates for insurance liabilities	$ (77,800)	$ 600	$ (54,000)	$ 6,400
2% adverse change in future longevity rates for annuity liabilities	(1,900)	(1,900)	200	200
5% increase in future expense levels	(13,000)	(12,900)	(5,200)	(5,000)
10% adverse change in policyholder behaviour (i.e., lapses)	(219,300)	(170,800)	(121,700)	(63,400)

[1] A statutory tax rate of 25.76% (2023 – 25.86%) is assumed to estimate net income after-tax.

These sensitivities reflect the impact on CSM and income of an immediate change in assumptions on the value of insurance contract liabilities. The impact on shareholders' equity equals the net income impact.

Most assumption changes directly impact CSM under IFRS 17, rather than profits. For products measured under the GMM, there is a second-order impact, which captures the difference between the assumption change impact measured at prevailing discount rates and the impact under locked-in discount rates. Most locked-in rates for the calculation of CSM impacts were struck at January 1, 2022 for the in-force portfolio. Given the significant rise in interest rates since the transition, the prevailing discount rates now differ significantly from the locked-in discount rates. Therefore, under current market conditions, an assumption change which strengthens liabilities will be measured at lower interest rates in the CSM than prevailing rates, leading to a liability strengthening offset by CSM reduction and an increase to profits due to the interest rate effects.

f) Operational Risk

Operational risk is the risk of loss or harm resulting from people, inadequate or failed internal processes and controls, and systems or from external events and is inherent in all our activities. Operational failures can lead to involuntary one-time losses, inefficiencies resulting in recurring losses, reputation damage or lost opportunities.

Operational risk exposure is maintained within defined operational risk tolerances. To ensure that operational risk exposure is maintained within the tolerance limits, and that the Company has a complete understanding of the risk issues and risk events that can affect its operational risk profile, a number of activities are carried out.

The Company uses key risk indicators to measure and monitor its business processes and key operating activities.

The operational risk management program also includes quarterly risk and mitigation reviews. From this process, a quarterly report is provided to management that captures: the nature and magnitude of all significant operational risks; the processes, policies, procedures and controls in place to manage these significant operational risks; and, the overall effectiveness of the operational risk management process, including highlighting any operational risk management issues and the actions that have been or will be taken to address them.

The Company's Chief Compliance Officer provides a quarterly report to the ACRC which includes reasonable assurance that the Company complies with relevant laws and regulatory requirements. In addition, internal auditors review the adequacy of the internal controls, reporting quarterly to management and the ACRC.

g) Third-Party Risk

The Company engages in a variety of third-party relationships, including with distributors, outsourced service providers and suppliers. The Company's profitability or reputation could be impacted if these third parties are unable to meet their ongoing service commitments or fail to perform to expected standards.

Key controls utilized in the management of this risk are the implementation and assessed compliance of a Board-approved policy and guidelines which are consistent with OSFI's requirements to identify, assess, manage, monitor and report on third-party risk, and approval limits established on third-party arrangements. The Company monitors performance of its third parties in a manner that is commensurate to the size, risk, scope and complexity of the third-party relationship.

h) Model risk

Model risk is the risk of inappropriate design, implementation and/or use of a model. While the use of data and models generates value for the Company and offers significant business value, it also introduces the risk that a loss might occur or inappropriate decisions might be made due to modelling deficiencies or limitations, improper implementation or utilization, inaccurate or inappropriate data, or incorrect assumptions. The Company has established a multi-layered review of our significant models.

i) Legal & Regulatory risk

The Company is subject to extensive regulatory oversight by financial services regulators in the jurisdictions in which we operate. Legal and regulatory risk is the risk that changes to legislation, regulations or government policies, or the way they are interpreted or enforced, may require that we make significant changes to our strategy or operations and may result in higher implementation costs and diversion of resources to implement the changes. These changes could impact financial reporting, accounting processes, capital requirements, the regulatory framework of our products and services, the regulation of selling practices, sales intermediaries and product offerings, solvency requirements, and corporate governance practices and could impose restrictions on our operations. All these changes could have an adverse effect on our business and operations. Our failure to comply with laws or to conduct our business consistent with changing regulatory or public expectations could adversely impact our reputation and may lead to regulatory investigations, examinations, proceeding, settlement, penalties, fines, restrictions on our business, litigation or an inability to execute our business strategies and plans.

4. Portfolio Investments

a) Invested Assets and Derivative Liabilities

Fair values for securities traded on recognized exchanges are determined by reference to quoted market prices. Fair values for investments not traded on recognized exchanges are based on either prevailing market prices for instruments with similar characteristics and risk profiles, or internal or external valuation models using observable market-based inputs, and individual factors such as interest rate yield curves, currency rates, and price and rate volatility, as applicable.

The carrying values and fair values of the Company's cash, invested assets and derivative liabilities are summarized in the following table.

		Total Carrying and Fair Value					
		As at December 31, 2024			As at December 31, 2023		
		Mandatory classification	Designated by election	Total	Mandatory classification	Designated by election	Total
Cash and cash equivalents	FVTPL	$ 23,908	$ 115,685	$ 139,593	$ $28,621	$ 150,152	$ 178,773
Short–term investments	FVTPL	—	1,155,890	1,155,890	—	951,846	951,846
Bonds and debentures	FVTPL	211,473	5,901,574	6,113,047	215,908	5,917,467	6,133,375
Exchange-traded & mutual funds	FVTPL	3,069,091	—	3,069,091	2,486,052	—	2,486,052
Derivative assets	FVTPL	132	—	132	205	—	205
Other invested assets:							
Segregated funds seed units	FVTPL	1,149	—	1,149	963	—	963
Futures margins	FVTPL	—	90,957	90,957	—	67,016	67,016
Accrued investment income	FVTPL	1,822	31,639	33,461	2,943	32,312	35,255
Total Invested Assets	FVTPL	$ 3,307,575	$ 7,295,745	$ 10,603,320	$ 2,734,692	$ 7,118,793	$ 9,853,485
Derivative Liabilities	FVTPL	$ 657	$ —	$ 657	$ 711	$ —	$ 711

b) Cash and Cash Equivalents

Cash and cash equivalents are made up of the following:

	As at December 31, 2024	As at December 31, 2023
Cash	$ 23,908	$ 28,621
Cash equivalents	115,685	150,152
Cash and cash equivalents	$ 139,593	$ 178,773

c) Bonds and Debentures

The following tables summarize the fair value and average yield of the Company's investment in bonds and debentures, by type of bond and term to maturity.

	As at December 31, 2024				
	Within 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Total
Bonds and Debentures – Fair Value Through Profit or Loss					
Government – Federal					
Carrying value	$ 4,057	$ 25,205	$ 16,046	$ 227,939	$ 273,247
Average yield	3.07%	2.87%	3.13%	3.35%	3.29%
Government – Canadian Provincial					
Carrying value	$ —	$ 35,813	$ 53,131	$ 1,882,772	$ 1,971,716
Average yield	—	3.11%	3.90%	4.24%	4.21%
Government – Canadian Municipal					
Carrying value	$ —	$ 1,108	$ —	$ 897	$ 2,005
Average yield	—	3.19%	—	4.43%	3.74%
Corporate					
Carrying value	$ 2,947	$ 78,098	$ 350,837	$ 3,043,449	$ 3,475,331
Average yield	3.20%	4.11%	4.61%	4.96%	4.91%
Foreign Issuers					
Carrying value	$ —	$ —	$ —	$ 390,748	$ 390,748
Average yield	—	—	—	4.81%	4.81%
Total	$ 7,004	$ 140,224	$ 420,014	$ 5,545,805	$ 6,113,047

	As at December 31, 2023				
	Within 1 Year	1 to 5 Years	5 to 10 Years	Over 10 Years	Total
Bonds and Debentures – Fair Value Through Profit or Loss					
Government – Federal					
Carrying value	$ —	$ 20,889	$ 21,070	$ 230,416	$ 272,375
Average yield	—	3.62%	3.09%	3.04%	3.08%
Government – Canadian Provincial					
Carrying value	$ 944	$ 33,580	$ 27,975	$ 1,946,829	$ 2,009,328
Average yield	4.78%	3.82%	3.83%	4.01%	4.00%
Government – Canadian Municipal					
Carrying value	$ 532	$ —	$ 554	$ 917	$ 2,003
Average yield	4.88%	—	3.68%	4.26%	4.27%
Corporate					
Carrying value	$ 20,453	$ 63,378	$ 246,483	$ 3,136,847	$ 3,467,161
Average yield	5.31%	4.89%	5.03%	5.02%	5.02%
Foreign Issuers					
Carrying value	$ —	$ —	$ —	$ 382,508	$ 382,508
Average yield	—	—	—	4.92%	4.92%
Total	$ 21,929	$ 117,847	$ 296,082	$ 5,697,517	$ 6,133,375

d) Exchange-traded and Mutual Funds

The following table summarizes the fair value of the Company's investment in exchange-traded funds, mutual funds and other funds.

	As at December 31, 2024	As at December 31, 2023
	Fair Value	Fair Value
Exchange-traded funds	$ 1,114,292	$ 802,301
Mutual funds	1,793,060	1,539,024
Other funds	161,739	144,727
Total	$ 3,069,091	$ 2,486,052

e) Total Investment Income (Loss)

	Total Fair Value Through Profit or Loss	
	For the year ended December 31, 2024	For the year ended December 31, 2023
Cash and short–term investments		
Interest income	$ 63,993	$ 58,043
Gains (losses) [1]	61,098	(11,372)
Bonds and debentures		
Interest income	282,081	270,246
Gains (losses) [1]	(71,473)	413,461
Exchange–traded and mutual funds		
Gains (losses) [1]	433,325	287,033
Dividends	127,365	75,443
Derivatives		
Gains (losses) [1]	109,617	117,717
Land leases	—	3
Miscellaneous income	893	1,257
Total investment income (loss)	1,006,899	1,211,831
Insurance finance income (expenses) for insurance contracts issued		
Effect of changes in interest rates and other financial assumptions	(366,942)	(983,848)
Interest accreted [2]	(563,597)	(289,565)
	(930,539)	(1,273,413)
Reinsurance finance income (expenses) for reinsurance contracts held		
Effect of changes in interest rates and other financial assumptions	(36,613)	238,445
Interest accreted [2]	160,175	90,216
	123,562	328,661
Decrease (increase) in investment contract liability		
Gross change to other insurance & investment contract liabilities	(165)	(276)
	(165)	(276)
Total investment result	199,757	266,803
Less: Investment expense	5,566	5,233
Less: Investment income tax (IIT)	1,181	1,971
Total Investment result after investment expenses and IIT	$ 193,010	$ 259,599

[1] Gains (losses) include both realized and unrealized gains (losses).

[2] For the year ended December 31, 2024, Fulfillment Cash flows (FCF) interest accretion is based on current rates. For the year ended December 31, 2023, FCF interest accretion is based on locked-in rates.

f) Pledged Securities

As part of its derivatives-related activities, the Company has pledged short-term investments as futures margins. Assets pledged by the Company strictly for the purpose of providing collateral to counterparties are classified on the statement of financial position as other invested assets.

The pledged assets will be returned to the Company when the underlying transaction is terminated. In the event of the Company's inability to make payment upon futures settlement, the counterparty would be entitled to apply the collateral in order to settle the liability. Collateral requirements are determined by changes in the market value of the futures contracts outstanding. As at December 31, 2024, the Company pledged securities having a fair value of $90,957 (2023 – $67,016).

5. Determination of Fair Value of Financial Instruments

a) Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: This category includes financial assets and financial liabilities that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2: This category includes financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument or based on available market data. The main asset classes included in this category are financial assets for which pricing is obtained through pricing services based on broker quotes and not determined in an active market.
- Level 3: This category includes financial assets and financial liabilities whose fair value is determined using a valuation technique (model) for which more than an insignificant level of inputs used in the overall valuation are not market observable.

The following tables present the Company's financial assets and liabilities measured at fair value, and their relative percentages on each level of the fair value hierarchy.

	As at December 31, 2024		
	Fair Value	Level 1	Level 2
Financial Assets			
Fair Value Through Profit or Loss			
Bonds and debentures	$ 6,113,047	—	100%
Exchange-traded and mutual funds	3,069,091	100%	—
Cash and cash equivalents	139,593	17%	83%
Short-term investments	1,155,890	—	100%
Futures margins	90,957	—	100%
Segregated funds seed units	1,149	100%	—
Forwards	132	—	100%
Financial Liabilities			
Forwards	$ 657	—	100%
Segregated Fund Assets	$ 643,508	93%	7%

	As at December 31, 2023		
	Fair Value	Level 1	Level 2
Financial Assets			
Fair Value Through Profit or Loss			
Bonds and debentures	$ 6,133,375	—	100%
Exchange-traded and mutual funds	2,486,052	100%	—
Cash and cash equivalents	178,773	16%	84%
Short-term investments	951,846	—	100%
Futures margins	67,016	—	100%
Segregated funds seed units	963	100%	—
Forwards	205	—	100%
Financial Liabilities			
Forwards	$ 711	—	100%
Segregated Fund Assets	$ 651,077	92%	8%

b) Movements between Levels 1, Level 2 and Level 3 Financial Instruments

There were no transfers between Level 1 and Level 2 financial instruments during 2024 (2023 – nil).

6. Derivatives

Derivative financial instruments are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates, credit spreads, equities or other financial measures. Such instruments include interest rate, foreign exchange, equity and credit derivative contracts.

The Company uses various derivative financial instruments to manage and reduce its exposure to fluctuations in risk, including credit, interest rate, currency exchange rate and equity, arising on insurance contract liabilities as part of an asset-liability management program.

The Company enters into futures contracts which are derivatives transacted through organized and regulated exchanges and consist primarily of equity futures and options. The remainder of the Company's derivatives comprises over-the- counter transactions that are privately negotiated between the Company and the counterparty to the contract. These consist of currency forwards.

The notional amounts are not recorded as assets or liabilities as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notional amounts do not represent the potential gain (loss) associated with market risk, and are not indicative of the credit risk associated with derivative financial instruments.

OSFI has provided disclosure guidelines for three measures of derivative instruments: the positive replacement cost which is the fair value to the extent it is positive; the credit equivalent amount used to approximate the potential credit exposure; and the risk-weighted credit equivalent amount. The credit equivalent amount is the positive replacement cost plus an amount representing the potential future credit exposure as outlined in OSFI's Capital Requirements Guidelines ("Capital Guidelines"). The risk-weighted credit equivalent amount is the credit equivalent amount weighted according to the nature of the derivative and creditworthiness of the counterparties as outlined in the Capital Guidelines.

	As at December 31, 2024			As at December 31, 2023		
	Positive Replacement Cost [1]	Credit Equivalent Amount	Capital Requirement	Positive Replacement Cost [1]	Credit Equivalent Amount	Capital Requirement
Foreign exchange forward contracts	$ 132	$ 1,386	$ 4	$ 205	$ 1,346	$ 4
Total	$ 132	$ 1,386	$ 4	$ 205	$ 1,346	$ 4

[1] Total replacement cost of all contracts with positive fair value

a) Credit Derivatives

Credit derivatives are over-the-counter contracts designed to transfer the credit risk in an underlying financial instrument from one counterparty to another. The most common credit derivatives are credit default swaps. In credit default swaps, an option purchaser acquires credit protection on a reference asset or group of assets from an option writer in exchange for a premium. The option purchaser may pay the agreed premium at inception or over a period of time. The credit protection compensates the option purchaser for any deterioration in value of the reference asset upon the occurrence of certain credit events such as bankruptcy, credit downgrade or failure to pay. Settlement may be cash-based or physical, requiring the delivery of the reference asset to the option writer.

b) Interest Rate Derivatives

Interest rate futures, standardized contracts transacted on an exchange, are based upon an agreement to pay or receive a cash amount based on the difference between the contracted price level of an underlying fixed income investment and its corresponding market price at a specified future date. There is no actual delivery of the underlying fixed income investment. These contracts are in standard amounts with standard settlement dates.

Certain universal life insurance policies issued by the Company allow the policyholder to select an interest-credited rate that is tied to the movement of a synthetic global government bond fund. The Company uses a futures/money-market investment strategy to hedge this risk and earn a return sufficient to cover the interest credited based on the movement of the synthetic bond fund plus a spread. All interest rate futures invested in by the Company are used to support this investment strategy.

c) Equity Derivatives

Equity index futures, which are standardized contracts transacted on an exchange, are agreements to pay or receive a cash amount based on the difference between the contracted price level of an underlying stock index and its corresponding market price level at a specified future date. There is no actual delivery of stocks that comprise the underlying index. These contracts are in standard amounts with standard settlement dates.

The Company enters into equity index futures contracts to assist in managing exposures related to the death benefit and maturity guarantees of its segregated fund contracts.

Certain universal life insurance policies issued by the Company allow the policyholder to select an interest-credited rate that is tied to the movement of certain stock exchange indices or mutual funds. The Company uses a combination of investments in ETFs, mutual funds and a derivatives strategy to hedge this risk and earn a return sufficient to cover the interest credited based on the movement of these indices plus a spread.

The Company also enters into equity index futures contracts for tactical investment management purposes aimed at reducing its exposure to equity movements.

d) Foreign Exchange Derivatives

Foreign exchange forward contracts (currency forwards) are over-the-counter contracts in which one counterparty contracts with another to exchange a specified amount of one currency for a specified amount of a second currency, at a future date or range of dates.

The Company enters into currency forward contracts to assist in managing exposures related to the death benefit and maturity guarantees of some of its segregated funds contracts.

Certain universal life insurance policies issued by the Company allow the policyholder to select an interest-credited rate that is tied to the movement of certain stock exchange indices, and in some cases the interest-credited rate is tied to the Canadian dollar equivalent of foreign indices. In these cases, the Company enters into currency forward contracts to manage the foreign currency exposure.

e) Summary of Notional Amounts and Fair Values of Derivative Investments

The following table, as at the dates noted below, provides a summary of the notional amounts of the Company's derivative investments. All contracts mature within one year.

	As at December 31, 2024	As at December 31, 2023
Exchange–traded Contracts		
Equity futures and other contracts	$ 781,378	$ 628,485
Interest rate futures contracts	—	4,769
Over–the–Counter Contracts		
Foreign exchange forward contracts	(87,301)	(69,536)
Total	$ 694,077	$ 563,718

The following table, as at the dates noted below, provides the fair value of the Company's derivative financial instruments. All contracts mature within one year.

	As at December 31, 2024	As at December 31, 2023
Foreign exchange forward contracts	$ 132	$ 205
Derivative assets	132	205
Foreign exchange forward contracts	657	711
Derivative liabilities	$ 657	$ 711

f) Embedded Derivatives

The Company's market index options included in the Company's universal life contracts have been identified as embedded derivatives. The returns of the various indices are passed directly to the policyholders and client accounts are credited daily. These are not separated for measurement and are included in the measurement of the insurance contract liabilities.

g) Hedges for Segregated Funds

The Company uses equity futures and currency forwards to hedge exposures related to the death benefit, maturity and withdrawal guarantees of its segregated fund contracts. The equity futures and currency forwards are carried at market value, with gains (losses) recognized immediately in investment income. In addition, interest is earned on short-term investments that are pledged as collateral for the futures.

The following table summarizes the notional amounts and fair values of derivative instruments in the Company's hedge programs as at:

	December 31, 2024			December 31, 2023		
	Notional Amount	Expiry Date	Fair Value	Notional Amount	Expiry Date	Fair Value
Equity futures	$ (56,721)	March 2025	$ —	$ (65,330)	March 2024	$ —
Foreign exchange forward contracts	18,348	March 2025	(82)	21,686	March 2024	205
Total	$ (38,373)		$ (82)	$ (43,644)		$ 205

7. Other Assets

Other assets and their amounts are shown in the following table.

	December 31, 2024	December 31, 2023
Tax receivable	$ 1,449	$ —
Accounts receivable	2,984	3,162
Business loans	3,568	7,106
Property and equipment	5,436	5,205
Right-of-use assets[1]	7,063	8,774
Intangible assets	19,076	20,512
Prepaid assets[2]	66,523	67,272
Total	$ 106,099	$ 112,031

[1] See (a) below for additional details about property lease right-of-use assets.

[2] The prepaid assets include conversion costs from 2020 to 2023 related to an outsourcing arrangement with a 25-year agreement. The nature of the expense incurred will allow for the provision of the services in the future. The Company will amortize it over a roughly 18-year period of the contract (25 years contract term less the estimated 7 years needed to complete the conversion and begin actively using the new platform), effectively the benefits for its transformation project's useful life.

There were $3,195 write-downs of property and equipment, intangible and prepaid assets during the year ended December 31, 2024 (2023 – nil). During 2024, dispositions of depreciated assets included $3 (2023 – $246) of property and equipment and $1,752 (2023 – nil) of intangible assets. None of the intangible assets have been pledged as security for liabilities or have titles that are restricted.

a) Property Lease Right-of-Use Assets

	December 31, 2024	December 31, 2023
Opening Balance	$ 8,774	$ 10,777
Depreciation charge for the year	(1,711)	(2,003)
Total	$ 7,063	$ 8,774

8. Insurance Contracts

The breakdown of groups of insurance contract liabilities is set out in the table below.

	December 31, 2024	December 31, 2023
Insurance contract liabilities		
Insurance contract liabilities, excluding those for account of segregated fund holders	$ 11,682,248	$ 11,162,204
Insurance contract liabilities for account of segregated fund holders	643,508	651,077
Total insurance contract liabilities	**$ 12,325,756**	**$ 11,813,281**

Movements in carrying amounts of insurance contracts

The following tables present the movement in the net carrying amounts of insurance contracts issued during the period, which is primarily individual life insurance. The changes include movements due to cash flows and amounts that are recognized in income.

There are three types of tables presented:

a) Tables which analyze movements in the liabilities for remaining coverage and liabilities for incurred claims separately, and reconciles them to the Statement of Profit or Loss line items.

b) Tables which analyze movements of contracts by measurement components including estimates of the present value of future cash flows, risk adjustment and CSM for portfolios.

c) Tables which analyze the effect on measurement components of contracts initially recognized in the year.

(a) Analysis by remaining coverage and incurred claims

The following tables present the movement in the assets or liabilities for insurance contracts issued, showing amounts for the remaining coverage and for incurred claims for the years ended December 31, 2024 and December 31, 2023.

	Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract assets	$ —	$ —	$ —	$ —
Opening insurance contract liabilities	10,552,903	487,702	121,599	11,162,204
Net Opening Balance, January 1, 2024	**$ 10,552,903**	**$ 487,702**	**$ 121,599**	**$ 11,162,204**
Insurance revenue	**(821,695)**	—	—	**(821,695)**
Insurance service expense				
Incurred claims and other insurance service expenses	—	(15,945)	598,266	582,321
Losses and reversal of losses on onerous contracts (future service)	—	(175,411)	—	(175,411)
Changes to liabilities for incurred claims (past service)	—	—	6,000	6,000
Amortization of insurance acquisition cash flows	45,331	—	—	45,331
	45,331	**(191,356)**	**604,266**	**458,241**
Investment components	**(234,540)**	—	**234,540**	—
Insurance service result	**(1,010,904)**	**(191,356)**	**838,806**	**(363,454)**
Insurance finance (income) expense	920,278	10,261	—	930,539
Total changes in Profit or Loss	**(90,626)**	**(181,095)**	**838,806**	**567,085**
Cash flows				
Premiums and premium tax received	983,815	—	—	983,815
Claims and other insurance service expenses paid, including investment components	—	—	(827,831)	(827,831)
Insurance acquisition cash flows	(203,025)	—	—	(203,025)
Total cash flows	**780,790**	—	**(827,831)**	**(47,041)**
Net closing balance	**$ 11,243,067**	**$ 306,607**	**$ 132,574**	**$ 11,682,248**
Closing insurance contract assets				—
Closing insurance contract liabilities	11,243,067	306,607	132,574	11,682,248
Net Closing Balance, December 31, 2024	**$ 11,243,067**	**$ 306,607**	**$ 132,574**	**$ 11,682,248**

	Liability for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract assets	$ —	$ —	$ —	$ —
Opening insurance contract liabilities	9,451,849	450,084	137,533	10,039,466
Net Opening Balance, January 1, 2023	**$ 9,451,849**	**$ 450,084**	**$ 137,533**	**$ 10,039,466**
Insurance revenue	**(777,757)**	—	—	**(777,757)**
Insurance service expense				
Incurred claims and other insurance service expenses	—	(14,930)	593,442	578,512
Losses and reversal of losses on onerous contracts (future service)	—	44,418	—	44,418
Changes to liabilities for incurred claims (past service)	—	—	1,000	1,000
Amortization of insurance acquisition cash flows	26,546	—	—	26,546
	26,546	**29,488**	**594,442**	**650,476**
Investment components	**(172,654)**	—	**172,654**	—
Insurance service result	**(923,865)**	**29,488**	**767,096**	**(127,281)**
Insurance finance (income) expense	1,265,283	8,130	—	1,273,413
Total changes in Profit or Loss	**341,418**	**37,618**	**767,096**	**1,146,132**
Cash flows				
Premiums and premium tax received	945,290	—	—	945,290
Claims and other insurance service expenses paid, including investment components	—	—	(783,030)	(783,030)
Insurance acquisition cash flows	(185,654)	—	—	(185,654)
Total cash flows	**759,636**	—	**(783,030)**	**(23,394)**
Net closing balance	**$ 10,552,903**	**$ 487,702**	**$ 121,599**	**$ 11,162,204**
Closing insurance contract assets	—	—	—	—
Closing insurance contract liabilities	10,552,903	487,702	121,599	11,162,204
Net Closing Balance, December 31, 2023	**$ 10,552,903**	**$ 487,702**	**$ 121,599**	**$ 11,162,204**

Assets for insurance acquisition cash flows recognized prior to contract initial recognition date is not significant for the Company.

(b) Analysis by measurement component for insurance contracts not measured under PAA

The following tables present the movement in the assets or liabilities for insurance contracts issued, showing estimates of the present value of future cash flows, risk adjustment and CSM for the years ended December 31, 2024 and December 31, 2023.

	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Fair Value	Other	
Opening insurance contract assets	$ —	$ —	$ —	$ —	$ —
Opening insurance contract liabilities	8,891,793	1,300,754	805,520	164,137	11,162,204
Net Opening Balance, January 1, 2024	**$ 8,891,793**	**$ 1,300,754**	**$ 805,520**	**$ 164,137**	**$ 11,162,204**
CSM recognized for services provided	—	—	(75,511)	(12,297)	(87,808)
Change in risk adjustment for non-financial risk for risk expired	—	(99,452)	—	—	(99,452)
Experience adjustments	(6,782)	—	—	—	(6,782)
Changes that relate to current services	**(6,782)**	**(99,452)**	**(75,511)**	**(12,297)**	**(194,042)**
Contracts initially recognized during the year	(125,851)	76,888	13	49,181	231
Changes in estimates that adjust the CSM	(38,901)	22,147	50,857	(34,105)	(2)
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(162,494)	(13,147)	—	—	(175,641)
Changes that relate to future services	**(327,246)**	**85,888**	**50,870**	**15,076**	**(175,412)**
Adjustments to liabilities for incurred claims	6,000	—	—	—	6,000
Changes that relate to past services	**6,000**	**—**	**—**	**—**	**6,000**
Insurance service result	**(328,028)**	**(13,564)**	**(24,641)**	**2,779**	**(363,454)**
Insurance finance (income) expense	850,874	54,418	18,791	6,456	930,539
Total changes in Profit or Loss	**522,846**	**40,854**	**(5,850)**	**9,235**	**567,085**
Premiums received	983,815	—	—	—	983,815
Claims and other expenses paid	(827,831)	—	—	—	(827,831)
Insurance acquisition cash flows	(203,025)	—	—	—	(203,025)
Total cash flows	**(47,041)**	**—**	**—**	**—**	**(47,041)**
Net closing balance	**$ 9,367,598**	**$ 1,341,608**	**$ 799,670**	**$ 173,372**	**$ 11,682,248**
Closing insurance contract assets	—	—	—	—	—
Closing insurance contract liabilities	9,367,598	1,341,608	799,670	173,372	11,682,248
Net Closing Balance, December 31, 2024	**$ 9,367,598**	**$ 1,341,608**	**$ 799,670**	**$ 173,372**	**$ 11,682,248**

	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Fair Value	Other	
Opening insurance contract assets	$ —	$ —	$ —	$ —	$ —
Opening insurance contract liabilities	7,846,261	1,202,734	835,421	155,050	10,039,466
Net Opening Balance, January 1, 2023	**$ 7,846,261**	**$ 1,202,734**	**$ 835,421**	**$ 155,050**	**$ 10,039,466**
CSM recognized for services provided	—	—	(79,658)	(12,992)	(92,650)
Change in risk adjustment for non-financial risk for risk expired	—	(82,997)	—	—	(82,997)
Experience adjustments	(1,357)	—	—	—	(1,357)
Changes that relate to current services	**(1,357)**	**(82,997)**	**(79,658)**	**(12,992)**	**(177,004)**
Contracts initially recognized during the year	(109,298)	68,479	2	40,888	71
Changes in estimates that adjust the CSM	8,161	(13,395)	33,511	(23,972)	4,305
Changes in estimates that relate to losses and reversal of losses on onerous contracts	41,580	2,767	—	—	44,347
Changes that relate to future services	**(59,557)**	**57,851**	**33,513**	**16,916**	**48,723**
Adjustments to liabilities for incurred claims	1,000	—	—	—	1,000
Changes that relate to past services	**1,000**	**—**	**—**	**—**	**1,000**
Insurance service result	**(59,914)**	**(25,146)**	**(46,145)**	**3,924**	**(127,281)**
Insurance finance (income) expense	1,128,840	123,166	16,244	5,163	1,273,413
Total changes in Profit or Loss	**1,068,926**	**98,020**	**(29,901)**	**9,087**	**1,146,132**
Premiums received	945,290	—	—	—	945,290
Claims and other expenses paid	(783,030)	—	—	—	(783,030)
Insurance acquisition cash flows	(185,654)	—	—	—	(185,654)
Total cash flows	**(23,394)**	**—**	**—**	**—**	**(23,394)**
Net closing balance	**$ 8,891,793**	**$ 1,300,754**	**$ 805,520**	**$ 164,137**	**$ 11,162,204**
Closing insurance contract assets	—	—	—	—	—
Closing insurance contract liabilities	8,891,793	1,300,754	805,520	164,137	11,162,204
Net Closing Balance, December 31, 2023	**$ 8,891,793**	**$ 1,300,754**	**$ 805,520**	**$ 164,137**	**$ 11,162,204**

i) Assumption Changes and Management Actions

The following tables sets out the net impacts of assumption change on net income and CSM.

	December 31, 2024		December 31, 2023	
	Reported net income impacts (After-tax)	Deferred in CSM (Pre-tax)	Reported net income impacts (After-tax)	Deferred in CSM (Pre-tax)
Mortality	$ 49	$ (76)	$ —	$ (1)
Policyholder behaviour	(28)	52	—	—
Expense	(4)	(9)	—	(2)
Model Enhancements and Other	11	(9)	9	14
Total impact of change in assumptions	$ 28	$ (42)	$ 9	$ 11

In 2024, the insurance contract liability actuarial assumption updates related primarily to mortality and policyholder behaviour.

The individual life business (primarily Universal Life and Term Life) was impacted by mortality updates related to revised expectations to future mortality experience, which was unfavourable to the CSM. The assumption updates also reflected policyholder behaviour impacts on Universal Life products. Updates to the expense assumptions were made in order to reflect Company experience related to inflation and recent changes in operations.

(c) Effect on measurement components of contracts initially recognized in the year

The following tables present the effect of measurement components of insurance contracts initially recognized in the periods presented.

	For the year ended December 31, 2024		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	$ 168,634	$ 4,691	$ 173,325
Claims and other insurance service expenses payable	408,011	9,463	417,474
Estimates of present value of cash outflows	**576,645**	**14,154**	**590,799**
Estimates of present value of cash inflows	(699,864)	(16,786)	(716,650)
Risk adjustment for non-financial risk	74,025	2,863	76,888
CSM	49,194	—	49,194
Total losses recognized on initial recognition	**$ —**	**$ 231**	**$ 231**

	For the year ended December 31, 2023		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	$ 164,701	$ 41	$ 164,742
Claims and other insurance service expenses payable	387,714	200	387,914
Estimates of present value of cash outflows	**552,415**	**241**	**552,656**
Estimates of present value of cash inflows	(661,747)	(207)	(661,954)
Risk adjustment for non-financial risk	68,442	37	68,479
CSM	40,890	—	40,890
Total losses recognized on initial recognition	**$ —**	**$ 71**	**$ 71**

9. Investment Contract Liabilities

The Company has classified its individual fixed rate annuities as investment contracts. The related liabilities are the deposit amounts paid to the Company under these contracts accumulated to the current date by applying the contractually guaranteed interest rates.

Investment contract liabilities are measured at amortized cost and recognized when the investment contract is entered into. At initial recognition, the Company records these liabilities at fair value less transaction costs directly attributable to issuance of the investment contract. For subsequent periods, the Company measures the investment contract liabilities at amortized cost using the effective interest method. The liability is derecognized when the investment contract expires, is discharged or is cancelled.

Details of the changes in investment contract liabilities, which consist primarily of fixed rate annuities, are provided below.

	For the year ended	
	December 31, 2024	December 31, 2023
Opening Balance	$ 12,038	$ 15,046
Interest	165	275
Withdrawals	(2,755)	(2,834)
Claim payments	—	(449)
Total net changes	(2,590)	(3,008)
Closing Balance	**$ 9,448**	**$ 12,038**

10. Reinsurance Contracts Held

Movements in carrying amounts of reinsurance contracts

The following tables present the movement in the net carrying amounts of reinsurance contracts held during the period, which is primarily related to individual life insurance. The changes include movements due to cash flows and amounts that are recognized in income.

There are three types of tables presented:

a) Tables which analyze movements in the assets for remaining coverage and for incurred claims separately, and reconcile them to the Statement of Profit or Loss line items.

b) Tables which analyze movements of contracts by measurement components including estimates of the present value of future cash flows, risk adjustment and CSM for portfolios.

c) Tables which analyze the effect on measurement components of contracts initially recognized in the year.

(a) Analysis by remaining coverage and incurred claims

The following tables present the movement in the reinsurance contracts held, showing the remaining coverage and amounts recoverable for incurred claims arising from business ceded for the years ended December 31, 2024 and December 31, 2023.

	Assets for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Assets for incurred Claims	Total
Opening reinsurance contract held assets	$ 2,802,366	$ 234,284	$ 134,136	$ 3,170,786
Opening reinsurance contract held liabilities	—	—	—	—
Net Opening Balance, January 1, 2024	**$ 2,802,366**	**$ 234,284**	**$ 134,136**	**$ 3,170,786**
Changes in income				—
Allocation of reinsurance premium paid	**(531,837)**	—	—	**(531,837)**
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	—	(6,747)	441,922	435,175
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	(168,853)	—	(168,853)
Adjustments to assets for incurred claims	—	—	4,300	4,300
Insurance service result	**(531,837)**	**(175,600)**	**446,222**	**(261,215)**
Investment components and premium refunds	(10,985)	—	10,985	—
Net expenses from reinsurance contracts	**(542,822)**	**(175,600)**	**457,207**	**(261,215)**
Net finance (income) expense from reinsurance contracts	122,508	1,054	—	123,562
Total changes in Profit or Loss	**(420,314)**	**(174,546)**	**457,207**	**(137,653)**
Cash flows				—
Premiums paid	452,351	—	—	452,351
Amounts received	—	—	(447,657)	(447,657)
Total cash flows	**452,351**	—	**(447,657)**	**4,694**
Net closing balance	**$ 2,834,403**	**$ 59,738**	**$ 143,686**	**$ 3,037,827**
Closing reinsurance contract held assets	2,834,403	59,738	143,686	3,037,827
Closing reinsurance contract held liabilities	—	—	—	—
Net Closing Balance, December 31, 2024	**$ 2,834,403**	**$ 59,738**	**$ 143,686**	**$ 3,037,827**

	Assets for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Assets for incurred Claims	Total
Opening reinsurance contract held assets	$ 2,625,265	$ 238,603	$ 158,443	$ 3,022,311
Opening reinsurance contract held liabilities	—	—	—	—
Net Opening Balance, January 1, 2023	**$ 2,625,265**	**$ 238,603**	**$ 158,443**	**$ 3,022,311**
Changes in income	—	—	—	—
Allocation of reinsurance premium paid	**(521,522)**	—	—	**(521,522)**
Amounts recoverable from reinsurers	—	—	—	—
Recoveries of incurred claims and other insurance service expenses	—	(6,664)	449,443	442,779
Recoveries and reversals of recoveries of losses on onerous underlying contracts	—	1,568	—	1,568
Adjustments to assets for incurred claims	—	—	(700)	(700)
Insurance service result	**(521,522)**	**(5,096)**	**448,743**	**(77,875)**
Investment components and premium refunds	(9,626)	—	9,626	—
Net expenses from reinsurance contracts	**(531,148)**	**(5,096)**	**458,369**	**(77,875)**
Net finance (income) expense from reinsurance contracts	327,884	777	—	328,661
Total changes in Profit or Loss	**(203,264)**	**(4,319)**	**458,369**	**250,786**
Cash flows	—	—	—	—
Premiums paid	380,365	—	—	380,365
Amounts received	—	—	(482,676)	(482,676)
Total cash flows	**380,365**	—	**(482,676)**	**(102,311)**
Net closing balance	**$ 2,802,366**	**$ 234,284**	**$ 134,136**	**$ 3,170,786**
Closing reinsurance contract held assets	2,802,366	234,284	134,136	3,170,786
Closing reinsurance contract held liabilities	—	—	—	—
Net Closing Balance, December 31, 2023	**$ 2,802,366**	**$ 234,284**	**$ 134,136**	**$ 3,170,786**

(b) Analysis by measurement component for reinsurance contracts held not measured under PAA

The following tables present the movement for reinsurance contracts held, showing estimates of the present value of future cash flows, risk adjustment and CSM for the years ended December 31, 2024 and December 31, 2023.

	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Fair value	Other	
Opening reinsurance contract held assets	$ 2,288,983	$ 703,787	$ 207,240	$ (29,224)	$ 3,170,786
Opening reinsurance contract held liabilities	—	—	—	—	—
Net Opening Balance, January 1, 2024	**$ 2,288,983**	**$ 703,787**	**$ 207,240**	**$ (29,224)**	**$ 3,170,786**
CSM recognized for services received	—	—	(21,026)	4,356	(16,670)
Change in risk adjustment for non-financial risk for risk expired	—	(58,102)	—	—	(58,102)
Experience adjustments	(21,889)	—	—	—	(21,889)
Changes that relate to current services	**(21,889)**	**(58,102)**	**(21,026)**	**4,356**	**(96,661)**
Contracts initially recognized during the year	(18,666)	30,550	(5)	(11,733)	146
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	(16,760)	(464)	(17,224)
Changes in estimates that adjust the CSM	(73,983)	1,709	81,618	(9,344)	—
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(153,470)	1,694	—	—	(151,776)
Changes that relate to future services	**(246,119)**	**33,953**	**64,853**	**(21,541)**	**(168,854)**
Adjustments to liabilities for incurred claims	4,300	—	—	—	4,300
Changes that relate to past services	**4,300**	—	—	—	**4,300**
Insurance service result	**(263,708)**	**(24,149)**	**43,827**	**(17,185)**	**(261,215)**
Insurance finance (income) expense from reinsurance contracts	91,840	28,438	4,703	(1,419)	123,562
Total changes in Profit or Loss	**(171,868)**	**4,289**	**48,530**	**(18,604)**	**(137,653)**
Total cash flows	**4,694**	—	—	—	**4,694**
Net closing balance	**$ 2,121,809**	**$ 708,076**	**$ 225,770**	**$ (47,828)**	**$ 3,037,827**
Closing reinsurance contract held assets	2,121,809	708,076	255,770	(47,828)	3,037,827
Closing reinsurance contract held liabilities	—	—	—	—	—
Net Closing Balance, December 31, 2024	**$ 2,121,809**	**$ 708,076**	**$ 255,770**	**$ (47,828)**	**$ 3,037,827**

	Estimates of PV of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Fair value	Other	
Opening reinsurance contract held assets	$ 2,130,754	$ 667,054	$ 244,412	$ (19,909)	$ 3,022,311
Opening reinsurance contract held liabilities	—	—	—	—	—
Net Opening Balance, January 1, 2023	**$ 2,130,754**	**$ 667,054**	**$ 244,412**	**$ (19,909)**	**$ 3,022,311**
CSM recognized for services received	—	—	(17,780)	2,632	(15,148)
Change in risk adjustment for non-financial risk for risk expired	—	(58,039)	—	—	(58,039)
Experience adjustments	(5,555)	—	—	—	(5,555)
Changes that relate to current services	**(5,555)**	**(58,039)**	**(17,780)**	**2,632**	**(78,742)**
Contracts initially recognized during the year	(16,018)	27,016	21	(10,977)	42
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	—	—	(13,948)	(268)	(14,216)
Changes in estimates that adjust the CSM	8,789	1,044	(10,111)	277	(1)
Changes in estimates that relate to losses and reversal of losses on onerous contracts	14,670	1,072	—	—	15,742
Changes that relate to future services	**7,441**	**29,132**	**(24,038)**	**(10,968)**	**1,567**
Adjustments to liabilities for incurred claims	(700)	—	—	—	(700)
Changes that relate to past services	**(700)**	—	—	—	**(700)**
Insurance service result	**1,186**	**(28,907)**	**(41,818)**	**(8,336)**	**(77,875)**
Insurance finance (income) expense from reinsurance contracts	259,337	65,640	4,646	(979)	328,644
Total changes in Profit or Loss	**260,523**	**36,733**	**(37,172)**	**(9,315)**	**250,769**
Total cash flows	**(102,294)**	—	—	—	**(102,294)**
Net closing balance	**$ 2,288,983**	**$ 703,787**	**$ 207,240**	**$ (29,224)**	**$ 3,170,786**
Closing reinsurance contract held assets	2,288,983	703,787	207,240	(29,224)	3,170,786
Closing reinsurance contract held liabilities	—	—	—	—	—
Net Closing Balance, December 31, 2023	**$ 2,288,983**	**$ 703,787**	**$ 207,240**	**$ (29,224)**	**$ 3,170,786**

(c) Effect on measurement components of contracts initially recognized in the year

The following table presents the effect of measurement components of reinsurance contracts held portfolios initially recognized in the periods presented.

Reinsurance Contracts Held	**December 31, 2024**	**December 31, 2023**
Estimates of present value of cash outflows	$ (142,407)	$ (126,623)
Estimates of present value of cash inflows	123,741	110,605
Risk adjustment for non-financial risk	30,550	27,016
Income recognized on initial recognition	(146)	(42)
CSM	**$ 11,738**	**$ 10,956**

11. Commitments

a) Leases

The Company enters into leases for office space and certain equipment with lease terms up to ten years. The majority of lease agreements for office space contain renewal and escalation clauses.

The Company made operating lease payments of $2,650 in 2024 (2023 - $2,885).

The Company decided to exercise its option to terminate a floor at its head-office effective May 1, 2023. The lease modification resulted in a reassessment of its lease liability at the interest rate implicit in the lease.

The table below shows the future lease payments by the year ended.

	December 31, 2024
2025	2,651
2026	2,688
2027	2,673
2028	2,673
2029	891
Thereafter	—
Total	$ 11,576

b) Other Commitments

In 2020, the Company entered into a 25-year outsourcing arrangement, with a third party, to modernize the Company's legacy administration systems, while providing policy administration services and digital new business capabilities. The arrangement includes the following minimum service fee payable each year. These fees can be renegotiated subject to triggers relating to changes in the Company's business. In the event the Company terminates its agreement, a termination fee, equal to no greater than one year of the minimum service fee, would be payable in lieu of any remaining minimum service fees payments shown below.

	December 31, 2024
2025	16,913
2026	15,916
2027	15,444
2028	14,995
2029	14,566
Thereafter[1]	208,827
Total	$ 286,661

[1] Represents the sum of total minimum service fees until 2045.

12. Other Payables

	December 31, 2024	December 31, 2023
Amount on deposit from reinsurers	$ 945,616	$ 942,655
Accounts payable and accrued liabilities	22,341	23,026
Lease liabilities[1]	9,446	11,101
Other	33,542	26,424
Total	$ 1,010,945	$ 1,003,206

[1] See below for additional details about Lease liabilities.

a) Amounts on Deposit from Reinsurer

In late 1998, the Company entered into an agreement to reinsure its Term to 100 policies in-force on January 1, 1998. Under the treaty, the ceded single premium of $225,000 was deemed to be paid by the Company withholding the funds and agreeing to treat them as an amount on deposit from the reinsurer (the "deposit"). Added to the initial deposit amount were additional specific amounts in each of the 1998-2003 years. The total deposit is repaid according to a prescribed repayment schedule included in the treaty and an annual interest rate of about 8.54% is applied to the outstanding balance monthly. Neither the amount of the deposit nor the repayment schedule is affected by the performance of the reinsurance component of the treaty.

During 2024, the Company recognized an interest expense for the deposit under this reinsurance treaty of $77,627 (2023 – $77,281).

Repayments made in accordance with the schedule during 2024 totaled $74,667 (2023 – $72,035). The table below provides the prescribed repayments for each of the next 5 years and the total repayments for each 5-year period thereafter through the remaining term of the deposit.

Year	Repayment Amount
2025	79,260
2026	84,012
2027	87,970
2028	89,802
2029	89,880
5 Year Total	430,924

Year	Repayment Amount
2030 – 2034	426,485
2035 – 2039	456,914
2040 – 2044	419,384
2045 – 2049	356,350
2050 – 2054	256,506

Year	Repayment Amount
2055 – 2059	150,455
2060 – 2064	65,803
2065 – 2069	19,824
2070 – 2074	3,917
2075 – 2077	166

Between 2003 when the Company began to repay the deposit and 2024, the repayments are less than the interest on the deposit and therefore, the deposit balance owing to the reinsurer has grown and will continue to grow until 2025. The outstanding balance was $945,616 as at December 31, 2024 (2023 – $942,655). For fair value disclosure purposes only, the Company has estimated the deposit's fair value to be $1,259,443 (2023 – $1,194,637) by present valuing the expected future repayments at 5.5% (2023 – 6.1%), an appropriate discount rate given the current interest rate environment and adjusting for specific factors including the Company's own credit risk and the duration of the obligation. The fair value varies with the discount rate, and for example, it would increase by $69,665 if 5.0% were used and decrease by $63,800 if 6.0% were used.

b) Lease Liabilities

	December 31, 2024		December 31, 2023	
Lease liabilities included in Other payables				
Current	$	3,858	$	3,473
Non-current		5,588		7,628
Total	$	9,446	$	11,101

c) At December 31, 2024, the Company had access to a bank line of credit of $20,000 (2023 – $20,000) against which no funds had been drawn (2023 – nil).

13. Capital Stock

The Company has two classes of authorized capital stock, each without par or stated value.

	December 31, 2024			December 31, 2023		
	Number of shares		$ Amount	Number of shares		$ Amount
Common Shares						
Authorized	Unlimited	$	—	Unlimited	$	—
Issued:						
Balance, beginning of year	14,810,959		911,750	14,810,959		911,750
Balance, end of year	14,810,959	$	911,750	14,810,959	$	911,750
Preferred Shares						
Authorized:						
First preference shares	Unlimited		—	Unlimited		—
Preferred shares	1,000,000		—	1,000,000		—
Balance, end of year	1,000,000	$	—	1,000,000	$	—

14. Dividends and Contributed Capital

During 2024, ivari Holdings Inc. made cash capital contributions to the Company of nil (2023 – nil). In 2024, the Company declared and paid a cash dividend of $80,000 (2023 – nil).

Returns of capital to the shareholder and dividends are determined by the Board.

The net income available to the shareholder includes the net income of all non-participating business, investment earnings on surplus and distributions from the par fund. Shareholder transfers out of the participating surplus account as a percentage of total distributions were nil (2023 – nil).

15. Capital Management

The Company manages its capital in accordance with its Capital Risk Management Policy and other related policies, which are reviewed and approved by the Board annually.

The Company's goal is to maintain adequate levels of available capital to provide sufficient margin over minimum capital levels required by OSFI to maintain consumer confidence as well as ratings with external rating agencies. The Company's senior management engages the Board with regards to actions necessary to maintain appropriate capital levels commensurate with the Company's risk profile.

OSFI requires federally regulated life insurance companies to apply its Life Insurance Capital Adequacy Test ("LICAT") Guideline. The Company is therefore subject to the LICAT Guideline.

The Company's LICAT Ratios have exceeded its internal capital targets and are well above OSFI's supervisory target Total Ratio of 100% and minimum Total Ratio of 90% as at December 31, 2024 and December 31, 2023.

The following table provides LICAT ratios related information and ratios as at December 31.

	2024	2023
Total Ratio	131%	131%
Core Ratio	97%	95%

Definition of terms can be found within OSFI's LICAT 2024 Guideline.

The Company's LICAT Total Ratio remained at the same level compared to December 31, 2023, while the Core Ratio increased by 2%. The largest driver of this Core Ratio change was financial market movements and changes to actuarial assumptions.

16. Insurance Revenue

a) Total insurance revenue

	For the year ended	
	December 31, 2024	December 31, 2023
Contracts not measured under the PAA		
Amounts relating to changes in liabilities for remaining coverage		
CSM recognized for services provided	$ 87,809	$ 92,651
Change in risk adjustment for non-financial risk for risk expired	97,394	81,024
Expected incurred claims and other insurance service expenses	591,160	577,537
Recovery of insurance acquisition cash flows	45,332	26,545
Total insurance revenue	$ 821,695	$ 777,757

b) Expectation of when CSM will be recognized in Income[1]

The following table illustrates the expected timing of the CSM amortization into insurance revenue for insurance contracts issued.

As at	1 year or less	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 10 years	More than 10 years	Total
December 31, 2024	$ 84,000	$ 78,000	$ 72,300	$ 66,700	$ 61,300	$ 236,400	$ 374,300	$ 973,000
December 31, 2023	$ 81,500	$ 75,800	$ 70,500	$ 65,500	$ 60,600	$ 236,300	$ 379,500	$ 969,700

The following table illustrates the expected timing of the CSM amortization into reinsurance contract held net income (expenses) for reinsurance contracts held.

As at	1 year or less	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	5 – 10 years	More than 10 years	Total
December 31, 2024	$ (14,600)	$ (13,800)	$ (13,000)	$ (12,100)	$ (11,200)	$ (45,200)	$ (98,000)	$ (207,900)
December 31, 2023	$ (14,300)	$ (13,100)	$ (12,000)	$ (10,900)	$ (10,000)	$ (38,800)	$ (78,900)	$ (178,000)

[1] All figures rounded

17. Insurance Service and Other Operating Expenses

	For the year ended	
	December 31, 2024	December 31, 2023
Claims and benefits incurred	$ 523,910	$ 519,494
Allocation of premium directly to recovery of insurance acquisition cash flows	45,332	26,545
Adjustments to the liability for incurred claims	6,000	1,000
Losses and reversal of losses on onerous insurance contracts	(175,379)	44,467
Salaries and other employee benefits	31,267	30,204
General and administrative	124,270	125,792
Interest expense on leases	993	1,140
Depreciation of fixed assets	1,609	1,129
Depreciation of right-of-use assets	1,711	2,004
Total expenses	$ 559,713	$ 751,775
Represented by:		
Insurance service expense	$ 458,241	$ 650,476
Operating and administrative expenses	101,472	101,299
Total expenses [1]	$ 559,713	$ 751,775

[1] Total expenses includes employee expenses of $57,971 (2023 – $51,458) and consists of salaries, bonus and other short-term benefits, pension and post retirement costs, long term incentive plans and other employee related expenses.

18. Related Party Transactions

In the normal course of business, the Company enters into transactions with other companies under common control or common influence involving pension plans, post-employment benefits and miscellaneous services. The amounts earned and expensed were not significant. There are no material related party transactions except as disclosed below.

a) Non-capital Transactions with Related Party Companies

The following table summarizes the Company's related party non-capital transactions during the year and the amounts due to or from related party companies, other than with respect to key management personnel. Settlement takes place on a regular basis and outstanding balances are unsecured and interest free. Please refer to Note 1(a) for details of restructuring earlier in the year and note that 2023 amounts have been restated to ensure amounts are comparable year over year and based on the current structure.

	December 31, 2024	December 31, 2023
Related Party	**Amount due (to) related party**	**Amount due from related party**
ivari Holdings Inc.	$ (860)	$ 2,113
Sagicor Financial Company Limited	(9)	—
Total	$ (869)	$ 2,113

b) Key Management Personnel

The following table summarizes the related compensation paid during to key management personnel. Key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the Board of Directors and certain members of the senior management are considered related parties.

	December 31, 2024	December 31, 2023
Salaries, bonuses and other short-term benefits	$ 3,260	$ 6,238
Pension and other post-employment benefits	158	148
Other long-term benefits	1,002	1,137
Total	$ 4,420	$ 7,523

c) Equity Compensation Benefits

Key management at ivari have been granted Restricted Share Units (RSUs) of Sagicor. Each grant is equal to one common share of Sagicor. Grants issued during the year represent an award to designated key management at ivari. The grants will vest equally over a three-year period beginning at the grant date and are subject to the executives continued employment. The movement of the share grants during the year is as follows:

	2024		2023	
	Number of grants '000	**Weighted average price**	**Number of grants '000**	**Weighted average price**
Balance, beginning of year	—	$ —	—	$ —
Grants issued	270	6.70	—	—
Grants vested	—	—	—	—
Grants lapsed/forfeited	(120)	6.70	—	—
Balance, end of year	150	$ 6.70	—	$ —

19. Income Taxes

The Company's income tax expense (recovery) includes provisions for current and deferred taxes as outlined below.

	For the year ended	
	December 31, 2024	December 31, 2023
Current income taxes:		
Current tax (expense) on income in the year	$ (19,473)	$ (17,071)
Current tax (expense) recovery referring to previous years	4,116	96
	(15,357)	(16,975)
Deferred income taxes:		
Origination and reversal of temporary differences	(23,975)	(30,704)
Impact of change in tax rates	(671)	204
Deferred taxes referring to previous years	(2,975)	(1,928)
	(27,621)	(32,428)
Income tax (expense) recovery reported in net income	$ (42,978)	$ (49,403)

a) The statutory income tax rate that applies to the Company is adjusted as shown below to derive the effective tax rate in percentages for each of 2024 and 2023.

	December 31, 2024	December 31, 2023
Statutory rate	25.76%	25.86%
Adjustments:		
Exempt investment income	(5.07)%	(3.74)%
Capital taxes and other non-deductible items	0.50%	(0.92)%
True-up of prior years and other adjustments	(0.34)%	1.78%
Future federal and provincial tax rate changes	0.33%	(0.09)%
Effective tax rate	21.18%	22.89%

b) Deferred Tax Asset/(Liability)

i) The net deferred tax amount includes temporary differences as follows:

	As at December 31, 2024	As at December 31, 2023
Insurance contract liabilities	$ 198,010	$ 214,364
Tax credits	24,849	39,319
Other	2,517	2,614
Deferred Tax Asset	$ 225,376	$ 256,297
Investment gains recognized in retained earnings	27,776	31,076
Deferred Tax Liability	$ 27,776	$ 31,076
Net Deferred Tax Asset/(Liability)	$ 197,600	$ 225,221

The Company expects the future taxable profits will be more than the profits arising from the reversal of the existing taxable temporary differences resulting in a deferred tax asset for Ontario Capital Minimum Tax Credit of $18,170 (2023 – $22,947).

ii) Reconciliation of Net Deferred Tax Asset/(Liability)

	As at December 31, 2024	As at December 31, 2023
Opening Balance	$ 225,221	$ 257,649
Deferred tax benefit during the year recognized in net income	(27,621)	(32,428)
Closing Balance	$ 197,600	$ 225,221

c) The Company paid income taxes in the amount of $39,807 for the year ended December 31, 2024 (2023 – $17,688).

20. Segregated Fund Assets and Liabilities

The Company manages a range of segregated funds on behalf of policyholders. The funds fit into the following four types, based on the investments each fund holds:

1) Money market funds consist of investments that have a term to maturity of less than one year;
2) Fixed income funds are funds that invest primarily in investment-grade income securities and up to 25% can be invested in diversified equities or high-yield bonds;
3) Balanced funds are a combination of fixed income securities and equities and the maximum equity component allowed in the portfolio is 75%;
4) Equity funds consist primarily of broad-based diversified funds that invest in a mix of Canadian, U.S. and/or global equities with low, intermediate or high volatility.

In many cases, the funds invest in mutual funds with the appropriate investment objectives rather than individual securities.

The schedule of changes in segregated funds net assets are as follows:

	December 31, 2024	December 31, 2023
Segregated fund assets, beginning of year	$ 651,077	$ 691,051
Additions to segregated funds:		
Deposits	1,577	2,838
Net realized and unrealized gains (losses)	84,948	53,197
Interest and dividend income	15,780	18,923
Total additions (deductions)	$ 102,305	$ 74,958
Deductions from segregated funds:		
Payments to policyholders and their beneficiaries	$ 85,919	$ 90,083
Management fees	22,371	23,206
Other expenses, including GST on management fees	1,584	1,643
Total deductions	$ 109,874	$ 114,932
Segregated fund assets, end of year	$ 643,508	$ 651,077

Within segregated funds, there were no material transfers between Levels 1 and 2 during 2024 (2023 – nil). All asset in the chart below are level 1 except $46,552 (2023 - $51,467) of short-term investments, bonds, and other assets, which are level 2. The fair value of financial instruments categorized as level 3 within segregated funds at the end of December 31, 2024 is nil (2023 – nil). The change in level 3 comprises of net transfers of nil (2023 – $(3,495)) and net realized gain of nil (2023 – $18). For definitions of Levels 1, Level 2 and Level 3, see Note 5.

Investment on account of the segregated fund holders by asset class are as follows:

Asset Class	December 31, 2024 Total	December 31, 2024 Percent	December 31, 2023 Total	December 31, 2023 Percent
Cash and cash equivalents	$ 3,019	1%	$ 3,006	1%
Short-terms investments	11,745	2%	13,888	2%
Equities	73,284	11%	71,063	11%
Bonds	34,749	5%	37,297	6%
Mutual funds	520,653	81%	525,541	80%
Other assets	58	0%	282	0%
Segregated fund assets	$ 643,508	100%	$ 651,077	100%

Segregated funds have not changed the basis of disaggregation of insurance finance income or expenses between profit or loss.

Changes on Account of Segregated Fund Holders – Insurance Contracts

a) **Changes by Measurement Component**

The following reconciliations illustrate the insurance contract liabilities for account of segregated fund holders by measurement component. For insurance contract liabilities for account of segregated fund holders, the entire amount is included in the present value of estimates of future cash flows. Reconciliations for the net liabilities of segregated fund insurance contracts that are not backed by investments for account of segregated fund holders are included as part of the insurance contract liabilities in Note 8.

	December 31, 2024	December 31, 2023
Balance, beginning of year	$ 651,077	$ 691,051
Less: Insurance finance income (expenses)	(100,728)	(72,120)
Cash flows:		
Amounts paid to policyholders and other insurance service expenses paid	(85,926)	(88,888)
Management fees	(22,371)	(23,206)
Total cash flows	(108,297)	(112,094)
Balance, end of year	$ 643,508	$ 651,077

b) **Changes by Remaining Coverage and Incurred Claims**

The following tables show the changes in the liabilities for insurance contracts for account of segregated fund holders by liability for remaining coverage and liability for incurred claims. Reconciliations for the remainder of liabilities for segregated funds that are classified as insurance contracts are in Note 8.

	December 31, 2024	December 31, 2023
Net liabilities for remaining coverage:		
Balance, beginning of year	$ 651,077	$ 691,051
Less: Insurance finance income (expenses)	(100,728)	(72,120)
Cash flows: Management fees	(22,371)	(23,206)
Expected investment component excluded from insurance revenue	(85,926)	(88,888)
Balance, liability for remaining coverage, end of year	$ 643,508	$ 651,077
Liability for incurred claims:		
Balance, beginning of year	$ —	$ —
Cash flows: Amounts paid to policyholders and other insurance service expenses paid	(85,926)	(88,888)
Actual investment component excluded from insurance service expense	85,926	88,888
Balance, liability for incurred claims, end of year	$ —	$ —
Total net insurance contract liability:		
Balance, beginning of year	$ 651,077	$ 691,051
Less: Insurance finance income (expenses)	(100,728)	(72,120)
Cash flows:		
Amounts paid to policyholders and other insurance service expenses paid	(85,926)	(88,888)
Management fees	(22,371)	(23,206)
Total cash flows	$ (108,297)	$ (112,094)
Balance, insurance contracts on account for the segregated fund holders, end of year	$ 643,508	$ 651,077

21. Contingencies

Legal matters

In the normal course of its business, the Company is involved in various litigation matters and legal proceedings. Management makes judgements to evaluate the possible outcomes and does not believe that the conclusion of any current legal matters, either individually or in the aggregate, will have a material adverse effect on the Company's statement of financial position.

ivari BOARD OF DIRECTORS

Gilbert S. Palter
(Chairman of the Board)

Alan K. Ryder

Andre G. Mousseau

Craig D. Story

Dodridge Miller
(appointed effective February 26, 2024)

Douglas W. Brooks

Keith P. Duncan

Robin E. Fitzgerald

Todd E. Lawrence
(resigned effective July 31, 2024)

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200-5000 Yonge Street
Toronto, Ontario M2N 7E9
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