For Action

Actuarial Financial Review

Date: June 23, 2022
To: TTC Insurance Company Limited Board of Directors
From: Treasurer

Summary

As required under Subsection 121.17(1) of the Insurance Act (Ontario), the Appointed Actuary for TTC Insurance Company Limited is required to meet with the Board of Directors at least annually to report on the financial position of the Company and present its report on the expected financial future condition of the Company.

Recommendations

It is recommended that the Board of Directors:

1. Receive the attached summary from the Annual Actuarial Report (Attachment A), and,

2. Approve the attached Financial Condition Testing (FCT) report that forecasts the expected future financial condition of TTC Insurance Company Limited (Attachment B) as prepared by the Company's Appointed Actuary Benny Chan of JS Cheng and Partners Inc. (JSCP).

Financial Summary

There is no financial impact resulting from the adoption of the recommendations in this report.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

On June 12, 2019, the shareholders of TTC Insurance Company Limited delegated the appointment of the actuary pending a successful RFP process. On August 30, 2019, Benny Chan of JSCP was appointed as the Appointed Actuary for a five year term from for fiscal years 2019-2023 and has been re-appointed each year since.

Issue Background

Subsection 121.17(1) of the Insurance Act (Ontario) states that “an actuary of the insurer shall meet with the directors of the insurer or, if the directors so choose, with the audit committee of the insurer at least once during each fiscal year”. The Appointed Actuary provides an actuarial estimate of reserves for outstanding claims for the Company.

Comments

As required by the Insurance Act (Ontario), the Appointed Actuary for TTC Insurance Company Limited shall report on the financial position of the Company and present the results of the Expected Future Financial Condition report to the Board of Directors.

Contact

Alex Cassar, Treasurer, TTC Insurance Company Limited
416-393-3647
Alex.Cassar@ttc.ca

Signature

Alex Cassar, Treasurer, TTC Insurance Company Limited

Attachments

Attachment A - Executive Summary from the Annual Actuarial Report
Attachment B - Financial Condition Testing Report

Attachment A

EXECUTIVE SUMMARY

This report is part of the annual statement required by the Financial Services Regulatory Authority of Ontario (FSRA). The purpose of this report is to provide an opinion on the appropriateness of policy provisions for TTC Insurance Company Limited as at December 31, 2021. The standard of materiality used in this report is $2.0 million.

TTC Insurance Company Limited (hereafter referred to as "the Company" or "TTCICL") is a provincially registered insurance company whose main purpose is providing liability cards for vehicles operated by the Toronto Transit Commission (TTC). Since 2007, the Company has issued two annual OAP1 policies to three named insureds ("the policyholders"): the TTC, Toronto Transit Infrastructure Limited (formerly Toronto Transit Consultants Limited), and Toronto Coach Terminal. One policy is for revenue generating vehicles and another for non-revenue generating vehicles.

TTCICL does not have ceded reinsurance agreements. However, the policyholders have two layers of excess liability insurance coverage ($150 million excess of $250 million and $245 million excess of $5 million per occurrence) for both auto and general liability. This excess insurance does not apply to accident benefit (no-fault) claims.

TTCICL has no insurance exposure. By way of a special deductible on liability and accident benefit claims, the TTC reimburses the Company up to $5 million per claim. If an accident benefit claim exceeds $5 million, the TTC unconditionally guarantees to reimburse the Company for all claims or expenses in excess of $5 million.

TTCICL started insuring the City of Toronto's auto on January 1, 2022. The new policy covers auto insurance claim from licensed vehicles owned by the City of Toronto. There is no insurance exposure from this policy as all claims and expense would be reimbursed by City of Toronto.

The COVID-19 pandemic has reduced the number of TTC passengers in 2020 and 2021—thus, having a favourable impact on the expected number of claims both years. In our analysis, we have adjusted the expected losses for accident years 2020 and 2021 to account for the COVID-19 impact.

The results of my valuation are as follows:

Summary of Valuation Results

December 31, 2021

Components	Gross of Reinsurance	Net of Reinsurance
	($000's)	($000's)
Claim Liabilities (before client deductible)	126,048	126,048
Claim Liabilities (after client deductible)	0	0
Premium Liabilities	0	0
Other Policy Liabilities	0	0
Total Policy Liabilities (annual return)	0	0
Maximum Allowable DPAC	0	0

A comparison of the actual experience with the expected experience for the last ten years on a pre-deductible basis is shown in detail in this report. The comparison shows that the gross unpaid estimates as of December 31, 2020 were higher than the current estimates by $5.7 million. This favourable development was mainly due to the lower claims costs from bodily injury and accident benefits.

Since the date of this opinion, I am not aware of any subsequent event that would materially affect the results of my valuation.

Attachment B

APPOINTED ACTUARY'S REPORT ON

FINANCIAL CONDITION TESTING

OF

TTC INSURANCE COMPANY LIMITED

AS AT DECEMBER 31, 2021

Prepared by: Chung Yiu (Benny) Chan, F.C.I.A.

Date of Opinion: June 23, 2022

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TRANSMITTAL LETTER

June 23, 2022

Financial Services Regulatory Authority of Ontario
5160 Yonge Street, 17^{th} Floor
Toronto, Ontario
M2N 6L9

Dear Sir or Mesdames:

I hereby submit my report on the Financial Condition Testing (FCT) of TTC Insurance Company Limited using data as of December 31, 2021.

My presentation to the Board of Directors of TTC Insurance Company Limited was made on June 23, 2022. The presentation covered the major assumptions and results of the base, going concern and solvency scenarios in my report.

Since the date of my opinion, I am not aware of any subsequent event that might affect the conclusions of my report.

Yours truly,

Chung Yiu (Benny) Chan, F.C.I.A.

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1.0 EXECUTIVE SUMMARY

The purpose of this report is to assess the expected future financial condition of TTC Insurance Company Limited (hereafter referred to as "the Company" or "TTCICL"). The Company is deemed to have a satisfactory financial condition if throughout the forecast period:

1. Under the solvency scenarios, the statement value of the insurer's assets is greater than the statement value of its liabilities.
2. Under going concern scenarios, the insurer meets the regulatory minimum capital ratios; and
3. Under the base scenario, the insurer meets its internal target capital ratio(s) as determined from the Own Risk and Solvency Assessment.

The standard of materiality used in this report is $1.5 million, about 1% of the Company's assets as at December 31, 2021.

TTCICL is a provincially registered insurance company whose main purpose is providing liability cards for vehicles operated by the Toronto Transit Commission (TTC). The Company is fully indemnified as all claims and expenses would be covered by either a special deductible from the TTC or external insurance that TTC holds.

Starting 2022, the Company also provides liability cards for vehicles owned by the City of Toronto. Similar arrangements have been made with the City of Toronto; the Company will be fully indemnified by the City of Toronto.

We established a base scenario using data as of December 31, 2021. For 2022, we expect an increase in other liabilities due to (i) higher volume of TTC passengers (compared to the previous 2 years with COVID-19 lockdowns); and (ii) additional coverage for City of Toronto vehicles. For 2023 and 2024, we assumed a 5.0% growth in other liabilities. The management fees for 2022-2024 are provided in the Company's budget. Investment income is set equal to the management fees for each year.

Based on our analysis, the Company has little exposure to insurance or investment risk. The only risk is a regulatory change that would affect the existence of the Company, or the City of Toronto defaulting on its obligations. These events are unlikely to occur during the forecast period. Consequently, the Company has no going concern scenarios or solvency scenarios.

As of December 31, 2021, TTCICL's required capital is zero and the 2021 MCT score was infinitely large due to division by zero. Note that the MCT ratio is not meaningful due to the Company's required capital being zero; therefore, I have used 150% as the internal target ratio.

Throughout the forecast period, the MCT score of the Company is above 150% (the supervisory target capital requirement and internal MCT target) in the base scenario. The Company has no going concern and solvency scenarios. Consequently, I conclude that the Company's future financial condition is satisfactory.

1.1 Opinion

I have completed my investigation of the future financial condition of TTC Insurance Company Limited as at December 31, 2021 in accordance with accepted actuarial practice in Canada.

I have analyzed the forecasted financial positions of the insurer over an appropriate forecast period under a series of scenarios. As part of my investigation, I have used TTC Insurance Company Limited internal target capital ratio(s).

My report includes the identification of corrective management actions that could be taken to mitigate the effect of plausible adverse scenarios threatening TTC Insurance Company Limited and/or its ability to operate on a going concern basis.

In my opinion, the future financial condition of the insurer is satisfactory.

____

Chung Yiu (Benny) Chan
Fellow, Canadian Institute of Actuaries

Toronto, Ontario, Canada

Date: June 23, 2022

1.2 Definitions

(1) MCT means Minimum Capital Test.

(3) A going concern scenario is an adverse scenario that is more likely to occur and/or less severe than a solvency scenario, and could include risks not considered in solvency scenarios.

(4) Minimum regulatory capital requirement means 100% MCT ratio.

(5) A solvency scenario is a plausible adverse scenario if it is credible and has a non-trivial probability of occurring.

(6) The supervisory MCT target for this Company is 150%.

(7) Surplus and (shareholder) equity are used interchangeably in this report.

2.0 INTRODUCTION

2.1 Purpose and Scope of the Report

The purpose of this report is:

(1) To inform the Company management of the likely implications of the business plan on capital and provide guidance on the significant risks to which the Company will be exposed;

(2) To satisfy the requirements of the Insurance Act (Ontario); and

(3) To recommend courses of action that may mitigate any plausible threat to the Company's financial condition.

The scope of this report is to assess the financial condition of the Company during the forecast period (from January 1, 2022 to December 31, 2024), in accordance with the standards of practice of the Canadian Institute of Actuaries and the regulatory requirements of the Financial Services Regulatory Authority of Ontario (FSRA).

2.2 Distribution and Use

This report is prepared for TTC Insurance Company Limited for its internal use and filing with the regulatory authorities under the Insurance Act.

This report is confidential in nature. It may be distributed to any regulator in a jurisdiction where the Company operates or intends to obtain a license. Furthermore, the Company may distribute this report to its parent company and its external auditor.

This report is neither intended nor necessarily suitable for any use other than that stated in Section 2.1. Distribution beyond the intended audiences is permitted provided that it is authorized by the Company and the recipient acknowledges that they are a third party to this report.

Any use which a third party makes of this report, or any reliance on or decisions to be made based on it, are the responsibility of such third parties. J. S. Cheng & Partners Inc. accepts no responsibility for damages suffered by any third party as a result of decisions or actions made based on this report.

2.3 Role of the Appointed Actuary

Mr. Chung Yiu (Benny) Chan, appointed as the Appointed Actuary of the Company through a request for proposal process, is required by applicable insurance legislation to report on the expected future financial condition of the Company in accordance with accepted actuarial practice in Canada.

2.4 Process

First, we developed a base scenario using the Company's business plan and, where necessary, made suitable modifications and provided additional details. We examined nine risk categories that the Company would most likely face:

1. Claim frequency and severity risk;
2. Policy liability risk;
3. Inflation risk;
4. Premium risk;
5. Reinsurance risk;
6. Investment risk;
7. Government and political risk;
8. Off-balance sheet risk; and
9. Related Company risk.

For each of the above risk categories, we subjected the Company to a plausible adverse scenario and determined if its equity would remain positive and its MCT would stay above 100% throughout the forecast period. We also checked that minimum capital requirements would be met under going concern scenarios.

In our investigation, we tested the adverse scenarios against FSRA's supervisory MCT target score of 150% and reported any scenario in which the Company's MCT score could fall below 150%.

2.5 Data and Reliance

We used the 2021 Annual Statement and the 2021 Appointed Actuary's Report that the Company submitted to FSRA. The Company does not produce a business plan; we assumed the Company would continue its operations in a manner consistent with recent years.

2.6 Variability of Actuarial Estimates

There is a limitation upon the accuracy of actuarial forecast as there is inherent uncertainty in any estimate of future premiums, claims, expenses, investment incomes, taxes and regulatory reserves required.

The emphasis of the actuarial forecast is to measure the marginal change in equity and capital adequacy under various adverse scenarios, and determine if the Company can continue to discharge its policy obligations. The actual result may differ from the expected result due to the risks discussed in Section 3 of this report. The base scenario is the best estimate forecast.

2.7 Actuarial Present Value

All reserves are calculated on an actuarial present value basis.

2.8 Standard of Materiality

The materiality standard we used in this report is $1,500,000, about 1% of the Company's assets at the end of 2021.

2.9 Rounding

Figures in this report may differ slightly from figures on detailed worksheets due to rounding.

2.10 Changes from Last Year's Report

There are no material changes from last year's report.

2.11 International Financial Reporting Standard (IFRS)

TTCICL's arrangements with its named insureds, which provide for full reimbursement of claims incurred, are <u>not</u> considered as insurance contracts under IFRS. TTCICL treats premiums and losses from its named insureds as deposits and payables, respectively; unpaid claims are classified as Other Liabilities with corresponding receivables from its named insureds. Therefore, we do not expect that IFRS 17 changes will have any material impact to the financial condition of TTCICL.

3.0 BASE SCENARIO

3.1 Company Operations

TTCICL is a provincially registered insurance company, incorporated in 1994, whose main purpose is to provide liability cards to the vehicles operated by the TTC. The Company has two annual OAP1 policies with three named insureds: the TTC, Toronto Transit Infrastructure Limited and Toronto Coach Terminal Inc.

Each year (20xx), there are two policies are named TAP20xxA and TAP20xxB. TAP20xxA policy covers all heavy commercial vehicles owned, registered and/or leased by the named insured while TAP20xxB covers all revenue and non-revenue vehicles owned, registered and/or leased by the named insured. The coverage of these two policies is limited to the statutory limit required for public vehicles in each province where the accident occurs. There is a Special Endorsement (occurrence reimbursement endorsement) attached to each policy. This endorsement effectively places a $5 million per occurrence deductible on each policy. From 2022, there are 2 more policies (TAP20xxC and TAP20xxD) covering City of Toronto vehicles.

3.2 Reinsurance Structure

The policyholders have two layers of excess liability insurance coverage ($150 million excess of $245 million and $245 million excess of $5 million per occurrence) for both auto and general liability. However, this excess liability insurance does not apply to accident benefit claims. If an accident benefit claim should exceed $5 million (and since it is not covered by external insurance), the policyholders unconditionally guarantees to reimburse the Company for all claims and expenses in excess of $5 million.

3.3 Recent and Future Changes

The 2015/16 Ontario automobile insurance reforms have reduced the cost of accident benefits and bodily injury claims.

In 2020 and 2021, because of COVID-19, the number of TTC passengers decreased which lowered the number of claims. TTC expects the ridership to increase in 2022. Therefore, in 2022-2023, we expect the number of claims to increase.

3.4 Description of Base Scenario

We established a base scenario using December 31, 2021 data. We assumed the other receivables and other liabilities in 2022 would increase because of (i) more TTC ridership (as the impact of COVID-19 is lessened) and (ii) coverage for City of Toronto vehicles. For 2023 and 2024, we expect a 5.0% growth each year. These receivables are unconditionally guaranteed by the TTC and the City of Toronto; therefore, they are treated as government grade and do not require any capital.

The management fees for 2022-2024 are provided in the Company's budget. Investment income is set equal to the management fees for each year. Therefore, the net income is $0 throughout the forecast period.

By Provincial Order in Council, the Company's license requires the Company to maintain capital of at least $100,000.

The base scenario is shown in Appendix 1.

4.0 ANALYSIS OF NINE RISK CATEGORIES

4.1 Claim Frequency & Severity Risk

All claims will be zero after indemnification from the named insureds. This risk is not applicable.

4.2 Policy Liability Risk

The Company has no policy liabilities. If Other Liabilities should increase, then there will be a corresponding increase in Other Receivables to offset the increase. This risk is immaterial.

4.3 Inflation Risk

This risk is not applicable (please refer to point 1 above).

4.4 Premium Risk

The sole purpose of the Company is to provide liability cards to the named insureds. There is no competition for these insureds. This risk is not applicable.

4.5 Reinsurance Risk

The Company has no reinsurance arrangements. This risk is not applicable.

4.6 Investment Risk

The Company only holds cash. The impact of this risk is very small because the amount of revenues is completely offset by an equal amount of management fees.

4.7 Government and Political Risk

If the regulator requires TTCICL to increase its capital to a normal level, then the named insureds of the Company could be forced to use an alternative carrier to issue liability cards, and the Company would have to start its run-off operation. The likelihood of any government and political changes within the forecast period is expected to be minimal.

4.8 Off-Balance-Sheet Risk

There are no off-balance sheet items.

4.9 Related Company Risk

The receivables are unconditionally guaranteed by both the TTC and the City of Toronto. In the unlikely event that the TTC is unable to meet its obligations to the Company, the City of Toronto will assume responsibility for these obligations. The impact of this risk is very small.

4.10 Special Coverages

COVID-19

All claims will be zero after indemnification from the named insureds. This risk is not applicable.

Cyber

All claims will be zero after indemnification from the named insureds. This risk is not applicable.

Catastrophe

All claims will be zero after indemnification from the named insureds. This risk is not applicable.

5.0 CONCLUSIONS AND RECOMMENDATIONS

Under the base scenario, the Company's MCT ratio is above 150% throughout the forecast period (note: the MCT score is infinitely large due to division by zero). There are no going concern and solvency scenarios for the Company.

We conclude that the Company's financial condition is satisfactory in the forecast period (2022-2024).

We have no recommendations at this time.

6.0 APPENDIX 1

Base Scenario

ASSETS
($000)
BASE SCENARIO

		Dec. 2019	Dec. 2020	Dec. 2021	2022	2023	2024
Cash and Cash Equivalents	1	3,200	2,700	2,700	2,700	2,700	2,700
Investment Income due and accrued	2	6	2	2	2	2	2
Assets held for sale	50	-	-	-	-	-	-
Investment							
Short Term Investments	4	-	-	-	-	-	-
Bonds and Debentures	5	-	-	-	0	0	0
Mortgage Loans	6	-	-	-	-	-	-
Preferred Shares	7	-	-	-	-	-	-
Common Shares	8	-	-	-	-	-	-
Investment Properties	9	-	-	-	-	-	-
Other Loans and Invested Assets	10	-	-	-	-	-	-
Total Investments (lines 4 to 10)	19	-	-	-	0	0	0
Receivables:							
Unaffiliated Agents and Brokers	20	-	-	-	-	-	-
Policyholders	21	-	-	-	-	-	-
Instalment Premiums	22	-	-	-	-	-	-
Other Insurers	23	-	-	-	-	-	-
"Facility Association" and the "P.R.R."	24	-	-	-	-	-	-
Subsidiaries, Associates & Joint Ventures	25	-	-	-	-	-	-
Other Receivables	27	128,036	133,532	126,048	131,975	138,574	145,502
Recoverable from Reinsurers:							
Unearned Premiums	30	-	-	-	-	-	-
Unpaid Claims and Adjustment Expenses	31	-	-	-	-	-	-
Other Recoverables on Unpaid Claims	37	-	-	-	-	-	-
Investments Acc'td for Using Equity Method:							
Interests in Subsidiaries, Associates & Joint Ventures	40	-	-	-	-	-	-
Pooled Funds	45	-	-	-	-	-	-
Property and Equipment	41	-	-	-	-	-	-
Deferred Policy Acquisition Expenses	43	-	-	-	-	-	-
Current Tax Assets	52	-	-	-	-	-	-
Deferred Tax Assets	44	-	-	-	-	-	-
Goodwill	54	-	-	-	-	-	-
Intangible Assets	56	-	-	-	-	-	-
Defined Benefit Pension Plan Assets	58	-	-	-	-	-	-
Other Assets	88	-	-	-	-	-	-
TOTAL ASSETS	89	131,242	136,234	128,750	134,677	141,276	148,204

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LIABILITIES, CAPITAL , SURPLUS AND RESERVES
($000)
BASE SCENARIO

		Dec. 2019	Dec. 2020	Dec. 2021	2022	2023	2024
LIABILITIES							
Overdrafts	1	-	-	-	-	-	-
Borrowed Money and Accrued Interest	2	-	-	-	-	-	-
Payables:							
Agents and Brokers	3	-	-	-	-	-	-
Policyholders	4	-	-	-	-	-	-
Other Insurers	5	-	-	-	-	-	-
Subsidiaries, Associates & Joint Ventures/Affiliates	6	3,106	2,602	2,602	2,602	2,602	2,602
Expenses due and accrued	7	-	-	-	-	-	-
Other Taxes due and accrued	9	-	-	-	-	-	-
Policyholder Dividends and Rating Adjustments	10	-	-	-	-	-	-
Encumbrances on Real Estate	11	-	-	-	-	-	-
Unearned Premiums	12	-	-	-	-	-	-
Unpaid Claims and Adjustment Expenses	13	-	-	-	0	0	0
Unearned Commissions	14	-	-	-	-	-	-
Ceded Deferred Premium Taxes	20	-	-	-	-	-	-
Ceded Deferred Insurance Operation Expenses	34	-	-	-	-	-	-
Premium Deficiency	15	-	-	-	-	-	-
Liabilities held for sale	17	-	-	-	-	-	-
Current Tax Liabilities	18	-	-	-	-	-	-
Deferred Tax Liabilities	21	-	-	-	-	-	-
Self-Insured Retention (SIR) portion of unpaid claims	22	-	-	-	-	-	-
Defined Benefit Pension Plan Obligation	23	-	-	-	-	-	-
Employment Benefits(not incl. amts on line 23 above)	24	-	-	-	-	-	-
Subordinated Debt	25	-	-	-	-	-	-
Preferred Shares - Debt	26	-	-	-	-	-	-
Provisions and Other Liabilities	28	128,036	133,532	126,048	131,975	138,574	145,502
Total Liabilities	29	**131,142**	**136,134**	**128,650**	**134,577**	**141,176**	**148,104**
EQUITY							
Shares issued and paid							
Common	41	100	100	100	100	100	100
Preferred	33	-	-	-	-	-	-
Contributed Surplus	42	-	-	-	-	-	-
(Specify)	43	-	-	-	-	-	-
Retained Earnings	44	-	-	-	-	-	-
Reserves	45	-	-	-	-	-	-
Accumulated Other Comprehensive Income(Loss)	47	-	-	-	0	0	0
Total Policyholders/Shareholders' Equity	59	100	100	100	100	100	100
Non-controlling Interests	48	-	-	-	-	-	-
Total Equity	49	100	100	100	100	100	100
TOTAL LIABILITIES AND EQUITY	89	**131,242**	**136,234**	**128,750**	**134,677**	**141,276**	**148,204**

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UNDERWRITING OPERATIONS
($000)
BASE SCENARIO

		Dec. 2019	Dec. 2020	Dec. 2021	2022	2023	2024
Premiums Written							
Direct	1	-	-	-	-	-	-
Reinsurance Assumed	2	-	-	-	-	-	-
Reinsurance Ceded	3	-	-	-	-	-	-
Net Premiums Written	4	-	-	-	-	-	-
Decrease (Increase) in Net Unearned Premiums	5	-	-	-	-	-	-
Net Premiums Earned	6	-	-	-	-	-	-
Service Charges	7	-	-	-	-	-	-
Other	8	-	-	-	-	-	-
Total Underwriting Revenue	9	-	-	-	-	-	-
Gross Claims and Adjustment Expenses	62	-	-	-	-	-	-
Reinsurers' share of claims and adjustment expenses	64	-	-	-	-	-	-
Net Claims and Adjustment Expense	10	-	-	-	-	-	-
Acquisition Expenses :							
Gross Commissions	66	-	-	-	-	-	-
Ceded Commissions	68	-	-	-	-	-	-
Taxes	12	-	-	-	-	-	-
Other	14	-	-	-	-	-	-
General Expenses	16	72	33	23	27	27	27
Total Claims and Expenses	19	72	33	23	27	27	27
Premium Deficiency Adjustments	20	-	-	-	-	-	-
Underwriting Income (Loss)	29	(72)	(33)	(23)	(27)	(27)	(27)
INVESTMENT OPERATIONS							
Income	32	-	-	-	0	0	0
Gains (Losses) from FVO of FVTPL	35	-	-	-	-	-	-
Realized Gains (Losses)	33	-	-	-	-	-	-
Expenses	34	-	-	-	-	-	-
Net Investment Income	39	-	-	-	-	-	-
OTHER REVENUE AND EXPENSES							
Income (Loss) from Ancillary Operations (net of Expenses of $000………)	40	-	-	-	-	-	-
Share of Net Income (Loss) of Subsidiaries, Associates and Joint Ventures	41	-	-	-	-	-	-
Overlay approach adjustment for financial instruments(Reclass from P&L to	48	-	-	-	-	-	-
Share of Net Income (Loss) of Pooled Funds Using Equity Method	47	-	-	-	-	-	-
Gains (Losses) from fluctuations in Foreign Exchange Rates	42	-	-	-	-	-	-
Other Revenues	44	72	33	23	27	27	27
Finance costs	45	-	-	-	-	-	-
Other Expenses	46	-	-	-	-	-	-
Income (Loss) before Income Taxes and Extraordinary Items	49	-	-	-	-	-	-
INCOME TAXES							
Current	50	-	-	-	-	-	-
Future	51	-	-	-	-	-	-
Total Income Taxes	59	-	-	-	-	-	-
NET INCOME (LOSS) FOR THE YEAR	89	-	-	-	-	-	-
ATTRIBUTABLE TO:							
Non-controlling interests	80	-	-	-	-	-	-
Equity Holders	82	-	-	-	-	-	-

Loss Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expense Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Combined Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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STATEMENT OF CHANGES IN RETAINED EARNINGS
($000)
BASE SCENARIO

		Dec. 2019	Dec. 2020	Dec. 2021	Base 2022	2023	2024
Balance at beginning of prior year	1	-	-	-	-	-	-
Total Comprehensive Income for the Year	9	-	-	-	-	-	-
Issue of Share Capital	2	-	-	-	-	-	-
Transfer from/to Retained Earnings	15	-	-	-	-	-	-
Decrease/increase in Reserves	13	-	-	-	-	-	-
Dividends							
Preferred	17	-	-	-	-	-	-
Common	18	-	-	-	-	-	-
Other	16	-	-	-	-	-	-
Balance at End of Prior Year	19	-	-	-	-	-	-
Changes in Equity for Current Year							
Total Comprehensive Income for the Year	29	-	-	-	-	-	-
Issue of Share Capital	22	-	-	-	-	-	-
Transfer from/to Retained Earnings	35	-	-	-	-	-	-
Decrease/increase in Reserves	33	-	-	-	-	-	-
Dividends							
Preferred	37	-	-	-	-	-	-
Common	38	-	-	-	-	-	-
Other	36	-	-	-	-	-	-
Balance at End of Current Year	39	-	-	-	-	-	-

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<u>MINIMUM CAPITAL TEST</u>
($000)
BASE SCENARIO

Capital Available			
	Qualifying category A common shares		01
	Contributed Surplus		02
		Retained Earnings	03
		Accumulated net after-tax fair value gains(losses) due to changes in the	
	Less:	company's own credit risk	04
		Unrealized net after-tax fair value gains(losses) on owner-occupied properties at conversion to IFRS-cost model	05
	Add:	Accumulated net after-tax revaluation losses in excess of gains on owner-occupied properties-revaluation model	06
	Subtotal :Retained earnings net of adjustments		**09**
	Earthquake reserves		10
	Less:	Earthquake EPR not used as part of financial resources to cover exposure	11
	Nuclear reserves		12
	General and contingency reserves		13
	Accumulated other comprehensive income (loss)		14
	Less:	Accumulated net after-tax fair value gains(losses) on cash flow hedges that are not fair valued on the balance sheet	15
		Accumulated net after-tax fair value gains(losses) due to changes in the company's own credit risk	16
		Accumulated net after-tax unrealized gains on owner-occupied properties-revaluation surplus	17

Dec. 2019	Dec. 2020	Dec. 2021	Base 2022	2023	2024
100	100	100	100	100	100
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0
0	0	0	0	0	0
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0	0	0	0	0	0
100	**100**	**100**	**100**	**100**	**100**
0	0	0	0	0	0
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100	100	100	100	100	100
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0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
100	100	100	100	100	100
N/A	N/A	N/A	N/A	N/A	N/A

		Accumulated net after-tax impact of shadow accounting	18
	Subtotal :AOCI net of adjustments		**19**
	Qualifying category B instruments -Non-cumulative perpetual preferred shares		20
	Qualifying category B instruments -Other		21
		Qualifying category C instruments-Preferred shares	22
		Qualifying category C instruments-Subordinated debt	23
	Less:	Accumulated amortization of category C instruments for captial adequacy purposes	24
	Net qualifying category C instruments		25
	Non-controlling interests		26
	(specify)		27
	Subtotal :capital available gross of deductions		**29**
Deductions:			
	interests in non-qualifying subsidiaries		30
	Interests in associates		31
	Interests in joint ventures and limited partnerships with more than 10% ownership		32
	Loans considered as capital to non-qualifying subsidiaries		33
	Loans considered as capital to associates		34
	Loans considered as capital to joint ventures and limited partnerships with more than 10% ow		35
	Receivables and recoverables from unregistered insurers not covered by acceptable collateral		36
	Self-insured retentions, where OSFI requires collateral and no collateral has been received		37
	DPAE other for A&S business		38
	Goodwill (net of eligible deferred tax liability)		40
	Intangible assets including computer software (net of eligible deferred tax liability)		41
	Deferred tax assets excluding those arising from temporary differences (net of eligible deferred tax liability)		42
	Net defined benefit pension plan surplus asset, net of available refunds (net of eligible deferred tax liability)		43
	Investments in own capital instruments not derecognized for accounting purposes		44
	Reciprocal cross holdings in the capital of financial entities		45
	Specify		46
	Subtotal :total deductions from capital available		49
Total Capital Available			59

Capital (Margin) Required at Target:			
Insurance Risk:		Premium liabilities	20
		Unpaid claims	22
		Catastrophes	24
		Margin required for reinsurance ceded to unregistered Insurers	26
	Subtotal:Insurance risk margin		29
Market Risk:		Interest rate risk	30
		Foreign exchange risk	32
		Equity risk	34
		Real estate risk	36
		Other market risk exposures	38
	Subtotal:Market risk margin		39
Credit Risk:		Counterparty default risk for balance sheet assets	40
		Counterparty default risk for off-balance sheet exposures	42
		Counterparty default risk for unregistered reinsurance collateral and SIR	44
	Subtotal:Credit risk margin		49
Operational risk margin			50
Less Diversification credit			52
Total Margin Required at Target			59
	Minimum Margin Required (line 59/1.5)		60
Total Minimum Margin Required			69
Excess Capital Available over Margin Required			79
	(line 59 minus line 69)		
Line 59 as a % of line 69			90