Brant Mutual Insurance Company

Financial Statements
For the year ended December 31, 2024

BRANT MUTUAL INSURANCE COMPANY
Financial Statements
For the year ended December 31, 2024

Table of Contents

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Independent Auditor's Report

To the Board of Directors of Brant Mutual Insurance Company

Opinion

We have audited the financial statements of Brant Mutual Insurance Company (the Company), which comprise the statement of financial position as at December 31, 2024, and the statements of comprehensive income, members' surplus and cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of 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 and International Accounting Standards as issued by the International Account Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting 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.

Independent Auditor's Report (Continued)

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 Entity 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
February 25, 2025

Brant Mutual Insurance Company
Statement of Financial Position

As at		December 31, 2024		December 31, 2023
Assets				
Investments (Note 5)	$	**7,847,829**	$	8,076,680
Reinsurance contract assets (Note 4.2)		**1,503,870**		1,699,857
Property and equipment (Note 14)		**2,151,112**		2,284,483
Intangible asset		**17,347**		-
Deferred income taxes (Note 10)		**283,718**		243,728
Other assets		**209,392**		140,838
	$	**12,013,268**	$	12,445,586
Liabilities				
Bank indebtedness	$	**601,405**	$	230,677
Accounts payable and accrued liabilities		**330,739**		328,225
Insurance contract liabilities (Note 4.2)		**5,028,606**		5,529,118
		5,960,750		6,088,020
Members' Surplus				
Unappropriated members' surplus		**6,052,518**		6,357,566
	$	**12,013,268**	$	12,445,586

Signed on behalf of the Board by:

____________________________ Director

____________________________ Director

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

Brant Mutual Insurance Company
Statement of Comprehensive Income

For the year ended December 31,	2024	2023
Insurance revenue	$ 8,572,292	$ 7,694,331
Insurance service expense	(7,724,517)	(5,780,206)
Insurance service result before reinsurance contracts held	847,775	1,914,125
Allocation of reinsurance premiums	(2,075,071)	(1,733,113)
Amounts recoverable from reinsurers for incurred claims	1,352,101	395,305
Net expense from reinsurance contracts held	(722,970)	(1,337,808)
Insurance service result	124,805	576,317
Insurance finance expenses for insurance contracts issued	(250,000)	(182,885)
Reinsurance finance income for reinsurance contracts held	74,000	67,498
Net insurance financial result	(176,000)	(115,387)
Income before investment income and other expenses	(51,195)	460,930
Investment income (Note 6)	878,411	646,453
Other expenses (Note 8)	(1,172,258)	(983,661)
	(293,847)	(337,208)
(Loss) income before tax	(345,042)	123,722
Income tax recovery (expense) (Note 10)	39,994	(12,272)
Comprehensive (loss) income for the year	$ (305,048)	$ 111,450

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

Brant Mutual Insurance Company
Statement of Members' Surplus
For the Year Ended December 31, 2024

For the year ended December 31	2024	2023
Unappropriated members' surplus		
Balance, as previously reported	**6,357,566**	$ 6,246,116
Comprehensive (loss) income for the year	**(305,048)**	111,450
Balance, end of the year	**$ 6,052,518**	$ 6,357,566

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

Brant Mutual Insurance Company
Statement of Cash Flows

For the year ended December 31	2024	2023
Operating activities		
Comprehensive (loss) income for the year	$ (305,048)	$ 111,450
Adjustments for:		
Depreciation of property and equipment	122,348	124,745
Amortization of intangible asset	1,928	-
Provision for income taxes	(39,994)	12,272
Interest and dividend income	(358,394)	(372,101)
Realized (gain) loss from disposal of investments	(516,423)	34,537
Unrealized gain on investments	(18,683)	(327,927)
	(1,114,266)	(417,024)
Changes in working capital		
Change in reinsurance contract assets	195,987	(93,471)
Change in other assets	(68,554)	(58,995)
Change in accounts payable and accrued liabilities	2,514	5,770
Change in contract liabilities	(500,512)	(19,066)
Increase in bank indebtedness	370,728	230,677
	163	64,915
Cash flows related to interest, dividends and income taxes		
Interest and dividends received	358,394	372,101
Total cash (outflows) inflows from operating activities	(755,709)	19,992
Investing activities		
Sale of investments	6,638,253	850,673
Purchase of investments	(5,874,297)	(901,998)
Purchase of property and equipment	(14,692)	(60,151)
Disposal of property and equipment	25,720	-
Purchase of intangible assets	(19,275)	-
Total cash inflows (outflows) from investing activities	755,709	(111,476)
Net decrease in cash	-	(91,484)
Cash, beginning of year	-	91,484
Cash, end of year	$ -	$ -

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

1. Corporate Information

Brant Mutual Insurance Company (the Company) is incorporated under the laws of Ontario and is subject to the Ontario Insurance Act. It is licensed to write property, liability, automobile, farmers' accident insurance in Ontario. The Company's head office is located in Brantford, Ontario.

The Company is subject to rate regulation in the automobile business that it writes. Before automobile insurance rates can be changed, a rate filing is prepared as a combined filing for most Ontario farm mutual insurance companies. The rate filing must include actuarial justification for rate increases or decreases. All rate filings are approved or denied by the Financial Services Regulatory Authority of Ontario. Rate regulation may affect the automobile revenues that are earned by the Company. The actual impact of rate regulation would depend on the competitive environment at the time.

These financial statements have been authorized for issue by the Board of Directors on February 25, 2025.

2. Basis of Presentation

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (the IASB).

(b) Basis of Measurement

These financial statements were prepared under the historical cost convention, except for financial assets classified as fair value through profit or loss ("FVTPL")

The financial statements are presented in Canadian dollars ("CDN"), which is also the Company's functional currency.

(c) Judgment and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

- The Company has three major product lines that it manages and operates separately: Automobile (including both personal and commercial), Personal Property and Liability, and Commercial Property and Liability (including farm).
- The Company applies the Premium Allocation Approach (PAA) to simplify the measurement of insurance contracts as the coverage period of each contract in the group is one year or less.
- The Company has not made the election in IFRS 17.59(a) to recognize any insurance acquisition cash flows as an expense when it incurs those costs therefore defers insurance acquisition cash flows.

2. Basis of Presentation (Continued)

(c) Judgment and Estimates (Continued)

- For groups of contracts that are onerous, the liability for the remaining coverage is determined by the fulfillment cash flows. Any loss/recovery is recognized on underlying contracts and the recovery expected on claims from reinsurance contracts held.
- The Company does not adjust the carrying amount of the liability for remaining coverage to include the time value of money or the effect of financial risk for any of its product lines
- The cost of outstanding claims is estimated using appropriate standard actuarial claims projection techniques. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs.
- Insurance contract liabilities are calculated by discounting expected future cash flows at the risk free rate, plus illiquidity premium (when applicable). Risk free rates are determined by reference to the yield of highly liquid A-rated sovereign securities.

  Discount rates applied are listed below:

	1 year		3 years		5 years		Over 5 years	
	2024	2023	2024	2023	2024	2023	2024	2023
Insurance contract liabilities	3.1%	4.5%	3.0%	3.7%	3.2%	3.5%	3.8%	3.8%

- The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts. The Company has estimated the risk adjustment using a cost of capital approach at 5%. The Company has estimated the probability distribution of future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.
- The Company has elected not to disaggregate the change in risk adjustment for non-financial risk in accordance with IFRS 17.81 and includes the entire change as part of the insurance service result in the statement of profit or loss and other comprehensive income.
- The Company applies judgment over the inputs and methods used to allocate insurance acquisition cash flows to the related contracts. This includes judgments about the amounts allocated to insurance contracts expected to arise from renewals of insurance contracts in that group. The Company will revisit the assumptions at the end of each reporting period and revise the amounts of assets for insurance acquisition cash flows as necessary.
- The classification of financial assets at FVTPL, which includes assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest on the principal amount outstanding (Note 5).

The notes to the financial statements were prepared and ordered in such a way that the most relevant information was presented earlier in the notes and disclosures that management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgment.

3. Adoption of New Accounting Standards

Accounting standards, interpretations and amendments effective for accounting year beginning on or after January 1, 2024 did not materially affect the Company's financial statements.

4. Material Accounting Policies

4.1 Insurance Contracts

4.1.1 Classification

Insurance contracts are those contracts that have significant insurance risk at the inception of the contract. The Company determines whether it has significant insurance risk, by comparing the benefits payable after an insured event with benefits payable if the insured event did not occur. The Company issues non-life insurance products including automobile (personal and commercial), personal property and liability, and commercial property and liability (including farm). These products offer protection of policyholder’s assets and indemnification of other parties that have suffered damages as a result of a policyholder’s accident.

4.1.2 Level of Aggregation and Recognition

Insurance contracts and reinsurance contract assets held are required to be aggregated into portfolios of insurance contracts, based on underlying risk and the management of those risks, then further aggregated into groups based on the underlying expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. The profitability of groups of contracts is assessed by actuarial valuation models that take into account existing and new business. IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstance indicate otherwise. The Company considered facts and circumstances to identify whether a group of contracts are onerous based on (i) pricing information, (ii) results of similar contracts it has recognized, and (iii) Environmental factors (i.e., change in market experience or regulations).

Insurance contracts are recognized from the earliest of: the beginning of the insurance contract's coverage period; when payment from the policyholder becomes due or, if there is no contractual due date, when it is received; and when a contract is onerous.

Reinsurance contract assets held that provide proportionate reinsurance coverage are recognized from the later of: the beginning of the reinsurance contract's coverage period; and when underlying insurance contracts are initially recognized.

Other reinsurance contract assets held are recognized at the beginning of the coverage period for the reinsurance contract unless the company recognizes onerous insurance contracts on an earlier date which are reinsured and the related reinsurance contract was entered into prior to the onerous contract being recognized, in which case the reinsurance contract assets held are recognized at the date the onerous groups of underlying insurance contracts are recognized.

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

4.1.3 Separating components from insurance and reinsurance contracts

The Company assesses its insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract.

Currently, the Company's products do not include any distinct components that require separation.

4.1.4 Measurement

The Company uses the PAA to all the insurance contracts that it issues and reinsurance contracts held. Insurance contracts issued and reinsurance contracts held are eligible for the PAA when the coverage period of each contract in the group is one year or less or the Company reasonably expects that the resulting measurement of the liability for remaining coverage would not differ materially from that of applying the General Measurement Model.

Contract Boundary

The contract boundary determines the cash flows that are included in the measurement of a group of insurance contracts issued and reinsurance contract assets held. Cash flows are within the contract boundary 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 has a substantive obligation to provide services including insurance coverage. A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the cost of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. These costs are deferred and amortized into profit and loss as the related premiums are earned. Insurance acquisition cash flows paid before the recognition of the related group of contracts are recognized as an asset and subsequently derecognized and included within the group of insurance contracts when the related contracts are recognized. At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognized, to reflect changes in assumptions. At each reporting date, the company assesses for impairment and will recognize impairment losses when the carrying amount of the asset exceeds the expected net cash inflows for the related group of insurance contracts. The company reverses any impairment losses and increases the carrying amount of the asset to the extent that the impairment conditions have reversed.

4.1.4 Measurement (Continued)

Insurance Contract Liabilities - Initial Measurement

On initial recognition of each group of insurance contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- Premiums received on initial recognition;
- Less any insurance acquisition cash flows allocated to the group, adjusted for any amounts previously recognized for cash flows related to the group; and
- Any other asset or liability previously recognized for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognized.

If there are indications that a group of insurance contracts is onerous, then the Company recognizes a loss in insurance service expense in the statement of comprehensive income and increases the liability for remaining coverage if the current estimates of the fulfillment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. This excess is recognized as a loss component within the liability for remaining coverage, which is reported in insurance contract liabilities on the statement of financial position.

Insurance Contract Liabilities - Subsequent Measurement

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 Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period;
- Plus the amortization of insurance acquisition cash flows recognized as expenses;
- Minus the amount recognized as insurance revenue for services provided;
- Minus any additional insurance acquisition cash flows allocated after initial recognition.

The liability for incurred claims includes the fulfillment cash flows for losses on claims and expenses that have not yet been paid, including those that have been incurred but not reported. The liability for incurred claims reflects current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk. The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

The Company remeasures the loss component using the same calculation as on initial recognition and reflects any changes by adjusting the loss component as required until the loss component is reduced to zero. If a loss component did not exist on initial recognition but there are indications that a group of contracts is onerous on subsequent measurement, then the Company establishes a loss component using the same methodology as on initial recognition.

4.1.4 Measurement (Continued)

Reinsurance Contract Assets – Initial Measurement

The Company measures its reinsurance contract assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

When there is an onerous group of underling contracts, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held 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.

This loss recovery component adjusts the carrying amount of the reinsurance contract asset held.

Reinsurance Contract Assets – Subsequent Measurement

The subsequent measurement of reinsurance contract assets held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

If a loss-recovery component exists, it is adjusted on subsequent measurement to reflect changes in the loss component of the onerous group of underlying contracts to the extent that it impacts reinsured cash flows, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contract assets held.

4.1.5 Derecognition and contract modification

An insurance contract is derecognized when it is extinguished, that is when the specified obligations in the contract expire or are discharged or cancelled. An insurance contract is also derecognized if its terms are modified in a way that would have significantly changed the accounting for the contract had the new terms always existed. In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract. If an insurance contract modification does not result in derecognition, then the changes in cash flows caused by the modification are treated as changes in estimates of fulfillment cash flows.

4.1.6 Presentation

The Company has presented 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.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of comprehensive income into a net insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

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

Insurance revenue

The Company recognizes insurance revenue based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognized based on the release of risk. For all periods presented, the Company has recognized insurance revenue based on the passage of time.

Insurance service expense

Insurance service expenses arising from insurance contracts are recognized in the statement of comprehensive income as they are incurred and include losses on claims, other insurance service expenses, amortization of insurance acquisition costs, losses and reversals of losses on onerous contracts, and impairment losses and reversals of those impairment losses on insurance acquisition cash flow assets.

Net finance income or expense from insurance contracts and reinsurance contract assets held

Net finance income or expense from insurance contracts and reinsurance contract assets held as presented in the statement of comprehensive income are comprised of changes in the carrying amounts of insurance and reinsurance contracts arising from the effects of time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk.

4.2 Insurance and Reinsurance Contracts

4.2.1 Movements in net asset or liability for insurance contracts issued

The roll-forward of the net asset or liability for insurance contracts issued is disclosed below:

	2024			
	Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening balance - Insurance contract liabilities	**$ 1,031,709**	**$ 4,377,457**	**$ 119,952**	**$ 5,529,118**
Cash flows				
Premiums received	8,841,000	-	-	8,841,000
Claims and other expenses paid	-	(6,976,459)	-	(6,976,459)
Insurance acquisition cash flows	(1,767,278)	-	-	(1,767,278)
Total cash flows	**7,073,722**	**(6,976,459)**	**-**	**97,263**
Changes in the statement of comprehensive income				
Insurance revenue	(8,572,292)	-	-	(8,572,292)
Insurance service expenses				
Incurred claims and other expenses	-	5,329,469	33,048	5,362,517
Amortization of insurance acquisition cash flows	1,649,000	-	-	1,649,000
Changes to liabilities for incurred claims	-	757,000	(44,000)	713,000
Total insurance service expenses	1,649,000	6,086,469	(10,952)	7,724,517
Insurance service result	(6,923,292)	6,086,469	(10,952)	(847,775)
Insurance finance expenses	-	250,000	-	250,000
Total changes in in the statement of comprehensive income	**(6,923,292)**	**6,336,469**	**(10,952)**	**(597,775)**
Closing balance - Insurance contract liabilities	**$ 1,182,139**	**$ 3,737,467**	**$ 109,000**	**$ 5,028,606**

4.2.1 Movements in net asset or liability for insurance contracts issued (Continued)

	2023			
	Liabilities for remaining coverage	Liabilities for incurred claims		
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening balance - Insurance contract liabilities	**936,305**	**4,557,039**	**54,840**	**5,548,184**
Cash flows				
Premiums received	7,833,706	-	-	7,833,706
Claims and other expenses paid	-	(4,497,553)	-	(4,497,553)
Insurance acquisition cash flows	(1,623,979)	-	-	(1,623,979)
Total cash flows	**6,209,727**	**(4,497,553)**	**-**	**1,712,174**
Changes in the statement of comprehensive income				
Insurance revenue	(7,694,331)	-	-	(7,694,331)
Insurance service expenses				
Incurred claims and other expenses	-	4,448,702	53,018	4,501,720
Amortization of insurance acquisition cash flows	1,580,008	-	-	1,580,008
Changes to liabilities for incurred claims	-	(313,616)	12,094	(301,522)
Total insurance service expenses	1,580,008	4,135,086	65,112	5,780,206
Insurance service result	(6,114,323)	4,135,086	65,112	(1,914,125)
Insurance finance expenses	-	182,885	-	182,885
Total changes in in the statement of comprehensive income	**(6,114,323)**	**4,317,971**	**65,112**	**(1,731,240)**
Closing balance - Insurance contract liabilities	**$ 1,031,709**	**$ 4,377,457**	**$ 119,952**	**$ 5,529,118**

4.2.2 Movements in net asset or liability for reinsurance contracts held

The roll-forward of the net asset or liability for reinsurance contracts held is disclosed below:

	2024			
	Assets for remaining coverage	Assets for incurred claims		
	Excluding loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
Opening balance - Reinsurance contract assets	**154,392**	**1,504,997**	**40,468**	**1,699,857**
Cash flows				
Premiums paid	1,957,136	-	-	1,957,136
Amounts received	-	(1,504,153)	-	(1,504,153)
Total cash flows	**1,957,136**	**(1,504,153)**	**-**	**452,983**
Changes in the statement of comprehensive income				
Allocation of reinsurance premiums	(2,075,071)	-	-	(2,075,071)
Amounts recoverable from reinsurers for incurred claims				
Recoveries of incurred claims and other insurance service expenses	-	1,090,000	(38,000)	1,052,000
Changes to amounts recoverable for incurred claims	-	277,569	22,532	300,101
Total amounts recoverable from reinsurers for incurred claims	-	1,367,569	(15,468)	1,352,101
Net income or expense from reinsurance contracts held	(2,075,071)	1,367,569	(15,468)	(722,970)
Reinsurance finance income	-	74,000	-	74,000
Total changes in in the statement of comprehensive income	**(2,075,071)**	**1,441,569**	**(15,468)**	**(648,970)**
Closing balance - Reinsurance contract Assets	**$ 36,457**	**$ 1,442,413**	**$ 25,000**	**$ 1,503,870**

4.2.2 Movements in net asset or liability for reinsurance contracts held (Continued)

	2023			
	Assets for remaining coverage	**Assets for incurred claims**		
	Excluding loss component	**Estimates of the present value of future cash flows**	**Risk adjustment**	**Total**
Opening balance - Reinsurance contract assets (liabilities)	**(54,711)**	**1,638,894**	**22,203**	**1,606,386**
Cash flows				
Premiums paid	1,942,216	-	-	1,942,216
Amounts received	-	(578,435)	-	(578,435)
Total cash flows	**1,942,216**	**(578,435)**	**-**	**1,363,781**
Changes in the statement of comprehensive income				
Allocation of reinsurance premiums	(1,733,113)	-	-	(1,733,113)
Amounts recoverable from reinsurers for incurred claims				
Recoveries of incurred claims and other insurance service expenses	-	756,058	19,142	775,200
Changes to amounts recoverable for incurred claims	-	(379,018)	(877)	(379,895)
Total amounts recoverable from reinsurers for incurred claims	-	377,040	18,265	395,305
Net income or expense from reinsurance contracts held	(1,733,113)	377,040	18,265	(1,337,808)
Reinsurance finance income	-	67,498	-	67,498
Total changes in in the statement of comprehensive income	**(1,733,113)**	**444,538**	**18,265**	**(1,270,310)**
Closing balance - Reinsurance contract assets (liabilities)	**$ 154,392**	**$ 1,504,997**	**$ 40,468**	**$ 1,699,857**

4.4 Insurance and Financial Risk

4.4.1 Insurance Risk

The Company writes insurance primarily over a twelve month duration. The most significant risks arise through high severity, low frequency events such as natural disasters or catastrophes. A concentration of risk may arise from insurance contracts issued in a specific geographic location since all insurance contracts are written in Ontario.

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. For longer tail claims that take some years to settle, there is also inflation risk. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The ultimate cost of long settlement general liability claims are difficult to predict for several reasons. Claims may not be reported until many years after a policy expires. Changes in the legal environment can create further complications. Court decisions and federal and provincial legislation may dramatically increase the liability between the time a policy is written and associated claims are ultimately resolved. For example, liability for exposure to toxic substances and environmental impairment, which did not appear likely or even exist when the policies were written, has been imposed by legislators and judicial interpretation. Tort liability has been expanded by some jurisdictions to cover defective workmanship. Provisions for such difficult-to-estimate liabilities are established by examining the facts of tendered claims and adjusted in the aggregate for ultimate loss expectations based upon historical experience patterns and current socioeconomic trends.

The Company must participate in industry automobile residual pools of business, and recognizes a share of this business based on its automobile market share. The Company records its share of the assets, liabilities, revenue and expenses provided by the actuaries of the pools.

4.4.1 Insurance Risk (Continued)

The Company enters into reinsurance contracts in the normal course of business in order to limit potential losses arising from certain exposures. Retention limits for the excess-of-loss reinsurance are set by product line. The Company follows a policy of underwriting and reinsuring contracts of insurance which limit the liability of the Company as follows:

	First Excess	Second Excess	Maximum Policy Limit
Property claim limit for any one claim	$ 430,000	$ -	$ 6,500,000
Automobile claim limit for any one claim	430,000	2,000,000	10,000,000
Liability claim limit for any one claim	430,000	2,000,000	10,000,000
Farmer's accident claim limit for any one claim	20,000	-	-
Limit on claims arising out of a single occurrence	1,170,000	-	6,500,000

In addition, the Company has obtained stop loss reinsurance which limits the liability of all claims in a specific year to 70% (2023 – 70%) of gross net earned premiums for property and automobile. The Company also has an automobile quota share reinsurance contract, in which the reinsurer assumes 25% of the automobile liability in return for 25% of automobile premiums. The Company also has an automatic cessions excess of loss reinsurance relating to insurance contracts with limits greater than $2,000,000 (2023 – $2,000,000) to cover losses exceeding $2,000,000 (2023 – $2,000,000) for any one occurance, not exceeding $8,000,000 (2023 – $8,000,000).

Amounts recoverable from reinsurer are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its members and thus a credit exposure exists with respect to ceded insurance, to the extent that the reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

4.4.1.1 Claim development

The estimation of claim development involves assessing the future behaviour of claims, taking into consideration the consistency of the Company's claim handling procedures, the amount of information available, the characteristics of the line of business from which the claim arises and claims reporting patterns. In general, the longer the term required for the settlement of a group of claims the more variable the estimates. Short settlement term claims are those which are expected to be substantially paid within a year of being reported.

The tables below show how the Company’s estimate of cumulative incurred claim cost for each accident year has changed at successive year ends and reconcile the cumulative claims to the amount appearing in the statement of financial position. An accident-year basis is considered to be the most appropriate for the business written by the Company.

The Company has not disclosed previously unpublished information about claims development that occurred earlier than five years before the end of the annual reporting period in which it first applies IFRS 17.

4.4.1.1.1 Claim development

	Gross undiscounted liabilities for incurred claims for 2024 (in thousands)										
Accident year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
At the end year of claim	$ 3,976	$ 3,836	$ 3,038	$ 3,484	$ 3,171	$ 3,162	$ 2,131	$ 5,329	$ 2,687	$ 4,297	
One year later	3,952	3,975	2,750	3,207	2,947	3,222	3,285	5,058	3,003		
Two years later	3,779	3,764	2,983	2,962	3,771	2,707	3,095	5,567			
Three years later	3,302	3,814	2,825	3,197	2,839	2,358	3,968				
Four years later	3,209	4,121	2,847	2,944	2,846	2,696					
Five years later	3,145	4,071	3,086	2,859	2,906						
Six years later	3,147	3,962	3,044	2,866							
Seven years later	3,131	3,963	3,044								
Eight years later	3,133	3,963									
Nine years later	3,133										
Gross estimates of the undiscounted amount of the claims	3,133	3,963	3,044	2,866	2,906	2,696	3,968	5,567	3,003	4,297	79,699
Cumulative payments to date	3,133	3,963	3,044	2,866	2,774	2,663	3,785	4,607	2,206	2,863	31,904
Gross undiscounted liabilities for incurred claims	-	-	-	-	132	33	183	960	797	1,434	3,539
Risk adjustment											109
Effect of discounting											(168)
Other attributable expenses											366
Total gross liabilities for incurred claims											**$ 3,846**

4.4.1.1.1 Claim development (Continued)

Net undiscounted liabilities for incurred claims for 2024 (in thousands)

Accident year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**Total**
At the end year of claim	$ 2,785	$ 2,872	$ 2,419	$ 3,205	$ 2,876	$ 2,693	$ 2,045	$ 3,621	$ 2,061	$ 3,484	
One year later	2,694	3,155	2,452	2,881	2,751	2,815	2,542	3,627	2,467		
Two years later	2,678	3,190	2,466	2,807	3,032	2,361	2,490	4,110			
Three years later	2,712	3,359	2,385	2,859	2,700	2,130	2,622				
Four years later	2,710	3,457	2,407	2,676	2,786	2,409					
Five years later	2,686	3,393	2,309	2,647	2,853						
Six years later	2,888	3,290	2,275	2,650							
Seven years later	2,665	3,288	2,275								
Eight years later	2,666	3,288									
Nine years later	2,666										
Net estimates of the undiscounted amount of the claims	2,666	3,288	2,275	2,650	2,853	2,409	2,622	4,110	2,467	3,484	28,824
Cumulative payments to date	2,666	3,288	2,275	2,650	2,722	2,401	2,601	3,319	1,945	2,487	26,354
Net undiscounted liabilities for incurred claims	-	-	-	-	131	8	21	791	522	997	2,470
Risk adjustment											84
Effect of discounting											(108)
Other attributable expenses											(67)
Total net liabilities for incurred claims											$ 2,379

4.4.2 Sensitivities

The risks associated with insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses various techniques based on past claims development experience to quantify these sensitivities. This includes indicators such as average claim cost, amount of claims frequency, expected loss ratios and claims development. Results of sensitivity testing based on expected loss ratios are as follows, showing gross and net of reinsurance and the impact on pre-tax income:

		2024		2023	
	Change in assumptions $'000	**Impact on profit before tax, gross of reinsurance $'000**	**Impact on profit before tax, net of reinsurance $'000**	Impact on profit before tax, gross of reinsurance $'000	Impact on profit before tax, net of reinsurance $'000
Expected loss	+5%	181	112	170	103
Inflation rate	+1%	52	33	60	32
Expected loss	-5%	(181)	(114)	(172)	(103)
Inflation rate	-1%	(52)	(32)	(59)	(32)

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

4.4.3 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The Company mitigates this risk by monitoring cash activities and expected outflows. The Company's current liabilities arise as claims are made. The Company does not have material liabilities that can be called unexpectedly at the demand of a lender or client. The Company has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claim payments are funded by current operating cash flow including investment income.

4.4.3 Liquidity Risk (Continued)

The Company's investment policy requires that nil% to 25% of the Company's portfolio be held in cash and short-term investments, which mitigates liquidity risk.

The following table summarizes the maturity profile of insurance contracts issued that are liabilities and reinsurance contracts held that are liabilities of the Company based on the estimates of the undiscounted future cash flows expected to be paid out in the periods expected, in thousands:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	>5 years	Total
December 31, 2024						
Insurance liabilities						
Insurance contract liabilities	$ 1,934	$ 833	$ 552	$ 276	$ 142	$ 3,737
December 31, 2023						
Insurance liabilities						
Insurance contract liabilities	$ 2,575	$ 747	$ 603	$ 353	$ 219	$ 4,497

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure liquidity risk.

4.4.4 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate because of changes in market prices. Market factors that will impact the fair value of investments include three types of risk: currency risk, interest rate risk and equity risk.

The Company's investment policy operates within the guidelines of the Insurance Act. An investment policy is in place and its application is monitored by the Investment Committee and the Board of Directors. Diversification techniques are utilized to minimize risk.

4.4.4 Market risk (Continued)

The Company’s currency risk is related to stock holdings which are limited to United States equities in sectors which are not readily available in Canada. The Company limits its holdings in foreign equity to 15.0% of the total investment portfolio in accordance with its investment policy. Foreign currency changes are monitored by the Investment Committee and holdings are adjusted when offside of the investment policy. The Company is not exposed to significant currency risk on its investment in global pooled funds.

The Company's investment policy puts limits on the pooled funds portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits and corporate sector limits. The Company’s investment policy limits investments in fixed income funds of the various ratings to limits ranging from 20% to 80%, investments in equity funds to limits ranging from 15% to 30% of the Company's portfolio, and investments in alternative investments, which include private loan portfolios and hedging strategies, to limits raging from 0% to 40%. The Company's policy requires that funds be invested in fixed income of Federal, Provincial or Municipal Government and corporations rated BBB or better with non-investment grade bonds to a maximum of 10% of the Company's portfolio. All portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument or insurance or reinsurance contract will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through its interest bearing investments (Fixed income pooled funds, Corporate bonds,and treasury bills).

Historical data and current information is used to profile the ultimate claims settlement pattern by class of insurance, which is then used in a broad sense to develop an investment policy and strategy. However, because a significant portion of the Company’s assets relate to its capital rather than liabilities, the value of its interest rate based assets exceeds its interest rate based liabilities. As a result, generally, the Company’s investment income will move with interest rates over the medium to long-term with short-term interest rate fluctuations creating gains or losses in profit or loss.

At December 31, a 1% move in interest rates, with all other variables held constant, could have the following impacts to the Company:

		2024		2023	
	Change in interest rate	Impact on pre-tax profit or loss	Impact on equity	Impact on pre-tax profit or loss	Impact on equity
Insurance and reinsurance contracts	+/- 1%	50,000	36,750	58,000	42,630
Debt instruments	+/- 1%	166,000	122,010	187,000	137,445

The Company is exposed to equity risk through its portfolio of stocks in unlisted Canadian companies and listed Canadian and US companies. At December 31, 2024, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the Company’s listed Canadian common equities of $30,692 (2023 - $21,649) and the equity pooled funds of $174,295 (2023 - $181,654). This change would be recognized in comprehensive income.

4.4.4 Market risk (Continued)

The Company's investment policy limits investment in preferred and common shares to a maximum of 30% of the market value of the portfolio.

Equities are monitored by the board of directors and holdings are adjusted following each quarter to ensure the investments portfolio remains in compliance with the investment policy.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure market risk.

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk relating to its bond, T-bill, and fixed income pooled funds in its investment portfolio.

The following table provides fair value information of investments by type of security and issuer.

	2024	2023
Bonds issued by:		
Treasury bills	$ -	$ 207,532
Corporate - A or better	102,550	102,550
	102,550	310,082
Equity Investments		
Canadian preferred shares	146,691	58,286
Canadian private company	157,699	157,699
Canadian common shares	-	500
	304,390	216,485
Pooled Funds		
Fixed income	2,781,190	3,104,571
Canadian equity	528,441	618,442
Global equity	1,214,505	1,198,096
Alternative investments	2,906,604	2,616,841
	7,430,740	7,537,950
Fire Mutuals Guarantee Fund (FMGF)	10,149	12,163
Total investments	$ 7,847,829	$ 8,076,680
Reinsurance contract assets	$ 1,503,870	$ 1,699,857

4.4.4 Market risk (Continued)

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Company's investment policy puts limits on the bond portfolio including portfolio composition limits, issuer type limits, bond quality limits, aggregate issuer limits, corporate sector limits and general guidelines for geographic exposure. The bond portfolio includes 49% (2023 – 43%) of bonds rated A or better. The Company's policy requires that funds be invested in bonds and debentures of Federal, Provincial or Municipal Government and corporations rated BBB or better. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis.

The maximum exposure to investment credit risk is the carrying value of investments.

Reinsurance is placed with Farm Mutual Re, a Canadian registered reinsurer. Management monitors the creditworthiness of Farm Mutual Re by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract. At year-end, the Company reviewed the amounts owing from its reinsurer and determined that no allowance is necessary.

There have been no significant changes from the previous year in the exposure to risk of policies, procedures, and methods used to measure credit risk.

5. Investments

(a) Recognition and initial measurement

The Company recognizes debt instruments (including pooled funds) on the date on which they are originated. Equity instruments are recognized on the settlement date, which is the date that the asset is received by the Company. The instruments are initially measured at fair value.

(b) Classification and subsequent measurement

The Company classifies its debt instruments and bonds as FVTPL because the Company manages the debt instruments and evaluates their performance on a fair value basis in accordance with a documented investment strategy and the instruments are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Company's pooled funds are redeemable at the option of the holder and therefore considered debt instruments under IFRS 9 that do not give rise to cash flows that are solely payments of principal and interest and therefore are classified as FVTPL.

The Company classifies its equity instruments in listed and unlisted companies, as FVTPL.

The debt and equity instruments are subsequently measured at fair value where the net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognized in comprehensive income.

5. Investments (Continued)

(c) Derecognition

The Company derecognizes investments when the contractual rights to the cash flows from the investment expires or the Company transfers the investment. On derecognition, the difference between the carrying amount at the date of derecognition and the consideration received is recognized in comprehensive income.

(d) Fair value measurement

The following table provides an analysis of investments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2024				
Bonds - corporate	**-**	**-**	**102,550**	**102,550**
Equity investments	**-**	**-**	**304,390**	**304,390**
Pooled funds	**-**	**7,430,740**	**-**	**7,430,740**
FMGF	**-**	**-**	**10,149**	**10,149**
Total	**$ -**	**$ 7,430,740**	**$ 417,089**	**$ 7,847,829**
December 31, 2023				
Treasury bills	$ -	$ 207,532	$ -	$ 207,532
Bonds - corporate	-	-	102,550	102,550
Equity investments	-	-	216,485	216,485
Pooled funds	-	7,537,950	-	7,537,950
FMGF	-	-	12,163	12,163
Total	$ -	$ 7,745,482	$ 331,198	$ 8,076,680

There were no transfers between level 1, level 2 and level 3 for the year end December 31, 2024 and 2023. The fair values of the Collectivfide equity and bond are based on the valuation of the Company as provided by the management of Collectivfide. Due to the use of unobservable data and their limited liquidity, these investments are classified as Level 3.

6. Investment Income and Expenses

	2024	2023
Interest income	$ **21,004**	$ 29,517
Dividend and pooled fund income	**337,390**	342,584
Realized (losses) gains on disposal of investments	**516,423**	(34,537)
Unrealized gain on investments	**18,683**	327,927
Investment expenses	**(51,689)**	(52,038)
Rental income	**36,600**	33,000
	$ **878,411**	$ 646,453

7. Capital management

For the purpose of capital management, the Company has defined capital as members' surplus.

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory requirements and to best utilize capital allocations.

The regulators measure the financial strength of property and casualty insurers using a minimum capital test (MCT). The regulators require property and casualty companies to comply with capital adequacy requirements. This test compares a Company's capital against the risk profile of the organization. The risk-based capital adequacy framework assesses the risk of assets, policy liabilities and other exposures by applying various factors that are dependant on the risks associated with the Company's assets. Additionally, an interest rate risk margin is included in the MCT by assessing the sensitivity of the Company's interest-sensitive assets and liabilities to changes in interest rates. The regulator indicates that the Company should produce a minimum MCT of 150%. During the year, the Company has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement or deemed necessary.

8. Other Expenses

	2024	2023
Salaries and employee benefits	**$ 902,651**	$ 790,637
Directors remuneration	**83,177**	91,030
Professional fees (other than legal)	**142,551**	189,569
Depreciation and amortization	**124,276**	124,745
Occupancy expenses	**165,599**	163,521
Information technology	**441,926**	487,847
Inspections and investigations	**37,908**	32,933
Other general and admin expenses	**410,939**	383,314
Allocated to insurance service expense	**(1,136,769)**	(1,279,935)
	$ 1,172,258	$ 983,661

The Company reallocates operating and administrative expenses to claims to more accurately reflect the cost of adjusting claims.

9. Salaries, Benefits and Directors Fees

	2024	2023
Underwriter salaries and benefits	**$ 418,648**	$ 325,855
Sales salaries and commissions	**661,300**	540,057
Other salaries, benefits and directors fees	**525,807**	551,739
Total salaries and benefits paid to employees, commissions paid to agents and directors fees	**$ 1,605,755**	$ 1,417,651

Included in claims expenses were salary costs of $522,721 (2023 - $568,938).

10. Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity, or in other comprehensive income.

The significant components of tax expense included in net income consist of:

	2024	2023
Deferred tax expense		
Temporary differences	**9,517**	(607)
Non-deductible claims	**(228)**	(4,666)
Losses (carried forward) utilized	**(49,283)**	17,545
Total income tax expense (recovery)	**$ (39,994)**	$ 12,272

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate of 12.20% are as follows:

	2024	2023
Income (loss) before taxes	**$ (345,042)**	$ 123,722
Expected taxes (recovery) based on the statutory rate of 12.20%	**(42,095)**	15,094
Canadian dividend income	**(2,563)**	(3,601)
Other non deductible expenses	**810**	779
Other	**3,854**	-
Total income tax expense (recovery)	**$ (39,994)**	$ 12,272

At December 31, 2024, a deferred tax asset of $283,718 (2023 - $243,728) has been recorded. The utilization of this tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The Company believes that this asset should be recognized as it will be recovered through future rates.

11. Fire Mutuals Guarantee Fund and Financial Guarantee Contracts

The Company is a member of the Fire Mutuals Guarantee Fund ("the Fund"). The Fund was established to provide payment of outstanding policyholders' claims if a member company becomes bankrupt. As a result, the Company may be required to contribute assets to their proportionate share in meeting this objective.

The Company is a member of the Farm Mutual Re ("the Plan"), which is a general reinsurer that shares in the insurance risks originally accepted by member insurance companies. As a member of the Plan, the Company may be required to contribute additional capital to the Plan in the form of subordinated debt should the Plan's capital fall below a prescribed minimum.

These exposures represent financial guarantee contracts. The Company accounts for financial guarantee contracts in accordance with IFRS 17, Insurance Contracts.

12. Credit Facility

The Company has an operating line of credit bearing interest at prime plus 0.50%, repayable on demand and interest payable monthly. The total line of credit is $500,000, of which $360,000 (2023 - $Nil) was drawn upon as at year end.

The line of credit is secured by a general security agreement from the Company and a first fixed charge collateral mortgage in the amount of $1,000,000 over the Company's building.

13. Related Party Transactions

The Company entered into the following transactions with key management personnel, which are defined by IAS 24, Related Party Disclosures, as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and management:

	2024	2023
Short term employee benefits and directors' fees	**$ 257,680**	$ 256,261
Total pension and other post-employment benefits	**10,073**	9,630
	$ 267,753	$ 265,891
Premiums written	**$ 47,108**	$ 42,528

14. Property and Equipment

Property equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land. Depreciation is recognized in net income and is provided on a declining balance over the estimated useful life of the assets.

2024

	Depreciation Rate	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	**$ 490,252**	**$ -**	**$ 490,252**
Building	1.42%	**1,967,253**	**540,525**	**1,426,728**
Tenant leasehold improvements	10%	**20,000**	**3,000**	**17,000**
EV charging station	20%	**4,221**	**1,266**	**2,955**
Parking lot	2.5% to 7%	**122,863**	**74,470**	**48,393**
Sign	10%	**41,186**	**41,186**	**-**
Office equipment	10%	**267,008**	**267,008**	**-**
Computer equipment	20%	**864,160**	**698,376**	**165,784**
Property and equipment		**$ 3,776,943**	**$ 1,625,831**	**$ 2,151,112**

2023

	Depreciation Rate	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	$ 490,252	$ -	$ 490,252
Building	1.42%	1,967,253	524,873	1,442,380
Tenant leasehold improvements	10%	20,000	1,000	19,000
EV charging station	20%	10,930	1,093	9,837
Parking lot	2.5% to 7%	122,863	68,706	54,157
Sign	10%	41,186	41,186	-
Office equipment	10%	271,321	267,008	4,313
Computer equipment	20%	864,160	599,616	264,544
Property and equipment		$ 3,787,965	$ 1,503,482	$ 2,284,483

15. Comparative Figures

Some comparative figures have been reclassified to conform with the current year presentation.