Trillium Mutual Insurance Company

Consolidated Financial Statements

For the year ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Policyholders of Trillium Mutual Insurance Company

We have audited the accompanying consolidated financial statements of Trillium Mutual Insurance Company and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of comprehensive income, members' surplus and cash flows for the year ended December 31, 2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trillium Mutual Insurance Company and its subsidiaries as at December 31, 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Walkerton, Ontario
February 21, 2018

Trillium Mutual Insurance Company
Consolidated Statement of Financial Position

December 31	2017	2016
Assets		
Cash	**$ 4,687,812**	$ 6,511,499
Investments (Note 4)	**84,786,843**	76,155,906
Investment income accrued	**36,908**	21,364
Income taxes recoverable	**932,781**	1,001,587
Due from reinsurers (Note 3)	**278,757**	179,444
Due from policyholders	**15,544,168**	13,084,955
Due from Auto Facility Association	**1,389,573**	1,401,069
Reinsurers' share of provision for unpaid claims (Note 3)	**8,410,000**	6,618,680
Other receivables	**7,507**	2,053
Prepaid expenses	**309,654**	232,307
Deferred policy acquisition expenses (Note 3)	**5,977,461**	5,204,322
Property, plant and equipment (Note 12)	**7,591,863**	7,820,374
Intangible assets (Note 12)	**2,206,408**	2,193,643
Deferred income taxes	**134,000**	128,000
	$132,293,735	$ 120,555,203
Liabilities		
Accounts payable and accrued liabilities	**$ 4,194,089**	$ 3,797,027
Due to Auto Facility Association	**1,452,343**	1,462,088
Unearned premiums (Note 3)	**27,616,200**	24,250,161
Provision for unpaid claims (Note 3)	**39,742,000**	34,320,732
	73,004,632	63,830,008
Members' Surplus		
Members' surplus	**58,640,733**	56,063,866
Non-controlling interest	**648,370**	661,329
	59,289,103	56,725,195
	$132,293,735	$ 120,555,203

Signed on behalf of the Board by:

______________________________ Director

______________________________ Director

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

Trillium Mutual Insurance Company
Consolidated Statement of Comprehensive Income

For the year ended December 31	2017	2016
Underwriting income		
Gross premiums written	**$55,090,275**	$ 49,398,268
Less reinsurance ceded	**4,189,846**	4,364,337
Net premiums written	**50,900,429**	45,033,931
Less increase in unearned premiums	**3,366,040**	2,109,045
Net premiums earned	**47,534,389**	42,924,886
Service charges	**587,345**	634,697
	48,121,734	43,559,583
Direct losses incurred		
Gross claims and adjustment expenses	**31,452,948**	33,138,668
Less reinsurers' share of claims and adjustment expenses	**3,258,353**	5,682,923
	28,194,595	27,455,745
	19,927,139	16,103,838
Expenses		
Fees, commissions and other acquisition expenses (Note 7)	**12,030,816**	10,616,819
Other operating and administrative expenses (Note 8)	**7,139,549**	7,189,621
	19,170,365	17,806,440
Net underwriting income (loss)	**756,774**	(1,702,602)
Investment and other income (Note 5)	**2,750,005**	3,437,741
Comprehensive income before taxes and other donations	**3,506,779**	1,735,139
Donations paid from ROOTS (Note 15)	**289,489**	361,526
Canada 150 donation (Note 16)	**150,000**	-
	439,489	361,526
Comprehensive income before taxes	**3,067,290**	1,373,613
Provision for income taxes (Note 10)	**423,382**	66,866
Comprehensive income for the year	**$ 2,643,908**	$ 1,306,747

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

Trillium Mutual Insurance Company
Consolidated Statement of Members' Surplus

December 31, 2017

		(Note 15) Appropriated Surplus	Unappropriated Surplus	Sub-Total		Non-controlling Interest
December 31, 2017						
Balance, beginning of year	**$**	**235,285**	**$55,828,581**	**$56,063,866**	**$**	**661,329**
Designated funds transferred to ROOTS		**202,520**	**(202,520)**	**-**		**-**
Comprehensive income for the year		**(289,489)**	**2,906,356**	**2,616,867**		**27,041**
Dividends paid		**-**	**(40,000)**	**(40,000)**		**(40,000)**
Balance, end of year	**$**	**148,316**	**$58,492,417**	**$58,640,733**	**$**	**648,370**
December 31, 2016						
Balance, beginning of year	$	342,345	$ 54,472,104	$ 54,814,449	$	626,499
Designated funds transferred to ROOTS		254,466	(254,466)	-		-
Comprehensive income for the year		(361,526)	1,622,193	1,260,667		46,080
Dividends declared		-	(11,250)	(11,250)		(11,250)
Balance, end of year	$	235,285	$ 55,828,581	$ 56,063,866	$	661,329

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

Trillium Mutual Insurance Company
Consolidated Statement of Cash Flows

For the year ended December 31	**2017**	2016
Operating activities		
Comprehensive income for the year	**$ 2,643,908**	$ 1,306,747
Adjustments for:		
Amortization of intangible assets	**502,257**	499,654
Depreciation	**408,498**	328,589
Interest, dividends and pooled fund distributions	**(3,333,917)**	(3,091,932)
Provision for income taxes	**423,382**	66,866
(Increase) decrease in market value of investments	**402,395**	(634,144)
Realized (gain) loss from disposal of investments	**12,442**	128,364
Realized (gain) loss from disposal of capital and intangible assets	**(28,563)**	(26,965)
	(1,613,506)	(2,729,568)
Changes in working capital		
Change in due from policyholders, reinsurers, and other receivables	**(4,355,300)**	336,892
Change in prepaids	**(77,347)**	89,671
Change in accounts payable and other liabilities	**397,062**	(65,580)
	(4,035,585)	360,983
Changes in insurance contract related balances, provisions		
Change in deferred policy acquisition expenses	**(773,139)**	(392,519)
Change in unearned premiums	**3,366,039**	2,109,045
Change in provision for unpaid claims	**5,421,268**	3,456,929
Change in due to/from Auto Facility Association	**1,751**	(833)
	8,015,919	5,172,622
Cash flows related to interest, dividends and income taxes		
Interest and pooled fund distributions received	**3,318,372**	3,095,959
Income taxes paid	**(360,576)**	(1,416,976)
	2,957,796	1,678,983
Total cash inflows from operating activities	**$ 7,968,532**	$ 5,789,767
Investing activities		
Sale of investments	**$ 5,199,447**	$ 7,710,973
Purchase of investments	**(14,906,582)**	(10,704,859)
Mortgage and note receivable payments received	**661,362**	285,350
Sale of property plant and equipment and intangibles	**92,190**	34,361
Purchase of property plant and equipment and intangibles	**(758,636)**	(1,049,926)
Total cash outflows from investing activities	**$ (9,712,219)**	$ (3,724,101)
Financing activities		
Dividends declared	**$ (80,000)**	$ (22,500)
Total cash outflows from financing activities	**$ (80,000)**	$ (22,500)
Net increase (decrease) in cash	**$ (1,823,687)**	$ 2,043,166
Cash, beginning of year	**6,511,499**	4,468,333
Cash, end of year	**$ 4,687,812**	$ 6,511,499

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

1. Corporate information

Trillium 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 accident and sickness, aircraft, automobile, boiler and machinery, fidelity, hail, liability and property insurance in Ontario. The Company's head office is located in Listowel, 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 Mutuals. The rate filing must include actuarial justification for rate increases or decreases. All rate filings are approved or denied by the Financial Services Commission 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 consolidated financial statements have been authorized for issue by the Board of Directors on February 21, 2018.

2. Basis of preparation

These consolidated financial statements include the results of operations and financial position of the company and its subsidiaries, a wholly-owned subsidiary and a controlled subsidiary. All intercompany transactions and balances have been eliminated and non-controlling interests recognized.

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

These consolidated financial statements were prepared under the historical cost convention, as modified by the revaluation of financial instruments designated as being held at fair value through profit and loss.

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional and presentation currency.

The preparation of consolidated 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 judgements 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 consolidated financial statements within the next financial year are:

- The calculation of unpaid claims and related reinsurer's share, including the determination of the initial claim liability, discount rates, the estimate of time until ultimate settlement and the performance of a liability adequacy test (Note 3); and
- The determination of the recoverability of deferred policy acquisition expenses (Note 3).

In addition, in preparing the consolidated financial statements, the notes to the consolidated financial statements were ordered such that the most relevant information was presented earlier in the notes and the 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 judgement.

3. Insurance contracts

In accordance with IFRS 4, Insurance Contracts, the Company has continued to apply the accounting policies it applied in accordance with pre-changeover Canadian generally accepted accounting principles.

Balances arising from insurance contracts primarily include unearned premiums, provisions for unpaid claims and adjustment expenses, the Reinsurers' share of provisions for unearned premiums and unpaid claims and adjustment expenses, deferred policy acquisition expenses, and salvage and subrogation recoverable.

(a) Premiums and unearned premiums

Premiums written comprise the premiums on contracts incepting in the financial year. Premiums written are stated gross of commissions' payable to agents and exclusive of taxes levied on premiums.

The Company recognizes premium income evenly over the term of the insurance policy generally using the pro rata method. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in unearned premiums. Changes in unearned premiums recorded in the statement of financial position and their impact on net premiums earned are as follows:

Unearned premiums	**2017**	2016
Balance, beginning of year	**$24,250,161**	$ 22,141,116
Premiums written	**55,090,275**	49,398,268
Premiums earned during year	**(51,724,236)**	(47,289,223)
Balance, end of year	**$27,616,200**	$ 24,250,161

Pricing of property and liability policies are based on assumptions in regard to trends and past experience, in an attempt to correctly match policy revenue with exposed risk. Automobile premiums are subject to approval by the Financial Services Commission of Ontario and therefore may result in a delay in adjusting the pricing to exposed risk.

The Company is exposed to a pricing risk to the extent that unearned premiums are insufficient to meet the related future policy costs. Evaluation is performed regularly to estimate future claims costs, related expenses, and expected profit in relation to unearned premiums. There were no premium deficiencies at December 31, 2017 and 2016.

Amounts due from policyholders are measured at amortized cost using the effective interest method, less any impairment. Accounts receivable are short-term in nature consisting of a large number of policyholders, and are not subject to material credit risk. Regular review of outstanding receivables is performed to ensure credit worthiness.

3. Insurance contracts (cont'd)

(b) Deferred policy acquisition expenses

Acquisition costs are comprised of brokers' and agents' commissions and premium taxes and other incremental costs associated with servicing the policies. These costs are deferred and amortized over the terms of the related policies to the extent that they are considered to be recoverable from unearned premiums, after considering the related anticipated claims and expenses.

Changes in deferred policy acquisition expenses recorded in the statement of financial position and their impact on fees, commissions and other acquisition expenses are as follows:

Deferred policy acquisition expenses	**2017**	2016
Balance, beginning of year	**$ 5,204,322**	$ 4,811,803
Acquisition costs incurred	**12,803,955**	11,009,338
Expensed during year	**(12,030,816)**	(10,616,819)
Balance, end of year	**$ 5,977,461**	$ 5,204,322

(c) Provision for unpaid claims and adjustment expenses

Individual loss estimates are provided on each claim reported. In addition, provisions are made for adjustment expenses, claims development, changes in reported claims and for claims incurred but not reported, based on past experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in current income.

Claim liabilities are carried on a discounted basis to reflect the time value of money. As required by actuarial standards in Canada, claims liabilities also include a provision for adverse deviation (PFAD), which represents an additional margin on valuation variable factors, which are claims development, reinsurance recoveries and interest rates used in discounting claims liabilities.

A summary of the Company's outstanding gross unpaid claims liabilities, related reinsurer's share of unpaid claims and the net insurance liabilities is as follows:

3. Insurance contracts (cont'd)

	December 31, 2017			December 31, 2016		
	Gross	**Re-insurance**	**Net**	Gross	Re-insurance	Net
Outstanding claims provision						
Long term settlement (more than one year)	**$12,082,838**	**$ 2,261,929**	**$ 9,820,909**	$ 9,245,105	$ 723,605	$ 8,521,500
Short settlement (within one year)	**15,446,223**	**1,954,772**	**13,491,451**	14,274,650	2,894,075	11,380,575
Facility Association and other pools	**888,390**	**-**	**888,390**	867,977	-	867,977
	28,417,451	**4,216,701**	**24,200,750**	24,387,732	3,617,680	20,770,052
Provision for claims incurred but not reported	**11,324,549**	**4,193,299**	**7,131,250**	9,933,000	3,001,000	6,932,000
	$39,742,000	**$ 8,410,000**	**$31,332,000**	$ 34,320,732	$ 6,618,680	$ 27,702,052

3. Insurance contracts (cont'd)

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 have created 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.

Claims and adjustment expenses

Changes in claim liabilities recorded in the statement of financial position and their impact on claims and adjustment expenses are as follows:

	2017	2016
Unpaid claim liabilities - beginning of year – net of reinsurance	**$27,702,052**	$ 22,820,182
(Decrease) in estimated losses and expenses,		
for losses occurring in prior years	**(4,302,107)**	(3,474,080)
Provision for losses and expenses on claims occurring		
in the current year	**32,496,704**	30,929,779
Payment on claims:		
Current year	**(17,839,225)**	(17,043,553)
Prior years	**(6,725,424)**	(5,530,276)
Unpaid claims – end of year - net	**31,332,000**	27,702,052
Reinsurer's share and subrogation recoverable	**8,410,000**	6,618,680
	$39,742,000	$ 34,320,732

Claim development

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. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

3. Insurance contracts (cont'd)

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 above risk exposure is mitigated by diversification across a large portfolio of insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

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 historical delays in reporting claims. In general, the longer the term required for the settlement of a group of claims the more variable the estimates. Short-term settlement 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 reconciles 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 elected to utilize the transitional relief provided by IFRS 4 that permitted only five years of information to be disclosed upon adoption of IFRS. The claims development information disclosed has increased by one year each year until it has reached ten years of disclosed development information.

3. Insurance contracts (cont'd)

Gross claims	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Gross estimate of cumulative claims cost											
At the end year of claim	$ 23,857,114	$ 23,374,597	$ 24,806,746	$ 28,624,678	$ 18,592,672	$ 26,406,226	$ 28,749,702	$ 28,023,075	$ 37,725,752	$ 36,950,470	
One year later	24,929,640	21,902,572	21,712,349	25,833,374	15,793,198	24,208,499	24,603,131	25,680,169	34,073,944		
Two years later	23,743,059	20,209,181	21,033,654	22,625,835	16,815,441	23,851,614	22,917,049	25,881,704			
Three years later	21,173,680	19,685,688	18,097,717	22,260,038	15,708,845	22,943,527	22,665,876				
Four years later	20,427,223	18,033,597	17,387,871	21,817,057	15,713,300	22,657,057					
Five years later	20,130,265	17,259,651	17,246,461	21,203,164	15,686,322						
Six years later	19,990,261	17,256,835	16,852,192	21,040,288							
Seven years later	19,903,225	17,077,636	16,725,692								
Eight years later	19,916,473	17,067,636									
Nine years later	19,904,973										
Current estimate of cumulative claims cost	19,904,973	17,067,636	16,725,692	21,040,288	15,686,322	22,657,057	22,665,876	25,881,704	34,073,944	36,950,470	232,653,962
Cumulative payments	19,904,973	17,067,636	16,671,336	20,478,771	15,084,082	20,690,551	19,472,704	18,914,969	26,141,172	18,485,768	192,911,962
Outstanding claims	$ -	$ -	$ 54,356	$ 561,517	$ 602,240	$ 1,966,506	3,193,172	6,966,735	7,932,772	18,464,702	39,742,000
Outstanding claims 2007 and prior											-
Total gross outstanding claims and claims handling expense											$ 39,742,000

Net of Reinsurance	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Net estimate of cumulative claims cost											
At the end year of claim	$ 17,157,453	$ 19,719,572	$ 17,998,740	$ 22,591,379	$ 15,965,173	$ 23,371,819	$ 25,792,505	$ 24,769,018	$ 30,929,779	$ 32,496,704	
One year later	18,333,834	18,165,618	15,608,088	20,775,766	14,048,424	22,163,232	21,585,983	23,487,763	28,328,336		
Two years later	17,380,136	16,700,739	15,317,756	18,754,018	14,670,627	21,388,485	20,294,498	22,993,689			
Three years later	16,347,745	16,377,301	13,797,319	18,792,843	13,910,991	21,165,398	19,705,918				
Four years later	16,063,780	15,779,927	13,180,473	18,406,044	14,010,248	20,878,039					
Five years later	15,912,487	15,480,191	12,982,063	18,029,151	13,951,424						
Six years later	15,807,483	15,420,375	12,747,794	17,886,275							
Seven years later	15,691,447	15,332,176	12,628,294								
Eight years later	15,782,695	15,327,176									
Nine years later	15,771,195										
Current estimate of cumulative claims cost	15,771,195	15,327,176	12,628,294	17,886,275	13,951,424	20,878,039	19,705,918	22,993,689	28,328,336	32,496,704	199,967,050
Cumulative payments	15,771,195	15,327,176	12,585,938	17,357,758	13,427,184	19,131,139	17,900,920	17,502,773	21,791,742	17,839,225	168,635,050
Outstanding claims	$ -	$ -	$ 42,356	$ 528,517	$ 524,240	$ 1,746,900	1,804,998	5,490,916	6,536,594	14,657,479	31,332,000
Outstanding claims 2007 and prior											-
Total net outstanding claims and claims handing expense											$ 31,332,000

3. Insurance contracts (cont'd)

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 occurrence, expected loss ratios and claims development.

Results of sensitivity testing based on expected loss ratios are as follows, shown gross and net of reinsurance as impact on comprehensive income before taxes:

	Property claims		Auto claims		Liability claims	
	2017	2016	**2017**	2016	**2017**	2016
5% increase in loss ratios						
Gross	**$ 1,453,096**	$ 1,309,140	**$ 828,855**	$ 772,193	**$ 247,350**	$ 228,092
Net	**$ 1,301,265**	$ 934,236	**$ 710,647**	$ 748,516	**$ 245,642**	$ 229,544
5% decrease in loss ratios						
Gross	**$ (1,453,096)**	$(1,309,140)	**$ (828,855)**	$ (772,193)	**$ (247,350)**	$ (228,092)
Net	**$ (1,301,265)**	$ (934,236)	**$ (710,647)**	$ (748,516)	**$ (245,642)**	$ (229,544)

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.

(d) Liability adequacy test

At each reporting date the Company performs a liability adequacy test on its insurance liabilities less deferred policy acquisition expenses to ensure the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant discount rate. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognized as an expense in profit and loss initially by writing down the deferred policy acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

(e) Reinsurers' share of provisions for unpaid claims and adjustment expenses

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. Reinsurance premiums are accounted for in the same period as the related premiums for the direct insurance business being reinsured. Reinsurance liabilities, comprised of premiums payable for the purchase of reinsurance contracts, are included in accounts payable and accrued liabilities and are recognized as an expense on the same basis as the revenue on the underlying policies being reinsured.

The Company follows a policy of underwriting and reinsuring contracts of insurance which, in the main, limit the liability of the Company to an amount on any one claim of $500,000 (2016 - $500,000) in the event of a property claim, an amount of $700,000 (2016 - $700,000) in the event of an automobile claim and $1,000,000 (2016 - $1,000,000) in the event of a liability claim. The Company also obtained reinsurance which limits the Company's liability to $1,500,000 (2016 - $1,500,000) in the event of a series of claims arising out of a single occurrence. In addition, the Company has obtained stop loss reinsurance which limits the liability of all claims in a specific year to 80% (2016 -$80%) of gross net earned premiums for property, liability and automobile.

3. Insurance contracts (cont'd)

Amounts recoverable from the 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 policyholders 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.

Expected reinsurance recoveries on unpaid claims and adjustment expenses are recognized as assets at the same time and using principles consistent with the Company's method for establishing the related liability.

Changes in due from reinsurer recorded in the statement of financial position are as follows:

Due from reinsurer	**2017**	2016
Balance, beginning of year	**$ 179,444**	$ 134,425
Submitted to reinsurer	**2,659,332**	5,369,864
Received from reinsurer	**(2,560,019)**	(5,324,845)
Balance, end of year	**$ 278,757**	$ 179,444
Expected settlement		
Within one year	**$ 278,757**	$ 179,444
More than one year	**$ -**	$ -

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.

Changes in reinsurer's share of provision for unpaid claims are recorded in the statement of financial position and their impact on net premiums earned are as follows:

3. Insurance contracts (cont'd)

Reinsurer's share of provision for unpaid claims	**2017**	2016
Balance, beginning of year	**$ 6,618,680**	$ 8,043,621
New claims reserve	**3,527,221**	6,795,974
Change in prior years reserve	**923,431**	(2,851,051)
Submitted to reinsurer	**(2,659,332)**	(5,369,864)
Balance, end of year	**$ 8,410,000**	$ 6,618,680
Expected settlement		
Within one year	**$ 1,954,772**	$ 2,894,075
More than one year	**$ 6,455,228**	$ 3,724,605

(f) Salvage and subrogation recoverable

In the normal course of business, the Company obtains the ownership of damaged property, which they resell to various salvage operations. Unsold property is valued at its estimated net realizable value.

Where the Company indemnifies policyholders against a liability claim, it acquires rights to subrogate its claim against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

(g) Refund from premium

At the discretion of the Board of Directors the Company may declare a refund to its policy holders based on the premiums paid in the fiscal period. Any refund would be recognized as a reduction of revenue in the period for which it is declared.

4. Investments

The Company does not have any investments that are held for trading purposes, however, management has designated to voluntarily classify its investments at fair value through profit and loss. These instruments are carried at fair value with changes in fair value recognized in comprehensive income. Transaction costs on these instruments are expensed as incurred.

Purchases and sales of equity instruments are recognized on a settlement date basis.

Interest on debt securities classified as fair value through profit and loss is calculated using the effective interest method and is included in net income.

4. Investments (cont'd)

The following table provides cost and fair value information of investments by type of security and issuer. The maximum exposure to credit risk would be the fair value as shown below.

	December 31, 2017 Cost	December 31, 2017 Fair value	December 31, 2016 Cost	December 31, 2016 Fair value
Short term deposits	**$ 7,528,807**	**$ 7,528,807**	$ 4,491,636	$ 4,491,636
Pooled funds				
Canadian fixed income	**61,408,910**	**59,112,662**	57,658,966	55,590,411
Canadian equity	**17,977,459**	**18,001,079**	15,071,880	15,270,202
	79,386,369	**77,113,741**	72,730,846	70,860,613
Other investments				
Fire Mutuals guarantee fund	**114,830**	**114,830**	112,830	112,830
Notes receivable	**-**	**-**	639,570	639,570
Other investments	**29,465**	**29,465**	51,257	51,257
	144,295	**144,295**	803,657	803,657
Total investments	**$87,059,471**	**$84,786,843**	$ 78,026,139	$ 76,155,906

Credit risk

Credit risk is the risk of financial loss to the Company if a debtor fails to make payments of interest and principal when due. The Company is exposed to this risk relating to its debt holdings in its investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met.

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. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis.

4. Investments (cont'd)

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

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.

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.

The Company's investment policy requires a minimum of 2.5% up to a maximum of 5% of the Company's portfolio be held in cash and short-term investments, which mitigates liquidity risk. Short-term investments include treasury bills, commercial paper and term deposits with an original maturity of less than one year.

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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors 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.

Currency risk

Currency risk relates to the Company operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.

The Company's currency exchange risk is related to stock holdings which are limited to foreign equities in sectors which are not readily available in Canada. The Company limits its holdings in foreign equity to 5% of the total investment portfolio in accordance with its investment policy. Foreign currency changes are monitored by the Investment Committee and the Board of Directors and holdings are adjusted when offside of the investment policy.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Company is exposed to this risk through its interest bearing investments (Bankers Acceptance, T-Bills, GICs, and fixed income pooled funds).

4. Investments (cont'd)

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 unrealized gains or losses.

At December 31, 2017, a 1% move in interest rates, with all other variables held constant, could impact the market value of the fixed income pooled funds by $4,303,779 (2016 – $4,065,597). These changes would be recognized in comprehensive income.

Equity risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings within its investment portfolio.

The Company's portfolio includes Canadian stocks with fair values that move with the Toronto Stock Exchange Composite Index. At December 31, 2017, a 10% movement in the stock markets with all other variables held constant would have an estimated effect on the fair value of the equity pooled fund of $1,755,170 (2016 - $1,463,832). This change would be recognized in comprehensive income for the year.

The Company's investment policy limits investment in preferred shares to a maximum of 5% and common shares to a maximum of 25% of the market value of the portfolio.

Equities are monitored by the Investment Committee and the Board of Directors and holdings are adjusted following each quarter when the investments are offside of 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.

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).

4. Investments (cont'd)

	Level 1	Level 2	Level 3	Total
December 31, 2017				
Short term deposits	**$ 7,528,807**	**$ -**	**$ -**	**$ 7,528,807**
Pooled funds	**-**	**77,113,741**	**-**	**77,113,741**
Other investments	**-**	**114,830**	**29,465**	**144,295**
Total	**$ 7,528,807**	**$77,228,571**	**$ 29,465**	**$84,786,843**
December 31, 2016				
Short term deposits	$ 4,491,636	$ -	$ -	$ 4,491,636
Pooled funds	-	70,860,613	-	70,860,613
Other investments	-	112,830	690,827	803,657
Total	$ 4,491,636	$ 70,973,443	$ 690,827	$ 76,155,906

There were no transfers between any levels of the fair value hierarchy for the years ended December 31, 2016 and 2017.

5. Investment and other income

	2017	2016
Interest income	**$ 129,951**	$ 117,614
Dividend income	**40,000**	11,250
Realized gains (losses) on disposal of investments	**(12,442)**	(128,364)
Investment expenses	**(218,808)**	(204,836)
Pooled fund distributions	**3,163,966**	2,963,068
Increase (decrease) in market value of investments	**(402,395)**	634,144
Total investment income	**2,700,272**	3,392,876
Other income	**21,170**	17,900
Realized gains on disposal of fixed assets	**28,563**	26,965
Total other income	**49,733**	44,865
Total investment and other income	**$ 2,750,005**	$ 3,437,741

6. 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 generally expect 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. 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 and deemed necessary.

7. Fees, commissions and other acquisition expenses

	2017	2016
Commissions	**$ 9,769,970**	$ 8,633,385
Inspection salaries and benefits	**473,336**	377,028
Underwriting salaries and benefits	**1,639,516**	1,473,497
Premium taxes	**147,994**	132,909
	$12,030,816	$ 10,616,819

8. Other operating and administrative expenses

	2017	2016
Advertising	**$ 270,954**	$ 265,445
Association fees and dues	**139,558**	105,815
Amortization of intangible assets	**502,257**	499,654
Depreciation	**408,498**	328,589
Educational seminars and conventions	**126,351**	133,870
Inspection costs	**345,510**	300,306
Occupancy costs	**320,967**	319,862
Postage, bank charges and telephone	**347,034**	296,995
Printing, stationary and office	**949,749**	779,250
Professional fees	**418,099**	373,013
Salaries, benefits and directors' fees	**3,033,714**	3,535,113
Travel	**276,858**	251,709
	$ 7,139,549	$ 7,189,621

9. Salaries, benefits and directors fees

	2017	2016
Claims salaries and benefits (included in claims expenses)	**$ 1,242,194**	$ 1,133,135
Inspection salaries and benefits (Note 7)	**473,336**	377,028
Underwriting salaries and benefits (Note 7)	**1,639,516**	1,473,497
Other salaries, benefits and directors fees (Note 8)	**3,033,714**	3,535,113
	$ 6,388,760	$ 6,518,773

10. Income taxes

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

The significant components of tax expense included in comprehensive income are composed of:

	2017	2016
Current tax expense		
Based on current year taxable income	**$ 427,129**	$ 37,602
Adjustments for (over) / under provision in prior periods	**2,253**	(54,736)
	429,382	(17,134)
Deferred tax expense		
Origination and reversal of temporary differences	**11,000**	88,000
Changes in tax rate	**(17,000)**	(4,000)
	(6,000)	84,000
Total income tax expense	**$ 423,382**	$ 66,866

10. Income taxes (con't)

Reasons for the difference between tax expense for the year and the expected income taxes based on the statutory tax rate of 26.50% (2016 – 26.50%) are as follows:

	2017	2016
Comprehensive income before taxes	$ 3,067,290	$ 1,373,613
Expected taxes based on the statutory rate of 26.50% (2016 – 26.50%)	$ 812,832	$ 364,007
Non-taxable income from insuring farm related risks	(135,092)	2,195
Non-deductible loss (non-taxable gain) on disposal of assets	(7,569)	(7,146)
Non-taxable dividend income	(218,065)	(110,587)
Amortization in excess of capital cost allowance	4,800	(98,851)
Change in reserves	48,097	64,684
Change in deferred tax	(6,000)	-
(Over) under provision in prior years	2,253	(54,736)
Tax rate adjustment on capital gain distributions	38,235	-
Other non deductible expenses	(116,109)	(92,700)
Total income tax expense	$ 423,382	$ 66,866

11. Structured settlements, Fire Mutuals Guarantee Fund and financial guarantee contracts

The Company enters into annuity agreements with various life insurance companies to provide for fixed and recurring payments to claimants. Under such arrangements, the Company's liability to its claimants is substantially transferred, although the Company remains exposed to the credit risk if life insurers fail to fulfil their obligations.

The Company is a member of the Fire Mutuals Guarantee Fund ("the Fund"). The Fund was established to provide payment of outstanding policyholders' claims, and assumption of unearned premiums, 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 also 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.

This exposure represents a financial guarantee contract. The Company accounts for financial guarantee contracts in accordance with IFRS 4, Insurance Contracts.

12. Property, plant and equipment and intangible assets

Property, plant & equipment

Property, plant & equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land which is not depreciated. Depreciation is recognized in comprehensive income and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	40 years
Computer hardware	4 years
Furniture and fixtures	4 to 5 years
Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if necessary.

Intangible assets

Intangible assets consist of computer software, which are not integral to the computer hardware owned by the Company, developed software, customer lists and goodwill.

Computer software is initially recorded at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Software is amortized on a straight-line basis over its estimated useful life of 4 years.

Developed software relates to the cost of developing new products. These costs are capitalized and amortized over the expected useful life of the software.

Customer lists are initially recorded at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Customer lists are amortized on a straight-line basis over their estimated useful life of 10 years. The amortization expense is included in other operating and administrative expenses in the statement of comprehensive income.

Goodwill is deemed to have an indefinite life and is initially recorded at cost and subsequently measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually.

12. Property, plant & equipment and intangible assets (cont'd)

	Property, plant and equipment					
	Land	**Buildings**	**Computer hardware**	**Furniture and fixtures**	**Vehicles**	**Total**
Cost						
Balance - December 31, 2016	$ 1,004,360	$ 6,452,819	$ 1,340,596	$ 1,306,963	$ 294,976	$ 10,399,714
Additions	-	10,722	78,369	13,181	141,342	243,614
Disposals	-	-	1,855	15,127	125,609	142,591
Balance - December 31, 2017	**$ 1,004,360**	**$ 6,463,541**	**$ 1,417,110**	**$ 1,305,017**	**$ 310,709**	**$10,500,737**
Accumulated depreciation						
Balance - December 31, 2016	$ -	$ 551,066	$ 687,394	$ 1,244,304	$ 96,576	$ 2,579,340
Depreciation expense		86,262	216,260	23,740	82,236	408,498
Disposals	-	-	1,855	15,127	61,982	78,964
Balance - December 31, 2017	**$ -**	**$ 637,328**	**$ 901,799**	**$ 1,252,917**	**$ 116,830**	**$ 2,908,874**
Net book value						
December 31, 2016	$ 1,004,360	$ 5,901,753	$ 653,202	$ 62,659	$ 198,400	$ 7,820,374
December 31, 2017	**$ 1,004,360**	**$ 5,826,213**	**$ 515,311**	**$ 52,100**	**$ 193,879**	**$ 7,591,863**

12. Property, plant & equipment and intangible assets (cont'd)

Intangible assets

	Computer software	Goodwill	Customer lists	Total
Cost				
Balance - December 31, 2016	$ 2,800,011	$ 680,695	$ 610,694	$ 4,091,400
Additions	515,022	-	-	515,022
Balance - December 31, 2017	**$ 3,315,033**	**$ 680,695**	**$ 610,694**	**$ 4,606,422**
Accumulated depreciation				
Balance - December 31, 2016	$ 1,745,084	$ -	$ 152,673	$ 1,897,757
Depreciation expense	441,188	-	61,069	502,257
Balance - December 31, 2017	**$ 2,186,272**	**$ -**	**$ 213,742**	**$ 2,400,014**
Net book value				
December 31, 2016	$ 1,054,927	$ 680,695	$ 458,021	$ 2,193,643
December 31, 2017	**$ 1,128,761**	**$ 680,695**	**$ 396,952**	**$ 2,206,408**

13. Pension Plan

The Company participates in a multi-employer defined benefit pension plan (the Ontario Mutual Insurance Association Pension Plan, “the plan”), however, sufficient information is not available to use defined benefit accounting. Therefore, the Company accounts for the plan as if it were a defined contribution plan, recognizing contributions as an expense in the year to which they relate.

The Company makes contributions to the plan on behalf of its employees. The plan is a money purchase plan, with a defined benefit option at retirement, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

The amount contributed to the plan for 2017 was $399,689 (2016 - $401,575). The contributions were made for current service and these have been recognized in comprehensive income. These contributions amount to 7.30% (2016 - 7.60%) of the total contributions made to the Ontario Mutual Insurance Association Pension Plan by all participating entities during the current fiscal year.

Expected contributions to the plan for the next annual reporting period amount to $400,000, which is based on payments made to the multi-employer plan during the current fiscal year.

The funding valuation shows a deficit of $7,155,000 in the plan as at the last triennial valuation. The plan has an agreement with its members to fund the deficit over 3 years beginning in 2017. The Company’s total required contributions are $520,748. A liability has been recognized for the remaining contributions and an equal expense has been recognized in comprehensive income.

The defined benefit pension plan has been closed to future eligible employees effective July 1, 2013. The Company and all current employees who are accruing benefits under the defined benefit plan will continue to contribute to the defined benefit plan according to the existing terms of the agreement. New and future eligible employees will become part of the defined contribution plan. The amount contributed to the defined contribution plan for 2017 was $88,657 (2016 - $55,868). The contributions were made for current service and these have been recognized in comprehensive income.

14. 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:

	2017	2016
Compensation		
Salaries, short term employee benefits and director’s fees	**$ 985,033**	$ 925,631
Total pension and other post-employment benefits	**72,149**	70,363
	$ 1,057,182	$ 995,994
Premiums	**$ 215,082**	$ 216,478
Claims paid	**$ 15,581**	$ 128,582

14. Related party transactions (continued)

Amounts owing to and from key management personnel at December 31, 2017 are $65,193 (2016 - $41,428) and $78,576 (2016 - $83,068) respectively. The amounts are included in due from policyholders and accounts payable and accrued liabilities on the statement of financial position.

15. Recognizing Our Opportunity to Support ("ROOTS")

The Company has decided to appropriate a portion of their surplus annually to Recognizing Our Opportunity to Support ("ROOTS"). The amount designated to appropriated members' surplus annually is to be 7.5% of the current year investment income, with a minimum of $150,000 to a maximum of $300,000 for expenditure in the following year. If the maximum threshold is not met based on 7.5% of investment income, and the company's Combined Ratio (net incurred claims, commissions and general expenses to net underwriting revenue) is less than 90%, the appropriated portion will be increased to the $300,000 maximum as long as the additional amount does not increase the Combined Ratio above 90%. The donations paid and committed during the year are expensed in the consolidated statement of comprehensive income. The ROOTS fund will be used to support not-for-profit organizations that provide growth opportunities for children, advance health care efforts for citizens and promote safety in everyday living within the communities where the Company's policyholders, staff and brokers reside. The Company expects to continue to provide additional contributions to this fund.

	2017	2016
Balance, beginning of year	**$ 235,285**	$ 342,345
Donations paid and committed	**(289,489)**	(361,526)
Amounts designated to appropriated members' surplus for future use	**202,520**	254,466
Balance end of year	**$ 148,316**	$ 235,285

16. Canada 150 donation

Trillium Mutual Insurance Company celebrated Canada's 150th anniversary by contributing $150,000 to local and regional projects.

United Way Bruce-Grey	**$ 10,000**
United Way Perth-Huron	**10,000**
United Way Guelph-Wellington-Dufferin	**10,000**
The University of Guelph	**120,000**
Total Canada 150 Donation	**$ 150,000**

The $120,000 contribution to the University of Guelph represents a perpetual bursary for 1st year Ontario Agriculture students.

17. Standards, amendments, and interpretations not yet effective

The Company has not yet determined the extent of the impact of the following new standards, interpretations and amendments, which have not been applied in these financial statements:

- *IFRS 9 Financial Instruments* amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income (loss). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The effective date for IFRS 9 is January 1, 2018; however, Trillium Mutual Insurance Company has been provided the option of deferring the adoption of IFRS 9 given the nature of its insurance operations until January 1, 2021, which is the effective date of IFRS 17, *Insurance Contracts*. The company does not plan to defer the effective date of IFRS 9 and therefore expects to adopt IFRS 9 on January 1, 2018.

  The Company expects that its investments will continue to be classified at fair value through profit or loss based on the business model assessment, therefore, the adoption of IFRS 9 is not expected to have a material impact on the Company's financial position or performance.

- *IFRS 17 Insurance Contracts* was issued in May 2017 and lays out a fundamentally new way of measuring and presenting insurance contracts and related financial statement items for entities that issue insurance contracts. Some of the key aspects of IFRS 17 include new models for insurance liabilities, changes to discounting and the rate being used to discount claims liabilities, and changes to deferred premium acquisition costs. The technical aspects of IFRS 17 are complex and will require specific consultation on the situation to determine the exact impact. The effective date for IFRS 17 is January 1, 2021, with the requirement to restate comparative figures. The Company is in the process of evaluating the impact of the new standard.