Trisura Group Ltd.

Condensed Interim Consolidated Financial Statements (unaudited)

For the three and nine months ended September 30, 2023

TRISURA GROUP LTD.
Condensed Interim Consolidated Financial Statements (unaudited)

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TRISURA GROUP LTD.
Condensed Interim Consolidated Statements of Financial Position (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

As at	*Note*	**September 30, 2023**	*December 31, 2022 restated*	*January 1, 2022 restated*
Assets				
Cash and cash equivalents		**531,484**	406,368	341,319
Investments	*4,6*	**842,260**	765,375	641,140
Other assets	*9*	**34,865**	61,852	26,266
Reinsurance contract assets	*18*	**1,948,477**	1,527,799	961,674
Capital assets and intangible assets		**17,154**	19,529	17,109
Deferred tax assets		**30,669**	17,942	6,358
Total assets		**3,404,909**	2,798,865	1,993,866
Liabilities				
Insurance contract liabilities	*18*	**2,617,452**	2,165,103	1,358,888
Other liabilities	*10*	**113,771**	65,111	193,888
Loan payable	*13*	**75,000**	75,000	75,000
		2,806,223	2,305,214	1,627,776
Shareholders' equity				
Common shares	*14*	**480,581**	430,262	285,035
Contributed surplus		**6,962**	5,743	3,497
Retained earnings		**132,254**	101,812	74,017
Accumulated other comprehensive (loss) income		**(21,111)**	(44,166)	3,541
		598,686	493,651	366,090
Total liabilities and shareholders' equity		**3,404,909**	2,798,865	1,993,866

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.
Condensed Interim Consolidated Statements of Income (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

		Three months		Nine months	
For the periods ended September 30,	*Note*	**2023**	2022 *restated*	**2023**	2022 *restated*
Insurance revenue	*18*	**730,714**	550,861	**2,034,234**	1,419,173
Insurance service expenses		**(562,419)**	(547,859)	**(1,630,079)**	(1,268,481)
Net (expense) income from reinsurance contracts assets	*18*	**(143,546)**	25,588	**(322,979)**	(67,744)
Insurance service result		**24,749**	28,590	**81,176**	82,948
Net investment income	*7*	**13,493**	6,583	**35,463**	15,683
Net (losses) gains	*8*	**(8,708)**	3,723	**(17,790)**	4,690
Net credit impairment losses		**(258)**	-	**(31)**	-
Total investment income		**4,527**	10,306	**17,642**	20,373
Finance (expenses) income from insurance contracts		**(11,521)**	(622)	**(48,159)**	11,982
Finance income (expenses) from reinsurance contracts		**10,623**	903	**42,248**	(9,765)
Net insurance finance (expenses) income		**(898)**	281	**(5,911)**	2,217
Net financial result		**3,629**	10,587	**11,731**	22,590
Net insurance and financial result		**28,378**	39,177	**92,907**	105,538
Other income		**847**	663	**6,927**	5,860
Other operating expenses		**(7,094)**	(8,097)	**(22,601)**	(19,429)
Other finance costs	*13.2*	**(643)**	(823)	**(1,844)**	(2,056)
Income before income taxes		**21,488**	30,920	**75,389**	89,913
Income tax expense	*17*	**(6,650)**	(6,696)	**(19,768)**	(21,408)
Net income attributable to shareholders		**14,838**	24,224	**55,621**	68,505
Weighted average number of common shares outstanding during the period (in thousands) – basic		**46,671**	45,226	**46,174**	42,585
Earnings per common share (in dollars) – basic	*15*	**0.32**	0.54	**1.20**	1.62
Earnings per common share (in dollars) – diluted	*15*	**0.31**	0.53	**1.18**	1.58

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.
Condensed Interim Consolidated Statements of Comprehensive Income (unaudited)

(in thousands of Canadian dollars, except as otherwise noted)

		Three months		Nine months	
For the periods ended September 30,	*Note*	**2023**	2022 *restated*	**2023**	2022 *restated*
Net income attributable to shareholders		**14,838**	24,224	**55,621**	68,505
Items that may be or are reclassified subsequently to net income					
Net unrealized losses on FVOCI investments		**(5,567)**	(18,690)	**(1,241)**	(76,150)
Income tax benefit		**1,175**	4,049	**94**	17,916
FVOCI amounts		**(4,392)**	(14,641)	**(1,147)**	(58,234)
Net realized gains		**(30)**	(2,276)	**(795)**	(6,905)
Net credit impairment losses (reversals)	*16*	**258**	(157)	**31**	-
Income tax benefit		**5**	424	**238**	1,429
Items reclassified to net income		**233**	(2,009)	**(526)**	(5,476)
Items other than cumulative translation income (loss)		**(4,159)**	(16,650)	**(1,673)**	(63,710)
Cumulative translation income (loss)		**5,985**	16,353	**(451)**	19,956
Other comprehensive income (loss)		**1,826**	(297)	**(2,124)**	(43,754)
Total comprehensive income		**16,664**	23,927	**53,497**	24,751

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.
Condensed Interim Consolidated Statements of Changes in Equity (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

	Note	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (net of income taxes)	Total
Balance as at Dec 31, 2022, as previously reported		430,262	5,743	91,343	(44,054)	483,294
Impact of adopting IFRS 17	*2*	-	-	10,469	(112)	10,357
Impact of adopting IFRS 9	*2*	-	-	(25,179)	25,179	-
Balance as at Jan 1, 2023, as restated		430,262	5,743	76,633	(18,987)	493,651
Net income		-	-	55,621	-	55,621
Other comprehensive loss		-	-	-	(2,124)	(2,124)
Total comprehensive income (loss)		-	-	55,621	(2,124)	53,497
Share issuance	*14*	52,164	-	-	-	52,164
Shares purchased under Restricted Share Units (“RSUs”) plan	*14*	(1,845)	-	-	-	(1,845)
Share based payments		-	1,219	-	-	1,219
Balance at September 30, 2023		**480,581**	**6,962**	**132,254**	**(21,111)**	**598,686**

	Note	Common shares	Contributed surplus	Retained earnings	Accumulated other comprehensive loss (net of income taxes)	Total
Balance at January 1, 2022, as previously reported		285,035	3,497	66,692	3,565	358,789
Impact of adopting IFRS 17	*2*	-	-	7,325	(24)	7,301
Balance as at Jan 1, 2022, as restated		285,035	3,497	74,017	3,541	366,090
Net income		-	-	68,505	-	68,505
Other comprehensive loss		-	-	-	(43,754)	(43,754)
Total comprehensive income (loss)		-	-	68,505	(43,754)	24,751
Share issuance		146,891	-	-	-	146,891
Shares purchased under Restricted Share Units (“RSUs”) plan		(2,167)	-	-	-	(2,167)
Share based payments		-	1,465	-	-	1,465
Balance at September 30, 2022, as restated		429,759	4,962	142,522	(40,213)	537,030

See accompanying notes to the Condensed Interim Consolidated Financial Statements

TRISURA GROUP LTD.
Condensed Interim Consolidated Statements of Cash Flows (unaudited)
(in thousands of Canadian dollars, except as otherwise noted)

For the nine months ended September 30,	*Note*	**2023**	2022 *restated*
Operating activities			
Net income		**55,621**	68,505
Items not involving cash:			
Depreciation and amortization		**1,268**	2,967
Unrealized gains (losses)		**14,763**	(2,754)
Net credit impairment losses	*4.2*	**31**	-
Stock options granted		**929**	1,019
Change in working capital	*19*	**93,736**	69,569
Realized gains (losses) on investments		**2,181**	(6,979)
Income taxes paid		**(8,105)**	(28,829)
Interest paid		**(1,324)**	(1,606)
Net cash flows from operating activities		**159,100**	101,892
Investing activities			
Proceeds on disposal of investments		**89,598**	120,083
Purchases of investments		**(178,120)**	(333,318)
Purchases of capital assets		**(459)**	(546)
Purchases of intangible assets		**(287)**	(1,188)
Net cash flows used in investing activities		**(89,268)**	(214,969)
Financing activities			
Shares issued	*14*	**51,570**	145,160
Shares purchased under RSU plan	*14*	**(1,845)**	(2,167)
Loans received	*13.1*	**-**	30,000
Loans repaid	*13.1*	**-**	(30,000)
Principal portion of lease payments		**(1,524)**	(1,424)
Net cash flows from financing activities		**48,201**	141,569
Net increase in cash and cash equivalents, and short-term securities during the period		**118,033**	28,492
Cash, beginning of period		**381,485**	330,202
Cash equivalents and short-term securities, beginning of period		**24,883**	11,117
Cash and cash equivalents, beginning of period		**406,368**	341,319
Impact of foreign exchange on cash and cash equivalents, and short-term securities		**7,083**	14,742
Cash, end of period		**524,484**	331,841
Cash equivalents and short-term securities, end of period		**7,000**	52,712
Cash and cash equivalents, and short-term securities, end of period		**531,484**	384,553

See accompanying notes to the Condensed Interim Consolidated Financial Statements

Note 1 – The Company

Trisura Group Ltd. (the "Company") was incorporated under the *Business Corporations Act* (Ontario) (the "Act") on January 27, 2017. The Company's head office is located at 333 Bay Street, Suite 1610, Box 22, Toronto Ontario, M5H 2R2.

The Company has investments in wholly owned subsidiaries through which it conducts insurance and reinsurance operations. Those operations are primarily in Canada ("Trisura Canada") and the United States ("Trisura US").

Trisura Canada operates as a Canadian property and casualty insurance company, licensed in all provinces and territories. Certain lines of Trisura Canada's business operate as a fronting carrier with a large portion of gross premiums written ceded to reinsurers. Trisura US is a domestic surplus lines insurer that can write business as a non-admitted surplus line insurer in all states and admitted business in most states. Trisura US primarily operates as a hybrid fronting carrier where a large portion of its gross premiums written are ceded to reinsurers.

The common shares of the Company are publicly traded on the Toronto Stock Exchange under the symbol "TSU".

Note 2 – Changes in accounting policies and disclosures

2.1 Basis of presentation

These Condensed Interim Consolidated Financial Statements ("Consolidated Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The Consolidated Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022, except for the adoption, effective January 1, 2023, of IFRS 9, Financial Instruments, and IFRS 17, Insurance Contracts that resulted in the restatement of certain comparative amounts (see Note 2.2 below). These statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Consolidated Financial Statements comprise the financial results of the Company and all entities controlled by the Company, on a consolidated basis of presentation. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In accordance with IFRS, presentation of assets and liabilities on the Consolidated Statements of Financial Position is in order of liquidity. The Company's functional and presentation currency is Canadian dollars.

These Consolidated Financial Statements were authorized for issuance by the Company's Board of Directors on November 2, 2023.

2.2 New and amended standards and interpretations

In these Consolidated Financial Statements, the Company has applied IFRS 17 – Insurance Contracts, and IFRS 9 – Financial Instruments. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. There have been no significant updates to Note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2022, except for the new standards, amendments to existing standards and interpretation adopted on January 1, 2023, which are discussed below.

a) IFRS 17 - Insurance Contracts ("IFRS 17")

IFRS 17 replaces IFRS 4 – Insurance Contracts, and became effective on January 1, 2023, with a transition date of January 1, 2022. IFRS 17 requires that the Company apply the standard retrospectively unless impracticable, in which case the Company may elect to use a modified retrospective or fair value method. The Company is applying the standard using a full retrospective approach, and has recognized any difference in equity.

When significant insurance risk exists, the Company's products are classified at contract inception as insurance contracts. Significant insurance risk exists when the Company agrees to compensate policyholders of the contract or ceding companies for specified uncertain future events that adversely affect the policyholder and whose amount and timing is unknown. The level of insurance risk is assessed by considering whether there are any scenarios with commercial substance in which the Company is required to pay significant additional benefits. These benefits are those which exceed the amounts payable if no insured or reinsured event were to occur.

Measurement model

Under IFRS 17, there are two main measurement models to account for insurance contracts, the general measurement model (GMM) and the premium allocation approach (PAA). Under the GMM, insurance contracts must be valued using current estimates of discounted future cash flows, an explicit risk adjustment for non-financial risk, and a contractual service margin that reflects the present value of the expected profit from fulfilling the contracts which is to be recognized into income over the coverage period. The PAA is a more simplified measurement model that is to be applied to insurance contracts with coverage periods of one year or less or where the liability for remaining coverage (LRC) under the PAA is not materially different to the LRC under the GMM.

(in thousands of Canadian dollars, except as otherwise noted)

Note 2 – Changes in accounting policies and disclosures (Continued)

The Company uses a model for evaluating whether the LRC under the GMM differs materially from the LRC under the PAA for any insurance contracts with a coverage period greater than one year, and based on management's analysis, no material differences in LRC were noted. Accordingly, the Company is applying PAA to all its insurance contracts.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts that differ from insurance contracts issued, for example the recognition of expenses or reduction in expenses rather than revenue. For reinsurance contracts, on initial recognition, the Company measures the asset for remaining coverage (ARC) at the amount of ceding premiums paid.

The Company measures the carrying amount of the LRC at the end of each reporting period as the LRC at the beginning of the period, plus premiums received in the period, minus insurance acquisition cash flows paid, plus any amounts relating to the amortization of the acquisition cash flows recognized as an expense in the reporting period for the Company, plus any adjustment to the financing component, where applicable, minus the amount recognized as insurance revenue for the coverage period, minus any investment component paid or transferred to the liability for incurred claims.

The liability for incurred claims (LIC) represents an estimate of the ultimate cost of all claims incurred but not paid by the statement of financial position date. The estimation process employed in determining future claims and loss adjustment expense (LAE) payments includes consideration of individual case estimates of claims and LAE payments on reported claims, provision for future development of case estimates on reported claims, and provision for claims and LAE related to incurred but not reported (IBNR) claims. Further provisions are made for the time value of money. The Company uses qualified actuaries in its reserving processes.

In estimating the IBNR claims, the Company uses a range of actuarial methodologies which consider assumptions related to historical loss development factors and payment patterns. While there are several assumptions that go into determining the IBNR claims, significant management judgment is applied regarding the use of assumptions relating to future development of claims and LAE that have not yet been reported, future rates of claims frequency and severity, claims inflation, payment patterns and reinsurance recoveries, taking into consideration the circumstances of the Company and the nature of the insurance policies. Typically, the delay to ultimate settlement of claims increases the uncertainty of the estimate of the ultimate cost to settle the LIC balance.

As a result of the uncertainly in estimation, actual future claims and LAE payments may deviate in quantum and timing, perhaps materially, from the liability recorded in the LIC on the Interim Condensed Consolidated Statements of Financial Position. The LIC is reviewed regularly and evaluated in light of emerging claims experience and changing circumstances. Any resulting adjustments to the estimates of the ultimate liability are recorded as Insurance service expense in the period in which such changes are made.

Discounting of insurance contract liabilities

Under IFRS 17, estimates of future cash flows are to be discounted to reflect the time value of money and financial risks related to those cash flows. The Company discounts estimates of future cash flows using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts.

Discount rates applied for discounting of future cash flows are listed below:

		As at September 30, 2023					As at December 31, 2022				
Insurance contracts issued	**Currency**	**1 year**	**5 years**	**10 years**	**20 years**	**30 years**	1 year	5 years	10 years	20 years	30 years
	CAD	6.20%	5.93%	5.82%	5.79%	5.72%	5.61%	5.15%	5.20%	5.45%	5.10%
	USD	6.40%	5.50%	5.50%	5.10%	4.80%	6.11%	5.02%	4.84%	4.56%	4.21%
Reinsurance contracts held											
	CAD	6.20%	5.93%	5.82%	5.79%	5.72%	5.61%	5.15%	5.20%	5.45%	5.10%
	USD	6.40%	5.50%	5.50%	5.10%	4.80%	6.11%	5.02%	4.84%	4.56%	4.21%

Note 2 – Changes in accounting policies and disclosures (Continued)

Risk adjustment

The measurement of insurance contract liabilities includes a risk adjustment for non-financial risk to be applied to the present value of the estimated future cash flows. The risk adjustment is the Company's compensation for bearing the uncertainty relating to non-financial risk. The non-financial risk pertains to the amount and timing of cash flows as the Company fulfils insurance contracts. The risk adjustment replaces the provision for adverse deviation. The Company is applying a quantile approach for its non-financial risks. As at September 30, 2023, the liability for incurred claims, including the risk adjustment, was calculated at a 73% level of confidence.

For reinsurance contract assets, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer.

Onerous contracts

To determine if a group of contracts are onerous, the Company considers facts and circumstances based on the expected fulfilment cash flows, pricing data, the outcomes of similar contracts, and the operating and regulatory environment. At initial recognition, the Company assumes that no contracts are onerous, unless facts and circumstances indicate otherwise, as all the Company's contracts meet the PAA criteria. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the difference between fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the LRC of the group.

Insurance acquisition cash flows

Insurance acquisition cash flows consist of costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company defers insurance acquisition cash flows and these expenses are recognized as Insurance service expenses as the related premiums are recognized as Insurance revenue.

Insurance revenue and Insurance service expenses

The Company recognizes insurance revenue for each period over the coverage period of a group of contracts. The Company recognizes groups of insurance contracts from the earliest of the following: the beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group is due, or for a group of onerous contracts, when the group becomes onerous. Premiums are earned over the terms of the related policies, generally on a pro rata basis. There are some instances where premiums are earned over the term of the policy in accordance with the risk profile of those policies with more premiums being earned when the risk exposure from the policy is greatest.

Insurance service expenses consist of amortization of insurance acquisition cash flows, incurred claims and other insurance expenses, and losses on onerous groups of contracts and reversals of such losses.

In the normal course of business, the Company enters into fronting arrangements with third parties, whereby the Company assumes the insurance risk but then cedes all or most of the risk to other insurers and reinsurers. In certain instances, security arrangements are established to offset the Company's risk exposure. Fronting arrangements do not discharge the Company as the primary insurer for its obligations to policyholders.

Presentation and disclosures

IFRS 17 introduced significant changes to the presentation and disclosure of insurance and reinsurance related items in the Consolidated financial statements including:

Changes in presentation in the Company's Interim Condensed Consolidated Statements of Financial Position include:

- the reclassification of premiums receivable, deferred acquisition costs, unpaid claims and loss adjustment expenses, and unearned premiums to be presented together as a single line item named insurance contract liabilities; and
- the reclassification of recoverable from reinsurers, reinsurance premiums payable, and unearned reinsurance commissions to be presented together as a single line item named reinsurance contract assets.

Changes in presentation in the Company's Interim Condensed Consolidated Statements of Comprehensive Income include:

- gross premiums written is replaced by insurance revenue, where premiums are recognized on an earned basis;
- income and expenses from insurance contracts issued is presented separately from net income (expense) from reinsurance contract assets; and
- all directly attributable insurance acquisition expenses are included in the insurance service expenses line item, while the remainder of expenses is recorded under other operating expenses.

Note 2 – Changes in accounting policies and disclosures (Continued)

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts that are assets and groups of reinsurance contracts that are liabilities, if any.

Reinsurance contracts

A group of reinsurance contracts that covers the losses of separate insurance contracts on a proportionate basis is recognized at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract, and in all other cases, from the beginning of the coverage period of the group of contracts.

The Company uses reinsurance in the ordinary course of business to reduce its exposure to any one claim or event under the policies it issues. A large portion of this reinsurance is affected under reinsurance agreements known as treaty reinsurance. In some instances, it is negotiated on a facultative (one-off) basis for individual policies, generally when the exposures under these policies are not sufficiently mitigated by the treaty reinsurance.

The Company's fronting operations cede the majority of the insurance revenue generated through it to third-party reinsurers. As such, Reinsurance contract assets are significant to the Company's financial position, and the associated credit risk is monitored each reporting period.

Reinsurance does not relieve the Company of its obligations to policyholders. The Company's obligation to pay policyholders is not contingent on the reinsurers paying, or honouring its contractual obligations. The Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk to minimize its exposure to losses from reinsurer insolvencies or contract disputes. Reinsurers providing reinsurance policies are generally required to have a minimum A.M. Best credit rating of A- at the inception of each policy or are otherwise required to post agreed upon levels of collateral. Unlicensed reinsurers must post an agreed upon level of collateral.

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant possibility of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the lowest unit of account, i.e., the lowest common denominator.

Net income or expense from reinsurance contracts

The Company presents on the face of the statements of income and other comprehensive income, the income and expenses from a group of reinsurance contracts, other than insurance finance income or expenses, as a single amount, including the amounts expected to be recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. The Company recognizes reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when the Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks or when both of the following criteria are satisfied: the Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio and the pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money, and the effect of financial risk and changes in financial risk.

The Company records insurance finance income or expenses on insurance contracts issued in net income, including the impact of changes in market interest rates on the value of the insurance assets and liabilities. The Company's related financial assets backing the portfolios are predominantly measured at FVOCI.

(in thousands of Canadian dollars, except as otherwise noted)

Note 2 – Changes in accounting policies and disclosures (Continued)

Investment contracts

Contracts issued to policyholders that transfer financial risk, but do not transfer significant insurance risk to the Company are classified as investment contract liabilities. The contributions received from policyholders on these contracts are recorded as investment contract liabilities, and not as premiums written, and claim payments made are recorded as adjustments to the investment contract liabilities.

Investment contract liabilities are carried at amortized cost and are measured at the date of initial recognition as the fair value of consideration received, less payments for transaction related costs. At each reporting period, the liability is measured based on the estimated future cash flows relating to all claims expected to be settled on the contracts. Gains or losses associated with the measurement are recorded in Insurance service expense. Investment contract liabilities are included in Other liabilities in the Interim Condensed Consolidated Statements of Financial Position.

Impact to retained earnings from the adoption of IFRS 17

Retained earnings	
Closing balance under IFRS 4 (December 31, 2021)	66,692
Impact of initial application of IFRS 17 related to the deferral of acquisition cash flows(1) , tax effected	8,374
Impact of initial application of IFRS 17 related to the measurement of the LIC and reinsurance assets(2) , tax effected	(1,049)
Total change to retained earnings	7,325
Opening balance under IFRS 17 (January 1, 2022)	74,017

(1) Under IFRS 17, Insurance acquisition cash flows attributable to insurance contracts issued are required to be deferred and amortized through insurance service expense. As a result, certain operating expenses which were previously expensed are now deferred and amortized.

(2) Under IFRS 17, the Reinsurance assets are lower than the equivalent measures under IFRS 4 as a result of a provision for non-performance.

b) IFRS 9 - Financial Instruments ("IFRS 9")

IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and requires financial assets to be classified and measured at fair value, with changes in fair value through profit and loss ("FVTPL") as they arise, unless certain criteria are met for classifying and measuring the asset at either amortized cost or fair value through other comprehensive income ("FVOCI"). IFRS 9 also establishes new criteria for an expected credit loss ("ECL") model for the impairment assessment of financial assets held at amortized cost and at FVOCI.

The Company has adopted IFRS 9 effective January 1, 2023. The IFRS 17 amendment published by the IASB in December 2021 permitted an entity to apply a classification overlay in the comparative periods presented on initial application of IFRS 17 and IFRS 9, to avoid temporary accounting mismatches between financial assets and insurance contract liabilities. Management has determined that as the Company's financial assets, that are related to insurance contract liabilities, were previously classified and measured on a fair value basis under IAS 39, the classification overlay's impact on mitigating an accounting mismatch for the Company is limited. Accordingly, the Company has elected not to restate comparative periods, as permitted by IFRS 9. The significant impacts of the adoption of IFRS 9 on the Company's Consolidated financial statements are summarized below:

Classification and measurement

Under IFRS 9, financial assets are classified as amortized cost, FVOCI, or FVTPL based on the Company's business model for managing the assets and the asset's contractual cash flow characteristics.

The Company's classification of its significant financial instruments under IFRS 9 is as follows:

Financial instruments	**IAS 39 Classification**	**IFRS 9 Classification**
Investments		
Common shares and Alternatives	AFS	FVTPL
Preferred shares	AFS	FVTPL or FVOCI – equity instruments
Fixed income	AFS	FVTPL or FVOCI – debt instruments
Derivatives	FVTPL	FVTPL
Other financial assets	Loans and receivables	Amortized cost
Financial liabilities	Amortized cost	Amortized cost

Note 2 – Changes in accounting policies and disclosures (Continued)

For FVOCI investments which are debt instruments, gains and losses arising from changes in fair value are recognized directly in OCI until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in net income for the period. An impairment loss is recognized immediately in the profit and loss for the period.

Classifications of financial instruments

i) Fair Value Through Profit or Loss ("FVTPL")

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under IFRS 9. This category includes debt instruments whose cash flow characteristics fail the Solely Payments of Principal and Interest ("SPPI") test or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

FVTPL financial instruments are carried at fair value and recognized on the trade date, with the changes in fair value recognized in net income. Transaction costs related to FVTPL financial instruments are expensed in net investment income.

ii) Fair Value Through Other Comprehensive Income ("FVOCI")

The Company applies this category under IFRS 9 for debt instruments measured at FVOCI when both of the following conditions are met: the instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset meet the SPPI test.

These instruments largely comprise debt instruments that had previously been classified as available-for-sale under IAS 39. Debt instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

The Company also applies the new category under IFRS 9 for equity instruments when both of the following conditions are met: the instrument is not held for trading, and the Company has elected the OCI option for the instrument.

These instruments largely comprise certain Preferred shares that had previously been classified as available-for-sale under IAS 39. Equity instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

FVOCI financial instruments are carried at fair value and recognized on the trade date, with changes in fair value recorded as unrealized gains or losses in other comprehensive income. Transaction costs related to financial instruments classified as FVOCI are capitalized on initial recognition and, where applicable, amortized to interest income using the effective interest method.

iii) Amortized Cost

Debt instruments are held at amortized cost if both of the following conditions are met: the instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows, and the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments are held at amortized cost when they have fixed or determinable payments and are not quoted in an active market. Transaction costs are capitalized on initial recognition and are recognized in investment income using the effective interest rate method. The Company has classified Other assets (excluding derivative assets) as amortized cost. Derivative assets which are grouped with Other assets are carried at fair value.

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in net income and presented in realized gains or losses on investments.

Financial liabilities, such as Loan payable and Other liabilities are measured at amortized cost. Derivative liabilities and cash-settled Share based payments, which are grouped with other liabilities are carried at fair value.

Note 2 – Changes in accounting policies and disclosures (Continued)

Subsequent Measurement

i) Financial assets at FVTPL

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in net income. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate on an effective interest rate basis. Dividend income from equity instruments measured at FVTPL is recorded in net income as net investment income when the right to the payment has been established.

ii) Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in net income in the same manner as for financial assets measured at amortized cost. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to net income.

iii) Equity instruments at FVOCI

FVOCI equity instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Foreign exchange gains and losses are included as unrealized gains (losses) within OCI. Dividend income is recognized in net income in the same manner as for financial assets measured at amortized cost. No impairment or ECL calculation is performed for FVOCI equity instruments. On derecognition, cumulative gains or losses previously recognized in OCI are not reclassified from OCI to net income.

iv) Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values by management, which includes input from the Company's third-party investment managers.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Investments carried at fair value are classified in accordance with a valuation hierarchy that reflects the significance of the inputs used in determining their fair value. Under Level 1 of this hierarchy, fair value is derived from unadjusted quoted prices in active markets for identical investments. Under Level 2, fair value is derived from market inputs that are directly or indirectly observable, other than unadjusted quoted prices for identical investments. Level 2 financial instruments comprise fixed income securities such as over the counter bonds and derivative financial instruments such as foreign currency forwards, equity and interest rate swap agreements which are not considered as actively traded or for which fair values are based on valuation techniques. Inputs used in their valuation include prevailing market rates for fixed income securities with similar characteristics and risk profiles. Under Level 3, fair value is derived from inputs, some of which are not based on observable market data.

Significant unobservable inputs and valuation adjustments are regularly reviewed. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed in light of the requirements of IFRS, including the level in the fair value hierarchy in which such investments should be classified.

If the inputs used to measure the fair value of an asset or a liability is categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Expected credit loss ("ECL")

The impairment model for measuring impairment of financial assets changed from an incurred loss model under IAS 39 to an ECL model under IFRS 9. ECL is based on probability of default, loss given default and exposure at default inputs and takes into account the expected timing of the loss. The ECL model also incorporates forward-looking economic information. IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments measured at amortized cost or FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

Note 2 – Changes in accounting policies and disclosures (Continued)

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL" or LTECL).

The majority of the Company's debt instruments at FVOCI comprise quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure such instruments on a 12-month ECL basis.

As at January 1, 2023, the adoption of the ECL requirements of IFRS 9 has resulted in increases in impairment allowances in respect of the Company's debt instruments recognized through net income, with an offsetting movement through OCI.

The effective interest rate method

Under IFRS 9, interest income is recorded using the effective interest rate ("EIR") method for all financial assets measured at amortized cost. Similar to interest bearing financial assets previously classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

Derivative financial instruments

Derivative financial instruments are classified as FVTPL. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative.

Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future. These instruments are recorded at fair value. Based on market prices, fair value adjustments and realized gains or losses are recognized in Net investment income in the Interim Condensed Consolidated Statements of Comprehensive Income.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Interim Condensed Consolidated Statements of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

(in thousands of Canadian dollars, except as otherwise noted)

Note 2 – Changes in accounting policies and disclosures (Continued)

Transition disclosures - IFRS 9

The following page sets out the impact of adopting IFRS 9 on the statement of financial position, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

A reconciliation between the carrying amounts under IAS 39 as at December 31, 2022, and the balances reported under IFRS 9 as at January 1, 2023 is, as follows:

	Measurement category		Carrying amount		
	IAS 39	**IFRS 9**	**IAS 39**	**Impact of IFRS 9**	**IFRS 9**
Cash and equivalents	Amortized cost	Amortized cost	406,368	-	406,368
Debt securities	AFS	FVOCI	582,729	(140,820)	441,909
		FVTPL	-	140,820	140,820
Preferred shares	AFS	FVOCI	101,106	(51,779)	49,327
		FVTPL	-	51,779	51,779
Common shares	AFS	n/a	34,401	(34,401)	-
		FVTPL	-	34,401	34,401
Alternatives	AFS	n/a	47,139	(47,139)	-
		FVTPL	-	47,139	47,139
			1,171,743	-	1,171,743

The following table reconciles the aggregate opening loan loss provision allowances under IAS 39 to the ECL allowances under IFRS 9. Further details are disclosed in Note 3.

	Loan loss provision under IAS 39 at December 31, 2022	Remeasurement	ECLs under IFRS 9 at January 1, 2023
Impairment allowance for			
Available-for-sale debt investment securities per IAS 39/Debt financial assets at FVOCI under IFRS 9	-	-	4,187
	-	-	4,187

(in thousands of Canadian dollars, except as otherwise noted)

Note 2 – Changes in accounting policies and disclosures (Continued)

Impact of transition to IFRS 9 and IFRS 17 on AOCI and Retained earnings

	AOCI and Retained earnings
AOCI	
Closing balance under IAS 39 of unrealized gains in AOCI (December 31, 2022)	(44,054)
Impact of initial application of IFRS 9 (1)	33,431
Deferred tax in relation to IFRS 9 application	(8,252)
Impact of initial application of IFRS 17	(112)
Opening balance under IFRS 9 (January 1, 2023)	(18,987)
Retained earnings	
Closing balance under IAS 39 (December 31, 2022)	91,343
Impact of initial application of IFRS 17(2)	14,494
Deferred tax in relation to IFRS 17 application	(4,025)
Impact of initial application of IFRS 9 (1)	(33,431)
Deferred tax in relation to IFRS 9 application	8,252
Opening balance under IFRS 9 and IFRS 17 (January 1, 2023)	76,633
Total change in equity due to application of IFRS 9	-
Total change in equity due to application of IFRS 17	10,357

(1) Reflects movement of unrealized gains and losses between AOCI and retained earnings, as well as the impact of new ECL reserves.
(2) Reflects addition to equity primarily as a result of increases in deferred acquisition costs, as a result of an increasing amount of costs required to be deferred under IFRS 17 than under IFRS 4.

Changes in EPS are primarily as a result of an increase in deferred acquisition costs.

c) Future accounting policy changes

IAS 12 – Income taxes, International tax reform - Pillar Two Model Rules

In May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules, which amended IAS 12 - Income taxes, for fiscal years on or after December 31, 2023. The amendments include a temporary exception from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. This exception will allow entities time to assess the implications of the new rules and to avoid diverse interpretations of IAS 12 which could result in inconsistent applications until the IASB can complete further work. The Company has applied this exception and is currently continuing to assess potential impacts.

Note 3 – Critical accounting judgments and estimates in applying accounting policies

The preparation of Consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the years presented.

3.1 Critical accounting judgments in applying the Company's accounting policies

Judgments are used in applying the accounting policies used to prepare financial statements. Those judgments affect the carrying amount of certain assets and liabilities and the reported amounts of revenues and expenses recorded during the year.

a) Insurance and Reinsurance Contracts

Judgments are used to determine whether contracts should be classified as insurance or investment contracts (see Note 2.2(a)).

b) Liability for remaining coverage and Liability for incurred claims

Judgments are used to determine whether groups of contracts are onerous (see Note 2.2(a)).

Judgment is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contracts (see Note 2.2(a)).

Other key circumstances affecting the reliability of assumptions include variation in interest rates, cost of capital, delays in settlement and changes in foreign currency exchange rates.

Judgment is used when selecting discount rates to apply to insurance liabilities.

c) Risk adjustment for non-financial risk

Judgment is used to determine the methods and assumptions used to determine the risk adjustment for non-financial risk (see note 2.2(a)).

d) PAA contracts

Judgment is used in determining whether contracts which are greater than one year qualify for PAA (see Note 2.2(a)).

e) Determination of portfolios

Judgment is used in determining which contracts constitute a portfolio (see Note 2.2(a)).

f) Financial assets

Judgment is used in determining the classification of financial assets as FVOCI, FVTPL or amortized cost (see Note 2.2(b)).

3.2 Assumptions and estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Consolidated financial statements is included below. Any changes in estimates are recorded in the period in which they are determined. Accordingly, actual results may differ from these and other estimates thereby impacting future financial statements:

a) Valuation of insurance contract liabilities

Assumptions and estimation uncertainties exist related to the valuation of insurance contract liabilities (see Note 2.2(a)), as well as significant risk factors associated with insurance and reinsurance.

b) Valuation of level 3 assets

Assumptions and estimation uncertainties exist related to the valuation of Level 3 assets (see Note 2.2(b) and Note 6).

c) Measurement of recoverable from reinsurers

Assumptions and estimates are used in measuring the Reinsurance contract assets and the recoverability of those assets (see Note 2.2(a) and Note 11).

d) Measurement of income taxes

Assumptions and estimates are used in measuring the provision for incomes taxes (see Note 17).

Note 3 – Critical accounting judgments and estimates in applying accounting policies (Continued)

e) Impairment of financial assets

Management assesses financial instruments for objective evidence of impairment at each reporting date and there are inherent risks and uncertainties in performing this assessment of impairment loss, including factors such as general economic conditions and issuers' financial conditions (see Note 2.2(b) and Note 4.2).

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgment, in particular, for the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by the outcome of modelled ECL scenarios and the relevant inputs used.

f) ECL calculations

Assumptions and estimations are used in calculating ECL's (see Note 2.2(b) and Note 4.2).

(in thousands of Canadian dollars, except as otherwise noted)

Note 4 – Investments

4.1 Classification of cash and investments

The following table presents the classification of cash and cash equivalents, short-term securities and investments:

As at September 30, 2023	FVOCI	FVTPL	Amortized Cost	Total
Cash and cash equivalents, and short-term securities	-	-	531,484	531,484
Investments				
Short-term securities	-	-	2,000	2,000
Fixed income(1)	498,726	140,463	-	639,189
Common shares	-	32,308	-	32,308
Preferred shares	48,029	62,609	-	110,638
Alternatives	-	58,125	-	58,125
Total investments	546,755	293,505	2,000	842,260
Total cash and cash equivalent and investments	546,755	293,505	533,484	1,373,744

As at December 31, 2022	AFS	Cash, loans and receivables	Total
Cash and cash equivalents	-	406,368	406,368
Investments			
Fixed income(1)	582,729	-	582,729
Common shares	34,401	-	34,401
Preferred shares	101,106	-	101,106
Alternatives	47,139	-	47,139
Total investments	765,375	-	765,375
Total cash and cash equivalents and investments	765,375	406,368	1,171,743

(1) As at September 30, 2023, included in Fixed income are exchange-traded debt funds amounting to $134,866 (December 31, 2022 - $136,423).

4.2 Unrealized gains and losses and carrying value of investments

The amortized cost and carrying value of investments as at September 30, 2023 and December 31, 2022 were as follows:

As at September 30, 2023	FVTPL investments	FVOCI and amortized cost investments				Total investments
	At carrying value	Amortized cost	Unrealized gains	Unrealized losses	Carrying value	At carrying value
Short-term securities	-	2,000	-	-	2,000	2,000
Fixed income	140,463	530,337	15	(31,626)	498,726	639,189
Common shares	32,308	-	-	-	-	32,308
Preferred shares	62,609	55,550	559	(8,080)	48,029	110,638
Alternatives	58,125	-	-	-	-	58,125
	293,505	587,887	574	(39,706)	548,755	842,260

(in thousands of Canadian dollars, except as otherwise noted)

4.2 Unrealized gains and losses and carrying value of investments (Continued)

As at December 31, 2022	Amortized cost	Unrealized gains	Unrealized losses	Carrying value
Fixed income	629,953	106	(47,330)	582,729
Common shares	41,820	530	(7,949)	34,401
Preferred shares	121,063	674	(20,631)	101,106
Alternatives	43,002	4,307	(170)	47,139
	835,838	5,617	(76,080)	765,375

The loss allowance for debt investments at FVOCI of $4,218 (2022: $nil) is recognized in other comprehensive income (loss), and does not reduce the carrying amount of these investments in the statement of financial position.

Impairment losses on financial investments subject to impairment assessment

An analysis of changes in the fair value and the corresponding ECLs is as follows:

	12mECL	LTECL	Total
Fair value as at January 1, 2023	**441,932**	**656**	**442,588**
New assets purchased	133,427	-	133,427
Assets derecognized or matured	(76,757)	-	(76,757)
Change in fair value	(487)	(49)	(536)
Net foreign exchange income	4	-	4
Movement between 12mECL and LTECL	(675)	675	-
As at September 30, 2023	**497,444**	**1,282**	**498,726**

	12mECL	LTECL	Total
ECL as at January 1, 2023	**3,935**	**252**	**4,187**
New assets purchased	537	-	537
Assets derecognized or matured (excl. writeoffs)	(197)	-	(197)
Movement in ECL	(147)	(162)	(309)
Movement between 12mECL and LTECL	(167)	167	-
As at September 30, 2023	**3,961**	**257**	**4,218**

4.3 Pledged assets

In the normal course of insurance and reinsurance operations, the Company must secure its obligations under certain insurance and reinsurance contracts by collateralizing them with letters of credit or trust arrangements. These trusts and letters of credit may, in turn, be secured by the Company's fixed income investments. As at September 30, 2023, the Company has pledged cash amounting to $765 (December 31, 2022 - $741), under insurance and reinsurance trust arrangements and are therefore not readily available for general use by the Company.

As at September 30, 2023, the Company pledged $7,120 (December 31, 2022 – $7,295) of fixed income investments as security deposits to various US state insurance departments to be held in trust for various states and are therefore not readily available for general use by the Company.

(in thousands of Canadian dollars, except as otherwise noted)

Note 5 – Fair value and notional amount of derivatives

The following sets out the fair value and notional amount of derivatives as at September 30, 2023 and December 31, 2022:

As at	**September 30, 2023**			December 31, 2022		
		Fair value			Fair value	
	Notional amount	**Asset**	**Liability**	Notional amount	Asset	Liability
Foreign currency contracts						
Forwards	**139,877**	**-**	**165**	127,460	671	-
Equity contracts						
Swap agreement	**11,661**	**9,446**	**-**	13,197	13,969	-
Interest rate contracts						
Swap agreement	**-**	**-**	**-**	6,218	1,319	-
	151,538	**9,446**	**165**	146,875	15,959	-
Term to maturity						
less than one year	**151,538**	**9,446**	**165**	140,657	14,640	-
from one to five years	**-**	**-**	**-**	-	-	-
over five years	**-**	**-**	**-**	6,218	1,319	-

The Company uses foreign currency forward contracts to reduce its exposure to fluctuations in the exchange rates that could arise from its USD, EUR and GBP denominated investments. The notional amounts of the forwards as at September 30, 2023 are $98,043 USD (December 31, 2022 – $85,633 USD), €1,561 EUR (December 31, 2022 – €1,561 EUR) and £2,853 GBP (December 31, 2022 – £5,455 GBP). The Company also uses swap agreements to mitigate exposure to equity market fluctuations associated with its share based compensation. These derivatives are recorded at fair value (see Note 6, Note 9 and Note 10) and gains and losses are recorded in Net (losses) gains (see Note 8).

Note 6 – Fair value measurement

The following sets out the financial instruments classified in accordance with the fair value hierarchy as at September 30, 2023 and December 31, 2022:

As at September 30, 2023	**Total fair value**	**Level 1**	**Level 2**	**Level 3**
Fixed income	**639,189**	**-**	**639,189**	**-**
Common shares	**32,308**	**32,308**	**-**	**-**
Preferred shares	**110,638**	**110,638**	**-**	**-**
Alternatives	**58,125**	**-**	**-**	**58,125**
Total investments	**840,260**	**142,946**	**639,189**	**58,125**
Derivative financial assets	**9,446**	**-**	**9,446**	**-**
Derivative financial liabilities	**(165)**	**-**	**(165)**	**-**
	849,541	**142,946**	**648,470**	**58,125**

As at December 31, 2022	Total fair value	Level 1	Level 2	Level 3
Fixed income	582,729	-	582,729	-
Common shares	34,401	34,401	-	-
Preferred shares	101,106	101,106	-	-
Alternatives	47,139	-	-	47,139
Total investments	765,375	135,507	582,729	47,139
Derivative financial assets	15,959	-	15,959	-
	781,334	135,507	598,688	47,139

(in thousands of Canadian dollars, except as otherwise noted)

Note 6 – Fair value measurement (Continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the hierarchy as at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Balance at beginning of period	**47,139**	13,640
Transfers in	**-**	9,572
Realized and unrealized losses	**(5,051)**	(1,069)
Purchase of securities	**15,531**	25,245
Sale of securities	**-**	(292)
Foreign exchange	**506**	43
Balance at end of period	**58,125**	47,139

Note 7 – Net investment income

	Three months ended September 30		**Nine months ended September 30**	
	2023	2022	**2023**	2022
Cash and cash equivalents, and short-term securities	**4,317**	608	**10,005**	863
FVOCI bonds	**5,090**	4,472	**14,779**	10,201
FVTPL bonds	**1,589**	-	**4,339**	-
Interest income	**10,996**	5,080	**29,123**	11,064
FVTPL common shares	**1,416**	-	**3,327**	-
FVOCI common shares	**-**	736	**-**	2,473
FVTPL preferred shares	**1,004**	-	**2,986**	-
FVOCI preferred shares	**671**	1,357	**1,995**	3,794
Dividend income	**3,091**	2,093	**8,308**	6,267
Investment expenses	**(594)**	(590)	**(1,968)**	(1,648)
Net investment income	**13,493**	6,583	**35,463**	15,683

(in thousands of Canadian dollars, except as otherwise noted)

Note 8 – Net (losses) gains

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
FVOCI financial instruments:				
FVOCI fixed income	**43**	3	**(332)**	(53)
FVOCI equity securities	**-**	1,833	**-**	7,301
FVTPL financial instruments:				
FVTPL fixed income	**(2,162)**	-	**(2,514)**	-
FVTPL equity securities	**(4,236)**	-	**(4,851)**	-
FVTPL alternatives	**(433)**	-	**(4,453)**	-
	(6,788)	1,836	**(12,150)**	7,248
Derivatives:				
Swap agreements(1)	**(2,307)**	491	**(4,870)**	(3,375)
Embedded derivatives	**144**	534	**1,032**	361
Net foreign currency gains (losses)	**243**	862	**(1,802)**	456
Net (losses) gains	**(8,708)**	3,723	**(17,790)**	4,690

(1) Excluding foreign currency contracts, which are reported in the line Net foreign currency gains (losses).

The Company does not have any gains or losses arising from the derecognition of financial assets measured at amortized cost in 2023 and 2022.

Note 9 – Other assets

As at	**September 30, 2023**	December 31, 2022
Derivative financial assets	**9,446**	15,959
Prepaid expenses	**7,262**	1,780
Accrued investment income	**6,297**	5,358
Tax recoveries	**3,135**	22,773
Unsettled investments receivable	**2,704**	9,975
Miscellaneous assets	**6,021**	6,007
	34,865	61,852

(in thousands of Canadian dollars, except as otherwise noted)

Note 10 – Other liabilities

As at	September 30, 2023	December 31, 2022
Deposits in trust	**50,329**	9,807
Accrued liabilities	**31,595**	23,550
Lease liabilities	**9,948**	11,741
Share based payment plan	**8,433**	12,669
Other liabilities	**6,478**	4,508
Taxes payable	**5,885**	-
Deferred tax liabilities	**938**	2,836
Derivative financial liabilities	**165**	-
	113,771	65,111

Note 11 – Reinsurance contracts

The Company uses reinsurance in the ordinary course of business to reduce its exposure to any one claim or event under the policies it issues. A large portion of this reinsurance is affected under reinsurance agreements known as treaty reinsurance. In some instances, it is negotiated on a facultative (one-off) basis for individual policies, generally when the exposures under these policies are not sufficiently mitigated by the treaty reinsurance.

The Company's fronting operations cede the majority of the premiums generated through it to third-party reinsurers. As such, reinsurance assets are significant to the Company's financial position, and the associated credit risk is monitored each reporting period.

Reinsurance does not relieve the Company of its obligations to policyholders. The Company's obligation to pay policyholders is not contingent on the reinsurers paying, or honouring its contractual obligations. For this reason, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk to minimize its exposure to losses from reinsurer insolvencies. Reinsurers providing reinsurance policies are generally required to have a minimum A.M. Best credit rating of A- at the inception of each policy or are otherwise required to post agreed upon levels of collateral. Unlicensed reinsurers must post an agreed upon level of collateral.

There is a provision for reinsurer non-performance of $3,501 as at September 30, 2023 (December 31, 2022 – $2,740). In the quarter, the provision increased by $354 (September 30, 2022 – increase of $621).

Allegations have emerged regarding the legitimacy of certain letters of credit associated with a particular bank. Trisura holds certain letters of credit from this bank which were provided by one of our US reinsurance partners. Trisura has evaluated the recoverability of reinsurance assets associated with this reinsurance partner and determined that given the information available, no provision of recoverability of those assets is required as at and for the period ended September 30, 2023.

Note 12 – Capital management

The Company's capital is its shareholders' equity, which consists of common shares, contributed surplus, retained earnings and accumulated other comprehensive (loss) income. The Company reviews its capital structure on a regular basis to ensure an appropriate capital structure in keeping with all regulatory, business and shareholder obligations.

Oversight of the capital of the Company rests with management and the board of directors. Their objectives are twofold: (i) to ensure the Company is prudently capitalized relative to the amount and type of risks assumed and the requirements established by the laws and regulations applicable to the Company's regulated subsidiaries; and (ii) to ensure shareholders receive an appropriate return on their investment.

In Canada, under guidelines established by the Office of the Superintendent of Financial Institutions which apply to the regulated insurance company of Trisura Canada, Canadian property and casualty insurance companies must maintain minimum levels of capital as determined in accordance with a prescribed test, the minimum capital test ("MCT"), which expresses available capital (actual capital plus or minus specified adjustments) as a percentage of required capital. Companies are expected to maintain MCT level of at least 150% and are further required to establish their own target MCT level based on the nature of their operations and the business they write. Management, with the board of directors' approval, has established Trisura Canada's target MCT level in accordance with these requirements.

(in thousands of Canadian dollars, except as otherwise noted)

Note 12 – Capital management (Continued)

In the US, the regulated insurance companies of Trisura US are subject to externally imposed regulatory capital requirements by the Oklahoma Insurance Department as a Domestic Surplus Line Insurer. The Company's admitted carrier is subject to the various capital requirements of each US state in which it is licensed. A requirement of the regulators is that Trisura US' regulated insurance companies' Risk Based Capital exceed certain minimum thresholds as well as Company Action Levels (CALs), below which the companies would have to notify the regulators.

Note 13 – Loan payable

13.1 Loan payable

The Company maintains a five-year revolving credit facility (the "Facility") with a Canadian Schedule I bank (the "Bank") which allows for drawings of up to $50,000. Under this arrangement, the Company is able to draw funds in the form of short-term banker's acceptances, Canadian prime rate advances, base rate advances or Secured Overnight Financing Rate (SOFR) loans. The interest rate is based on the current periods' bankers' acceptance rate, Canadian prime rate, base rate, or SOFR loans rate, plus a margin. The loan balance is accounted for at amortized cost, which is equal to the carrying value. The minimum required annual payment consists only of interest, with no mandatory principal payments required.

In Q2 2022, $30,000 was drawn under the Facility, which was repaid in the following quarter. In Q3 2023, the Company issued a Letter of Credit for $13,500 (December 31, 2022 – $nil) through this facility, lowering the undrawn capacity to $36,500 (December 31, 2022 - $50,000).

13.2 Senior unsecured notes

In June 2021, the Company completed an offering of senior unsecured notes (the "Notes"), with a principal amount of $75,000, which will mature on June 11, 2026. The Notes bear interest at a fixed annual rate of 2.64%. Interest is payable in semi-annual instalments which commenced on December 11, 2021. The Notes are direct unsecured obligations and will rank equally with all other unsecured and unsubordinated indebtedness of the Company.

The following table provides details of the total debt outstanding as at September 30, 2023 and December 31, 2022.

						Carrying value	
	Maturity date	Term (years)	Fixed rate	Coupon (payment)	Principal amount	Sep.30,2023	Dec.31,2022
Senior unsecured notes	June 11, 2026	5	2.64%	Jun, Dec	75,000	**75,000**	75,000

For the three and nine months ended September 30, 2023, the Company incurred $643 and $1,844 of interest expense respectively (September 30, 2022 – $823 and $2,056 respectively), of which $499 and $1,489 respectively (September 30, 2022 – $721 and $1,749 respectively) are related to the loan payable.

Note 14 – Share capital

The Company's authorized share capital consists of: (i) an unlimited number of common shares; (ii) an unlimited number of non-voting shares; and (iii) an unlimited number of preference shares (issuable in series). As at September 30, 2023 and December 31, 2022, no non-voting shares were issued and no preferred shares are outstanding.

In July 2022, the Company completed a public offering of 4,512,000 common shares for gross proceeds of $150,024. The Company incurred costs of $6,001 in commission paid to underwriters as well as $529 of costs directly attributable to the share issuance, which have been deducted from equity. As at December 31, 2022, the net impact of the share issuance is an increase in common shares of $145,225, net of tax impact of $1,731 related to the share issuance costs.

In August 2023, the Company completed a public offering of 1,620,000 common shares for gross proceeds of $53,298. The Company incurred costs of $2,132 in commission paid to underwriters as well as $307 of costs directly attributable to the share issuance, which have been deducted from equity. As at September 30, 2023, the net impact of the share issuance is an increase in common shares of $51,453, net of tax impact of $594 related to the share issuance costs.

During the nine months ended September 30, 2023, 77,798 stock options (December 31, 2022 – 145,141 stock options) issued under the Company's existing stock option plan were exercised. Consideration paid by stock option holders to exercise the options resulted in an increase to share capital.

Note 14 – Share capital (Continued)

The following table shows the common shares issued and outstanding, excluding treasury shares:

As at	September 30, 2023		December 31, 2022	
	Number of common shares	**Amount (in thousands)**	Number of common shares	Amount (in thousands)
Balance, beginning of period	**45,783,528**	**430,262**	41,165,198	285,035
Shares under RSUs plan	**(59,622)**	**(1,845)**	(38,811)	(1,946)
Common shares issued	**1,697,798**	**52,164**	4,657,141	147,173
Balance, end period	**47,421,704**	**480,581**	45,783,528	430,262

As part of the RSUs plan, the Company purchases its own shares which are classified as treasury shares and the costs of these shares are recorded as a reduction to equity. As at September 30, 2023, the Company has an aggregate of 47,579,035 common shares (December 31, 2022 – 45,881,237 common shares) outstanding, which includes 157,331 treasury shares (December 31, 2022 – 97,709 treasury shares).

Note 15 – Earnings per share

Basic earnings per common share are calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted-average number of common shares.

Diluted earnings per share is calculated by dividing the net income attributable to common shareholders for the reporting period by the weighted-average number of common shares adjusted for the effects of all dilutive potential common shares, which consist of stock options.

	Three months ended September 30		**Nine months ended September 30**	
	2023	2022	**2023**	2022
Net income attributable to common shareholders	**14,838**	24,224	**55,621**	68,505
Weighted-average number of common shares outstanding (in shares)	**46,671,123**	45,226,265	**46,173,544**	42,584,770
EPS – basic (in dollars)	**0.32**	0.54	**1.20**	1.62
Dilutive effect of the conversion of options on common shares (in shares)	**803,872**	899,850	**788,810**	834,265
Diluted weighted-average number of common shares outstanding (in shares)	**47,474,995**	46,126,115	**46,962,354**	43,419,035
EPS – diluted (in dollars)	**0.31**	0.53	**1.18**	1.58

(in thousands of Canadian dollars, except as otherwise noted)

Note 16 – Segmented information

As at September 30, 2023, the Company has two reportable segments. The operations of Trisura Canada comprise Surety business underwritten in both Canada and the United States, and Risk Solutions and Corporate Insurance products primarily underwritten in Canada. Trisura US provides specialty fronting insurance solutions underwritten in the United States. The operations of Trisura US includes the reinsurance operations of Trisura International.

During Q1 2022, the Company determined that Trisura International, which comprised the Company's international reinsurance operations, no longer met the quantitative threshold for reportable segment disclosure purposes and the Company's chief operating decision maker no longer deems Trisura International's results to be significant. The run-off operations of Trisura International has been reclassified to Corporate and other.

The following tables show the results for the three and nine months ended September 30, 2023 and 2022:

Three months ended September 30, 2023	**Trisura Canada**	**Trisura US**	**Corporate and Other**	**Total**
Insurance revenue	221,065	509,649	-	**730,714**
Insurance service expenses	(112,907)	(449,545)	33	**(562,419)**
Net expense from reinsurance contracts assets	(77,388)	(66,158)	-	**(143,546)**
Insurance service result	30,770	(6,054)	33	**24,749**
Net investment income	6,478	6,187	828	**13,493**
Net losses	(4,120)	(2,774)	(1,814)	**(8,708)**
Net credit impairment (losses) reversals	(82)	(266)	90	**(258)**
Total investment income (loss)	2,276	3,147	(896)	**4,527**
Finance income (expenses) from insurance contracts	658	(12,179)	-	**(11,521)**
Finance (expenses) income from reinsurance contracts	(493)	11,116	-	**10,623**
Net insurance finance income (expenses)	165	(1,063)	-	**(898)**
Net financial result	2,441	2,084	(896)	**3,629**
Net insurance and financial result	33,211	(3,970)	(863)	**28,378**
Other income	847	-	-	**847**
Other operating (expenses) income	(4,169)	(3,697)	772	**(7,094)**
Other finance costs	(56)	(87)	(500)	**(643)**
Income (loss) before tax	**29,833**	**(7,754)**	**(591)**	21,488

(in thousands of Canadian dollars, except as otherwise noted)

Note 16 – Segmented information (Continued)

Nine months ended September 30, 2023	**Trisura Canada**	**Trisura US**	**Corporate and Other**	**Total**
Insurance revenue	597,426	1,436,808	-	**2,034,234**
Insurance service expenses	(368,673)	(1,261,314)	(92)	**(1,630,079)**
Net expense from reinsurance contracts assets	(159,498)	(163,481)	-	**(322,979)**
Insurance service result	69,255	12,013	(92)	**81,176**
Net investment income	17,325	16,226	1,912	**35,463**
Net losses	(8,027)	(3,977)	(5,786)	**(17,790)**
Net credit impairment (losses) reversals	(19)	(160)	148	**(31)**
Total investment income (loss)	9,279	12,089	(3,726)	**17,642**
Finance expenses from insurance contracts	(5,905)	(42,254)	-	**(48,159)**
Finance income from reinsurance contracts	3,866	38,382	-	**42,248**
Net insurance finance expenses	(2,039)	(3,872)	-	**(5,911)**
Net financial result	7,240	8,217	(3,726)	**11,731**
Net insurance and financial result	76,495	20,230	(3,818)	**92,907**
Other income	6,927	-	-	**6,927**
Other operating (expenses) income	(12,937)	(10,173)	509	**(22,601)**
Other finance costs	(168)	(87)	(1,589)	**(1,844)**
Income (loss) before tax	**70,317**	**9,970**	**(4,898)**	**75,389**

Three months ended September 30, 2022	Trisura Canada	Trisura US	Corporate and Other	Total
Insurance revenue	169,782	381,079	-	550,861
Insurance service expenses	(134,909)	(412,892)	(58)	(547,859)
Net expense from reinsurance contracts assets	(16,519)	42,107	-	25,588
Insurance service result	18,354	10,294	(58)	28,590
Net investment income	3,852	2,069	662	6,583
Net losses (gains)	(984)	997	3,710	3,723
Total investment income	2,868	3,066	4,372	10,306
Finance income (expenses) from insurance contracts	655	(1,277)	-	(622)
Finance expenses (income) from reinsurance contracts	(326)	1,229	-	903
Net insurance finance income (expense)	329	(48)	-	281
Net financial result	3,197	3,018	4,372	10,587
Net insurance and financial result	21,551	13,312	4,314	39,177
Other income	663	-	-	663
Other operating expenses	(3,861)	(2,967)	(1,269)	(8,097)
Other finance costs	(67)	(31)	(725)	(823)
Income before tax	18,286	10,314	2,320	30,920

(in thousands of Canadian dollars, except as otherwise noted)

Note 16 – Segmented information (Continued)

Nine months ended September 30, 2022	Trisura Canada	Trisura US	Corporate and Other	Total
Insurance revenue	454,263	964,910	-	1,419,173
Insurance service expenses	(308,872)	(959,603)	(6)	(1,268,481)
Net expense from reinsurance contracts assets	(94,117)	26,373	-	(67,744)
Insurance service result	51,274	31,680	(6)	82,948
Net investment income	9,731	4,776	1,176	15,683
Net gains	2,867	1,514	309	4,690
Total investment income	12,598	6,290	1,485	20,373
Finance income from insurance contracts	2,269	9,713	-	11,982
Finance expenses from reinsurance contracts	(760)	(9,005)	-	(9,765)
Net insurance finance income	1,509	708	-	2,217
Net financial result	14,107	6,998	1,485	22,590
Net insurance and financial result	65,381	38,678	1,479	105,538
Other income	5,860	-	-	5,860
Other operating (expenses) income	(11,918)	(7,723)	212	(19,429)
Other finance costs	(201)	(93)	(1,762)	(2,056)
Income (loss) before tax	59,122	30,862	(71)	89,913

As at September 30, 2023	**Trisura Canada**	**Trisura US**	**Corporate and Other**	**Total**
Assets	**899,630**	**2,395,927**	**109,352**	**3,404,909**
Liabilities	**638,534**	**2,116,747**	**50,942**	**2,806,223**

As at December 31, 2022	Trisura Canada	Trisura US	Corporate and Other	Total
Assets	750,056	1,952,537	96,272	2,798,865
Liabilities	539,192	1,710,980	55,042	2,305,214

(in thousands of Canadian dollars, except as otherwise noted)

Note 17 – Income taxes

The following shows the major components of income tax expense for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Current tax expense	**16,886**	5,404	**34,092**	19,696
Deferred tax (benefit) expense	**(10,236)**	1,292	**(14,324)**	1,712
Income tax expense	**6,650**	6,696	**19,768**	21,408
Income taxes recorded in other comprehensive income (loss):				
Net changes in unrealized losses on FVOCI investments	**(1,215)**	(1,492)	**(293)**	(9,928)
Reclassification to net income of net losses on FVOCI investments	**(5)**	(424)	**(238)**	(1,429)
Origination and reversal of temporary differences	**40**	(2,557)	**199**	(7,988)
Total income tax benefit recorded in other comprehensive income (loss)	**(1,180)**	(4,473)	**(332)**	(19,345)

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income tax provision included in the Condensed Interim Consolidated Statements of Income for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Income before income taxes	**21,488**	30,923	**75,389**	89,913
Statutory income tax rate	**26.5%**	26.5%	**26.5%**	26.5%
	5,694	8,195	**19,978**	23,827
Variations due to:				
Permanent differences	**139**	(101)	**(319)**	(643)
International operations subject to different tax rates	**780**	(841)	**(40)**	(1,781)
Unrecognized tax loss	**61**	41	**124**	217
Rate differentials:				
Current rate versus future rate	**-**	-	**-**	-
Change in future rate	**-**	(2)	**(6)**	-
True up	**(24)**	(596)	**31**	(212)
Income tax expense	**6,650**	6,696	**19,768**	21,408

The permanent differences relate primarily to investment income or losses that are non-taxable or taxed at rates lower than the statutory income tax rate, such as non-taxable dividend income and capital gains.

As at September 30, 2023, the Company has unused tax losses of $7,916 (December 31, 2022 – $3,484), which will expire in the following years:

	September 30, 2023
2042	**2,185**
2043	**5,731**
	7,916

(in thousands of Canadian dollars, except as otherwise noted)

Note 18 – Roll-forward of net liability for insurance contracts showing LRC and LIC

Insurance Operations	2023 LRC	2023 LIC Present value of future cash flows	2023 LIC Risk adj. for non-financial risk	2023 Total	2022 LRC	2022 LIC Present value of future cash flows	2022 LIC Risk adj. for non-financial risk	2022 Total
Opening insurance contract liabilities	**654,686**	**1,349,319**	**161,098**	**2,165,103**	400,637	862,387	95,864	1,358,888
Insurance revenue	(2,034,234)	-	-	(2,034,234)	(1,419,173)	-	-	(1,419,173)
Insurance service expenses								
Incurred claims and other directly attributable expenses	37,155	992,018	98,444	1,127,617	25,983	776,349	70,893	873,225
Changes that relate to past service - adj. to the LIC	-	15,171	(48,081)	(32,910)	-	14,608	(34,524)	(19,916)
Insurance acquisition cash flows amortization	535,372	-	-	535,372	415,172	-	-	415,172
Insurance service result from insurance contracts	**(1,461,707)**	**1,007,189**	**50,363**	**(404,155)**	(978,018)	790,957	36,369	(150,692)
Finance expenses (income) from insurance contracts issued	-	48,159	-	48,159	-	(11,982)	-	(11,982)
Effects of exchange rate movements	(674)	(535)	(31)	(1,240)	28,887	76,450	8,877	114,214
Total amounts recognized in Net income	**(1,462,381)**	**1,054,813**	**50,332**	**(357,236)**	(949,131)	855,425	45,246	(48,460)

(in thousands of Canadian dollars, except as otherwise noted)

Note 18 – Roll-forward of net liability for insurance contracts showing LRC and LIC (Continued)

Insurance Operations	2023 LRC	2023 LIC Present value of future cash flows	2023 LIC Risk adj. for non-financial risk	2023 Total	2022 LRC	2022 LIC Present value of future cash flows	2022 LIC Risk adj. for non-financial risk	2022 Total
Cash flows								
Premiums received	2,062,914	-	-	2,062,914	1,629,689	-	-	1,629,689
Claims and other directly attributable expenses paid	-	(689,925)	-	(689,925)	-	(451,184)	-	(451,184)
Insurance acquisition cash flows	(563,404)	-	-	(563,404)	(477,874)	-	-	(477,874)
Total cash flows	**1,499,510**	**(689,925)**	**-**	**809,585**	1,151,815	(451,184)	-	700,631
Ending balance of insurance contract liabilities as at September 30	**691,815**	**1,714,207**	**211,430**	**2,617,452**	603,321	1,266,628	141,110	2,011,059

(in thousands of Canadian dollars, except as otherwise noted)

Note 18 – Roll-forward of net asset for reinsurance contracts held showing Asset for remaining coverage (ARC) and Asset for incurred claims (AIC)

Reinsurance Contracts Held	2023 ARC	2023 AIC Present value of future cash flows	2023 AIC Risk adj. for non-financial risk	2023 Total	2022 ARC	2022 AIC Present value of future cash flows	2022 AIC Risk adj. for non-financial risk	2022 Total
Opening reinsurance contract assets	245,681	1,162,668	141,963	1,550,312	131,824	749,394	85,272	966,490
Opening reinsurance contract liabilities	(22,513)	-	-	(22,513)	(4,816)	-	-	(4,816)
Net balance as at January 1	**223,168**	**1,162,668**	**141,963**	**1,527,799**	127,008	749,394	85,272	961,674
Allocation of reinsurance premiums (ceding premiums paid)	(1,529,011)	-	-	(1,529,011)	(1,067,695)	-	-	(1,067,695)
Claims recovered								
Amounts recoverable for incurred claims and other directly attributable expenses	316,646	824,146	88,565	1,229,357	258,728	686,535	64,421	1,009,684
Changes to amounts recoverable for incurred claims	(6,134)	25,134	(42,325)	(23,325)	-	22,055	(31,788)	(9,733)
Net (expense) income from reinsurance contracts assets	**(1,218,499)**	**849,280**	**46,240**	**(322,979)**	(808,967)	708,590	32,633	(67,744)
Reinsurance finance income (expenses)	-	42,248	-	42,248	-	(9,765)	-	(9,765)
Effects of exchange rate movements	123	(1,981)	(25)	(1,883)	17,555	77,637	8,312	103,504
Total amounts recognized in comprehensive income	**(1,218,376)**	**889,547**	**46,215**	**(282,614)**	(791,412)	776,462	40,945	25,995
Cash flows								
Premiums paid net of ceding commissions and other directly attributable expenses paid	1,269,609	(566,317)	-	703,292	911,980	(406,248)	-	505,732
Total cash flows	**1,269,609**	**(566,317)**	**-**	**703,292**	911,980	(406,248)	-	505,732

(in thousands of Canadian dollars, except as otherwise noted)

Note 18 – Roll-forward of net asset for reinsurance contracts held showing ARC and AIC (Continued)

Reinsurance Contracts Held	**2023** ARC	AIC Present value of future cash flows	AIC Risk adj. for non-financial risk	Total	2022 ARC	AIC Present value of future cash flows	AIC Risk adj. for non-financial risk	Total
Closing reinsurance contract assets	349,397	1,485,898	188,178	2,023,473	293,730	1,119,608	126,217	1,539,555
Closing reinsurance contract liabilities	(74,996)	-	-	(74,996)	(46,154)	-	-	(46,154)
Net balance as at September 30	**274,401**	**1,485,898**	**188,178**	**1,948,477**	247,576	1,119,608	126,217	1,493,401

Note 19 – Additional information on the Condensed Interim Consolidated Statements of Cash Flows

The following table shows the changes in working capital:

For the nine months ended September 30,	**2023**	2022
Insurance contract liabilities	**452,349**	562,268
Accounts payable and accrued liabilities	**47,492**	(59,117)
Income taxes	**19,961**	20,296
Other operating liabilities	**285**	3,271
Other operating assets	**(5,673)**	(15,499)
Reinsurance contract assets	**(420,678)**	(441,650)
	93,736	69,569