Antigonish Farmers’ Mutual Insurance Company

Consolidated financial statements

December 31, 2023

Grant Thornton

Independent auditor’s report

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To the Policyholders of
Antigonish Farmers’ Mutual Insurance Company

Opinion

We have audited the consolidated financial statements of Antigonish Farmers’ Mutual Insurance Company (“the Company”), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in policyholders’ equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Antigonish Farmers’ Mutual Insurance Company as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP

Antigonish, Canada
February 29, 2024

Chartered Professional Accountants

Antigonish Farmers’ Mutual Insurance Company
Consolidated statement of financial position
Balances as at

	Notes	December 31, 2023	December 31, 2022	January 1, 2022
			Restated	Restated
		$	$	$
Assets				
Cash and cash equivalents		3,938,340	3,075,374	4,195,503
Other receivables	8	166,424	134,168	184,435
Prepaid expenses		234,856	251,455	233,631
Income tax receivable		19,634	738,103	—
Reinsurance contract assets	15	2,133,304	3,801,568	192,065
Deferred tax asset	16	287,520	213,690	14,230
Investments	5	16,452,660	16,023,870	16,597,998
Property and equipment	7	668,312	637,604	644,075
Intangible asset	9	21,150	42,300	63,451
TOTAL ASSETS		**23,922,200**	**24,918,132**	**22,125,388**
Liabilities				
Accounts payable and accrued liabilities		561,237	400,275	414,026
Reinsurance contract liabilities	15	—	—	5,000
Insurance contract liabilities	15	7,759,610	9,593,370	5,191,032
Income tax payable		—	—	47,395
TOTAL LIABILITIES		**8,320,847**	**9,993,645**	**5,657,453**
Policyholders’ equity		**15,601,353**	**14,924,487**	**16,467,935**
TOTAL LIABILITIES & EQUITY		**23,922,200**	**24,918,132**	**22,125,388**

Approved on behalf of the Board

_________________________ Director _________________________ Director

See accompanying notes to the financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of operations
For the year ended December 31

Year ended December 31	Notes	2023	2022
			Restated
		$	$
Insurance revenue	15	8,685,236	7,922,579
Insurance service expense	15, 18	(9,461,512)	(11,163,041)
Insurance service result before reinsurance contracts held		**(776,276)**	**(3,240,462)**
Net income from reinsurance contracts held	15	1,119,720	2,407,683
Insurance service result		**343,444**	**(832,779)**
Net total investment income / (expense)	10	906,581	(15,472)
Insurance finance income for insurance contracts issued	15	23,999	7,577
Reinsurance finance expense for reinsurance contracts held	15	(13,031)	(4,490)
Net insurance financial result		**10,968**	**3,087**
Other income	19	175,370	141,268
Other expenses	18	(830,899)	(705,427)
Net income / (loss) before income taxes		**605,464**	**(1,409,323)**
Income taxes (expense) / recoverable	16		
Current		(2,428)	259,674
Deferred		73,830	196,630
Net income / (loss)		**676,866**	**(953,019)**

See accompanying notes to the financial statements

Antigonish Farmers’ Mutual Insurance Company
Consolidated statement of comprehensive income
For the year ended December 31

	Notes	2023	2022
			Restated
		$	$
Net income / (loss)		**676,866**	**(953,019)**
Other comprehensive income / (loss):			
Items that will be reclassified subsequently to net income			
Change in unrealized gains/(losses) on available for sale investments	10	—	(1,219,837)
Net gains/(losses) reclassified to net income		—	393,208
		—	**(826,629)**
Income tax effect	16	—	236,200
		—	**(590,429)**
Comprehensive income / (loss)		**676,866**	**(1,543,448)**

See accompanying notes to the financial statements

Antigonish Farmers' Mutual Insurance Company
Consolidated statement of changes in policyholders' equity
For the year ended December 31

	Retained Earnings $	Accumulated Other Comprehensive Income $	Total $
Balance at December 31, 2021	**16,407,132**	**655,192**	**17,062,324**
Impact of initial application of IFRS 17	(594,389)	—	(594,389)
Restated balance at January 1, 2022	**15,812,743**	**655,192**	**16,467,935**
Net loss	(953,019)	—	(953,019)
Other comprehensive (loss) / income	—	(590,429)	(590,429)
Total comprehensive loss	**(953,019)**	**(590,429)**	**(1,543,448)**
Restated balance at December 31, 2022	**14,859,724**	**64,763**	**14,924,487**
Impact of initial application of IFRS 9	64,763	(64,763)	—
Restated balance at January 1, 2023	**14,924,487**	**—**	**14,924,487**
Net income	676,866	—	676,866
Other comprehensive (loss) / income	—	—	—
Total comprehensive income	**676,866**	—	**676,866**
Balance at December 31, 2023	**15,601,353**	—	**15,601,353**

See accompanying notes to the financial statements

Antigonish Farmers’ Mutual Insurance Company
Consolidated statement of cash flows
For the year ended December 31

Year ended December 31	2023	2022
		Restated
	$	$
Operating:		
Net (loss) income	676,866	(953,019)
Changes to operations not requiring a current cash payment:		
Depreciation	65,168	68,942
Loss (gain) on disposal of investments	265,242	393,208
Change in unrealized (gains) / loss on FVPL	(585,135)	—
Deferred taxes	(73,830)	(199,460)
Current tax expense charged to other comprehensive income	—	236,200
Change in non-cash operating working capital		
Prepaid expenses	16,599	(17,824)
Income taxes	718,469	(785,498)
Other receivables	(32,256)	50,267
Accounts payable and accrued liabilities	160,962	(13,751)
Insurance contract liabilities	(1,833,760)	4,402,338
Reinsurance contract liabilities		(5,000)
Reinsurance contract assets	1,668,264	(3,609,503)
Cash flows from (used in) operating activities	**1,046,589**	**(433,100)**
Investing:		
Purchase of property and equipment	(74,726)	(41,320)
Proceeds on sale of property and equipment	—	—
Proceeds on sale of investments	10,834,600	7,560,866
Purchase of investments	(10,943,497)	(8,206,575)
	(183,623)	(687,029)
Increase (decrease) in cash and cash equivalents	862,966	(1,120,129)
Cash and cash equivalents at beginning of year	3,075,374	4,195,503
Cash and cash equivalents at end of year	**3,938,340**	**3,075,374**
Supplemental cash flow information:		
Income taxes paid	22,062	292,888

See accompanying notes to the financial statements

1. Nature of business

The Antigonish Farmers' Mutual Insurance Company ["the Company"] is federally incorporated, without share capital, under the Insurance Companies Act and is domiciled in Canada. The address of the Company's registered office is 188 Main Street Antigonish, Nova Scotia. The Company is a general property and casualty insurer in the province of Nova Scotia.

2. Basis for presentation

[a] Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ["IFRS"], as issued by the International Accounting Standards Board ["IASB"].

The consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2024.

[b] Basis of consolidation

The Company accounts for its subsidiary using the consolidation method. These consolidated financial statements include the accounts of its wholly owned subsidiary, Farmers' Mutual Insurance Agency Limited. All significant intercompany balances and transactions with the subsidiary have been eliminated.

[c] Basis of measurement

The consolidated financial statements have been prepared on a going concern basis under the historical cost basis, except for those financial assets and financial liabilities that have been measured at a fair value as described in note 3.

[d] Changes in accounting policies and disclosures

In these consolidated financial statements, the Company has applied IFRS 17 & IFRS 9 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after January 1, 2023.

The Company has restated comparative information for 2022. The nature of the changes in accounting policies can be summarized, as follows:

[i] Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

2. Basis for presentation (continued)

[d] Changes in accounting policies and disclosures (continued)

[i] Changes to classification and measurement (continued)

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach ["PAA"]. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less amounts recognized in revenue for insurance services provided
- Measurement of the liability for remaining coverage is adjusted to include a loss component to reflect the expected loss from onerous contracts.
- Measurement of the liability for incurred claims [previously Unpaid claims payable] is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage [reflecting reinsurance premiums paid for reinsurance held] is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts

The Company expenses its insurance acquisition cash flows for all product lines.

The Company's classification and measurement of insurance and reinsurance contracts is explained in note 3.

[ii] Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are liabilities
- Portfolios of insurance contracts issued that are assets
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

2. Basis for presentation (continued)

[d] Changes in accounting policies and disclosures (continued)

[ii] Changes to presentation and disclosure

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Changes to the line-item descriptions include:

Under IFRS 4, the Company presented:	IFRS 17 requires separate presentation of:
Gross written premiums Return Premiums Net Gross Premiums Written Changes in reserve for unearned premiums Service Charge and Fees	Insurance revenue
Claims and adjustments	Insurance service expenses
Reinsurance premiums Recoveries from reinsurance	Income or expenses from reinsurance contracts held
	Insurance finance income or expenses

[iii] Transition

On transition date, January 1, 2022, the Company:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied,
- Derecognized any existing balances that would not exist had IFRS 17 always applied,
- Recognized any resulting net difference in policyholders' equity.

The Company applied IFRS 17 retrospectively. On adoption of IFRS 17, the Company's net assets decreased by $594,389 as a result of the Company's policy to expense acquisition costs as incurred (decrease in net assets of $694,535) offset by changes in actuarial valuation, primarily from the change in discount rate (increase in net assets of $100,146).

IFRS 9 Financial Instruments

The Company adopted IFRS 9 retrospectively on January 1, 2023. The Company elected to not restate comparative information, as a result it continues to be reported under IAS 39.

The Company revised its preliminary estimate and reclassified $64,763 [after-tax] of net unrealized losses from AOCI to Retained earnings as at January 1, 2023.

The nature of the changes in accounting policies can be summarized, as follows:

[i] Changes to classification and measurement

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

2. Basis for presentation (continued)

[d] Changes in accounting policies and disclosures (continued)

[i] Changes to classification and measurement (continued)

The IAS 39 measurement categories for financial assets [fair value through profit or loss [“FVTPL”], available for sale [“AFS”], held-to-maturity [“HTM”] and loans and receivables [“Loans & Receivables at amortized cost”]] have been replaced by:

- Financial instruments at fair value through profit or loss
- Financial instruments at fair value through other comprehensive income
- Financial instruments at amortized cost

The Company’s classification of its financial assets is explained in Note 3. The quantitative impact of applying IFRS 9 as at January 1, 2023 is disclosed below.

[ii] Changes in disclosure – IFRS 7

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

[iii] Transition disclosures – IFRS 9

The following section sets out the impact of adopting IFRS 9 on the statement of financial position. The adoption of IFRS 9 had no significant impact on the Company’s other financial assets or liabilities.

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of initial application date January 1, 2023 is, as follows:

	IAS 39 measurement		IFRS 9	
	Category	**December 31, 2022**	**Category**	**January 1, 2023**
		$		**$**
Cash and cash equivalents	Amortized Cost	3,075,374	Amortized Cost	3,075,374
Bonds	Available for sale	6,205,046	FVTPL	6,205,046
Mutual Funds	Available for sale	1,493,586	FVTPL	1,493,586
Equities	Available for sale	5,269,238	FVTPL	5,269,238
Guaranteed Investment Certificate [“GICs”]	Available for sale	3,056,000	FVTPL	3,056,000
		19,099,244		**19,099,244**

[e] Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange on the statement of financial position date. Revenues and expenses are translated at average exchange rates.

Unrealized gains and losses resulting from translation of currencies to the presentation currency are included in other comprehensive income. Realized currency gains and losses resulting from foreign currency transactions are included in income.

2. Basis for presentation (continued)

[f] Use of estimates and judgement

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3 Insurance and reinsurance contract assets/ liabilities
- Note 3 Income taxes
- Note 3 Property and equipment – depreciation
- Note 3 Intangible – depreciation
- Note 3 Financial assets

[g] Critical judgements in applying the Company's accounting policies.

Management has made critical judgements, including those involving estimations in the process of applying the Company's accounting policies that significantly affect the amounts recognized in these consolidated financial statements, as disclosed in note 4.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and balances with banks which are subject to an insignificant risk of changes in value.

The estimated fair value of cash and cash equivalents approximate carrying values due to the relatively short term nature of the instruments.

Financial assets – IAS 39

Non-derivative financial assets of the Company include available-for-sale financial assets and receivables. The Company initially recognized loans and receivables on the date that they are originated at fair value. All other financial assets are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights of the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3. Summary of significant accounting policies (continued)

Available-for-sale financial assets

Available-for-sale financial assets include investments. Changes in fair value are recorded in other comprehensive income until the instrument is derecognized or impaired. Directly attributable transaction costs are recognized in net income. Accumulated other comprehensive income ["AOCI"] is included in the statement of changes in policyholders' equity as a separate component of equity [net of tax] and includes net unrealized gains and losses on available-for-sale assets.

Fair value is best evidenced by quoted market prices in an active market. Where quoted market prices are not available, the quoted prices of similar financial instruments or valuation models with observable market-based inputs are used to estimate fair value. These valuation models may use multiple observable market inputs, including observable interest rates, foreign exchange rates, index levels, credit spreads, equity prices, counterparty credit quality and corresponding market volatility levels. Minimal management judgement is required for fair values calculated by quoted market prices or observable market inputs for models. The calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

The Company employs a fair value hierarchy to categorize the inputs it uses in valuation techniques to measure the fair value. The extent of use of [Level 1] quoted prices in active markets for identical assets or liabilities, [Level 2] inputs other than quoted prices included in [Level 1] that are observable for the asset or liability either directly or indirectly, and [Level 3] inputs for the asset or liability that are not based on observable market data in the valuation of securities as at the statement of financial position date is disclosed in note 5.

Loan and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

Loans and receivables are comprised mainly of cash and cash equivalents. The estimated fair value of loans and receivables approximate carrying values due to the relatively short-term nature of the instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. They are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. A significant or prolonged decline in fair value of an investment in an equity investment below its cost is considered to be objective evidence of impairment. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognized in income for the year.

In respect of available-for-sale equity instruments, impairment losses previously recognized through income are not reversed through income for the year. Any increase in fair value subsequent to an impairment loss is recognized directly in comprehensive income for the year. Certain categories of financial assets, such as loans and receivables carried at amortized cost, that are assessed to not be impaired individually are subsequently assessed for impairment on a collective basis.

3. Summary of significant accounting policies (continued)

Financial assets – IFRS 9

[a] Classification and initial recognition

The Company classifies its financial assets into the following categories:

- Financial assets at amortized costs;
- Financial assets at fair value through other comprehensive income [“FVOCI”]; and
- Financial assets at fair value through profit and loss [“FVTPL”].

The classification of the financial assets depends on the contractual terms and the business model for managing the financial assets and is determined at the time of initial recognition.

Financial assets at amortized cost

Financial Assets are held at amortized cost if both of the following conditions are met:

- The financial assets are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest [“SPPI”] on the principal amount outstanding.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximize returns.

The Company’s business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model [and the financial assets held within that business model] and, in particular, the way those risks are managed
- How managers of the business are compensated [for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected]
- The expected frequency, value and timing of asset sales are also important aspects of the Company’s assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Solely for payment of principal and interest [“SPPI”] assessment

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

3. Summary of significant accounting policies (continued)

Financial assets – IFRS 9 (continued)

[a] Classification and initial recognition (continued)

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset [for example, if there are repayments of principal or amortization of the premium/discount].

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets at amortized costs are comprised mainly of cash and cash equivalents and other receivables. The estimated fair value of financial assets at amortized costs approximate carrying values due to the relatively short-term nature of the instruments.

Financial assets at fair value through other comprehensive income ["FVOCI"]

The Company applies the new category under IFRS 9 for financial assets 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
- The contractual terms of the financial asset meet the SPPI test

Financial assets 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 does not hold any financial asset under this category. All financial assets that had previously been classified as available-for-sale under IAS 39 have been classified under FVTPL.

Financial assets at fair value through profit and 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. A financial asset is classified as held for trading if cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

[b] Subsequent Measurement

Financial assets at amortized cost

After initial measurement, financial assets are measured at amortized cost, using the effective interest rate ["EIR"] method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognized in the statement of profit or loss when the investments are impaired.

3. Summary of significant accounting policies (continued)

Financial assets – IFRS 9 (continued)
[b] Subsequent Measurement (continued)

Financial assets at fair value through other comprehensive income ["FVOCI"]
FVOCI financial assets 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 profit or loss in the same manner as for financial assets measured at amortized cost. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Financial assets at fair value through profit and loss ["FVTPL"]

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on financial assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other interest and similar income when the right to the payment has been established.

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

[c] Derecognition

Derecognition other than for substantial modification:
A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired or;
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - [a] the Company has transferred substantially all the risks and rewards of the asset; or
  - [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3. Summary of significant accounting policies (continued)

Financial assets – IFRS 9 (continued)

[c] Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

Derecognition due to substantial modification of terms and conditions

The Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognized as a derecognition gain or loss. In the case of debt instruments at amortized cost, the newly recognized loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognize an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

[d] Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model. The Company applies the expected credit losses ["ECL"] on its financial assets measured at amortized cost and FVOCI, which are in the scope of IFRS 9 for impairment. As of January 1,2023, the Company classified all its investment portfolio as "Fair value through profit and loss". The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. 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.

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].

The Company considers a financial asset to be in default [credit impaired] when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Certain categories of financial assets are carried at amortized cost, that are assessed to not be impaired individually are subsequently assessed for impairment on a collective basis.

3. Summary of significant accounting policies (continued)

Financial assets – IFRS 9 (continued)

[e] Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these consolidated financial statements.

[f] Recognition of interest income

The effective interest rate method ["EIR"]

Under IFRS 9, interest income is recorded using the 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.

Interest and similar income

Dividend income is recognized in the statement of operations when the right to receive payment is established. Interest income comprises amounts calculated using both the effective interest method and other methods. This includes interest on all financial assets measured at FVTPL, using the contractual interest rate

Financial liabilities

Financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition financial liabilities are measured at amortized cost using the effective interest rate method. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Financial liabilities are comprised of accounts payable and accrued liabilities. The estimated fair value of financial liabilities approximate carrying values due to the relatively short term nature of the instruments.

3. Summary of significant accounting policies (continued)

Other payable

Other payable primarily consisting of accounts payable and accrued expenses are recorded at fair value on initial recognition and subsequently measured at amortized cost.

Insurance and reinsurance contracts accounting treatment

[i] Insurance and reinsurance contracts accounting classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues property and casualty insurance to individuals and businesses, which includes property, liability, and auto. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

[ii] Separating components from insurance and reinsurance contracts

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

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

[iii] Levels 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 groups of 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 risk of becoming onerous, and the remainder. No group for level of aggregation purposes may contain contracts issued more than one year apart.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognized
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

3. Summary of significant accounting policies (continued)

Insurance and reinsurance contracts accounting treatment (continued)

[iv] Recognition

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

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

The Company recognizes a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognized, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held, and
- The date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

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

[v] 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 insurance contract services.

A substantive obligation to provide insurance contract 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
- Both of the following criteria are satisfied:
  - [a] 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
  - [b] The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

3. Summary of significant accounting policies (continued)

Insurance and reinsurance contracts accounting treatment (continued)

[vi] Measurement – Premium Allocation Approach

	IFRS 17 Options	Adopted approach
Premium Allocation Approach ["PAA"] Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	Coverage period for all insurance contracts is one year or less and so qualifies automatically for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts and then amortized over the coverage period of the related group.	For all contracts, insurance acquisition cash flows are expensed in the period.
Liability for Remaining Coverage ["LFRC"], adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For all contracts, there is no allowance for the accretion of interest as the premiums are received within one year of the coverage period.
Liability for Incurred Claims, ["LFIC"] adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For all business lines, adjustments are made for the time value of money when assessing the incurred claims
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	For all contracts, the change in LFIC as a result of changes in discount rates will be captured within profit or loss.

[vii] Insurance contracts – initial measurement

The Company applies the premium allocation approach ["PAA"] to all the insurance contracts that it issues and reinsurance contracts that it holds as the coverage period for all contracts is one year or less.

3. Summary of significant accounting policies (continued)

Insurance and reinsurance contracts accounting treatment (continued)

[vii] Insurance contracts – initial measurement (continued)

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

- The premiums, if any, received at initial recognition
- Any other asset or liability previously recognized for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognized.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognized.

[viii] Reinsurance contracts held– initial measurement

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 [i.e. the PAA]. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

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

The Company calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognized on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

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

[ix] Insurance contracts – subsequent measurement

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

- Plus premiums received in the period,
- Minus the amount recognized as insurance revenue for the services provided in the period

3. Summary of significant accounting policies (continued)

Insurance and reinsurance contracts accounting treatment (continued)

[ix] Insurance contracts – subsequent measurement (continued)

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk [the risk adjustment].

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

[x] Reinsurance contracts – subsequent measurement

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

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

[xi] Insurance acquisition cash flows

Insurance acquisition cash flows arise from the 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 chooses to expense insurance acquisition cash flows as they occur.

[xii] Insurance contracts – modification and derecognition

The Company derecognizes insurance contracts when:

- The rights and obligations relating to the relevant contracts are extinguished [i.e., discharged, cancelled or expired], or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognizes the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3. Summary of significant accounting policies (continued)

Insurance and reinsurance contracts accounting treatment (continued)

[xiii] Presentation

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

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

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

[xiv] Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognized on the basis of the passage of time.

[xv] Insurance service expense

Insurance service expense comprise fulfilment cash flows that are included within the boundary of the Company's insurance contracts. These cash flows include claims costs, claim handling costs, and an allocation of overheads that are directly attributable to fulfilling insurance contracts. These overhead costs are allocated to the Company's insurance contracts using estimates and professional judgement applied with methods that are systematic and rational, and are consistently applied each period.

[xvi] Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

3. Summary of significant accounting policies (continued)

Insurance and reinsurance contracts accounting treatment (continued)

[xvii] Loss-recovery components

As described in note 3[xvi] under "Insurance and reinsurance contracts accounting treatment" above, where the Company recognizes a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

[xviii] 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 presents insurance finance income or expenses within profit or loss each period.

[xix] Net income or expense from reinsurance contracts held

The Company does not separately present on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

Other income

Agency income is recognized based on insurance commission revenue realized as of the effective date of the insurance policy net of agency expenditures.

3. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation and any recognized impairment loss. Depreciation is charged so as to write off the cost or valuation of property and equipment over their estimated useful lives using the following methods and rates.

Building	50 years, straight-line
Vehicles	5 years, straight-line
Computer equipment	5 years, straight-line
Office equipment	5–10 years, straight-line
Telephone equipment	10 years, straight-line
Building generator	30 years, straight-line
Parking lot	20 years, straight-line

The assets’ residual values and useful lives and method of amortization are reviewed at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. The recoverable amount is determined as the higher of an asset’s fair value less costs to sell and value in use. If an asset is impaired, the carrying amount is reduced to the asset’s recoverable amount with an offsetting charge recorded in the consolidated statement of operations. If events or changes in circumstances indicate that a previously recognized impairment loss has decreased or no longer exists, the reversal is recognized in the consolidated statement of operations to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that would have been had no impairment taken place.

Gains and losses arising from the disposition of a property and equipment asset are measured as the difference between the net disposal proceeds and the carrying value of the asset and are reported in the consolidated statement of operations.

Any item of property and equipment is derecognized upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated statement of operations in the year the asset is derecognized.

Intangible asset

The intangible asset arose on the purchase of new computer software. The intangible asset is accounted for using the cost model whereby capitalized costs are depreciated on a straight-line basis over its’ estimated useful life, as this asset is considered finite. The useful life is reviewed annually and is subject to impairment testing. The following useful life is applied to the intangible asset:

Software	5 years

Depreciation of the intangible has been included within depreciation expense.

3. Summary of significant accounting policies (continued)

Income taxes

Tax expense represents the sum of tax currently payable and deferred tax.

Tax currently payable is based on taxable income for the year. Taxable income differs from net income as reported in the statement of operations because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized. Deferred tax is charged or credited in the consolidated statement of operations, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to sell off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

Comprehensive income

Comprehensive income includes the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s equity and includes items that would not normally be included in net income, such as unrealized gains and losses on fair value through other comprehensive income [“FVOCI”] financial assets under IFRS 9 or available-for-sale financial assets under IAS 39.

3. Summary of significant accounting policies (continued)

New and revised International Financial Reporting Standards adopted during the year and issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

What is meant by a right to defer settlement:

- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Company's consolidated financial statements.

4. Accounting estimates and judgments

Significant judgments

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The company consolidates information and does not provide a separate breakdown for its major product lines; instead, it presents them as a unified portfolio.

[i] Insurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now includes an explicit risk adjustment for non-financial risk.

4. Accounting estimates and judgments (continued)

Significant judgments (continued)

[a] Liability for remaining coverage

[i] Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognized on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

[ii] Time value of money

The company does not adjust the carrying amount of the liability for remaining coverage to reflect the time value of money or the effect of financial risk for any of its product lines.

[b] Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim [including claims handling costs], and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, [e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures] in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

4. Accounting estimates and judgments (continued)

Significant judgments (continued)

[c] Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA rated sovereign [Government of Canada] securities. The illiquidity premium is determined by reference to observable market rates.

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

	2023			
	1 year	**3 years**	**5 years**	**10 years**
Insurance Contract Liabilities and Reinsurance Contract Assets	4.52%	3.70%	3.53%	3.77%

	2022			
	1 year	**3 years**	**5 years**	**10 years**
Insurance Contract Liabilities and Reinsurance Contract Assets	4.41%	3.97%	3.86%	4.08%

A sensitivity analysis of how the insurance liabilities respond to changes in the discount rates has been disclosed in note 13.

[d] Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company uses the Cost of Capital approach to estimate the risk adjustment based on a target return on capital, reflecting the compensation required for non-financial risk. Through this evaluation of future cash flow distributions, the Company has determined that the that risk adjustment using a confidence level between 55%-65% [2022 – 60%-70%] confidence level.

A sensitivity analysis of how the insurance liabilities respond to changes in the risk adjustments has been disclosed in note 12[i].

5. Investments

The Company manages its investment portfolio in accordance with their investment policy which is written to be in compliance with regulatory and statutory requirements.

The policy has both short-term and long-term objectives based upon preserving Company capital, increasing portfolio value, producing a stable level of investment income, meeting Company liquidity requirements and complying with the Company's level of risk tolerance.

Portfolio performance and compliance with the investment policy is reviewed at each Investment Committee meeting. The investment policy is reviewed and approved by the Board of Directors on an annual basis.

	2023	**2022**
	Market value	
	FVTPL	**AFS**
	[IFRS 9]	***[IAS 39]***
	$	$
Financial instruments measured at:		
Bonds		
Municipal	—	67,928
Provincial	—	1,604,946
Federal	56,843	193,082
Corporate	—	4,339,090
	56,843	**6,205,046**
Mutual Funds	1,574,655	1,493,586
Equities		
Common	5,163,639	5,269,238
Guaranteed Investment Certificates ["GIC"]		
Maturing within one year	1,956,000	656,000
Maturing between one and five years	7,701,523	2,400,000
Total	**16,452,660**	**16,023,870**
Bonds – maturity profile		
Maturing within one year	—	890,068
Maturing between one and five years	56,843	2,896,022
Maturing over five years	—	2,418,956
	56,843	**6,205,046**

6. Fair value hierarchy

Financial assets recorded at fair value by the level of the fair value hierarchy as at December 31, 2023:

	Level 1	Level 2	Level 3	Total fair value
	$	$	$	$
Bonds	—	56,843	—	56,843
Mutual Funds	1,574,655	—	—	1,574,655
Common shares	5,163,639	—	—	5,163,639
Guaranteed Investment Certificate [GIC]	—	9,657,523	—	9,657,523
	6,738,294	9,714,366	—	16,452,660

Available-for-sale investments recorded at fair value by the level of the fair value hierarchy as at December 31, 2022:

	Level 1	Level 2	Level 3	Total fair value
	$	$	$	$
Bonds	—	6,205,046	—	6,205,046
Mutual Funds	1,493,586	—	—	1,493,586
Common shares	5,269,238	—	—	5,269,238
Guaranteed Investment Certificate [GIC]	—	3,056,000	—	3,056,000
	6,762,824	9,261,046	—	16,023,870

7. Property and equipment

	Parking lot $	Land & improvements $	Building $	Office equipment $	Computer equipment $	Vehicles $	Telephone equipment $	Building generator $	Total $
Gross carrying amount									
Balance, December 31, 2022	364,720	21,700	660,378	32,705	44,500	117,436	—	36,443	1,277,882
Additions	—	—	—	20,782	—	53,944	—	—	74,726
Disposals/ adjustments	—	—	—	(7,976)	(16,832)	(38,064)	—	—	(62,872)
	364,720	21,700	660,378	45,511	27,668	133,316	—	36,443	1,289,736
Gross carrying amount									
Balance, December 31, 2022	38,272	—	440,924	17,819	40,429	71,370	—	31,464	640,278
Additions	5,960	—	9,676	3,907	3,419	19,841	—	1,215	44,018
Disposals/ adjustments	—	—	—	(7,976)	(16,832)	(38,064)	—	—	(62,872)
	44,232	—	450,600	13,750	27,016	53,147	—	32,679	621,424
Balance, December 31, 2023	320,488	21,700	209,778	31,761	652	80,169	—	3,764	668,312

The Company did not record any impairment charges or reversals during the year.

7. Property and equipment (continued)

	Parking lot $	Land & improvements $	Building $	Office equipment $	Computer equipment $	Vehicles $	Telephone equipment $	Building generator $	Total $
Gross carrying amount									
Balance, December 31, 2021	364,720	21,700	660,378	38,764	58,409	76,116	25,168	36,443	1,281,698
Additions	—	—	—	—	—	41,320	—	—	41,320
Disposals/ adjustments	—	—	—	(6,059)	(13,909)	—	(25,168)	—	(45,136)
	364,720	21,700	660,378	32,705	44,500	117,436	—	36,443	1,277,882
Gross carrying amount									
Balance, December 31, 2022	32,311	—	431,248	19,513	47,121	52,013	25,168	30,249	637,623
Additions	5,961	—	9,676	4,365	7,217	19,357	—	1,215	47,791
Disposals/ adjustments	—	—	—	(6,059)	(13,909)	—	(25,168)	—	(45,136)
	38,272	—	440,924	17,819	40,429	71,370	—	31,464	640,278
Balance, December 31, 2022	326,448	21,700	219,454	14,886	4,071	46,066	—	4,979	637,604

The Company did not record any impairment charges or reversals during the year.

8. Other receivable

	2023	2022
	$	$
Interest	112,510	44,367
Other	53,914	89,801
	166,424	134,168

9. Intangible asset

The Company's intangible asset represents computer software. The carrying amount of computer software can be summarized as follows:

	2023	2022
	$	$
Gross carrying amount		
Balance at beginning of the year	105,751	105,751
Additions	—	—
Disposals	—	—
Balance at the end of the year	105,751	105,751
Depreciation		
Balance at beginning of the year	63,451	42,300
Depreciation	21,150	21,151
Disposals/adjustments	—	—
Accumulated depreciation at end of the year	84,601	63,451
Net carrying value at end of the year	21,150	42,300

10. Net total investment income (expense)

The table below presents an analysis of total investment income recognized in profit or loss and comprehensive income for the period:

	2023	2022
	[IFRS 9]	[IAS 39]
	$	$
Interest income calculated using the effective interest method:		
Bonds classified as AFS	—	271,524
Bonds classified as FVTPL	226,171	—
Amortized cost and cash equivalents	255,612	16,700
Dividend income from common shares:		
Classified as AFS	—	145,920
Classified as FVTPL	154,160	—
Net gains (losses) on sale of investments:		
Classified as AFS	—	(393,208)
Classified as FVTPL	(265,242)	—
Investment management fees	(49,255)	(56,408)
Net investment income	321,446	(15,472)
Net gains (losses) from fair value of investments:		
Classified as AFS	—	(1,219,837)
Classified as FVTPL	585,135	—
Net total investment income (expense)	906,581	(1,235,309)

11. Capital management

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, on a quarterly basis, 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.

12. Insurance risk management

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or 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.

The above risk exposure is mitigated by careful selection and implementation of underwriting strategy guidelines, by the use of reinsurance arrangements and by setting claims promptly.

Underwriting strategy

The Company manages this risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria. 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. There have been no significant changes from the previous year in the exposure risk or policies, procedures and methods used to measure the risk.

Reinsurance arrangements

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance is placed with Farm Mutual Re, a Canadian registered reinsurer. Retention limits for the excess-of-loss reinsurance vary by product line.

Amounts recoverable from reinsurers 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 direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

Excess of loss

The Company retains $250,000 on property claims with recoveries at 100% on amounts greater than retention, up to $3.5 million per risk.

The Company retains $250,000 on liability claims with recoveries at 100% on amounts greater than retention, up to a total limit of $30 million per occurrence.

Catastrophe

Reinsurance also limits the Company's liability in the event of a catastrophe. The Company retains $750,000 with recoveries at 95% on amounts greater than retention.

Stop loss

The Company recovers 90% of current year property and liability claims which exceed 70% of gross net earned premiums and 100% when loss ratio exceeds 200%.

Claims Settlement

Claim settlement is generally not a long process as most claims fall under the property class of business with remaining claims in the liability class. Typically, the Company settles claims within one year of being reported. This significantly reduces uncertainty about the amount and timing of claim payments.

12. Insurance risk management (continued)

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 and catastrophes. Since all insurance contracts are written in Nova Scotia, a concentration of risk may arise through insurance contracts being issued in a specific geographic location.

The Company is exposed to a pricing risk to the extent that liability for remaining coverage are insufficient to meet the related future policy costs. Evaluation is performed regularly to estimate future claim costs, related expenses and expected profit in relation to liability for remaining coverage. There is no loss component recorded during the current or prior year.

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

[i] Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

		2023			
	Change in assumptions	Impact on net income before tax, gross of reinsurance	Impact on net income before tax, net of reinsurance	Impact on policyholders' equity, gross of reinsurance	Impact on policyholders' equity, net of reinsurance
	%	$	$	$	$
Expected loss	5%	(54,291)	(41,076)	(38,547)	(29,164)
Inflation rate	1%	(35,313)	(19,939)	(25,072)	(14,157)
Interest rate	1%	33,403	18,838	23,716	13,375
Expected loss	-5%	56,170	42,973	39,881	30,511
Inflation rate	-1%	35,210	19,843	24,999	14,089
Interest rate	-1%	(34,147)	(19,294)	(24,244)	(13,699)

12. Insurance risk management (continued)

[i] Sensitivities (continued)

		2022			
	Change in assumptions	Impact on net income before tax, gross of reinsurance	Impact on net income before tax, net of reinsurance	Impact on policyholders’ equity, gross of reinsurance	Impact on policyholders’ equity, net of reinsurance
	%	$	$	$	$
Expected loss	+5%	(54,989)	(44,746)	(39,042)	(31,770)
Inflation rate	+1%	(51,083)	(25,155)	(36,269)	(17,860)
Interest rate	+1%	45,963	22,331	32,634	15,855
Expected loss	-5%	55,029	46,651	39,071	33,122
Inflation rate	-1%	50,954	25,016	36,177	17,761
Interest rate	-1%	(46,954)	(22,875)	(33,337)	(16,241)

[ii] Claims development

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

In setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

The estimation of claim development involves assessing the future behavior 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 settlement term claims are those which are expected to be substantially paid within a year of being reported.

The table that follows presents the development of claims payments and the estimated ultimate cost of claims for the claim year 2014 to 2023. The upper half of the tables shows the cumulative amounts paid or estimated to be paid during successive years related to each claim year. The original estimates will be increased or decreased, as more information becomes known about the original claims and overall claim frequency and severity. The following table has not been audited.

12. Insurance risk management (continued)

[ii] Claims development (continued)

	2023			2022		
	Estimates of the PVFCF	Risk adjustment	Total	Estimates of the PVFCF	Risk adjustment	Total
	$	$	$	$	$	$
Total gross liabilities for incurred claims	4,373,282	128,604	4,501,886	6,514,039	147,347	6,661,386
Amounts recoverable from reinsurance	(2,086,404)	(46,900)	(2,133,304)	(3,731,320)	(70,248)	(3,801,568)
Total net liabilities for incurred claims	2,286,878	81,704	2,368,582	2,782,719	77,099	2,859,818

12. Insurance risk management (continued)

[ii] Claims development

Gross undiscounted liabilities for incurred claims for 2023

Amounts in '000	**2014** $	**2015** $	**2016** $	**2017** $	**2018** $	**2019** $	**2020** $	**2021** $	**2022** $	**2023** $	**Total** $
End of insured event year	3,792	4,109	3,986	2,543	3,304	4,952	3,159	2,971	8,253	5,269	—
One year later	3,638	3,988	3,854	2,142	3,134	4,691	3,073	3,076	9,385	—	—
Two years later	3,517	3,842	3,655	2,029	3,043	4,526	3,203	3,245	—	—	—
Three years later	3,511	3,854	3,542	2,009	3,037	4,489	3,083	—	—	—	—
Four years later	3,549	3,851	3,568	1,996	2,941	4,379	—	—	—	—	—
Five years later	3,549	3,851	3,598	1,996	2,941	—	—	—	—	—	—
Six years later	3,549	3,851	3,598	1,996	—	—	—	—	—	—	—
Seven years later	3,549	3,851	3,598	—	—	—	—	—	—	—	—
Eight years later	3,549	3,851	—	—	—	—	—	—	—	—	—
Nine years later	3,549	—	—	—	—	—	—	—	—	—	—
Gross estimates of the undiscounted amount of the claims	3,549	3,851	3,598	1,996	2,941	4,379	3,083	3,245	9,385	5,269	41,296
Cumulative payments to date	3,549	3,851	3,598	1,996	2,941	4,369	2,976	2,795	8,183	2,605	36,863
Gross undiscounted liabilities for incurred claims	—	—	—	—	—	10	107	450	1,202	2,664	4,433
Risk adjustment											129
Effect of discounting											(156)
Other attributable expenses											96
Total liabilities for incurred claims											**4,502**

12. Insurance risk management (continued)

Net undiscounted liabilities for incurred claims for 2023

Amounts in '000	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	Total $
End of insured event year	2,997	2,933	3,747	2,354	2,434	3,975	2,984	2,836	3,915	4,022	—
One year later	2,858	2,879	3,538	2,009	2,321	3,829	2,854	2,973	3,560	—	—
Two years later	2,792	2,777	3,394	1,928	2,260	3,681	2,930	3,078	—	—	—
Three years later	2,786	2,774	3,318	1,909	2,254	3,653	2,814	—	—	—	—
Four years later	2,781	2,771	3,345	1,896	2,158	3,542	—	—	—	—	—
Five years later	2,781	2,771	3,375	1,896	2,158	—	—	—	—	—	—
Six years later	2,781	2,771	3,375	1,896	—	—	—	—	—	—	—
Seven years later	2,781	2,771	3,375	—	—	—	—	—	—	—	—
Eight years later	2,781	2,771	—	—	—	—	—	—	—	—	—
Nine years later	2,781	—	—	—	—	—	—	—	—	—	—
Net estimates of the undiscounted amount of the claims	2,781	2,771	3,375	1,896	2,158	3,542	2,814	3,078	3,560	4,022	29,997
Cumulative payments to date	2,781	2,771	3,375	1,896	2,158	3,532	2,709	2,647	3,392	2,430	27,691
Net undiscounted liabilities for incurred claims	—	—	—	—	—	10	105	431	168	1,592	2,306
Risk adjustment											82
Effect of discounting											(89)
Other attributable expenses											70
Total net liabilities for incurred claims											**2,369**

13. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risks from its use of financial instruments and its insurance contracts:

Interest rate risk

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 gain or losses in consolidated statement of operation.

At December 31, 2023, the Company had no bonds to report in its portfolio. Therefore a 1% move in interest rates, with all other variables held constant, could impact the market value of bonds by $0 [2022 – $244,778]. For bonds that the Company did not sell during the year, the change during the period would be recognized in the consolidated statement of operation.

Insurance finance income or expenses reflect changes in insurance contract liabilities valuations, driven by factors like discount rate adjustments and financial assumptions. These valuations, in turn, impact our financial results. Prudent risk management strategies ensure stability in financial performance, underscoring the crucial link between investment returns and our insurance business.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables has not changed from the previous period.

	Change in interest rate	Effect on Net earnings before taxes	Effect on Policyholders' Equity	Effect on Net earnings before taxes	Effect on Policyholders' Equity
		2023		2022	
		$	$	$	$
Insurance and reinsurance contracts, Gross	+100 bps	33,403	23,716	45,963	32,634
Insurance and reinsurance contracts, Gross	-100 bps	(34,147)	(24,244)	(46,954)	(33,337)
Insurance and reinsurance contracts, Net	+100 bps	18,838	13,375	22,331	15,855
Insurance and reinsurance contracts, Net	-100 bps	(19,294)	(13,699)	(22,875)	(16,241)

The change during the period would be recognized in the consolidated statement of operation and policyholders' equity.

13. Financial risk management (continued)

Credit risk

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. At December 31, 2023, the Company had no bonds to report in its portfolio. All fixed income portfolios are measured for performance on a quarterly basis and monitored by management on a monthly basis.

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.

Other receivables are short-term in nature and are not subject to material credit risk. However, the Company's maximum exposure to credit risk is $3,015,313. The Company minimizes credit risk on cash and cash equivalents through the utilization of different investments to spread the risk amongst various financial institutions.

Currency risk

Foreign currency risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in exchange rates and produce an adverse impact on income when measured in the Company's functional currency.

Net exposure to United States dollar denominated amounts [in United States Dollars] included in the balance sheet as at December 31, is:

	2023 $	2022 $
Fair value through profit and loss	849,368	—
Available-for-sale investments [IAS 39]	—	461,549

Market risk

The Company utilizes the prudent person approach to asset management as required by the Insurance Companies Act. An investment policy is in place and is monitored by the Investment Committee and the Board of Directors. Diversification techniques are utilized to minimize risk. The policy limits investment in any one issuer to a maximum of 5.0% of the Company's investment portfolio.

The Company's portfolio includes Canadian stocks with fair values that move with the Toronto Stock Exchange Composite Index and US equity investments with fair values that move with the S&P 500 Index.

A 1% movement in the stock markets with all other variables held constant would have an estimated effect on the fair values of the Company's equities of $47,991. For equities that the Company did not sell during the year, the change during the period would be recognized in Consolidated statement of operations.

13. Financial risk management (continued)

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. Current liabilities arise as claims are made. The Company does not have material liabilities that can be called unexpectantly at the demand of a lender or client. There are 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 maturity profile of the company's insurance assets and insurance liabilities are summarized in the following table.

	2023						
	Up to 1 year $	1–2 years $	2–3 years $	3–4 years $	4–5 years $	Over 5 years $	Total $
Financial assets							
Cash and cash equivalents	3,938,340	—	—	—	—	—	3,938,340
Other receivables	166,424	—	—	—	—	—	166,424
Income tax receivable	19,634	—	—	—	—	—	19,634
Investments	8,694,294	1,956,843	1,900,000	1,900,000	2,001,523	—	16,452,660
	12,818,692	1,956,843	1,900,000	1,900,000	2,001,523	—	20,577,058
Insurance assets							
Reinsurance asset contracts	1,668,582	419,399	64,449	—	973	—	2,153,403
Total assets	14,487,274	2,376,242	1,964,449	1,900,000	2,002,496	—	22,730,461
Accounts payable and accrued liabilities	561,237	—	—	—	—	—	561,237
Insurance liabilities	3,415,583	831,825	209,980	65,555	6,618	—	4,529,561
Total liabilities	3,976,820	831,825	209,980	65,555	6,618	—	5,090,798
Net liquidity gap	10,510,454	1,544,417	1,754,469	1,834,445	1,995,878	—	17,639,663

13. Financial risk management (continued)

Liquidity risk (continued)

	2022						
	Up to 1 year $	1–2 years $	2–3 years $	3–4 years $	4–5 years $	Over 5 years $	Total $
Financial assets							
Cash and cash equivalents	3,075,374	—	—	—	—	—	3,075,374
Other receivables	134,168	—	—	—	—	—	134,168
Income tax receivable	738,103	—	—	—	—	—	738,103
Investments	8,308,892	2,556,476	1,236,590	1,440,278	62,678	2,418,956	16,023,870
	12,256,537	2,556,476	1,236,590	1,440,278	62,678	2,418,956	19,971,515
Insurance assets							
Reinsurance asset contracts	3,234,013	427,986	180,321	—	—	—	3,842,320
Total assets	15,490,550	2,984,462	1,416,911	1,440,278	62,678	2,418,956	23,813,835
Accounts payable and accrued liabilities	400,275	—	—	—	—	—	400,275
Insurance liabilities	5,308,603	953,621	404,238	64,576	—	—	6,731,038
Total liabilities	5,708,878	953,621	404,238	64,576	—	—	7,131,313
Net liquidity gap	9,781,672	2,030,841	1,012,673	1,375,702	62,678	2,418,956	16,682,522

14. Related party transactions

Director's fees are presented in the statement of operations. Compensation for the Company's key management personnel is set out below:

	2023	2022
	$	$
Key management personnel		
Salaries and commissions	218,319	251,458
Short-term employee benefits	14,476	17,084
	232,795	268,542

15. Insurance and reinsurance contracts

Roll forward of net asset or liability for insurance contracts

The Company provides disclosure for its entire portfolio on an overall basis without further disaggregating information based on major product lines.

15. Insurance and reinsurance contracts (continued)

	2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of PVFCF*	Risk adjustments	Total
	$	$	$	$	$
Insurance contract liabilities, beginning of year	2,931,984	—	6,514,039	147,347	9,593,370
Insurance contract assets, beginning of year	—	—	—	—	—
Net balance (asset) liability, beginning of year	**2,931,984**	**—**	**6,514,039**	**147,347**	**9,593,370**
Insurance revenue	(8,685,236)	—	—	—	(8,685,236)
Insurance service expenses	—	—	9,480,255	(18,743)	9,461,512
Incurred claims and other directly attributable expense	—	—	8,411,111	6,574	8,417,685
Insurance acquisition cash flows amortization	—	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service – adjustments to the LIC	—	—	1,069,144	(25,317)	1,043,827
Impairment losses recognized during the year	—	—	—	—	—
Reversal of impairment losses recognized during the year	—	—	—	—	—
Insurance service result	**(8,685,236)**	**—**	**9,480,255**	**(18,743)**	**776,276**
Insurance finance expenses	—	—	(23,999)	—	(23,999)
Effect of movements in exchange rates	—	—	—	—	—
Total changes in the statement of comprehensive income	**(8,685,236)**	**—**	**9,456,256**	**(18,743)**	**752,277**
Cash flows	—	—	—	—	—
Premiums received	9,010,976	—	—	—	9,010,976
Claims and other directly attributable expenses paid	—	—	(11,597,013)	—	(11,597,013)
Insurance acquisition cash flows	—	—	—	—	—
Total cash flows	**9,010,976**	—	**(11,597,013)**	—	**(2,586,037)**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	—	—	—	—	—
Other movements	—	—	—	—	—
Net balance (asset) liability, end of year	**3,257,724**	**—**	**4,373,282**	**128,604**	**7,759,610**
Insurance contract liabilities, end of year	3,257,724	—	4,373,282	128,604	7,759,610
Insurance contract assets, end of year	—	—	—	—	—
Net balance (asset) liability, end of year	**3,257,724**	**—**	**4,373,282**	**128,604**	**7,759,610**

* PVFCF refers to present value of future cash flows

15. Insurance and reinsurance contracts (continued)

	2022				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Excluding loss component	**Loss component**	**Estimates of PVFCF***	**Risk adjustments**	**Total**
	$	**$**	**$**	**$**	**$**
Insurance contract liabilities, beginning of year	2,762,100	—	2,347,390	81,542	5,191,032
Insurance contract assets, beginning of year	—	—	—	—	—
Net balance (asset) liability, beginning of year	**2,762,100**	**—**	**2,347,390**	**81,542**	**5,191,032**
Insurance revenue	(7,922,579)	—	—	—	(7,922,579)
Insurance service expenses	—	—	11,097,236	65,805	11,163,041
Incurred claims and other directly attributable expense	—	—	12,463,656	119,960	12,583,616
Insurance acquisition cash flows amortization	—	—	—	—	—
Losses on onerous contracts and reversals of those losses	—	—	—	—	—
Changes that relate to past service – adjustments to the LIC	—	—	(1,366,420)	(54,155)	(1,420,575)
Impairment losses recognized during the year	—	—	—	—	—
Reversal of impairment losses recognized during the year	—	—	—	—	—
Insurance service result	**(7,922,579)**	**—**	**11,097,236**	**65,805**	**3,240,462**
Insurance finance expenses	—	—	(7,577)	—	(7,577)
Effect of movements in exchange rates	—	—	—	—	—
Total changes in the statement of comprehensive income	**(7,922,579)**	**—**	**11,089,659**	**65,805**	**3,232,885**
Cash flows	—	—	—	—	—
Premiums received	8,092,463	—	—	—	8,092,463
Claims and other directly attributable expenses paid	—	—	(6,923,010)	—	(6,923,010)
Insurance acquisition cash flows	—	—	—	—	—
Total cash flows	**8,092,463**	**—**	**(6,923,010)**	**—**	**1,169,453**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	—	—	—	—	—
Other movements	—	—	—	—	—
Net balance (asset) liability, end of year	**2,931,984**	**—**	**6,514,039**	**147,347**	**9,593,370**
Insurance contract liabilities, end of year	2,931,984	—	6,514,039	147,347	9,593,370
Insurance contract assets, end of year	—	—	—	—	—
Net balance (asset) liability, end of year	**2,931,984**	**—**	**6,514,039**	**147,347**	**9,593,370**

* PVFCF refers to present value of future cash flows

15. Insurance and reinsurance contracts (continued)

The company provides disclosure for its entire reinsurance portfolio on an overall basis without further disaggregating information based on specific reinsurance lines or segments.

	2023				
	Assets for remaining coverage		Assets recoverable on incurred claims		
	Excluding loss recovery component $	Loss component $	Estimates of PVFCF* $	Risk adjustments $	Total $
Reinsurance contract liabilities, beginning of year	—	—	—	—	—
Reinsurance contract assets, beginning of year	—	—	3,731,320	70,248	3,801,568
Net balance asset (liability), beginning of year	**—**	**—**	**3,731,320**	**70,248**	**3,801,568**
An allocation of reinsurance premiums	(2,019,444)	—	—	—	(2,019,444)
Amounts recoverable from reinsurers for incurred claim	—	—	3,162,512	(23,348)	3,139,164
Amounts recoverable for claims and other expense	—	—	1,616,995	(30,848)	1,586,147
Loss-recovery on onerous underlying contracts and adjustments	—	—	—	—	—
Changes to amounts recoverable for incurred claim	—	—	1,545,517	7,500	1,553,017
Net income (expenses) from reinsurance contracts held	**(2,019,444)**	**—**	**3,162,512**	**(23,348)**	**1,119,720**
Reinsurance finance income	—	—	(13,031)	—	(13,031)
Effect of changes in the risk of reinsurers non performance	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—
Total changes in the statement of comprehensive income	**(2,019,444)**	**—**	**3,149,481**	**(23,348)**	**1,106,689**
Cash flows					
Premiums paid net of ceding commissions and other directly attributable expenses paid	2,019,444	—	—	—	2,019,444
Amounts received	—	—	(4,794,397)	—	(4,794,397)
Total cash flows	**2,019,444**	**—**	**(4,794,397)**	**—**	**(2,774,953)**
Other movements	—	—	—	—	
Net balance asset (liability), end of year	**—**	**—**	**2,086,404**	**46,900**	**2,133,304**
Reinsurance contract liabilities, end of year	—	—	—	—	—
Reinsurance contract assets, end of year	—	—	2,086,404	46,900	2,133,304
Net balance assets (liability), end of year	**—**	**—**	**2,086,404**	**46,900**	**2,133,304**

* PVFCF refers to present value of future cash flows

15. Insurance and reinsurance contracts (continued)

The company provides disclosure for its entire reinsurance portfolio on an overall basis without further disaggregating information based on specific reinsurance lines or segments.

	2022				
	Assets for remaining coverage		Assets recoverable on incurred claims		
	Excluding loss recovery component $	Loss component $	Estimates of PVFCF* $	Risk adjustments $	Total $
Reinsurance contract liabilities, beginning of year	—	—	(18,589)	13,589	(5,000)
Reinsurance contract assets, beginning of year	—	—	191,403	662	192,065
Net balance asset (liability), beginning of year	**—**	**—**	**172,814**	**14,251**	**187,065**
An allocation of reinsurance premiums	(1,498,987)	—	—	—	(1,498,987)
Amounts recoverable from reinsurers for incurred claim	—	—	3,850,673	55,997	3,906,670
Amounts recoverable for claims and other expense	—	—	3,998,360	70,961	4,069,321
Loss-recovery on onerous underlying contracts and adjustments	—	—	—	—	—
Changes to amounts recoverable for incurred claim	—	—	(147,687)	(14,964)	(162,651)
Net income (expenses) from reinsurance contracts held	**(1,498,987)**	**—**	**3,850,673**	**55,997**	**2,407,683**
Reinsurance finance income	—	—	(4,490)	—	(4,490)
Effect of changes in the risk of reinsurers non performance	—	—	—	—	—
Effect of movements in exchange rates	—	—	—	—	—
Total changes in the statement of comprehensive income	**(1,498,987)**	**—**	**3,846,183**	**55,997**	**2,403,193**
Cash flows	—	—	—	—	—
Premiums paid net of ceding commissions and other directly attributable expenses paid	1,498,987	—	—	—	1,498,987
Amounts received	—	—	(287,677)	—	(287,677)
Total cash flows	**1,498,987**	**—**	**(287,677)**	**—**	**1,211,310**
Other movements	—	—	—	—	—
Net balance asset (liability), end of year	**—**	**—**	**3,731,320**	**70,248**	**3,801,568**
Reinsurance contract liabilities, end of year	—	—	—	—	—
Reinsurance contract assets, end of year	—	—	3,731,320	70,248	3,801,568
Net balance assets (liability), end of year	**—**	**—**	**3,731,320**	**70,248**	**3,801,568**

* PVFCF refers to present value of future cash flows

15. Insurance and reinsurance contracts (continued)

Catastrophic event

On September 24, 2022, Nova Scotia was hit by post-tropical storm Fiona. This was an historic weather event including high winds and heavy rains, which resulted in catastrophic damage to properties. As at December 31, 2023, Antigonish Farmers' Mutual Insurance Company's gross losses incurred associated with this catastrophic event were estimated at $5,905,987, with approximately $771,801 being recoverable under the Company's Catastrophe reinsurance treaty.

16. Income taxes

Income tax expense attributable to taxable income differs from the amounts computed by applying the combined federal and provincial income tax rate of 29% [2022 – 29.00%] to income before income taxes as a result of the following:

Tax rate reconciliation

	2023	2022
	$	$
(Loss) Income before income taxes	605,464	(1,504,145)
Income tax (recovery) expense at the statutory rate	171,880	(436,202)
Changes in income taxes		
Deductible amounts recorded the opening adjustments	(214,240)	
Non-taxable dividend income	(35,711)	(30,838)
Other	6,669	10,736
	(71,402)	(456,304)
Current income tax expense (recovery)	2,428	(259,674)
Deferred tax expense (recovery)	(73,830)	(196,630)
	(71,402)	(456,304)

Current and deferred income tax expense in other comprehensive income

	2023	2022
	$	$
Current income tax (expense)/income	—	236,200

16. Income taxes

Deferred tax liability (asset)

Deferred tax liabilities arising from temporary differences and unused loss carry forwards are summarized as follows:

	2023	2022
	$	$
Property, equipment and reserves	2,760	25,350
Loss carry forward – non capital	274,340	179,870
Other	10,420	8,470
	287,520	213,690

17. Future employee benefits

Included in expenditures is $37,675 [2022 – $42,523] in contributions the Company made on behalf of its employees under a defined contribution pension plan.

18. Insurance service expense

The breakdown of insurance service expenses by major product lines is presented below:

	2023	2022 Restated
	$	$
Claims and benefits	6,926,042	8,853,878
Salaries and employee benefits	653,558	644,075
Professional fees [other than legal]	249,309	133,982
Legal fees	588	3,333
Commissions	1,168,561	1,063,673
Depreciation and amortization	56,591	59,237
Occupancy expenses [including rent, leasing and maintenance]	75,350	69,148
Information technology	362,446	333,806
Other general expenses	799,966	707,336
Total	**10,292,411**	**11,868,468**
Represented by:		
Insurance service expenses	9,461,512	11,163,041
General and operating expenses	830,899	705,427
Total	**10,292,411**	**11,868,468**

19. Other income

	2023	2022
	$	$
Miscellaneous	25,100	15,958
Interest on Chequing Account	129,104	49,128
Agency, net	18,738	76,182
	172,942	141,268

20. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.