MUTUELLE
D'ASSURANCE
EN ÉGLISE

AGENCE EN ASSURANCE DE DOMMAGES

ANNUAL
REPORT 2023

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MORE THAN JUST **AN INSURER**

For over 170 years, the Mutuelle has stood the test of time despite the disruptions it has experienced over the years, the evolution of the insured risks, the organizational changes and the transformation of the church community. Its strength? Mutual assistance and the willingness of its members to remain united within their mutual insurance company which allows them to take part in the election of officers and in making important decisions.

Indeed, the Mutuelle belongs to you. This is a major advantage that is not found in a private company where the insured are not owners. This substantial difference creates the richness and the particularity of your Mutuelle. It is up to you to make the most of it by taking part in your Mutuelle's various activities, including the Annual General Meeting, to express your opinion and exercise your right to vote.

It is also important to remember that by being part of the Mutuelle, the community as a whole benefits from the efforts of each member in maintaining their buildings and preventing claims. Thanks to mutualism and the pooling of resources that underlies it, members also collectively acquire exceptional resources that enable them to maintain and even improve the quality of their risk profile for the future, while benefiting from an insurance coverage designed for them. Their collective efforts also allow their Mutuelle to offer better adapted insurance products, a range of services from the Centre d'entraide et de prévention and, finally, a reduction in their overall cost thanks to the amounts paid to them at the time of the attribution when performance is favourable. Being a member of the Mutuelle d'assurance en Église is therefore not a simple matter of contract, it is a matter of heart and pride.

Furthermore, because it evolved over the years in your environment, the Mutuelle is also aware of the current and future challenges faced by its members and makes the effort to know their needs well. That is why it considers it important to offer them a unique insurance solution (exclusive products, personalized prevention approach, reasonable rates, profit sharing), a devoted team, outstanding customer service and additional services such as the Centre d'entraide et de prévention, which you will not find with other insurers.

As part of our strategic planning, the year 2023 has enabled us to review our mission, vision and values so that they reflect the substance of what your Mutuelle is today. This revision is the result of the reflections of the Board of Directors, our Executive Committee and members of our staff. Their work was supported by consultations with a number of member-policyholders, archbishops and bishops, and others close to the Mutuelle.

OUR **MISSION**

To meet the insurance needs of religious and charitable organizations.

OUR VISION

To be the mutual insurance company of reference for religious and charitable organizations.

OUR VALUES

- Mutual assistance
- Transparency
- Rigor
- Fairness

2023 HIGHLIGHTS

Our community in numbers

702
POLICIES UNDERWRITTEN

525
FABRIQUES
2022
530
-0.94%

177
OTHER INSTITUTIONS
2022
163
8.59%

56
OTHER ORGANIZATIONS

92
INSTITUTIONS FROM OTHER CONFESSIONS

29
ROMAN CATHOLIC RELIGIOUS INSTITUTIONS

$1.5 M
MONEY REINVESTED IN OUR MEMBERS' COMMUNITY

$769 k
ATTRIBUTION

$272 k
SUBSIDIES

$491 k
MUTUAL ASSISTANCE AND PREVENTION

1 434
INSURED SITES

$3.9 G
PROTECTED AND INSURED VALUES

A WORD FROM THE **CHAIRMAN**

Dear members,

Once again, this year has been rich in reflections and projects. Your Board of Directors has focused its attention on two main areas: consolidating and improving the performance of your Mutuelle so that it meets your aspirations even more effectively and rests on solid foundations, while ensuring its sustainability in a difficult context for most members.

To this end, the Board, whose primary mandate is to oversee all of the Mutuelle's activities without interfering in its day-to-day management, focused first and foremost on its strategic orientations, the Mutuelle's financial situation, and on monitoring the quality of the organization's work.

An external event has made the task a little more complex in financial terms, namely the imposition of new accounting and actuarial standards by the relevant authorities. These new international standards are often referred to as IFRS 9 and 17. In order to implement them in 2023, the Board had to make decisions on how to deal with a number of practices in the future. I would like to acknowledge the exceptional involvement of our General Management and Finance Department, and to thank them for their patience in helping us make informed decisions.

Thinking about the future of the organization is also part of our mandate, and we do so in a challenging environment. As directors, we must consider how to ensure the relevance and financial strength of your Mutuelle, now and for the foreseeable future. At a time when our traditional market is in turmoil, we need to ensure that the Mutuelle will be able to meet its commitments in the future and maintain its member support programs.

In this respect, we are pleased to note that 2023 ended with a small profit, a sign of our irreproachable financial health, which enables us to pay members a fair attribution that does not affect the future.

Last but not least, all these considerations and all the decisions we take are based on a constant concern to maintain exemplary corporate governance. We accept no compromises, and aim to make the Mutuelle an organization that employs the highest standards of transparency, compliance and fairness.

The work of the committees

The Board of Directors has set up three sub-committees with very specific mandates, so that it can carry out its work efficiently and continuously. Each committee is made up of three or four members, has its own agenda and ensures that the Board is kept abreast of the key elements of the organization.

The Ethics Committee pays constant attention to the governance of the Mutuelle, acting both as promoter and watchdog. During the last mandate, it organized a governance training course for directors, and is preparing to complete this training by incorporating regulatory requirements. The committee has also overseen the development of a guide for new directors. Of course, self-assessment of the Board, its committees and the individual performance of each director remains a priority.

The Audit Committee, for its part, had two very special additional mandates in 2023. The first was the introduction of IFRS 9 and 17, which took up much of its time. The second was to entrust the day-to-day management of investments to a new firm, a decision the Board had taken in 2022. The transfer of the funds we manage took place in 2023. All went smoothly, to the best benefit of our members.

The committee was also behind the introduction of a certificate of compliance for operations. The Mutuelle's management must now regularly certify to the Board that legal obligations have been met, that obligations relating to payroll deductions have been complied with, and that directors' and officers' insurance coverage has been maintained in force.

As for the Business Practices Committee, its mandate is to monitor the Mutuelle's response to members' concerns, while ensuring that it is inspired by best insurance practices. To this end, the committee has worked hard to make the post-claim satisfaction survey more meaningful. Today, the response rate is much improved, and the quality perceived by claimants is also on the rise. We will soon be able to add a survey on the overall response quality of the Mutuelle's various services. The committee is also working on revising certain products.

In addition, the committee took due note of the results of the consultations held with members following the fall 2023 training tour, during which the Mutuelle team toured the regions it insures.

The strategic planning exercise

Strategic planning is an ongoing process. It aims to ensure that the right decisions about the Mutuelle's future are well thought-out and in line with the Board's overall mandates.

As part of our strategic planning, the year 2023 has enabled us to review our mission, vision and values so that they reflect the substance of what your Mutuelle is today. This revision is the result of reflections by the Board of Directors, our Management Committee and members of our staff. Their work was supported by consultations with member-policyholders, archbishops and bishops, and others close to the Mutuelle.

I would also like to underline the extraordinary collaboration of the Liaison Committee, reconstituted in 2022, which gives us the benefit of the advice and observations of the Archbishops of Montreal, Gatineau and Sherbrooke and their key collaborators. Their contribution could not be more valuable.

We have also undertaken a number of priority projects to ensure the success of our long-term action plan. Our work on implementing a modern and affordable technological platform, on consolidating our human resources teams, including a strong focus on succession planning, and on revising our corporate identity have particularly caught our attention. These are important milestones in ensuring the long-term future of your Mutuelle.

The Mutuelle's performance

The Mutuelle has implemented the recommendations of IFRS 17 - Insurance Contracts and IFRS 9 - Financial Instruments for the first time starting January 1, 2023. These standards have introduced changes to the accounting treatment of insurance and reinsurance contracts and financial instruments. As a result, the Mutuelle has restated its comparative financial statements. The nature and effects of these new standards are summarized in note 5 to the December 31, 2023, audited financial statements included in this document.

At the end of 2023, the Mutuelle's financial health remains as strong as ever. The minimum capital test shows a solid ratio of 582%, albeit lower than last year. This decrease is explained by the composition of our investment portfolio, which was modified this year. It became imperative to diversify our portfolio in order to improve performance. This was done judiciously, while respecting our investment policy and maintaining our available capital at a safe level.

As in previous years, the Mutuelle, in addition to helping to maintain our religious heritage, continued to provide its members with financial support in the form of subsidies and programs.

Revenues from insurance activities rose by 0.6% compared to the previous year, to $10.7 million. This increase was mainly due to the addition of new members and the indexation of insured values.

The portion of this premium ceded to reinsurers has increased by $814,000, or approximately 17.9% compared to 2022. While the indexation of insured values explains a portion of this increase, it is mainly the rise in reinsurance costs on world markets caused by climatic events that is having an impact on our reinsurance costs.

In 2023, we noted a significant drop in property claims, thanks to the absence of any significant climatic events in the Mutuelle's territory. This is a positive sign, since it relies heavily on our prevention and underwriting efforts, which are critical to maintaining our commitments. However, liability claims remain a cause for concern this year, and continue to affect the Mutuelle's profitability.

Operating expenses rose slightly by approximately $202,000. This increase is partly due to the rise in the cost of living and to the hiring of staff to fill vacant positions.

Governance costs were considerably lower than last year. Despite a turbulent financial market and rising interest rates, the Mutuelle reported a significant increase in investment income compared to the previous year.

All the Mutuelle's work and successes are only possible thanks to the constant collaboration of our employees, management team and Chief Executive Officer. We are convinced that the Mutuelle is in a much better position than it was a few years ago. They are the main architects of these successes and we'd like to thank them all.

Louis Héroux
Chairman of the Board of Directors
Mutuelle d'assurance en Église

A WORD FROM THE **CHIEF EXECUTIVE OFFICER**

Dear members,

2023 was my first full year as Chief Executive Officer of your Mutuelle. As Mr. Louis Héroux explains in his word from the Chairman, in addition to our day-to-day work, a large part of our efforts has been devoted to developing an operational vision for your Mutuelle's strategic plan. The actions selected will be spread out over the next four years, and many projects have already been set in motion.

THE SIX PILLARS OF THE STRATEGIC PLAN

From the outset, the development of tools and technologies to increase efficiency was seen as a priority to ensure the success of all our other underlying orientations and actions. Indeed, the systems that have supported our operations for 30 years were in need of renewal. After extensive research, we found a partner offering a state-of-the-art solution, at a reasonable cost, which already supports more than twenty mutual companies of similar size to ours across Canada.

Since last October, the Mutuelle's staff have been hard at work with the aim of putting this new system into production by the end of 2024. This project has required and will continue to require considerable effort, but it will enable your Mutuelle to optimize its processes. We will gain in agility, which will enable us to pursue our other orientations with confidence.

At the same time, our commitment to all our members is a constant preoccupation. Since this is another important orientation of our plan, we undertook a training tour that enabled us to renew face-to-face contact and have fruitful exchanges with over 300 member representatives across each of our insured regions. The tour enabled us to gain a better understanding of your reality and the difficulties you face. Aware of the changes underway, we continue to ensure that your Mutuelle remains a partner you can count on. Rest assured of our desire to see it evolve in terms of insurance products and mutual assistance and prevention services to keep pace with your own changes.

The Mutuelle is transforming itself to remain relevant not only to fabriques and dioceses, but also to its other members from religious communities and other denominations. These other members, who recognize themselves in our mutualist model and share our values of mutual assistance, transparency, rigor and fairness, now represent nearly a quarter of our current membership.

In conclusion, the management, staff and close collaborators of your Mutuelle are hard at work to preserve the heritage built up over 170 years of history, but they are also, and especially, hard at work to ensure that the Mutuelle remains a privileged, solid and relevant partner to support its members in fulfilling their respective missions. I would like to thank them for their commitment and enthusiasm in carrying out our action plan. Although much remains to be done, the work accomplished to date is remarkable, and gives me confidence in the future.

François Dufault, CPA
Chief Executive Officer

2023 ACTIVITY REVIEW

Annual General Meeting

For the second time, the Mutuelle held its Annual General Meeting (AGM) in a hybrid format, with simultaneous attendance and videoconferencing. This method, while requiring more logistics, gives a greater number of members the opportunity to participate, as geographical location is no longer an obstacle.

Just over 50 people attended, half of them at the Centre communautaire La Résurrection in Brossard.

In 2023, four director positions were up for election. Two candidates were elected by acclamation: Mr. Roland Larochelle, a new director representing *Other Institutions*, and Mr. André Bouchard, representing the *Northern Region*, who was re-elected. As for the two independent director positions up for election, the members re-elected the two outgoing directors, Mr. Normand Lafrenière and Mr. Lucien Bergeron.

Operational vision of the strategic plan

In September 2023, the Board of Directors approved the operational vision of its strategic plan, up to and including 2027.

This vision is the result of reflections by the Mutuelle's Board of Directors, management and staff. Workshops bringing together bishops, key people from different members of the Mutuelle, as well as various specialists in the field, enabled us to fuel our discussions and develop a coherent, well-ordered action plan.

The plan is composed of six major orientations that will guide our actions over the next four years.

In this regard, we invite you to read the words of the Chairman of the Board and the Chief Executive Officer.

Training tour

On September 20, 2023, the Mutuelle launched a "training tour" organized in collaboration with the various dioceses. This tour, which enabled us to visit all our dioceses, was spread over 13 meetings and ended on November 29.

The aim of the tour was to provide our members' volunteers and staff with information on insurance and prevention issues so as to help them manage their files. It was also a perfect opportunity to exchange ideas with them and strengthen our ties.

The 2.5-hour training sessions covered the following topics:

- Insurance
  - The Mutuelle's insurance contract
  - How to insure volunteer workers (CNESST)
- Organizational management
  - The Fabrique Assembly or Board of Directors
  - The insurance coordinator
  - Client space
- Prevention
  - Preventing falling rocks and bricks

All training sessions were held in person, except for Rouyn-Noranda where, for reasons of time and cost, participants were met via videoconference. In all, more than 300 people took part in the meetings. The vast majority came from fabriques, and a few from charitable organizations.

The instructors, Christelle Racette, Assistant Director of Customer Service, and Amélie Douesnard, Assistant Director of the CEP and Communications, distributed surveys following each training session to find out more about members' insurance needs and to assess the relevance of such training. The survey results were especially complimentary in terms of the training itself and were useful in helping the Mutuelle to guide a number of future insurance actions.

Liaison Committee

The Liaison Committee brings together the Archbishops of Montreal, Gatineau and Sherbrooke, part of the dioceses served by the Mutuelle. Through this committee, the Mutuelle hopes to forge closer ties with its founding members.

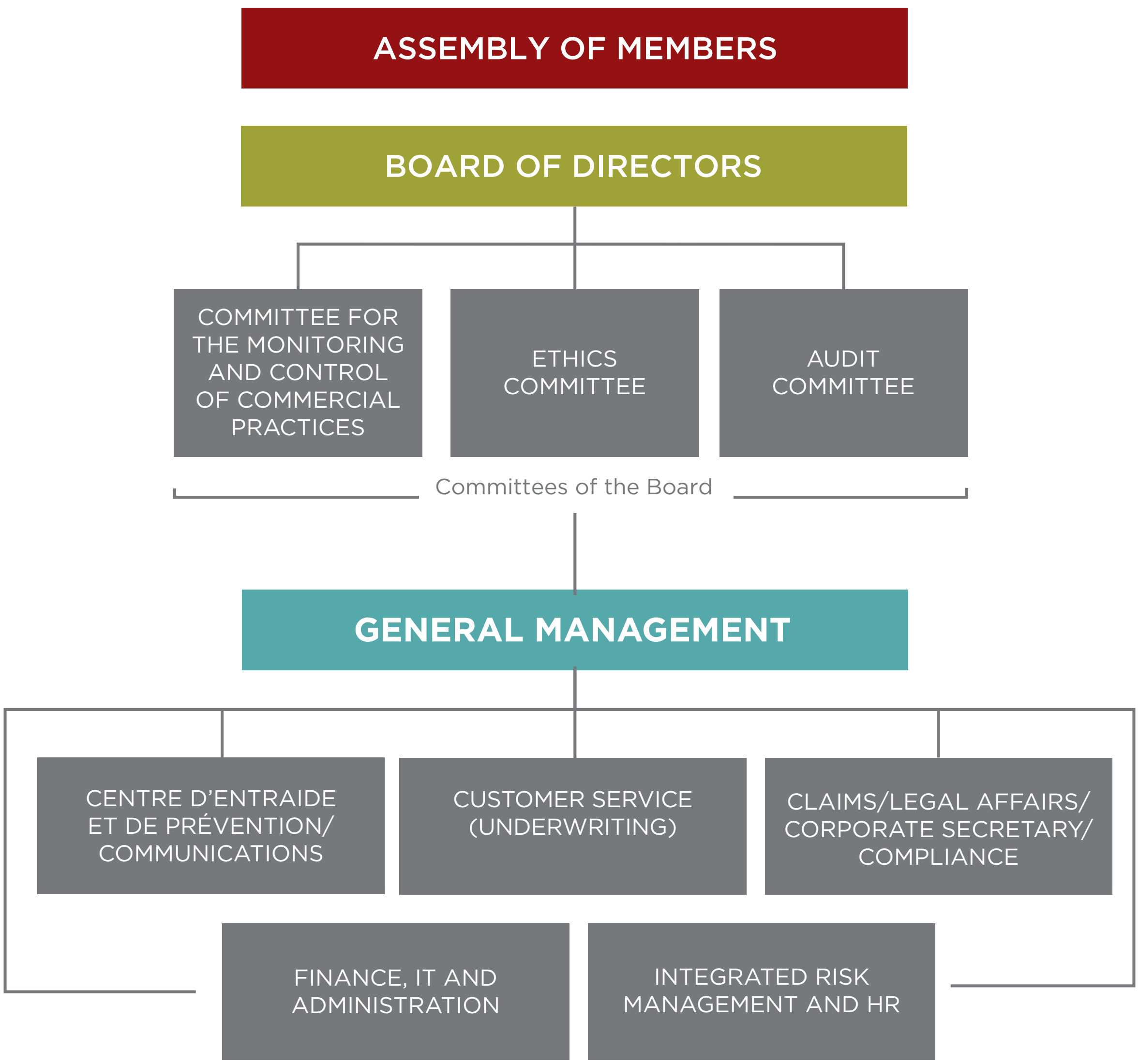
On the Mutuelle side, the committee includes the Chairman of the Board, the Chief Executive Officer and the Secretary of the Board. Some members of management also join the discussions as required.

Reactivated at the end of 2022, the committee met four times in 2023. As hoped, these meetings enabled us to reopen the channels of communication between our organizations and initiate a meaningful dialogue. They also enabled us to explain the various aspects of the Mutuelle's service offering and the different challenges it faces. This fruitful dialogue has led to the implementation of concrete actions to improve our service offering. For example, it was used to guide the course and topics of the "2023 Training Tour" described above.

GOVERNANCE

As a regulated financial institution, the Mutuelle d'assurance en Église must ensure compliance with all applicable laws in addition to safeguarding the interests of its members and of the general public. Accordingly, the Mutuelle has drafted a corporate governance program which draws inspiration from the best industry practices but which has been adapted to make proper allowance for the size and mutualistic nature of the Mutuelle.

ORGANIZATIONAL **CHART**



COMPOSITION OF THE BOARD OF DIRECTORS

As a reminder, in 2020, the By-Laws were amended to introduce the parameters of representativeness for member representatives and to reserve positions for independent directors in accordance with the applicable legislation.

Insurers act, s. 90. An authorized Québec insurer must implement a policy aimed at fostering, in particular, the **independence and competence** of the members of its board of directors and of the members of the committees of the board.

Insurers act, s. 274. At least half of the board of directors of a mutual company must consist of **mutual members.**

Governance Guideline (AMF). The AMF also expects **the majority of board members to be independent.** The concept of independence is characterized by the ability of the board members to exercise, collectively or individually, **objective and impartial judgment** regarding the financial institution's affairs **without undue influence from senior management or stakeholders.**

Four member representatives

Four of the seven seats on the Board of Directors are reserved for member representatives. These have been allocated on the basis of territorial division and type of membership in order to achieve an equivalent number of members for each category.

"Central Region"
All Members attached to the clergy of the Roman Catholic Church in the territory of the Diocese of Montreal.

"Northern Region"
All Members attached to the clergy of the Roman Catholic Church in the territory of the dioceses of Amos, Chicoutimi, Baie-Comeau, Rouyn-Noranda, Mont-Laurier, Joliette, Trois-Rivières, Quebec, Gatineau, Saint-Jérôme and Valleyfield.

"Southern Region"
All Members attached to the clergy of the Roman Catholic Church in the territory of the dioceses of Saint-Jean-Longueuil, Saint-Hyacinthe, Sherbrooke, Nicolet, Sainte-Anne-de-la-Pocatière, Rimouski and Gaspé.

"Other Institutions"
All Members not attached to the clergy of the Roman Catholic Church, including religious institutions, non-profit organizations and legal entities belonging to other Christian confessions.

Three independent directors

The other three positions are held by independent directors in order to have an objective vision based exclusively on the interest of the Mutuelle. They must have no ties with the Mutuelle or with any of its members.

The notion of independent director was clarified inarticle 25 of the By-Laws.

(...)

A director is independent if he or she does not have, and has not had during the past three (3) years, any direct or indirect material relationship with the Mutuelle or with any of its Members, including being or having been:

i. an employee of the Mutuelle;
ii. a director of the Mutuelle, except in the case of a director seeking re-election;
iii. an employee, director or director's equivalent, committee member or person otherwise involved with a Member of the Mutuelle;
iv. an employee or director of a legal entity who deals with the Mutuelle or who personally deals with the Mutuelle or one of its Members;
v. the spouse, child or stepchild of the persons described in subparagraphs i, ii, iii and iv.

All equal before the members

In keeping with the principle of mutuality, the By-Laws provide that each member has one vote for each position on the Board of Directors.

Note that the translation of the provisions is not official and that the official French version takes precedence.

MEMBERS OF THE 2023 **BOARD OF DIRECTORS AND OFFICERS**

LOUIS HÉROUX, *Chairman*
Elected on May 27, 2021,
and Chairman since May 27, 2021
Independent Director

ANDRÉ BOUCHARD, *Vice-President*
Elected on May 27, 2021,
and Vice-President since May 27, 2021
Northern Region

LUCIEN BERGERON, *Director*
Elected on May 27, 2021
Independent Director

DENIS CAPISTRAN, *Director*
Elected on May 27, 2021
Southern Region

NIQUETTE DELAGE, *Director*
Elected on May 27, 2021
Central Region

SÉBASTIEN FROIDEVAUX, *Director*
Elected on May 27, 2021 until May 18, 2023
Other Institutions

NORMAND LAFRENIÈRE, *Director*
Elected on May 27, 2021
Independent Director

ROLAND LAROCHELLE, *Director*
Elected on May 18, 2023
Other institutions

NON-BOARD INTERNAL OFFICERS

CHIEF EXECUTIVE OFFICER
François Dufault

CORPORATE SECRETARY
Colette St-Martin, *until June 4, 2023*
Jean Aubuchon, *since June 5, 2023*

CHIEF OFFICER OF FINANCE, IT AND ADMINISTRATION
Chantal Lapointe

2023 **COMMITTEE MEMBERS**

MONITORING AND CONTROL OF COMMERCIAL PRACTICES COMMITTEE

Created on August 12, 2021

ANDRÉ BOUCHARD
Chairperson since November 15, 2021

LUCIEN BERGERON
Since May 30, 2023

NIQUETTE DELAGE

SÉBASTIEN FROIDEVAUX
Since May 24, 2022, until May 18, 2023

LOUIS HÉROUX
Ex-officio member

ROLAND LAROCHELLE
Since May 30, 2023

AUDIT COMMITTEE

NORMAND LAFRENIÈRE
Chairperson since July 13, 2021

LUCIEN BERGERON

DENIS CAPISTRAN
Since May 24, 2022

SÉBASTIEN FROIDEVAUX
Until May 18, 2023

LOUIS HÉROUX
Ex-officio member

ETHICS COMMITTEE

NIQUETTE DELAGE
Chairperson since July 12, 2021

ANDRÉ BOUCHARD

LOUIS HÉROUX
Ex-officio member

NORMAND LAFRENIÈRE

ROLAND LAROCHELLE
Since May 30, 2023

BOARD OF **DIRECTORS AND COMMITTEES**

MANDATE OF THE **CHAIRMAN**

The Chairman directs the work of the Board. He is the main link between the Board and senior management and ensures that the decisions of the Board are implemented. He acts as the Mutuelle's representative in all matters that fall under the jurisdiction of the Board of Directors.

BOARD OF **DIRECTORS**

The Board of Directors governs the Mutuelle. Its role is to oversee and guide the activities of the Mutuelle in order to ensure its health and sustainability. It is responsible for assuming the duties and responsibilities provided for by the legislation and guidelines issued by the Autorité des marchés financiers (AMF) and exercises all the powers necessary for this purpose. In particular, it may create management positions, committees and any other body necessary for the Mutuelle's operations and the achievement of its mission.

The Board of Directors may allocate sums to special projects, decide on an attribution, make distinctions between categoriesof members and take any other decision of the same nature.

AUDIT COMMITTEE

The Audit Committee must review all financial statements intended for the Board of Directors before they are delivered to it, as well as carry out any other mandate that may, from time to time, be given to it by the Board of Directors.

The Committee must present the financial statements to the Board of Directors and recommend their final approval. In doing so, it must take into consideration any resolutions of the Board pertaining to these statements and act accordingly.

The Committee must correct any errors or inaccuracies in the financial statements and, when the financial statements have been circulated to the members, shall inform the meeting of the members.

ETHICS COMMITTEE

The Ethics Committee must adopt the rules of ethics that the Mutuelle must implement. These rules are binding on the Board of Directors. In addition, it must send a copy of these rules to the AMF.

These rules must include the following subjects:

1. the conduct of its directors and officers;
2. the conduct of the Mutuelle with interested natural persons and groups;
3. the formalities and conditions of contracts with such persons and groups.

The ethics committee must ensure the application of the rules of ethics and professional conduct and notify the Board of Directors in writing without delay of any breach thereof.

The ethics committee shall submit an annual report on its activities during the fiscal year to the AMF within two months of the end of the Mutuelle's fiscal year.

MONITORING AND CONTROL OF COMMERCIAL PRACTICES COMMITTEE

Created in August 2021, the Monitoring and control of commercial practices commitee is responsible for monitoring the Mutuelle's business practices as well as compliance with the commitments it makes to policyholders.

It reports annually to the Board of Directors on the implementation of commercial and management practices. In addition, the Committee must, as soon as it becomes aware of a situation that is likely to lead to a significant deterioration in the Mutuelle's financial situation, of another situation that is contrary to sound and prudent management practices or of a situation that is contrary to sound business practices, notify the Board of Directors and the Chief Executive Officer in writing.

Notes

FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023

MALLETTE
Société de comptables professionnels agréés

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Québec QC G1W 5C4
Téléphone : 418 653-4431
Télécopie : 418 656-0800
info.quebec@mallette.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of
Compagnie mutuelle d'assurance en Église,

Opinion

We have audited the financial statements of **COMPAGNIE MUTUELLE D'ASSURANCE EN ÉGLISE** (Mutuelle), which comprise the statement of financial position as at December 31, 2023, and the statements of income, comprehensive income, change in members' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mutuelle as at December 31, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Mutuelle'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 Mutuelle or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mutuelle's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mutuelle'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 Mutuelle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mutuelle to cease operations;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Mallette L.L.P. [1]

Mallette L.L.P.
Partnership of chartered professional accountants

Quebec, Canada
February 22, 2024

[1] CPA auditor, public accounting permit nº A110548

Opinion of the Actuary

To the policyholders of the Compagnie mutuelle d'assurance en Église:

I have valued the policy liabilities of the Compagnie mutuelle d'assurance en Église for its financial statements prepared in accordance with International Financial Reporting Standards for the year ended December 31, 2023.

In my opinion, the amount of policy liabilities is appropriate for this purpose. The valuation conforms to accepted actuarial practice in Canada and the financial statements fairly present the results of the valuation.

Signature____________________________________

André Gauthier
Fellow, Canadian Institute of Actuaries
Toronto, Ontario
February 22, 2024

STATEMENT OF INCOME
For the year ended December 31,

	2023[1]	2022 (restated)
Revenue from insurance activities	**$ 10,707,943**	$ 10,649,257
Expenses relating to insurance activities (Note 8 and Schedule)	**(13,062,005)**	(12,330,673)
Net loss from insurance activities relating to insurance contracts	**(2,354,062)**	(1,681,416)
Reinsurance premiums (Note 7)	**(5,358,977)**	(4,544,855)
Recoveries from reinsurers (Note 7)	**6,252,956**	4,754,407
Net expense relating to reinsurance contracts	**893,979**	209,552
Loss from insurance activities	**(1,460,083)**	(1,471,864)
Net income from investing activities (Note 9)	**2,703,123**	1,278,405
Financial income (expenses) from insurance	**(935,905)**	613,387
Financial income from reinsurance	**461,712**	66,764
Net financial income (loss) from insurance	**(474,193)**	680,151
Other expense		
Attribution to members	**(768,847)**	(704,501)
SHORTFALL OF REVENUES OVER EXPENSES	**$ -**	$ (217,809)

1 The information presented for the year ended December 31, 2023, takes into account IFRS 9 - Financial Instruments, adopted as at January 1, 2023. Comparative figures have not been restated. For further information, please refer to Note 5 - New accounting standards and interpretations.

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31,	**2023[1]**	2022
SHORTFALL OF REVENUES OVER EXPENSES	**$ -**	$ (217,809)
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to the statement of income		
Net change in available-for-sale investments		
Unrealized losses	**n/a**	(3,788,142)
Reclassification of realized gains to the statement of income	**n/a**	(239,924)
Reclassification of impairment losses to the statement of income	**n/a**	52,961
	-	(3,975,105)
Net change in financial assets evaluated at fair value through other comprehensive income		
Unrealized gains	**97,654**	n/a
Reclassification of realized losses to the statement of income	**878,871**	n/a
Total of the other comprehensive income	**976,525**	(3,975,105)
COMPREHENSIVE INCOME	**$ 976,525**	$ (4,192,914)

(1) The information presented for the year ended December 31, 2023, takes into account IFRS 9 - Financial Instruments, adopted as at January 1, 2023. Comparative figures have not been restated. For further information, please refer to Note 5 - New accounting standards and interpretations.

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

Compagnie mutuelle d’assurance en Église

STATEMENT OF CHANGE IN MEMBERS’ EQUITY

	Surplus[2]	Accumulated other comprehensive income	Total
BALANCE as at Decembre 31, 2021, already established	$ 38,823,834	$ 3,442,242	$ 42,266,076
Impact of initial application of IFRS 17 (Note 5)	(200,000)	-	(200,000)
BALANCE as at January 1, 2022, restated	38,623,834	3,442,242	42,066,076
Comprehensive income for the year			
Shortfall of revenues over expenses	(217,809)	-	(217,809)
Other comprehensive income items			
Available-for-sale investments			
Unrealized losses	-	(3,788,142)	(3,788,142)
Reclassification of realized gains to the statement of income	-	(239,924)	(239,924)
Reclassification of impairment losses to the statement of income	-	52,961	52,961
BALANCE as at December 31, 2022, restated	38,406,025	(532,863)	37,873,162
Impact of initial application of IFRS 9 (Note 5)	443,662	(443,662)	-
BALANCE as at January 1, 2023, restated	38,849,687	(976,525)	37,873,162
Comprehensive income for the year			
Excess of revenues over expenses	**-**	**-**	**-**
Other comprehensive income items			
Financial assets measured at fair value through other comprehensive income			
Unrealized gains	**-**	**97,654**	**97,654**
Reclassification of realized losses to the statement of income	**-**	**878,871**	**878,871**
BALANCE as at December 31, 2023[1]	**$ 38,849,687**	**$ -**	**$ 38,849,687**

1 The information presented for the year ended December 31, 2023, takes into account IFRS 9 - Financial Instruments, adopted as at January 1, 2023. Comparative figures have not been restated. For further information, please refer to Note 5 - New accounting standards and interpretations.

2 The Board of Directors adopted the resolution to combine the available surplus and the reserved surplus, which were presented separately in previous years.

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

Compagnie mutuelle d’assurance en Église

STATEMENT OF FINANCIAL POSITION

As at	**December 31, 2023**[1]	December 31, 2022 (restated)	January 1, 2022 (restated)
ASSETS			
Cash	**$ 1,756,606**	$ 5,606,035	$ 6,061,478
Accounts receivable	**-**	37,008	43,573
Investments (Note 6)	**45,650,470**	42,950,756	45,949,032
Other assets	**121,650**	116,412	102,873
Reinsurance contract assets (Note 7)	**17,745,000**	12,439,391	8,385,771
Tangible and intangible assets (Note 10)	**332,633**	530,757	171,737
	$ 65,606,359	$ 61,680,359	$ 60,714,464
LIABILITIES			
Insurance contract liabilities (Note 8)	**$ 25,697,315**	$ 22,718,814	$ 18,648,388
Attribution to members payable	**768,847**	704,501	-
Lease liability (Note 11)	**290,510**	383,882	-
	26,756,672	23,807,197	18,648,388
MEMBERS’ EQUITY			
Surplus	**38,849,687**	38,406,025	38,623,834
Accumulated other comprehensive income	**-**	(532,863)	3,442,242
	38,849,687	37,873,162	42,066,076
	$ 65,606,359	$ 61,680,359	$ 60,714,464

1 The information presented as at December 31, 2023, takes into account IFRS 9 - Financial Instruments, adopted on as at January 1, 2023. Comparative figures have not been restated. For further information, please refer to Note 5 - New accounting standards and interpretations.

Commitments (Note 15)

On behalf of the Board,

____________________, Board Member

____________________, Board Member

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

STATEMENT OF CASH FLOWS
For the year ended December 31,

	2023[1]	2022 (restated)
OPERATING ACTIVITIES		
Excess of revenues over expenses	**$ -**	$ (217,809)
Non-cash items		
Amortization of the premium on bonds	**(75,232)**	(46,212)
Loss on write-off of an asset	**58,285**	
Amortization of tangible and intangible assets	**153,199**	90,739
Gains realized on the disposal of available-for-sale investments	**n/a**	(239,924)
Impairment losses recognized on available-for-sale investments	**n/a**	52,961
Losses on disposal of financial assets measured at fair value through other comprehensive income	**878,871**	n/a
Change in fair value of financial assets measured at fair value through net income	**(1,868,577)**	n/a
	(853,454)	(360,245)
Changes in non-cash working capital items	**(2,230,992)**	714,333
Cash flows related to operating activities	**(3,084,446)**	354,088
INVESTING ACTIVITIES		
Acquisition of investments	**(52,049,545)**	(20,088,424)
Disposal of investments	**51,391,294**	19,344,770
Acquisition of tangible and intangible assets	**(13,360)**	(38,880)
Cash flows related to investing activities	**(671,611)**	(782,534)
FINANCING ACTIVITIES		
Reimbursement of the lease liability	**(93,372)**	(26,997)
DECREASE IN CASH AND CASH EQUIVALENTS	**(3,849,429)**	(455,443)
CASH, beginning of year	**5,606,035**	6,061,478
CASH, end of year	**$ 1,756,606**	$ 5,606,035
NON-MONETARY TRANSACTIONS		
Rental assets and lease liability	**$ -**	$ 410,879

[1] The information presented for the year ended December 31, 2023, takes into account IFRS 9 - Financial Instruments, adopted as at January 1, 2023. Comparative figures have not been restated. For further information, please refer to Note 5 - New accounting standards and interpretations.

Cash flows related to operating activities from:		
Interest received	**$ 205,676**	$ 337,465
Dividends received	**$ 28,621**	$ 202,733
Income from mutual funds received	**$ 1,539,473**	$ 649,473

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

1. REPORTING ENTITY

Compagnie mutuelle d’assurance en Église (hereinafter "Mutuelle") is a mutual insurance company under the Insurers Act and a damage insurance firm under the Act respecting the distribution of financial products and services. The Mutuelle serves the insurance needs of religious and charitable organizations. It is exempt from income tax under paragraph 149 (1) (m) of the Income Tax Act.

In addition, through its “Centre d'entraide et de prévention (CEP)” department, the Mutuelle offers innovative complementary services designed to help members equip themselves with various tools to identify and mitigate their risks. The Mutuelle promotes awareness of loss prevention among its members, and offers them training to improve their risk management.

The Mutuelle is domiciled in Quebec, Canada. The Mutuelle’s head office is located at 1155 Metcalfe Street, Montreal, Quebec.

2. ROLE OF THE ACTUARY AND INDEPENDENT AUDITOR

The actuary is appointed by the Board of Directors of the Mutuelle. The actuary is responsible for ensuring that the assumptions and methods used in the valuation of policy liabilities are in accordance with accepted actuarial practice, applicable legislation and associated regulations or directives. In addition, for policyholder obligations, the actuary must also provide an opinion on the appropriateness of policy liabilities of the Mutuelle at each financial reporting date. A review regarding the accuracy and completeness of the data used during the valuation as well as the analysis of the Mutuelle’s assets are important elements that are considered when forming the actuary's opinion.

The services of the independent auditor are retained by the members at the annual general meeting. His engagement consists of performing an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and reporting to members with respect to the fair presentation of the Mutuelle’s financial statements, in accordance with International Financial Reporting Standards. In conducting the audit, the independent auditor considers the work of the designated actuary and his report on the Mutuelle’s actuarial valuation. The independent auditor's report indicates the scope of the audit, as well as his opinion.

3. BASIS OF PREPARATION

Compliance statement

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS).

The Mutuelle’s financial statements were approved by the Board of Directors on February 22, 2024.

Basis of measurement

The Mutuelle’s financial statements were prepared on a going concern basis using the historical cost method, except for financial assets measured at fair value as well as assets and liabilities related to insurance and reinsurance contracts prepared in accordance with the accounting policies set out in Note 4.

3. BASIS OF PREPARATION (continued)

Functional and presentation currency

The Canadian dollar is the Mutuelle’s functional currency, which is the currency of the primary economic environment in which the Mutuelle operates as well as its presentation currency.

Use of estimates and judgments

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

Underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period the change is made and in any future periods affected.

Information relating to key estimates and assumptions and critical judgments made in the application of accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

Insurance and reinsurance contracts

All insurance contracts issued are valued using the premiums allocation approach, since the coverage period for each of the group's contracts does not exceed one year.

All reinsurance contracts held are valued using the premiums allocation approach, as the Mutuelle reasonably expects that the valuation of the assets for remaining coverage for reinsurance contracts with a term of more than one year, established using this method, will not differ significantly from the valuation that would have been obtained by applying the general measurement model.

Liabilities for incurred claims

The liabilities for incurred claims represent the estimated total cost of settling all claims incurred prior to the reporting date, whether or not they have been reported to the Mutuelle. It includes a provision for external and internal settlement costs.

3. BASIS OF PREPARATION (continued)

Use of estimates and judgments

Liabilities for incurred claims

The methodologies used to establish the liabilities for incurred claims are as follows:

- The development method assumes that known claims are the best indicator of future claims development. This method does not depend on exposure units. It is commonly used, except when only a small portion of ultimate claims has been reported. In such a situation, this method would result in excessive volatility;
- The Bornhuetter-Ferguson method assumes that the difference between the observed and expected experience will remain stable and that the future development will not be affected by known claims. Thus undeclared claims depend on exposure units and are combined with declared claims. This method is used when a relatively large number of claims have not yet been declared or when claims are so recent that the information normally used to calculate provisions is not fully available. This method is primarily applied to claims from the most recent years.

The provision for class actions is established on the basis of the best estimates from management and legal advisers, to which a provision is added to reflect the uncertainty associated with this type of provision.

The estimate of the liabilities for incurred claims is based on various assumptions, including:

- Claims development;
- Discount rate curves;
- Adjustment for non-financial risk.

Liabilities for incurred claims are initially established on a case-by-case basis, as claims are reported. Additional provisions are set aside for claims incurred but not reported, for claims reported but insufficiently provided for, and for all future claims settlement costs. These estimates are based on historical data and current trends in claims experience, and take into account observed settlement rates. Where the effect of the time value of money is significant, the liability is discounted.

Insurance contract liabilities are estimates that may be subject to significant variations, due to events affecting the ultimate settlement of claims that have not yet occurred and may not occur for some time. Such variations may also be caused by additional information concerning claims, changes in the interpretation of contracts by the courts, or significant deviations from historical trends in the severity or frequency of claims.

3. BASIS OF PREPARATION (continued)

Use of estimates and judgments

Liabilities for incurred claims

The procedures that give rise to claims can also influence the development of provisions. Certain class actions were filed with the Mutuelle. Class actions are filed on behalf of all persons in the cited situation. These phenomena increase the complexity of estimating provisions, given the lack of historical data and the few comparable cases. The evolution of class actions involves several elements such as the awareness of newly reported facts, the periods affected, the addition of new cases not reported but related to the class action as well as updated jurisprudence, which can significantly modify the best estimates for each fiscal year.

Reinsurance contract assets

For reinsurance contracts, estimates of the present value of future cash flows are consistent with assumptions relating to the underlying insurance contracts. Reinsurance amounts expected to be recovered in respect of claims and adjustment expenses are recognized as assets in accordance with the reinsurance agreements and principles consistent with the recognition of liabilities for incurred claims.

Discount rate

Insurance contract liabilities and reinsurance contract assets are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium. The rate is determined on the basis of a risk-free yield curve observable on the market for Government of Canada securities. The illiquidity premium is estimated by considering the yield spread between risk-free yields and corporate bond yields, adjusted to eliminate credit risk and to add an additional factor to account for the different levels of liquidity between corporate bonds and insurance liabilities.

The discount rates applied to discount future cash flows are listed below:

	December 31, 2023	December 31, 2022
1 year	**5.1%**	4.8%
2 years	**4.5%**	4.6%
3 years	**4.3%**	4.5%
4 years	**4.2%**	4.4%
5 years	**4.2%**	4.4%
10 years	**4.7%**	4.8%
15 years	**4.9%**	5.1%

3. BASIS OF PREPARATION (continued)

Use of estimates and judgments

Non-financial risk adjustment

Non-financial risk adjustment is the indemnity the Mutuelle requires to cover the uncertainty surrounding the amount and timing of cash flows generated by non-financial risk when executing insurance contracts.

The Mutuelle has estimated the adjustment for non-financial risk using a confidence level (sufficiency probability) at the 80th percentile. That is, the Mutuelle has assessed its tolerance for uncertainty (as an indication of the compensation it requires to bear the non-financial risk) as being equivalent to the 80th percentile confidence level minus the mean of an estimated probability distribution of future cash flows. The Mutuelle has estimated the probability distribution of cash flows, as well as the additional amount above the expected present value of future cash flows required to reach the target percentiles.

Determining the business model

The business model followed by the Mutuelle is determined in such a way as to reflect the way in which financial assets are managed with a view to achieving a given economic objective, namely the generation of cash flows. It therefore reflects whether cash flows will be derived from the collection of contractual cash flows, from the sale of financial assets, or from both. Determining the business model requires judgment, and is based on all relevant evidence available to the Mutuelle at the time of assessment.

Fair value of financial instruments

The fair value of a financial instrument generally corresponds to the conterparty for which the instrument could be exchanged between knowledgeable and willing parties dealing at arm's length in full competition.

The best evidence of fair value is published price quotations in an active market. The fair value of bonds, shares and mutual funds is based on their closing price at year-end. When the market for a financial instrument is not active, fair value is established using a valuation technique and, as much as possible, data from observable markets.

4. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise indicated, the accounting policies described hereafter have been consistently applied to all periods presented in the financial statements.

Insurance and reinsurance contracts

Classification of insurance contracts

Contracts issued by the Mutuelle are classified as insurance contracts when the Mutuelle accepts a significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The insurance risk is significant if an insured event can oblige the insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance. Contracts that do not meet this definition are classified as investment or service contracts. The Mutuelle classified all its contracts as insurance contracts. Once classified, the contract keeps the same classification until the end of the contract term even if the insurance risk decreases over the period covered.

Evaluation methods

The carrying value of a group of insurance and reinsurance contracts is, on each closing date, the sum of the following components:

Component	Description	Measurement model
Insurance contract liabilities		
Liabilities for remaining coverage	Requirement to provide coverage after the reporting period for insured events that have not yet occurred.	Future services
Liabilities for incurred claims	Obligation to investigate and settle valid claims for insured events that have already occurred, including those that have not been reported, and other expenses incurred in connection with insurance.	Past services
Reinsurance contract assets		
Assets for remaining coverage	Right to receive coverage from a reinsurer after the reporting period for reinsured events that have not yet occurred.	Future services
Amounts recoverable on incurred claims	Right to receive compensation for reinsured events that have already occurred, including those that have not been reported.	Past services

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts

Level of aggregation of insurance and reinsurance contracts

The level of aggregation of insurance contracts is determined primarily by dividing the contracts into portfolios. Portfolios comprise groups of contracts with similar risks, which are managed together. The portfolios are then divided into three categories according to their original expected profitability: onerous contracts, contracts with no significant risk of becoming onerous, and other contracts. To determine the level of grouping, the Mutuelle identifies a contract as the smallest "unit", i.e. the policy, which is the lowest common denominator comprising property and liability coverage. No group may contain policies issued more than one year apart. Portfolios are divided by year of issue and profitability for accounting and valuation purposes.

The profitability of groups of contracts is assessed using actuarial valuation models. The Mutuelle assumes that no contract in the portfolio is onerous on initial recognition, unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Mutuelle assesses, on initial recognition, that there is no significant possibility that they will subsequently become onerous, by evaluating the probability that the relevant facts and circumstances will change.

The Mutuelle identifies portfolios of reinsurance contracts held by applying the same principles as those set out above, except that references to onerous contracts refer to contracts for which there is a net gain on initial recognition.

The Mutuelle has established that it manages a single portfolio of insurance contracts and a single portfolio of reinsurance contracts, and has classified all its contracts in the "other contracts" category.

Initial measurement of insurance contracts

All insurance contracts issued are initially measured using the premium allocation approach. Premiums are recognized as income in proportion to the duration of the policies.

For a group of contracts that is not onerous at the time of initial recognition, the Mutuelle measures the liabilities for remaining coverage as the premiums received at the date of initial recognition. Cash flows relating to the acquisition costs of insurance contracts are expensed as incurred.

The carrying amount of the liabilities for remaining coverage is not adjusted to reflect the time value of money and the effect of financial risk.

When facts and circumstances indicate that contracts are onerous on initial recognition, an additional analysis is performed to determine whether a net cash outflow is expected for these contracts. Such onerous contracts are grouped separately from other contracts, and a loss equivalent to the net cash outflow is recognized in net income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts

Subsequent measurement of insurance contracts

The carrying amount of the liabilities for remaining coverage at the end of each reporting period represents the liabilities for remaining coverage at the beginning of the period plus premiums received during the period less the amount recognized as insurance revenue for services provided during the period.

When, during the policy period, facts and circumstances indicate that a group of insurance contracts is onerous, a loss equivalent to the net outflow of funds is recognized in net income, so that the carrying amount of the liability for the group is equal to the fulfilment cash flows.

Liabilities for incurred claims correspond to the cash flows associated with these claims. The fulfilment cash flows incorporate all reasonable and supportable information available without undue cost or effort concerning the amount, timing and uncertainty of these future cash flows, reflect current estimates from the Mutuelle's perspective and include an explicit adjustment for non-financial risk. Future cash flows are adjusted to reflect the time value of money and the effect of financial risk.

Initial measurement of reinsurance contracts

Reinsurance assets for a group of reinsurance contracts held are initially measured on the same basis as insurance contracts issued, i.e. using the premium allocation approach, while taking into account the characteristics of reinsurance contracts held that differ from insurance contracts issued. Where applicable, they include a provision for non-performance risk on the part of the reinsurer, which is presented in net expense relating to reinsurance contracts.

In the event of onerous contracts being identified, the loss recovery component is calculated by multiplying the loss initially recognized in respect of the underlying insurance contracts by the percentage of claims relating to the underlying insurance contracts that the Mutuelle expects to recover through the group of reinsurance contracts in force. The loss recovery component is included in the assets for remaining coverage, and the recovery is recognized immediately in net income under amounts recoverable from reinsurers.

Subsequent measurement of reinsurance contracts

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 characteristics of reinsurance held.

Discount rate

Liabilities for incurred claims and amounts recoverable on incurred claims are discounted to present value. Estimates of future cash flows are discounted to take into account the time value of money and the financial risks that reflet the characteristics of liabilities and assets and the duration of each portfolio. The Mutuelle has established the discount rate curves using risk-free rates adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance and reinsurance contracts.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Insurance and reinsurance contracts

Non-financial risk adjustment

The valuation of insurance and reinsurance contracts includes a non-financial risk adjustment, which reflects the indemnity required to support the uncertainty surrounding the amount and timing of cash flows from groups of insurance and reinsurance contracts. The risk adjustment includes the benefits of diversification and excludes the impact of financial risks.

The change in the non-financial risk adjustment is shown in income from insurance and reinsurance activities.

Expenses relating to insurance activities

Expenses relating to insurance activities include fulfilment cash flows, which are costs directly attributable to insurance contracts, such as:

- Incurred claims and other expenses relating to insurance activities, which are fulfilment cash flows and include direct incurred claims and costs directly related to fulfilling insurance contracts;
- Losses and reversal losses on onerous contracts, if applicable.

Income or expenses from reinsurance contracts held

Amounts recovered from reinsurers and reinsurance premiums paid to reinsurers are presented separately in the income statement. Reinsurance cash flows that depend on the occurrence of claims covered by the underlying contracts are treated as part of amounts recoverable from reinsurers.

Financial income and expenses from insurance and reinsurance

Financial income and expenses from insurance and reinsurance include the change in the carrying value of the group of contracts resulting from the effect of the time value of money and its variations.

The impact of changes in market interest rates on the value of insurance and reinsurance assets and liabilities is presented in full under Financial income and expenses from insurance and reinsurance.

4. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Financial assets and liabilities

Classification and measurement of financial assets and liabilities

On initial recognition, all financial assets and liabilities, including, if applicable, derivative financial instruments, are measured at fair value plus directly attributable transaction costs, with the exception of financial instruments at fair value through profit or loss, for which transaction costs are expensed as incurred.

Financial assets and liabilities are recognized on the settlement date when the Mutuelle becomes a party to the contractual provisions of the financial instrument.

a) Classification and measurement of financial assets since January 1, 2023 (IFRS 9)

Classification of financial assets

On initial recognition, all financial assets are classified according to the business model used to manage the financial assets and the contractual cash flow characteristics of the financial asset. These factors determine whether financial assets are measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Financial assets are measured at amortized cost if both of the following conditions are met and the asset is not designated at fair value through profit or loss:

- The asset is held according to an economic model of assets held for the purpose of collecting contractual cash flows and;
- The contractual terms of the instrument give rise, at specified dates, to cash flows corresponding solely to principal repayments and interest payments on the principal outstanding.

Financial assets are measured at fair value through other comprehensive income if both of the following conditions are met and the asset is not designated at fair value through profit or loss:

- The asset is held according to an economic model of assets held for the purpose of collecting contractual cash flows and selling financial assets;
- The contractual terms of the instrument give rise, at specified dates, to cash flows corresponding solely to principal repayments and interest payments on the principal outstanding.

All other financial assets are measured at fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Classification and measurement of financial assets since January 1, 2023 (IFRS 9)

Business model

The Mutuelle's main business model is that of "held for collection and sale".

Cash, receivables and reinsurance contract assets are managed according to the "held for cash flow collection" business model, the objective of which is to hold financial assets and collect contractual cash flows from them until maturity.

Financial assets are not reclassified following their initial recognition, except in cases where the business model under which they are held is modified.

Classification of financial assets

The classification of the Mutuelle's financial instruments under IFRS 9 is summarized below:

Cash	Amortized cost
Accounts receivable	Amortized cost
Other reinsurance contract assets	Amortized cost
Bonds	Fair value through other comprehensive income
Shares	Fair value through profit or loss
Mutual funds	Fair value through profit or loss

Financial instruments measured at amortized cost

Financial assets in this category are initially recognized at fair value. The contractual terms of these instruments give rise to cash flows that correspond solely to principal repayments and interest payments on the principal outstanding, and are part of an economic model of assets held for the purpose of collecting contractual cash flows.

After initial recognition, financial assets in this category are measured at amortized cost using the effective interest method. Interest income is recognized in the statement of income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Classification and measurement of financial assets since January 1, 2023 (IFRS 9)

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that form part of a business model of assets held to earn cash flows from the sale of assets, and whose contractual terms give rise to cash flows that correspond solely to principal repayments and interest payments on the principal outstanding, are measured at fair value through other comprehensive income.

Subsequent to initial recognition, financial assets in this category are measured at fair value, and changes in fair value, with the exception of changes in the provision for expected credit losses and foreign exchange gains and losses on financial assets classified at fair value through other comprehensive income, are recognized in other comprehensive income as net unrealized gains or losses. Gains and losses are reclassified to the statement of income when the asset is derecognized.

Amortization of premiums and discounts, calculated using the effective interest method, and interest income are recognized on an accrual basis.

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are classified at fair value through profit or loss if they are part of a fair-value business model, having been acquired or contracted principally with a view to being sold in the near future, managed in a portfolio on a fair-value basis, or if the cash flows arising from the assets do not correspond to payments that are solely principal repayments and interest payments.

After initial accounting, financial assets in this category are measured at fair value, with changes in fair value recognized under "Change in fair value of financial assets measured at fair value through profit or loss" in net income, as appropriate.

Dividend income and income from mutual funds are recognized on an accrual basis.

b) Classification and measurement of financial liabilities since January 1, 2023 (IFRS 9)

On initial recognition, all financial liabilities are classified as measured at amortized cost or fair value through profit or loss. The Mutuelle may also, as permitted by the standard, designate liabilities at fair value through profit or loss, but has not exercised this option.

Financial liabilities measured at amortized cost

Financial liabilities in this category are initially measured at fair value, and are subsequently measured at amortized cost. Interest expense relating to these financial liabilities is recognized in income, where appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Classification and measurement of financial instruments prior to January 1, 2023 (IAS 39)

Financial assets and liabilities are initially measured at fair value. For subsequent measurement purposes, financial instruments are classified by the Mutuelle in the following categories on initial recognition:

- Available-for-sale financial assets;
- Loans and receivables;
- Other financial liabilities.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as being in this category or that do not qualify for classification in any other category of financial assets. Cash and investments were designated as being available for sale and measured at fair value.

Except for exchange gains or losses related to monetary items that are recognized in the statement of income, investment-related unrealized gains or losses are recognized in other comprehensive income until the gains or losses are realized or an impairment of the financial asset is recognized.

When an investment is disposed of or impaired, the gain or loss on disposal, or the impairment recognized in other comprehensive income, is then reclassified to the statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Interest and dividends receivable, other receivables and amounts due from reinsurers are classified as loans and receivables and are subsequently measured at amortized cost according to the effective interest method, including any impairment. Interest income is recognized in income.

Other financial liabilities

Other insurance contract liabilities and the attribution to members payable are classified as other financial liabilities and are subsequently recognized at amortized cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets since January 1, 2023 (IFRS 9)

For accounts receivable and other assets relating to reinsurance contracts, the Mutuelle uses the simplified approach for calculating the expected loss. Under this approach, management always measures the allowance for losses at the amount of expected credit losses over the life of the asset. These financial assets are presented in the statement of financial position, net of provisions for related credit losses, where applicable.

Financial assets are derecognized, in whole or in part, only when the Mutuelle has ceased to pursue their recovery. Any subsequent recovery is credited to credit loss expense.

Impairment of financial assets before January 1, 2023 (IAS 39)

Financial assets are subject to an impairment test at the end of each financial reporting period. Financial assets are impaired if there is objective evidence of impairment as a result of one or more events after initial recognition of a financial asset and that event has an impact on the estimated future cash flows of the financial asset. The amount of the loss is equal to the difference between the acquisition cost and the current fair value less any impairment to the financial asset previously recognized in net income.

With the exception of available-for-sale equity instruments, if the impairment amount decreases in a subsequent year, and if the decline in value can be objectively tied to an event subsequent to recognition of the impairment, the impairment previously recognized is reversed in net income to the extent that the carrying amount of the investment on the impairment reversal date is not greater than the amortized cost that would have been obtained if the impairment had not been recognized.

When there is evidence of impairment of one or more available-for-sale financial assets, the cumulative loss, recognized in other comprehensive income, must be reclassified in net income. With respect to available-for-sale equity instruments, impairment losses previously recognized in net income are not reversed in net income, but instead directly in the accumulated other comprehensive income.

Derecognition of financial assets and liabilities

Financial assets are derecognized when contractual rights on cash flows related to financial assets expire or when the Mutuelle transfers the contractual rights to receive cash flows related to financial assets as part of a transaction in which substantially all the risks and rewards incidental to ownership of the financial asset are transferred.

A financial liability is derecognized when the Mutuelle's contractual obligations are extinguished, cancelled or expire.

Financial assets and financial liabilities are offset, and the net balance is presented in the statement of financial position if, and only if, the Mutuelle has a legally enforceable right to set off the recognized amounts and intends either to settle the net amount, or to realize the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Attribution to members

The attribution to members is determined and approved by the Board of Directors, based on policies in place and the Mutuelle's results, and is paid to members in two annual payments.

Distinction between current and non-current

Assets are classified as current when they are expected to be realized in the normal course of the Mutuelle's business. Liabilities are classified as current when they are expected to be settled within the Mutuelle's normal operating cycle. All other assets and liabilities are classified as non-current. The Mutuelle's statement of financial position does not distinguish between current and non-current assets and liabilities. However, the following items are generally classified as current: cash, accounts receivable, other assets and attribution to members payable. The following items are generally classified as non-current: tangible and intangible assets. The remaining items are of a mixed nature. The current and non-current portions of these items are presented in the relevant notes or in the section on risk management.

Cash and cash equivalents

Cash and cash equivalents include cash and other securities with a maturity of three months or less at acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

Tangible and intangible assets

Tangible and intangible assets acquired are measured using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, all of which are finite, at the following annual rates:

Leasehold improvements	16.66%
Furniture and office equipment	20%
Microcomputer equipment	33.33%
Rental asset	25%
Internally generated software	20%

The rental asset is initially recognized at cost, which includes the initial amount of the lease liability.

The rental asset is subsequently depreciated on a straight-line basis from the commencement date of the lease to the first due date between the end of the asset's useful life and the end of the lease. The useful life of a rental asset is assessed on the same basis as the Mutuelle's other tangible assets. The Mutuelle presents its rental asset with its other tangible and intangible assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible and intangible assets

The depreciation method, residual values and useful lives are reviewed at each year-end, and the impact of any changes in estimates is accounted for prospectively.

The lease liability is subsequently revalued at amortized cost using the effective interest method.

Lease contracts

The Mutuelle has chosen to apply the exemptions for short-term contracts and contracts involving low-value assets. These contracts are either for a term of twelve months or less or involve underlying assets that are not considered material in value. Payments made under short-term and low-value asset leases are recognized in net income on a straight-line basis over the term of the lease.

5. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

New accounting standards applied

The Mutuelle has adopted the recommendations of IFRS 17 - Insurance Contracts and IFRS 9 - Financial Instruments of the CPA Canada Handbook - Accounting for the first time from January 1, 2023.

These sections introduced changes to the accounting of insurance and reinsurance contracts and financial instruments. As a result, the Mutuelle has restated certain comparative amounts and presented a third statement of financial position as at January 1, 2022. The nature and effects of the main changes in the Mutuelle's accounting policies resulting from the adoption of IFRS 17 and IFRS 9 are summarized below.

IFRS 17 - Insurance Contracts

IFRS 17 - Insurance Contracts replaces IFRS 4 - Insurance Contracts from January 1, 2023. The adoption of IFRS 17 has not changed the classification of the Mutuelle's insurance contracts.

The standard establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held. Under IFRS 17, insurance contracts issued and reinsurance contracts held by the Mutuelle can all be measured using the premiums allocation approach. This method simplifies the measurement of insurance contracts compared with the standard's general method.

The accounting under the premiums allocation approach is similar to the current approach under IFRS 4, but differs in the following main aspects:

a) Discount rate

IFRS 17 requires estimates of future cash flows to be discounted to reflect the time value of money and financial risks that reflect the characteristics of the liabilities and the duration of each portfolio. The Mutuelle has established discount yield curves using risk-free rates adjusted to add an illiquidity premium. Under IFRS 4, liabilities for claims were discounted using a rate that reflected the estimated market yield of the underlying assets backing these liabilities.

b) Non-financial risk adjustment

The measurement of insurance contract liabilities includes a risk adjustment, which replaces the risk margin under IFRS 4. The IFRS 4 risk margin reflects the inherent uncertainty in the net discounted claims liabilities estimates, whereas the IFRS 17 risk adjustment is the compensation required for bearing the uncertainty that arises from non-financial risk.

5. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

New accounting standards applied

IFRS 17 - Insurance Contracts

IFRS 17 introduces significant changes to the disclosure and presentation of insurance contract items in the financial statements including:

- Changes in presentation in the statement of financial position where receivables and payables related to insurance contracts, unearned premiums and the provision for unpaid claims and adjustment expenses will be presented together in a single item called, “Insurance contract liabilities”. Receivables and payables related to reinsurance contracts as well as reinsurers' share of the provision for unpaid claims and adjustment expenses will be presented together in a single item called “Reinsurance contract assets”;
- Changes in presentation in the statement of income where insurance results will be presented separately from reinsurance results;
- Results from insurance activities will consist of the following elements:
  - Revenue from insurance activities, which includes revenues related to insurance contracts,
  - Expenses relating to insurance activities, which include expenses related to insurance contracts, including operating costs,
  - Expenses relating to reinsurance contracts, which include reinsurance premiums,
  - Financial income from reinsurance contracts, which includes reinsurers' recoveries;
- Revenue from insurance activities is accounted for without the impact of discounting, which is presented separately in insurance revenues or expenses.

IFRS 17 has been applied using the full retrospective approach in accordance with the transitional provisions of the section, and the financial statements presented for prior years have been restated. More specifically, the Mutuelle has:

- defined, recognized and measured each group of insurance contracts as if it had always applied IFRS 17;
- derecognized any balance that would not exist if IFRS 17 had always been applied;
- recognized any resulting net difference in members' equity.

The transition to IFRS 17 on January 1, 2022, resulted in a decrease in members' equity of $200,000.

The following table summarizes the impact of the transition to IFRS 17 on the statement of financial position as at January 1, 2022:

	IFRS 4	Impact of IFRS 17	IFRS 17
Total assets	$ 63,904,560	$ (3,190,096)	$ 60,714,464
Total liabilities	$ 21,638,484	$ (2,990,096)	$ 18,648,388
Total members’ equity	$ 42,266,076	$ (200,000)	$ 42,066,076

5. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

New accounting standards applied

IFRS 9 - Financial Instruments

The Mutuelle has applied IFRS 9 - Financial Instruments to its financial year beginning January 1, 2023, the date of first-time application. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. The adoption of IFRS 9 has given rise to changes in accounting policies in two main areas: classification and measurement, and impairment.

The requirements of IFRS 9 have been applied retrospectively by means of adjustments to the amounts in the statement of financial position at the date of first application, i.e. January 1, 2023, without restatement of comparative period figures, as permitted by the standard. The impact of adopting IFRS 9 was recognized through adjustments to free surplus and accumulated other comprehensive income on January 1, 2023.

As a result of IFRS 9, amendments have been made to IFRS 7 Financial Instruments: Disclosures, which establish extended quantitative and qualitative disclosure requirements arising from IFRS 9 and which have also been adopted by the Mutuelle for the financial year beginning from January 1, 2023.

The following table shows the measurement categories and carrying values of investments previously established under IAS 39 as at December 31, 2022, and the new measurement categories and carrying amounts established under IFRS 9 as at January 1, 2023:

As at January 1, 2023	IAS 39 measurement category	IFRS 9 measurement category	Carrying value under IAS 39	Impact of IFRS 9	Carrying value under IFRS 9
Bonds	Available for sale	FVOCI	$ 15,839,991	$ -	$ 15,839,991
Shares	Available for sale[1]	FVTPL	$ 6,290,439	$ -	$ 6,290,439
Mutual funds	Available for sale[1]	FVTPL	$ 20,820,326	$ -	$ 20,820,326

1 These equity instruments were classified as "Available for sale" as at December 31, 2022 under IAS 39. As at January 1, 2023, they were "Classified at fair value through profit or loss", as under IFRS 9, all investments in equity instruments other than those designated at fair value through other comprehensive income must be included in this measurement class. This reclassification resulted in a $443,662 increase in surplus and an equivalent decrease in accumulated other comprehensive income.

5. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

New accounting standards applied

IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements

The proposed amendments change the disclosure requirements for accounting policies set out in IAS 1. The amendments replace all instances of "significant accounting policies" with "material disclosures about accounting policies". Information about accounting policies is material if, considered collectively with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions that the principal users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs of IAS 1 are also amended to clarify that information about accounting policies that relates to transactions, other events or insignificant conditions is immaterial, and need not be disclosed. Information on accounting policies may be material due to the nature of the transactions, other events or conditions involved, even if the amounts are immaterial. However, information on accounting policies relating to significant transactions, other events or conditions is not necessarily all material in itself.

The International Accounting Standards Board (IASB) has also developed guidance and examples to explain and illustrate the application of the four-step materiality process described in the IFRS 2 Practice Statement.

These amendements were applied prospectively and had no material impact on the Mutuelle’s financial statements.

New future accounting standards

The IASB and the International Financial Reporting Interpretation Committee (IFRIC) have published new pronouncements that will be mandatory for financial years beginning after January 1, 2023. Several of these new standards will not apply to the Mutuelle's financial statements, and are therefore not discussed below.

IAS 1 - Presentation of Financial Statements

On January 23, 2020, the IASB published an amendment to IAS 1 - Presentation of Financial Statements. This amendment relates to the classification of liabilities as current or non-current and affects only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of an asset, liability, income or expense or the information that entities disclose about them. The provisions of this amendment will apply retrospectively to financial statements beginning on or after January 1, 2024. Early adoption is permitted. This amendment will not have any impact on the Mutuelle’s financial statements.

6. INVESTMENT INCOME

	December 31, 2023
Classified to FVTPL	
Bond mutual funds - Canadian	**$ 32,319,489**
Equity mutual funds - Canadian	**7,777,415**
Equity mutual funds - Foreign	**5,553,566**
	$ 45,650,470

	December 31, 2022	January 1, 2022
Available for sale		
Bonds	$ 15,839,991	$ 15,230,636
Bond mutual funds	18,329,427	18,730,281
Equity mutual funds	2,490,899	2,792,026
Canadian shares	4,905,913	7,372,972
American shares	1,384,526	1,823,117
	$ 42,950,756	$ 45,949,032

7. REINSURANCE CONTRACT ASSETS

Reconciliation of reinsurance contract assets

Changes in reinsurance contract assets for the year were as follows:

	December 31, 2023			
	Assets for remaining coverage	Amounts recoverable on incurred claims		Total
		Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets, January 1, 2023	$ -	$ 10,581,391	$ 1,858,000	$ 12,439,391
Reinsurance premiums	(5,358,977)	-	-	(5,358,977)
Amounts recoverable from reinsurers				
Amounts recoverable for claims incurred during the year	-	1,323,238	31,869	1,355,107
Adjustment of amounts recoverable from reinsurers for claims incurred in prior years	-	3,731,920	819,983	4,551,903
Adjustment for reinsurer non-performance risk	-	345,946	-	345,946
	-	5,401,104	851,852	6,252,956
Net expense from reinsurance contracts	(5,358,977)	5,401,104	851,852	893,979
Financial income from reinsurance	-	464,126	(2,414)	461,712
Change in net income	(5,358,977)	5,865,230	849,438	1,355,691
Cash flows				
Premiums paid	5,358,977	-	-	5,358,977
Amounts received	-	(1,409,059)	-	(1,409,059)
Total cash flows	5,358,977	(1,409,059)	-	3,949,918
Reinsurance contract assets, December 31, 2023	$ -	$ 15,037,562	$ 2 707,438	$ 17,745,000

7. REINSURANCE CONTRACT ASSETS (continued)

Reconciliation of reinsurance contract assets

	December 31, 2022			
	Assets for remaining coverage	Amounts recoverable on incurred claims		Total
		Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets, January 1, 2022	$ -	$ 7,182,771	$ 1,203,000	$ 8,385,771
Reinsurance premiums	(4,544,855)	-	-	(4,544,855)
Amounts recoverable from reinsurers				
Amounts recoverable for claims incurred during the year	-	178,984	(9,140)	169,844
Adjustment of amounts recoverable from reinsurers for claims incurred in prior years	-	4,828,717	744,488	5,573,205
Adjustment for reinsurer non-performance risk	-	(988,642)	-	(988,642)
	-	4,019,059	735,348	4,754,407
Net expense from reinsurance contracts	(4,544,855)	4,019,059	735,348	209,552
Financial income from reinsurance	-	147,112	(80,348)	66,764
Change in net income	(4,544,855)	4,166,171	655,000	276,316
Cash flows				
Premiums paid	4,544,855	-	-	4,544,855
Amounts received	-	(767,551)	-	(767,551)
Total cash flows	4,544,855	(767,551)	-	3,777,304
Reinsurance contract assets, December 31, 2022	$ -	$ 10,581,391	$ 1,858,000	$ 12,439,391

8. INSURANCE CONTRACT LIABILITIES

Reconciliation of insurance contract liabilities

Changes in insurance contract liabilities for the year were as follows:

	December 31, 2023			
	Liabilities for remaining coverage	Liabilities for incurred claims		Total
		Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities, January 1, 2023	$ 258,258	$ 19,075,556	$ 3,385,000	$ 22,718,814
Revenue from insurance activities	(10,707,943)	-	-	(10,707,943)
Expenses relating to insurance activities				
Claims incurred during the year and other expenses related to insurance activities	-	6,009,616	114,482	6,124,098
Adjustment of liabilities for claims incurred in prior years	-	6,660,550	277,357	6,937,907
	-	12,670,166	391,839	13,062,005
Net income from insurance activities related to insurance contracts	(10,707,943)	12,670,166	391,839	2,354,062
Financial expenses from insurance	-	926,486	9,419	935,905
Change in net income	(10,707,943)	13,596,652	401,258	3,289,967
Cash flows				
Premiums received	10,703,268	-	-	10,703,268
Claims and other expenses paid related to insurance activities	-	(11,014,734)	-	(11,014,734)
Total cash flows	10,703,268	(11,014,734)	-	(311,466)
Insurance contract liabilities, December 31, 2023	$ 253,583	$ 21,657,474	$ 3,786,258	$ 25,697,315

8. INSURANCE CONTRACT LIABILITIES (continued)

Reconciliation of insurance contract liabilities

	December 31, 2022			
	Liabilities for remaining coverage	Liabilities for incurred claims		Total
		Estimates of the present value of future cash flows	Risk adjustment	
Insurance contract liabilities, January 1, 2022	$ 108,973	$ 15,727,415	$ 2,812,000	$ 18,648,388
Revenue from insurance activities	(10,649,257)	-	-	(10,649,257)
Expenses relating to insurance activities				
Claims incurred during the year and other expenses related to insurance activities	-	6,914,244	190,804	7,105,048
Adjustment of liabilities for claims incurred in prior years	-	4,713,341	512,284	5,225,625
	-	11,627,585	703,088	12,330,673
Net income from insurance activities related to insurance contracts	(10,649,257)	11,627,585	703,088	1,681,416
Financial income from insurance	-	(483,299)	(130,088)	(613,387)
Change in net income	(10,649,257)	11,144,286	573,000	1,068,029
Cash flows				
Premiums received	10,798,542	-	-	10,798,542
Claims and other expenses paid related to insurance activities	-	(7,796,145)	-	(7,796,145)
Total cash flows	10,798,542	(7,796,145)	-	3,002,397
Insurance contract liabilities, December 31, 2022	$ 258,258	$ 19,075,556	$ 3,385,000	$ 22,718,814

8. INSURANCE CONTRACT LIABILITIES (continued)

Reconciliation of insurance contract liabilities

The following table summarizes insurance contract liabilities and reinsurance assets:

	December 31, 2023			December 31, 2022		
	Liabilities for incurred claims	Amounts recoverable on incurred claims	Net	Liabilities for incurred claims	Amounts recoverable on incurred claims	Net
Provision for reported claims and other expenses	$ 20,212,815	$ 16,004,607	$ 4,208,208	$ 17,412,195	$ 11,261,188	$ 6,151,007
Provision for claims incurred but not reported	2,688,617	1,965,882	722,735	2,690,083	1,435,159	1,254,924
Impact of discount	(1,243,958)	(991,849)	(252,109)	(1,026,722)	(632,167)	(394,555)
Provision for reinsurance non-performance risk	-	(1,941,078)	1,941,078	-	(1,482,789)	1,482,789
Non-financial risk adjustment	3,786,258	2,707,438	1,078,820	3,385,000	1,858,000	1,527,000
	$ 25,443,732	$ 17,745,000	$ 7,698,732	$ 22,460,556	$ 12,439,391	$ 10,021,165

8. INSURANCE CONTRACT LIABILITIES (continued)

Reconciliation of insurance contract liabilities

Sensitivity analysis

The analysis below focuses on the potential variations in certain key assumptions when all other assumptions remain constant, to show the impact on net income and members’ equity. This analysis does not include the sensitivity of provisions associated with class actions.

	December 31, 2023		
	Changes made to assumptions	**Impact on net income and members' equity before reinsurance**	**Impact on net income and members' equity net of reinsurance**
Claims development	**+ 10%**	**$ (2,475,795)**	**$ (705,763)**
Discount curve	**+ 1%**	**$ 303,816**	**$ 60,477**
Claims development	**- 10%**	**$ 2,475,795**	**$ 705,763**
Discount curve	**- 1%**	**$ (311,927)**	**$ (62,152)**

	December 31, 2022		
	Changes made to assumptions	Impact on net income and members' equity before reinsurance	Impact on net income and members' equity net of reinsurance
Claims development	+ 10%	$ (2,172,933)	$ (1,045,678)
Discount curve	+ 1%	$ 240,437	$ 92,519
Claims development	- 10%	$ 2,172,933	$ 1,045,678
Discount curve	- 1%	$ (246,253)	$ (94,767)

9. INVESTMENT INCOME AND INSURANCE NET FINANCIAL INCOME

The table below presents an analysis of total investment income and insurance net financial income:

	December 31, 2023	December 31, 2022
Investment income		
Amounts recognized in net income		
Interest calculated using the effective interest method	**$ 183,153**	$ 335,634
Amortization of premium or discount on bonds	**75,232**	46,212
Dividends	**20,885**	191,250
Income from mutual funds	**1,539,473**	649,473
Loss on disposal of financial assets measured at fair value through other comprehensive income	**(878,871)**	n/a
Change in fair value of financial assets measured at fair value through net income	**1,868,577**	n/a
Gains on disposal of available-for-sale investments	**n/a**	239,924
Impairment losses recognized on available-for-sale investments	**n/a**	(52,961)
Management and custody fees	**(105,326)**	(131,127)
Total amounts recognized in net income	**2,703,123**	1,278,405
Amounts recognized in other comprehensive income	**976,525**	(3,975,105)
Total investment income (loss)	**3,679,648**	(2,696,700)
Insurance income (expense) recognized in net income	**(935,905)**	613,387
Reinsurance income recognized in net income	**461,712**	66,764
Total investment income (loss) and insurance net financial income (expenses)	**$ 3,205,455**	$ (2,016,549)

10. TANGIBLE AND INTANGIBLE ASSETS

	Leasehold improvements	Furniture and office equipment	Micro-computer equipment	Rental asset	Internally generated software	Total
Cost	$ 229,890	$ 133,971	$ 90,191	$ 22,090	$ 722,430	$ 1,198,572
Accumulated amortization	(228,905)	(127,208)	(78,393)	(17,934)	(574,395)	(1,026,835)
BALANCE as at January 1, 2022	985	6,763	11,798	4,156	148,035	171,737
Disposals	-	765	33,968	410,879	4,147	449,759
Amortization	(985)	(1,557)	(9,046)	(29,837)	(49,314)	(90,739)
Total changes	(985)	(792)	24,922	381,042	(45,167)	359,020
Cost	-	8,473	56,171	410,879	726,577	1,202,100
Accumulated amortization	-	(2,502)	(19,451)	(25,681)	(623,709)	(671,343)
BALANCE as at December 31, 2022	-	5,971	36,720	385,198	102,868	530,757
Disposals	**-**	**-**	**9,355**	**-**	**4,005**	**13,360**
Amortization	**-**	**(1,654)**	**(17,890)**	**(102,719)**	**(30,936)**	**(153,199)**
Total changes	**-**	**(1654)**	**(8,535)**	**(102,719)**	**(26,931)**	**(139,839)**
Cost	**-**	**8,473**	**65,526**	**410,879**	**635,500**	**1,120,378**
Accumulated amortization	**-**	**(4,156)**	**(37,341)**	**(128,400)**	**(617,848)**	**(787,745)**
BALANCE as at December 31, 2023	**$ -**	**$ 4,317**	**$ 28,185**	**$ 282,479**	**$ 17,652**	**$ 332,633**

The Mutuelle wrote off the following tangible assets during the years ended December 31, 2023 and 2022:

	December 31, 2023		December 31, 2022	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
Leasehold improvements	**$ -**	**$ -**	$ 229,890	$ 229,890
Furniture and office equipment	**-**	**-**	126,263	126,263
Micro-computer equipment	**-**	**-**	67,988	67,988
Rental asset	**-**	**-**	22,090	22,090
Internally generated software	**95,082**	**36,797**	-	-
	$ 95,082	**$ 36,797**	$ 446,231	$ 446,231

11. LEASE LIABILITY

	December 31, 2023	December 31, 2022
BALANCE, beginning of year	**$ 383,882**	$ -
New lease liability	**-**	410,879
Reimbursement of lease liability	**93,372**	26,997
BALANCE, end of year	**$ 290,510**	$ 383,882

The due dates of the lease liability are the following:

	Contractual payments	Financial expenses	Total
Less than one year	$ 117,275	$ (17,202)	$ 100,073
From one to five years	$ 202,951	$ (12,514)	$ 190,437

12. CAPITAL MANAGEMENT

The Mutuelle defines its capital as members’ equity. The capital management objective of the Mutuelle is to maintain sufficient capital to ensure business continuity and maintain the confidence of reinsurers, the Autorité des marchés financiers (AMF) and its members. The Mutuelle's statutes do not allow the raising of capital other than by collecting premiums from its members.

The actuary, appointed by the Board of Directors in accordance with the Insurers Act (Quebec), prepares an annual assessment of the financial position of the Mutuelle. As part of the assessment, the actuary performs a financial condition testing of which one objective is to verify the capital adequacy of the Mutuelle despite plausible unfavourable events. These documents are submitted and presented to the Board of Directors.

The Mutuelle is subject to the requirements of the AMF, which has issued a directive regarding a minimum capital test (MCT) of 150%. The Mutuelle’s management has set as an internal target, a minimum capital required of 400%. To set the internal target, the Mutuelle assessed the impact of moderately adverse scenarios with a 10% probability of occurrence.

IFRS 17 has changed neither the overall capital framework nor the way the Mutuelle manages its capital. However, from 2023 onwards, the AMF has modified the MCT calculation to include a 10% margin for liabilities for incurred claims, thereby increasing the minimum capital required. The calculation of the MCT for the 2022 year has been made on the basis of financial data established in accordance with practices in force prior to the application of IFRS 17.

Throughout the year, the Mutuelle complied with AMF requirements and the internal target set by the Board of Directors. At year-end, the situation was presented as follows:

	December 31, 2023	December 31, 2022
Available capital	**$ 38,832,000**	$ 38,189,000
Minimum capital required	**6,676,000**	6,021,000
Excess capital available over minimum capital required	**$ 32,156,000**	$ 32,168,000
MCT ratio	**582%**	634%

13. INSURANCE AND FINANCIAL RISK MANAGEMENT

Objectives and policies for the management of insurance and financial risks

The Mutuelle is exposed to various risks that result from both its insurance and investing activities.

Managing these risks is part of the integrated risk management framework adopted by the Board of Directors, which includes the Integrated Risk Management Policy, Profile, Program and Plan. More specifically, these documents are complemented by the Insurance Operations Policy, as well as the Financial Management Policy and the Investment Policy.

The aim of these policies is to maintain an acceptable level of risk for the Mutuelle, based on the risk appetite and risk tolerance levels set by the Board of Directors.

Insurance and financial instrument risks did not change significantly during the year.

Insurance risk

The most significant risks that the Mutuelle must manage with respect to insurance contracts are as follows:

<u>Underwriting risk</u>

Underwriting risk is the exposure to financial loss resulting from the selection and approval of risks to be insured, as well as the reduction, retention and transfer of risks. This risk is significant due to the magnitude of the risks covered in relation the volume of annual premiums.

Insurance policies are underwritten in accordance with the provisions of the Insurance Operations Policy and underwriting standards.

The Mutuelle conducts an annual review of its entire portfolio of insured risks to determine whether the level of risk is still acceptable in relation to underwriting standards. These rules are based on the Integrated Risk Management Policy and the Insurance Operations Policy, as well as on the risk tolerance and risk appetite levels determined by the Board of Directors.

For longer-term claims that take several years to settle, there is also a risk of inflation. The Mutuelle applies a policy of active claims management and prompt claims settlement to reduce its exposure to unforeseeable future developments that could have a negative impact on its business.

13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

Insurance risk

Extreme claims risk

Extreme claims risks can be divided between very high intensity claims pertaining to one contract and one policyholder or with low intensity claims that affect a large number of contracts and policyholders.

The Mutuelle uses reinsurance to reduce the loss that is likely to incur following events that give rise to claims. Under the terms of current contracts, the Mutuelle's liability to all its members is limited to $100,000,000 per claim of any kind. This limitation is in accordance with the by-laws adopted by the Mutuelle's Board of Directors.

In addition, it protects itself from extreme claims risk by entering into several non-proportional per event reinsurance treaties.

The main characteristic of the reinsurance treaties in effect for the year 2023 is to limit the maximum loss for the Mutuelle to $650,000 per event.

For the year 2023, the Mutuelle purchased comprehensive property catastrophe reinsurance coverage for earthquakes only, property insurance for other causes of claims and liability insurance, and this, to protect its overall maximum losses.

Reinsurance risk

Reinsurance risk can arise either from the failure of a reinsurer to meet its commitments or from changes in prevailing market conditions, which could result in reinsurance no longer being available, contract terms no longer being sufficient, or reinsurance rates increasing substantially.

The availability and cost of reinsurance are subject to prevailing market conditions, both in terms of price and available capacity, which can affect the Mutuelle's ceded volume and profitability. Reinsurance companies exclude some types of coverage from the contracts the Mutuelle purchases from them or may alter the terms of such contracts from time to time. These gaps in reinsurance protection expose the Mutuelle to greater risk and greater potential loss and could adversely affect its ability to underwrite future business. When the Mutuelle cannot successfully mitigate risk through reinsurance arrangements, consideration is given to reducing protections offered in order to lower its risk.

Given the low ratio between the volume of premiums and the magnitude of certain risks, the Mutuelle is highly dependent economically on its reinsurers and therefore, must maintain their interest to renew their treaties annually.

The maintenance of effective underwriting and prevention practices by the Mutuelle, particularly for high-value risks, and evaluating the underwriting risks, are essential measures to preserve a long-term relationship of trust with reinsurers.

All treaties expiring on December 31, 2022, have been renewed for a period of one year.

13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

Insurance risk

Regulatory and governance risk

Since insurance legislation is complex, and legislative changes can have an impact on the risks we insure, the Mutuelle has developed a legal environment monitoring and compliance program to limit this risk, and to meet solvency requirements and other obligations.

In addition, the Mutuelle works closely with regulatory authorities to meet their expectations regarding the various aspects of sound management.

The Corporate Governance Policy adopted by the Board of Directors forms the basis of the Mutuelle's internal governance framework. In its oversight role to achieve sound governance, the Board of Directors is assisted by three committees - the Ethics Committee, the Audit Committee and the Business Practices Monitoring and Control Committee - as well as by two supervisory functions - the Chief Compliance Officer and the Integrated Risk Management Manager - in addition to the reporting mechanisms of General Management.

Concentration risk

Over 85% (December 31, 2022 - 86%) of gross premiums written by the Mutuelle derive from property insurance coverage. These risks are geographically distributed on a relatively even basis, except for urban areas, primarily Montréal.

However, the main concentration risk lies in the very nature of the Mutuelle’s market, and more specifically from its original customer base. Under its licence as an insurer, the Mutuelle can solely insure legal entities of religious nature and not-for-profit organizations with charitable, social or religious purposes.

To counter the risk of concentration, the Mutuelle is broadening its clientele to include organizations that share the values of its original clientele and meet its licensing criteria.

13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

Insurance risk

Claims development

The Mutuelle is exposed to the risk that liabilities for incurred claims may potentially be insufficient. The “Property” provision risk is relatively low, since the estimate is based on the insured amount in relation to the damage or on a repair estimate and the settlement period is relatively short. The “Liability” insurance risk is more significant.

The following claims development tables show the development of liabilities for incurred claims by year of occurrence. At December 31, 2023, claims development is as follows:

Gross

	2013 and before	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate incurred claims												
At the end of the year	$ -	$ 1,219,001	$ 1,442,187	$ 1,947,656	$ 2,085,262	$ 1,096,546	$ 3,022,810	$ 3,022,810	$ 1,545,960	$ 3,479,739	$ 1,293,348	
One year later	-	1,020,807	971,384	1,425,676	1,449,935	769,933	2,829,969	2,829,969	1,626,112	2,661,751	-	
Two years later	-	943,987	1,390,286	1,491,483	1,565,124	810,004	2,843,824	1,074,973	1,559,934	-	-	
Three years later	-	945,504	1,649,583	1,414,340	1,739,350	769,399	3,325,327	1,137,117	-	-	-	
Four years later	-	1,799,561	1,819,988	1,414,340	1,679,894	766,413	3,341,561	-	-	-	-	
Five years later	-	1,799,561	1,825,990	1,414,340	1,609,018	771,375	-	-	-	-	-	
Six years later	-	1,813,198	1,791,653	1,414,340	1,607,737	-	-	-	-	-	-	
Seven years later	-	1,814,711	1,794,570	1,414,340	-	-	-	-	-	-	-	
Eight years later	-	1,814,711	1,794,570	-	-	-	-	-	-	-	-	
Nine years later	-	1,810,077	-	-	-	-	-	-	-	-	-	
Ultimate incurred claims	72,507,149	1,810,077	1,794,570	1,414,340	1,607,737	771,375	3,341,561	1,137,117	1,559,934	2,661,751	1,293,348	$ 89,898,959
Paid claims	(51,425,019)	(1,810,077)	(1,794,570)	(1,414,340)	(1,607,737)	(771,375)	(3,341,561)	(1,080,990)	(1,519,108)	(2,441,398)	(477,138)	(67,683,313)
Unpaid claims	$ 21,082,130	$ -	$ -	$ -	$ -	$ -	$ -	$ 56,127	$ 40,826	$ 220,353	$ 816,210	22,215,646
Impact of discounting and adjustment for non-financial risk												2,542,300
Other insurance contract liabilities												685,786
Insurance contract liabilities for incurred claims												$ 25,443,732

13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

Insurance risk

Claims development

Net

	2013 and before	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Estimate of ultimate incurred claims												
At the end of the year	$ -	$ 379,692	$ 570,449	$ 607,791	$ 804,818	$ 1,092,046	$ 2,352,802	$ 1,205,555	$ 1,461,000	$ 3,295,677	$ 1,175,901	
One year later	-	296,077	501,680	439,590	535,915	759,157	2,291,038	1,204,558	1,620,541	2,649,890	-	
Two years later	-	263,589	907,763	432,024	660,782	810,004	2,283,181	1,075,153	1,554,919	-	-	
Three years later	-	264,132	1,040,912	428,938	854,285	769,399	2,338,336	1,137,297	-	-	-	
Four years later	-	408,188	1,192,232	428,938	806,506	766,413	2,338,336	-	-	-	-	
Five years later	-	408,188	882,663	428,938	735,631	771,375	-	-	-	-	-	
Six years later	-	416,371	882,667	428,938	734,350	-	-	-	-	-	-	
Seven years later	-	417,278	882,667	428,938	-	-	-	-	-	-	-	
Eight years later	-	417,278	882,667	-	-	-	-	-	-	-	-	
Nine years later	-	414,498	-	-	-	-	-	-	-	-	-	
Ultimate incurred claims	21,761,490	414,498	882,667	428,938	734,350	771,375	2,338,336	1,137,297	1,554,919	2,649,890	1,175,901	$ 33,849,661
Paid claims	(18,470,501)	(414,498)	(882,667)	(428,938)	(734,350)	(771,375)	(2,338,336)	(1,081,171)	(1,519,108)	(2,441,398)	(477,138)	(29,559,480)
Unpaid claims	$ 3,290,989	$ -	$ -	$ -	$ -	$ -	$ -	$ 56,126	$ 35,811	$ 208,492	$ 698,763	4,290,181
Provision for reinsurer non-performance												1,941,078
Impact of discounting and adjustment for non-financial risk												826,811
Other insurance contract liabilities												640,662
Insurance contract liabilities for incurred claims, net of reinsurance												$ 7,698,732

13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

Financial risks

The main financial risks to which the Mutuelle is exposed, including its financial risk management policies, are described below.

Credit and counterparty risk

Credit risk is the risk of financial loss if the counterparty to a transaction defaults on its commitments. It can primarily affect cash and amounts receivable from reinsurers.

Cash is held with a recognized financial institution with a good credit rating so as to reduce the credit risk associated with this asset.

Amounts recoverable from reinsurers are estimated in a manner consistent with the liabilities for incurred claims and with reinsurance contracts. Although the Mutuelle has entered into reinsurance contracts, it is not released from its direct obligations to its policyholders and hence there is a credit risk in respect of the insurance ceded, to the extent that any reinsurer might be unable to meet its obligations under such reinsurance contracts. Consequently, the Mutuelle diversifies its reinsurance portfolio to avoid dependence on a single reinsurer. In addition, during the selection process, in compliance with its Reinsurance Policy, the Mutuelle deals almost exclusively with insurers registered in Canada and subjects them to a credit checking procedure. Under the Policy, major reinsurers should have a minimum "BBB" financial rating from Standard & Poor's at the signing of contracts. Since it is generally limited to registered reinsurers, the Mutuelle does not require security from its reinsurers. On each financial information reporting date, the Mutuelle assesses the reinsurers' shares of insurance liabilities and amounts receivable from reinsurers and establishes provisions for reinsurance amounts deemed uncollectible. As at December 31, 2023 and 2022, none of the reinsurers had suffered a deterioration of its financial ratings in comparison to the reinsurance policy criteria. Management considers that as at December 31, 2023 and 2022, the Mutuelle was not exposed to a significant loss with respect to its reinsurers.

The carrying value presented in the statement of financial position of the Mutuelle's financial assets exposed to a credit risk generally reflects the maximum amount of credit risk to which the Mutuelle is exposed.

The Mutuelle's maximum exposure to credit risk is $17,745,000 (December 31, 2022 - $12,439,391) for reinsurance contract assets held.

The nature of the Mutuelle's exposure to credit and counterparty risk and its risk management policies have not changed from the previous year.

Liquidity risk

Liquidity risk is the risk that the necessary funds cannot be made available, in a timely manner and at a reasonable price, to cover the Mutuelle's commitments as they become payable and to support anticipated growth resulting from its strategic planning.

To manage its cash flow requirements, the Mutuelle keeps the necessary financial resources available in accordance with its financial management and investment policies, all in line with its liability commitments.

13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

Financial risks

Liquidity risk

The tables below show the cash flow amounts related to insurance contract liabilities and other financial liabilities by maturity grouping, as well as the maturity of assets backing liabilities related to insurance contracts:

December 31, 2023

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and more
Liabilities						
Insurance contract liabilities for incurred claims - undiscounted value[1]	$ 8,738,173	$ 8,946,006	$ 4,427,820	$ 48,805	$ 36,020	$ 18,823
Attribution to members payable	768,847	-	-	-	-	-
Lease liability	117,275	17,275	87,956	-	-	-
	9,624,295	8,963,281	4,515,776	48,805	36,020	18,823
Assets backing liabilities						
Cash	1,756,606	-	-	-	-	-
Reinsurance contract assets - undiscounted value	7,109,450	7,198,601	3,594,140	9,265	8,731	5,277
Investments	45,650,470	-	-	-	-	-
	$ 54,516,526	$ 7,198,601	$ 3,594,140	$ 9,265	$ 8,731	$ 5,277

December 31, 2022

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and more
Liabilities						
Insurance contract liabilities for incurred claims - undiscounted value[1]	$ 3,302,564	$ 12,051,067	$ 3,133,614	$ 822,863	$ 42,266	$ 18,705
Attribution to members payable	704,501	-	-	-	-	-
Lease liability	117,275	117,275	117,275	87,956	-	-
	4,124,340	12,168,342	3,250,889	910,819	42,266	18,705
Assets backing liabilities						-
Cash	5,606,035	-	-	-	-	-
Accounts receivable	37,008	-	-	-	-	-
Insurance contract assets - undiscounted value	2,175,364	4,253,177	1,064,901	300,147	34,232	13,911
Investments	28,804,510	2,401,561	1,921,020	1,430,458	559,650	7,833,557
	$ 36,622,917	$ 6,654,738	$ 2,985,921	$ 1,730,605	$ 593,882	$ 7,847,468

[1] Excluding estimated risk adjustment

The nature of the Mutuelle's exposure to liquidity risk and its policies for managing this risk have not changed from the previous year.

13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

Financial risks

Market risk

Market risk includes several risk categories. Fluctuations in factors such as exchange rates, interest rates and prices of listed financial instruments influence the fair value or future cash flows of financial assets, liabilities from insurance contracts issued and assets from reinsurance contracts held.

Financial assets are particularly sensitive to fluctuations in the fair value of mutual funds.

Interest rate risk

The Mutuelle is exposed to interest rate risk through liabilities for incurred claims when these liabilities are not expected to be settled within one year from the time the claims are incurred. There is also an exposure to interest rate risk on amounts recoverable on incurred claims if the amounts are not collected within one year. Since the time value of money is taken into account in determining insurance contract liabilities and reinsurance contract assets, an increase or decrease in the discount rate would result in a decrease or increase respectively in the financial expense (or income) from insurance and reinsurance. The impact of a change in the discount rate is presented in Note 8.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument, reinsurance contract asset or insurance contract liability will fluctuate because of changes in market prices (other than those arising from currency and interest rate risk).

Stock market price risk arises from the uncertainty of the fair value of assets traded on stock markets. If the price of shares in mutual funds had strengthened or weakened by 10%, with all other variables held constant, the Mutuelle's total assets, comprehensive income and members' equity would have been higher or lower by approximately $4,600,000 (December 31, 2022 - approximately $878,000).

14. CLASSIFICATION OF FAIR VALUE MEASUREMENT

To reflect the significance of the inputs used in determining fair value measurement, the Mutuelle uses a fair value hierarchy to classify its financial instruments by category. All financial instruments recognized at fair value in the statement of financial position are classified according to a hierarchy that consists of three levels.

The following tables shows the hierarchy of assets measured at fair value as at December 31, 2023 and 2022:

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash	**$ 1,756,606**	**$ -**	**$ -**	**$ 1,756,606**
Bond mutual funds	**32,319,489**	**-**	**-**	**32,319,489**
Equity mutual funds	**13,330,981**	**-**	**-**	**13,330,981**
	$ 47,407,076	**$ -**	**$ -**	**$ 47,407,076**

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash	$ 5,606,035	$ -	$ -	$ 5,606,035
Bonds	11,057,523	4,782,468	-	15,839,991
Listed shares	6,290,439	-	-	6,290,439
Bond mutual funds	18,329,427	-	-	18,329,427
Equity mutual funds	2,490,899	-	-	2,490,899
	$ 43,774,323	$ 4,782,468	$ -	$ 48,556,791

The Mutuelle assesses the classification of its financial instruments at each year-end date. During the years ended December 31, 2023, and 2022, no transfer was made between the different levels.

15. COMMITMENTS

The Mutuelle has contract commitments until 2028 for the rental of computer systems and equipment. The balance of the commitments under such contracts is $1,679,714 and the minimum payments due over the next years are as follows:

2024 - $205,510
2025 - $417,204
2026 - $395,659
2027 - $377,909
2028 - $283,432

16. KEY MANAGEMENT PERSONNEL

Key management personnel includes directors (whether executives or otherwise) as well as members of the Management Committee. The compensation of key management personnel is as follows:

	December 31, 2023	December 31, 2022
Short-term benefits	**$ 1,085,400**	$ 866,382

The key management personnel’s remuneration is set out in the Schedule under Governance expenses.

17. COMPARATIVE FIGURES

Due to the adoption of IFRS 17 and IFRS 9, the comparative figures presented have been restated to reflect the new accounting policies described in Note 5.

SCHEDULE - EXPENSES RELATING TO INSURANCE ACTIVITIES
For the year ended December 31, **2023** 2022

Expenses relating to insurance activities include the following:

ADMINISTRATIVE EXPENSES

	2023	2022
Salaries	**$ 1,175,473**	$ 1,266,085
Contributions	**18,567**	17,254
Employer contributions	**281,848**	250,509
General expenses	**57,181**	69,324
Inspections	**-**	49,847
Insurance	**55,705**	67,461
Loss on write-off of an asset	**58,285**	-
Professional fees	**534,810**	358,497
Rent	**14,514**	100,133
Taxes and permits	**9,777**	9,908
Telecommunication and IT services	**363,066**	239,839
Amortization of tangible and intangible assets	**153,199**	90,739
	$ 2,722,425	$ 2,519,596

GOVERNANCE EXPENSES

	2023	2022
Directors' remuneration	**$ 206,219**	$ 207,078
Employer contributions	**18,228**	16,355
Assembly and meeting expenses	**35,552**	27,572
Professional fees	**23,614**	112,279
	$ 283,613	$ 363,284

CENTRE D'ENTRAIDE ET DE PRÉVENTION

	2023	2022
Salaries	**$ 375,161**	$ 269,203
Employer contributions	**82,642**	57,631
Miscellaneous	**17,208**	(1,143)
Professional fees	**16,178**	19,392
	$ 491,189	$ 345,083

Notes

Notes

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