

# ANNUAL REPORT 2024



**MUTUELLE  
D'ASSURANCE  
EN ÉGLISE**

AGENCE EN ASSURANCE DE DOMMAGES







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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 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 as member-owners.

Indeed, the Mutuelle belongs to you. This is a major advantage that is not found in a private company where policyholders 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.

## **The strength of being together**

When we talk about “mutual insurance”, we often underestimate the importance of the “mutual” aspect. And yet, it's this aspect that makes all the difference. It's what allows you to benefit from the efforts of each member in terms of building maintenance and loss prevention. It's also thanks to mutualism and the pooling of resources that underlies it that you collectively equip yourselves with exceptional means to maintain and even improve the quality of your risk profiles for the future, while benefiting from protection designed with you in mind. Your collective efforts also enable the Mutuelle to offer better-adapted insurance products, a range of services from the Centre d'entraide et de prévention and, last but not least, a reduction in your overall costs thanks to the sums paid to you at the time of attribution when performance is favourable.

So, in a rapidly changing environment such as the one in which you are all evolving, being part of a mutual insurance company like yours is almost a blessing. Through your commitment to your various responsibilities, and the positive impact you can have on each other, you contribute to improving the situation of each and every member. You are the Mutuelle, and you can make all the difference.

Furthermore, because it evolved over the years in your environment, the Mutuelle is aware of the present and future challenges you face and makes the effort to understand your needs. That's why it's so important to us to offer you a unique insurance solution (exclusive products, personalized prevention approach, reasonable rates, profit sharing), a dedicated team, unparalleled customer service and additional services such as the Centre d'entraide et de prevention, which you won't find with other insurers.



## *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









# Highlights 2024

## Our community in numbers

MINIMUM CAPITAL  
TEST (MCT)

660%

518  
FABRIQUES

2023  
525



185  
OTHER  
INSTITUTIONS

2023  
177



64  
OTHER  
ORGANIZATIONS

92  
INSTITUTIONS  
FROM OTHER  
CONFESSIONS

29  
ROMAN  
CATHOLIC  
RELIGIOUS  
INSTITUTIONS

\$2 M

MONEY REINVESTED IN OUR MEMBERS' COMMUNITY

\$1 M  
ATTRIBUTION

\$277 k  
SUBSIDIES

\$642 k  
MUTUAL ASSISTANCE AND  
PREVENTION

1 434  
INSURED SITES

\$4 G  
PROTECTED AND INSURED VALUES

# *A word from the* **CHAIRMAN**



Dear members,

At the Mutuelle, the past year has been resolutely turned towards the future. We are firmly convinced that we are well on the way to making the transition to a modern, solid organization, able to respond to the wishes of today's members while building on what has made it a success over its 170-year history: solidarity and mutual aid.

The Mutuelle's Board of Directors' primary objective is to ensure the long-term future of the organization. We are working to ensure that the Mutuelle can meet the commitments it has already made and those it will make in the future.

This mission is being carried out in a particularly troubled context. The number of members who made up the Mutuelle's historic base is shrinking, and those who remain have fewer resources to devote to insuring and protecting their assets.

The first criterion that will enable us to continue to deliver what you expect from the Mutuelle is to ensure that the organization is financially sound. This is an ongoing task, and our situation is constantly improving.

The second criterion is to have and implement an evolution plan, known as a strategic plan, which aims to update the Mutuelle. In this respect, member support in 2024 proved constant and stimulating for our entire team. You were asked to vote on two occasions: at the beginning of the year, to enshrine all our activities in our by-laws, and later, at the end of the year, to enable the Mutuelle to adopt a new corporate image. These two changes will enable the Mutuelle to expand its activities, protect members professionally and securely, and ensure the retention and attraction of human resources. To all those who have built the Mutuelle over the years, we say thank you for continuing to believe in us and supporting us every step of the way.

In this respect, we cannot overlook the constant input from the archbishops of the Mutuelle's territory, Msgr. Cyr,

Msgr. Durocher and Msgr. Lépine, as well as that of their closest collaborators. Their openness and vision of the future made our task easier. I would like to thank them sincerely.

Over the past year, our action plan included another major challenge: transforming our technological tools within our modest means, and in a short period of time. These conditions were essential to the accomplishment of our mission. At the same time, carrying out a project of this scale while minimizing the negative effects on all members was a considerable feat. Yet the Mutuelle team pulled it off with vision, resilience and discipline. Today, all employees, without exception, deserve our consideration and gratitude. Over and above improving our ability to face the challenges ahead, this achievement is a clear testimony to the commitment of our teams and their confidence in the future.

The year 2024 ends with a significant net income, enabling us to both return a larger attribution to members than in recent years, and improve a financial health that could be the envy of many.

This positive result is the fruit of the sustained commitment of all our directors, who, to the best of their abilities, are taking significant steps towards the future, while ensuring that the Mutuelle's governance is beyond reproach.

## **The work of the committees**

Three sub-committees of the Board of Directors, each with specific mandates, guide the Mutuelle's thinking on the most significant aspects of the strategic plan's operational vision and development. Their respective work provides the Board with the insight it needs to make the right decisions, and ensures in-depth reflection.

The Ethics Committee ensures that the Mutuelle is administered with the highest standards of probity and transparency. It ensures that these standards are kept constantly up to date, reviews the framework policy for directors every year, and sees to it that each director complies with it.



The Audit Committee constantly monitors our performance and sets targets for profitability and solvency. It is also closely involved in the management of our investments. In fact, it has worked to establish a new investment policy that takes into account the matching of assets with our future commitments, while ensuring prudent and responsible management.

Lastly, the Commercial Practices Committee focuses more specifically on members' interaction with the Mutuelle's team in terms of services, products and various insurance practices.

Over the past year, in addition to monitoring the results of post-claim surveys, the members of this committee paid particular attention to the handling of the most complex underwriting files from the point of view of equity towards the Mutuelle's members. They also examined the Mutuelle's prevention activities.

Furthermore, the committee was behind the decision to remove the notion of the aggregate limit following a disaster, an improvement of current protections, but also a guarantee of better support in the event of a major earthquake.

### **The Mutuelle's performance**

At the end of 2024, the Mutuelle's financial health remains as strong as ever. The Minimum Capital Test (MCT) shows a solid ratio of 660%. This is due to the increase in net income from investing activities and surplus from insurance activities for the year.

Indeed, despite a turbulent financial market and falling interest rates, the Mutuelle reported a significant increase in income from investment activities compared with the previous year.

As for insurance activities, 2024's performance improved significantly. Revenues from insurance activities rose by 4.9% compared with the previous year, to \$11.2 million. This increase was mainly due to the addition of new members and the indexation of insured values.

In order to limit the increase in reinsurance costs caused, among other things, by global climatic events, we have reviewed the structure of our treaties and increased our retention. As a result, the portion of ceded premiums to reinsurers has decreased by \$782,000, or around 15% compared to 2023.

In 2024, we noted a notable increase in property claims due to Hurricane Debby, which was a significant weather event in the Mutuelle's territory. Although the total amount of claims related to this event is high, it remains below our retention threshold and is made up of a number of small claims. This demonstrates the effectiveness of our prevention efforts. However, third-party liability claims remain a cause for concern this year, and continue to affect the Mutuelle's profitability.

Operating expenses increased by approximately \$550,000. Most of this increase was due to the implementation of a modern, affordable business system specially developed for small and

medium-sized mutual insurance companies. The change in system had become necessary, as our 30-year-old platform was obsolete and there would soon be nobody to maintain it. The Board of Directors is delighted that this project was completed on time and within budget.

At the same time, governance costs were considerably lower than last year.

In addition to helping to maintain our religious heritage, the Mutuelle has continued to provide its members with financial support in the form of subsidies and assistance programs, and has increased the sums devoted to these activities.

### **Well-deserved praise**

Mr. Lucien Bergeron, an independent member of the Board of Directors since 2021, will step down at the Annual General Meeting in 2025.

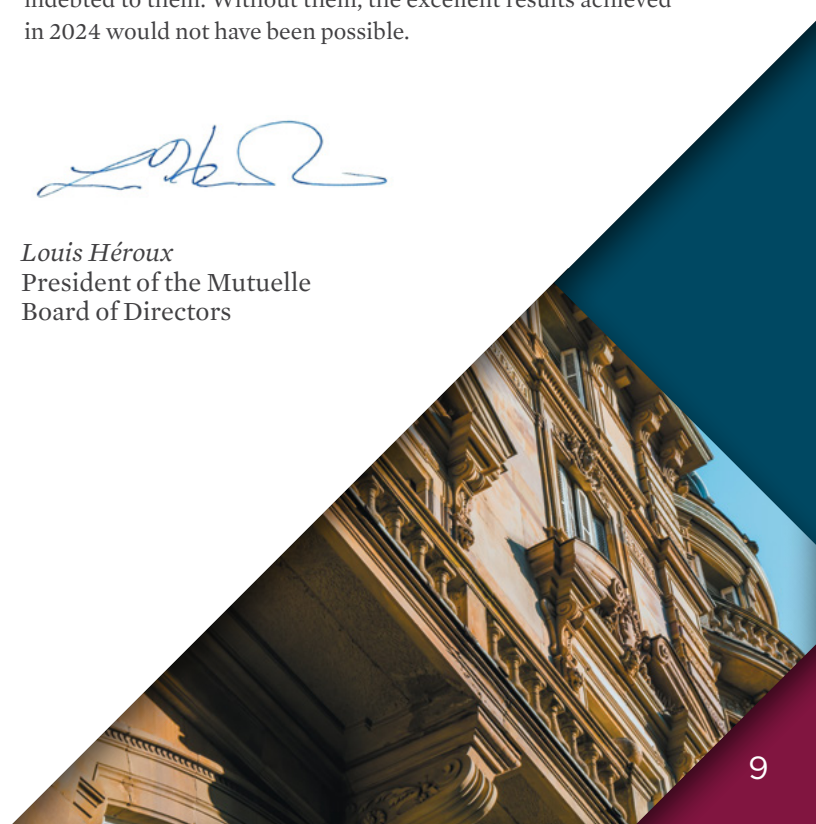
In the world of insurance, Lucien is a monument, no less. In addition to the many management positions he held during his long career, we count by the hundreds the insurance professionals he trained. His last pupils were undoubtedly us, his colleagues on the Mutuelle's Board of Directors. Not only were we able to count on his technical knowledge and sound advice, but we also benefited from his many human qualities, including his professionalism, rigour, sense of humour and team spirit. It was a privilege for all of us to work with him, and it is with great regret that we see him go.

Many thanks to Lucien!

In closing, I would like to emphasize that the Mutuelle's achievements are the fruit of constant hard work by our employees and management team. Every member of the Board is indebted to them. Without them, the excellent results achieved in 2024 would not have been possible.



*Louis Héroux*  
President of the Mutuelle  
Board of Directors



# *Message from the* **GENERAL MANAGER**



Dear members,

While 2023 saw the development of an operational vision for the strategic plan, 2024 will have been a pivotal year, with the implementation of key elements of the plan to ensure the long-term future of your Mutuelle.

In February 2024, we renewed the Mutuelle's mission to meet the insurance needs of religious and charitable organizations. This more encompassing mission adapts to the changes underway in Quebec society and is supported by key values proven throughout the Mutuelle's history: mutual aid, transparency, rigor and equity. These values will continue to guide our future actions and projects.

With this in mind, in November we changed the Mutuelle's name to Citelle Mutuelle d'assurance, as well as its visual identity. The name was enthusiastically chosen by the Board of Directors and employees, and approved by 94% of the members present at the Extraordinary General Meeting held November 28. This new identity reflects the variety of members who are part of the Mutuelle and perfectly illustrates the spirit of cooperation that unites them and guides our work.

In 2024, it was also essential for the Mutuelle to equip itself with the tools and technologies to gain in efficiency to ensure the success of the other orientations of its strategic plan. Indeed, the systems that had supported our operations for 30 years were in need of renewal. So, for over a year, Mutuelle staff had been hard at work with the aim of putting this new system into production on October 1, 2024. The project required considerable effort, but the solution went live on time and on budget. Although there are still a few processes to be fine-tuned, this is a great achievement.

At the same time, the Mutuelle posted excellent financial results this year. This was partly due to a favourable claims experience, even considering Hurricane Debby, which hit Quebec hard during the summer. In fact, the torrential rains associated with the remnants of this hurricane caused flooding in the greater Montreal area. Insured damage totaled nearly \$2.7 billion. Debby thus became the costliest catastrophic event in Quebec's history, ahead of the January 1998 ice storm. Fortunately, this event affected only a few of our members, and only moderately.

The strong results for 2024 can also be explained, as Mr. Héroux points out, by a reduction in reinsurance costs. Faced with rising prices in this market, we decided to increase the Mutuelle's retention, i.e. the proportion of claims it assumes directly. This decision has enabled us to reduce these costs considerably.

The achievements of 2024 are therefore remarkable. I would like to thank the Board of Directors for its unflinching support, as well as the management team, the staff and our close collaborators for their commitment to the fulfilment of our action plan, and for their enthusiasm, which augurs well for the future of your Mutuelle.

*François Dufault, CPA*  
General Manager



# 2024 *Activity Review*

## Extraordinary General Meeting February 22

The purpose of the Extraordinary General Meeting, which was held by videoconference, was to inform members of changes made to the Mutuelle's by-laws, notably with regard to its mission, vision and values. The members present voted 89% in favor of the amendments.

## Annual General Meeting – May 16

The Mutuelle held its Annual General Meeting (AGM) at the MOCO Hotel in Valleyfield-de-Sallaberry. The hybrid formula - simultaneous attendance and videoconferencing - was once again chosen to enable a greater number of members to participate, as geographical location was no longer an issue.

A number of topics were discussed, including the 2023 financial results, the strategic plan and the upcoming changes to the Mutuelle's nominal and visual identity. The AGM opened with a prayer by Mgr Noël Simard, and closed with an interesting talk by the Conseil du patrimoine religieux du Québec, presented by Mr Cameron Piper.

In all, over 80 people attended the AGM, 25 of them in person.

In 2024, three board positions were due to expire. Ms. Niquette Delage, representing the members of the Center Region, was elected by acclamation. As for the other positions, they were put to the vote. The members re-elected the outgoing independent director, Mr Louis Héroux, as well as Mr Denis Capistran, representing the members of the Southern Region.



## New identity – Citelle Mutuelle d'assurance

### Three informational meetings for members - October 3 and 5

After discussing the issues that led to the decision to review the Mutuelle's nominal and visual identity at the AGM in May, the time finally came, a few months later, to present members with the new identity: Citelle Mutuelle d'assurance. Since this was a crucial step in the Mutuelle's revitalization, it was important for them to know and understand, along with us, the reasons behind the change.

To this end, three videoconference presentations dedicated to members were organized, enabling us to explain the process and thinking behind the choice of the new identity, and then to discuss it with them.

We were impressed by the interest that these meetings generated, with **over 100 people taking part**.

### Some comments from our community

"A short presentation of the Mutuelle d'assurance en Église's new name produced in me a feeling of revitalization. Citelle Mutuelle d'assurance offers an opening to the diversity it already represents and helps to ensure its longevity.

A simple name, full of meaning, pleasant and innovative, while retaining the very essence of the Mutuelle. Bravo!"

*Sister Gisèle Leduc*

*Les Soeurs Missionnaires de l'Immaculée- Conception  
Province Marie-Reine-du-Monde*

"I love the thread that links the letters of the name. Beautiful reflection and bravo for this demanding work. All the meaning brought in is meaningful. Thank you!"

*Manon Gosselin*

*President of the Fabrique Saint-Paul-d'Abbotsford*

"It's very instructive, and I'm totally behind the proposed new identity. Bravo for this work and bravo for highlighting it during the presentation. Thanks again!"

*Brother Martin Dallongeville*

*Couvent des Carmes, Trois-Rivières*



### A name that defines what distinguishes us

Is a contraction of the French word for "citadel" (citadelle), a fortress that protected a city, a source of security.

Evokes the ancient word for God, "EL", recalling our roots.

Contains the French word for "polis" (cité), an ancient Greek political community whose members administered themselves.

Maintains the words "Mutuelle d'assurance" in the corporate name to keep the nature of our organization front and center.

Is a homophone of the French word for "nuthatch" (sittelle), a small, agile bird that adapts to any situation, not hesitating to move differently from others, up and down. A social bird, the nuthatch lives in groups and cooperates with mixed flocks of birds. It represents mutual aid, cooperation and how the Mutuelle has a different, agile approach to insurance.

### A logo that represents us

CITELLE is crossed by a thread creating a horizon, a perspective, a citadel.

The thread, carried by the nuthatch, unites the letters, just as our members are united and share the same values.

At the heart of the name, "EL" is revealed through the interplay of thread and color.

The raspberry colour is a visual reminder of the Mutuelle's current identity, while the blue hues are closer to those of the nuthatch.

### Various means of communication

In addition to the three presentations to members, various means of communication were also put in place to keep members informed throughout the identity change process. Between mid-September and the end of November, we produced:

- Two videos
- Eight infoletters
- Eight texts for the June and October editions of the newsletter *Les Chemins de l'entraide*



## Extraordinary General Meeting – November 28

The culminating point of the identity change was the November 28 EGM, when the Mutuelle's members approved its new nominal and visual identity, voting 94% in favour of the proposed changes to the Mutuelle's by-laws.

On February 17, 2025, the government agencies concerned approved the Mutuelle's new name, which has been in effect ever since. The official launch of the new name will take place at the Annual General Meeting of members on May 29, 2025. From then on, the Mutuelle will become *Citelle Mutuelle d'assurance*.



## Implementation of a new operations management solution

On October 1, we went live with our new insurance operations management solution. This technological transformation project required the sustained efforts of our project team and all our staff, who pulled out all the stops to ensure the success of this implementation.

By choosing the Cognition+ solution, the Mutuelle is now part of a community of Canadian mutuals from different backgrounds who have decided to join forces to meet their technological needs. In fact, that's a large part of what attracted us to this solution, which reflects what we do at the Mutuelle: meet the insurance and prevention needs of members from diverse backgrounds who share the same values.

## Liaison Committee

The Liaison Committee brings together the archbishops of Montreal, Gatineau and Sherbrooke, who unite the dioceses served by the Mutuelle. Through this committee, the Mutuelle wishes to maintain close 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.

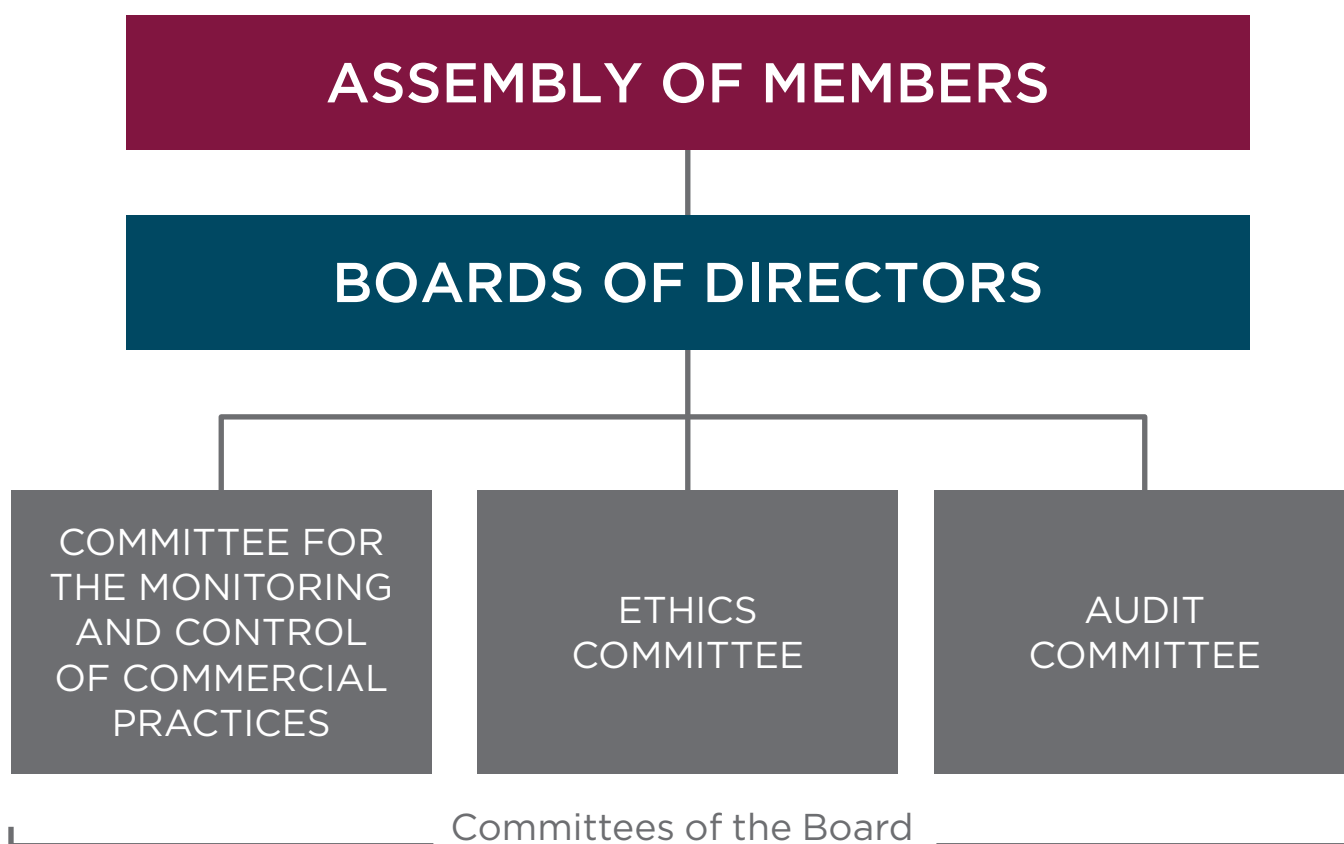
In 2024, meetings were held in the archdioceses of Montreal, Sherbrooke and Gatineau during the month of April prior to the Annual General Meeting. Various topics of interest were discussed. It was also an opportunity for the Mutuelle to present to the archbishops, as well as to the bishops, the main orientations of its strategic planning and the resulting action plan. One of the main components of the action plan was the modification of the Mutuelle's nominal and visual identity, which was well received.





# GOVERNANCE

As a regulated financial institution authorized by the Autorité des marchés financiers to carry on business in Québec, 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.



# MEMBERS OF THE 2024 **BOARD OF DIRECTORS** **AND OFFICERS**

The Board of Directors is made up of seven members. Four of them are member representatives divided territorially, while the other three are independent directors who must have no connection with the Mutuelle or any of its members.



**LOUIS HÉROUX**, *Chairman*  
*Independent Director*

**ANDRÉ BOUCHARD**, *Vice-President*  
*Northern Region*

**LUCIEN BERGERON**, *Director*  
*Independent Director*

**DENIS CAPISTRAN**, *Director*  
*Southern Region*

**NIQUETTE DELAGE**, *Director*  
*Central Region*

**NORMAND LAFRENIÈRE**, *Director*  
*Independent Director*

**ROLAND LAROCHELLE**, *Director*  
*Other institutions*

## NON-BOARD OFFICERS

**GENERAL MANAGER**, François Dufault

**CORPORATE SECRETARY, MANAGER, CLAIMS AND LEGAL AFFAIRS**, Jean Aubuchon

**MANAGER, FINANCE, IT AND ADMINISTRATION**, Chantal Lapointe

## 2024 **COMMITTEE MEMBERS**

### MONITORING AND CONTROL OF COMMERCIAL PRACTICES COMMITTEE

**ANDRÉ BOUCHARD**  
*Chairperson*

**LUCIEN BERGERON**

**NIQUETTE DELAGE**

**ROLAND LAROCHELLE**

**LOUIS HÉROUX**  
*Ex-officio member*

### AUDIT COMMITTEE

**NORMAND LAFRENIÈRE**  
*Chairperson*

**LUCIEN BERGERON**

**DENIS CAPISTRAN**

**LOUIS HÉROUX**  
*Ex-officio member*

### ETHICS COMMITTEE

**NIQUETTE DELAGE**  
*Chairperson*

**ANDRÉ BOUCHARD**

**NORMAND LAFRENIÈRE**

**ROLAND LAROCHELLE**

**LOUIS HÉROUX**  
*Ex-officio member*



# BOARD OF *directors and committee mandates*

## 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 categories of members and take any other decision of the same nature.

## **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.

## **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.

## MONITORING AND CONTROL OF **COMMERCIAL PRACTICES** COMMITTEE

Created in August 2021, the Monitoring and control of commercial practices committee 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.





MUTUELLE  
D'ASSURANCE  
EN ÉGLISE

AGENCE EN ASSURANCE DE DOMMAGES

# FINANCIAL STATEMENTS

*as at december 31, 2024*



## INDEPENDENT AUDITOR'S REPORT

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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, 2024, and the statements of net 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, 2024, and its financial performance and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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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.

 <sup>1</sup>

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

Quebec, Canada  
February 27<sup>th</sup>, 2025

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<sup>1</sup> CPA auditor, public accounting permit n° A110548



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## 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, 2024.

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 27, 2025

## Compagnie mutuelle d'assurance en Église

### STATEMENT OF NET INCOME

For the year ended December 31,

**2024**

**2023**

Revenue from insurance activities	<b>\$ 11,233,103</b>	<b>\$ 10,707,943</b>
Expenses relating to insurance activities (Note 8 and Schedule)	<b>(3,865,684)</b>	<b>(13,062,005)</b>
Net income (loss) from insurance activities relating to insurance contracts	<b>7,367,419</b>	<b>(2,354,062)</b>
Reinsurance premiums (Note 7)	<b>(4,576,575)</b>	<b>(5,358,977)</b>
Recoveries from reinsurers (decrease) (Note 7)	<b>(2,291,950)</b>	<b>6,252,956</b>
Net income (expense) from reinsurance contracts	<b>(6,868,525)</b>	<b>893,979</b>
Surplus (deficit) from insurance activities	<b>498,894</b>	<b>(1,460,083)</b>
Net income from investing activities (Note 9)	<b>4,345,764</b>	<b>2,703,123</b>
Financial expenses from insurance	<b>(1,101,948)</b>	<b>(935,905)</b>
Financial income from reinsurance	<b>786,859</b>	<b>461,712</b>
Net financial loss from insurance	<b>(315,089)</b>	<b>(474,193)</b>
Other expense		
Attribution to members	<b>(1,039,431)</b>	<b>(768,847)</b>
NET INCOME	<b>\$ 3,490,138</b>	<b>\$ -</b>

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



## Compagnie mutuelle d'assurance en Église

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31,

2024

2023

NET INCOME	\$ 3,490,138	\$ -
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to the statement of net income		
Net change in financial assets measured at fair value through other comprehensive income		
Unrealized gains	-	97,654
Reclassification of realized losses to the statement of net income	-	878,871
Total of the other comprehensive income	-	976,525
COMPREHENSIVE INCOME	\$ 3,490,138	\$ 976,525

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

# Compagnie mutuelle d'assurance en Église

## STATEMENT OF CHANGE IN MEMBERS' EQUITY

	Surplus	Accumulated other comprehensive income	Total
<b>BALANCE</b> as at December 31, 2022	\$ 38,849,687	\$ (976,525)	\$ 37,873,162
Comprehensive income for the year			
Net income	-	-	-
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 net income	-	878,871	878,871
<b>BALANCE</b> as at December 31, 2023	38,849,687	-	38,849,687
Comprehensive income for the year			
Net income	<b>3,490,138</b>	-	<b>3,490,138</b>
<b>BALANCE</b> as at December 31, 2024	<b>\$ 42,339,825</b>	<b>\$ -</b>	<b>\$ 42,339,825</b>

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,

2024

2023

### ASSETS

Cash	\$ 1,796,720	\$ 1,756,606
Investments (Note 6)	48,982,352	45,650,470
Other assets	181,330	121,650
Reinsurance contract assets (Note 7)	15,278,115	17,745,000
Tangible and intangible assets (Note 10)	206,245	332,633
	<b>\$ 66,444,762</b>	<b>\$ 65,606,359</b>

### LIABILITIES

Insurance contract liabilities (Note 8)	\$ 22,875,070	\$ 25,697,315
Attribution to members payable	1,039,431	768,847
Lease liability (Note 11)	190,436	290,510
	<b>24,104,937</b>	<b>26,756,672</b>

### MEMBERS' EQUITY

Surplus	42,339,825	38,849,687
	<b>\$ 66,444,762</b>	<b>\$ 65,606,359</b>

Commitments (Note 15)

On behalf of the Board,

 , Board Member

 , Board Member

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



# Compagnie mutuelle d'assurance en Église

## STATEMENT OF CASH FLOWS

For the year ended December 31,

2024

2023

### OPERATING ACTIVITIES

Net income	\$ 3,490,138	\$ -
Non-cash items		
Amortization of the premium on bonds	-	(75,232)
Loss on write-off of an asset	-	58,285
Amortization of tangible and intangible assets	139,603	153,199
Losses on disposal of financial assets measured at fair value through other comprehensive income	-	878,871
Change in fair value of financial assets measured at fair value through net income	(2,393,768)	(1,868,577)

1,235,973 (853,454)

Changes in non-cash working capital items (144,456) (2,230,992)

Cash flows related to operating activities 1,091,517 (3,084,446)

### INVESTING ACTIVITIES

Acquisition of investments	(5,624,458)	(52,049,545)
Disposal of investments	4,686,344	51,391,294
Acquisition of tangible and intangible assets	(13,215)	(13,360)

Cash flows related to investing activities (951,329) (671,611)

### FINANCING ACTIVITY

Reimbursement of the lease liability	(100,074)	(93,372)
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 40,114 (3,849,429)

CASH, beginning of year 1,756,606 5,606,035

CASH, end of year \$ 1,796,720 \$ 1,756,606

Cash flows related to operating activities from:

Interest received	\$ 13,882	\$ 205,676
Dividends received	\$ -	\$ 28,621
Income from mutual funds received	\$ 2,046,758	\$ 1,539,473

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

# Compagnie mutuelle d'assurance en Église

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## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS) and 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 IFRS. 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 IFRS.

The Mutuelle's financial statements were approved by the Board of Directors on February 27, 2025.

#### 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.

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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 and reinsurance 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.

#### 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. They include a provision for external and internal settlement costs.



## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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.

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 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:

	2024	2023
1 year	3.8%	5.1%
2 years	3.9%	4.5%
3 years	4.0%	4.3%
4 years	4.1%	4.2%
5 years	4.2%	4.2%
10 years	4.7%	4.7%
15 years	5.0%	4.9%

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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.

### 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.



# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Insurance and reinsurance contracts

##### 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
<b>Insurance contract liabilities</b>		
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
<b>Reinsurance contract assets</b>		
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

##### 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.

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.

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Insurance and reinsurance contracts

##### 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.

##### 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.

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Insurance and reinsurance contracts

##### 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 reflect 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.

##### 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 costs directly attributable to insurance contracts and indirect costs, including acquisition costs.

##### Income or expenses from reinsurance contracts held

Amounts recovered from reinsurers and reinsurance premiums paid to reinsurers are presented separately in the statement of net income. 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.



NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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

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.

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
Mutual funds	Fair value through profit or loss

Business model

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

Cash 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 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 net income.

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Classification and measurement of financial assets

##### 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

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.

#### Impairment of financial assets

For 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.

No write-off has been recognized during the year.

#### 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.

# Compagnie mutuelle d'assurance en Église

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## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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, 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:

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

#### Lease contracts

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

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.



# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 5. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

#### New accounting standard applied

##### 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. This amendment had no impact on the Mutuelle's financial statements.

#### New future accounting standard

The IASB has published amendments and new standards that will not have any impact on the Mutuelle's financial statements.

##### IFRS 18 - Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB published a new standard, that is IFRS 18 - Presentation and Disclosures in Financial Statements, which will replace IAS1 - Presentation of Financial Statements. The objective of the standard is to improve the presentation and disclosure in an entity's financial statements, especially in the statement of net income and notes to financial statements. The standard sets out requirements for the classification of revenues and expenses in the statement of net income, the presentation of subtotals in the statement of net income and for the aggregation and disaggregation of the information presented in the primary financial statements or disclosed in the notes to financial statements. This new standard will apply to financial statements beginning on or after January 1, 2027. The Mutuelle will assess the impact of applying this new standard on its financial statements.

### 6. INVESTMENT INCOME

	2024	2023
<b>Classified to FVTPL</b>		
Bond mutual funds - Canadian	\$ 36,974,332	\$ 32,319,489
Equity mutual funds - Canadian	6,684,620	7,777,415
Equity mutual funds - Foreign	5,323,400	5,553,566
	<b>\$ 48,982,352</b>	<b>\$ 45,650,470</b>

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 7. REINSURANCE CONTRACT ASSETS

#### Reconciliation of reinsurance contract assets

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

	2024			
	Assets for remaining coverage	Amounts recoverable on incurred claims		Total
		Estimates of the present value of future cash flows	Risk adjustment	
<b>Reinsurance contract assets, January 1, 2024</b>	\$ -	\$ 15,037,562	\$ 2,707,438	\$ 17,745,000
Reinsurance premiums	(4,576,575)	-	-	(4,576,575)
Amounts recoverable from reinsurers				
Amounts recoverable for claims incurred during the year	-	360,961	68,425	429,386
Adjustment of amounts recoverable from reinsurers for claims incurred in prior years	-	(2,330,107)	(253,130)	(2,583,237)
Adjustment for reinsurer non-performance risk	-	(138,099)	-	(138,099)
	-	(2,107,245)	(184,705)	(2,291,950)
<b>Net expense from reinsurance contracts</b>	(4,576,575)	(2,107,245)	(184,705)	(6,868,525)
Financial income from reinsurance	-	761,449	25,410	786,859
<b>Change in net income</b>	(4,576,575)	(1,345,796)	(159,295)	(6,081,666)
Cash flows				
Premiums paid	4,576,575	-	-	4,576,575
Amounts received	-	(961,794)	-	(961,794)
<b>Total cash flows</b>	4,576,575	(961,794)	-	3,614,781
<b>Reinsurance contract assets, December 31, 2024</b>	\$ -	\$ 12,729,972	\$ 2,548,143	\$ 15,278,115

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 7. REINSURANCE CONTRACT ASSETS (continued)

#### Reconciliation of reinsurance contract assets

	2023			
	Assets for remaining coverage	Amounts recoverable on incurred claims		Total
		Estimates of the present value of future cash flows	Risk adjustment	
<b>Reinsurance contract assets, January 1, 2023</b>	\$ -	\$ 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
<b>Net income from reinsurance contracts</b>	(5,358,977)	5,401,104	851,852	893,979
Financial income from reinsurance	-	464,126	(2,414)	461,712
<b>Change in net income</b>	(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)
<b>Total cash flows</b>	5,358,977	(1,409,059)	-	3,949,918
<b>Reinsurance contract assets, December 31, 2023</b>	\$ -	\$ 15,037,562	\$ 2,707,438	\$ 17,745,000



# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 8. INSURANCE CONTRACT LIABILITIES

#### Reconciliation of insurance contract liabilities

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

	2024			
	Liabilities for remaining coverage	Liabilities for incurred claims		Total
		Estimates of the present value of future cash flows	Risk adjustment	
<b>Insurance contract liabilities, January 1, 2024</b>	<b>\$ 253,583</b>	<b>\$ 21,657,474</b>	<b>\$ 3,786,258</b>	<b>\$ 25,697,315</b>
Revenue from insurance activities	(11,233,103)	-	-	(11,233,103)
Expenses relating to insurance activities				
Claims incurred during the year and other expenses related to insurance activities	-	7,160,226	206,276	7,366,502
Adjustment of liabilities for claims incurred in prior years	-	(2,846,184)	(654,634)	(3,500,818)
	-	4,314,042	(448,358)	3,865,684
<b>Net income from insurance activities related to insurance contracts</b>	<b>(11,233,103)</b>	<b>4,314,042</b>	<b>(448,358)</b>	<b>(7,367,419)</b>
Financial expenses from insurance	-	1,113,666	(11,718)	1,101,948
<b>Change in net income</b>	<b>(11,233,103)</b>	<b>5,427,708</b>	<b>(460,076)</b>	<b>(6,265,471)</b>
Cash flows				
Premiums received	11,199,885	-	-	11,199,885
Claims and other expenses paid related to insurance activities	-	(7,756,659)	-	(7,756,659)
<b>Total cash flows</b>	<b>11,199,885</b>	<b>(7,756,659)</b>	<b>-</b>	<b>3,443,226</b>
<b>Insurance contract liabilities, December 31, 2024</b>	<b>\$ 220,365</b>	<b>\$ 19,328,523</b>	<b>\$ 3,326,182</b>	<b>\$ 22,875,070</b>

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 8. INSURANCE CONTRACT LIABILITIES (continued)

#### Reconciliation of insurance contract liabilities

	2023				
	Liabilities for remaining coverage	Liabilities for incurred claims		Total	
		Estimates of the present value of future cash flows	Risk adjustment		
<b>Insurance contract liabilities, January 1, 2023</b>	\$ 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	
<b>Net loss from insurance activities related to insurance contracts</b>	(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)	
<b>Insurance contract liabilities, December 31, 2023</b>	\$ 253,583	\$ 21,657,474	\$ 3,786,258	\$ 25,697,315	

The following table summarizes insurance contract liabilities and reinsurance assets:

	2024			2023		
	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	\$ 18,031,790	\$ 13,917,549	\$ 4,114,241	\$ 20,212,815	\$ 16,004,607	\$ 4,208,208
Provision for claims incurred but not reported	2,583,272	1,771,213	812,059	2,688,617	1,965,882	722,735
Impact of discount	(1,286,539)	(1,170,427)	(116,112)	(1,243,958)	(991,849)	(252,109)
Provision for reinsurance non-performance risk	-	(1,788,363)	1,788,363	-	(1,941,078)	1,941,078
Non-financial risk adjustment	3,326,182	2,548,143	778,039	3,786,258	2,707,438	1,078,820
	\$ 22,654,705	\$ 15,278,115	\$ 7,376,590	\$ 25,443,732	\$ 17,745,000	\$ 7,698,732

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 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.

				2024	
		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 %	\$	(2,194,676)	\$	(698,496)
Discount curve	+ 1 %	\$	321,559	\$	34,442
Claims development	- 10 %	\$	2,194,676	\$	698,496
Discount curve	- 1 %	\$	(330,931)	\$	(34,680)

				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)



# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 9. INVESTMENT INCOME AND INSURANCE NET FINANCIAL INCOME

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

	2024	2023
<b>Investment income</b>		
Amounts recognized in net income		
Interest calculated using the effective interest method	\$ 13 882	\$ 183,153
Amortization of premium on bonds	-	75,232
Dividends	-	20,885
Income from mutual funds	2,046,758	1,539,473
Loss on disposal of financial assets measured at fair value through other comprehensive income	-	(878,871)
Change in fair value of financial assets measured at fair value through net income	2,393,768	1,868,577
Management and custody fees	(108,644)	(105,326)
Total amounts recognized in net income	4,345,764	2,703,123
Amounts recognized in other comprehensive income	-	976,525
Total investment income (loss)	4,345,764	3,679,648
<b>Insurance expense recognized in net income</b>	(1,101,948)	(935,905)
<b>Reinsurance income recognized in net income</b>	786,859	461,712
Total investment income and insurance net financial income	\$ 4,030,675	\$ 3,205,455

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 10. TANGIBLE AND INTANGIBLE ASSETS

	Furniture and office equipment	Micro- computer equipment	Rental asset	Internally generated software	Total
Cost	\$ 8,473	\$ 56,171	\$ 410,879	\$ 726,577	\$ 1,202,100
Accumulated amortization	(2,502)	(19,451)	(25,681)	(623,709)	(671,343)
<b>BALANCE</b> as at December 31, 2022	5,971	36,720	385,198	102,868	530,757
Acquisitions	-	9,355	-	4,005	13,360
Amortization	(1,654)	(17,890)	(102,719)	(30,936)	(153,199)
Total changes	(1,654)	(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)
<b>BALANCE</b> as at December 31, 2023	4,317	28,185	282,479	17,652	332,633
Acquisitions	-	13,215	-	-	13,215
Amortization	(1,654)	(17,577)	(102,720)	(17,652)	(139,603)
Total changes	(1,654)	(4,362)	(102,720)	(17,652)	(126,388)
Cost	8,473	70,582	410,879	635,500	1,125,434
Accumulated amortization	(5,810)	(46,759)	(231,120)	(635,500)	(919,189)
<b>BALANCE</b> as at December 31, 2024	\$ 2,663	\$ 23,823	\$ 179,759	\$ -	\$ 206,245

The Mutuelle wrote off the following tangible assets during the years ended December 31, 2024 and 2023:

	2024		2023	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Micro-computer equipment	\$ 8,159	\$ 8,159	\$ -	\$ -
Internally generated software	-	-	95,082	36,797
	\$ 8,159	\$ 8,159	\$ 95,082	\$ 36,797

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 11. LEASE LIABILITY

	2024	2023
<b>BALANCE</b> , beginning of year	\$ 290,510	\$ 383,882
Reimbursement of lease liability	100,074	93,372
<b>BALANCE</b> , end of year	\$ 190,436	\$ 290,510

The due dates of the lease liability are the following:

	Contractual payments	Financial expenses	Total
Less than one year	\$ 117,274	\$ 10,020	\$ 107,254
From one to five years	\$ 85,676	\$ 2,494	\$ 83,182

### 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.

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:

	2024	2023
Available capital	\$ 42,341,000	\$ 38,832,000
Minimum capital required	6,417,000	6,676,000
Excess capital available over minimum capital required	\$ 35,924,000	\$ 32,156,000
MCT ratio	660%	582%

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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:

##### Underwriting risk

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.



## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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 2024 is to limit the maximum loss for the Mutuelle to \$1,000,000 per event.

For the year 2024, 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, 2024, have been renewed for a period of one year.

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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 it insures, 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% (2023 - 85%) 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.

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 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, 2024, claims development is as follows:

##### Gross

	2014 and prior years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate incurred claims												
At the end of the year	\$ -	\$ 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	\$ 1,936,306	
One year later	-	971,384	1,425,676	1,449,935	769,933	2,829,969	2,829,969	1,626,112	2,661,751	1,130,680	-	
Two years later	-	1,390,286	1,491,483	1,565,124	810,004	2,843,824	1,074,973	1,559,934	2,666,351	-	-	
Three years later	-	1,649,583	1,414,340	1,739,350	769,399	3,325,327	1,137,117	1,842,253	-	-	-	
Four years later	-	1,819,988	1,414,340	1,679,894	766,413	3,341,561	1,373,118	-	-	-	-	
Five years later	-	1,825,990	1,414,340	1,609,018	771,375	3,341,561	-	-	-	-	-	
Six years later	-	1,791,653	1,414,340	1,607,737	771,375	-	-	-	-	-	-	
Seven years later	-	1,794,570	1,414,340	1,607,737	-	-	-	-	-	-	-	
Eight years later	-	1,794,570	1,414,340	-	-	-	-	-	-	-	-	
Nine years later	-	1,794,570	-	-	-	-	-	-	-	-	-	
Ultimate incurred claims	72,844,755	1,794,570	1,414,340	1,607,737	771,375	3,341,561	1,373,118	1,842,253	2,666,351	1,130,680	1,936,306	\$ 90,723,046
Paid claims	(55,107,833)	(1,794,570)	(1,414,340)	(1,607,737)	(771,375)	(3,341,561)	(1,104,788)	(1,639,195)	(2,505,155)	(862,012)	(667,388)	(70,815,954)
Unpaid claims	\$ 17,736,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,330	\$ 203,058	\$ 161,196	\$ 268,668	\$ 1,268,918	19,907,092
Impact of discounting and adjustment for non-financial risk												2,039,643
Other insurance contract liabilities												707,970
Insurance contract liabilities for incurred claims												\$ 22,654,705

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 13. INSURANCE AND FINANCIAL RISK MANAGEMENT (continued)

#### Insurance risk

#### Claims development

#### Net

	2014 and prior years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate incurred claims	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
At the end of the year	-	570,449	607,791	804,818	1,092,046	2,352,802	1,205,555	1,461,000	3,295,677	1,175,901	1,877,810	
One year later	-	501,680	439,590	535,915	759,157	2,291,038	1,204,558	1,620,541	2,649,890	1,089,126	-	
Two years later	-	907,763	432,024	660,782	810,004	2,283,181	1,075,153	1,554,919	2,641,125	-	-	
Three years later	-	1,040,912	428,938	854,285	769,399	2,338,336	1,137,297	1,844,499	-	-	-	
Four years later	-	1,192,232	428,938	806,506	766,413	2,338,336	1,373,327	-	-	-	-	
Five years later	-	882,663	428,938	735,631	771,375	2,338,336	-	-	-	-	-	
Six years later	-	882,667	428,938	734,350	771,375	-	-	-	-	-	-	
Seven years later	-	882,667	428,938	734,350	-	-	-	-	-	-	-	
Eight years later	-	882,667	428,938	-	-	-	-	-	-	-	-	
Nine years later	-	882,667	-	-	-	-	-	-	-	-	-	
Ultimate incurred claims	22,002,622	882,667	428,938	734,350	771,375	2,338,336	1,373,327	1,844,499	2,641,125	1,089,126	1,877,810	\$ 35,984,175
Paid claims	(19,515,117)	(882,667)	(428,938)	(734,350)	(771,375)	(2,338,336)	(1,104,969)	(1,639,195)	(2,505,155)	(862,012)	(667,388)	(31,449,502)
Unpaid claims	\$ 2,487,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 268,358	\$ 205,304	\$ 135,970	\$ 227,114	\$ 1,210,422	4,534,673
Provision for reinsurer non-performance												1,788,363
Impact of discounting and adjustment for non-financial risk												661,927
Other insurance contract liabilities												391,627
Insurance contract liabilities for incurred claims, net of reinsurance												\$ 7,376,590



## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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, 2024 and 2023, 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, 2024 and 2023, 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 \$15,278,115 (2023 - \$17,745,000) 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.

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 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:

2024						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and more
<b>Liabilities</b>						
Insurance contract liabilities for incurred claims - undiscounted value <sup>1</sup>	\$ 6,199,601	\$ 7,942,528	\$ 6,244,510	\$ 113,625	\$ 62,833	\$ 51,914
Attribution to members payable	1,039,431	-	-	-	-	-
Lease liability	117,274	85,676	-	-	-	-
	\$ 7,356,306	\$ 8,028,204	\$ 6,244,510	\$ 113,625	\$ 62,833	\$ 51,914
<b>Assets backing liabilities</b>						
Cash	\$ 1,796,720	\$ -	\$ -	\$ -	\$ -	\$ -
Reinsurance contract assets - undiscounted value	3,490,225	5,133,812	5,764,229	1,287,118	6,740	6,627
Investments	48,982,352	-	-	-	-	-
	\$ 54,269,297	\$ 5,133,812	\$ 5,764,229	\$ 1,287,118	\$ 6,740	\$ 6,627
2023						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and more
<b>Liabilities</b>						
Insurance contract liabilities for incurred claims - undiscounted value <sup>1</sup>	\$ 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	117,275	87,956	-	-	-
	\$ 9,624,295	\$ 9,063,281	\$ 4,515,776	\$ 48,805	\$ 36,020	\$ 18,823
<b>Assets backing liabilities</b>						
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

<sup>1</sup> 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.

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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### 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 \$4,900,000 (2023 - approximately \$4,600,000).

# Compagnie mutuelle d'assurance en Église

## NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

### 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, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,796,720	\$ -	\$ -	\$ 1,796,720
Bond mutual funds	36,974,332	-	-	36,974,332
Equity mutual funds	12,008,020	-	-	12,008,020
	\$ 50,779,072	\$ -	\$ -	\$ 50,779,072

	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

The Mutuelle assesses the classification of its financial instruments at each year-end date. During the years ended December 31, 2024, and 2023, 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 \$1,522,671 and the minimum payments due over the next years are as follows:

2025 - \$436,421  
2026 - \$376,569  
2027 - \$353,835  
2028 - \$355,846

## Compagnie mutuelle d'assurance en Église

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### NOTES TO FINANCIAL STATEMENTS

As at December 31, 2024

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#### 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:

	2024	2023
Short-term benefits	\$ 1,081,302	\$ 1,085,400

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# Compagnie mutuelle d'assurance en Église

## SCHEDULE - EXPENSES RELATING TO INSURANCE ACTIVITIES

For the year ended December 31,

2024

2023

Expenses relating to insurance activities include the following:

### ADMINISTRATIVE EXPENSES

Salaries	\$ 1,283,207	\$ 1,175,473
Employer contributions	259,687	281,848
Contributions	25,425	24,507
General expenses	62,760	51,241
Insurance	69,695	55,705
Professional fees	607,182	534,810
Rent	10,233	14,514
Taxes and permits	13,597	9,777
Telecommunication and IT services	729,088	363,066
Loss on write-off of an asset	-	58,285
Amortization of tangible and intangible assets	139,603	153,199
	<b>\$ 3,200,477</b>	<b>\$ 2,722,425</b>

### GOVERNANCE EXPENSES

Directors' remuneration	\$ 170,044	\$ 206,219
Employer contributions	9,277	18,228
Assembly and meeting expenses	51,155	35,552
Professional fees	14,014	23,614
Training	8,831	-
	<b>\$ 253,321</b>	<b>\$ 283,613</b>

### CENTRE D'ENTRAIDE ET DE PRÉVENTION

Salaries	\$ 484,206	\$ 375,161
Employer contributions	112,452	82,642
Miscellaneous	22,013	17,208
Professional fees	23,391	16,178
	<b>\$ 642,062</b>	<b>\$ 491,189</b>



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1155 Metcalfe Street, 15th Floor, Suite 1562  
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