

2023

Annual Report



Assumption Life



Table of contents

3

Board of Directors and Senior Management

4

Our Employees, our Pride

6

Assumption Life Honours its Employees who have Contributed to its Success!

8

A Word from the Chairman of the Board

10

2023 Summed Up

11

Our Highlights of the Year

12

Message from the CEO

14

Financial Highlights

15

Making a Difference

16

Our Employees at the Heart of our Commitment

17

Our 120th Anniversary

17

Kamylle Frenette Assumption Life Ambassador

18

Louisbourg Investments

19

Lawvi

20

Consolidated Financial Statements

We acknowledge that our head office is located on the unceded traditional territory of the Wolastoqey (Maliseet) and Mi'kmaq since the building's construction in 1970.

Board of Directors



Ivan Toner
ICD.D
Chairman of the Board of Directors
President,
MelamTech
Consulting



Sébastien Dupuis
CPA, CA
President and CEO,
Assumption Life



Marc Landry
CPA, CMA
Vice President
of the Board of
Directors
Vice President, IT &
Logistics,
Major Drilling



**Geneviève
Laforge**
LL.B, ASC
Corporate Secretary
and Director of
Organizational
Development,
Assumption Life



Alain Bossé
President & Chief
Operating Officer,
Groupe Savoie



Lise Casgrain
MBA, ICD.D
Company Director



Luc Farmer
Actuary



Denis LeBlanc
Entrepreneur



Adrienne Oldford
Executive Director,
McKenna Institute



Steven Ross
Company Director

Senior Management



Sébastien Dupuis
CPA, CA
President and CEO



Michel Allain
F.S.A., FICA
Vice President,
Chief Financial
Officer and Chief
Actuary



Luc Bossé
B.B.A.
Vice President,
Sales and Marketing



Réjean Boudreau
B.B.A.
Vice President,
Client Experience



Tony McLaughlin
B.Sc.
Vice President,
Chief Information
and Technology
Officer



Michel Simard
F.S.A., FICA
Vice President,
Groupe Insurance



**Marie-Claude
Thibodeau**
ASA, AICA
Vice President,
Actuarial and
Product
Development



Our Employees, our Pride

Head office, Louisbourg Investments and Lavvi employees

Assumption Life

Aboubacar Oumarou Sandi,
Adamou
Agnew, Scott Kevin
Allain, Keith
Allain, Michel
Allain, Nadine
Amberman, Shawn
Anjorin, Kamal
Arsenault, Ashley
Arsenault, Denis
Arsenault, Jasmine
Arsenault, Michelle
Arsenault, Sophie
Arsenault, Sylvie
Audet, Daniel
Bélanger, André
Belliveau, Julie
Belliveau, Marc
Belliveau, Sylvie
Benlabiod, Lotfi
Benoit, Eric
Bergevin, Mandy
Berry, Suzanne
Berthe, Rene
Birba, Carelle Gloria
Blanchet, Normand
Bordage, Lisa
Bossé, Christine
Bossé, Luc
Bouchard, Pierre-Luc
Boucher, Stéfany
Boudreau, Marc
Boudreau, Patrick

Boudreau, Rejean
Boudreau, Sophie
Bourgeois, Isabelle
Bourgeois, Megan
Bourgeois, Melanie
Bourgeois, Renée
Bourque, Lucie
Bourque, Nicole
Breau, Brenda
Breau, Jakob
Breau, Jammy
Brideau, Lise
Brun Leblanc, Monika Stephanie
Brun, Dina
Brun, Renelle
Brun, Sebastien
Caissie, Debbie
Carrier, Mélanie
Cassidy, Kristine
Charron, Samuel
Colquhoun, Mélanie
Comeau, Rachel
Comeau, Sylvie
Cormier, Amy
Cormier, Daniel
Cormier, Jolène
Cormier, Tania
Couture, Alexis
Cyr, Nathalie
Da Silveira, Sewa Yao-Yao
Daigle, Marie-Josée
Dalissier, Lydie
De Serres, Renay
Desbles, Anne-Sophie

Deschênes, Danielle
Despres, Robert
Deveau, Claire
Devi Beeharry, Soumedha
Dionne, Nicole
Drouin, Alexandre
Duguay, Monique
Duncan, Louis-Nicholas
Dupuis, Sébastien
El Idrissi, Mohammed Lahmidi
Fahim, Farnaz
Fatoki, Akinwale
Fitzgerald, Alain
Follett, Joceline
Fougère, Laurier
Francoeur, Lyne
Gagnon, Lina
Galeano, Patricia
Gallant, Rick
Gallant, Sandra
Gallien, Pascal
Gaudet, Gilles
Gaudet, Ginette
Gaudet, Gisèle
Gaudet, Mathieu
Gaudet, Serge
Gautreau, Nadine
Gauvin, Danielle
Gauvin, Jean-Luc
Gauvin, Mélanie
Gauvin, Roxanne
Gervais, Charles
Giard, Maryse
Godbout, Melissa

Goguen, Jacqueline
Goguen, Jean-Marc
Haché, Alyssa
Haché, Brandon
Haché, Carole Lise
Haché, Mario
Hachey, Danie
Harquail, Shawn
Hebert, Luc
Hickey, Gisèle
Hounkpe, Koflax
Jobin, Jacques
Jones, Evan
Jordan, Jacqueline
Joseph, Nathalie
Kouame, Olivier
Kouassi, Melan
Kruthiventi, Chiranjeevi Sai Ram
Laforge, Geneviève
Lagacé, Frédéric
Lagace, Sonia
Lahlali, Kenza
Lahlou, Youssef
Landry, Emilie
Landry, Jean-Marc
Landry, Katherine
Landry, Monica
Lanteigne, Pierre-Paul
Lavigne, Natalie
Leblanc, Brigitte
Leblanc, Céline
Leblanc, Charline
Leblanc, Joline Diane
Leblanc, Lucie





Leblanc, Lynn
Leblanc, Marcus
Leblanc, Monique
Leblanc, Nadine
Leblanc, Pauline
Leblanc, Stéphanie
Leblanc, Sylvie H.
Leblanc, Tina
Leblanc-Gallant, Nicole
Léger, Carolyn
Léger, Georges
Leger, Joanne
Leger, Marianne
Legere, Antoinette
Lessard, Rebecca
Levasseur, Antoni
Levesque, Louis-Philippe
M Leblanc, Lynn
Ma, Kimberly
Maillet, Mireille
Maillet, Monique
Maillet, Natalie
Maillet, Stephane
Maillet-Gendron, Donna
Mailman, Liette
Mandjo, Elie
Martin, Marie-Pier
Martin, Michel
Martin, Pierre
Mazerolle, Roger
McCallum, Melanie
McLaughlin, Tony
McLeod, Renée
Melanson, Chantal
Melanson, Cinthia
Melanson, David
Melanson, Sophie
Melanson, Sylvie
Meziani, Lotfi
Michaud, Claudine
Morin, Christa
Morin, Lynne
Nadeau, Élodie

Ngono Essomba, Alexandra
Niles, Odette
Noel, Ghislain
Noel, Guillaume Jones
Noël, Sophie Julie
Nsikam Nkeuna, Constantin
Ntseukwa Wandji, Gaëlle
Nzigamasabo, Marina
Ouellet, Allain
Ouellette, Anick
Ouellette, Melanie
Parker, Lynn
Pellerin, Emilie
Pelletier, Scott
Pineau, Jeremy
Pitre, Jean-Lou
Plourde, Charles Edouard
Poirier, Emmanuelle
Poirier, Rachel
Poirier, Serge
Pountney (Koshul), Jennifer
Raffy, Thomas
Richard, Anne
Richard, Claudette
Richard, Pierre
Richard, Sheila
Richard, Véronique
Robichaud, Chantal
Robichaud, Claudette
Robichaud, Dominic
Robichaud, Julie
Robichaud, Louise
Robichaud, Sandra
Robichaud, Sophie
Robichaud, Timmy
Roger Aka, Yves
Roussel, Cassandra
Roussel, Sébastien
Roy, Angela
Roy, Judy
Ryan, Jennifer
Sadler, Angela
Saghir, El Mehdi

Sarrasin, Nicolas
Saulnier, Alexandre
Savoie, Rachel
Savoie, Sylvie
Shalini Beefeya, Divya
Simard, Michel
Sonier, Michael
Soucy, Tina
Souma, Jenny
Sriramula, Priyanka
St-Jean, Valerie
St-Leger, Sally
Su, Shirley
Surette, Sara-Anne
Surette, Yvette
T. Leblanc, Pauline
Thébeau, Marise
Thébeau, Patrick
Thériault, Alain
Thériault, Josée
Thériault, Yves
Thibodeau, Jayden
Thibodeau, Karilyn
Thibodeau, Marie-Claude
Tidd, Christine
Toussaint, Charles
Tremblay-Gosselin, Jordan
Vautour, Isabelle
Vautour, Joshua
Vicent (Loyola), Paola
Walker, Cameron
Walsh, Connor
Wandji, Herve Yangtang
Watusua Kanyengabu, Isaac

Louisbourg Investments

Benoit, Deborah
Bourgeois, Denis
Bourque, Samuel
Castonguay, Marc
Cicccone, Vittorio
Currie, Robert
Frail, Derek

Gaudet, Luc
Guitard, Zoelie
Hniki, Oussama
Hurshman, Heather
Lavigne, Anne
Lavigne, Shawn
LeBlanc, Marcel
Lewis, Scott
Liang, Charlotte
Moores, Mike
Nelson, Jeremy
Robichaud, Dan
Roy, Mathieu
Sippley, Caroline
Wynter, Alex

Lavvi

Adamson, Raymond
Asif, Javairia
Benoit, Christian
Boudreau, Sylvain
Clark, Dawson W
Cook, Darryl S
Coté, Francois
Dadwal, Ujjwal S.
Devereaux, Taylor
El Ghaidi, Karim
El Quartassi, Mohammed
Fortman, Catherine
Grass, Malcolm
Jaber, Ibrahim
LeBel, Chris T
MacKenzie, Joel A
Mputu, Jocelyn B.
Poplar, Hudson D.
Pyle, Sherry L.
Roy, Ghislain
Samlioglu, Ali E.
Shahid, Wajiha
Thibodeau, Eric
Traore, Lozanga Vincent
Yeh, Tsai-Hsin



Assumption Life Honours its Employees who have Contributed to its Success!

Congratulations to all 2023 recipients. Thank you to all the members of our great team for their commitment.

Community Impact Award

Rachel Comeau

Team Player Award

Lisa Bordage

Teamwork Award

Members of the "Apollo 13" initiative

Influencer of the Year Award

Alexis Couture

Committed Person Award

Sophie Julie Noël

Achievement Award

Mélanie Carrier

Positive Leader Award

Nathalie Cyr



Organizational Culture



In 2023, thanks to the collective efforts of our employees in support of the organizational culture, Assumption Life was awarded the prestigious Culture of Excellence Award by Human Synergistics.

This award is the fourth won by Assumption Life in four years.

2020

Transformation
Award

2021

Merit
Award

2022

Culture
of Excellence
Award

2023

Culture
of Excellence
Award



A 120th Anniversary Marked by Growth

A Word from the Chairman of the Board

Throughout our Company's rich history, many people have helped shape our path, guided by their values and accomplishments. Today, we continue to follow the path as we are building a future where Assumption Life will continue to make a difference for another 120 years.

With this vision for the future in mind, our Company has launched its 2023-2025 Strategic Plan. This plan focuses on three pillars: experience, distribution and efficiency. We have just completed its first year, in which the objectives set for 2023 have been met and even exceeded on several levels. I feel a great sense of pride towards the Company for these many achievements.

The excellent growth experienced by our Company in 2023 is the reflection of two major factors: our phenomenal sales, and the outstanding commitment of our people.

Building a strong culture builds a strong organization. The achievements reached in 2023 are based on the collaborative efforts of our teams and departments, as well as the excellent culture fostered at Assumption Life.

Our ongoing commitment to cultivating an exemplary corporate culture has been crowned with success over the past three years, with the achievement of three prestigious awards. These efforts continued throughout 2023, when our Company was awarded the Culture of Excellence Award. This is the highest distinction awarded by Human Synergistics to companies that have distinguished themselves through the exceptional commitment of their employees.

Over the past few years, the Board of Directors has focused on recruitment decisions designed to position the Company advantageously for the future. These

strategic recruitments are designed to strengthen our management team and support our corporate culture. Many of these decisions have been made in recent years, including 2023, resulting in key hires that have supported our teams and contributed to our results this year. We will continue our commitment towards the strategic selection and development of leaders, ensuring the progress we make towards a successful future.

I'd also like to highlight the exceptional work of all the members of the management team: their leadership is truly remarkable. Thanks to their commitment and vision, we have been able to achieve excellent results. I would also like to point out that, last year, our President and CEO was named one of the 50 Best CEOs for Atlantic Canada by Atlantic Business Magazine. As we know, Sébastien Dupuis is an example of leadership and excellence in ensuring the growth of our Company. Assumption Life is privileged to have him at the head of its team.

Finally, I would like to salute the high-caliber, experienced team that makes up our Board of Directors. Our directors work with dedication to ensure the success of our Company, and I sincerely thank them for their leadership and commitment to Assumption Life.

I would also like to express my sincere gratitude to our partners, advisors and suppliers. Your support and collaboration are essential to our success, and I thank you for your trust and commitment to our Company.



The Assumption Life family is made up of the members of our Board of Directors, our management team and our extraordinary and dedicated employees. We are in an excellent position to continue making a difference for our customers, advisors, partners and communities.

IVAN TONER

Chairman of the Board of Directors





2023 Summed Up: Distribution

One of our key words for 2023 was "distribution" which, along with experience and efficiency, form the three pillars of our 2023-2025 strategic plan.

We believe that our growth depends on both our efforts and the strategies applied to our distribution networks. This conviction has guided our commitment to excellence, and our constant willingness to explore innovative avenues to extend and maximize our impact.

Exceeding our 2023 targets at all levels demonstrated just how much emphasis on distribution was a key factor in our success. This exceptional year was characterized by outstanding sales and exemplary commitment from our teams. All these achievements testify to the hard work, determination and leadership of our people, and these successes will drive our ambitions for the year ahead.

Our Highlights of the Year

Experience

- Advisors : Redesign of the sales web platform LIA, adding modernity and new functionalities.
- Employees: 79% engagement rate. Kincentric Top quartile for Canada, above the national average of 68%.

Distribution

- Individual insurance sales growth of 42% compared to 2022, thanks to an incredible collective effort.
- Exceptional growth in investments and retirement, with record cumulative sales of \$197 million and 74% growth compared to 2022.
- Sales of over \$11 million in group insurance.
- Second Canada-wide Investment Tour.

Efficiency

- Improvement of our operating procedures and integration of automated processes within several of our departments.

Data on this page are non-IFRS financial measures.

2023: A Successful Year Through Commitment

Message from the CEO

2023 was marked by our commitment, which led to remarkable success. Our Company's achievements and successes are the result of hard work, the determination of our teams and their exemplary leadership. We are convinced that these achievements will serve as the driving force behind our ambitions in the coming year.

A Successful First Year for our Strategic Plan

First and foremost, 2023 was the first year of our new strategic plan, positioning us successfully for the future. We made significant progress across many of our initiatives, surpassing many of the targets set out in the plan. This was achieved by strategically allocating our efforts and resources. This flexibility enabled us to adjust our strategy in real time to maximize our impact, and lay the right foundations for 2024.

Outstanding Results for our Lines of Business

The results of our lines of business are quite simply exceptional, and in some cases exceed the expectations we had set for the year.

In fact, the targets set for the Individual Insurance and Investment & Retirement lines of business were far surpassed. Our teams achieved the extraordinary, not just by exceeding targets, but by crushing them. Everyone's efforts led to the development of improved products and propelled our sales to a phenomenal 42% growth compared to 2022. To put it in perspective, this is above the 38% growth achieved in 2022. Congratulations to all!

On the ground, our visibility strategy has been a catalyst for the remarkable efforts of our advisors, resulting in significant gains. The exceptional collaboration between our diverse teams was the key to our success, and I would like to warmly congratulate everyone who contributed to this outstanding achievement.

I am also delighted to report that our LIA sales platform has been redesigned in WEB format to better meet the needs of our advisors. We will continue to offer the same functionalities appreciated by all, but with a more modern design and new features to facilitate their experience. This step forward demonstrates, once again, our ongoing commitment towards innovation and our constant desire

to improve our services to meet the changing needs of our customers.

In Investments & Retirement, we achieved spectacular growth, exceeding our annual net deposits by 130%. Cumulative sales reached a record of \$197 million, with growth of 74% compared with 2022.

In addition, we successfully launched the second edition of our cross-Canada Investment Tour, strengthening our presence on the national scene. Finally, I would like to highlight the enhanced digital experience of Vesta, our investment application platform, which considerably simplifies the work of our advisors.

In our Group Insurance business line, our team rose to the challenge, despite a highly competitive market, ending the year by reaching our sales target.

These outstanding results for our lines of business testify to our unwavering commitment to excellence and our determination to reach new heights.

Excellence From our Subsidiaries

I'd like to highlight our excellent collaboration with Lavvi for the ongoing improvements to our LIA platform. As mentioned earlier, this tool is a key technology platform for us.

Our subsidiary Louisbourg Investments has successfully navigated the volatile markets of 2023. We are proud to see them recognized as a "Top Performer" by Global Manager Research for 2023, highlighting the effectiveness of their investment strategy. They remain committed to delivering solid results in a competitive environment.

Our People at the Heart of our Success

A culture is strong when people work with each other and for each other. The commitment of our people has enabled our company to shine over the past year, during which we have won several awards.

The commitment of our teams was recognized by Kincentric, which placed us in the top quartile in Canada, with a rate of 79%. This puts us well above the Canadian average of 68%. This rate of engagement is one of the tangible impacts of our sustained efforts to create a constructive and collaborative culture.

We are proud to continue to be listed as one of Atlantic Canada's Best Employers, as well as one of Atlantic Canada's Best Places to Work.

Our company also received the highest distinction issued by Human Synergistics International by winning the Culture of Excellence Award. This is our fourth award in four years, after winning the Transformation Award in 2020 and the Merit Award in 2021 and 2022. Credit for these awards goes to our people, who stand out for their initiative, team spirit and exceptional collaboration.

Making a Difference for 120 Years

If there's one thing all our employees have in common, it's a strong desire to make a difference for our customers, our partners and our communities. It's a character trait that has been encoded in Assumption Life's DNA for the past 120 years.

At Assumption Life, there is a real willingness to give our all and go the extra mile. And if there's one person who exemplifies this, it's our ambassador, Kamylle Frenette. She is a New Brunswick-born para-triathlete whose prowess and recent podium finishes bring her ever closer to her goal of competing in the next Paralympic Games in Paris. It is with great pride that we continue to support her in realizing her dream, and in return, she inspires us to always aim higher and stronger.

Finally, I'd like to express my gratitude to our advisors, partners and valued customers for their unwavering trust in our Company. Your support plays a crucial role in our continued success. We deeply appreciate the relationship of trust we have built with you over the years.

To our customers, we would like to express our gratitude for your continued loyalty. Your choice to place your trust in us to meet your financial needs is a responsibility that fills us with pride.

Assumption Life is proud to be by your side for over 120 years.

SÉBASTIEN DUPUIS, CPA, CA
President and CEO

Data in this message are non-IFRS financial measures.



Financial Highlights

\$2.0
BILLION
Assets under
management

\$8.5
MILLION
Profit attributable
to policyholders

\$341
MILLION*
In premiums
and deposits

157%
Solvency ratio as of
December 31, 2023

\$178
MILLION
Policyholders' equity

Our consolidated financial statements can be found at the end of this report or on our website at www.assumption.ca.

**This data on is a non-IFRS financial measure.*

A- (Excellent) from A.M. Best
for the 24th consecutive year

“*Our constant results show our capacity to manage risks during the highs and lows of the industry over the last 24 years.*

2023 also marks our first results presentation under the new IFRS standards. We are extremely proud of this achievement”.

- Michel Allain, F.S.A., FCIA – Vice President,
Chief Financial Officer and Chief Actuary



Making a Difference

Our team is committed to making a difference in our communities every day.

This philosophy is expressed in many ways in the Company's philanthropic efforts with a particular emphasis on health and education initiatives.



\$250,000 donation to CHU Dumont Foundation.

Our major donation of **\$250,000** to the CHU Dumont Foundation's "Driving Surgery Forward" fundraising campaign contributes to the acquisition of a robotic surgery system that will improve the lives of many Canadians.



Our Fernand-J.Landry 2023 bursary recipient is Alain Lavoie, shown here with Mrs. Aldéa Landry.



Our recipient of the 2023 Denis-Losier Bursary is Joëlle Léger.



IN NUMBERS

Over the past year, Assumption Life and our employees have shown great generosity by donating their time and supporting various causes and organizations.

Here are a few numbers that attest to the exceptional efforts and commitment of all towards our communities.

1 200 HOURS OF VOLUNTEER WORK

by our employees



6% OF THE COMPANY'S NET PROFIT

More than **120 ORGANIZATIONS AND INITIATIVES** received donations

- Acadie Love • Canadian Red Cross
- Crossroads for women
- Excellence NB • MAGMA
- Heart & Stroke Foundation
- CHU Dumont Foundation
- Myeloma Canada • Sistema
- Shelters Movers Greater Moncton
- Club Soccer Dieppe • United Way



18 ASSUMPTION LIFE FOUNDATION SCHOLARSHIPS



3 SCHOLARSHIPS awarded to educational institutions

15 SCHOLARSHIPS awarded to students

Our Employees at the Heart of our Commitment





Our 120th anniversary

On September 8, 2023, Assumption Life launched its 120th anniversary celebrations. As we celebrate this major milestone, we would like to express our deepest gratitude to our partners, our customers and, above all, to each and every employee who has played and continues to play an essential role in our exceptional journey. Since our beginnings in 1903, we have shared unforgettable moments, overcome challenges and celebrated successes together.

We're grateful for the strong bonds we've forged across Canada, and look forward to making a difference together for the next 120 years.

Kamylle Frenette Assumption Life Ambassador

Qualifying year towards the Paris 2024 Paralympic Games:

- **Gold medal** – Paratriathlon World Cup, Long Beach, California
- **Bronze medal** – Paratriathlon World Series, Montreal, Québec
- **Bronze medal** – Paratriathlon World Cup, Paris, France
- **4th place** – Paratriathlon World Cup, Pontevedra, Spain

“ I am so grateful for the tremendous support of my entire team, including the support of the Assumption Life team, as I continue on my path to the 2024 Paralympic Games. Every step, every training session, every victory is the fruit of a collective effort, and I thank every person who contributes to this adventure.”

- Kamylle Frenette





PLACEMENTS
LOUISBOURG
INVESTMENTS

A Year of Significant Events for Louisbourg Investments

In 2023, Louisbourg Investments, a subsidiary of Assumption Life, achieved a number of important milestones. Here are some of their highlights:

Relocation

Their midyear was marked by a move to downtown Dieppe, providing greater visibility for the company, while creating a modern working environment for their team.

American Customer

An important milestone was reached in winning the company's first U.S. customer. After a rigorous vetting process lasting over six months, Louisbourg Investments added an institutional client based in Connecticut, paving the way for international growth in some of their mandates.

Returns

The main strategies continued to post solid returns. The Canadian Equity Fund and Canadian Equity Dividend Fund were rated A by Fundata in December 2023.

Awards

Louisbourg Investments was recognized as one of the top performers at the Global Manager Research 2023 Top Performer Awards. The U.S. equity strategy ranked in the top 3% of funds in its category according to a GMR risk/return measure.



Lavvi in 2023

A Message from Our CEO, Roddy Awad

"In an era where the need for financial security is more pronounced than ever, Lavvi is steadfast in our mission to simplify insurance distribution and amplify our partners' reach. Our collaboration with Assumption Life is a testament to this mission, propelling Lavvi towards sustainable growth and a broader market footprint across North America. This partnership underscores our shared values of innovation, accountability, and excellence, driving us to deliver unparalleled value to our customers and stakeholders. At the same time, Assumption Life continues strengthening its commendable service within Canada."

Lavvi & Assumption Life: Pioneering the Future of Insurance Distribution

Lavvi stands at the forefront of revolutionizing the life insurance landscape. Our comprehensive platform, distinguished by its versatility and user-centric design, provides a seamless distribution ecosystem for life insurance carriers. Through our strategic partnership with Assumption Life, Lavvi's platform powers the Life Insurance Anywhere (LIA) advisor experience. This pivotal development has marked a significant milestone in our shared journey to redefine insurance distribution.

2023 Key Accomplishments

- 1. Strategic Growth Through LIA:** Lavvi's technology and expertise have been pivotal in supporting Assumption Life's remarkable growth in 2023. The LIA platform, powered by Lavvi, has become a cornerstone in Assumption Life's strategy, significantly enhancing their market presence and customer engagement.
- 2. Innovative Web Experience:** In collaboration with Assumption Life, Lavvi has launched a new, modern web experience to power the LIA advisor experience. After a successful beta phase in Q4 2023, which garnered widespread acclaim, plans are in place to extend this enhanced digital journey to the broader advisor community in 2024. This initiative reflects our commitment to delivering state-of-the-art solutions that meets the evolving needs of our clients and their customers.
- 3. Leadership Enhancements:** The recent additions of Jeff Guitard as Chief Technology Officer and Ray Adamson as Chief Customer Officer have injected unparalleled depth and expertise into our leadership team. Their collective experience within the technology and insurance sectors has been instrumental in scaling Lavvi's operations and expanding our customer pipeline, ensuring that we remain at the cutting edge of industry innovation.

Looking Ahead

As we move forward, Lavvi's focus remains on fostering a culture of innovation, collaboration, and resilience. Our achievements in 2023 are just the beginning of a transformative journey. With the continued support of our partners and the relentless dedication of our team, we are poised to achieve even greater heights in the years to come.

Lavvi is more than a platform supporting all digital distribution; we are a community committed to making a positive impact, promoting inclusion, and pursuing excellence in everything we do. Together with our customers, including Assumption Life, we are not just navigating the future of insurance distribution; we are creating it.





Assumption Mutual Life Insurance Company

**Consolidated financial statements
December 31, 2023**

Assumption Mutual Life Insurance Company

Consolidated financial statements

For the Year Ended December 31, 2023

	Page
Independent Auditor's Report to the Policyholders	
Valuation Actuary's Report to the Policyholders	
Consolidated Statement of Financial Position	1
Consolidated Statement of Income	2
Consolidated Statement of Comprehensive Income (Loss)	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6-80

Independent auditors' report to the policyholders

To the Policyholders of **Assumption Mutual Life Insurance Company**

Opinion

We have audited the consolidated financial statements of **Assumption Mutual Life Insurance Company** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income (loss), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

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

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

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

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

Ernst & Young LLP

Dieppe, Canada
February 22, 2024

VALUATION ACTUARY'S REPORT

To the policyholders of Assumption Mutual Life Insurance Company,

I have valued the policy liabilities of Assumption Mutual Life Insurance Company for its consolidated statement of financial position as at December 31, 2023, and their change in the consolidated statement of income for the year then ended in accordance with accepted actuarial practices, including the selection of appropriate assumptions and methods.

In my opinion, the amount of policy liabilities makes appropriate provision for all policyholder obligations and the consolidated financial statements fairly present the results of the valuation.

Montreal, Quebec
February, 2024



Marie-Andrée Boucher
Fellow, Canadian Institute of Actuaries

Assumption Mutual Life Insurance Company

Consolidated statement of financial position

[in thousands]

As at

	December 31, 2023	December 31, 2022	January 1, 2022
	\$	\$	\$
		<i>[restated]</i>	<i>[restated]</i>
Assets			
Invested assets [note 4]			
Cash and cash equivalents	44,139	17,865	14,508
Debt securities	466,400	422,172	547,278
Equity securities	148,416	111,193	115,596
Mortgages	193,654	190,073	180,095
Other invested assets	516	790	1,489
	853,125	742,093	858,966
Other assets [note 7]	6,026	11,443	9,260
Reinsurance contract assets [note 12]	240,712	230,788	284,303
Deferred tax assets [note 18]	1,306	627	122
Property and equipment [note 8]	2,920	2,488	3,172
Intangible assets [note 9]	6,479	7,094	6,402
Right-of-use assets [note 10]	2,157	1,385	1,915
Goodwill	2,226	2,226	2,226
Pension benefit asset [note 16]	6,093	6,644	-
Segregated funds net assets [note 11]	894,913	855,544	938,311
Total assets	2,015,957	1,860,332	2,104,677
Liabilities			
Insurance contract liabilities [note 12]	767,940	702,402	857,772
Investment contract liabilities [note 13]	151,902	113,928	111,211
Other liabilities [note 15]	14,604	8,984	10,753
Employee benefit liability [note 16]	878	630	8,377
Deferred tax liabilities [note 18]	1,815	4,985	900
Lease liabilities [note 10]	3,147	2,183	2,709
	940,286	833,112	991,722
Segregated funds insurance contract liabilities [note 12]	327,543	302,671	342,503
Segregated funds investment contract liabilities [note 13]	567,370	552,873	595,808
	894,913	855,544	938,311
Total liabilities	1,835,199	1,688,656	1,930,033
Policyholders' equity			
Accumulated surplus	187,874	180,389	162,359
Accumulated other comprehensive income (loss)	(10,056)	(12,253)	8,413
	177,818	168,136	170,772
Non-controlling interests	2,940	3,540	3,872
	180,758	171,676	174,644
Total liabilities and equity	2,015,957	1,860,332	2,104,677

Contingencies and commitment [notes 20 and 21]

See accompanying notes

Signed on behalf of the Board




Chairman

President and Chief Executive Officer

Assumption Mutual Life Insurance Company

Consolidated statement of income

[in thousands]

Year ended December 31

	2023	2022
	\$	\$
		<i>[restated]</i>
Insurance revenue <i>[notes 12 and 22]</i>	134,699	126,809
Insurance service expenses <i>[notes 12 and 27]</i>	(112,364)	(107,613)
Allocation of reinsurance premiums <i>[note 12]</i>	(37,827)	(38,171)
Amounts recoverable from reinsurers <i>[note 12]</i>	28,516	31,442
Insurance service result	13,024	12,467
Interest revenue calculated using the effective interest method <i>[notes 12 and 23]</i>	6,207	5,890
Other interest and similar income <i>[notes 12 and 26]</i>	16,659	12,496
Net fair value gains (losses) on financial assets at fair value through profit or loss <i>[notes 12 and 25]</i>	32,308	(111,507)
Net realized fair value gains (losses) on derecognition of financial assets measured at fair value through OCI <i>[notes 12 and 24]</i>	422	(3,729)
Total investment income (losses)	55,596	(96,850)
Finance income (expenses) from insurance contracts issued <i>[note 12]</i>	(57,245)	153,783
Finance income (expenses) from reinsurance contracts held <i>[note 12]</i>	18,057	(48,597)
Changes in investment contract liabilities <i>[note 12]</i>	(4,850)	346
Net financial result	11,558	8,682
Investment income related to segregated funds net assets	77,061	(52,070)
Financial expenses related to segregated funds liabilities	(77,061)	52,070
Net segregated funds investment result	-	-
Borrowing costs	(175)	(103)
Administrative and other operating expenses <i>[note 27]</i>	(26,387)	(24,565)
Other operating revenue	11,791	13,244
Other revenue and expenses	(14,771)	(11,424)
Profit before income taxes	9,811	9,725
Income taxes <i>[note 18]</i>	(1,769)	(2,357)
Profit for the year	8,042	7,368
Profit (loss) attributable to:		
Non-controlling interests	(492)	28
Policyholders	8,534	7,340
	8,042	7,368

See accompanying notes

Assumption Mutual Life Insurance Company

Consolidated statement of comprehensive income (loss)

[in thousands]

Year ended December 31

	2023	2022
	\$	\$
		<i>[restated]</i>
Profit for the year	8,042	7,368
Other comprehensive income (loss):		
Items that will be reclassified subsequently to net income		
Change in fair value of financial assets, net of current income taxes of (\$884) [\$4,381 in 2022]	1,616	(13,806)
Net amount reclassified to profit or loss, net of current income taxes of \$149 [(\$954) in 2022] <i>[note 24]</i>	(273)	2,775
Total of items that will be reclassified subsequently to net income	1,343	(11,031)
Items that will not be reclassified subsequently to net income		
Remeasurement of defined benefit pension plans, net of deferred income taxes of \$280 [(\$4,418) in 2022] <i>[note 16]</i>	(1,049)	10,669
Equity investments at fair value through other comprehensive income, net of current income taxes of (\$478) [\$3,475 in 2022]	854	(9,614)
Total of items that will not be reclassified subsequently to net income	(195)	1,055
Total of other comprehensive income (loss)	1,148	(9,976)
Total comprehensive income (loss) for the year	9,190	(2,608)
Total comprehensive income (loss) attributable to:		
Non-controlling interests	(492)	28
Policyholders	9,682	(2,636)
	9,190	(2,608)

See accompanying notes

Assumption Mutual Life Insurance Company

Consolidated statement of changes in equity

[in thousands]

Year ended December 31

	Surplus	Accumulated other comprehensive income (loss)	Total policyholders' equity	Non- controlling interest	Total equity
	\$	\$	\$	\$	\$
2023					
Balance, beginning of year	180,389	(12,253)	168,136	3,540	171,676
Profit (loss) for the year	8,534	-	8,534	(492)	8,042
Items that will be reclassified subsequently to net income	-	1,343	1,343	-	1,343
Items that will not be reclassified subsequently to net income	(1,049)	854	(195)	-	(195)
Total comprehensive income	7,485	2,197	9,682	(492)	9,190
Dividends	-	-	-	(108)	(108)
Balance, end of year	187,874	(10,056)	177,818	2,940	180,758
2022 [restated]					
Balance as at December 31, 2021, as previously reported	152,173	9,664	161,837	3,870	165,707
Impact of initial application of IFRS 17	11,246	-	11,246	-	11,248
Impact of initial application of IFRS 9	(1,060)	(1,251)	(2,311)	2	(2,311)
Restated balance as at January 1, 2022	162,359	8,413	170,772	3,872	174,644
Profit for the year	7,340	-	7,340	28	7,368
Items that will be reclassified subsequently to net income	-	(11,031)	(11,031)	-	(11,031)
Items that will not be reclassified subsequently to net income	10,690	(9,635)	1,055	-	1,055
Total comprehensive income	18,030	(20,666)	(2,636)	28	(2,608)
Dividends	-	-	-	(360)	(360)
Restated balance, end of year	180,389	(12,253)	168,136	3,540	171,676

See accompanying notes

Assumption Mutual Life Insurance Company

Consolidated statement of cash flows

[in thousands]

Year ended December 31

	2023	2022
	\$	\$
		<i>[restated]</i>
Operating activities		
Profit for the year	8,042	7,368
Adjustment for:		
Change in insurance and reinsurance contract	55,614	(101,800)
Change in investment contract liabilities	37,974	2,717
Items not affecting cash:		
Deferred income taxes	(3,567)	(838)
Amortization of property and equipment and intangible assets <i>[notes 8 and 9]</i>	2,080	1,675
Amortization of right-of-use assets <i>[note 10]</i>	346	414
Net fair value losses (gains) on financial assets at fair value through profit or loss	(32,308)	111,507
Net realized fair value losses (gains) on derecognition of financial assets measured at fair value through OCI	(422)	3,729
Employee defined benefit plan expense	794	2,326
Amortization of (premium) discount on invested assets	(4,868)	(4,719)
Others	556	489
	64,241	22,868
Change in non-cash working capital items related to operations	8,498	1,472
Cash provided by operating activities	72,739	24,340
Investing activities		
Debt securities, equity securities and mortgages:		
Sales, maturities and reimbursements	105,484	181,080
Purchases and loans	(149,606)	(199,519)
Acquisition of property and equipment and intangible assets	(1,897)	(1,683)
Cash used in investing activities	(46,019)	(20,122)
Financing activities		
Repayment on lease liabilities	(338)	(501)
Dividend paid to non-controlling interests	(108)	(360)
Cash used in financing activities	(446)	(861)
Increase in cash and cash equivalents during the year	26,274	3,357
Cash and cash equivalents, beginning of year	17,865	14,508
Cash and cash equivalents, end of year	44,139	17,865

See note 19 for additional information

See accompanying notes

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

1. Corporate information

Assumption Mutual Life Insurance Company, known as Assumption Life as incorporated under a private law of the Province of New Brunswick's Legislative Assembly. The Assumption Life and its subsidiaries [together "the Group"] underwrite life and non-life insurance risks, such as those associated with death, disability and health. The Group also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are only offered in Canada.

The Group's head office is located at 770 Main St., in the Assumption Place building in downtown Moncton, N.B., Canada.

2. Material accounting policy information

Declaration of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards [IFRS], as issued by the International Accounting Standards Board [IASB] and published by *CPA Canada Handbook Accounting*.

These consolidated financial statements, including all notes, were approved by the Board of Directors on February 22, 2024.

Basis of preparation

The Group presents its consolidated statement of financial position primarily in order of liquidity. Assets are considered current when the Group expects to realize them in its normal operation cycle within twelve months after the reporting date. Liabilities are considered current when the Group expects to settle them in its normal operation cycle within twelve months after the reporting date. All other assets and liabilities are considered non-current. The Group's statement of financial position is not presented according to current and non-current order.

The consolidated financial statements have been prepared on a historical cost basis except for those financial assets and financial liabilities that have been measured at fair value.

The consolidated financial statements values are presented in Canadian dollars [\$] rounded to the nearest thousand [\$000], unless otherwise indicated.

Consolidation

These consolidated financial statements include the accounts of those subsidiaries:

- | | |
|---|------|
| • Atlantic Holdings (1987) Limited | 100% |
| • Louisbourg Investments Inc. | 70% |
| • Lavvi [formerly Tech Knowledge Solutions] | 52% |

The consolidated financial statements comprise the financial statements of the Group as at December 31 each year.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group has control over the subsidiaries since it has the power to govern the financial and operating policies of the subsidiaries so as to obtain benefits derived from its activities, has exposure or rights to variable returns from its involvement with the subsidiaries, and the ability to use its power over the subsidiaries to affect the amount of its returns.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions and dividends are eliminated in full.

Financial Instruments

Recognition

Financial instruments are initially recognized on the trade date measured at their fair value. Except for financial instruments recorded at fair value through profit and loss, transaction costs are added to this amount.

[a] Financial assets

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Financial assets measured at amortized cost;
- Financial assets, including equity instruments, mandatorily measured or designated at fair value through profit or loss ["FVPL"];
- Financial assets, including equity instruments, mandatorily measured or designated at fair value through other comprehensive income ["FVOCI"].

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The information considered includes:

- The stated policies and objectives for the portfolio, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel;
- The risks that affect the performance of the financial assets held within that business model and, in particular, the way those risks are managed;
- The frequency, volume, value and timing of asset sales in prior periods, the reason for such sales and expectations about future sales activity.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The solely payments of principal and interest test

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they give rise on specified dates to cash flows that are solely payments of principal and interest ["SPPI"] on the principal amount outstanding.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets; and
- Features that modify consideration for the time value of money.

Financial assets measured at amortized cost

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

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows; and
- The contractual terms of the financial asset meet the SPPI test.

The Group classifies part of its debt securities and mortgage portfolios, notes receivable presented under other invested assets and accrued income and accounts receivable presented under other assets at amortized cost.

Financial assets measured at FVPL

Financial assets in this category are those that are managed in a fair value business model or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. In addition, on initial recognition, financial assets may irrevocably be designated as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This category includes financial assets whose cash flow characteristics fails the SPPI criterion.

Cash and cash equivalents, which include deposits in bank and short-term notes with a maturity of six months or less from the date of acquisition, and a portion of equity securities are classified as measured at FVPL.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The Group has designated part of mortgages portfolio it holds, segregated funds net assets and its debt securities backing actuarial liabilities at FVPL.

Financial assets measured at FVOCI

Financial assets, excluding equity instruments, are measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the SPPI test.

The Group measures some of its debt securities not backing actuarial liabilities at FVOCI.

Equity instruments designated at FVOCI

Upon initial recognition, it is possible to classify irrevocably equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

In order to mitigate the impacts of volatility, the Group has designated a portion of its equity securities at FVOCI.

Subsequent measurement

Financial assets measured at amortized cost

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

Financial assets measured at FVPL

Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in the consolidated statement of income. Interest earned is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded when the right to the payment has been established. Interest and dividend are both included in other interest and similar income in the consolidated statement of income.

Financial assets measured at FVOCI

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in other comprehensive income.

For financial assets, excluding equity instruments, interest income is recognized in the consolidated statement of income in the same manner as for financial assets measured at amortized cost. Credit losses do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognized in other comprehensive income. On derecognition of these financial assets, cumulative gains and losses previously recognized in other comprehensive income are reclassified to profit or loss.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

For equity instruments, dividends are recognized in the consolidated statement of income when the right of the payment has been established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the consolidated statement of income. Equity instruments at FVOCI are not subject to an impairment assessment.

Reclassification of financial assets

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

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ["ECL"] for all debt instruments and mortgages not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the appropriate EIR.

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

The Group calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the entity expects to receive.

[b] Financial liabilities

The Group classifies its financial liabilities into one of the following categories:

- Financial liabilities at FVP;
- Financial liabilities at amortized cost.

Investment contract liabilities and segregated funds investment contract liabilities are designated at FVPL.

Other liabilities, which includes financial liabilities such as suppliers and other charges, are held at amortized cost.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at FVPL are subsequently measured at fair value where the net gains and losses, including interest expenses, are recognized in the consolidated statement of income.

Financial liabilities at amortized cost

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Interest expenses are recognized in the consolidated statement of income.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Other Assets

Other assets include financial assets, such as accrued investment income and accounts receivable, and non-financial assets, including prepaid expenses, income tax receivable and other.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalized when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The depreciation method, basis and period are described in the table below.

	<u>Depreciation method</u>	<u>Basis of depreciation</u>	<u>Depreciation period</u>
Office	Straight-line	Useful life	3 to 10 years
Leasehold improvements	Straight-line	Agreement	Lease duration

At the end of each year, the Group revises the residual value and useful life of the assets. Any change represents a modification of an accounting estimate and must be accounted for prospectively.

Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognized in the consolidated statement of income as an expense.

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

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and accumulated impairment losses. The amortization method, basis and period are described in the table below. The amortization period and the amortization method are reviewed at least at each financial year end.

	<u>Amortization method</u>	<u>Basis of amortization</u>	<u>Amortization period</u>
Purchased software	Straight-line	Useful life	3 to 10 years
Developed software	Straight-line	Useful life	3 to 10 years
Technology projects under development	None	None	None
Client list	None	Indefinite life	None

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

When events or changes in circumstances indicate an impairment of value, the Group remeasures the carrying value of long-lived assets with finite useful lives. An impairment loss exists when the carrying amount of the asset exceeds the higher of fair value less costs to sell and its value in use. All impairment losses are recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually or whenever there is indication of impairment. Reviews are performed annually to determine whether events and circumstances continue to support the assessment of useful lives. If not, the change in useful life from indefinite to finite is accounted for as a change in accounting estimate.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities for lease payments not yet paid and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease [i.e., the date the underlying asset is available for use]. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Depreciation method	Basis of depreciation	Depreciation period
Office	Straight-line	Lease term	10 years
Equipment	Straight-line	Lease term	5 years
Software	Straight-line	Lease term	5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or if the cost of the right-of-use asset reflects the future exercise of a purchase option, depreciation is calculated over the period from the commencement date to the end of the useful life of the asset.

When events or changes in circumstances indicate an impairment of value, the Group remeasures the carrying value of the right-of-use assets. An impairment loss exists when the carrying amount of the asset exceeds the higher of fair value less costs to sell and its value in use. All impairment losses are recognized in the consolidated statement of income.

Notes to consolidated financial statements

December 31, 2023

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments [e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments] or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Goodwill

Goodwill represents the positive difference between the cost and the fair value of identifiable assets, liabilities and contingent liabilities on business acquisitions. It is presumed to have an indefinite life and is not subject to amortization.

Goodwill is tested for impairment annually, and when circumstances indicate that the carrying value may be impaired.

The

impairment is determined for goodwill by assessing the recoverable amount of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than its carrying amount, an impairment loss of the goodwill is recognized in the consolidated statement of income.

Segregated Funds

Funds from group and individual annuities issued by the Group may be invested in segregated portfolios at the option of the policyholders. Although the underlying assets are registered in the name of the Group and the segregated fund policyholders have no direct access to the specific assets, the policyholders bear the risks and rewards of the fund's investment performance. The Group derives fee income from the management of its segregated funds. These revenues are accounted for in the consolidated statement of income as insurance revenue for annuities classified as insurance contracts and as other operating revenue for annuities classified as investment contracts. Investment income and changes in fair value of the segregated funds net assets are presented in investment income related to segregated funds net assets. The risks and rewards of the funds' investment performance are presented in the consolidated statement of income as financial expenses related to segregated funds liabilities.

Notes to consolidated financial statements

December 31, 2023

Segregated funds net assets

Segregated funds net assets are accounted separately in the consolidated statement of financial position and investments constituting segregated funds net assets are accounted for at fair value. The segregated funds net assets are accounted for under IFRS 9 at FVPL.

Segregated funds insurance contract liabilities and Segregated funds investment contract liabilities

Liabilities related to insurance or investment contracts whose financial risk corresponds to the risk assumed by policyholders are presented separately in the consolidated statement of financial position and are accounted for at the same amount as the fair value of the segregated funds net assets. Both type of contracts are presented distinctively depending of their nature. As segregated funds insurance contract liabilities arise from insurance contracts with direct participation features, they are measured under the variable fee approach under IFRS 17. The segregated funds investment contract liabilities are accounted for under IFRS 9 at FVPL.

Insurance and reinsurance contracts

Classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred.

Insurance contracts issued are classified as direct participating insurance contracts or contracts without direct participation features. Direct participating insurance contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

In the normal course of business, the Group uses reinsurance to limit its risk. Contracts issued by a reinsurer to compensate the Group for claims arising from insurance contracts are classified as reinsurance contracts.

Insurance and reinsurance contracts can also transfer financial risk and are both accounted under IFRS 17.

Investment contract liabilities are the amounts that the Group owes to clients since these contracts do not have insurance risk.

Accounting Treatment

Separating Components from Insurance and Reinsurance Contracts Held

The Group assesses its insurance and reinsurance contracts to determine whether they contain components which must be accounted for under another IFRS rather than IFRS 17: derivatives embedded within insurance contracts that are required to be separated and distinct investment components are accounted for under IFRS 9 and promises to transfer distinct goods or distinct non-insurance services are accounted for under IFRS 15.

Notes to consolidated financial statements

December 31, 2023

IFRS 17 defines investment components as the amounts that an insurance contract requires an insurer to repay to a policyholder in all circumstances, regardless of whether an insured event has occurred. Investment components which are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expense. The same concept exists for reinsurance contracts held.

A good or service is distinct if the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder. Readily available resources are goods or services that are sold separately or resources that the policyholder has already got.

Level of Aggregation

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing contracts into portfolios which comprise groups of contracts with similar risks and which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous and the remaining contracts. Every group will be further divided into annual cohorts. For determining the level of aggregation, the Group identifies a contract as the lowest common denominator. However, the Group makes an evaluation of whether a series of contracts can be treated together in making the profitability assessment based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management).

The Group has defined portfolios of insurance contracts issued and reinsurance contracts held based on its product lines due to the fact that the contracts are subject to similar risks and managed together.

The Group does not estimate to have insurance contracts that have no significant risk of being onerous and reinsurance contracts that have no significant risk of being profitable.

The Group adds new contracts to the group when they are issued or initiated. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Initial Recognition – Insurance Contracts Issued

The Group recognizes groups of insurance contracts that it issues at the beginning of the coverage period of the group of contracts and for a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

An insurance contract acquired in a transfer of contracts is recognized on the date of acquisition.

Initial Recognition – Reinsurance Contracts Held

The Group recognizes a group of reinsurance contracts held at the beginning of the coverage period of the group. If the Group recognizes an onerous group of underlying insurance contracts and the related reinsurance contract was entered into at an earlier date, then the group of reinsurance contracts held is recognized on the same date as the underlying insurance contracts even if the coverage period has not begun. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date when any underlying insurance contract is initially recognized if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Insurance Acquisition Cash Flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognized in the consolidated statement of financial position, a separate asset for insurance acquisition cash flows is recognized for each related group and included in the carrying amount of the related portfolios of insurance contracts issued. When insurance contracts are recognized, the related portion of asset for insurance acquisition cash flow is derecognized and subsumed into the measurement at initial recognition of the related group of insurance contracts.

If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include renewals of those contracts. At each reporting date, the Group revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

The Group assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Group applies an impairment test at the level of an existing or future group of insurance contracts; and an additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in the consolidated statement of income. The Group recognises in the consolidated statement of income a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

Contract Boundary

In the measurement of a group of insurance contracts, the Group includes all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services.

For reinsurance contracts held, cash flows are within the boundary of the contract, if the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

Measurement – General Model

Insurance Contracts - Initial Measurement

The general model [GM] measures a group of insurance contracts as the total of:

- Fulfillment cash flows discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk; and
- A contractual service margin [CSM] representing the unearned profit the Group will recognize as it provides service under the insurance contracts in the group.

Notes to consolidated financial statements

December 31, 2023

The risk adjustment for non-financial risk is the compensation required for bearing uncertainties about the timing and amount of the future cash flows that will arise from non-financial risk. The risk adjustment is determined separately from other estimates. The Group's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Group estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary including premiums and related cash flows, claims and benefits including reported claims not yet paid, incurred claims not yet reported and expected future claims, payments to policyholders resulting from embedded surrender value options, an allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs, claims handling costs, policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries, an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts, transaction-based taxes, etc.

The measurement of fulfillment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium through insurance revenue over the period of the contract in a systematic and rational way on the basis of the passage of time. The Group does not elect to accrete interest on insurance acquisition cash flows to be allocated to consolidated statement of income. Additional estimates and assumptions used in determining fulfillment cash flows are described in Note 12.

For groups of contracts assessed as onerous, the Group recognizes a loss on initial recognition for the net outflow, resulting in the carrying amount of the liability of remaining coverage [LRC] for the group being equal to the fulfillment cash flows and the CSM of the group being zero. A loss component is established by the Group for the LRC for an onerous group depicting the losses recognized.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfillment cash flows as a proxy for the premiums received at the date of acquisition.

Reinsurance Contracts Held - Initial Measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows includes an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes;
- The Group determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer;
- The Group recognizes both day 1 gains and day 1 losses at initial recognition in the consolidated statement of financial position as a CSM and releases this to consolidated statement of income as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

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

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The Group calculates the loss-recovery component by multiplying the loss recognized on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Group uses a systematic and rational method to determine the portion of losses recognized on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

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

Insurance Contracts – Subsequent Measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognized in the consolidated statement of income, because it relates to future service to be provided.

For a group of insurance contracts, the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted with the effect of new contracts added to the group, interest accreted on the carrying amount of the CSM during the reporting period measured at the discount rates at initial recognition, the changes in fulfillment cash flows relating to future service and the amount recognized as insurance revenue.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period.

The changes in the fulfillment cash flows relating to future service that adjust the CSM comprise of experience adjustments that arise from the difference between the premium receipts and any related cash flows and the estimate of the amounts expected at the beginning of the period, changes in estimates of the present value of future cash flows in the LRC, except those relating to the time value of money and changes in financial risk, differences between any investment component expected to become payable in the period and the actual investment component that becomes payable and changes in the risk adjustment for non-financial risk that relate to future service. These changes will not adjust the CSM to the extent that such increases exceed the carrying amount of the CSM, giving rise to a loss, or such decreases are allocated to the loss component.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognizes a loss in the consolidated statement of income for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfillment cash flows. A loss component is established by the Group for the LRC for such onerous group depicting the losses recognized.

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of:

- The LRC comprising fulfillment cash flows related to future service allocated to the group at that date and the CSM of the group at that date;
- The liability for incurred claims [LIC] for the Group comprising the fulfillment cash flows related to past service allocated to the group at that date, including claims that have been incurred but not yet reported.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Reinsurance Contracts Held – Subsequent Measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts with the exception of:

- Changes in the fulfillment cash flows which are recognized in the consolidated statement of income if the related changes arising from the underlying ceded contracts have been recognized in the consolidated statement of income. Alternatively, changes in the fulfillment cash flows adjust the CSM; and
- Changes in the fulfillment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the CSM.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognized from related reinsurance contracts held is disclosed as a loss-recovery component. Where the Group has established a loss-recovery component, the Group adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts, even when a reversal of the loss-recovery component is not a change in the fulfillment cash flows of the group of reinsurance contracts held. Reversals of the loss-recovery component that are not changes in the fulfillment cashflows of the group of reinsurance contracts held adjust the CSM.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

Direct Participating Insurance Contracts

Direct participating contracts are contracts under which the Group has an obligation to pay the policyholder the net of:

- The fair value of the underlying items; and
- A variable fee in exchange for future services provided by the contracts, which is the amount of the Group's share of the fair value of the underlying items less fulfillment cash flows that do not vary based on the returns on underlying items. In addition to insurance coverage the Group provides investment services under these contracts by promising an investment return based on underlying items.

For measuring a group of direct participating contracts, the Group adjusts the fulfillment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognized in the consolidated statement of income.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The CSM will be measured at the amount of the CSM at the beginning of the period, adjusted for:

- the CSM of any new contracts that are added to the group in the year the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfillment cash flows that relate to future services, except to the extent that:
 - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfillment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in the consolidated statement of income and creating a loss component; or
 - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfillment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognized in the consolidated statement of income;
- the insurance revenue recognized due to services provided in the year.

Measurement – Contracts measured under the PAA

The Group applies the premium allocation approach [PAA] to some of the insurance contracts that it issues and reinsurance contracts that it holds, when:

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group has modeled possible future scenarios and reasonably expects that the measurement of the LRC for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the GM.

On initial recognition, the LRC is measured at the premiums received minus any insurance acquisition cash flows paid allocated to the group and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group. The Group has chosen not to expense insurance acquisition cash flows when they are incurred and there is no allowance for time value of money as the premiums are received within one year of the coverage period.

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

The Group measures some of its reinsurance assets on the same basis as insurance contracts, however, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts.

Subsequently, the Group measures the LRC at the end of each period as the LRC at the beginning of the period plus premiums received in the period and the amortization of the acquisition cash flows recognized as an expense. The LRC will be reduced by the insurance acquisition cash flows paid, the amount recognized as insurance revenue for the services provided in the period and any investment component paid or transferred to the LIC.

The estimation of the LIC under GM and PAA is identical.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Derecognition and Contract Modification

The Group derecognises a contract when it is extinguished or the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognizes the modified contract as a new contract.

Insurance Revenue – GM

The Group's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts. The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of insurance service expenses, excluding any amounts allocated to the loss component of the LRC, amounts related to income tax that are specifically chargeable to the policyholder, the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the LRC, the CSM release and amounts related to insurance acquisition cash flows.

Insurance Revenue – PAA

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Group allocates the expected premium receipts to each period of coverage on the basis of the passage of time.

Loss components

The Group has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Group has established a loss component of the LRC for any onerous group depicting the future losses recognized.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts or contracts profitable at inception that have become onerous. The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfillment cashflows to the loss component and the LRC excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfillment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts. To determine the systematic allocation of subsequent changes in future cash flows between the loss component and the LRC excluding the loss component, the Group calculates the ratio of the loss component amount expressed as a percentage of the liability for remaining coverage, where adjustments are made to include or exclude particular cash flows in the allocation.

Insurance service expense

Insurance service expenses arising from insurance contracts are recognized in the consolidated statement of income generally as they are incurred. They exclude repayments of investment components and are comprised of incurred claims and other insurance service expenses, insurance acquisition cash flows amortization, losses on onerous contracts and reversals of such losses, adjustments to the LIC that are not related to the effects of the time value of money, financial risk and changes therein and impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Allocation of reinsurance premiums and amounts recoverable from reinsurers

The Group presents separately on the face of the consolidated statement of income the amounts expected to be recovered from reinsurers and an allocation of the reinsurance premiums. The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held and excludes investment components and commissions from the allocation of reinsurance premiums. The Group treats amounts from the reinsurer that it expects to receive that are not contingent on claims of the underlying contracts as a reduction in the allocation of the premiums to the reinsurer. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from reinsurers.

Finance income (expenses) from insurance and reinsurance contracts

Finance income (expenses) comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating insurance contracts are allocated to a loss component and included in insurance service expenses. The Group includes changes in the measurement of groups of contracts caused by changes in the value of underlying items [excluding additions and withdrawals]. The Group does not disaggregate finance income and expenses between the consolidated statement of income and the consolidated statement of comprehensive income.

Other liabilities

Other liabilities include financial liabilities, such as suppliers and other charges, and non-financial liabilities, including income taxes payable.

Employee benefit plans

The Group offers defined benefit and defined contribution pension plans and post-employment benefits to its employees. The cost of pension benefits under defined benefit plans and of other post-employment benefits earned by employees is determined according to actuarial calculations using the projected unit credit method and management's most likely assumptions of the expected rate of return on the plan's asset, salary escalation, the retirement age of employees, expected health care costs and mortality rates. Plan obligations are discounted based on current market interest rates, and plan assets are recorded at fair value.

The benefit costs are recorded in administrative expenses in the consolidated statement of income.

Net actuarial gains or losses are accounted for in the year in which they occur through other comprehensive income.

For defined contribution plans, the Group pays specified contributions into a separate entity and has no legal or constructive obligation to pay further amounts. As a result, no liability appears on the Group's consolidated financial statements, except for the expense recognized for contributions due but not yet paid at the end of the reporting period. Contributions payable to defined contribution plans are charged to income.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Taxes

The Group provides for income taxes using the asset and liability method. The income tax provision comprises of current and deferred income taxes based on tax rate and tax regulations enacted or substantially enacted at the consolidated reporting date. Current income taxes are based on taxable income. Deferred income taxes reflect the net tax effect of temporary differences between assets and liabilities reported for financial statement purposes and those reported for income tax purposes. A deferred income tax asset is recognized to the extent that future realization of the tax benefit is more likely than not. In addition to income taxes, the charge to the consolidated statement of income includes the tax on capital imposed on financial institutions and the large corporations tax recorded in other operating expenses.

Foreign currency translation

Monetary assets and liabilities in foreign currencies are converted at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities, as well as revenue and expenses, are converted at the historical rate.

Translation gains and losses are included in other operating revenue.

Provisions

The Group recognizes a provision when there is an obligation towards a third party resulting from a past event and it is probable that an outflow of economic resources will be necessary to settle the obligation and the amount can be estimated reliably.

The amount of provision equals the best estimate of the counterpart needed to extinguish the current obligation, given the risks and uncertainties related to the obligation. The Group does not measure the provision at present value since these provisions do not have a specified duration. No provision is recognized for future operating losses.

Contingent liabilities are disclosed if the future obligation is probable, but the amount cannot be reasonably estimated.

Fee and commission income

Fee and commission income primarily represent fees earned from administrative services only [ASO] income. Fee and commission income are presented as other operating revenue and are recorded on an accrual basis when services are rendered.

Net realized fair value gains (losses) on derecognition of financial assets measured at FVOCI

Realized gains and losses recorded in the consolidated statement of income consist of gains and losses on the sale of financial assets and are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Changes in accounting policies

IFRS 17 Insurance contracts

IFRS 17 supersedes IFRS 4 for annual periods beginning on or after 1 January 2023. The Group has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarized as follows.

Changes to classification and measurement

The adoption of IFRS 17 changes the classification of some of the Group's insurance contracts which will now be classified and measured under IFRS 9. In addition, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group. The key principles of IFRS 17 are that the Group:

- Identifies insurance contracts as those under which the Group accepts significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder;
- Separates distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards;
- Divides the insurance and reinsurance contracts into groups it will recognize and measure;
- Recognize and measures groups of insurance contracts at the fulfillment cash flows plus the CSM;
- Recognize profit from a group of insurance contracts over each period the Group provides insurance contract services, as the Group is released from risk. If a group of contracts is expected to be onerous over the remaining coverage period, the loss is recognized immediately;
- Recognize an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognized. Such an asset is derecognized when included in the measurement of the related group of insurance contracts.

Changes to presentation and disclosure

For presentation in the consolidated statement of financial position, the Group aggregates portfolios of insurance contracts issued, and reinsurance contracts held and presents separately those who are in assets position from those in liabilities position.

The line-item descriptions in the consolidated statement of income have been changed significantly compared with the previous year. Previously the Group reported the following line items: Gross premiums, premiums ceded to reinsurers, fees and commission income, gross benefits and claims paid, claims ceded to reinsurers, gross change in contract liabilities, change in contract liabilities ceded to reinsurers, fees and commission expenses. Instead, IFRS 17 requires separate presentation of insurance revenue, insurance service expense, finance income or expenses from insurance contracts and also to distinguish reinsurance held specific line-items.

The Group provides disaggregated qualitative and quantitative information in the notes to the consolidated financial statements about amounts recognized in its consolidated financial statements from insurance contracts and significant judgements, and changes in those judgements, when applying the standard.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Transition

On transition date, 1 January 2022, the Group:

- has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied;
- has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified;
- derecognized any existing balances that would not exist had IFRS 17 always applied;
- recognized any resulting net difference in equity.

Full retrospective approach

On transition to IFRS 17, the Group has applied the full retrospective approach unless impracticable. The Group has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2022.

Fair value approach

For groups of contracts issued prior to 2022, the Group has applied the fair value approach and grouped contracts from multiple cohorts and years into a single group for accounting purposes. Obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort. The Group has determined the CSM of the LRC at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfillment cash flows measured at that date. In determining fair value, the Group has applied the requirements of IFRS 13 *Fair Value Measurement*, except for the demand deposit floor requirement. The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

For the application of the fair value approach, the Group has used reasonable and supportable information available at the transition date in order to identify groups of insurance contracts and determine whether any contracts are direct participating insurance contracts.

The discount rate for the group of contracts applying the fair value approach was determined at the transition date. Therefore, for the measurement of fulfillment cash flows at the date of transition, the locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a longer than 12-month period.

The Group used the appraisal value to determine the fair value amount used for establishing the insurance contract liabilities and reinsurance contract assets at the transition date. This valuation technique establishes the price that a prospective buyer is willing to pay to purchase a block of business acquired in a business combination. The fair value obtained with this approach represents the amount of assets that would be required to take over the obligations of these contracts. This approach is consistent with the income approach.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 for annual periods beginning on or after January 1, 2018. However, the Group elected, under the amendments to IFRS 4 to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Group has applied IFRS 9 retrospectively and restated comparative information for 2022 for financial instruments in the scope of IFRS 9. Differences arising from the adoption of IFRS 9 have been recognized in surplus as of January 1, 2023.

Changes to classification and measurement

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

The IAS 39 measurement categories for financial assets (FVPL, available for sale ["AFS"], held-to-maturity ["HTM"] and loans and receivables ["L&R"] at amortized cost) have been replaced by:

- Financial assets measured at amortized cost
- Financial assets, including equity instruments, mandatorily measured or designated at fair value through profit and loss
- Financial assets, including equity instruments, mandatorily measured or designated at FVOCI

Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the accounting for impairment losses for debt instruments held at FVOCI or amortized cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss approach ["ECL"].

IFRS 9 requires recording an allowance for ECLs for all debt instruments not held at FVPL. For debt instruments, the ECL is based on the portion of lifetime ECLs that would result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination or purchase of the assets, the allowance is based on the full lifetime ECL.

Changes in disclosure – IFRS 7 Financial Instruments - Disclosures

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

Transition disclosures – IFRS 9

The following section sets out the impact of adopting IFRS 9 on the consolidated statement of financial position. There was no impact on the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

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

		IAS 39 measurement		Reclassification and fair value adjustments	IFRS 9	
	Category	Amount \$			Amount \$	Category
Financial assets						
Cash and cash equivalents						
	FVPL (designated)	17,865	-	17,865	FVPL	
Debt securities						
A	FVPL (designated)	267,188	-	267,188	FVPL (designated)	
B	FVPL (designated)	26,000	-	26,000	FVOCI	
C	FVPL (designated)	17,962	836	18,798	Amortized cost	
A	AFS	-	-	-	FVPL (designated)	
B	AFS	49,667	-	49,667	FVOCI	
C	AFS	43,228	17,291	60,519	Amortized cost	
		404,045	18,127	422,172		
Equity securities						
D	FVPL (designated)	57,840	-	57,840	FVPL	
E	FVPL (designated)	39,561	-	39,561	FVOCI (designated)	
D	AFS	-	-	-	FVPL	
E	AFS	13,792	-	13,792	FVOCI (designated)	
		111,193	-	111,193		
Mortgages						
F	L&R	166,240	(7,428)	158,812	FVPL (designated)	
F	L&R	31,261	-	31,261	Amortized cost	
		197,501	(7,428)	190,073		
Other invested assets						
	L&R	790	-	790	Amortized cost	
Other assets						
	L&R	1,134	-	1,134	Amortized cost	
Segregated funds net assets						
	FVPL (designated)	855,544	-	855,544	FVPL (designated)	
		1,588,072	10,699	1,598,771		
Financial liabilities						
Investment contract liabilities						
G	L&R	110,778	3,150	113,928	FVPL (designated)	
Segregated funds investment contract liabilities						
	FVPL (designated)	552,873	-	552,873	FVPL (designated)	
Other liabilities						
	L&R	8,591	-	8,591	Amortized cost	
		672,242	3,150	675,392		

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

- [a] As of 1 January 2023, the Group has designated a portion of its previous debt securities AFS and FVPL portfolio backing the life insurance portfolio to debt securities at FVPL.
- [b] As of 1 January 2023, the Group has re-assessed a portion of its previous debt securities AFS and FVPL portfolio to debt securities at FVOCI. The Group concluded that these instruments met the SPPI criterion and are managed within a business model of collecting contractual cash flows and selling the financial assets. Accordingly, the Group has classified these investments as debt securities measured at FVOCI.
- [c] As of 1 January 2023, the Group has classified a portion of its debt securities portfolio as debt instruments at amortized cost. The debt instruments held at amortized cost met the SPPI criterion, were not actively traded and were held with the intention to collect cash flows and without the intention to sell.
- [d] As of 1 January 2023, the Group has re-assessed a portion of its previous equity securities AFS and FVPL portfolio to equity securities at FVPL. These assets did not meet the SPPI criterion and as such are measured at FVPL.
- [e] As of 1 January 2023, the Group has re-assessed a portion of its previous equity securities AFS and FVPL portfolio to equity securities at FVOCI. These assets did not meet the SPPI criterion and they were designated at FVOCI by the Group.
- [f] As of 1 January 2023, the mortgages met the SPPI criterion and were not actively traded. The Group has classified its mortgage portfolio backing surplus at amortized cost considering they were held with the intention to collect cash flows and without the intention to sell. As of 1 January 2023, the Group has exercised the choice to classify at FVPL its mortgage portfolio backing investment contract liabilities as well as the life insurance portfolios.
- [g] As of 1 January 2023, the Group has exercised the choice to classify its investment contract liabilities at FVPL.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The impact of transition to IFRS 9 and IFRS 17 on accumulated other comprehensive income (loss) and surplus is as follows:

	Accumulated other comprehensive income (loss) and surplus
	\$
Accumulated other comprehensive income (loss)	
Closing balance under IAS 39 – December 31, 2022	(18,049)
Reclassification of debt securities from FVPL to FVOCI	(1,159)
Reclassification of debt securities from AFS to amortized cost	17,291
Reclassification of equity securities from FVPL to FVOCI	(10,552)
Reclassification of equity securities from AFS to FVPL	1,632
Deferred tax in relation to IFRS 9 application	(1,416)
Opening balance under IFRS 9 – January 1, 2023	(12,253)
Surplus	
Closing balance under IAS 39 – December 31, 2022	174,921
Impact of initial application of IFRS 17	573
Deferred tax in relation to IFRS 17 application	(156)
Reclassification of debt securities from FVPL to FVOCI	1,159
Reclassification of debt securities from FVPL to amortized cost	836
Reclassification of equity securities from FVPL to FVOCI	10,552
Reclassification of equity securities from AFS to FVPL	(1,632)
Reclassification of mortgages from amortized cost to FVPL	(7,428)
Reclassification of investment contracts from amortized cost to FVPL	3,150
Deferred tax in relation to IFRS 9 application	(1,586)
Opening balance under IFRS 9 – January 1, 2023	180,389
Total change in equity (after tax) due to the application of new standards	
Accumulated other comprehensive income	5,796
Surplus	5,051
Total change in equity due to application of IFRS 9	10,847
Surplus	417
Total change in equity due to application of IFRS 17	417

Notes to consolidated financial statements

December 31, 2023

3. Significant judgments, estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of insurance revenue, and insurance service expense during the year. Actual results could differ from management's best estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements:

Classification of insurance and investment contracts

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party [the policyholders] by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits that will be paid whether the insured event occurs or not.

Investment contracts are those contracts that transfer significant financial risk to the Group. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, a foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided that in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

The Group analyzes the terms and conditions of each contract to determine whether or not they meet the conditions of a contract with direct participation features. Most of the Group's insurance contracts are contract without direct participation features. Some of the Group's insurance contracts are classified as direct participating contracts because, at inception, the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items and the Group has the obligation to pay the policyholder an amount equal to the fair value of the underlying items less a variable fee in exchange for investment services.

Estimates and assumptions

In the process of applying the accounting policies, management has made the following estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements:

Employee future benefits

The defined benefit obligation and expense is calculated using several demographic and financial actuarial assumptions. The main assumptions include the discount rate and the rate of increase in future compensation. These assumptions are described in Note 16.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Income Taxes

The computation of current and deferred taxes (recovery) is based on several factors including the interpretation of tax regulations in the jurisdictions in question, assessments regarding the recovery of deferred tax assets and how the assets and liabilities are expected to be recovered. The recovery of deferred tax assets depends, among other factors, on the taxable expected future earnings from the Group's operations and the tax planning strategies developed. The Group establishes a provision for income tax it considers reasonable, and which is based on the weighted estimate of the possible results from the adopted tax positions. When establishing the provision, the Group takes into consideration previous adjustments made by tax authorities, interpretation bulletins and recent rulings rendered in the relevant jurisdictions.

Insurance and reinsurance contracts

The Group disaggregates information by segment to disclose individual, group, annuities and pension insurance contracts issued and individual and group reinsurance contracts held separately. This disaggregation has been determined based on how the Group is managed.

The methods used to measure insurance contracts

The Group primarily uses deterministic projections to estimate the present value of future cash flows. The Group uses stochastic projections for minimum benefit guarantees liabilities of Segregated funds and Registered Investment Accounts. The following assumptions were used when estimating future cash flows:

[a] Mortality and morbidity rates

Assumptions are based on standard industry and national tables. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's own experiences.

[b] Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's own risk experience.

[c] Expenses

Expenses are based on the Group's internal cost analysis, which is updated annually. These unit costs are projected into the future factoring inflation.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using systematic and rational methods and are consistently applied to all costs that have similar characteristics.

[d] Lapse and surrender rates

Each year, an internal study of the Group's policy lapse rates is conducted. The valuation assumptions are chosen by considering both this internal study and the published industry experience.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium. Risk free rates are determined by reference to the Government of Canada bond yields. The illiquidity premium is determined by reference to observable market rates, including provincial and corporate bonds. Each yield curve is interpolated between the spot rate at the last observable market data point and an ultimate spot rate which reflects the long-term real interest rate plus inflation expectations.

The Group has elected to measure its cash flows as a whole (not bifurcating estimated cash flows into those that vary based on the returns on underlying items and those that do not) by applying an appropriate discount rate to all cash flows.

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

		2023						
		1 year	5 years	10 years	15 years	20 years	30 years	Ultimate
Insurance contracts	Least illiquid curve	4.52%	3.53%	3.77%	4.01%	4.06%	3.84%	4.35%
	Most illiquid curve	5.02%	4.11%	4.30%	4.51%	4.55%	4.36%	4.84%

		2022						
		1 year	5 years	10 years	15 years	20 years	30 years	Ultimate
Insurance contracts	Least illiquid curve	4.41%	3.86%	4.08%	4.32%	4.38%	4.13%	4.35%
	Most illiquid curve	4.98%	4.46%	4.64%	4.86%	4.92%	4.65%	4.84%

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts and covers insurance risk, lapse risk and expense risk.

The Group has estimated the risk adjustment using the margin approach. The margin approach links the chosen margins to the compensation that the Group requires for uncertainty related to non-financial risk, which is expressed as a range of acceptable confidence levels. In the event of the risk adjustment confidence level is no longer falling within the defined range, the level of margins used to calculate the risk adjustment would be recalibrated to return to within the pre-established range.

The risk adjustment for insurance and reinsurance contracts on a net of reinsurance basis corresponds to 82% [83% in 2022].

Amortization of the CSM

The CSM represents the unearned profit the Group will recognise as it provides service under the insurance contracts. An amount of the CSM for a group of insurance contracts is recognised as insurance revenue in each period to reflect the insurance contract services provided in that period. The amount is determined by identifying the coverage units in the group, allocating the CSM at the end of the period equally to each coverage unit provided in the current period and expected to be provided in the future periods and recognizing the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. The total coverage units of

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For direct participating insurance contracts, investment-related services are part of the insurance contract service provided to the policyholder.

For reinsurance contracts held, the amortization of the CSM follows the same principles than direct insurance contracts explained above.

Assets for insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior year, the Group did not identify any facts and circumstances indicating that the assets may be impaired.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

4. Invested assets

Carrying value and fair value

	2023							Fair value of underlying assets matched to participating insurance contracts
	Mandatorily measured at FVPL	Designated at FVPL	Mandatorily measured at FVOCI	Designated at FVOCI (no recycling)	Measured at amortized cost	Total	Fair value	
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	44,139	-	-	-	-	44,139	44,139	-
Debt securities								
Government	-	291,947	58,006	-	81,684	431,637	416,883	34,345
Corporations and other	13,539	17,076	4,148	-	-	34,763	34,763	1,099
	13,539	309,023	62,154	-	81,684	466,400	451,646	35,444
Equity securities								
Common stocks	342	-	-	-	-	342	342	-
Preferred stocks	-	11,116	-	58,729	-	69,845	69,845	11,116
Investment fund units	78,195	-	-	34	-	78,229	78,229	-
	78,537	11,116	-	58,763	-	148,416	148,416	11,116
Mortgages								
Insured residential	-	3,908	-	-	28,880	32,788	30,737	-
Other residential	-	43,337	-	-	-	43,337	43,337	-
Commercial	-	117,529	-	-	-	117,529	117,529	4,628
	-	164,774	-	-	28,880	193,654	191,603	4,628
Other invested assets	-	-	-	-	516	516	516	-
	136,215	484,913	62,154	58,763	111,080	853,125	836,320	51,188

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Carrying value and fair value

	2022							
	Mandatorily measured at FVPL	Designated at FVPL	Mandatorily measured at FVOCI	Designated at FVOCI (no recycling)	Measured at amortized cost	Total	Fair value	Fair value of underlying assets matched to participating insurance contracts
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	17,865	-	-	-	-	17,865	17,865	-
Debt securities								
Government	-	254,489	69,842	-	79,317	403,648	385,521	31,179
Corporations and other	9,331	3,368	5,825	-	-	18,524	18,524	1,079
	9,331	257,857	75,667	-	79,317	422,172	404,045	32,258
Equity securities								
Common stocks	330	-	-	-	-	330	330	-
Preferred stocks	-	14,094	-	50,714	-	64,808	64,808	11,475
Investment fund units	46,035	-	-	20	-	46,055	46,055	-
	46,365	14,094	-	50,734	-	111,193	111,193	11,475
Mortgages								
Insured residential	-	3,934	-	-	31,261	35,195	32,553	-
Other residential	-	41,684	-	-	-	41,684	41,684	-
Commercial	-	113,194	-	-	-	113,194	113,194	4,660
	-	158,812	-	-	31,261	190,073	187,431	4,660
Other invested assets	-	-	-	-	790	790	790	-
	73,561	430,763	75,667	50,734	111,368	742,093	721,324	48,393

Notes to consolidated financial statements

December 31, 2023

5. Risk management relating to financial risk

The principal financial risks relating to financial instruments, insurance and reinsurance contracts that the Group must manage are credit risk, liquidity risk and market risk (interest rate and stock market). The measures adopted by the Group to control each of these risks are outlined below.

Credit Risk

Credit risk is the risk that the Group will incur a financial loss if some of its debtors fail to fulfill their obligation to make payments when due. The Group, in the normal course of its activities, is exposed to that risk through credit granted to its clients, reinsurers and brokers, through credit in the form of mortgages and exposure through its various investment portfolios. The risk of credit concentration may also occur when there is a concentration of investments in entities with similar activities in the same geographic region or in the same sector of activity or when a significant investment is made with a sole entity.

Credit-risk management is conducted through the Group's investment policy and is applied to various means of investment and credit. Investments in debt securities must be selected after an analysis that considers geographic diversification, the type of issuer, average credit rating and maturity of securities. Limits are established for each of these factors.

The Group also has a specific credit policy for mortgages according to which a study must be conducted in order to determine a credit rating for the loan. To manage the risk of concentration, industry limits are established, some sectors are avoided and the loan amounts granted to one person or to one group are limited. Furthermore, loans must be guaranteed by residential or commercial buildings or by land held for subdividing purposes. The type of guarantee is based on the assessment of the degree of counterparty credit risk.

The conclusion of guarantee agreements is also a credit risk mitigation measure. The required amount and type of guarantee are based on the assessment of the counterparty credit risk. Guidelines have been established for the types of acceptable guarantees and related assessment parameters. Management examines the value of guarantees and requires additional guarantees, if needed.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers.

The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted against amounts receivable from them to reduce the risk of default.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Maximum credit risk

The information below summarizes the Group's maximum financial instruments and insurance and reinsurance assets credit risk. The maximum credit risk corresponds to the book value of assets, net of any provision for losses.

	2023	2022
	\$	\$
Cash and cash equivalents	44,139	17,865
Debt securities	466,400	422,172
Equity securities	148,416	111,193
Mortgages	193,654	190,073
Other invested assets	516	790
Reinsurance contract assets (held)	240,712	230,788
Accrued investment income [Note 7]	1,469	1,134
	1,095,306	974,015

Quality of the debt securities portfolio

	2023	2022
	\$	\$
AAA	3,031	18,388
AA	270,919	253,378
A	165,827	136,562
BBB	13,084	4,512
Unrated	13,539	9,332
	466,400	422,172

Quality of the preferred equity securities portfolio

	2023	2022
	\$	\$
PF-1	1,155	1,055
PF-2	43,375	44,041
PF-3	25,315	19,712
	69,845	64,808

Quality of the reinsurance contract assets (held)

	2023	2022
	\$	\$
Unrated	240,712	230,788

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Liquidity Risk

Liquidity risk is the risk that the Group cannot respond to all of its cash flow commitments as they reach maturity and will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

This risk is managed through matching of asset and liability cash flows and active management of funds. However, a certain level of liquidity is required to provide for contingencies such as asset repurchases or defaults.

Additional liquidities are available through credit lines, if needed.

The Group has commitments to customers for undisbursed approved mortgages. The following is the payment schedule for those loans:

	1 – 6 months \$	7 – 12 months \$	Over 1 year \$
Undisbursed approved mortgages	5,613	-	-

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The following tables show the carrying amount of financial instruments, by maturity, as well as total fair value.

	2023					Total \$	Fair value \$
	No maturity \$	Under 1 year \$	1 to 5 years \$	5 to 10 years \$	Over 10 years \$		
Financial assets							
Cash and cash equivalents	39,139	5,000	-	-	-	44,139	44,139
Debt securities							
Government	-	2,994	6,217	36,227	386,199	431,637	416,883
Corporations and other	13,539	1,472	2,131	7,516	10,105	34,763	34,763
	13,539	4,466	8,348	43,743	396,304	466,400	451,646
Equity securities							
Common stocks	342	-	-	-	-	342	342
Preferred stocks	69,845	-	-	-	-	69,845	69,845
Investment fund units	78,229	-	-	-	-	78,229	78,229
	148,416	-	-	-	-	148,416	148,416
Mortgages							
Insured residential	-	951	3,424	22,748	5,665	32,788	30,737
Other residential	-	14,370	25,071	-	3,896	43,337	43,337
Commercial	-	26,026	62,161	29,015	327	117,529	117,529
	-	41,347	90,656	51,763	9,888	193,654	191,603
Other invested assets	-	516	-	-	-	516	516
Accrued investment income [Note 7]	-	1,469	-	-	-	1,469	1,469
Financial liabilities							
Investment contract liabilities	25,433	41,235	78,094	5,012	2,128	151,902	151,902
Other liabilities [Note 15]	-	9,405	-	-	-	9,405	9,405

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2022					Total \$	Fair value \$
	No maturity \$	Under 1 year \$	1 to 5 years \$	5 to 10 years \$	Over 10 years \$		
Financial assets							
Cash and cash equivalents	15,865	2,000	-	-	-	17,865	17,865
Debt securities							
Government	-	4,016	15,243	25,267	359,122	403,648	385,521
Corporations and other	9,332	2,934	3,021	3,237	-	18,524	18,524
	9,332	6,950	18,264	28,504	359,122	422,172	404,045
Equity securities							
Common stocks	330	-	-	-	-	330	330
Preferred stocks	64,808	-	-	-	-	64,808	64,808
Investment fund units	46,055	-	-	-	-	46,055	46,055
	111,193	-	-	-	-	111,193	111,193
Mortgages							
Insured residential	-	2,746	2,250	21,697	8,502	35,195	32,553
Other residential	-	13,311	23,677	764	3,932	41,684	41,684
Commercial	-	32,900	48,365	31,587	342	113,194	113,194
	-	48,957	74,292	54,048	12,776	190,073	187,431
Other invested assets	-	790	-	-	-	790	790
Accrued investment income [Note 7]	-	1,134	-	-	-	1,134	1,134
Financial liabilities							
Investment contract liabilities	24,050	27,894	59,803	1,424	757	113,928	113,928
Other liabilities [Note 15]	-	8,591	-	-	-	8,591	8,591

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Maturity analysis for insurance and reinsurance contract liabilities (future cash flows basis)

The Group has provided an analysis of maturity profile based on the estimates of future cash flows expected to be paid out in the periods presented. Liabilities for remaining coverage measured under the PAA and segregated fund guarantees have been excluded from this analysis.

	2023							Total \$
	No maturity \$	1 year or less \$	1 to 2 years \$	2 to 3 years \$	3 to 4 years \$	4 to 5 years \$	Over 5 years \$	
Insurance contract liabilities	-	(6,996)	291	4,865	8,372	11,239	1,706,887	1,724,658
Reinsurance contract liabilities held	-	(1,885)	(2,149)	(2,616)	(3,178)	(3,282)	(419,854)	(432,964)

	2022							Total \$
	No maturity \$	1 year or less \$	1 to 2 years \$	2 to 3 years \$	3 to 4 years \$	4 to 5 years \$	Over 5 years \$	
Insurance contract liabilities	-	(6,376)	(135)	4,081	7,719	10,856	1,694,390	1,710,535
Reinsurance contract liabilities held	-	(1,554)	(1,548)	(1,700)	(2,113)	(2,701)	(407,750)	(417,366)

The amounts of insurance contract liabilities that are payable on demand are set out below:

	2023		2022	
	Amounts payable on demand \$	Carrying amount \$	Amounts payable on demand \$	Carrying amount \$
Insurance contracts	240,918	240,918	232,239	232,239

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate due to variations in market factors. It consists of the following: interest rate risk and stock market risk.

Interest Rate Risk

Interest rate risk is present when there is not a perfect match between asset and liability cash flows and when interest rates fluctuate, which leads to a variation in the disparity between assets and liabilities. Due to the nature of an insurance company's activities, which is investing clients' premiums with the ultimate goal of paying benefits, the payment of which may be uncertain and far off, namely with regard to death benefits and annuity payments, interest rate risk must be managed properly.

The Group has matched its assets with its liabilities in order to minimize profit margin volatility caused by fluctuations between realized profits and profits credited to existing contracts. To manage matching requirements, financial assets and liabilities are distributed over business lines in order to match one business line's assets with its liabilities. This matching is regularly analyzed and modified. The exchange of information among the actuarial department, finance department and investment managers along with the regular publication of credited rates are part of the process.

To further manage risk, matching is based on the characteristics of the products sold. For products that must provide fixed and highly predictable benefits, liabilities and assets with similar characteristics are matched, such as investments in fixed-income instruments. This results in some protection against fluctuating interest rates because any variation in the fair value of assets is compensated by a similar variation in the fair value of liabilities. Considering the investments available on the market, it is more difficult to perform this matching for liabilities with maturities of more than 30 years.

Furthermore, the Group's policy is to achieve fairly complete matching. Thus, differences in the durations of assets and liabilities must not exceed certain established parameters. That policy is intended to manage interest rate risk for liabilities with maturities later than those of the matched assets.

The Group has no significant concentration of interest rate risk. The Group's exposure to interest rate risk sensitive insurance and reinsurance contracts and financial instruments are, as follows:

	2023	2022
	\$	\$
Reinsurance contracts assets held	240,712	230,788
Debt securities	466,400	422,172
Mortgages	193,654	190,073
Other invested assets	516	790
	901,282	843,823
Insurance contract liabilities	767,940	702,402
Investment contract liabilities	151,902	113,928
	919,842	816,330

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

An analysis of the Group's sensitivity to an immediate change in risk-free interest rates, corporate bond and provincial government bond credit spreads, and the ultimate discount rate with all other assumptions remaining unchanged is presented. The immediate impact on profit, equity and contractual service margin for each sensitivity is presented in the table below.

	Change in interest rate	2023			2022		
		Impact on profit	Impact on equity	Impact on CSM	Impact on profit	Impact on equity	Impact on CSM
		\$	\$	\$	\$	\$	\$
Immediate parallel shift in risk-free rates	+ 50 bps	(1,046)	(8,731)	1	358	(6,591)	1
	- 50 bps	805	9,319	(1)	(592)	7,025	(1)
Immediate parallel shift in corporate bond credit spreads	+ 50 bps	2,416	(480)	-	2,554	(1,229)	-
	- 50 bps	(2,371)	953	-	(2,566)	1,713	-
Immediate parallel shift in provincial government bond credit spreads	+ 50 bps	(3,157)	(9,918)	1	(1,690)	(6,668)	1
	- 50 bps	3,635	11,114	(1)	2,121	7,572	(1)
Immediate change in the ultimate discount rate assumption	+ 50 bps	240	240	-	231	231	-
	- 50 bps	(245)	(245)	-	(233)	(233)	-

Stock Market Risk

Stock market risk is the uncertainty associated with the valuation of financial instruments or insurance contract assets and/or liabilities arising from market fluctuations. The Group is exposed to that risk in various ways: through management fees calculated on the value of the assets being managed, by the expense resulting from the capital guarantee provided for some products and by the return on assets matched to equity and to actuarial liabilities. In order to mitigate this risk, the Group's investment policy provides for cautious investments in accordance with clearly defined limits.

An analysis of the Group's sensitivity to an immediate change in stock market with all other assumptions remaining unchanged is presented. The immediate impact on profit, equity and contractual service margin for each sensitivity is presented in the table below.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit and equity.

	Change in stock market price	2023			2022		
		Impact on profit	Impact on equity	Impact on CSM	Impact on profit	Impact on equity	Impact on CSM
		\$	\$	\$	\$	\$	\$
Immediate change in market value of	+ 10 %	-	-	2,531	-	-	2,809
Segregated funds and equity securities	- 10 %	-	-	(3,102)	-	-	(3,496)

The effects on profit will result from changes in the fair value of equity securities measured at FVPL that are not underlying items, changes in the amount of the Group's share of the fair value of underlying items of onerous direct participating contracts and changes in fulfilment cash flows of onerous direct participating contracts arising from equity guarantees recognized in the consolidated statement of income.

The effect on equity will result from changes in the fair value of equity securities measured at FVOCI and the total effect on profit.

Concentration risk

The following tables provide information on concentration risk for equity securities.

	2023		
	Investment funds unit	Common stocks	Preferred stocks
	\$	\$	\$
Energy	-	46	15,610
Finance	-	95	34,287
Industrial	-	61	-
Utilities	-	10	13,589
Other	78,229	130	6,359
	78,229	342	69,845

	2022		
	Investment funds unit	Common stocks	Preferred stocks
	\$	\$	\$
Energy	-	44	12,951
Finance	-	102	33,710
Industrial	-	55	-
Utilities	-	13	12,848
Other	46,055	116	5,299
	46,055	330	64,808

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

6. Fair value measurement

Fair value hierarchy

A hierarchy of valuation techniques is used for assets and liabilities measured at fair value in the consolidated statement of financial position or for which fair value is disclosed in notes. The hierarchies include the following levels:

- Level 1: Quoted prices [unadjusted] in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable to the asset or liability, either directly [i.e., prices] or indirectly [i.e., derived from prices].
- Level 3: Inputs for the asset or liability that are not based on observable market data [unobservable inputs].

The following table presents information about the fair value of assets and liabilities based on the levels of input used:

	2023			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Assets measured at fair value				
Financial assets mandatorily at FVPL				
Cash and cash equivalents	44,139	-	-	44,139
Debt securities	-	13,539	-	13,539
Equity securities	78,537	-	-	78,537
Segregated funds net assets	697,711	82,143	115,059	894,913
Financial assets designated at FVPL				
Debt securities	-	309,023	-	309,023
Mortgages	-	164,774	-	164,774
Equity securities	11,116	-	-	11,116
Financial assets mandatorily at FVOCI				
Debt securities	-	62,154	-	62,154
Financial assets designated at FVOCI				
Equity securities	58,763	-	-	58,763
	890,266	631,633	115,059	1,636,958
Liabilities measured at fair value				
FVTPL				
Investment contract liabilities	-	151,902	-	151,902
Segregated funds investment contract liabilities	-	567,370	-	567,370
	-	719,272	-	719,272

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2022			Total \$
	Level 1 \$	Level 2 \$	Level 3 \$	
Assets measured at fair value				
Financial assets mandatorily at FVPL				
Cash and cash equivalents	17,865	-	-	17,865
Debt securities	-	9,331	-	9,331
Equity securities	46,365	-	-	46,365
Segregated funds net assets	675,162	86,670	93,712	855,544
Financial assets designated at FVPL				
Debt securities	-	257,857	-	257,857
Mortgages	-	158,812	-	158,812
Equity securities	14,094	-	-	14,094
Financial assets mandatorily measured at FVOCI				
Debt securities	-	75,667	-	75,667
Financial assets designated at FVOCI				
Equity securities	50,734	-	-	50,734
	804,220	588,337	93,712	1,486,269
Liabilities measured at fair value				
FVPL				
Investment contract liabilities	-	113,928	-	113,928
Segregated funds investment contract liabilities	-	552,873	-	552,873
	-	666,801	-	666,801

The fair value of other assets and other liabilities approximates their carrying amounts due to their short-term maturities.

The fair value disclosed in note 4 for invested assets recorded at amortized cost as at December 31, 2023 and 2022 (debt securities, mortgages and other invested assets) are classified as level 2.

The following valuation techniques and assumptions were used to estimate the fair values:

Debt securities

The Group uses active market prices when available for the fair value of debt securities, and which will be classified as Level 1. When active market prices are not available, the Group uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Group classifies those securities as Level 2. The Group does not have Level 3 debt securities where valuation inputs would be unobservable.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Mortgages

The Group uses observable market inputs to calculate the fair value of its mortgages using a discounted cash flow model. Such instruments are classified as Level 2.

Equity securities

The majority of equity securities are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1.

Investment fund units are generally classified at Level 2 because fair value is the price assessed by valuation service providers based on observable market data. The level 3 segregated funds net assets are mainly private debt valued on the basis of information available in the financial statements of companies that use models based on discounted cash flows as well as the use of multiples. The Group uses the values published by the managers, adjusted for capital transactions covering the period up to the end of the financial year.

Investment contract liabilities

The Group uses observable market inputs to calculate the fair value of its investment contract liabilities using a discounted cash flow model. Such instruments are classified as Level 2.

There has been no transfer between level 1 and level 2 during the period.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

7. Other assets

	2023	2022
	\$	\$
Financial assets		
Accrued investment income	1,469	1,134
	<u>1,469</u>	<u>1,134</u>
Non-financial assets		
Prepaid expenses	532	447
Other	4,025	9,862
	<u>4,557</u>	<u>10,309</u>
	<u>6,026</u>	<u>11,443</u>

8. Property and equipment

	\$
Cost	
As at December 31, 2022	6,387
Additions	1,334
Write-offs	(339)
As at December 31, 2023	<u>7,382</u>
Accumulated depreciation	
As at December 31, 2022	3,899
Depreciation	902
Write-offs	(339)
As at December 31, 2023	<u>4,462</u>
Carrying amount as at:	
December 31, 2022	2,488
December 31, 2023	2,920

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

9. Intangible assets

	Purchased software \$	Developed software \$	Technology projects under development \$	Client list \$	Total \$
Cost					
As at December 31, 2022	2,374	16,535	244	2,169	21,322
Cost capitalized	288	-	275	-	563
Completed projects	99	420	(519)	-	-
Write-offs	(200)	-	-	-	(200)
As at December 31, 2023	2,561	16,955	-	2,169	21,685
Accumulated amortization					
As at December 31, 2022	1,019	13,209	-	-	14,228
Amortization	600	578	-	-	1,178
Write-offs	(200)	-	-	-	(200)
As at December 31, 2023	1,419	13,787	-	-	15,206
Carrying amount as at:					
December 31, 2022	1,355	3,326	244	2,169	7,094
December 31, 2023	1,142	3,168	-	2,169	6,479

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

10. Leases

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Office \$	Equipment \$	Software \$	Total \$
Right-of-use assets				
Cost				
As at December 31, 2022	1,309	3	73	1,385
Additions	862	-	458	1,320
Amortization expense	(212)	(3)	(131)	(346)
Lease cancellation	(202)	-	-	(202)
As at December 31, 2023	1,757	-	400	2,157

	2023 \$	2022 \$
Lease liabilities		
As at January 1	2,183	2,709
Additions	1,389	-
Lease cancellation	(258)	(116)
Accretion of interest	171	91
Payments	(338)	(501)
As at December 31	3,147	2,183

The undiscounted contractual payments planned and required over the next years are as follows:

	\$
Year ended December 31:	
2024	556
2025	702
2026	566
2027	498
Thereafter	1,965

The lease liability relating to our rental contract for the premises of the head office expires on August 31, 2029. For Louisbourg Investments, the lease liability relating to the rental contracts for the premises expires on December 31, 2029 and March 31, 2043. The lease agreements for Louisbourg Investments software expire on April 30, 2026. For Lavvi, the lease liability relating to the rental contract for the premises expires on December 31, 2027.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The following are the amounts recognized in the consolidated statement of income:

	2023	2022
	\$	\$
Depreciation expense of right-of-use assets	346	414
Interest expense on lease liabilities	172	91
Variable lease payments not included in the measurement of the lease liabilities	723	739
Total amount recognized in the consolidated statement of income	1,241	1,244

The Group estimates that it will incur future charges relating to the payment of variable rents in the amount of \$5,272 during the lease term.

The Group has two lease contracts including extension options. These options are negotiated by management to provide flexibility in the management of the leased asset portfolio and to align with the Group's business needs. The undiscounted potential future rents relating to the periods following the exercise of the extension option dates not included in the term of the lease represent an amount of \$5,551.

11. Segregated funds net assets

	2023	2022
	\$	\$
Net assets		
Investments		
Debt securities	37,526	48,807
Equity securities	5,833	6,401
Pooled funds	843,936	768,986
Cash and term deposits	6,687	31,727
Accrued investment income	169	157
Other	3,128	1,428
	897,279	857,506
Liabilities	2,366	1,962
Net assets	894,913	855,544

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2023	2022
	\$	\$
Change in net assets		
Net assets, beginning of year	855,544	938,311
Net contributions		
Contributions	111,188	124,204
Withdrawals	(132,561)	(138,981)
	(21,373)	(14,777)
Investment income (loss)		
Net fair value gains (losses) of investments	35,688	(94,451)
Interest and dividends	41,373	42,381
	77,061	(52,070)
Management and administrative fees	(16,319)	(15,920)
Net assets, end of year	894,913	855,544

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

12. Insurance contract liabilities

The breakdown of portfolios of insurance contracts issued and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	2023			
	Assets	Liabilities	Segregated funds insurance contract liabilities	Net
	\$	\$	\$	\$
Insurance contract issued				
Individual Insurance	-	554,727	-	554,727
Group insurance (includes both PAA and GMM)	-	70,068	-	70,068
Annuities and pensions	-	143,145	327,543	470,688
	-	767,940	327,543	1,095,483
Reinsurance contracts held				
Individual Insurance	189,468	-	-	189,468
Group insurance	51,244	-	-	51,244
	240,712	-	-	240,712
2022				
	Assets	Liabilities	Segregated funds insurance contract liabilities	Net
	\$	\$	\$	\$
Insurance contract issued				
Individual Insurance	-	528,579	-	528,579
Group insurance (includes both PAA and GMM)	-	73,539	-	73,539
Annuities and pensions	-	100,284	302,671	402,955
	-	702,402	302,671	1,005,073
Reinsurance contracts held				
Individual Insurance	178,999	-	-	178,999
Group insurance	51,789	-	-	51,789
	230,788	-	-	230,788

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The breakdown by segment of insurance contracts not measured under PAA issued and reinsurance contracts held by component is set out in the table below:

	2023					
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value transition approach	CSM		Total
				Other contracts	Subtotal	
	\$	\$	\$	\$	\$	\$
Insurance contract issued						
Individual insurance	387,017	97,801	68,178	1,731	69,909	554,727
Group insurance	2,507	27	-	-	-	2,534
Annuities & pension insurance	446,469	5,491	17,349	1,379	18,728	470,688
	835,993	103,319	85,527	3,110	88,637	1,027,949
Reinsurance contract held						
Individual insurance	120,956	50,194	32,755	(14,437)	18,318	189,468

	2022					
	Estimates of the present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value transition approach	CSM		Total
				Other contracts	Subtotal	
	\$	\$	\$	\$	\$	\$
Insurance contract issued						
Individual insurance	368,879	83,909	74,373	1,418	75,791	528,579
Group insurance	2,419	28	2	-	2	2,449
Annuities & pension insurance	379,346	4,503	18,463	643	19,106	402,955
	750,644	88,440	92,838	2,061	94,899	933,983
Reinsurance contract held						
Individual insurance	106,631	43,685	34,167	(5,484)	28,683	178,999

The breakdown by segment of insurance contracts issued and reinsurance contracts held for the loss component and loss recovery component is set out in the table below:

	2023	2022
	\$	\$
Loss component – Insurance contract issued		
Individual insurance	4,193	2,391
Group insurance	103	-
Annuities & pension insurance	1,493	114
	5,789	2,505
Loss recovery component – Reinsurance contract held		
Individual insurance	3,083	1,740

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Movements in insurance and reinsurance contract balances

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts changed during the year as a result of cash flows and amounts recognized in the consolidated statement of income.

The Group presents the roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims.

Insurance contracts issued – Analysis by remaining coverage and incurred claims

	2023					
	Liabilities for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
\$	\$	\$	\$	\$	\$	
Insurance contract at beginning of the year						
Liabilities	608,493	2,505	12,065	75,313	4,026	702,402
Segregated funds insurance contract liabilities	302,671	-	-	-	-	302,671
	911,164	2,505	12,065	75,313	4,026	1,005,073
Insurance revenue						
Contracts under the fair value transition approach						
- Individual insurance	(52,061)	-	-	-	-	(52,061)
- Group insurance	(174)	-	-	-	-	(174)
- Annuities & pension insurance	(11,267)	-	-	-	-	(11,267)
Other contracts						
- Individual insurance	(6,459)	-	-	-	-	(6,459)
- Group insurance	(63,463)	-	-	-	-	(63,463)
- Annuities & pension insurance	(1,275)	-	-	-	-	(1,275)
	(134,699)	-	-	-	-	(134,699)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	(191)	51,004	74,394	873	126,080
Amortization of insurance acquisition cash flows	5,505	-	-	-	-	5,505
Losses on onerous contracts and reversal of those losses	-	3,068	-	-	-	3,068
Changes to liabilities for incurred claims	-	-	(66)	(21,314)	(909)	(22,289)
	5,505	2,877	50,938	53,080	(36)	112,364
Investment components and premium refunds	(99,493)	-	99,420	73	-	-
Insurance service result	(228,687)	2,877	150,358	53,153	(36)	(22,335)
Finance expenses (income) from Liabilities	53,175	407	-	3,482	181	57,245
Finance expenses (income) from Segregated fund	36,582	-	-	-	-	36,582
Total changes in the consolidated statements of income	(138,930)	3,284	150,358	56,635	145	71,492
Cash flows						
Premiums received	261,884	-	-	-	-	261,884
Claims and other insurance service expenses paid, including investment components	-	-	(151,266)	(59,937)	(8)	(211,211)
Insurance acquisition cash flows	(31,755)	-	-	-	-	(31,755)
	230,129	-	(151,266)	(59,937)	(8)	18,918
Insurance contract at end of the year	1,002,363	5,789	11,157	72,011	4,163	1,095,483
Liabilities	674,820	5,789	11,157	72,011	4,163	767,940
Segregated funds insurance contract liabilities	327,543	-	-	-	-	327,543
	1,002,363	5,789	11,157	72,011	4,163	1,095,483

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2022					
	Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under PAA		Total
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
\$	\$	\$	\$	\$	\$	
Insurance contract at beginning of the year						
Liabilities	756,981	-	11,046	84,866	4,879	857,772
Segregated funds insurance contract liabilities	342,503	-	-	-	-	342,503
	1,099,484	-	11,046	84,866	4,879	1,200,275
Insurance revenue						
Contracts under the fair value transition approach						
- Individual insurance	(49,637)	-	-	-	-	(49,637)
- Group insurance	(175)	-	-	-	-	(175)
- Annuities & pension insurance	(11,975)	-	-	-	-	(11,975)
Other contracts						
- Individual insurance	(1,680)	-	-	-	-	(1,680)
- Group insurance	(63,017)	-	-	-	-	(63,017)
- Annuities & pension insurance	(325)	-	-	-	-	(325)
	(126,809)	-	-	-	-	(126,809)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	(56)	52,857	73,976	630	127,407
Amortization of insurance acquisition cash flows	2,792	-	-	-	-	2,792
Losses on onerous contracts and reversal of those losses	-	2,710	-	-	-	2,710
Changes to liabilities for incurred claims	-	-	(197)	(23,937)	(1,162)	(25,296)
	2,792	2,654	52,660	50,039	(532)	107,613
Investment components and premium refunds	(95,463)	-	94,831	632	-	-
Insurance service result	(219,480)	2,654	147,491	50,671	(532)	(19,196)
Finance expenses (income) from liabilities	(147,772)	(149)	-	(5,541)	(321)	(153,783)
Finance expenses (income) from segregated fund	(17,182)	-	-	-	-	(17,182)
Total changes in the consolidated statements of income	(384,434)	2,505	147,491	45,130	(853)	(190,161)
Cash flows						
Premiums received	219,846	-	-	-	-	219,846
Claims and other insurance service expenses paid, including investment components	-	-	(146,472)	(54,683)	-	(201,155)
Insurance acquisition cash flows	(23,732)	-	-	-	-	(23,732)
	196,114	-	(146,472)	(54,683)	-	(5,041)
Insurance contract at end of the year	911,164	2,505	12,065	75,313	4,026	1,005,073
Liabilities	608,493	2,505	12,065	75,313	4,026	702,402
Segregated funds insurance contract liabilities	302,671	-	-	-	-	302,671
	911,164	2,505	12,065	75,313	4,026	1,005,073

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

For contracts not measured under the PAA, the Group presents a roll-forward of the net asset or liability for insurance contracts showing estimates of the present value of future cash flows, risk adjustment and CSM.

Insurance contracts issued – Analysis by measurement component – Contracts not measured under the PAA

	2023					Total \$
	Estimates of the present value of future cash flows \$	Risk adjustment for non-financial risk \$	CSM		Subtotal \$	
Contracts under the fair value transition approach \$			Other contracts \$			
Insurance contract at beginning of the year						
Liabilities	447,973	88,440	92,838	2,061	94,899	631,312
Segregated funds insurance contract liabilities	302,671	-	-	-	-	302,671
	750,644	88,440	92,838	2,061	94,899	933,983
Changes that relate to current services						
CSM recognized for services provided	-	-	(9,925)	(267)	(10,192)	(10,192)
Change in risk adjustment for non-financial risk for risk expired	-	(6,744)	-	-	-	(6,744)
Experience adjustments	(576)	-	-	-	-	(576)
	(576)	(6,744)	(9,925)	(267)	(10,192)	(17,512)
Changes that relate to future services						
Contracts initially recognised in the year	(11,359)	14,316	-	1,074	1,074	4,031
Changes in estimates that adjust the CSM	(560)	(976)	1,361	175	1,536	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(445)	(518)	-	-	-	(963)
	(12,364)	12,822	1,361	1,249	2,610	3,068
Changes that relate to past services						
Experience adjustments in claims and other insurance service expenses	-	(64)	-	-	-	(64)
Insurance service result	(12,940)	6,014	(8,564)	982	(7,582)	(14,508)
Finance expenses (income)	79,999	8,843	1,253	67	1,320	90,162
Total changes in the consolidated statements of income	67,059	14,857	(7,311)	1,049	(6,262)	75,654
Cash flows	18,290	-	-	-	-	18,290
Other movements	-	22	-	-	-	22
Insurance contract at end of the year	835,993	103,319	85,527	3,110	88,637	1,027,949
Liabilities	508,450	103,319	85,527	3,110	88,637	700,406
Segregated funds insurance contract liabilities	327,543	-	-	-	-	327,543
	835,993	103,319	85,527	3,110	88,637	1,027,949

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2022					Total \$
	Estimates of the present value of future cash flows \$	Risk adjustment for non- financial risk \$	CSM		Subtotal \$	
			Contracts under the fair value transition approach \$	Other contracts \$		
Insurance contract at beginning of the year						
Liabilities	569,273	102,940	102,849	-	102,849	775,062
Segregated funds insurance contract liabilities	342,503	-	-	-	-	342,503
	911,776	102,940	102,849	-	102,849	1,117,565
Changes that relate to current services						
CSM recognized for services provided	-	-	(10,620)	(101)	(10,721)	(10,721)
Change in risk adjustment for non-financial risk for risk expired	-	(4,404)	-	-	-	(4,404)
Experience adjustments	4,543	-	-	-	-	4,543
	4,543	(4,404)	(10,620)	(101)	(10,721)	(10,582)
Changes that relate to future services						
Contracts initially recognised in the year	(6,839)	9,341	2	2,262	2,264	4,766
Changes in estimates that adjust the CSM	401	194	(489)	(106)	(595)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(2,347)	285	-	-	-	(2,062)
	(8,785)	9,820	(487)	2,156	1,669	2,704
Changes that relate to past services						
Experience adjustments in claims and other insurance service expenses	-	(197)	-	-	-	(197)
Insurance service result	(4,242)	5,219	(11,107)	2,055	(9,052)	(8,075)
Finance expenses (income)	(146,480)	(19,724)	1,096	6	1,102	(165,102)
Total changes in the consolidated statements of income	(150,722)	(14,505)	(10,011)	2,061	(7,950)	(173,177)
Cash flows	(10,410)	-	-	-	-	(10,410)
Other movements	-	5	-	-	-	5
Insurance contract at end of the year	750,644	88,440	92,838	2,061	94,899	933,983
Liabilities	447,973	88,440	92,838	2,061	94,899	631,312
Segregated funds insurance contract liabilities	302,671	-	-	-	-	302,671
	750,644	88,440	92,838	2,061	94,899	933,983

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The Group presents the roll-forward of the net asset or liability for reinsurance contracts held, showing the assets for remaining coverage and the assets for incurred claims.

Reinsurance contracts held – Analysis by remaining coverage and incurred claims

	2023					Total \$
	Assets for remaining coverage		Assets for incurred claims			
	Excluding loss-recovery component \$	Loss-recovery component \$	Contracts not under PAA \$	Estimates of present value of future cash flows \$	Risk adjustment for non-financial risk \$	
Reinsurance contract assets at beginning of the year	167,557	1,740	7,008	52,308	2,175	230,788
Allocation of reinsurance premiums paid	(37,827)	-	-	-	-	(37,827)
Amount recoverable from reinsurers						
Amounts recoverable for claims and other expenses incurred in the period	-	(86)	19,018	22,959	544	42,435
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	1,543	-	-	-	1,543
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	(14,964)	(498)	(15,462)
	-	1,457	19,018	7,995	46	28,516
Reinsurance investment components	(1,253)	-	972	281	-	-
Net expenses from reinsurance contracts held	(39,080)	1,457	19,990	8,276	46	(9,311)
Finance income (expenses)	15,573	(114)	-	2,495	102	18,056
Total changes in the consolidated statements of income	(23,507)	1,343	19,990	10,771	148	8,745
Cash flows						
Premiums and similar expenses paid	33,416	-	-	-	-	33,416
Amounts received	-	-	(20,310)	(12,025)	-	(32,335)
Other movements	-	-	-	-	98	98
	33,416	-	(20,310)	(12,025)	98	1,179
Reinsurance contract assets at end of the year	177,466	3,083	6,688	51,054	2,421	240,712

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2022					
	Assets for remaining coverage		Assets for incurred claims			Total
	Excluding loss-recovery component \$	Loss-recovery component \$	Contracts under PAA		Risk adjustment for non-financial risk \$	
Contracts not under PAA \$			Estimates of present value of future cash flows \$			
Reinsurance contract assets at beginning of the year	216,035	-	6,619	58,830	2,819	284,303
Allocation of reinsurance premiums paid	(38,171)	-	-	-	-	(38,171)
Amount recoverable from reinsurers						
Amounts recoverable for claims and other expenses incurred in the period	-	(37)	20,478	26,588	440	47,469
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	1,907	-	-	-	1,907
Changes in amounts recoverable arising from changes in liability for incurred claims	-	-	-	(17,138)	(796)	(17,934)
Reinsurance investment components	(1,223)	-	597	626	-	-
Net expenses from reinsurance contracts held	(39,394)	1,870	21,075	10,076	(356)	(6,729)
Finance income (expenses)	(44,286)	(130)	-	(3,985)	(195)	(48,596)
Total changes in the consolidated statements of income	(83,680)	1,740	21,075	6,091	(551)	(55,325)
Cash flows						
Premiums and similar expenses paid	35,202	-	-	-	-	35,202
Amounts received	-	-	(20,686)	(12,613)	-	(33,299)
Other movements	-	-	-	-	(93)	(93)
	35,202	-	(20,686)	(12,613)	(93)	1,810
Reinsurance contract assets at end of the year	167,557	1,740	7,008	52,308	2,175	230,788

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Reinsurance contracts held – Analysis by measurement component – Contracts not measured under the PAA

For contracts not measured under the PAA, the Group presents a roll-forward of the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM.

	2023					Total \$
	Estimates of the present value of future cash flows \$	Risk adjustment for non- financial risk \$	Contracts under the fair value transition approach \$	CSM		
Other contracts \$				Subtotal \$		
Reinsurance contract assets at beginning of the year	106,631	43,685	34,167	(5,484)	28,683	178,999
Changes that relate to current services						
CSM recognized for services received	-	-	(3,286)	1,138	(2,148)	(2,148)
Change in risk adjustment for non-financial risk for risk expired	-	(3,816)	-	-	-	(3,816)
Experience adjustments	(326)	-	-	-	-	(326)
	(326)	(3,816)	(3,286)	1,138	(2,148)	(6,290)
Changes that relate to future services						
Contracts initially recognised in the period	4,970	6,331	-	(9,400)	(9,400)	1,901
Changes in estimates that adjust the CSM	(622)	(413)	1,256	(221)	1,035	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(50)	(311)	-	-	-	(361)
	4,298	5,607	1,256	(9,621)	(8,365)	1,540
Net expenses from reinsurance contracts held	3,972	1,791	(2,030)	(8,483)	(10,513)	(4,750)
Finance income (expenses)	10,635	4,675	618	(470)	148	15,458
Total changes in the consolidated statements of income	14,607	6,466	(1,412)	(8,953)	(10,365)	10,708
Cash flows	(282)	43	-	-	-	(239)
Reinsurance contract assets at end of the year	120,956	50,194	32,755	(14,437)	18,318	189,468

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2022					Total \$
	Estimates of the present value of future cash flows \$	Risk adjustment for non- financial risk \$	CSM		Subtotal \$	
Contracts under the fair value transition approach \$			Other contracts \$			
Reinsurance contract assets at beginning of the year	133,378	52,004	40,767	-	40,767	226,149
Changes that relate to current services						
CSM recognized for services received	-	-	(3,331)	293	(3,038)	(3,038)
Change in risk adjustment for non-financial risk for risk expired	-	(1,892)	-	-	-	(1,892)
Experience adjustments	3,094	-	-	-	-	3,094
	3,094	(1,892)	(3,331)	293	(3,038)	(1,836)
Changes that relate to future services						
Contracts initially recognised in the period	3,037	4,562	-	(4,829)	(4,829)	2,770
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	(75)	(75)	(75)
Changes in estimates that adjust the CSM	5,692	(1,047)	(3,856)	(789)	(4,645)	-
Changes in estimates that relate to losses and reversal of losses on onerous underlying contracts	(1,098)	311	-	-	-	(787)
	7,631	3,826	(3,856)	(5,693)	(9,549)	1,908
Net expenses from reinsurance contracts held	10,725	1,934	(7,187)	(5,400)	(12,587)	72
Finance income (expenses)	(34,525)	(10,393)	587	(84)	503	(44,415)
Total changes in the consolidated statements of income	(23,800)	(8,459)	(6,600)	(5,484)	(12,084)	(44,343)
Cash flows	(2,947)	140	-	-	-	(2,807)
Reinsurance contract assets at end of the year	106,631	43,685	34,167	(5,484)	28,683	178,999

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

New business

The following tables summarize the effect on the measurement components arising from the initial recognition of insurance contracts issued and reinsurance contracts held not measured under the PAA in the year.

Individual insurance contracts

	2023			2022		
	Contracts issued			Contracts issued		
	Profitable	Onerous	Total	Profitable	Onerous	Total
	\$	\$	\$	\$	\$	\$
Claims and other cash outflows	27,521	34,198	61,719	2,669	35,818	38,487
Insurance acquisition cash flows	10,435	14,871	25,306	550	19,448	19,998
Estimates of present value of cash outflows	37,956	49,069	87,025	3,219	55,266	58,485
Estimates of present value of cash inflows	(42,187)	(55,670)	(97,857)	(4,886)	(59,198)	(64,084)
Risk adjustment for non-financial risk	3,528	9,592	13,120	237	8,678	8,915
CSM	703	-	703	1,430	-	1,430
Losses recognised on initial recognition	-	2,991	2,991	-	4,746	4,746

Group insurance contracts

	2023			2022		
	Contracts issued			Contracts issued		
	Profitable	Onerous	Total	Profitable	Onerous	Total
	\$	\$	\$	\$	\$	\$
Claims and other cash outflows	-	22	22	15	-	15
Estimates of present value of cash outflows	-	22	22	15	-	15
Estimates of present value of cash inflows	-	(20)	(20)	(17)	-	(17)
CSM	-	-	-	2	-	2
Losses recognised on initial recognition	-	2	2	-	-	-

Annuities and Pension insurance contracts

	2023			2022		
	Contracts issued			Contracts issued		
	Profitable	Onerous	Total	Profitable	Onerous	Total
	\$	\$	\$	\$	\$	\$
Claims and other cash outflows	-	17,679	17,679	-	1,427	1,427
Insurance acquisition cash flows	-	169	169	-	34	34
Estimates of present value of cash outflows	-	17,848	17,848	-	1,461	1,461
Estimates of present value of cash inflows	(1,132)	(17,245)	(18,377)	(1,248)	(1,447)	(2,695)
Risk adjustment for non-financial risk	761	435	1,196	416	10	426
CSM	371	-	371	832	-	832
Losses recognised on initial recognition	-	1,038	1,038	-	24	24

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Individual reinsurance held

	Contracts initiated 2023 \$	Contracts initiated 2022 \$
Estimates of present value of cash outflows	33,157	22,794
Estimates of present value of cash inflows	(38,127)	(25,830)
Risk adjustment for non-financial risk	(6,331)	(4,562)
Income recognised on initial recognition	1,901	2,769
CSM	(9,400)	(4,829)

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Expected recognition of CSM

The following table sets out when the Group expects to recognize the remaining CSM in the consolidated statement of income after the reporting date for contracts not measured under the PAA.

	2023				2022			
	Individual insurance \$	Group Insurance \$	Annuities and pension \$	Total \$	Individual insurance \$	Group Insurance \$	Annuities and pension \$	Total \$
Insurance contracts issued								
Under 1 year	6,310	-	198	6,508	6,666	1	218	6,885
1 to 5 years	20,661	-	665	21,326	22,173	1	707	22,881
5 to 10 years	17,210	-	609	17,819	18,624	-	651	19,275
Over 10 years	25,728	-	17,256	42,984	28,328	-	17,530	45,858
	69,909	-	18,728	88,637	75,791	2	19,106	94,899
Reinsurance contracts held								
Under 1 year	1,596	-	-	1,596	2,582	-	-	2,582
1 to 5 years	5,219	-	-	5,219	8,481	-	-	8,481
5 to 10 years	4,328	-	-	4,328	7,035	-	-	7,035
Over 10 years	7,175	-	-	7,175	10,585	-	-	10,585
	18,318	-	-	18,318	28,683	-	-	28,683

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Net financial result

The table below presents an analysis of total investment income and insurance finance result recognized in the consolidated statements of income in the period. Finance income (expenses) related to segregated funds liabilities represents finance expenses of \$36,582 for insurance contracts [(\$17,182) in 2022] and finance expenses of \$40,479 for Investment contracts [(\$34,888) in 2022].

	2023				Total \$
	Insurance related			Non- insurance related	
	Individual \$	Group \$	Annuities and Pension \$	\$	
Investment income (losses)					
Interest revenue calculated using the effective interest method	1,620	-	78	4,509	6,207
Other interest and similar income	2,494	1,011	11,008	2,146	16,659
Net fair value gains (losses) on financial assets at FVPL	25,065	547	6,669	27	32,308
Net realized fair value gains (losses) on derecognition of financial assets measured at FVOCI	-	-	-	422	422
Amounts recognised in the consolidated statement of income	29,179	1,558	17,755	7,104	55,596
Finance income (expenses) from insurance contracts issued recognised in the consolidated statement of income					
Changes in fair value of underlying items in insurance contracts with direct participation features	(3,683)	-	(4,570)	-	(8,253)
Interest accreted	(10,102)	(2,939)	(2,186)	-	(15,227)
Effect of changes in interest rates and other financial assumptions	(28,902)	(869)	(3,994)	-	(33,765)
	(42,687)	(3,808)	(10,750)	-	(57,245)
Finance income (expenses) from reinsurance contracts held recognised in the consolidated statement of income					
Interest accreted	4,118	2,044	-	-	6,162
Effect of changes in interest rates and other financial assumptions	11,342	553	-	-	11,895
	15,460	2,597	-	-	18,057
Changes in investment contract liabilities	(353)	(536)	(3,961)		(4,850)
Net amounts recognised in the consolidated statement of income	1,599	(189)	3,044	7,104	11,558

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

	2022				Total \$
	Insurance related			Non- insurance related \$	
	Individual \$	Group \$	Annuities and Pension \$		
Investment income (losses)					
Interest revenue calculated using the effective interest method	1,045	-	25	4,820	5,890
Other interest and similar income	2,017	543	8,792	1,144	12,496
Net fair value gains (losses) on financial assets at FVPL	(96,001)	(1,671)	(12,155)	(1,680)	(111,507)
Net realized fair value gains (losses) on derecognition of financial assets measured at FVOCI	106	-	-	(3,835)	(3,729)
Amounts recognised in the consolidated statement of income	(92,833)	(1,128)	(3,338)	449	(96,850)
Finance income (expenses) from insurance contracts issued recognised in the consolidated statement of income					
Changes in fair value of underlying items in insurance contracts with direct participation features	14,797	-	343	-	15,140
Interest accreted	(8,292)	(1,027)	(1,390)	-	(10,709)
Effect of changes in interest rates and other financial assumptions	128,652	7,201	13,499	-	149,352
	135,157	6,174	12,452	-	153,783
Finance income (expenses) from reinsurance contracts held recognised in the consolidated statement of income					
Interest accreted	3,241	700	-	-	3,941
Effect of changes in interest rates and other financial assumptions	(47,658)	(4,880)	-	-	(52,538)
	(44,417)	(4,180)	-	-	(48,597)
Changes in investment contract liabilities	(281)	(269)	896	-	346
Net amounts recognised in the consolidated statement of income	(2,374)	597	10,010	449	8,682

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

13. Investment contract liabilities and segregated funds investment contract liabilities

	2023	2022
	Carrying value	Carrying value
	\$	\$
Investment contract liabilities	151,902	113,928
Segregated funds investment contract liabilities	567,370	552,873
	719,272	666,801
	2023	2022
	\$	\$
Balance, beginning of period	666,801	707,019
Deposits	123,494	120,992
Interest	26,977	26,395
Withdrawals	(116,133)	(125,442)
Increase (decrease) in fair value	18,133	(62,163)
Total investment contract liabilities and segregated funds investment contract liabilities	719,272	666,801

14. Insurance risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure the insurance risk related to the insurance contract liabilities is reduced.

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

The concentration of risk is managed by using reinsurance to limit the Group's risk in regard to each of its insured and in order to stabilize its results. Maximum amounts of benefits varying by activity sector are established for life and health insurance. The Group also possesses reinsurance treaties that cover financial losses related to multiple settlement requests that could occur following catastrophic events that would include multiple insureds.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. Each year, the Group ascertains that its reinsurers exceed the minimum capitalization required by the regulatory authorities.

Notes to consolidated financial statements

December 31, 2023

Insurance contracts issued and reinsurance contracts held

Life insurance contracts offered by the Group include individual whole life insurance, individual and group term insurance and individual and group annuities. The Group purchases reinsurance for their individual whole life insurance contracts and individual and group term insurance contracts.

Life insurance contracts are contracts for which the insurer receives premiums in exchange for benefits that will be paid at the death of the policyholder or lapse of the policy.

Annuity contracts are expressed in the form of an annuity payable at a specified age in exchange for premiums. If death occurs before retirement, contracts generally return the value of the fund accumulated for deferred annuities. Most contracts give the policyholder the option at retirement to take a cash sum amount or a guaranteed conversion rate allowing the policyholders the option of taking a payable annuity.

Single premiums annuities are products that pay a specified recurring payment to a policyholder. Payments are generally either fixed or increased each year at a specified rate or in line with the rate of inflation. Most contracts guarantee an income for a minimum period or are transferable to a spouse at a specified percentage, at the time of death.

Deferred annuities are contracts that bear a guaranteed interest rate usually for a period equal or less than five years. These contracts waive market value adjustment until death of the policyholder.

The main risks that the Group is exposed to are as follows:

- Mortality risk - risk of loss due to policyholder death experience being different than expected
- Morbidity risk - risk of loss due to policyholder health experience being different than expected
- Longevity risk - risk of loss due to the annuitant living longer than expected
- Investment return risk - risk of loss due to actual returns being different than expected
- Expense risk - risk of loss due to expense experience being higher than expected
- Policyholder decision risk - risk of loss due to policyholder decision (lapses and surrenders) being different than expected

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

Sensitivities

The analysis that follows is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact (gross and net of reinsurance held) on CSM, profit and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, these had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

Change in assumptions	2023				
	Impact on CSM		Impact on profit and equity		
	Gross	Net	Gross	Net	
\$	\$	\$	\$	\$	
Assumptions					
Mortality – life insurance products	+ 2%	(9,067)	(2,401)	23	(165)
Mortality [longevity] – annuity products	- 2%	(569)	(569)	62	62
Morbidity	5% adverse	(577)	(413)	(702)	(199)
Expenses	+ 5%	(1,671)	(1,775)	32	118
Policy termination rates	10% adverse	(10,573)	(18,343)	799	2,047

Change in assumptions	2022				
	Impact on CSM		Impact on profit and equity		
	Gross	Net	Gross	Net	
\$	\$	\$	\$	\$	
Assumptions					
Mortality – life insurance products	+ 2%	(9,041)	(2,474)	591	(59)
Mortality [longevity] – annuity products	- 2%	(569)	(595)	103	103
Morbidity	5% adverse	(577)	(423)	(672)	(182)
Expenses	+ 5%	(1,671)	(1,768)	143	190
Policy termination rates	10% adverse	(10,573)	(16,473)	1,889	2,977

15. Other liabilities

	2023	2022
	\$	\$
Financial liabilities		
Suppliers	6,242	7,029
Other	3,163	1,562
	9,405	8,591
Non-financial liabilities		
Income tax	5,199	393
	14,604	8,984

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

16. Employee benefit plans

Information about the Group's defined benefit pension plans is as follows:

	2023 \$	2022 \$
Changes in defined benefit obligation		
Balance at beginning of year	61,388	86,213
Current service cost	1,092	2,048
Employees' contributions	614	623
Interest cost	3,141	2,626
Benefits paid	(2,992)	(2,736)
Actuarial losses (gains) resulting from experience adjustments	80	338
Actuarial losses (gains) resulting from changes in financial assumptions	5,366	(27,724)
Balance at end of year	68,689	61,388
Changes in plan assets		
Fair value at beginning of year	67,966	78,554
Employer's contributions	1,337	1,477
Employees' contributions	614	623
Return on plan assets	4,956	(7,156)
Benefits paid	(2,992)	(2,736)
Change in asset ceiling	2,745	(2,796)
Interest income (expense) on asset ceiling	(143)	-
Fair value at end of year	74,483	67,966

The amounts recognized in the consolidated statement of financial position are as follows:

	2023 \$	2022 \$
Present value of the defined benefit obligations	68,689	61,388
Fair value of plan assets	(74,483)	(67,966)
Pension plan liability	(5,794)	(6,578)

Re-measurement effects recognized in other comprehensive income:

	2023 \$	2022 \$
Actuarial gains (losses) of defined benefit obligations		
Experience adjustments	(80)	(338)
Changes in financial assumption	(5,366)	27,724
Return on plan assets greater than discount rate	1,372	(9,503)
Change in asset ceiling	2,745	(2,796)
Total effect in other comprehensive income	(1,329)	15,087

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The Group's net pension plan expense is computed as follows:

	2023	2022
	\$	\$
Current service cost	1,092	2,048
Net interest on the defined benefit liability	(298)	278
	794	2,326

Employee benefit liability and assets on the consolidated statement of financial position comprises the following:

	2023	2022
	\$	\$
Group insurance benefits liability	579	564
Pension plan liability – defined benefit plan	299	66
	878	630
Pension plan asset – defined benefit plan	6,093	6,644

Plan members contribute 7.5% [7.5% in 2022] to their retirement plan. The Group makes the necessary residual contributions to the plans. The Group finances the plans in such a way as to constitute defined benefits according to the plan provisions. The value of these benefits was established by the latest actuarial valuation, dated December 31, 2022 for the Assumption Mutual Life Insurance Company Agent and Employee Pension Plan ["AML"]. The average remaining service periods of the active employees covered by the AML pension plan is 13.5 years [15 years in 2022]. The average remaining service periods of the active employees covered by the other retirement benefit plans are the same as for the pension plans.

The Group's best estimate of expected payments for the pension plans for the year ending December 31, 2023, is \$1,337.

The pension fund monies are invested in the following segregated funds:

	2023	2022
	\$	\$
Assumption Life Pension Plan Fund	73,485	69,719
Cash	1,192	1,043
Asset ceiling	(194)	(2,796)
	74,483	67,966

Assumption Life Pension Plan Fund

The Assumption Life Pension Plan Fund [the "Pension Plan Fund"] is a segregated fund established by Assumption Life. The overall objective of the Pension Plan Fund is to generate a net rate of return, after management fees, that is more than the annual increase in the Consumer Price Index, discounted at the average yearly compound rate over a period of four years.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

The Pension Plan Fund portfolio consists of a mix of cash 0.6% [0.5% in 2022], Canadian bonds 43.6% [38.5% in 2022], long bond overlay 2.0% [1.9% in 2022], infrastructure private debt 10.2% [9.0% in 2022], Canadian equities 9.2% [11.7% in 2022], foreign equities 12.2% [15.2% in 2022], and alternative investments 22.2% [23.2% in 2022]. The Pension Plan Fund is eligible as a registered retirement savings plan under the *Income Tax Act of Canada*.

Actuarial assumptions utilized to determine the defined benefit obligation

	2023 %	2022 %
Discount rate	4.6	5.10
Rate of compensation increase	3.25 to 3.75	3.25 to 3.75
Mortality rate	CPM2014, MI-2017	CPM2014, MI-2017

Sensitivity analysis

Valuation of the defined benefit obligation under the defined benefit plans is sensitive to the preceding actuarial assumptions. The following table summarizes the increase (decrease) on the defined benefit obligation at year end if a change of 1% in the actuarial assumptions arises.

	2023 + 1%	2023 - 1%
Discount rate	(10,118)	12,976
Rate of compensation	1,414	(1,296)
Mortality rate	(103)	104

Defined contribution plan

As of July 1, 2014, the Group stopped offering the defined benefit plan to new employees and is now offering a defined contribution plan providing pension benefits. The Group's contributions to the defined contribution plan are not included in the cost recognized for the defined benefit plans above. The total cost recognized for the Group's defined contribution plan is \$718 for the year ended December 31, 2023 [\$511 in 2022].

17. Borrowings

The Group has an authorized credit line totaling \$150 bearing interest at the bank's base rate plus 1.05%. This bank loan is renewable annually, is not guaranteed and was undrawn as at December 31, 2023 and 2022.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

18. Taxes

Income tax expense in the consolidated statement of income consists of the following:

	2023 \$	2022 \$
Current income taxes	5,336	3,195
Deferred income taxes	(3,567)	(838)
	1,769	2,357

The effective income tax rate in the consolidated statement of income differs from the Group's statutory tax rate, mainly as a result of the following:

	2023		2022	
	\$	%	\$	%
Income tax at statutory rate	2,669	27.2	2,645	27.2
Increase (decrease) in the tax rate resulting from:				
Non taxable investment income	(1,168)	(11.9)	(999)	(10.3)
Deferred tax asset valuation allowance	103	1.0	662	6.8
Prior year adjustments	(19)	(0.2)	15	0.2
Other	184	1.9	34	0.3
	1,769	18.0	2,357	24.2

The Group's deferred tax assets (deferred tax liabilities) arise from the following items:

	2023 \$	2022 \$
Insurance contracts	3,404	255
Mortgages	1,619	2,024
Unused tax losses	1,401	1,216
Ontario minimum tax credits carry forward	373	665
Other	(106)	(59)
Property and equipment and intangible assets	(1,496)	(1,628)
Employee benefit plans	(1,752)	(1,891)
Debt securities	(3,952)	(4,940)
	(509)	(4,358)
Deferred tax assets	1,306	627
Deferred tax liabilities	(1,815)	(4,985)
	(509)	(4,358)

As at December 31, 2023, Ontario minimum tax credits carry forward amounting to \$1,048 were accumulated in the Group for which no deferred tax assets were recorded. These credits expire from 2035 to 2042. In addition, the Group has accumulated undeducted tax reserves on insurance contracts for Quebec for which no deferred tax assets has been recorded that amounts to \$912.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

19. Additional information on the consolidated statements of cash flows

Cash flows related to operating activities include the following:

	2023 \$	2022 \$
Interest received	11,617	8,868
Income taxes received	3,843	1,508
Dividends paid	497	327
Dividends received	6,777	4,924

Cash flows related to financing activities include the following:

	2023 \$	2022 \$
Interest paid on financing	175	105

20. Contingencies

In its normal course of business, the Group is occasionally named as a defendant in legal proceedings. While it is not possible to anticipate the outcome of such proceedings, the Group does not expect that it will incur significant losses or need to commit significant amounts to such actions.

21. Commitment

As a member of Assuris, the Group incurs, and will likely incur in the future, certain costs in connection with the operations of Assuris. Assuris is responsible for indemnifying policyholders in the event that a life insurer's operations is wound up.

Assuris annually assesses life insurers on the basis of a five-year average of annual premiums and the assessments are charged to income in the year they are incurred. The Group has agreed to provide Assuris with a credit facility which can be drawn upon, at Assuris' option, should the need arise.

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

22. Insurance revenue

The table below presents an analysis of the total insurance revenue recognized in the year:

	2023			Total \$
	Individual insurance \$	Group Insurance \$	Annuities and pension \$	
Contracts not measured under the PAA				
Amounts relating to the changes in liabilities for remaining coverage				
CSM recognised for services provided	6,657	-	3,535	10,192
Change in risk adjustment for non-financial risk for risk expired	6,300	3	441	6,744
Expected incurred claims and other insurance services expenses	41,258	171	8,553	49,982
Other	1,405	-	-	1,405
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows	2,900	-	13	2,913
	58,520	174	12,542	71,236
Contracts measured under the PAA	-	63,463	-	63,463
	58,520	63,637	12,542	134,699

	2022			Total \$
	Individual insurance \$	Group Insurance \$	Annuities and pension \$	
Contracts not measured under the PAA				
Amounts relating to the changes in liabilities for remaining coverage				
CSM recognised for services provided	6,977	3	3,741	10,721
Change in risk adjustment for non-financial risk for risk expired	3,878	3	506	4,387
Expected incurred claims and other insurance services expenses	38,523	170	8,049	46,742
Other	1,533	-	-	1,533
Allocation of the portion of the premiums that relate to the recovery of insurance acquisition cash flows	406	-	3	409
	51,317	176	12,299	63,792
Contracts measured under the PAA	-	63,017	-	63,017
	51,317	63,193	12,299	126,809

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

23. Interest revenue calculated using the effective interest method

	2023	2022
	\$	\$
Interest on other assets and invested assets measured at amortized cost	78	25
Interest on mortgages measured at amortized cost	968	1,101
Amortisation on debt securities measured at amortized cost	2,364	2,299
Interest on debt securities mandatorily measured at FVOCI	2,797	2,465
	6,207	5,890

24. Net realized fair value gains (losses) on derecognition of financial assets measured at FVOCI

	2023	2022
	\$	\$
Debt securities		
Realized gains	459	635
Realized losses	(37)	(4,364)
	422	(3,729)

During the year 2023, the Group sold debt instruments measured at FVOCI with a principal value of \$29,787 [2022 – \$73,440]. As a result, \$459 [2022 – \$635] of unrealized gain and \$37 [2022 - (\$4,364)] of unrealized loss were transferred from other comprehensive income to the consolidated statement of income.

25. Net fair value gains (losses) on financial assets at FVPL

	2023	2022
	\$	\$
Net gain (losses) on financial assets mandatorily measured at FVPL		
Equity securities	5,714	(11,910)
Net gain (losses) on financial assets designated at FVPL		
Debt securities	24,859	(91,520)
Mortgages	1,735	(8,077)
	32,308	(111,507)

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

26. Other interest and similar income

	2023	2022
	\$	\$
Interest on cash and cash equivalents	1,228	436
Interest on debt securities designated at FVPL	851	385
Interest on mortgages designated at FVPL	7,937	6,581
Dividends on equity securities measured at FVPL	3,085	1,974
Dividends on equity securities designated at FVOCI	3,558	3,108
Dividends related to derecognized equity securities designated at FVOCI	-	12
	16,659	12,496

27. Expenses

The breakdown of insurance service expenses and administrative and other operating expenses is presented below:

	2023	2022
	\$	\$
Benefits and claims	79,152	78,793
Fees expenses	1,364	1,392
Commission expenses	33,431	25,938
Salaries and employee benefits expense	32,618	29,111
Depreciation on property and equipment <i>[note 8]</i>	902	849
Amortization of intangible assets <i>[note 9]</i>	1,178	826
Amortization of right-of-use assets <i>[note 10]</i>	346	414
Professional and consultant fees	7,422	7,644
Other administrative expenses	10,789	10,283
Premium taxes	3,757	3,616
Investment expenses	843	997
	171,802	159,863
Amounts attributed to insurance acquisition cash flows incurred during the year	(41,624)	(33,187)
Losses on onerous contracts <i>[note 12]</i>	3,068	2,710
Amortization of insurance acquisition cash flows <i>[note 12]</i>	5,505	2,792
	138,751	132,178
Insurance service expenses	112,364	107,613
Administrative and other operating expenses	26,387	24,565
	138,751	132,178

Notes to consolidated financial statements

December 31, 2023

28. Capital management

With regard to capital management, the Group ensures that equity is always sufficient to maintain the Group's security and stability. Furthermore, it ensures that the return on capital meets the expectations of policyholders entitled to share in the Group's profits. The Group also ensures compliance with the guidelines imposed by the Office of the Superintendent of Financial Institutions of Canada [OSFI] and regulated by the Financial and Consumer Services Commission of New Brunswick [FCNB].

Moreover, each year the valuation actuary projects the expected results of the Group according to its business plan. This analysis, called the Financial Conditioning Testing [FCT], is presented to the Board of Directors and filed with the regulatory authorities. The purpose of this analysis is to make sure the Group has enough capital to successfully go through the next few years and face unexpected outcomes.

This exercise considers many unfavorable scenarios in order to test the financial strength of the Group. Given the diversity of the Group's lines of business, this analysis shows that no element of exposure taken separately has any significant impact on its solvency. Also, the combination of these elements to different degrees does not jeopardize the solvency of the Group.

Regulatory requirements and solvency ratio

The regulatory authorities require life insurance companies in Canada to maintain a minimum capitalization ratio in order to carry on business activities. In reference to the guideline imposed by OSFI, the Group maintains a ratio above the supervisory target total ratio of 100%. As of December 31, 2023, the Group's ratio is 157% [158% in 2022].

A ratio of 157% means that the Group has sufficient capitalization to face unexpected negative results of approximately \$99 million [\$90 million in 2022] while being able to meet the minimum requirement.

The table below shows the Group's solvency ratio:

	2023	2022
Available capital according to requirements	272,075	244,950
Required capital	172,899	155,079
Solvency ratio	157%	158%

Assumption Mutual Life Insurance Company

Notes to consolidated financial statements

December 31, 2023

29. Related party transactions

.

Compensation of key management personnel

Key management personnel of the Group includes all directors, and executives. Prior year comparatives were adjusted to remove the compensation of non-executives. The summary of compensation of key management personnel for the year is as follows:

	2023	2022
	\$	\$
Salaries, other short-term employment benefits and fees	3,600	2,835
Post employment pension benefits	172	197
	3,772	3,032

30. Comparative figures

Certain comparative figures have been reclassified in order to conform to the presentation adopted for the year ended December 31, 2023.



**ASSUMPTION MUTUAL LIFE
INSURANCE COMPANY**

770 Main Street / PO Box 160
Moncton, NB E1C 8L1

Phone: 506.853.6040
Toll free: 1.800.455.7337



ATLANTIC HOLDINGS (1987) LTD.

770 Main Street
Moncton, NB E1C 8L1

Phone: 506.853.5420

LOUISBOURG INVESTMENTS INC.

230 Champlain St Suite 202
Dieppe, NB E1A 1P1

Site: placementslouisbourg.com
Phone: 1.888.608.7070

LAVVI

770 Main Street, Suite 404
Moncton, N-B E1C 8L1

Site: lavvi.com
Phone: 1.866.724.6200



Assumption Life

assumption.ca   