141st Annual Report, 2024

Portage Mutual Insurance®

Facing the storm with you

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Our Vision, Our Mission, Our Values

Our Vision

To be the most trusted mutual insurer in Canada

Our Vision is to achieve sustained, strategic growth enabled by our investments in people and an agile culture.

Our trusted partnerships with brokers, pricing excellence, and customer-driven innovation will make us the insurer of choice in our markets.

We will remain committed to brokers and committed to our communities.

Our Mission

To provide peace of mind

Portage Mutual Insurance provides quality insurance products and services with exceptional value, powered by passionate people. Our mission is protection and peace of mind for policyholders – promises we keep in partnership with brokers.

Our Values

Integrity	Since 1884, we have held a principled dedication to honesty and the highest standard of ethics.
Mutuality	We believe deeply in our moral obligation to value and support the well-being of our policyholders, our team and our communities.
Peace of Mind	We value the trust of our policyholders and partners. Portage Mutual is committed to protecting their financial security.
Progressive	We are passionate about our business, seeking excellence today and preparing for a dynamic future.
Reliability	Our financial strength ensures stability and is a commitment to being an insurer our policyholders and partners can rely on.

About Us

We've been around a *long* time. We're not just closely tied to the communities we serve. We've faced adversity alongside them since the very beginning.

Portage Mutual Insurance was formed all the way back in 1884 based on the principles of security, integrity, hard work, and personalized service. Over the years, we've made a lot of changes. We've expanded our products and services and built a reputation as one of the most responsive property and casualty (P&C) insurers in Canada. But the principles that guide our company, and the friendly, small town style of doing business, remain the same.

We offer a wide range of insurance products that, in many cases, have helped set the industry standards for residential, automobile, commercial, and agricultural business coverage.

We serve over 167,000 policyholders and take pride in giving thoughtful, personalized service on each and every claim, earning us top ratings for claims service.

We market our products through over 295 independent insurance brokers and more than 700 points of distribution. These professionals are hand-picked for their commitment to excellence. We believe this partnership approach results in better service and value for our policyholders. Local, independent brokers know their communities and can help customers select the insurance coverage that best suits their needs.

We're proud to be a 100% Canadian-owned company. Prudent management of our investment portfolio over the years has helped to ensure our financial integrity and protect our policyholders' interests. We've weathered the test of time and as a result, we've come out stronger than ever.

Represented in our corporate logo is the bison, a prairie icon promoting our Manitoba roots through all of our offices across Canada. It's a fact that bison are heavily armoured against the elements and will stand facing the wind and even walk into oncoming storms. It's no wonder this majestic animal has been a part of our identity in one form or another since the beginning. In the combination of our logo and our company tag line *Facing the storm with you*, you'll find no better metaphor to describe a company whose purpose is to take on risk and protect people.

> **"We are proud to be a 100% Canadian-owned company.**

In the Community

We are proud to highlight some of the community initiatives Portage Mutual supported in its 140-year history, reflecting our long-standing commitment to giving back.

These efforts have always been integral to our identity, and while we've been hesitant to promote them, they are a fundamental way we support our policyholders and the communities where we live and work.

Portage Mutual's contributions make a lasting impact across Canada. From supporting local fundraisers to contributing to key capital campaigns, and providing scholarships, our efforts continue to strengthen communities and improve lives. For over 140 years and beyond, we proudly support our communities.

Here are some of the recipients of our community initiatives, reflecting our longstanding commitment to giving back and making a lasting impact across Canada.

Portage Heritage CPR

Community Foundation of Portage and District Inc.

Oakville Foundation

Portage District General Hospital Foundation

Fort La Reine Museum

United Way

St. Amant Foundation

Special Olympics Manitoba

Koko Platz Community Recreation Centre

Prairie Fusion Arts & Entertainment

Big Brothers Big Sisters

St. John's Ambulance

Oakville School

Children's Hospital Foundation of Manitoba

Assiniboine Community College Scholarship Fund

RRC Polytech

Stoney Creek Fire Department

Manitoba Airshow

Message from the Chair

Positioning for Sustainable Growth and Resilience

2024 Results

In last year's message, I noted that Portage Mutual had reached a new milestone by exceeding $300 Million in gross written premiums for the first time. Well, here we are just one short year later and I am pleased to advise that we have now exceeded $350 Million in gross written premiums. Significant premium growth can come with potential risks; however, our Senior Leadership Team has achieved this new milestone while ending the year with very impressive operating results. Our combined operating ratio was lowered to 91.3%, while our minimum capital test increased to 350.3%.

Achieving sustained, strategic growth while improving the bottom line cannot be done without a talented and dedicated leadership team. Wayne Wyborn has completed his second year as our President and CEO and the Board continues to have confidence in both his leadership and that of his team. We appreciate their hard work in the operation of the Company while also executing on our strategic initiatives to ensure our future relevance and success.

Looking ahead to 2025

The main theme of our Board approved annual business plan for this coming year is to position Portage Mutual for sustainable growth and resilience in an evolving and complex industry. It's been said that every company is a technology company and Portage Mutual is no different. Fully half of the strategic initiatives that our management team are looking to achieve this year are technology related. From improving the ease of doing business with our broker partners to enhancing the claims service that our policyholders receive, we are embracing technology as never before to ensure that we remain a key player in the Canadian insurance marketplace. The Board is confident that these strategic initiatives will be key to achieving our vision to be the most trusted mutual insurer in Canada.

Corporate Governance

Your Board continues to look for ways to improve its governance practices. To that end, we engaged the services of a governance consulting firm in June of 2024 to provide us with a Board effectiveness survey. Foremost in their report were recommendations for ways to make room on our agendas for forward-looking and critical conversations while still meeting our fiduciary

> **"…the Board is very pleased with the performance of Portage Mutual in 2024.**

Message from the Chair

responsibilities related to regulatory compliance and operational oversight. We have incorporated their recommendations, and the results have been encouraging. Given the importance of embracing technology for the future of Portage Mutual, the Board has created an Innovation and Technology Committee to facilitate the Board's leadership and oversight of how Portage Mutual uses technology to achieve its strategic initiatives. This new Committee will monitor and advise on technology-related risks, opportunities, and investments and report back to the Board.

Board renewal and diversity continue to be a key focus. Our director succession planning process strives to ensure that we always have the optimal representation of skills, experience, and expertise on the Board to help serve Portage Mutual's and our stakeholders' best interests. Information technology, insurance industry experience, and governance knowledge are key focus areas for new potential directors as incumbent directors reach their term limits. Accordingly, we are pleased to nominate Mr. David Kerr for his first election to the Board of Directors. Mr. Kerr will provide our Board with extensive experience in information technology applications specific to the property and casualty insurance industry as well as a lens on the industry from his home province of Ontario.

Your Board of Directors continues to ensure that our governance principles and practices are providing the appropriate level of oversight, advice and guidance to our operational team while respecting our fiduciary responsibilities to our policyholders, employees, and key business partners. My appreciation goes out to all my Board colleagues for their hard work and dedication in always acting in the best interests of Portage Mutual. They continue to provide a solid governance foundation for the Company's future.

Lastly, thank you to our employees for your hard work, our broker partners for your continued support, and our policyholders for placing your continued trust in Portage Mutual. We would not be successful without you.

Brent Gilbert, *B.ED, CCIB, ICD.D*
Chair, Board of Directors
February 24, 2025

Message from the CEO

Portage Mutual celebrated 140 years of service to our policyholders and communities in 2024.

I have had the privilege and honor of being part of that for the past 38 years. Over the years, we've made many changes in the way we do business. We've expanded our products and services and built a reputation as one of the most responsive property and casualty insurers in Canada. Still, the underlying principles that guide our company - and the friendly, small-town style of doing business - remain the same.

As a 100 per cent Canadian-owned mutual insurance company, the success of Portage Mutual depends upon serving policyholders with fairness and showing genuine concern for their security. We do this by providing reasonably priced, flexible insurance products and by supporting our brokers with exemplary service. At Portage Mutual, we believe that conducting business with integrity is timeless. This founding principle has earned us the loyalty of our customers for over 140 years.

> “We remain committed to protecting our policyholders…

2024 was a year of extremes for the Canadian insurance industry with $8.5 billion in catastrophe claims, an all-time record by far. Four large events occurred in less than 30 days last summer, with major losses in Calgary, Montreal, Toronto, and Jasper. Fortunately, the Calgary hailstorm was the only event to reach our “catastrophe threshold”. While it had a significant impact on our results with gross incurred losses of $ 14.7M our overall exposure to major events remained limited.

Each year it becomes more evident that climate change is driving larger, more powerful storms, impacting our policyholders and our results. We remain committed to protecting our policyholders by managing our capital wisely, ensuring that we are always here when they need us.

Financial Summary

Premiums Written	$350,436,000
Investment Income	$36,493,000
Insurance Service Result	$53,054,000
Net After-tax Income	$43,608,000
Earned Surplus	$267,433,000
Minimum Capital Test	350.3%

Our Legacy Computer System Replacement Journey

Our journey to replace our legacy computer systems began in 2018 with the implementation of Guidewire Claims. In 2023, we reached a major milestone by converting all policies to Guidewire's Policy and Billing systems. In 2024 we successfully launched our new accounting, statistical, and regulatory reporting system. We also completed our final legacy system replace-

Message from the CEO

ment project with the development of "Direct Connect" for our broker partners. Set to roll out in 2025, Direct Connect will replace our existing broker portal, enhancing efficiency and connectivity.

Strategy

2024 was a busy and productive year, with significant progress on our strategic plan, which focuses on three key areas: our people, our brokers, and the data and analytics needed to ensure fair pricing and excellent service.

In 2024 we concentrated on:

- Growing our policyholder base
- Growing our broker network
- Improving our service levels to both our brokers and policyholders
- Supporting our employees' engagement through a new recognition program and change management.
- Supporting our communities

This year we are introducing a new section in our annual report highlighting our community initiatives. While these efforts have always been integral to who we are, we've been hesitant to promote them, as they are simply part of our DNA and a fundamental way in which we support our policyholders.

Brokers continue to be our sole product distribution arm. We will continue dedicating resources to supporting brokers through improved communication and enhanced electronic document sharing. Our new Direct Connect project, set to replace our broker portal, will ultimately make it easier and more efficient for brokers to do business with us.

> **"We will continue dedicating resources to supporting brokers…**

Making data-driven decisions is a core philosophy at Portage Mutual Insurance. The use of data analytics allows us to make more informed and accurate rating decisions, helping us better manage risk and protect policyholders' financial interests. To support this, we continue to invest in our actuarial team to lead new analytics initiatives and provide empirical evidence to inform our day-to-day business decisions. By embracing data-driven approaches, Portage Mutual Insurance is demonstrating its commitment to providing its policyholders with the best possible products and services.

A special thank you to our dedicated team of employees and our Board of Directors. Your dedication and commitment to the Company and our policyholders continue to drive the success of Portage Mutual Insurance.

To our policyholders, thank you for your trust in us. We look forward to serving you in 2025.

Wayne Wyborn, *FCIP, CRM, PFMM, ICD.D*
President and CEO
February 24, 2025

Board of Directors


BJ Reid, *FCPA, FCA, ICD.D*


Brita Chell, *B.COMM(HONS), FCPA, FCA, ICD.D*


Craig Dunn


Karl Gerrand, *B.SC, ICD.D*


Brent Gilbert, *B.ED, CCIB, ICD.D*


Clarke Munro, *ICD.D*


Cathy Rolland, *MBA, CFA, ICD.D*


Alice Sayant, *MBA, ICD.D*


Doug Simpson, *CPA, CA*


Wadood Ibrahim, *B.SC, M.SC*


Wayne Wyborn, *FCIP, CRM, PFMM, ICD.D*

Senior Leadership Team

Wayne Wyborn, *FCIP, CRM, PFMM, ICD.D*

President and CEO

Wayne began his career with Portage Mutual in 1986 and has enjoyed various roles in the organization, including Branch Manager, VP Underwriting, and Vice President & Chief Operating Officer. On January 1, 2023, he became the President and CEO.

Wayne has a diploma in Business Administration, is a Fellow of the Insurance Institute of Canada, holds a risk management designation from the Risk Management Society of Canada, a Professional Farm Mutual Manager designation from the National Association of Mutual Insurance Companies, and an ICD.D designation from the Institute of Corporate Directors.

Wayne served as Director for the Canadian Association of Mutual Insurance Companies (CAMIC) from October 2018 to October 2024 and served as their Board Chair from October 2022 to October 2024. He was appointed to the board of the General Insurance Statistical Agency (GISA) in October 2024. He also acts as a Director for Portage Mutual Financial Inc.

Amber Anseeuw, *FCAS, FCIA*
Vice-President, Actuarial

Amber leads the actuaries at Portage Mutual. She is on the Portage Mutual Pension Committee and is a member of the Actuarial Mathematics Program Advisory Board at the University of Manitoba.

Jeff Bhamra, *B.COMM(HONS), CPA, CGA*
Chief Risk Officer, Chief Compliance Officer

Jeff joined Portage Mutual in 2010, working in accounting and internal audit prior to his current position. Jeff holds a Masters Certificate in Risk Management and Business Performance from York University.

Cara Cameron, *CPA, CA, FCIP*
Chief Strategy Officer, Chief Future of Work

Cara is a human resource and strategic executive with over 15 years of experience in the insurance industry and is leading the Company's people-first strategy.

Senior Leadership Team

Jean Gauvreau, CIP
Vice-President, Underwriting and Bus. Dev.

As a seasoned insurance professional, Jean joined Portage Mutual in 2020. He is focused on strategic development, continuous improvement and delivery of service to our broker partners.

Jennifer Spicer, MBA, CPA, CMA, CIP
Treasurer and CFO

With 10 years prior experience in the mutual insurance industry, Jennifer joined Portage Mutual in November 2021 and leads the Finance team.

Winson Li, B.SC (HONS), B.SC
Acting Vice-President, Actuarial

Winson joined Portage Mutual in 2018 and leads the Actuarial Pricing team, developing and implementing pricing strategies for insurance products.

Eric Thorsteinson, CCP, MBA
Chief Technology Officer

Eric started his career with Portage Mutual in 1997 and has been instrumental in the operational and strategic planning of the IT roadmap. Since 2018, Eric has been leading the legacy system transformation.

Kevin Wilson, B.COMM, FCIP
Vice-President, Claims

Kevin began his insurance career in 1997. Since joining Portage Mutual in 2022, he focuses on modernizing the delivery of the Portage Mutual claims service to support the company's corporate values.

Corporate

HEAD OFFICE

Portage la Prairie, Manitoba
749 Saskatchewan Avenue E

Corporate

J. Bhamra, *B.COMM(HONS), CPA, CGA*
Corporate Secretary

D. Borodenko, *BA, CIP, CRM*
Director of Corporate Underwriting and Loss Prevention

K. Fay, *ACIA*
Director of Actuarial Valuation

C. Geddes, *CIP*
Director of Property Claims

M. Inns, *BBA, CPA*
Controller

J. Kohlenberg, *MBA, PMP, CSM*
Director of IT Innovation

J. Kunzelman
Director of IT and AMS

C. Lawson, *FCIP, CRM*
Director of Auto Claims

A. Lewis, *FCIP, CRM*
Director of Customer and Broker Experience

W. Li, *B.SC (HONS), B.SC*
Director of Actuarial Pricing

R. Owens, *BA(ADV), FCIP, CRM, CAIB(HONS)*
Director of Marketing, Brand, and Sales

D. Potter, *CPA, CA*
Director, Internal Audit

REGIONAL OFFICES

Western Canada

Edmonton, Alberta
310–12220 Stony Plain Road NW

J. Hunt, *CIP*
Regional Manager

K. Perez, *CIP*
Regional Claims Manager

Prairies

Portage la Prairie, Manitoba
749 Saskatchewan Avenue E

B. Mooney, *FCIP*
Regional Manager

G. Mosiondz, *BBA, CIP*
Assistant Regional Branch Manager

T. Smith, *CIP*
Property Claims Manager

Ontario

St. Catharines, Ontario
201–25 Corporate Park Drive

P. DiTullio, *CIP, CRM*
Regional Manager

C. Lawson, *FCIP, CRM*
Director of Auto Claims

R. Aniballi, *CIP*
Business Development Manager

Corporate

REGIONAL OFFICES (continued)

Atlantic

Halifax, Nova Scotia
224–1595 Bedford Highway

B. Houlihan, *B.COMM, M.ED, FCIP, CRM*
Regional Manager

C. Geddes, *CIP*
Director of Property Claims

J. Landymore, *ACIP, CRM*
Marketing Manager

SERVICE OFFICES

Winnipeg, Manitoba
103–1661 Portage Avenue

We’re Comfortable Being a Mutual

Locally minded

We’re not just closely tied to the communities we serve. We’re a part of them. We’re your friends and neighbours. As such, we know that your home and your business aren’t just buildings. They’re a collection of your prized possessions, cherished memories, and hard earned achievements. That’s why we offer a wide range of home, business, and farm products tailored to your life so you can go about the business of living it with peace of mind.

Although we’re a national company, we believe insurance is a local matter, which is why we sell our products exclusively through over 295 professional insurance brokerages across Canada. We truly feel that a local broker’s professional guidance is your best resource when shopping for insurance and we’re committed to safeguarding this resource so you continue to have the best options at your disposal.

Facing the storm with you

Mutually inclusive

Being mutual means we exist solely to meet the needs of our policyholders, not shareholders, which makes us uniquely focused on our customers. We focus on a long term view of our customers and their needs, not on the quarterly bottom line.

In keeping with a mutual frame of mind, our employees care about what is happening in the communities in which they operate and we regularly see multiple staff volunteer commitments in support of various charities across Canada. On top of that, we provide annual donations to over 150 organizations across the nation, many in cooperation with our broker partners who have a pulse on the needs of their respective communities.

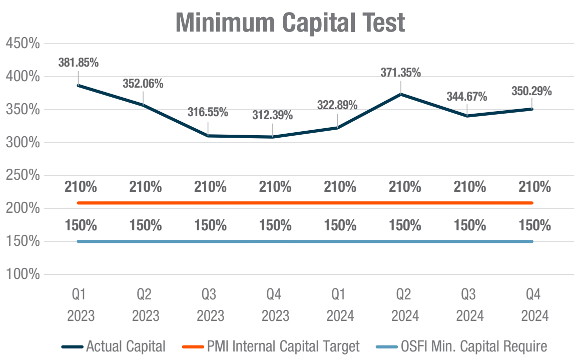
We’re your friends and neighbours and we’re all in this together. That’s what being mutual is all about.

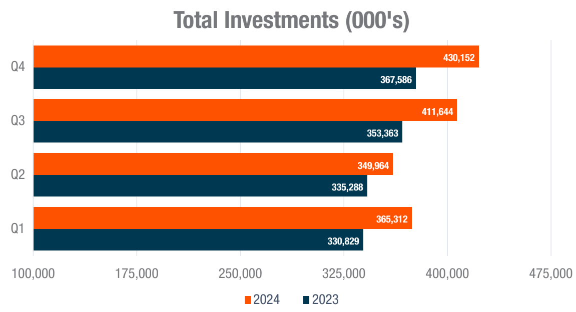
Financially sound

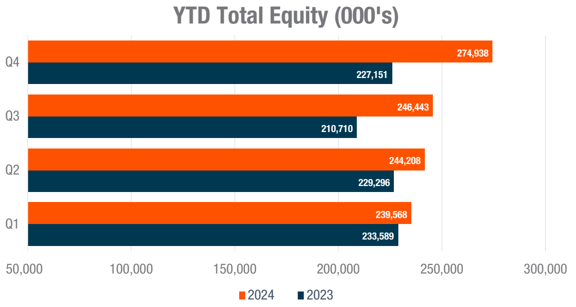
As a national company, we’re regulated by the Office of the Superintendent of Financial Institutions (OSFI). They ensure that companies maintain certain performance standards. We’re proud to say that we’re well above the Canadian P&C required rating as prescribed by OSFI and we’re even well above the industry average. The Company has the added protection of achieving a great spread of risk, which further helps to maintain financial stability even in heavy loss years.

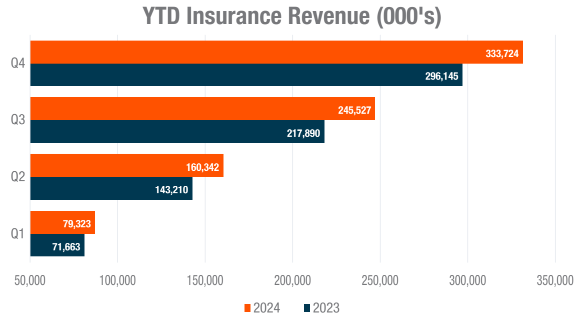
What this means is that if disaster strikes, you can rest assured that we have the resources to keep you covered and you can expect fast and fair claims service to help you put that special place back together. This is something you’d expect from a company that’s been doing this since 1884.

Financial Highlights

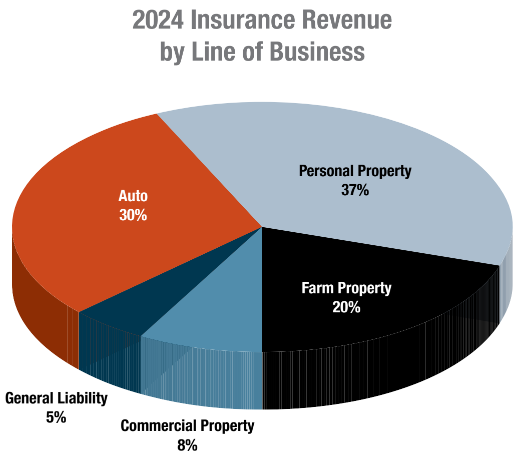


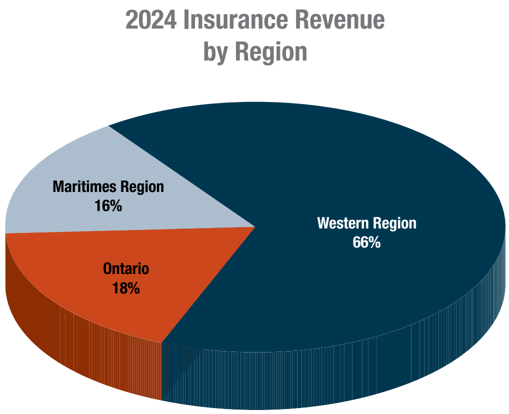


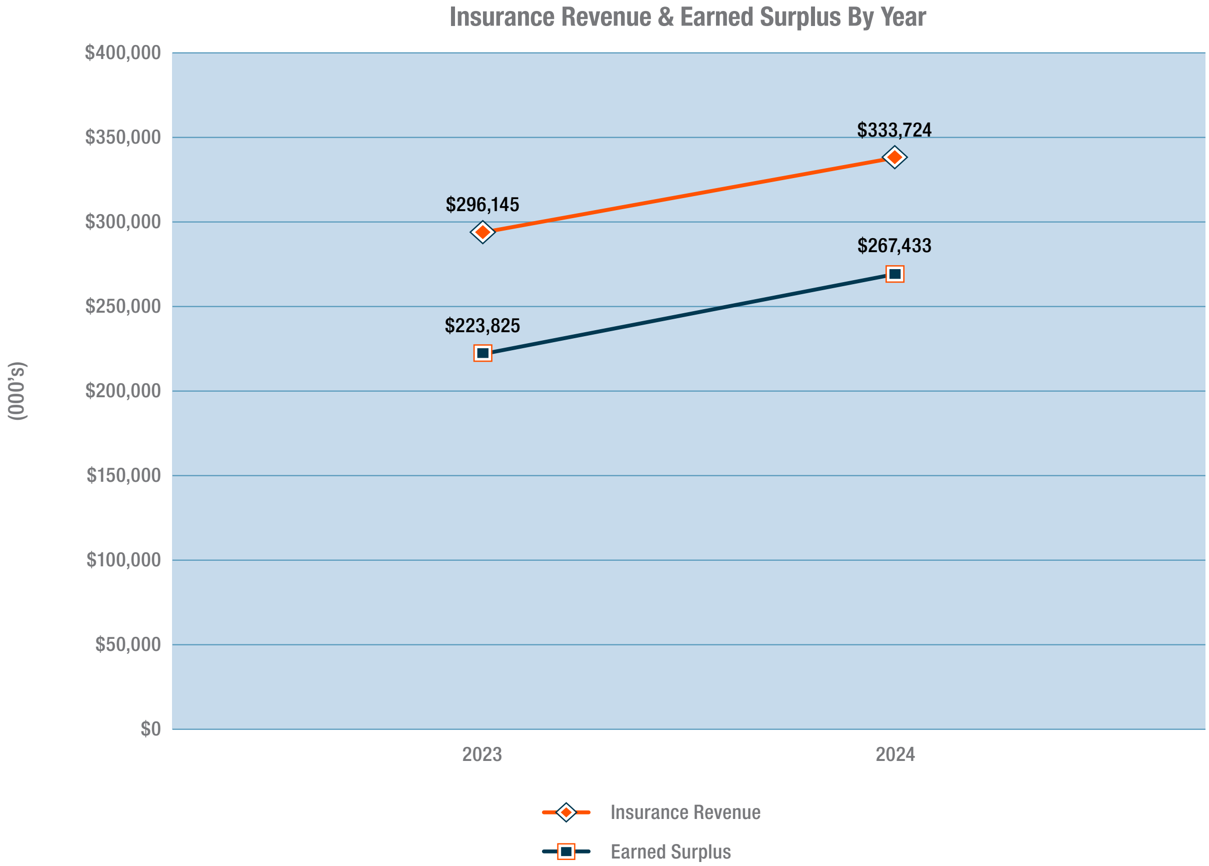




Financial Highlights







Independent Auditor's Report

To the Policyholders of The Portage la Prairie Mutual Insurance Company:

Opinion

We have audited the consolidated financial statements of The Portage la Prairie Mutual Insurance Company (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of income (loss) and comprehensive income (loss) for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of material accounting policy information (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Financial Statements"* section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the Annual Report, other than the financial statements and the auditor's report thereon, which is expected to be made available to us after the date of our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

KPMG ***LLP***
Chartered Professional Accountants
Winnipeg, Canada
February 24, 2025

Appointed Actuary's Report

To the Policyholders of The Portage la Prairie Mutual Insurance Company:

I have valued the policy liabilities of The Portage la Prairie Mutual Insurance Company for its financial statements prepared in accordance with International Financial Reporting Standards for the year end 31 December 2024.

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

Mylène Labelle
Fellow, Canadian Institute of Actuaries
Toronto, Ontario
24 February 2025

Consolidated Statement of Financial Position

As at December 31, 2024, with comparative information for 2023

In thousands of dollars	2024	2023
Assets		
Cash and cash equivalents	$ 13,542	$ 11,071
Prepaid expenses	550	525
Investment income due and accrued	2,328	2,316
Investments *(note 5)*	430,152	367,586
Income taxes recoverable	-	3,564
Reinsurance contract assets *(note 10)*	30,965	49,593
Investments in associates *(note 5)*	24,794	22,996
Accrued pension asset *(note 8)*	9,431	3,444
Intangible assets *(note 7)*	25,487	24,411
Property and equipment *(note 6 and note 15)*	5,761	6,314
Total assets	**$ 543,010**	**$ 491,820**
Liabilities and equity		
Liabilities:		
Other liabilities	$ 7,557	$ 5,134
Amounts due to facility association	2,007	1,985
Income taxes payable	14,666	-
Insurance contract liabilities *(note 9)*	235,684	250,746
Post-employment benefit liabilities	2,246	2,159
Deferred income taxes *(note 16)*	5,912	4,645
Total liabilities	268,072	264,669
Equity:		
Earned surplus	267,433	223,825
Accumulated other comprehensive income (loss)	7,505	3,326
Total equity	274,938	227,151
Total liabilities and equity	**$ 543,010**	**$ 491,820**

On behalf of the Board:

Brent Gilbert, ***B.ED, ICD.D***
Wayne Wyborn, ***FCIP, CRM, PFMM, ICD.D***

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income (loss) and Comprehensive Income (loss)

Year ended December 31, 2024, with comparative information for 2023

In thousands of dollars	2024	2023
Insurance revenue	$ 333,724	$ 296,145
Insurance service expenses	268,326	282,810
Insurance service result before reinsurance contracts held	65,398	13,335
Net expenses from reinsurance contracts held	(12,344)	(13,495)
Insurance service result *(note 11)*	53,054	(160)
Net investment income	14,804	7,972
Net gains on investment portfolio	21,690	18,706
Net investment return	36,494	26,678
Finance expense from insurance contracts issued *(note 14)*	(10,589)	(8,224)
Finance income from reinsurance contracts held *(note 14)*	1,522	1,569
Net insurance financial result	(9,067)	(6,655)
Other expenses	(24,065)	(23,899)
Share of profit from investments in associates *(note 5)*	1,798	1,769
Profit (loss) before income taxes	58,214	(2,267)
Income tax expense (recovery) *(note 16)*	14,606	(1,639)
Net income (loss)	**$ 43,608**	**$ (628)**
Other comprehensive income (loss), net of taxes:		
Items that will not be reclassified subsequently to net income:		
Actuarial gains (losses) on pension plan	4,156	(3,002)
Actuarial gains (losses) on post-employment benefit	23	(197)
Total other comprehensive income (loss)	4,179	(3,199)
Total comprehensive income (loss)	**$ 47,787**	**$ (3,827)**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended December 31, 2024, with comparative information for 2023

In thousands of dollars	Earned surplus	Accumulated other comprehensive income (loss)	Total equity
Balance as at Jan 1, 2023	$ 224,453	$ 6,525	$ 230,978
Net income (loss)	(628)	-	(628)
Actuarial gains (losses) on pension and employee benefits	-	(3,199)	(3,199)
Balance as at Dec 31, 2023	$ 223,825	$ 3,326	$ 227,151
Net income (loss)	43,608	-	43,608
Other comprehensive income (loss)	-	-	-
Actuarial gains (losses) on pension and employee benefits	-	4,179	4,179
Balance as at Dec 31, 2024	**$ 267,433**	**$ 7,505**	**$ 274,938**

Accumulated other comprehensive income (loss) is composed of actuarial gains (losses) on pension and employee benefits net of income taxes (recovery) of $2,622 ($1,167 at December 31, 2023).

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

In thousands of dollars	**2024**	**2023**
Cash provided by (used in):		
Operating activities:		
Net income (loss)	$ 43,608	$ (628)
Items not involving cash:		
Depreciation on property and equipment	937	932
Amortization on intangible assets	3,205	2,734
Deferred income taxes	1,267	(352)
Change in unrealized gain on fair value through profit or loss financial assets	(22,233)	(16,430)
Change in non-cash balances relating to operations:		
Insurance contract liabilities	(15,062)	(3,773)
Reinsurance contract assets	18,628	3,271
Prepaid expenses	(25)	90
Other liabilities	2,423	947
Amounts due to facility association	22	(36)
Pension plan liabilities	(5,987)	3583
Post employment benefit liabilities	87	368
Gain (loss) on pension plan recognized in OCI	4,179	(3,199)
Income taxes recoverable	18,230	22,881
Net cash provided by operating activities	49,279	10,388
Investing activities:		
Purchase of property and equipment	(384)	(948)
Purchase of other assets	(4,281)	(5,205)
Purchase of investments	(350,960)	(160,498)
Change in investments in associates	(1,798)	(1,769)
Investment income due and accrued	(12)	416
Proceeds from the sale of property and equipment	20	29
Proceeds on disposal of investments	310,607	161,332
Net cash used in investing activities	(46,808)	(6,643)
Increase in cash during the year	2,471	3,745
Cash and cash equivalents, beginning of year	11,071	7,326
Cash and cash equivalents, end of year	**$ 13,542**	**$ 11,071**
Cash and cash equivalents is comprised of:		
Cash in bank	$ 12,827	$ 7,389
Cash equivalents	715	3,682
Cash and cash equivalents, end of year	**$ 13,542**	**$ 11,071**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Reporting organization

The Portage la Prairie Mutual Insurance Company (the "Company") is domiciled in Canada and the address of the Company's registered office is 749 Saskatchewan Avenue East, Portage la Prairie, Manitoba. The Company is incorporated under the Insurance Companies Act (Canada) without share capital under the laws of the Government of Canada and its principal business activities include the underwriting of property and casualty insurance. The Company is licensed in all provinces except Quebec. The consolidated financial statements of the Company as at and for the year ended December 31, 2024 comprise the Company and its wholly-owned subsidiary and the Company's interest in associates.

2. Basis of preparation

(A) STATEMENT OF COMPLIANCE:

The Company's consolidated financial statements have been prepared in accordance with Section 331(4) of the Insurance Companies Act which states that, except as otherwise specified by the Office of the Superintendent of Financial Institutions Canada (OSFI), the consolidated financial statements are to be prepared in accordance with Canadian generally accepted accounting principles (GAAP). IFRS Accounting Standards (IFRS) is Canadian GAAP for publicly accountable enterprises in Canada.

The accounting policies used to prepare these consolidated financial statements are based on IFRS issued by the International Accounting Standards Board (IASB) in effect on February 24, 2025, the same date the Board of Directors approved the statements.

(B) BASIS OF MEASUREMENT:

Presentation of the consolidated financial statements is in Canadian dollars, which is the Company's functional currency, and figures are rounded to the nearest thousands of dollars unless otherwise indicated. All figures are prepared on the historical cost basis except for the following items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value (note 4(c))
- the pension plan asset/liability is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation
- insurance contract liabilities measured under premium allocation approach (PAA) in accordance with IFRS 17.

(C) USE OF ESTIMATES AND JUDGEMENTS:

The preparation of these consolidated financial statements in conformity with IFRS requires management of the Company to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities – actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (continued)

Information about judgements, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

- Note 8 – defined benefit obligation
- Note 13 – liability for incurred claims
- Note 18 – commitments and contingencies

(D) LIQUIDITY:

The Company presents its statement of financial position in order of highest to least liquidity. Assets and liabilities expected to be settled or recovered greater than 12 months from the reporting date are detailed under note 22.

3. Adoption of new accounting standards

Amendments to IFRS 16 – Leases (IFRS 16):

The IASB issued "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)" in September 2022 requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss as a result of the right of use it retains. These amendments were implemented effective January 1, 2024 with retrospective application. The amendments had no impact on the Company's consolidated financial statements.

Amendments to IAS 1 – Presentation of Financial Statements (IAS 1):

The Company adopted the amendments to IAS 1 – Presentation of Financial Statements on January 1, 2024. These amendments clarify how covenants with which an entity must comply on or before the reporting date affect the classification of a liability. They also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date. These amendments were implemented effective January 1, 2024 with retrospective application. The amendments had no impact on the Company's consolidated financial statements.

4. Material accounting policy information

These consolidated financial statements have been prepared with the accounting policies set out below, applied consistently to all periods presented in the consolidated financial statements.

(A) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements of the Company include the wholly-owned subsidiary, Portage Mutual Financial Inc., and has been included from the date that control commenced until the date that control shall cease. The accounting policies of the subsidiary have been aligned with the policies adopted by the Company. All intra-company transactions and dividends have been eliminated upon consolidation.

4. Material accounting policy information (continued)

Investments in associates includes those entities which the Company holds between 15 and 50 percent of the voting rights and exerts significant influence but not control. Investments in associates are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include the Company's share of the income and expenses and equity movements of such entities from the date that significant influence commences, until the date that significant influence ceases.

(B) FOREIGN CURRENCY TRANSACTIONS:

Transactions in foreign currencies are translated to the Company's functional currency at exchange rates at the dates of the transactions. Monetary assets denominated in foreign currencies are translated to the functional currency of Canadian dollars at the exchange rate as of the reporting date. Non-monetary assets denominated in foreign currencies are translated to the functional currency at the same date fair value is determined or, in the case of historical cost items, the exchange rate at the date of the transaction.

(C) FINANCIAL INSTRUMENTS:

Financial assets

The Company initially recognizes receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from an asset expire or are transferred in a transaction where substantially all the risks and rewards of ownership are transferred.

Classification

Under IFRS 9, financial assets are classified based on the business model for managing the instruments and their contractual terms. The Company has the following non-derivative financial assets: investment-grade fixed income securities (such as government and corporate bonds and debentures), exchange traded equity instruments and other invested assets. Except for investment in associates, non-derivative financial assets are classified based on the business model for managing the instruments and their contractual cash flow characteristics. Depending on these criterion, assets are classified as either: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. In this case, the change in classification information is incorporated when assessing newly originated or purchased financial assets going forward.

4. Material accounting policy information (continued)

Financial assets are measured at amortized cost if the following criteria are met and the asset is not designated as FVTPL:

- assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding or consistent with a basic lending arrangement.

Assets measured at amortized cost are recognized initially at fair value on the settlement date and subsequent to that, are measured at amortized cost using the effective interest method with the required application of twelve month or lifetime impairment expected credit losses (ECLs).

Financial assets are measured at FVOCI if the following criteria are met and they are not designated as FVTPL:

- assets are held within a business model whose objective is to both collect contractual cash flows and sell financial assets; and
- the contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding or consistent with a basic lending arrangement.

Equity investments are generally measured at FVTPL. For equity investments that are not held for trading, however, an irrevocable election can be made at initial recognition to present fair value changes permanently in OCI. This means gains or losses are not reclassified to net income upon disposal of an investment.

All other assets that are not classified as amortized cost or FVOCI are recognized as FVTPL. At initial recognition of IFRS 9, entities have the option to irrevocably designate a financial asset as FVTPL if doing so reduces an accounting mismatch that would otherwise arise.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification and measurement. Under IFRS 9, derivative instruments are automatically classified as FVTPL as the SPPI test for contractual cash flows is not met.

Business model assessment

Under IFRS 9, entities are to determine the business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives. Judgment is utilized by entities to determine which model aligns with its primary business objectives. Factors considered in business model determination include the risks affecting the performance of the business model and how those risks are managed; how asset portfolio managers are compensated; and the frequency, volume and timing of sales in prior periods. As the Company's primary business model is to hold assets to collect contractual cash flows and sell as required to settle insurance contract liabilities, the assets would be reported as FVOCI. However, the Company has chosen to irrevocably designate debt and equity instruments as FVTPL to reduce accounting mismatches in net income as insurance finance income and expenses are reported in net income under IFRS 17.

4. Material accounting policy information (continued)

Summary of financial assets

The following table summarizes the classification of the Company's financial instruments under IFRS 9

Classification	Financial Instruments	Description	Initial and Subsequent Measurement
FVTPL	Debt securities consisting of short-term debt and bonds and debentures	Non-derivative financial assets. Consists of bonds and debentures backing insurance contract liabilities that have been designated as FVTPL to reduce accounting mismatches from the reporting of discounting on insurance liabilities in net income under IFRS 17.	Initially measured at fair value using transaction prices at trade date. Subsequently measured at fair value using quoted prices for similar assets in an active market. Net gains (losses) are recognized in net income.
FVTPL	Preferred and common share equities	Non-derivative financial assets. Consists of preferred and common share equities whose dividend income is used to back insurance contract liabilities. Assets are mandatorily measured as FVTPL as the SPPI criterion fails.	Initially measured at fair value using transaction prices at trade date. Subsequently measured at fair value using quoted prices for similar assets in an active market. Net gains (losses) are recognized in net income.
Amortized Cost	Cash and cash equivalents	Highly liquid investments held to meet short-term obligations that are readily convertible to cash.	Initially measured at fair value at trade date plus any directly attributable transaction costs. Subsequently measured at amortized cost using the effective interest method. Impairment ECL provisions should be assessed and applied as necessary.
Amortized Cost	Loans to brokerages, trade and other receivables	Loans provided to brokers and subsidiary companies, trade and other receivables. Amounts are held to collect contractual cash flows until the end of the term.	Initially measured at fair value at trade date plus any directly attributable transaction costs. Subsequently measured at amortized cost using the effective interest method. Impairment ECL provisions should be assessed and applied as necessary.

Impairment

IFRS 9 introduces a single forward-looking expected credit loss model for debt instruments not measured at FVTPL. The expected credit loss model will result in an allowance for credit losses being recorded on debt instruments regardless of whether there has been an actual loss event. The model has three stages:

- on initial recognition, a loss allowance is recognized and maintained equal to 12 months of expected losses;
- if credit risk increases significantly relative to initial recognition, the loss allowance is increased to cover the full lifetime expected credit losses; and
- when a financial asset is considered credit impaired, the loss allowance continues to reflect lifetime expected credit losses and interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than its gross carrying amount. A corresponding expense is recognized in net income in net gains (losses) on financial assets.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls or differences between the cash flows per the instrument's contractual terms and the actual cash flows the Company expects to receive. Changes in the expected credit loss allowance, including the impact of movement between 12 month and lifetime expected credit losses, will be recorded in net income.

4. Material accounting policy information (continued)

At each reporting date, the Company assesses whether financial assets are credit impaired. A financial asset is credit impaired when one or more events having a negative impact on estimated future cash flows have occurred. Under IFRS 9, financial assets that are considered investment grade are expected to have a low credit risk. Therefore, the criterion for lifetime ECL recognition is not met. The stages in determining whether there has been a significant increase in credit risk are summarized in the following table:

Staging	Description
Stage 1 (12 months)	Credit risk of the financial asset is low (investment grade) or credit risk has not increased significantly since initial recognition
Stage 2 (Lifetime)	Credit risk has significantly increased since initial recognition but the financial instrument is not credit impaired
Stage 3 (Lifetime)	Financial instrument is credit impaired

In both the 2023 and 2024 reporting periods, the Company has assessed a 12-month expected credit loss on the financial assets measured at amortized cost. As there were no previous historical losses reported, the weighted average ECL is equal to zero for these assets.

Financial liabilities

The Company initially recognizes financial liabilities on the trade date at which it becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

The Company has non-derivative financial liabilities which consist of accounts payable and accrued liabilities. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

(D) CASH AND CASH EQUIVALENTS:

Cash consists of bank balances, net of outstanding cheques and cash equivalents which are highly liquid instruments maturing in 3 months or less. Bank overdrafts that are repayable on demand are included if utilized as a component of cash for the purpose of the statement of cash flows.

(E) INVESTMENT INCOME:

Investment income comprises interest and dividend income from invested debt and equity securities, and gains and losses on the disposal of FVTPL financial assets. Interest income is recognized as it accrues in net income, using the effective interest method. Dividend income is recognized in net income on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Finance cost includes impairment losses recognized on financial assets in net income. Foreign currency gains and losses are reported on a net basis.

4. Material accounting policy information (continued)

(F) PROPERTY AND EQUIPMENT:

Non-financial asset recognition, measurement and subsequent costs

The Company measures items of property and equipment at cost less accumulated depreciation and accumulated impairment losses. Cost comprises expenditures directly attributable to acquisition of the asset. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income in net income. The subsequent cost of maintaining an item of property and equipment is recognized in net income as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in net income on a straight-line basis using rates as follows which most closely reflect the expected pattern of consumption of the future economic benefits embodied in the assets:

Building	2%
Furniture and equipment	10%
Automobiles	30%
Data processing equipment	20%
Leasehold improvements	Over the term of the leases, 1–11 years

(G) INTANGIBLE ASSETS AND SUBSEQUENT EXPENDITURES:

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Other intangible assets are comprised of computer system software. Computer system software under development is not amortized until such time as the asset is available for use, after which it is amortized on a straight-line basis of 10% to 20% per year. Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Subsequent expenditures are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in net income as incurred.

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS:

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each year end. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is determined as the estimated future cash flows discounted to present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. Impairment losses recognized reduce the carrying amounts of the assets.

Impairment losses recognized for assets of prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's

4. Material accounting policy information (continued)

carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) EMPLOYEE BENEFITS:

Defined benefit plan

The Company sponsors a defined benefit plan which covers substantially all of its employees. The Company's obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed annually by a qualified actuary using the projected benefit method. When the calculation results in a benefit, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plan. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in net income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in net income.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income, and reports them in equity.

Defined contribution plan

The Company maintains a defined contribution plan for its employees. The pension expense, which is charged through the statement of comprehensive income (loss), is equal to the Company's funding of this plan for the year. Effective January 1, 2022, all new employees are enrolled in the defined contribution plan.

Post-employment benefits

The Company's obligation in respect of long-term employee benefits, other than the pension plan, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected benefit method. Any actuarial gains and losses are recognized in other comprehensive income, and reported in equity.

4. Material accounting policy information (continued)

(J) INSURANCE AND REINSURANCE CONTRACTS:

Classification

As part of the normal course of business, the Company issues insurance contracts that transfer significant insurance risk from policyholders to the Company at the inception of the contract. The Company also holds reinsurance contracts that transfer significant insurance risk from the Company to reinsurers as outlined in the respective treaties. Significant insurance risk is determined by comparing the payments that are expected from a policyholder to the premium received for insuring the risk.

Insurance and reinsurance contracts that contain distinct investment components where distinct goods or services other than insurance coverage exists must be segregated and reported separately under the applicable IFRS standard. The Company has assessed that no distinct investment components exist within the Company's insurance contracts written and reinsurance contracts held.

Level of aggregation

IFRS 17 requires companies to assess whether a series of contracts can be recognized together as a group versus as individual contracts. Insurance contracts are aggregated into portfolios based on reasonable and supportable information available for contracts subject to similar risks and managed together, profitability, and contracts issued not more than one year apart. The Company has utilized judgement in separating its insurance business into unique portfolios based on product line and geographical region. These portfolios of contracts are then further grouped based on expected profitability into the following:

- groups of contracts that are onerous at initial recognition, if any;
- groups of contracts that, at initial recognition, have no significant possibility of becoming onerous, if any; and
- groups of the remaining contracts in the portfolio, if any.

Similar to the principles for insurance contracts above, the Company has aggregated reinsurance contracts into portfolios. However, references to onerous contracts have been replaced with contracts on which a net gain exists on initial recognition. In the case of reinsurance contracts held, groupings may be comprised of a single contract.

Portfolios and groups are subject to change annually depending on how the Company manages its business.

Contract boundary

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

- the Company has the practical ability to reassess the risks of the policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

4. Material accounting policy information (continued)

Similarly, for groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive insurance services from the reinsurer. A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

Recognition

Groups of insurance contracts issued by the Company are recognized from the earliest of:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due or when the first payment is received if there is no contractual due date; or
- when the group of insurance contracts is identified as onerous.

The Company recognizes groups of reinsurance contracts held from:

- the beginning of the coverage period of the group, or in the case of proportionate reinsurance, the later of the beginning of the coverage period of the group or the initial recognition of underlying insurance contracts; or
- the date the Company recognizes an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract at or before that date.

If insurance contracts are acquired as a result of a business combination, these contracts are recognized as new insurance contracts by the Company on the date of acquisition.

Groups of insurance and reinsurance contracts are established on initial recognition. The composition of the group is not subsequently revised once all contracts have been added to the group.

Measurement model

The carrying amount of insurance contracts issued at the end of each reporting period on the consolidated statement of financial position is summarized as insurance contract liabilities. This summarized balance is composed of the following:

- *liability for remaining coverage (LRC):* the outstanding obligation to provide future insurance coverage services on events that have not yet occurred at the end of the reporting period, including incurred insurance expenses relating to future insurance coverage; and
- *liability for incurred claims (LIC):* the outstanding obligation to provide claims service on past insured events that have already occurred, including claims that have not been reported on events that have already occurred. Included within this category are incurred insurance expenses on past service.

4. Material accounting policy information (continued)

The carrying amount of reinsurance contracts held at the end of each reporting period on the consolidated statement of financial position is summarized as reinsurance contract assets. This balance contains the following:

- *asset for remaining coverage (ARC):* the outstanding right to receive future reinsurance coverage from reinsurers for events that have not yet occurred at the end of the reporting period; and
- *asset for incurred claims (AIC):* the outstanding right to receive compensation for reinsured events that have already occurred, including compensation on past events for which reinsured claims have not yet been reported.

Under IFRS 17, the Company has qualified to apply the simplified PAA model in measuring the LRC and ARC on both insurance contracts issued and reinsurance contracts held as the coverage period of the underlying contracts are one-year or less, or, are not considered to materially differ from the LRC/ARC measurement under the general measurement model (GMM).

Initial and subsequent measurement

The LRC carrying amount is measured as the sum of the following:

- premiums receivable, identified as not materially differing from premiums received;
- less insurance acquisition cash flows allocated to LRC;
- amortized insurance acquisition cash flows recognized as expenses in the reporting period;
- less insurance revenue recognized on coverage provided during the reporting period; and
- loss component for onerous contracts.

The LRC is not adjusted for the time value of money as premiums are due within a one-year coverage period.

The LIC carrying amount is measured as the sum of the following:

- estimates of fulfilment cash flows related to incurred claims, discounted to reflect the time value of money and financial risk related to those cash flows;
- application of an explicit risk adjustment (RA); and
- a portion of other incurred expenses related to the fulfilment of in-force insurance contracts.

The Company measures reinsurance assets for a group of reinsurance contracts held similar to insurance contracts issued. However, the measurement reflects the features of reinsurance contracts held that differ from insurance contracts issued. The asset may also include an allowance for non-performance risk by reinsurers based on management's credit risk assessment of reinsurers. All associated reinsurance expenditures incurred in the reporting period are recorded as net expenses/recoveries from reinsurance contracts held on the consolidated statement of comprehensive income (loss).

The ARC for reinsurance contracts held includes the sum of the following:

- unearned ceded premiums, net of unearned ceded commissions from reinsurers;
- premiums payable to or receivable from reinsurers associated with future reinsurance coverage; and
- reinsurance loss recovery component on onerous underlying contracts.

4. Material accounting policy information (continued)

The AIC for reinsurance contracts held includes the following:

- estimates of fulfilment cash flows related to the recovery of ceded incurred claims discounted in a similar manner as direct written insurance contracts;
- application of an explicit RA representing the amount of risk being transferred to the reinsurer;
- claims recovery amounts receivable from reinsurers;
- reinstatement premiums payable to reinsurers associated with the catastrophe reinsurance treaty; and
- profit sharing commissions receivable from reinsurers based on loss history, if any.

The Company incorporates in an unbiased way all reasonable internal and external supportable information that is available without undue cost or effort at the reporting date.

Insurance acquisition cash flows

Insurance acquisition cash flows are comprised of commissions, premium taxes and an allocation of other expenses that are considered directly attributable to underwriting insurance business. Management has utilized judgment in determining the allocation basis for other expenses using a systematic and rational allocation method. The Company has elected to capitalize insurance acquisition cash flows related to the Company's future coverage obligation to policyholders and amortize to net income over the periods in which the related premiums are recognized as income. The amount of capitalized insurance acquisition cash flows is limited to its net realizable value by giving consideration to losses and expenses estimated to be incurred as premiums are earned.

Onerous contracts

A group of insurance contracts is onerous at initial recognition if there is a net outflow of fulfilment cash flows. The Company assumes that no contracts in a portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. Management has developed a methodology utilizing internal budgets, forecasts and historical trends to analyze groups of contracts and identify groups where a net outflow is expected. Onerous groups of contracts are then separated from profitable groups of contracts and a loss component recognized in LRC with the associated expense recognized as part of insurance service expense on the consolidated statement of comprehensive income (loss). The loss component is then amortized to net income over the coverage period of the underlying group of contracts as an offset to incurred claims expenses in insurance service expense.

The loss component related to onerous insurance contracts included in the LRC is offset by the expected recoverable portion of the onerous insurance contracts from the related reinsurance contracts. The group of reinsurance contracts held must be effective before or at the same time as the loss recognized on underlying onerous contracts in order to be included in the loss recovery calculation. The loss recovery component is calculated by multiplying the initial loss component on onerous underlying contracts by an expected reinsurance loss recovery ratio. Management has applied judgment in determining the expected reinsurance loss recovery ratio, utilizing a five-year average of the recovered portion of incurred claims expenses. The loss recovery component is included in ARC with the related recovery recognized in net expense from reinsurance contracts held on the consolidated statement of comprehensive income (loss). The loss recovery component is subsequently amortized to net income over the coverage period of the underlying reinsurance contract. Additional detail provided in notes 9 and 10.

4. Material accounting policy information (continued)

If facts and circumstances indicate that a group of insurance contracts is expected to become onerous during the coverage period, the Company applies the same methodology as at initial recognition to identify the loss component to be recognized in LRC.

Estimated fulfilment cash flows

The estimated fulfilment cash flows for incurred claims represents an estimate for the full amount of all costs including investigations and the projected final settlements of claims incurred to the consolidated statement of financial position date. This provision is calculated taking into consideration the time value of money and including an explicit RA.

These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded in the current period.

Discount rate

The loss component portion of the LRC and the entire LIC balance of the Company are discounted to reflect the time value of money and financial risk that acknowledges the expected duration of the liabilities of the portfolios. The appointed actuary has identified a discount yield curve using risk-free rates that are adjusted to reflect the illiquidity characteristics of the relevant insurance contracts. Refer to note 13 for additional details.

Risk Adjustment

The expected future cash flows in the liabilities or assets associated with insurance and reinsurance contracts include a risk adjustment ("RA"). The RA reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows that arises from the underlying insurance contracts.

Contract modification and derecognition

Insurance contracts are derecognized upon contract expiry or cancellation when the Company's rights and obligations are extinguished. If a contract is modified for which that modification results in a significant change to the insurance contract, the initial contract is derecognized and the modified contract recognized. If contract modification is insignificant, these changes are recorded as adjustments in LRC.

Insurance revenue

In the consolidated statement of comprehensive income (loss), the Company defers and recognizes insurance revenue as earned over the coverage period of the underlying insurance contracts. Insurance revenue includes:

- allocation of expected premiums over the coverage period of the insurance contract; and
- other insurance related income such as service fees or interest collected from policyholders subscribing to installment payment plans;

4. Material accounting policy information (continued)

Insurance service expense

Insurance service expenses consist of directly attributable acquisition and fulfilment cash flows incurred by the Company in the servicing of groups of insurance contracts. Insurance service expenses are comprised of both direct and an allocation of indirect costs and include the following:

- claims incurred relating to current and prior accident years;
- an allocation of other insurance cash flows incurred in the fulfilment of in-force business during the period;
- amortization of insurance acquisition cash flows; and
- losses and reversal of losses on onerous contracts.

The Company presents any non-financial changes in RA as part of insurance service result while any changes in the financial portion are presented in net financial result. The financial portion of changes in RA include the unwinding of discounting and change in discount rates.

Net expense/recoveries from reinsurance contracts held

Net expense/recoveries from reinsurance contracts held consists of the amounts expected to be recovered from reinsurers and the reinsurance premiums paid. The Company accounts for reinsurance cash flows that are contingent on claims in the underlying contracts as part of the expected claims recoverable from reinsurers. Ceded commissions receivable from reinsurers that are not contingent on claims are recorded as an offset to premiums paid to reinsurers.

Net financial result

Net financial result on the consolidated statement of comprehensive income (loss) is comprised of net finance income/expense from insurance contracts and net finance income/expense from reinsurance contracts. Included in these items are the change in the carrying amounts of the group of insurance and reinsurance contracts arising from changes in the time value of money associated with the unwinding of discounting and change in discount rates, and changes in financial risk.

(K) LEASE PAYMENTS:

At inception of a contract, the IFRS 16 Leases (IFRS 16) standard requires the Company to assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset, representing its right to use the underlying leased asset, and a lease liability, representing the obligation to make lease payments, at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4. Material accounting policy information (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payments included in the measurement of the lease liability comprise the following: a) fixed payments, including in-substance fixed payments, b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, c) amounts expected to be payable under a residual value guarantee and d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Payments for certain short-term leases, low value asset leases and common area expenses are recognized in net income on a straight-line basis over the term of the lease.

(L) INCOME TAX:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences that do not affect accounting or taxable income or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are only offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. Material accounting policy information (continued)

(M) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED:

New standards and amendments to standards and interpretations are not yet effective for the year ended December 31, 2024, and have not been applied in preparing these consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18):
The IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements ("IFRS 18") to improve reporting of financial statements in April 2024. IFRS 18 will be effective for the annual reporting period beginning on or after January 1, 2027, and early adoption is permitted. Although IFRS 18 will replace IAS 1, many of the IAS 1 requirements will be carried forward unchanged. However, IFRS 18 will require a shift away from the minimal presentation guidance in IAS 1, to introduce specified subtotals in the statement of income, additional requirements for aggregation and disaggregation of information, as well as, new disclosures for management-defined performance measures. The Company is assessing the impact of IFRS 18 on the presentation and disclosures of its financial statements.

Amendments to the Classification and Measurement of Financial Instruments:
The IASB published Amendments to the Classification and Measurement of Financial Instruments in May 2024, to become effective for annual reporting periods beginning on or after January 1, 2026. The amendments are intended to bring understandability and consistency by addressing the diversity in accounting practices currently in IFRS 9 Financial Instruments, as a result of feedback in the Post-implementation Review of the Accounting Standard. The changes address clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and other similar features, the settlement of liabilities through electronic payment systems, as well as, additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The Company is assessing the impact of the amendments to the Classification and Measurement of Financial Instruments on its financial statements.

5. Financial instruments

Classification

The carrying amounts of the Company's financial instruments by classification are as follows:

	Amortized Cost	Fair value through profit or loss	Total
Dec 31, 2024			
Investments			
Bonds and debentures			
Government	$ -	$ 98,085	$ 98,085
Corporate	-	196,426	196,426
Mortgage loans	-	39,193	39,193
Common shares	-	54,769	54,769
Preferred shares	-	33,894	33,894
Short term investments	-	4,440	4,440
Other invested assets	3,345	-	3,345
Due from policyholders and reinsurers	120,674	-	120,674
Investment income due and accrued	2,328	-	2,328
Accounts payable and accrued liabilities	(34,708)	-	(34,708)
	$ 91,639	**$ 426,807**	**$ 518,446**
Dec 31, 2023			
Investments			
Bonds and debentures			
Government	$ 473	$ 126,446	$ 126,919
Corporate	-	160,974	160,974
Common shares	-	74,940	74,940
Preferred shares	-	2,299	2,299
Other invested assets	2,454	-	2,454
Due from policyholders and reinsurers	114,481	-	114,481
Investment income due and accrued	2,316	-	2,316
Accounts payable and accrued liabilities	(36,107)	-	(36,107)
	$ 83,617	**$ 364,659**	**$ 448,276**

Other invested assets include shareholder loans with related parties of $1,744 (2023: $1,774).

5. Financial instruments (continued)

Impairment

For assets classified as FVTPL, no ECL has been applied as fluctuations in fair values are recognized immediately in net income. Management has assessed loans and receivables and other amounts to have an ECL of zero as at December 31, 2024 as there is no apparent evidence of expected impairment (2023: nil).

Net investment return and net insurance financial result

Net investment return and net insurance financial result as at December 31, 2024, with 2023 comparatives, is comprised of the following:

	2024	2023
Interest	$ 12,042	$ 10,962
Dividends	2,611	2,431
Net realized and unrealized gain	22,448	13,829
Investment expenses	(607)	(544)
Net investment return	36,494	26,678
Net insurance financial result	(9,067)	(6,655)
Net investment return and net insurance financial result	**$ 27,427**	**$ 20,023**

The coupon rates on bonds and debentures varies between 0.25% and 8.95% as at December 31, 2024 (2023: 0.25% to 8.50%). The maturity dates vary from January 2025 to December 2032.

Investments in associates

The Company's subsidiary, Portage Mutual Financial Inc., holds investments in three insurance brokerages (2023: three insurance brokerages). Summary financial information for associates (equity accounted investees), adjusted for the percentage ownership held by the Company are as follows:

	Dec 31, 2024	Dec 31, 2023
Assets	$ 23,290	$ 22,140
Liabilities	10,321	10,866
Revenues	12,723	12,201
Profit	1,798	1,769

All associates are incorporated and domiciled in Canada. The movements in investments in associates during the year were as follows:

	Dec 31, 2024	Dec 31, 2023
At Jan 1	$ 22,996	$ 21,227
Equity income from investments in associates	1,798	1,769
Disposals	-	-
At Dec 31	$ 24,794	$ 22,996

6. Property and equipment

	Land	Building	Data processing equipment	Furniture and equipment	Automobiles	Leasehold improvements	Total
Cost							
Balance at Dec 31, 2022	$ 622	$ 2,537	$ 5,035	$ 3,446	$ 1,381	$ 1,233	$ 14,254
Additions	-	40	499	17	192	49	797
Disposals	-	-	-	-	(295)	-	(295)
Balance at Dec 31, 2023	**$ 622**	**$ 2,577**	**$ 5,534**	**$ 3,463**	**$ 1,278**	**$ 1,282**	**$ 14,756**
Additions	-	11	129	23	163	33	359
Disposals	-	-	-	-	(97)	-	(97)
Balance at Dec 31, 2024	**$ 622**	**$ 2,588**	**$ 5,663**	**$ 3,486**	**$ 1,344**	**$ 1,315**	**$ 15,018**
Depreciation							
Balance at Dec 31, 2022	$ -	$ (782)	$ (4,591)	$ (3,213)	$ (1,020)	$ (1,203)	$ (10,809)
Depreciation for the year	-	(51)	(239)	(57)	(191)	(1)	(539)
Disposals	-	-	-	-	266	-	266
Balance at Dec 31, 2023	**$ -**	**$ (833)**	**$ (4,830)**	**$ (3,270)**	**$ (945)**	**$ (1,204)**	**$(11,082)**
Depreciation for the year	-	(52)	(265)	(50)	(182)	(9)	(558)
Disposals	-	-	-	-	97	-	97
Balance at Dec 31, 2024	**$ -**	**$ (885)**	**$ (5,095)**	**$ (3,320)**	**$ (1,030)**	**$ (1,213)**	**$(11,543)**
Carrying amounts							
At Dec 31, 2023	$ 622	$ 1,744	$ 704	$ 193	$ 333	$ 78	$ 3,674
At Dec 31, 2024	$ 622	$ 1,703	$ 568	$ 166	$ 314	$ 102	$ 3,475

7. Intangible assets

Computer System Software	2024	2023
Cost		
Balance, beginning of year	$ 45,721	$ 40,516
Additions	4,281	5,205
Disposals	-	-
Balance, end of year	**$ 50,002**	**$ 45,721**
Amortization		
Balance, beginning of year	$ (21,310)	$ (18,576)
Depreciation for the year	(3,205)	(2,734)
Disposals	-	-
Balance, end of year	**$ (24,515)**	**$ (21,310)**
Carrying amounts		
Balance, end of year	$ 25,487	$ 24,411

Amortization is recorded in the statement of comprehensive income (loss) under general expenses. Included in the software development costs above are $1,774 (2023: $5,158) which are still being developed and will not begin to be amortized until the system is in use.

8. Defined benefit obligation and defined contribution expense

The Company operates a registered defined benefit pension plan for its employees. The Company's registered plan specifies a monthly benefit upon retirement that is predetermined by a formula based on the employee's earnings history (final average earnings), tenure of service and age. The registered plan is indexed at the discretion of the Board of Directors. The registered plan is pre-funded by payments which require employee and employer contributions. Contributions to the registered plan are made to a separately administered trust fund and the employer contributions are determined by periodic actuarial calculations taking into account the recommendations of qualified actuaries. The registered plan is subject to minimum funding requirements by the Manitoba Pension Benefits Act. Pension plan assets are governed by the regulations of the Manitoba Pension Benefits Act. Responsibility for governance of the registered plan lies with the Pension Committee. The Pension Committee is comprised of representatives of the Company and elected plan participants in accordance with pension regulations.

The Company also operates a supplemental plan for its employees which provides a benefit upon retirement that is predetermined by a formula based on the employee's earnings history (final average earnings), tenure of service and age to members of the registered plan whose benefits are limited by the defined benefit limits under the Income Tax Act (Canada). Benefits of the supplemental plan are paid as a lump sum. The supplemental plan is unfunded. Responsibility for governance of the supplemental plan lies with the Company.

By design, the defined benefit registered and supplemental pension plans expose the Company to the typical risks faced by defined benefit plans such as investment performance, changes to the discount rates used to value the obligations, longevity of plan members, and future price inflation. Pension and benefit risk is managed by establishing policies, regular monitoring, re-evaluation and potential adjustments of these policies as future events unfold.

8. Defined benefit obligation and defined contribution expense (continued)

It should be noted that both the defined benefit obligation as well as the plan assets fluctuate over time, which can result in the registered plan being underfunded. In the event the registered plan becomes underfunded, statutory regulations may require the Company to reduce the underfunded position through additional contributions to plan assets. The Company's funding policy for the registered plan is to make contributions in a year equal to or greater than those required by the applicable regulation. The most recent actuarial valuation of the registered plan for funding purposes was as of December 31, 2021. Generally, the registered plan requires a funding valuation every three years. However, when fluctuations in the defined benefit obligation and plan assets result in an underfunded position not meeting minimum funding requirements, a valuation is required annually until minimum funding requirements are achieved. The next required funding valuation of the registered plan will be as at December 31, 2024.

Components of defined benefit cost	**2024**	**2023**
Amounts recognized in net income:		
Current and past service cost (employer portion)	$ 1,176	$ 1,409
Interest expense	2,828	2,793
Interest income	(3,035)	(3,207)
Administrative expenses and taxes	125	125
Total defined benefit cost included in net income	**$ 1,094**	**$ 1,120**
Amounts recognized in other comprehensive income (OCI):		
Remeasurements – return on plan assets (excluding interest income)	$ (5,024)	$ (1,607)
Remeasurements – Administrative expenses paid from plan assets	-	-
Actuarial loss (gain) on demographic assumption changes	-	21
Actuarial loss (gain) on financial assumption changes	(633)	5,497
Actuarial loss arising from plan member experience	54	135
Total remeasurements included in OCI	**$ (5,603)**	**$ 4,046**
Total defined benefit cost/remeasurement recognized in net income and OCI	**$ (4,509)**	**$ 5,166**

Cumulative (gain) recognized in OCI	**2024**	**2023**
Cumulative (gain) recognized in OCI	$ (11,227)	$ (5,623)

Change in defined benefit obligation	**2024**	**2023**
Defined benefit obligation at end of prior year	$ 62,428	$ 53,913
Current and past service cost (employer portion)	1,176	1,409
Interest expense	2,828	2,793
Plan participants' contributions	1,057	978
Actuarial loss (gain) on demographic assumption changes	-	21
Actuarial loss (gain) on financial assumption changes	(633)	5,497
Actuarial loss arising from plan member experience	54	135
Benefits paid	(2,554)	(2,318)
Defined benefit obligation at end of year	**$ 64,356**	**$ 62,428**

8. Defined benefit obligation and defined contribution expense (continued)

Change in plan assets	2024	2023
Fair value of plan assets at end of prior year	$ 65,872	$ 60,940
Interest income	3,035	3,207
Remeasurements – return on plan assets (excluding interest income)	5,090	1,601
Administrative expenses paid from plan assets	(190)	(118)
Employer contributions	1,477	1,582
Plan participants' contributions	1,057	978
Benefits paid	(2,554)	(2,318)
Fair value of plan assets, end of year	**$ 73,787**	**$ 65,872**

Amounts recognized in the statement of financial position	2024	2023
Defined benefit obligation	$ 64,356	$ 62,428
Fair value of plan assets	73,787	65,872
Excess	$ 9,431	$ 3,444
Net asset	**$ 9,431**	**$ 3,444**

Weighted-average assumptions to determine defined benefit cost	2024	2023
Discount rate	4.64%	5.29%
Rate of salary increase	3.29%	3.30%
The average life expectancy (in years) at age 65 at the end of the reporting period:		
Male	23.0	22.9
Female	25.5	25.4

Weighted-average assumptions to determine defined benefit obligation	2024	2023
Discount rate	4.71%	4.64%
Rate of salary increase	3.29%	3.29%
The average life expectancy (in years) at age 65 at the end of the reporting period:		
Male	23.1	23.0
Female	25.5	25.5

Plan assets by asset category	2024	2023
Equity securities	57%	53%
Debt securities	38%	42%
Cash and cash equivalents	1%	2%
Real Estate	4%	3%
Total	**100%**	**100%**

The plan's assets do not include any investments in The Portage la Prairie Mutual Insurance Company as of December 31, 2024 and December 31, 2023.

8. Defined benefit obligation and defined contribution expense (continued)

Total employer cash payments for employee future benefits, consisting of cash contributed by the Company to its registered plan were $1,479 (2023: $1,582) and cash payments made for benefits paid under the unfunded supplemental plan for 2023 were $0 (2023: $0). The expected employer cash payments for the fiscal year ending December 31, 2024 to the registered plan are $1,408 and nil for the supplemental plan.

Maturity Profile

Allocation of defined benefit obligation	**2024**	**2023**
Actives	60%	60%
Deferred vested	4%	4%
Retirees	36%	36%
Total	**100%**	**100%**
Weighted average duration of the defined benefit obligation	15.4	16.3

Sensitivity analysis

Measurement uncertainty exists in valuing the components of employee future benefits. Each assumption is determined by management based on current market conditions and plan experience information available at the time, however, the long-term nature of the exposure and future fluctuations in the actual results makes the valuation uncertain. Changes in the assumptions would impact the defined benefit obligation as follows:

	2024	**2023**
Discount rate 1% decrease	10,286	10,165
Future salary increases 1% increase	4,011	3,730
Increase in average life expectancy by 1 year	1,398	1,330

To measure the impact of a change in an assumption, all other assumptions were held constant. It is expected that there would be interaction between at least some of the assumptions.

Effective January 1, 2022, all new employees are enrolled in the defined contribution plan maintained by the Company. The contributions to this plan made by the Company in the year were $510 (2023: $228).

9. Insurance contracts

The following reconciliations demonstrate the movement in the net carrying amounts of the LRC and the LIC as at December 31, 2024 and December 31, 2023:

As at Dec 31, 2024	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities, beginning of period	$ 44,341	$ 5,920	$ 189,231	$ 11,254	$ 250,746
Insurance revenue	(333,724)				(333,724)
Insurance service expenses:					
Incurred claims and other directly attributable expenses		(4,254)	203,289	6,201	205,236
Amortization of insurance acquisition cash flows	73,869				73,869
Losses and reversal of losses on onerous contracts		1,210			1,210
Adjustments to liabilities for incurred claims			(6,018)	(5,971)	(11,989)
Insurance service result before reinsurance contracts held	(259,855)	(3,044)	197,271	230	(65,398)
Finance (income) expense from insurance contracts issued			9,945	644	10,589
Total changes in the consolidated statement of income (loss)	(259,855)	(3,044)	207,216	874	(54,809)
Cash flows:					
Premiums received	341,944				341,944
Claims and other directly attributable expenses paid			(205,761)		(205,761)
Insurance acquisition cash flows	(96,436)				(96,436)
Total cash flows	245,508	-	(205,761)	-	39,747
Insurance contract liabilities, end of period	**$ 29,994**	**$ 2,876**	**$ 190,686**	**$ 12,128**	**$ 235,684**

9. Insurance contracts (continued)

As at Dec 31, 2023	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	Total
Insurance contract liabilities, beginning of period	$ 41,343	$ 4,057	$ 196,552	$ 12,567	$ 254,519
Insurance revenue	(296,145)	-	-	-	(296,145)
Insurance service expenses:					
Incurred claims and other directly attributable expenses	-	(3,267)	199,229	5,802	201,764
Amortization of insurance acquisition cash flows	89,768	-	-	-	89,768
Losses and reversal of losses on onerous contracts	-	5,130	-	-	5,130
Adjustments to liabilities for incurred claims	-	-	(6,228)	(7,624)	(13,852)
Insurance service result before reinsurance contracts held	(206,377)	1,863	193,001	(1,822)	(13,335)
Finance (income) expense from insurance contracts issued	-	-	7,715	509	8,224
Total changes in the consolidated statement of income (loss)	(206,377)	1,863	200,716	(1,313)	(5,111)
Cash flows:					
Premiums received	294,141	-	-	-	294,141
Claims and other directly attributable expenses paid	-	-	(208,037)	-	(208,037)
Insurance acquisition cash flows	(84,766)	-	-	-	(84,766)
Total cash flows	209,375	-	(208,037)	-	1,338
Insurance contract liabilities, end of period	**$ 44,341**	**$ 5,920**	**$ 189,231**	**$ 11,254**	**$ 250,746**

Insurance contract liabilities is comprised of LRC and LIC amounts. The breakdown of these amounts are as follows:

As at	Dec 31, 2024	Dec 31, 2023
Liability for remaining coverage:		
Premiums receivable	$ (112,195)	$ (102,810)
Unearned premiums	181,074	159,229
Unearned premiums received	68,879	56,419
Unamortized insurance acquisition cash flows	(48,303)	(26,583)
Net payables directly attributable to acquisition	9,418	14,505
Onerous loss provision	2,876	5,920
Liability for remaining coverage	32,870	50,261
Liability for incurred claims:		
Provision for unpaid claims and other directly attributable payables	202,814	200,485
Liability for incurred claims	202,814	200,485
Total insurance contract liabilities	**$ 235,684**	**$ 250,746**

9. Insurance contracts (continued)

The following table summarizes the maturity profile of portfolios of insurance contracts based on the undiscounted future cash flows expected to be paid out in the periods presented:

	Estimates of undiscounted future cash flows						
As at	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
Dec 31, 2024							
Insurance contract liabilities	$ 104,863	$ 32,669	$ 20,231	$ 14,677	$ 10,370	$ 20,166	$ 202,976
Dec 31, 2023							
Insurance contract liabilities	$ 107,562	$ 32,368	$ 19,305	$ 14,394	$ 11,064	$ 19,658	$ 204,351

10. Reinsurance contracts

The Company follows the policy of underwriting and reinsuring contracts of insurance which limits the liability of the Company to a maximum on any one loss of $2,000 (2023: $1,300) in the event of a property claim and an amount of $1,500 (2023: $1,500) in the event of a liability claim. In addition, the Company has obtained reinsurance having an upper amount of $175,000 (2023: $150,000). In 2023, the Company's liability limit was amended to $5,000 in the event of a series of claims arising out of a single occurrence. In 2024, the Company's reinsurance program was amended to for 50% reinsurance participation on the first layer of the catastrophe treaty.

The net carrying amounts of insurance and reinsurance contracts recorded in the consolidated statement of financial position are as follows:

As at	Dec 31, 2024			Dec 31, 2023		
	Remaining coverage	Incurred claims	Total	Remaining coverage	Incurred claims	Total
Insurance contract liabilities	$ 32,870	$ 202,814	$ 235,684	$ 50,261	$ 200,485	$ 250,746
Reinsurance contract assets	2,940	28,025	30,965	7,933	41,660	49,593
Net insurance and reinsurance contracts	**$ 29,930**	**$ 174,789**	**$ 204,719**	**$ 42,328**	**$ 158,825**	**$ 201,153**

10. Reinsurance contracts (continued)

The following reconciliations demonstrate the movement in the net carrying amounts of the ARC and the AIC as at December 31, 2024 and December 31, 2023:

As at Dec 31, 2024	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets, beginning of period	$ 7,636	$ 297	$ 39,768	$ 1,892	$ 49,593
Allocation of reinsurance premiums paid	(26,617)				(26,617)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses		(222)	17,526	880	18,184
Changes in amounts recoverable for incurred claims		58	(2,898)	(1,071)	(3,911)
Net (expenses) recoveries from reinsurance contracts held	(26,617)	(164)	14,628	(191)	(12,344)
Finance income (expense) from reinsurance contracts held			1,432	90	1,522
Total changes in the consolidated statement of income (loss)	(26,617)	(164)	16,060	(101)	(10,822)
Cash flows:					
Premiums paid	21,788				21,788
Amounts received			(29,594)		(29,594)
Total cash flows	21,788	-	(29,594)	-	(7,806)
Reinsurance contract assets, end of period	**$ 2,807**	**$ 133**	**$ 26,234**	**$ 1,791**	**$ 30,965**

As at Dec 31, 2023	Assets for remaining coverage		Assets for incurred claims		
	Excluding loss component	Loss component	Expected present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract assets, beginning of period	$ 5,860	$ 107	$ 44,187	$ 2,710	$ 52,864
Allocation of reinsurance premiums paid	(39,607)	-	-	-	(39,607)
Amounts recoverable from reinsurers for incurred claims:					
Amounts recoverable for incurred claims and other directly attributable expenses	-	(55)	24,506	906	25,357
Changes in amounts recoverable for incurred claims	-	245	2,329	(1,819)	755
Net (expenses) recoveries from reinsurance contracts held	(39,607)	190	26,835	(913)	(13,495)
Finance income (expense) from reinsurance contracts held	-	-	1,474	95	1,569
Total changes in the consolidated statement of income (loss)	(39,607)	190	28,309	(818)	(11,926)
Cash flows:					
Premiums paid	41,383	-	-	-	41,383
Amounts received	-	-	(32,728)	-	(32,728)
Total cash flows	41,383	-	(32,728)	-	8,655
Reinsurance contract assets, end of period	**$ 7,636**	**$ 297**	**$ 39,768**	**$ 1,892**	**$ 49,593**

10. Reinsurance contracts (continued)

Reinsurance contract assets is comprised of ARC and AIC amounts. The breakdown of these amounts are as follows:

As at	Dec 31, 2024	Dec 31, 2023
Asset for remaining coverage:		
Premiums ceded payable	$ (1,451)	$ (7,182)
Unearned premiums ceded	5,115	18,807
Unearned reinsurance premiums paid	3,664	11,625
Unearned reinsurance commissions receivable	(857)	(3,989)
Onerous loss recovery provision	133	297
Asset for remaining coverage	2,940	7,933
Asset for incurred claims:		
Provision for claims recoverable from reinsurance contracts held and other directly attributable payables	28,025	41,660
Asset for incurred claims	28,025	41,660
Total reinsurance contract assets	**$ 30,965**	**$ 49,593**

The following table summarizes the maturity profile of portfolios of reinsurance contracts based on the undiscounted future cash flows expected to be paid out in the periods presented:

	Estimates of undiscounted future cash flows						
As at	Less than 1 year	From 1 to 2 years	From 2 to 3 years	From 3 to 4 years	From 4 to 5 years	Over 5 years	Total
Dec 31, 2024							
Reinsurance contract assets	$ 16,920	$ 4,064	$ 2,146	$ 1,520	$ 999	$ 1,998	$ 27,647
Dec 31, 2023							
Reinsurance contract assets	$ 29,342	$ 4,817	$ 2,310	$ 1,752	$ 1,406	$ 2,248	$ 41,875

11. Insurance service result

The insurance service result recorded in the statement of comprehensive income (loss) can be disaggregated as follows:

	2024	2023
Insurance revenue	$ 333,724	$ 296,145
Less earned premiums ceded	28,359	51,163
Insurance revenue net of ceded premiums earned	305,365	244,982
Insurance service expenses	268,326	282,810
Less ceded amounts recoverable for incurred claims and other directly attributable expenses	16,015	37,668
Insurance service expense net of ceded amounts recoverable for incurred claims and other directly attributable expenses	252,311	245,142
Insurance service result	**$ 53,054**	**$ (160)**

12. Expenses

Expenses incurred by the Company during the period, both insurance service related and other general expenses, presented in the consolidated statement of comprehensive income (loss) are comprised of the following:

	2024	2023
Claims and adjustment expenses	$ 183,286	$ 180,870
Discounting on claims and adjustment expenses	(6,026)	(5,920)
Risk adjustment on claims and adjustment expenses	230	(1,822)
Losses (gains) on onerous insurance contracts	(3,044)	1,863
Commissions	54,642	63,909
Premium taxes	10,659	12,530
Operating expenses	52,667	55,381
Total expenses	292,414	306,811
Amounts attributed to insurance acquisition cash flows incurred during the year	(96,436)	(84,766)
Amortization of insurance acquisition cash flows	73,869	89,768
Total insurance acquisition cash flows	(22,567)	5,002
Insurance service expenses	268,326	282,810
General and other operating expenses	24,088	24,001
Total expenses	**$ 292,414**	**$ 306,811**

13. Liability for incurred claims

The Company's insurance contract liability for incurred claims and reinsurance assets for incurred claims amounts as at December 31, 2024 and December 31, 2023 are as follows:

	Dec 31, 2024	Dec 31, 2023
Gross		
Case reserve provision for outstanding claims	$ 165,445	$ 167,583
Incurred but not reported	24,544	23,555
Provision for unallocated loss adjustment expenses	3,209	3,634
Discounting and risk adjustment for non-financial risk	733	(3,011)
Net payables directly attributable to liability for incurred claims	8,883	8,724
Total	**$ 202,814**	**$ 200,485**
Ceded		
Case reserve provision for outstanding claims	$ 24,167	$ 28,544
Incurred but not reported	4,381	4,588
Provision for unallocated loss adjustment expenses	-	-
Discounting and risk adjustment for non-financial risk	378	(215)
Net payables directly attributable to asset for incurred claims	(901)	8,743
Total	**$ 28,025**	**$ 41,660**
Net		
Case reserve provision for outstanding claims	$ 141,278	$ 139,039
Incurred but not reported	20,163	18,967
Provision for unallocated loss adjustment expenses	3,209	3,634
Discounting and risk adjustment for non-financial risk	355	(2,796)
Net payables directly attributable to liability for incurred claims	9,784	(19)
Total	**$ 174,789**	**$ 158,825**

13. Liability for incurred claims (continued)

The following is a summary of insurance contract liability for incurred claims and reinsurance contract asset for incurred claims by line of business as at December 31, 2024 and December 31, 2023:

	Dec 31, 2024	Dec 31, 2023
Gross		
Automobile	$ 104,892	$ 96,680
Property	64,067	76,456
Liability	24,239	21,636
Total undiscounted	193,198	194,772
Discounting and risk adjustment for non-financial risk	733	(3,011)
Net payables directly attributable to liability for incurred claims	8,883	8,724
Total discounted insurance contracts liabilities for incurred claims	**$ 202,814**	**$ 200,485**
Ceded		
Automobile	$ 14,865	$ 12,922
Property	13,631	20,078
Liability	52	132
Total undiscounted	28,548	33,132
Discounting and risk adjustment for non-financial risk	378	(215)
Net payables directly attributable to asset for incurred claims	(901)	8,743
Total discounted reinsurance contracts asset for incurred claims	**$ 28,025**	**$ 41,660**
Net		
Automobile	$ 90,027	$ 83,758
Property	50,436	56,378
Liability	24,187	21,504
Total undiscounted	164,650	161,640
Discounting and risk adjustment for non-financial risk	355	(2,796)
Net payables directly attributable to liability for incurred claims	9,784	(19)
Total net discounted insurance contract liability for incurred claims	**$ 174,789**	**$ 158,825**

(A) ASSUMPTIONS, CHANGES IN ASSUMPTIONS, AND SENSITIVITY ANALYSIS:

Assumptions and methodologies

The projected ultimate claims liabilities, including a provision for claims incurred but not reported (IBNR), are estimated using several methodologies involving consideration of incurred and paid loss development patterns and expected loss ratios, in a manner consistent with the prior year end. The provision for outstanding losses is also based upon the professional experience of the Company's claims department personnel and independent

13. Liability for incurred claims (continued)

adjusters retained to handle individual claims, and the continually evolving and changing regulatory and legal environment. The establishment of the provision uses known facts and interpretation of circumstances, on a case by case basis, and is therefore a complex and dynamic process influenced by a large variety of factors as appropriate. These factors include the quality of data used for projection purposes, actuarial studies, and the effect of inflationary trends on future claims settlement costs and court decisions. In addition, time can be a critical part of the reserving determination, since the longer the span between the incidence of a loss and the final payment of the claims, the more potential for variability in the ultimate settlement amount. Short-term claims, such as property claims, tend to be more reasonably predictable than long-term claims, such as automobile liability and general liability claims.

Provisions are calculated in accordance with accepted actuarial practice in Canada and applicable regulatory requirements. The appointed actuary produces gross and net of reinsurance loss triangles by accident year and development period using the last 20 years of claims information. Loss development triangles are also produced using ratios of claims amounts at successive development ages.

The undiscounted claims liabilities are then discounted to the actuarial present value using a discounted yield curve consisting of a risk-free rate plus an illiquidity premium.

The provision for unpaid losses is calculated as the present value of expected future payments plus actuarially determined provisions for adverse deviations and is considered an indicator of fair value, as there is no organized market for the trading of insurance liabilities.

The provision for unearned premiums ensures adequate coverage over the expected level of future claims and expenses for policies still in force.

Changes in assumptions

Under IFRS 17, the best estimate discount rate is determined from discount curves based on a reference portfolio. As at December 31, 2024, the rate has decreased by 96 basis points as compared to December 31, 2023. This has resulted in a decrease of $2,449 in the estimated impact of discounting.

Sensitivity analysis

The provisions represent the best estimate of the claims liabilities at the reporting date. Provisions related to the Company's automobile line of business are subject to the greatest amount of uncertainty due to the greater length of claims resolution. If the factor affecting the tail of this line of business was increased by 1%, the net claims liabilities would increase by 2.5% (2023: 2.5%) and net income for the Company would decrease by $4,347 (2023: $4,050). All other variability in the claims liabilities of the Company's other lines of business are considered to be less material.

13. Liability for incurred claims (continued)

(B) DISCOUNTING OF THE PROVISION FOR UNPAID CLAIMS AND ADJUSTMENT EXPENSES AND RELATED REINSURANCE RECOVERABLES:

Cash flows are discounted using risk-free yield curves adjusted to reflect the cash flow characteristics and liquidity of the underlying insurance contracts. The appointed actuary has adjusted the yield curves for an illiquidity premium to reflect the liquidity characteristics of the associated insurance contracts.

Discount rates applied for discounting of future cash flows are as follows:

	Insurance contracts issued / reinsurance contracts held							
Discount Rate	**Current year +1**	**Current year +2**	**Current year +3**	**Current year +4**	**Current year +5**	**Current year +6**	**Current year +7**	**Current >7 years***
As at Dec 31, 2024	3.42%	3.36%	3.34%	3.38%	3.45%	3.54%	3.63%	3.83%
As at Dec 31, 2023	5.39%	4.96%	4.45%	4.19%	4.09%	4.06%	4.07%	4.12%

*Average discount rates for year 8 and beyond

(C) RISK ADJUSTMENT FOR NON-FINANCIAL RISK:

The risk adjustment for non-financial risk reflects the compensation that the Company would require for bearing the uncertainty about the amount and timing of the cash flows for a group of insurance or reinsurance contracts. This risk adjustment for non-financial risk reflects the Company's risk aversion and is calculated using a confidence level technique. An 85% confidence level was selected by the Company for the risk adjustment for non-financial risk for the current and prior reporting periods.

A reserve variability model (RVM) was used to estimate the potential volatility of the Company's unpaid claims reserves. The RVM is a bootstrap model which randomly samples the historical volatility in claims reserves to simulate potential future volatility. Based on a review of the simulated results at the 85th percentile, the simulated reserves required would be 6.6% higher than the mean. The Company has selected a risk adjustment of 6.6% (2023: 6.1%) which is applied to the unpaid claim liabilities and claims recoverable amounts from reinsurers.

(D) PROVISION FOR UNPAID LOSSES BY RISK CATEGORIES:

	Dec 31, 2024		Dec 31, 2023	
Type of claim provision	**Gross**	**Ceded**	**Gross**	**Ceded**
Long-settlement term:				
General liability, automobile liability and personal accident	$ 107,266	$ 12,518	$ 98,302	$ 12,295
Facility association and other residual pools	12,514	-	10,883	-
	$ 119,780	$ 12,518	$ 109,185	$ 12,295
Short-settlement term:				
Property and automobile other	74,151	16,408	82,576	20,622
Net payables directly attributable to liability for incurred claims	8,883	(901)	8,724	8,743
Total	**$ 202,814**	**$ 28,025**	**$ 200,485**	**$ 41,660**

13. Liability for incurred claims (continued)

(E) MOVEMENT IN PROVISION FOR UNPAID LOSSES:

Reconciliations of the change in the liability for incurred claims and the reinsurance asset for incurred claims for the current and prior periods are as follows:

	2024		2023	
	Gross	**Ceded**	**Gross**	**Ceded**
Balance at the beginning of the period	$ 200,485	$ 41,660	$ 209,119	$ 46,897
Losses incurred during the period	173,182	14,052	173,776	23,865
Change in the IBNR provision	989	(207)	(74)	2,409
Change in the ULAE provision	(425)	-	(643)	-
Change in the estimated impact of discounting including RA	3,744	593	70	(352)
Less insurance finance income (expense) incurred	(10,589)	(1,522)	(8,224)	(1,569)
Less claims paid	185,909	19,951	191,326	38,980
Change in net payables directly attributable to liability for incurred claims	159	(9,644)	1,339	6,252
Net liability for incurred claims	**$ 202,814**	**$ 28,025**	**$ 200,485**	**$ 41,660**

(F) CLAIMS DEVELOPMENT:

The following summarizes claims development of the Company for the past ten years included in liability for incurred claims:

Gross

Accident year	Earlier	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimated ultimate claims costs												
At end of accident year		$ 124,191	$ 117,206	$ 100,392	$ 112,962	$ 112,459	$ 116,050	$ 113,727	$ 171,504	$ 176,068	$ 177,149	
One year later		125,935	118,311	102,422	111,103	110,046	111,895	116,089	176,056	173,336		
Two years later		127,167	118,202	99,962	108,374	109,659	111,093	120,111	176,244			
Three years later		126,050	118,787	97,062	106,789	106,900	111,453	120,018				
Four years later		126,157	115,887	96,427	106,622	108,034	110,370					
Five years later		124,107	115,573	97,071	110,537	107,041						
Six years later		123,723	114,974	102,246	109,673							
Seven years later		123,990	117,659	101,323								
Eight years later		128,236	117,143									
Nine years later		128,083										
Ten years later												
Current estimate of ultimate claims costs		128,083	117,143	101,323	109,673	107,041	110,370	120,018	176,244	173,336	177,149	
Cumulative payments to date		127,318	114,779	98,126	106,770	103,055	104,657	108,120	159,165	140,102	81,630	
Undiscounted claims liabilities before unallocated loss adjustment expenses (ULAE)		$ 765	$ 2,364	$ 3,197	$ 2,903	$ 3,986	$ 5,713	$ 11,898	$ 17,079	$ 33,234	$ 95,519	
Undiscounted unpaid ULAE		15	45	52	47	74	105	214	297	590	1,737	
Undiscounted claim liabilities including ULAE	$ 1,873	$ 780	$ 2,409	$ 3,249	$ 2,950	$ 4,060	$ 5,818	$ 12,112	$ 17,376	$ 33,824	$ 97,256	$ 181,707
Undiscounted liability in respect of prior years												(1,023)
Total all years												180,684
Effect of discounting												733
Facility association and other residual pools												12,514
Net payables directly attributable to liability for incurred claims												8,883
Liability for incurred claims												**$ 202,814**

13. Liability for incurred claims (continued)

The following summarizes claims development of the Company for the past ten years included in liability for incurred claims net of reinsurance assets for incurred claims:

Net

Accident year	Earlier	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimated ultimate claims costs												
At end of accident year		$ 116,469	$ 107,686	$ 93,061	$ 103,608	$ 100,199	$ 105,964	$ 101,263	$ 151,321	$ 154,670	$ 168,247	
One year later		117,659	108,320	94,175	101,335	96,398	102,345	104,219	150,761	153,687		
Two years later		118,334	108,564	92,370	98,613	96,031	101,662	102,421	151,017			
Three years later		117,716	108,247	89,493	97,105	94,551	99,316	102,371				
Four years later		117,516	105,339	88,866	96,823	92,784	98,430					
Five years later		115,853	105,140	89,536	94,738	92,065						
Six years later		115,618	104,447	89,567	94,404							
Seven years later		115,830	103,910	88,683								
Eight years later		115,394	103,513									
Nine years later		115,318										
Ten years later												
Current estimate of ultimate claims costs		115,318	103,513	88,683	94,404	92,065	98,430	102,371	151,017	153,687	168,247	
Cumulative payments to date		114,554	102,131	86,115	92,129	88,288	93,222	91,665	137,267	125,013	79,408	
Undiscounted claims liabilities before unallocated loss adjustment expenses (ULAE)		$ 764	$ 1,382	$ 2,568	$ 2,275	$ 3,777	$ 5,208	$ 10,706	$ 13,750	$ 28,674	$ 88,839	
Undiscounted unpaid ULAE		15	45	52	47	74	105	214	297	590	1,737	
Undiscounted claims liabilities including ULAE	$ 1,803	$ 779	$ 1,427	$ 2,620	$ 2,322	$ 3,851	$ 5,313	$ 10,920	$ 14,047	$ 29,264	$ 90,576	$ 162,922
Undiscounted liability in respect of prior years												(1,197)
Total all years												161,725
Effect of discounting												355
Other liability recoverable from reinsurers												(9,589)
Facility association and other residual pools												12,514
Net payables directly attributable to liability for incurred claims												9,784
Net liability for incurred claims												**$ 174,789**

14. Net financial result

The Company's insurance and reinsurance finance expense (income) is comprised of the following:

For the year ended Dec 31	2024	2023
Change in the carrying amount in insurance contracts due to:		
Unwinding of the discount rate	$ (7,136)	$ (6,338)
Changes in discount rates and other financial assumptions	(2,319)	(1,437)
Facility association finance income (expense)	(1,134)	(449)
Insurance finance income (expense)	(10,589)	(8,224)
Change in the carrying amount of reinsurance contracts due to:		
Unwinding of the discount rate	1,217	1,345
Changes in discount rates and other financial assumptions	305	224
Reinsurance finance income (expense)	1,522	1,569
Net insurance financial result	**$ (9,067)**	**$ (6,655)**

15. Leases

IFRS 16 Leases (IFRS 16):

The standard requires companies to recognize on the statement of financial position a right-of-use asset, representing its right to use the underlying leased asset, and a corresponding lease liability, representing the obligation to make lease payments, for all leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the above recognition requirements, and may continue to be treated as operating leases.

Reconciliations of the opening to closing balances of the lease right-of-use assets and lease liabilities are as follows:

	Dec 31, 2024	Dec 31, 2023
Lease right-of-use balance at the beginning of the period	$ 2,640	$ 2,882
Additional right-of-use assets recognized in year	25	151
Lease right-of-use asset depreciation recognized in year	(379)	(393)
Lease right-of-use balance at the end of the period	**$ 2,286**	**$ 2,640**

	Dec 31, 2024	Dec 31, 2023
Lease liability balance at the beginning of the period	$ 3,060	$ 3,301
Additional lease liabilities recognized in year	25	151
Lease liability principal payments recognized in year	(385)	(392)
Lease liability balance at the end of the period	**$ 2,700**	**$ 3,060**

As a lessee, the Company's leases relate to office facilities. The following table provides information about the timing of future lease payments included within the lease liability:

	Dec 31, 2024	Dec 31, 2023
Less than one year	$ 506	$ 488
One to five years	1,828	1,996
More than five years	733	1,048
Total contractual undiscounted lease liabilities	**$ 3,067**	**$ 3,532**

	Dec 31, 2024	Dec 31, 2023
Current	$ 413	$ 381
Non-current	2,287	2,679
Total discounted lease liabilities	**$ 2,700**	**$ 3,060**

For the period ending December 31, 2024, total cash outflows for leases was $493 (2023: $504). $598 was recognized for operating lease expenses under the general expenses line item in the statement of comprehensive income (loss) (2023: $597).

16. Income tax expense

The provision for income taxes differs from the statutory marginal rate as certain sources of income are exempt from tax or are taxed at other than the marginal rate.

The Company's provision for income taxes, compared to statutory rates is summarized as follows:

	2024	2023
Provision for income taxes at:		
Statutory marginal income tax rate at 25.9% (2023: 26.0%)	$ 14,668	$ (1,057)
Non-taxable investment income	(191)	(596)
Change in statutory marginal income tax rate	(5)	2
Other	134	12
Income tax expense (recovery)	**$ 14,606**	**$ (1,639)**

The components of deferred income tax balances are as follows:

	2024	2023
Deferred income tax assets:		
Claims liabilities	$ 1,784	$ 1,633
Post-employment benefit	582	561
Other	107	187
Deferred income tax assets	2,473	2,381
Deferred income tax liabilities:		
Pension plan	(2,555)	(1,000)
Other	(5,830)	(6,026)
Deferred income tax liabilities	(8,385)	(7,026)
Deferred income taxes	**$ (5,912)**	**$ (4,645)**

The income tax recognized in other comprehensive income (loss) is as follows:

	2024			2023		
	Before tax	Income tax (expense) benefit	Net of tax	Before tax	Income tax (expense) benefit	Net of tax
Actuarial gains (losses) on pension plan	$ 5,603	$ (1,447)	$ 4,156	$ (4,046)	$ 1,044	$ (3,002)
Actuarial gains (losses) on post-employment benefit	31	(8)	23	(265)	68	(197)
	$ 5,634	**$ (1,455)**	**$ 4,179**	**$ (4,311)**	**$ 1,112**	**$ (3,199)**

16. Income tax expense (continued)

The movement in temporary differences related to deferred tax assets and liabilities during the years include:

2024	Balance, Jan 1	Recognized in profit or loss	Recognized in OCI	Balance, Dec 31
Claims liabilities	$ 6,282	$ 608	$ -	$ 6,890
Actuarial gains (losses) on pension plan	(3,444)	(384)	(5,603)	(9,431)
Actuarial gains (losses) on post-employment benefit	2,159	118	(31)	2,246
Other	(22,461)	363	-	(22,098)
	$ (17,464)	**$ 705**	**$ (5,634)**	**$ (22,393)**

2023	Balance, Jan 1	Recognized in profit or loss	Recognized in OCI	Balance, Dec 31
Claims liabilities	$ 5,403	$ 879	$ -	$ 6,282
Actuarial gains (losses) on pension plan	(7,027)	(463)	4,046	(3,444)
Actuarial gains (losses) on post-employment benefit	1,791	103	265	2,159
Other	(18,913)	(3,548)	-	(22,461)
	$ (18,746)	**$ (3,029)**	**$ 4,311**	**$ (17,464)**

17. Role of the actuary and auditor

The actuary has been appointed pursuant to the Insurance Companies Act. With respect to the preparation of these financial statements, the actuary is required to carry out a valuation of the Company's policy liabilities, both gross and net of reinsurance, and to report thereon to the policyholders. The policy liabilities consist of a provision for unpaid claims and adjustment expenses on the expired portion of insurance policies, and a provision for future obligations on the unexpired portion of insurance policies in force, which in turn may limit the amount of deferred policy acquisition expenses. The valuation is made in accordance with accepted actuarial practice in Canada, as well as any other matter specified in any direction that may be made by regulatory authorities. In performing the valuation of the policy liabilities, which are by their nature inherently variable, assumptions are made as to future loss ratios, trends, rates of claims frequency and severity, inflation, reinsurance recoveries, investment rates of return, expenses and other matters, taking into consideration the circumstances of the Company and the nature of the insurance coverage. The provisions do not include estimates for extraordinary future emergence of either new classes of claims or claims categories not sufficiently recognized in the historical claims database. It is certain that the actual development of claims and adjustment expenses will vary from the valuation and may, in fact, vary significantly. The actuary makes use of management information provided by the Company, and also uses the work of the independent auditors with respect to the verification of the underlying data used in the valuation. The Actuary's Report outlines the scope of her work and opinion.

The independent auditor has been appointed by the policyholders pursuant to the Insurance Companies Act to conduct an independent and objective audit of the financial statements of the Company in accordance with Canadian generally accepted auditing standards and report thereon to the policyholders. In carrying out the audit, the independent auditor also makes use of the work of the actuary and their report on the Company's policy liabilities. The Independent Auditor's Report outlines the scope of their audit and their opinion.

18. Commitments and contingencies

The Company has purchased a number of annuities in settlement of claims. These annuities have been purchased from registered Canadian life insurers with the highest claims paying ability ratings as determined by outside ratings organizations. The Company has a contingent credit risk with respect to the failure of these life insurers and the fair value of the financial guarantees is $2,120 (2023: $2,166).

The Company has commitments for computer processing and support services expiring in 2041. The total of the future minimum payments for these services is $43,088.

From time to time, in connection with its operations, the Company is named in actions for damages and costs allegedly sustained by the plaintiffs. While it is not possible to estimate the outcome at this time, in the opinion of management, these matters are without substantial merit and therefore no provision has been made for them in the accounts.

19. Financial risk management

Risk management is carried out by the finance group and the Investment Committee under policies approved by the Board of Directors and senior management. The Company has written principles for overall risk management, as well as written policies covering specific areas, such as insurance risk, credit risk, liquidity risk, market risk, and the use of derivative and non-derivative financial instruments. The adoption of IFRS 9 and 17 has not changed these written principles for financial risk management.

(A) INSURANCE RISK:

Insurance risk is the risk that the total cost of claims and acquisition expenses will exceed premiums received and can arise from numerous factors, including pricing risk, reserving risk, catastrophic loss risk and reinsurance coverage risk.

Pricing risk: This risk arises when actual claims experience differs from the assumptions included in pricing calculations. Historically, the underwriting results of the property and casualty industry have fluctuated significantly due to the cyclicality of the insurance market.

Reserving risk: These estimates of future loss activity are necessarily subject to uncertainty and are selected from a wide range of possible outcomes. These provisions are adjusted up or down as additional information affecting the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded in the current period.

Catastrophic loss risk: This risk represents the exposure to losses resulting from multiple claims arising out of a single catastrophic event.

Reinsurance coverage risk: The Company relies on reinsurance to manage the underwriting risk; however, reinsurance does not release the Company from its primary commitments to its policyholders. The Company limits its exposure to individual reinsurers and regularly reviews the creditworthiness of reinsurers with whom it transacts.

19. Financial risk management (continued)

The following demonstrates the Company's geographic dispersion of revenues by provinces for the year ended December 31:

Insurance revenue by province

	BC	AB	SK	MB	ON	NB	NS	PE	NL	Total
2024										
Automobile	$ -	$ 43,025	$ 643	$ -	$ 35,885	$ 5,101	$ 11,897	$ 2,923	$ -	$ 99,474
Property	983	31,799	8,397	47,309	14,125	6,553	14,334	841	-	124,341
Farm	338	30,901	4,117	30,874	25	32	100	3	-	66,390
Commercial	515	3,265	3,259	8,090	5,223	2,647	5,032	372	-	28,403
Liability	301	2,604	819	3,804	3,829	1,293	2,284	182	-	15,116
Total	**$ 2,137**	**$111,594**	**$ 17,235**	**$ 90,077**	**$ 59,087**	**$ 15,626**	**$ 33,647**	**$ 4,321**	**$ -**	**$333,724**
2023										
Automobile	$ -	$ 38,047	$ 642	$ -	$ 29,439	$ 5,393	$ 11,704	$ 2,847	$ -	$ 88,072
Property	836	25,727	7,611	43,460	12,547	6,060	13,083	627	-	109,951
Farm	196	25,574	3,527	28,724	13	21	32	3	-	58,090
Commercial	406	3,083	3,241	7,547	4,513	2,520	5,232	375	-	26,917
Liability	234	2,193	761	3,575	3,032	938	2,216	166	-	13,115
Total	**$ 1,672**	**$ 94,624**	**$ 15,782**	**$ 83,306**	**$ 49,544**	**$ 14,932**	**$ 32,267**	**$ 4,018**	**$ -**	**$296,145**

(B) CREDIT RISK:

The Company is exposed to credit risk through its investments in fixed income securities, other invested assets and accounts receivable from policyholders and reinsurers. The Company monitors its exposure to individual issuers and classes of issuers of fixed income securities which do not carry the guarantee of a national or Canadian provincial government. Management believes the Company's credit exposure to any one individual policyholder is not material due to the geographic dispersion of revenues and diversified customer base. The Company monitors its exposure to credit risk with brokers and ensures that it works only with provincially licensed firms in good standing with their respective regulatory bodies.

The breakdown of the Company's fixed income portfolio by credit ratings from recognized external credit rating agencies is presented below:

	Fair values			
Credit Rating	**Dec 31, 2024**		**Dec 31, 2023**	
AAA	$ 53,116	16%	$ 70,612	25%
AA	37,227	11%	37,688	13%
A	128,524	38%	107,086	37%
BBB	59,437	18%	72,507	25%
BB	9,611	3%	-	0%
Unrated	45,789	14%	473	0%
Total	**$ 333,704**	**100%**	**$ 287,893**	**100%**

As at December 31, 2024, 65.59% of the Company's fixed income portfolio is rated 'A' or better, compared to 74.81% at December 31, 2023.

19. Financial risk management (continued)

As at December 31, 2024, financial assets of $460,051 (2023: $407,144) were exposed to credit risk consisting of accounts receivable, amounts due from other insurers, bonds and debentures, investment income due and accrued, and other invested assets. Management has reviewed accounts receivable for objective evidence of impairment and determined there to be none.

Expected Credit Loss

The Company must assess possible default events within 12 months for calculation of the expected credit losses for financial instruments not measured at FVTPL. The Company has assessed the historical payment patterns, business reputation and of other loans and invested assets to determine the ECL. Given that shareholder loans invested in associates are considered equity and not a receivable, there would be no ECL in relation to these amounts. The historical payment patterns of other loans to brokers indicate that no payment has been overdue for longer than 60 days and therefore there is no ECL associated with these amounts. There are no expected credit losses on financial instruments not measured at FVTPL.

(C) LIQUIDITY RISK:

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities. To mitigate these risks the Company ensures that assets and liabilities are broadly matched in both their duration and currency and actions are taken to balance positions within approved risk tolerance limits. In the consolidated financial statements, accounts payable and accrued liabilities, and unearned premiums have a contractual maturity of less than one year.

The table below summarizes the carrying value and fair value by the earliest contractual maturity of the Company's bonds and debentures.

Maturity profile	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	Total
As at Dec 31, 2024					
Bonds and debentures	$ 87,966	$ 203,677	$ 42,061	$ -	$ 333,704
As at Dec 31, 2023					
Bonds and debentures	$ 43,916	$ 215,329	$ 28,648	$ -	$ 287,893

The Company has access to a line of credit of approximately $4,500. No amount was drawn on the line of credit as at December 31, 2024.

(D) MARKET RISK:

Market risk is the risk that changes in market prices, such as interest rates, equity market prices, foreign exchange rates and credit spreads will affect the Company's income or the value of its holdings of financial instruments. Market risk generally includes currency risk, interest rate risk, and equity market fluctuations risk.

The Company monitors its exposure to individual issuers, foreign currencies and classes of issuers of equity instruments. A hypothetical change in 1% of foreign exchange would not have a material impact on the financial statements.

19. Financial risk management (continued)

The Company monitors its exposure to individual issuers, foreign currencies and classes of issuers of equity instruments. A hypothetical change in 1% of foreign exchange would not have a material impact on the financial statements.

As at December 31, 2024, management estimates that an immediate hypothetical 100 basis point, or 1%, parallel increase in interest rates would decrease the market value of the fixed income securities by $8,295 (2023: $5,829), representing 2.52% of the $328,521 (2023: 2.27% of the $256,797) fair value fixed income securities portfolio, and decrease the value of net unpaid claims reserves by $3,234 (2023: $3,177). The net result would be a decrease in equity of $5,061 (2023: $2,653). Conversely, a 100 basis point decrease in interest rates would increase the market value of the fixed income securities and unpaid claims reserves and increase equity by the same amounts, respectively.

The Company's investments in equities are sensitive to market fluctuations. To properly manage the Company's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored. A decline of 10% in equity values, with all other variables held constant, will impact the Company's equity investments by an approximate loss of $5,477 (2023: $7,494).

The Company has no investments in derivative financial assets, collateral financial products or structured financial products.

Fair value
Carrying value of accounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature.

Fair value hierarchy
The Company has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on the priority of inputs to the valuation techniques used to measure fair value, into a three level fair value hierarchy.

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Company's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

19. Financial risk management (continued)

Financial assets measured at fair value are categorized as follows:

	Level 1	Level 2	Level 3	Total
As at Dec 31, 2024				
Bonds and debentures				
Canadian government	$ 5,183	$ 46,943	$ -	$ 52,126
Provincial	-	45,959	-	45,959
Corporate	-	196,426	-	196,426
Mortgage loans	39,193	39,193		
Equity investments				
Canadian	33,895	31,369	-	65,264
Foreign	-	23,399	-	23,399
Total assets measured at fair value	**$ 39,078**	**$ 383,289**	**$ -**	**$ 422,367**
As at Dec 31, 2023				
Bonds and debentures				
Canadian government	$ 30,623	$ 39,230	$ -	$ 69,853
Provincial	-	56,593	-	56,593
Corporate	-	160,974	-	160,974
Equity investments				
Canadian	62,310	-	-	62,310
Foreign	14,929	-	-	14,929
Total assets measured at fair value	**$ 107,862**	**$ 256,797**	**$ -**	**$ 364,659**

In 2024 and 2023, no transfers have occurred between any of the levels.

20. Capital management

Capital is comprised of the Company's earned surplus and accumulated other comprehensive income (AOCI). As at December 31, 2024, the Company's earned surplus was $267,433 (2023: $223,825) and AOCI was $7,505 (2023: $3,326). The Company's objectives when managing capital are to maintain financial strength and protect its claims paying abilities. Senior management develops the capital strategy and oversees the capital management process of the Company. Capital is managed using both regulatory capital measures and internal metrics.

The Portage la Prairie Mutual Insurance Company is regulated by the Office of the Superintendent of Financial Institutions (OSFI). The Minimum Capital Test (MCT) ratio targeted by the Company is 210% compared to the regulatory minimum capital test requirement of 150%. To measure the degree to which the Company is able to meet regulatory solvency requirements, the appointed actuary presents an annual report to the Audit Committee and management on the Company's current and future solvency. As at December 31, 2024, the Company had an MCT ratio of 350% (2023: 312%) and aggregate available capital in excess of required capital by approximately $153,387 (2023: $117,451).

21. Related party transactions

Transactions between the Company and related parties are summarized as follows:

(A) SUBSIDIARY:

The Company enters into related party transactions with entities that Portage Mutual Financial Inc. has made investments in. These transactions consist of interest income and commissions and are carried out in the normal course of operations and on normal market terms.

	2024	2023
Revenue		
Interest income	$ 29	$ 11
Expenses		
Commissions	2,864	2,543

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AMOUNTS:

	2024	2023
Accounts receivable	$ 712	$ 209

(C) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL:

The key management of the Company includes all senior management and directors. The total salaries and benefits paid to senior management and directors in 2024 were $4,042 (2023: $3,043).

None of the directors or senior management or their respective associates or affiliates is or has been indebted to the Company at any time in 2024 or 2023.

The Company sells insurance contracts to senior management and directors. This amounted to $58 in 2024 (2023: $47).

22. Assets and liabilities

The following presents assets and liabilities for which the Company expects to settle or recover in 12 months or greater as at December 31, 2024 and December 31, 2023.

	Dec 31, 2024	Dec 31, 2023
Assets		
Investments	$ 253,523	$ 246,431
Reinsurance asset for incurred claims	12,007	3,575
Liabilities		
Insurance contract liability for incurred claims	$ 89,068	$ 84,199

23. Rate regulation

The Company is subject to rate regulation with respect to its automobile insurance business, which comprises approximately 30% (2023: 32%) of net premiums written. The approach adopted towards auto rate regulation varies by province. In certain jurisdictions, a regulator will assess whether the proposed auto premiums are just and reasonable, do not impair the solvency of the insurer, are not excessive and are reasonably predictive of risk before the proposed premiums become effective.

Proposed premiums by insurers may be substantiated by extensive actuarial analysis, including projected loss costs and operating expense assumptions. Jurisdictions have specific rules regarding permissible variables and how they may be combined and the extent of statistical support required to justify their use.

Relevant regulatory authorities may, in some circumstances, require retroactive rate adjustments, which could result in a regulatory asset or liability. As at December 31, 2024 and 2023, the Company had no significant regulatory asset or liability.

Portage Mutual Insurance®

Facing the storm with you

Trust.

We build it over time.

From our first handshake,

To the moments trust gets tested,

To those stormy times when we rally and we rebuild,

A home,

A business,

A life.

Trust is why we exist.

It's our daily delivery to you.

When we started in 1884, technology was changing.

New arrivals were strengthening the country.

A rough year could sink you.

The more things change, the more they stay the same.

People needed trust *then* just as they do *today.*

That's why we let our neighbours know every day,

That it's okay to take a risk.

Bad fortune will not mean failure.

When the storm hits, we'll face it together.

That's *trust.*