Nova Scotia School Insurance Program

Annual Report 2025

PROGRESS. NOT PROFITS.

2025 ANNUAL REPORT
NOVA SCOTIA SCHOOL INSURANCE PROGRAM

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SIP OVERVIEW

The Nova Scotia School Insurance Program (SIP) is a reciprocal insurance exchange, licensed by the Superintendent of Insurance for the Province of Nova Scotia. The official name of SIP is the Nova Scotia School Insurance Exchange.

SIP is a not-for-profit organization owned and operated by the seven Regional Centres for Education of Nova Scotia, the Conseil scolaire acadien provincial, and the Nova Scotia Community College. SIP secures Subscribers with the ability to efficiently retain appropriate levels of risk and economically transfer non-retained risk to the insurance market through leveraging economies of scale. Stabilizing Subscriber premiums year over year and leveling out the highs and lows of the traditional insurance hard market/soft market cycles remains a key focus.

The mandate of SIP is to provide education-specific insurance solutions, claims administration/settlement, and risk management services to the Regional Centres for Education, CSAP and the NSCC.

SIP's scope of operations include:

- Claims investigation, management, and settlement
- Risk management
- Loss control
- Insurance procurement (excess policies)
- Insurance market watch/intelligence
- Incident reports management
- School Inspections
- Student accident insurance
- Volunteer accident insurance
- Subscriber advocacy on all risk and claims-related matters

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MISSION STATEMENT

SIP IS A NON-PROFIT INSURANCE EXCHANGE, COMMITTED TO PROVIDING QUALITY INSURANCE SERVICES TO THE NOVA SCOTIA CENTRES FOR EDUCATION, THE CONSEIL SCOLAIRE ACADIEN PROVINCIAL, AND THE NOVA SCOTIA COMMUNITY COLLEGE SYSTEM.

The Reciprocal Advantage

- Direct access to risk management advice and claims management service
- Personalized service delivered to the Nova Scotia public education sector
- Pooling of Nova Scotia education risk profiles to leverage economies of scale, efficiently retain appropriate levels of risk and transfer unwanted risk to the insurance market in the most cost-effective manner
- Input and governance through representation at the Board of Directors level

2025 SIP BOARD OF DIRECTORS

A nine-member Board of Directors is responsible for the governance of the School Insurance Program. Our Subscribers appoint a representative from each Centre of Education/CSAP/and the NSCC. SIP's Board of Directors for the 2024-2025 year was:

Tiffany Joudrey CPA, CA

Board Chair

Director of Finance

South Shore
Regional Centre for Education

Lewis MacDonald P.Eng., PMP

Board Vice Chair

Director of Operations

Cape Breton-Victoria
Regional Centre for Education

David Buckland

Board Member

Occupational Health & Safety Manager

Tri-County
Regional Centre for Education

2025 SIP BOARD OF DIRECTORS

Pat Murphy B. Ed., M. Ed.

Board Member

Director of Programs & Student Services

Annapolis Valley Regional Centre for Education

Meaghen Powell, CPA

Board Member

Director of Finance

Halifax Regional Centre for Education

Renaud d'Entremont, CPA, CA

Board Member

Co-ordinator of Finance

CSAP Conseil scolaire acadien provincial

2025 SIP BOARD OF DIRECTORS

Brian Fancy, FMA

Board Member

Manager, Capital Development & Renewal

nscc
education that works for you
Nova Scotia Community College

Jessie Taggart, B.Sc.

Board Member

Director of Human Resources

Chignecto Central
Regional Centre for Education

Darrell Leblanc

Board Member

Director of Human Resources

Strait
Regional Centre for Education

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MESSAGE FROM THE CHAIR AND CEO

We are pleased to present SIP's 2025 Annual Report.

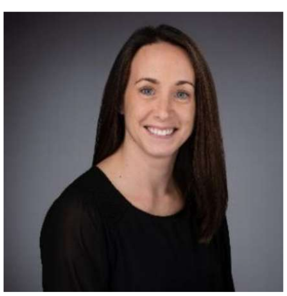
Since 1989, SIP has been unwavering in its commitment to provide Subscribers with professional risk management, claims administration and insurance services. SIP demonstrated this commitment by meeting the many challenges of this past year.

Of significance, large weather-related occurrences such as hurricanes and polar vortexes did not impact the province this past year, however, claims frequency and severity had adverse impacts upon financial results.

SIP's board and staff continued the work necessary to minimize these financial impacts through continued leveraging of efficient and cost-effective claims settlement processes along with appropriate ceding of insured losses to excess insurance program carriers. Long-term financial strength is also enhanced proactively through a robust risk management program and culture.

In keeping with our long-term support of Subscribers, SIP initiated strategic planning Fall 2024. Engagement and planning sessions were conducted which included Subscriber representatives as well as SIP's Board of Directors and staff. A five-year strategic plan for 2025-2029 was developed and which provides a roadmap for our organization to support and meet the continually evolving needs of Subscribers in their delivery of education throughout the Province of Nova Scotia.

We look forward to being a continued source of stability and support for our Subscribers for the many years ahead.



Tiffany Joudrey CPA, CA

Bruce Macdonald, CEO

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The Board of Directors successfully concluded several matters during the year including the following:

- Public Request for Proposal and Appointment of Audit (Assurances) Services Provider
- Public Request for Proposal and Appointment of Consulting Services, Development of Five-Year Strategic Plan
- SIP's year-end received an unqualified opinion from its actuary JSCP
- Audited Financial Statements (Annual)
- SIP's year-end received an unqualified opinion from its auditor KPMG
- As of March 31, 2025, the value of total open claims was $5,582,869
- 2025 insurance contract liabilities were $20,457,000 an increase of $4,897,253 from 2024
- Year-end Rate Stabilization Reserves were $2,716,929; $883,071

  below the actuary's recommended level of $3,600,000.
- For the fiscal year 2024-2025, the Board of Directors increased Subscriber premiums to restore Rate Stabilization Reserves to the actuary's recommended level. Unfortunately, claims activity resulted in a Rate Stabilization Reserve that remains below the actuary-recommended level. The Board of Directors will undertake strategic considerations to return the Rate Stabilization Reserve to the recommended level.
- Fall 2024/Winter 2025, SIP Board of Directors and staff worked with an appointed consultant to develop Five-Year Strategic Plan for 2025-2029. Subscribers were engaged during the discovery phase of the consultancy.
- SIP's Annual General Meeting was held June 20, 2025

Thanks to our Subscribers for their continued support of the reciprocal program and our staff for their ongoing dedication to our Subscribers.

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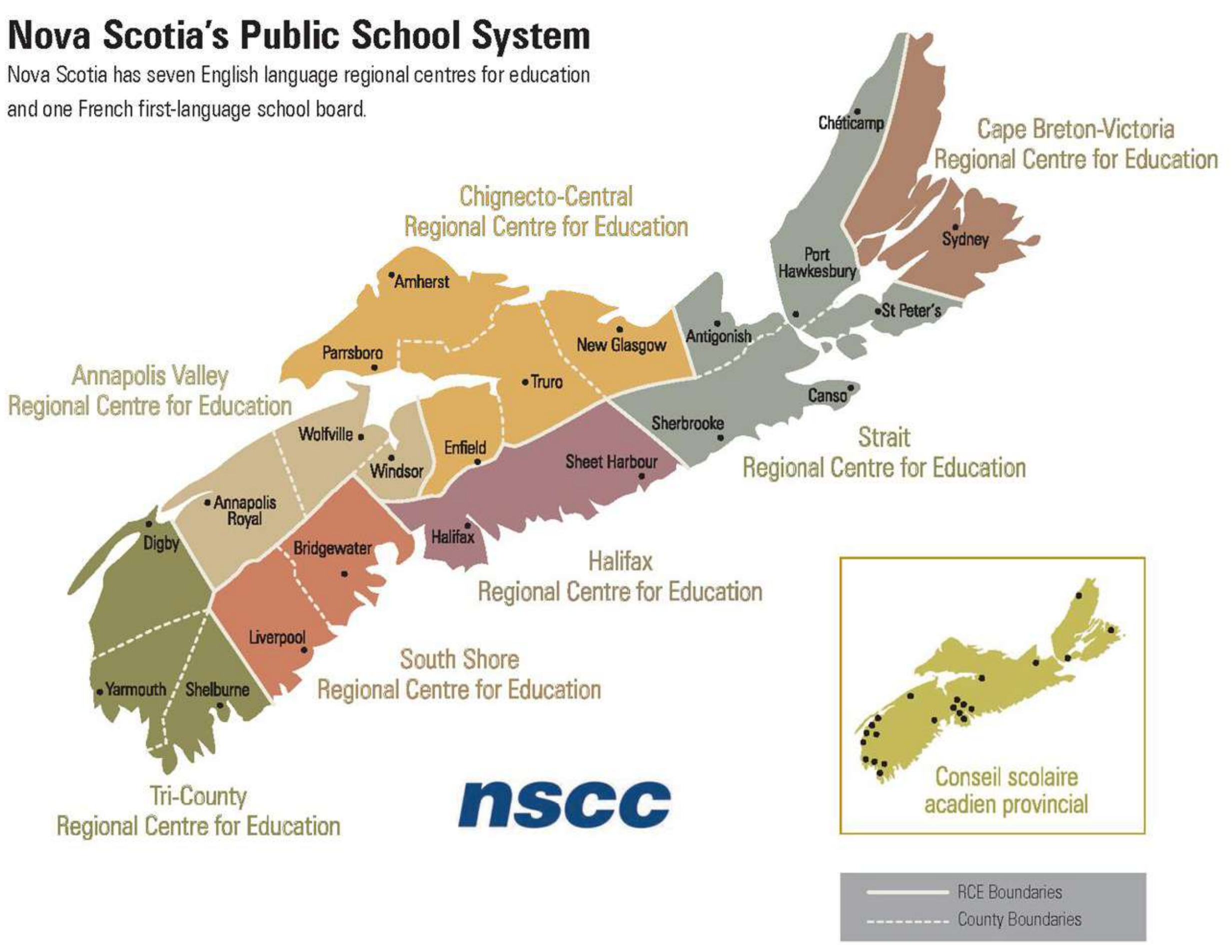
SUBSCRIBERS

- Annapolis Valley Regional Centre for Education
- Cape Breton-Victoria Regional Centre for Education
- Chignecto-Central Regional Centre for Education
- Conseil scolaire acadien provincial
- Halifax Regional Centre for Education
- Nova Scotia Community College
- South Shore Regional Centre for Education
- Strait Regional Centre for Education
- Tri-County Regional Centre for Education



SIP LEADERSHIP

The management of SIP is the responsibility of staff. The following staff members were in place in the 2024-2025 year.

Bruce Macdonald, BBA, CIP
Chief Executive Officer

Bruce plans, organizes, manages, and evaluates the operations of SIP in accordance with objectives established by the Board of Directors.

Lee-Anne Dauphinee, CRM, CIP
Risk Manager

Lee-Anne provides risk management, loss control, and insurance procurement service to Subscribers.

Cindy Norrad, CPA, CGA, CRM
Controller

Cindy manages the finances of SIP, reports to the Board of Directors, the Superintendent of Insurance, and engages in procurement.

SIP LEADERSHIP

The management of SIP is the responsibility of staff. The following staff members were in place in the 2024-2025 year.

Angela MacInnis
Executive/Accounting Assistant

Angela provides support to the CEO, works closely with the Board of Directors and provides administrative support to staff.

Rebekah Tingley, CRM, CIP

Risk Management and Insurance Analyst

Rebekah provides support to the Risk Manager, works closely with Subscribers on risk management-related matters and exposure data collection

Meagan Spicer
Claims Administrator

Meagan handles claims, the student accident program, certificate of insurance requests, and provides administrative support to staff.

Valencia Forrest
Claims Administrator

Valencia handles claims, the student accident program, certificate of insurance requests, and provides administrative support to staff.

APPENDIX 1

2025 Audited Financial Statements

Combined Financial Statements of

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

And Independent Auditor's Report thereon

Year ended March 31, 2025

KPMG LLP
Purdy's Wharf Tower One
1959 Upper Water Street, Suite 1000
Halifax, NS B3J 3N2
Canada
Telephone 902 492 6000
Fax 902 492 1307

INDEPENDENT AUDITOR'S REPORT

To the Subscribers of the Nova Scotia School Insurance Program

Opinion

We have audited the combined financial statements of the Nova Scotia School Insurance Program (the Entity), which comprise:

- the combined statement of financial position as at March 31, 2025
- the combined statement of loss for the year then ended
- the combined statement of comprehensive income (loss) for the year then ended
- the combined statement of changes in reserves for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined 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 combined financial position of the Entity as at March 31, 2025, and its combined financial performance and its combined 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.

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

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

In preparing the financial statements, management is responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Halifax, Canada

June 20, 2025

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Financial Position

Balances at March 31, 2025 with comparative information for 2024

	Notes	March 31, 2025	March 31, 2024
Assets			
Cash and cash equivalents		$13,225,311	$ 8,561,242
Investments	5	6,630,042	6,244,569
Other receivables		47,949	66,284
Excess insurance recoverable	7	1,133,000	1,646,000
Prepaid premiums		2,945,190	2,667,319
Other assets		287,271	221,248
Right of use asset		285,343	325,158
Property, plant, and equipment		37,590	50,683
Total Assets		$ 24,591,696	$ 19,782,503
Liabilities			
Accounts payable and accrued liabilities		$ 655,516	$ 789,764
Lease liability		331,442	370,841
Insurance contract liabilities	7	20,457,000	15,559,747
Total liabilities		21,443,958	16,720,352
Subscriber reserves:			
Rate stabilization reserves	10	2,716,929	2,859,659
Accumulated other comprehensive income		430,809	202,492
		3,147,738	3,062,151
Total liabilities and reserves		$ 24,591,696	$ 19,782,503

See accompanying notes to combined financial statements.

On behalf of the Board of Directors:

_______________ Director

_______________ Director

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Loss

Year ended March 31, 2025 with comparative information for 2024

	March 31, 2025	March 31, 2024
Insurance revenue	$ 15,309,107	$ 14,338,787
Insurance services expenses (note 4)	(14,748,212)	(13,700,877)
Insurance service result	560,895	637,910
Investment income (note 5 (b))	567,670	381,053
Investment management fees	(35,592)	(21,225)
Insurance finance expense	(260,000)	(170,000)
Net insurance financial result	272,078	189,828
Operating expenses (note 12)	975,703	929,751
Net loss	$ (142,730)	$ (102,013)

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Comprehensive Income (Loss)

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Net loss	$ (142,730)	$ (102,013)
Other comprehensive income:		
Unrealized gain on investments	322,904	17,775
Reclassification adjustments:		
Realized (gain) loss on disposal of investments	(45,248)	86,251
Amortization of premiums and discounts recognized under the effective interest rate method	(49,339)	(4,799)
Total other comprehensive income	228,317	99,227
Comprehensive income (loss)	$ 85,587	$ (2,786)

See accompanying notes to combined financial statements.

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Changes in Reserves

Year ended March 31, 2025, with comparative information for 2024

	Rate Stabilization Reserves	Accumulated Other Comprehensive Income	Total
Balance at March 31, 2024	**$ 2,859,659**	**$ 202,492**	**$ 3,062,151**
Net loss	(142,730)	–	(142,730)
Other comprehensive income	–	228,317	228,317
Balance March 31, 2025	**$ 2,716,929**	**$ 430,809**	**$ 3,147,738**

See accompanying notes to combined financial statements.

NOVA SCOTIA SCHOOL INSURANCE PROGRAM

Combined Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Net loss	$ (142,730)	$ (102,013)
Items not involving cash:		
Depreciation of property and equipment	33,638	27,646
Depreciation of premise lease	39,815	39,815
Accretion expense of premise lease	13,109	14,411
Gain on sale of property and equipment	(40)	(100)
Investment income	(567,670)	(381,053)
Change in non-cash working capital (note 14)	53,192	(107,270)
Proceeds from interest income	383,429	280,125
Proceeds from dividend income	29,859	120,434
Increase in insurance contract liabilities	4,897,253	5,368,336
	4,739,855	5,260,331
Investments:		
Fixed income investment purchases	(650,636)	(6,443,860)
Equity investment purchases	(509,838)	(987,413)
Proceeds from sale of fixed income investments	647,228	5,725,527
Proceeds from sale of equity investments	510,473	1,371,405
Proceeds from sale of property and equipment	40	100
Additions to property and equipment	(20,545)	(48,034)
	(23,278)	(382,275)
Financing:		
Repayment of lease liability	(39,399)	(31,920)
Interest payment	(13,109)	(14,411)
	(52,508)	(46,331)
Increase in cash	4,664,069	4,831,725
Cash and cash equivalents, beginning of year	8,561,242	3,729,517
Cash and cash equivalents, end of year	$ 13,225,311	$ 8,561,242

The Nova Scotia School Insurance Program ("SIP") is the combination of the Nova Scotia School Insurance Exchange (the "NSSIE") and its Attorney-in-Fact, the Nova Scotia School Insurance Program Association (the "NSSIPA"). SIP underwrites property and casualty insurance for the seven Nova Scotia regional Centres for Education, one provincial school board and the Nova Scotia Community College (the "Subscribers").

The NSSIE, established under a reciprocal insurance exchange agreement dated December 1, 2000, is licensed in the province of Nova Scotia by the Superintendent of Insurance ("NSSI") to provide property and liability insurance including educational errors and omissions in accordance with Part XII of the Insurance Act (Nova Scotia) R.S.N.S. 1989, c. 231, specifically Section 321.1.

SIP's registered office is located at Suite 100, Park Place II, 238A Brownlow Avenue, Dartmouth, Nova Scotia.

1. Basis of preparation:

(a) Statement of compliance:

These combined financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The combined financial statements were authorized for issue by the Board of Directors on June 20, 2025.

(b) Basis of combination:

The combined financial statements reflect all the assets, liabilities, revenue, expenses, and cash flows of SIP, which includes 100% of NSSIE and NSSIPA. There are no other related or associated entities that have not been included that operate under the common name SIP. SIP is consolidated with the Nova Scotia Government Public Accounts.

The statements were prepared on a combined basis to reflect the underlying expenses incurred by the NSSIPA as Attorney-in-Fact on behalf of the NSSIE, which is funded by NSSIE contributions to NSSIPA. All inter-entity balances and transactions have been eliminated.

(c) Basis of measurement:

The combined financial statements have been prepared on the historical cost basis, except investments, which are measured at fair value, and the claims liabilities, which are measured on a discounted basis in accordance with accepted actuarial practice (which in the absence of an active market provides a reasonable proxy of fair value).

(d) Functional and presentation currency:

These combined financial statements are presented in Canadian dollars, which is SIP's functional and presentation currency.

1. Basis of preparation (continued):

(e) Combined statement of financial position:

SIP presents its combined statement of financial position in order of liquidity. Assets and liabilities that are expected to be recovered or settled in more than 12 months after the reporting date are summarized in notes 5 and 7.

2. Material accounting policies:

(a) Premiums:

Subscriber premiums are earned over the term of the policies for their periods which do not exceed one year. Policy terms are aligned with the Entity's fiscal year with the exception of certain policies which run from July 1 to July 1. Unearned premiums for policies that do not align with the Entity's fiscal year are grouped with premiums received in advance. Premiums received in advance relate to premiums received in the current fiscal year for the fiscal year commencing April 1 of the following year.

(b) Financial Instruments:

(i) Financial assets:

Classification and measurement of financial instruments:

Under IFRS 9, financial assets are classified as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost based on their characteristics and purpose of their acquisition.

Financial assets are not reclassified subsequent to their initial recognition unless SIP changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following a change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specific dates to cash flows that are SPPI.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest ("SPPI").

2. Material accounting policies (continued):

(b) Financial Instruments (continued):

(i) Financial assets (continued):

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition, SIP may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

SIP classifies financial assets into the following categories:

- financial assets held at FVOCI: bonds and equities
- financial assets at amortized cost: cash and cash equivalents, accrued investment income, and receivables.

(ii) Financial liabilities:

Financial liabilities are classified and measured based on two categories: amortized cost or FVTPL. Financial liabilities are recognized initially on the trade date at which SIP becomes a party to the contractual provisions of the instrument. SIP derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. SIP has the following non-derivative financial liabilities measured at amortized cost: accounts payable and accrued liabilities.

(iii) Fair value:

The fair value of a financial instrument on initial recognition is defined as the fair value of the consideration given. Subsequent to initial recognition, fair value amounts represent estimates of the consideration that would currently be agreed between knowledgeable, willing parties who are under no compulsion to act.

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

SIP uses the services of external security pricing vendors to obtain estimated fair values of securities in its investment portfolio.

2. Material accounting policies (continued):

(b) Financial Instruments (continued):

(iv) Impairment:

SIP recognizes loss allowances for expected credit losses ("ECL") on financial assets not classified as FVTPL. SIP measures loss allowances at an amount equal to lifetime ECL, except on other financial instruments for which the credit risk has not increased significantly since initial recognition, for which the amount recognized is the 12-month ECL.

SIP assesses at each reporting date whether a financial asset or group of financial assets, other than FVOCI, is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is any objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable date indicate that there is a measurable decrease in the estimate future cash flows, such as changes in arrears for economic conditions that correlate with defaults. When there is evidence of impairment, the value of these financial instruments is written down to the estimated net realized value through investment income in the statement of income and comprehensive income.

(v) Investment income:

Dividends and interest income are included in investment income and are recorded as they accrue. Interest is recognized using the effective interest rate method. Income distributions from Canadian income trusts are recorded as income when received. Dividend income on equity investments is recorded on the ex-dividend date.

(vi) General investment expenses:

General investment expenses are recognized as incurred.

(c) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, balances with banks and highly liquid temporary investments which are readily convertible into cash, and which are subject to insignificant risk of changes in value.

(d) Additional coverage and other primary insurance coverage:

SIP, on behalf of its Subscribers, obtains additional coverage and other primary insurance coverage. No liability related to claims under this coverage is recorded as SIP is not an insurer under these contracts.

2. Material accounting policies (continued):

(e) Salvage and subrogation recoverable:

In certain circumstances, SIP acquires the right to pursue third parties for losses paid to policyholders under insurance contracts or to dispose of the damaged goods. SIP has recognized and disclosed all identifiable and measurable amounts it expects to recover, and recoverable amounts are not recognized until paid or confirmed by SIP's solicitor or adjusters.

(f) Insurance contracts accounting treatment:

(i) Insurance contracts accounting classification:

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

(ii) Separating components from insurance contracts:

SIP assesses its insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of IFRS 17. SIP does not currently issue insurance contracts that contain one or more components that would fall within the scope another standard (IFRS 9 or 15) and require unbundling (separation of components).

(iii) Levels of aggregation:

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. SIP previously applied aggregation levels, which were higher than the level of aggregation required by IFRS 17. The level of aggregation for SIP is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected probability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. No group for level of aggregation purposes may contain contracts issued more than one year apart.

2. Material accounting policies (continued):

(f) Insurance contracts accounting treatment (continued):

(iii) Levels of aggregation (continued):

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

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

(iv) Recognition:

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

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

(v) Contract boundary:

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

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

2. Material accounting policies (continued):

(f) Insurance contracts accounting treatment (continued):

(vi) Measurement – Premium Allocation Approach:

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

(vii) Insurance contracts – initial measurement:

SIP applies the PAA to all the insurance contracts it issues as the coverage for all contracts is one year or less.

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

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

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

2. Material accounting policies (continued):

(f) Insurance contracts accounting treatment (continued):

(viii) Insurance contracts – subsequent measurement:

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

- Plus premiums received in the period,
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortization of the insurance acquisition cash flows recognized as an expense in the reporting period for the group,
- Minus the amount recognized as insurance revenue for the services provided in the period.

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

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

Insurance acquisition cash flows are expensed as incurred.

(ix) Insurance contracts – modification and derecognition:

SIP derecognizes insurance contracts when:

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

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

2. Material accounting policies (continued):

(f) Insurance contracts accounting treatment (continued):

(x) Presentation:

SIP has presented separately, in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets, and portfolios of insurance contracts issued that are liabilities.

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

SIP separately presents income or expenses from insurance contracts issued.

(xi) Insurance revenue:

SIP is recognizing revenue based on the passage of time (straight-line basis) unless the release of risk differs significantly from the straight-line passage of time. In that case, recognition would be based on the expected timing of the incurred insurance service expense. Currently, SIP issues all annual subscriber policies (and pricing renewal notices) with an effective date of July 1 and therefore premiums are expected to be recognized via the passage of time.

(xii) Loss components:

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

(xiii) Insurance finance income and expense:

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk. SIP presents insurance finance income or expenses within income each period.

(g) Income taxes:

As an exchange under The Insurance Act of Nova Scotia, the NSSIE is not subject to income taxes and, accordingly, no provision for income taxes has been made in these combined financial statements.

As a not-for-profit organization under The Societies Act of Nova Scotia, the NSSIPA is not subject to income taxes and accordingly no provision for income taxes has been made in these combined financial statements.

2. Material accounting policies (continued):

(h) Impairment of non-financial assets:

The carrying amounts of SIP'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. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less expected selling costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in income in the period in which the impairment is determined.

(i) Foreign currency translation:

The Canadian dollar is the functional and presentation currency of SIP. Transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Translation differences on FVOCI investments are classified as other changes in the carrying value of the investment and are recognized in other comprehensive income.

Monetary assets and liabilities are translated at current rates of exchange.

(j) Accounting standards issued but not yet effective:

On April 9, 2024, the IASB issued IFRS 18, Presentation and Disclosures in Financial Statements. The standard sets out requirements to improve the presentation and comparability of financial statements, including defined subtotals in profit or loss, enhanced aggregation and disaggregation guidance, disclosures on management-defined performance measures and targeted improvements to the statement of cash flows.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. SIP is currently evaluating the impact of these amendments on its combined financial statements and will apply the amendments from the effective date.

IFRS 9 and IFRS 7 Amendments: Classification and measurement of financial instruments

In May, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to classification and measurement of financial instruments. The amendments clarify certain concepts relating to classification of financial assets, including those with contingent features. The amendments address the recognition and derecognition of financial assets and liabilities settled using an electronic payment system. The amendments also introduce certain new disclosure requirements for financial instruments measured at fair value through other comprehensive income and amortized cost. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, and must be applied retrospectively. SIP is currently evaluating the impact that this amendment will have on its financial statements.

3. Accounting estimates and judgments:

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

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

(a) Significant judgments:

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

(i) Classification of financial assets: assign the business model within which the assets are held. See Note 2(b)(i).

(ii) Classification of insurance contracts. Assessing whether the contract transfers significant insurance risk. See Note 2(f)(i).

(iii) Level of aggregation of insurance contracts. Identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently. See Note 2(f)(iii).

(iv) Measurement of insurance contracts. Determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract. See Note 3 (i)(d).

(b) Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. SIP based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of SIP. Such changes are reflected in the assumptions when they occur.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment to the carrying amounts of assets and liabilities within the next twelve months include the following notes:

3. Accounting estimates and judgments (continued):

(b) Estimates and assumptions (continued):

(i) Insurance contracts:

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

a. Liability for remaining coverage

Liability for remaining coverage includes premiums, claims, ILAE for future claims, general expenses and policy premium tax.

i. Onerous groups:

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognized on underlying contracts and the recovery expected on such claims. At this time, SIP does not recognize any onerous groups.

ii. Time value of money:

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

b. Liability for incurred claims

The ultimate cost of outstanding claims is estimated by taking a weighting of current actuarial methods (Development methods, Bornheutter-Ferguson methods, and expected loss ratio (ELR method) using best estimate parameters (loss development factors, ELR) with consideration for the full range of possible outcomes (including those not in historical data) as meeting an unbiased, best estimate (probability-weighted mean) from which future cash flows are derived.

3. Accounting estimates and judgments (continued):

(b) Estimates and assumptions (continued):

(i) Insurance contracts (continued):

b. Liability for incurred claims (continued)

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

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

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

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

c. Discount rates:

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. The Canadian Institute of Actuaries publishes Canadian IFRS 17 compliant discounting curves (risk free, liquidity premium) using a bottom up approach. A Canada zero-coupon bond curve is used to develop the risk-free curve. SIP's policy is that it should leverage the risk-free spot rate yield and the computed illiquidity premium for the Canadian dollar published monthly by the CIA (and available to all CIA members and regulated insurance entities in Canada). This approach allows SIP to leverage the technical analysis and the supporting governance processes undertaken by the CIA and to comply with IFRS 17 standards in an efficient manner.

3. Accounting estimates and judgments (continued):

(b) Estimates and assumptions (continued):

(i) Insurance contracts (continued):

c. Discount rates (continued):

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

	1 year		3 years		5 years		10 years	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Insurance contract liabilities	3.44%	5.47%	3.68%	5.01%	3.96%	4.89%	4.59%	5.09%

A sensitivity analysis of how the insurance liabilities respond to changes in the discount rates has been disclosed in Note 8.

d. Risk adjustment for non-financial risk

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

SIP has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, SIP has assessed that in order to be indifferent to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) they require an additional amount equivalent to the 75% level less the mean of an estimated probability distribution of the future cash flows. SIP has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

A sensitivity analysis of how the insurance liabilities respond to changes in the risk adjustments has been disclosed in Note 8.

4. Insurance service expense:

	2025	2024
Excess premiums	$ 11,528,317	$ 10,561,379
Claim costs incurred and paid	1,520,960	2,739,821
Legal fees incurred and paid	529,823	221,941
Adjuster fees incurred and paid	224,804	168,150
Broker fees	162,750	162,490
Student accident insurance	69,697	68,555
Salaries and employee benefits	353,622	355,845
Riskonnect software	56,535	55,686
IBNR and excess insurance adjustments	263,394	(672,240)
Taxable premium expense	38,310	39,250
	$ 14,748,212	$ 13,700,877

5. Investments:

	2025	2024
Fixed income:		
Government	$ 2,336,750	$ 2,262,746
Corporate	1,057,918	871,591
Other	329,703	401,838
Mutual and pooled fund units	1,308,177	1,230,296
Equities:		
Common shares	988,529	922,090
Mutual and pooled funds units	608,965	556,008
	$ 6,630,042	$ 6,244,569

The fair values of securities are based on quoted market values. Pooled funds and mutual funds are valued using an estimated fair value derived from the quoted market values of the underlying investments held by the respective pooled or mutual fund.

Fair values of cash equivalents and accrued investment income approximate their carrying values due to the short-term maturity of these items.

5. Investments (continued):

(a) Liquidity:

Principal bond maturity profile as at March 31, 2025, assuming bonds are not liquidated prior to maturity is as follows:

Government bonds 4.5 years

Corporate bonds 5.71 years

Other bonds 2.78 years

Other pooled bond fund units 8.12 years

The weighted average yield for debt securities based on market value at March 31, 2025, is 3.6% (March 31, 2024 - 3.6%).

(b) Investment and other income:

	2025	2024
Interest	$ 426,227	$ 294,689
Dividends	96,756	173,341
Gain (loss) on sale of investments	44,687	(86,977)
	$ 567,670	$ 381,053

Dividends include re-invested dividends of $66,896 (2024 - $60,257) related to mutual funds and short-term investments.

6. Limits of liability:

(a) Commercial general liability insurance:

The limit of liability for liability insurance is a maximum amount on any one loss of $250,000 subject to a policy annual aggregate of $1 million. The Subscriber pre-entry deductible is $1,000 for third-party property damage only. There is no deductible for bodily or personal injury. These policy liability limits were in effect for both fiscal years 2025 and 2024.

(b) Property insurance:

The limit of liability for property insurance is a maximum amount of any one loss of $500,000 subject to a policy annual aggregate of $2 million. The Subscriber pre-entry deductible is $5,000. These policy liability limits were in effect for both fiscal years 2025 and 2024.

6. Limits of liability (continued):

(c) Educational errors and omissions insurance:

The limit of liability for errors and omissions insurance is a maximum amount of any one loss of $250,000 subject to a policy annual aggregate of $1 million. The Subscriber pre-entry deductible is $1,000 for each loss after the total annual aggregate has been exhausted. These policy liability limits were in effect for both fiscal years 2025 and 2024.

7. Insurance contracts:

(a) Roll forward of net asset or liability for insurance contracts:

SIP provides disclosure for its entire portfolio on an overall basis without further disaggregating information based on major product lines. This approach reflects SIP's management and reporting practices.

2025	Liabilities for remaining coverage		Liabilities for incurred claims		
Amounts are in $'000	**Excluding loss component**	**Loss component**	**Estimates of PVFCF***	**Risk adjustments**	**Total**
Insurance contract liabilities, beginning of year	**425**	**–**	**4,590**	**490**	**5,505**
Insurance revenue	(15,309)	–	–	–	(15,309)
Insurance service expenses:					
Incurred claims and other directly attributable expense	–	–	14,178	185	14,363
Changes that relate to past service – adjustments to the LIC	–	–	462	(77)	385
Insurance service result	**(15,309)**	**–**	**14,640**	**108**	**(561)**
Insurance finance expenses	–	–	260	–	260
Total changes in the statement of comprehensive income	(15,309)	–	14,900	108	(301)
Cash flows:					
Premiums received	15,328	–	-	–	15,328
Claims and other directly attributable expenses paid	–	–	(13,992)	–	(13,922)
Total cash flows	**15,328**	**–**	**(13,992)**	**–**	**1,336**
Insurance contract liabilities, end of year	**444**	**–**	**5,498**	**598**	**6,540**
Excess insurance recoverable	–	–	1,133	–	1,133
Prepaid premiums received	12,784	–	–	–	12,784
Total insurance contract liabilities, end of year	**13,228**	**–**	**6,631**	**598**	**20,457**

* PVFCF refers to present value of future cash flows

7. Insurance contracts:

(a) Roll forward of net asset or liability for insurance contracts:

SIP provides disclosure for its entire portfolio on an overall basis without further disaggregating information based on major product lines. This approach reflects SIP's management and reporting practices.

2024	**Liabilities for remaining coverage**		**Liabilities for incurred claims**		
Amounts are in $'000	**Excluding loss component**	**Loss component**	**Estimates of PVFCF***	**Risk adjustments**	**Total**
Insurance contract liabilities, beginning of year	**395**	**–**	**4,345**	**459**	**5,199**
Insurance revenue	(14,339)	–	–	–	(14,339)
Insurance service expenses:					
Incurred claims and other directly attributable expense	–	–	13,501	194	13,695
Changes that relate to past service – adjustments to the LIC	–	–	169	(163)	6
Insurance service result	**(14,339)**	**–**	**13,670**	**31**	**(638)**
Insurance finance expenses	–	–	170	–	170
Total changes in the statement of comprehensive income	(14,339)	–	13,840	31	(468)
Cash flows:					
Premiums received	14,369	–	–	–	14,369
Claims and other directly attributable expenses paid	–	–	(13,595)	–	(13,595)
Total cash flows	**14,369**	**–**	**(13,595)**	**–**	**774**
Insurance contract liabilities, end of year	**425**	**–**	**4,590**	**490**	**5,505**
Excess insurance recoverable	–	–	1,646	–	1,646
Prepaid premiums received	8,409	–	–	–	8,409
Total insurance contract liabilities, end of year	**8,834**	**–**	**6,236**	**490**	**15,560**

* PVFCF refers to present value of future cash flows

7. Insurance contracts (continued):

(b) Liability for incurred claims:

The liability for incurred claims represents the expected fulfilment cash flows related to incurred claims, reflecting current estimates from the perspective of SIP and includes an explicit adjustment for non-financial risk (the risk adjustment).

(i) Methodology and assumptions:

Determining the liability for incurred claims and the related asset for incurred claims involves an assessment of the future development of claims. The liability for incurred claims is determined using a range of accepted actuarial claims projection techniques determined based on the line of business. The key assumption in developing these estimates is that claims recorded to date will continue to develop in a similar manner in the future. Other factors include changing regulatory and legal environment, actuarial studies, professional experience and expertise of SIP's claims personnel and independent adjusters retained to handle individual claims, the effect of inflationary trends on future claims settlement costs, investment rates of return, court decisions, economic conditions and public attitudes.

The liability for incurred claims includes salvage and subrogation recoveries. The actuarially determined carrying value of liability for incurred claims is considered an indicator of fair value, as there is no ready market for the trading of insurance policies.

Under Canadian accepted actuarial practice, the appropriate amount representing future obligations is defined as policy liabilities, which takes into consideration the time value of money and includes risk adjustment. Consequently, the liability for incurred claims has been recorded on a discounted basis. The discount rate used in the March 31, 2025 valuation is set out in Note 3(i)(c). A sensitivity analysis of how the insurance liabilities respond to changes in the discount rates has been disclosed in Note 7.

The liability for incurred claims are estimates and, as such, are subject to variability, which could be material in the near term. Changes to the estimates could result from future events such as receiving additional claim information, changes in judicial interpretation of contracts or significant changes in severity or frequency of claims from past trends. In general, the longer the term required for the settlement of claims, the more variable the estimates. As additional experience and other data becomes available, the estimates could be revised. Any future changes in estimates would be reflected in the statement of income for the period in which the change occurred. The historical studies are regularly compared to current emerging experience so that adjustments may be made as necessary. The actual amount of ultimate claims can only be ascertained once all claims are closed. The effect of changes in assumptions is disclosed in Note 7 (a)(vi) sensitivity analysis.

8. Insurance and financial risk management:

SIP's activities expose it to a variety of insurance and financial risks and those activities necessitate the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. Taking various types of risk is core to the financial services business and operational risks are an inevitable consequence of being in business. SIP's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance.

(a) Insurance risk:

The following tables show the concentration of net insurance contract liabilities by type of contract:

Amounts are in $'000		2025		2024
Property	$	2,492	$	2,407
Comprehensive general liability		3,468		2,627
Educational errors and omissions		136		46
	$	6,096	$	5,080

The risks written by SIP are concentrated within Nova Scotia.

SIP's 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 and catastrophic loss risk.

SIP's underwriting objective is to provide cost effective insurance for its subscribers.

(i) Pricing risk:

Pricing 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. The market cycle is affected by the frequency and severity of losses, levels of capacity and demand, general economic conditions, and price competition. SIP prices premiums based on a historical factor of provider premiums and a calculation based on enrollment and square footage.

(ii) Reserving risk:

Reserving risk arises due to the length of time between the occurrence of a loss, the reporting of the loss to the insurer and ultimate resolution of the claim. Claim provisions are expectations of the ultimate cost of resolution and administration of claims based on an assessment of facts and circumstances then known, a review of historical settlement patterns, estimates of trends in claims severity and frequency, legal theories of liability and other factors.

8. Insurance and financial risk management (continued):

(a) Insurance risk (continued):

(ii) Reserving risk (continued):

Variables in the reserve estimation process can be affected by receipt of additional claim information and other internal and external factors, such as economic inflation, legal and judicial trends and legislative changes. Due to the amount of time between the occurrence of a loss, the actual reporting of the loss and the ultimate payment, provisions may ultimately develop differently from the actuarial assumptions made when initially estimating the provision for claims. SIP's provisions for claims are reviewed separately by, and must be acceptable to, the independent appointed actuary.

(iii) Catastrophic loss risk:

Catastrophic loss risk is the exposure to losses resulting from multiple claims arising out of a single catastrophic event. Property and casualty insurance companies experience large losses arising from manmade or natural catastrophes that can result in significant underwriting losses. Catastrophes can cause losses in a variety of property and casualty lines and may have continuing effects which could delay or hamper efforts to timely and accurately assess the full extent of the damage they cause. The incidence and severity of catastrophes are inherently unpredictable. SIP's exposure to risks is managed through the use of excess primary policies.

(iv) Sensitivities:

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

8. Insurance and financial risk management (continued):

(a) Insurance risk (continued):

(iv) Sensitivities (continued):

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

		2025			
	Change in assumptions $'000	Impact on profit $'000	Impact on profit $'000	Impact on equity $'000	Impact on equity $'000
Weighted average term to settlement	+10%	54	54	(54)	(54)
Expected loss	+5%	(53)	(53)	53	53
Inflation rate	+1%	(270)	(270)	270	270
Weighted average term to settlement	-10%	(55)	(5)	55	55
Expected loss	-5%	65	65	(65)	(65)
Inflation rate	-1%	135	135	(135)	(135)

		2024			
	Change in assumptions $'000	Impact on profit $'000	Impact on profit $'000	Impact on equity $'000	Impact on equity $'000
Weighted average term to settlement	+10%	52	52	(52)	(52)
Expected loss	+5%	(40)	(40)	40	40
Inflation rate	+1%	(171)	(171)	171	171
Weighted average term to settlement	-10%	(53)	(53)	53	53
Expected loss	-5%	51	51	(51)	(51)
Inflation rate	-1%	143	143	(143)	(143)

8. Insurance and financial risk management (continued):

(a) Insurance risk (continued):

(v) Claims development

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

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

		2025			2024		
	Note	Estimates of the PVFCF $'000	Risk adjustment $'000	Total $'000	Estimates of the PVFCF $'000	Risk adjustment $'000	Total $'000
Total gross and net liabilities for incurred claims		5,498	598	6,096	4,591	489	5,080

8. Insurance and financial risk management (continued):

(a) Insurance risk (continued):

(v) Claims development (continued):

Net undiscounted liabilities for incurred claims for 2025:

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimate of ultimate claims costs:											
End of accident year	$ 1,555,249	1,528,025	1,527,943	1,166,928	1,714,950	1,084,016	2,555,795	2,320,231	2,568,779	2,273,245	
End of one year	1,273,502	1,450,630	1,477,497	861,324	1,445,986	825,961	2,213,066	2,481,199	2,671,530	–	
End of two years	1,323,401	1,270,054	1,268,977	588,907	1,275,269	822,062	2,400,093	2,244,164	–	–	
End of three years	1,300,923	1,262,718	1,301,664	676,454	1,180,091	784,383	2,647,286	–	–	–	
End of four years	1,297,999	1,257,422	1,187,741	530,723	1,145,673	677,274	–	–	–	–	
End of five years	1,316,246	1,176,508	1,320,003	543,642	1,204,079	–	–	–	–	–	
End of six years	1,363,913	1,350,799	1,254,144	550,299	–	–	–	–	–	–	
End of seven years	1,298,714	1,279,176	1,289,714	–	–	–	–	–	–	–	
End of eight years	1,209,118	1,258,176	–	–	–	–	–	–	–	–	
End of nine years	754,571	–	–	–	–	–	–	–	–	–	
Current estimate of cumulative claims	754,571	1,258,176	1,289,714	550,299	1,204,079	677,274	2,647,286	2,244,164	2,671,530	2,273,245	15,570,337
Cumulative claims payments to date	749,571	1,248,176	1,142,714	436,299	1,169,079	574,274	2,009,286	1,799,164	1,521,530	201,245	10,851,337
Liability recognized	5,000	10,000	147,000	114,000	35,000	103,000	638,000	445,000	1,150,000	2,072,000	4,719,000
Total all claims											4,719,000
Liability in respect of prior years											710,000
ILAE											640,900
Effect of discounting & risk adjustment											26,200
Net liabilities for incurred claims											$ 6,096,100

8. Insurance and financial risk management (continued):

(a) Insurance risk (continued):

(v) Claims development (continued):

Net undiscounted liabilities for incurred claims for 2024:

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate claims costs:											
End of accident year	$ 1,824,636	1,555,249	1,528,025	1,527,943	1,166,928	1,714,950	1,084,016	2,555,795	2,320,231	2,568,779	
End of one year	1,673,420	1,273,502	1,450,630	1,477,497	861,324	1,455,986	825,961	2,213,066	2,481,199	–	
End of two years	1,693,489	1,323,401	1,270,054	1,268,977	588,907	1,275,269	822,062	2,400,093	–	–	
End of three years	1,676,228	1,300,923	1,262,718	1,301,664	676,454	1,180,091	784,383	–	–	–	
End of four years	1,677,276	1,297,999	1,257,422	1,187,741	530,723	1,145,673	–	–	–	–	
End of five years	1,696,824	1,316,246	1,176,508	1,320,003	543,642	–	–	–	–	–	
End of six years	1,849,888	1,363,913	1,350,799	1,254,144	–	–	–	–	–	–	
End of seven years	1,912,222	1,298,714	1,279,176	–	–	–	–	–	–	–	
End of eight years	1,861,579	1,209,118	–	–	–	–	–	–	–	–	
End of nine years	1,775,959	–	–	–	–	–	–	–	–	–	
Current estimate of cumulative claims	1,775,959	1,209,118	1,279,176	1,254,144	543,642	1,145,673	784,383	2,400,093	2,481,199	2,568,779	15,442,166
Cumulative claims payments to date	1,731,959	1,199,118	1,248,176	1,129,144	415,642	1,083,673	653,383	1,811,093	1,865,199	229,779	11,367,166
Liability recognized	44,000	10,000	31,000	125,000	128,000	62,000	131,000	589,000	616,000	2,339,000	4,075,000

Total all claims	4,075,000
Liability in respect of prior years	526,000
ILAE	547,000
Effect of discounting & risk adjustment	(68,387)
Net liabilities for incurred claims	$ 5,079,613

8. Insurance and financial risk management (continued):

(b) Financial risk management:

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

Credit risk

(i) Invested assets:

SIP's risk management strategy is to invest primarily in debt instruments of high credit quality issuers and to limit the amount of credit exposure with respect to any one issuer. SIP attempts to limit credit exposure by imposing portfolio limits on individual corporate issuers as well as limits based on credit quality. The breakdown of SIP's fixed income portfolio by the S&P rating or, where unavailable, the Fitch rating is presented below:

	March 31, 2025		March 31, 2024	
	Fair value	% of total	Fair value	% of total
High (AAA, AA)	$ 2,900,614	78.4%	$ 1,527,282	43.5%
Medium (A+, BBB-)	799,959	21.6%	1,985,009	56.5%
	$ 3,700,573	100%	$ 3,512,291	100%

(ii) Aggregated credit risk:

SIP's aggregate exposure to credit risk is as follows:

	2025	2024
Investments in bonds	$ 3,700,573	$ 3,512,291
Accrued investment income, including interest	25,915	27,657
Cash and cash equivalents	13,225,311	8,561,242
Excess insurance recoverable	1,133,000	1,646,000
Other receivables	47,949	66,285
	$ 18,132,748	$ 13,813,475

8. Insurance and financial risk management (continued):

(b) Financial risk management (continued):

Liquidity risk:

Liquidity risk is the risk of having insufficient cash resources to meet financial commitments and policy obligations as they fall due, without raising funds at unfavorable rates or selling assets on a forced basis.

Liquidity risk arises from the general business activities and in the course of managing the assets and liabilities. The liquidity requirements of SIP's business have been met primarily by funds generated from operations, asset maturities and income and other returns received on securities. Cash provided from these sources is used primarily for claims and claim adjustment and defense expense payments and operating expenses. The timing and amount of catastrophe claims are inherently unpredictable and may create increased liquidity requirements.

To meet these cash requirements, SIP has policies to limit and monitor its exposure to individual issuers or related groups and to ensure that assets and liabilities are broadly matched in terms of their duration and currency. SIP also holds a portion of invested assets in liquid securities. At March 31, 2025, SIP has $13,225,311 (2024 - $8,561,242) of cash and cash equivalents.

Along with the expected maturity profile of SIP's investment portfolio, the following table shows the expected payout pattern of the unpaid claim liabilities.

Expected payout pattern of unpaid claims as at March 31, 2025:

Within 1 year	1 - 5 years	5 - 10 years	Over 10 years	Total
$ 3,028,000	$ 1,976,000	$ 726,000	$ 341,000	$ 6,071,000

Expected payout pattern of unpaid claims as at March 31, 2024:

Within 1 year	1 - 5 years	5 - 10 years	Over 10 years	Total
$ 2,669,000	$ 1,617,000	$ 592,000	$ 270,000	$ 5,148,000

8. **Insurance and financial risk management (continued):**

(b) Financial risk management (continued):

Market risk:

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates, and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. Below is a discussion of SIP's primary market risk exposures and how those exposures are currently managed.

(i) Interest rate risk:

Fluctuations in interest rates have a direct impact on the market valuation of SIP's fixed income securities portfolio and liability values. Historical data and current information is used to profile the ultimate claims settlement pattern by class of insurance, which is then used in a broad sense to develop an investment policy and strategy. Generally, investment income will move with interest rates over the long term. Short-term interest rate fluctuations will generally create unrealized gains or losses. Generally, SIP's interest and dividend investment income will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature, or are sold and the proceeds are reinvested at lower rates and will likely result in unrealized gains in the value of fixed income securities SIP continues to hold, as well as realized gains to the extent the relevant securities are sold. During periods of rising interest rates, the market value of SIP's existing fixed income securities will generally decrease and gains on fixed income securities will likely be reduced or result in realized losses.

As at March 31, 2025, 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 $263,000 representing 5.3% (2024 – $244,000) (2024 – 5.1%) of the $5,008,751 (2024 - $4,766,471) fair value fixed income securities portfolio, and increase the value of insurance contract liabilities by $112,000 (2024 - $88,000), representing 1.8% (2024 – 1.7%) , thus partially offsetting the change in market value of bonds. Conversely, a 100-basis point decrease in interest rates would increase the market value of the fixed income securities by $284,000 (2024 - $261,000) representing 5.7% (2024 – 5.4%), and decrease the value of the insurance contract liabilities by $120,000 (2024 - $94,000) representing 2.0% (2024 – 1.8%). If it was necessary for us to complete an unexpected quick liquidation of assets to meet our policy obligations, interest rate fluctuations could result in realized gains or losses greater than the change in reserve values.

8. **Insurance and financial risk management (continued):**

(b) Financial risk management (continued):

Market risk (continued):

(i) Interest rate risk (continued):

Computations of the prospective effects of hypothetical interest rate changes are based on numerous assumptions, including the maintenance of the existing level and composition of fixed income security assets at the indicated date, and should not be relied on as indicative of future results. The analysis in this section is based on the following assumptions: 1) the securities in SIP's portfolio are not impaired; 2) interest rates and equity prices move independently; 3) shifts in the yield curve are parallel; and 4) credit and liquidity risks have not been considered. In addition, it is important to note that FVOCI securities in an unrealized loss position, as reflected in OCI, may at some point in the future be realized either through a sale or impairment.

(ii) Equity market fluctuation risk:

Fluctuations in the value of equity securities affect the level and timing of recognition of gains and losses on securities held and causes changes in realized and unrealized gains and losses. General economic conditions, political conditions and many other factors can also adversely affect the stock markets and, consequently, the value of the equity securities SIP owns.

To mitigate these risks, SIP establishes an investment policy which is approved by the Board of Directors. The policy sets forth limits for each type of investment and compliance with the policy is closely monitored. SIP manages market risk through asset class diversification, policies to limit and monitor its individual issuers and aggregate equity exposure.

As at March 31, 2025, management estimates a hypothetical 10% increase in equity markets, with all other variables held constant, would impact OCI by approximately $159,750 (2024 - $92,209). A 10% decrease in equity prices would have the corresponding opposite effect, impacting OCI by the same amounts. Equity instruments comprise 24.1% (2024 – 23.7%) of the fair value of SIP's total investments.

(iii) Foreign exchange risk:

Foreign exchange risk is the possibility that changes in exchange rates produce an unintended effect on earnings and equity when measured in domestic currency. This risk is larger when assets backing liabilities are payable in one currency and are invested in financial instruments of another currency. SIP monitors the exposure of invested assets to foreign exchange and limits these amounts when deemed necessary and mitigates foreign exchange rate risk. SIP may nevertheless, from time to time, experience losses resulting from fluctuations in the values of these foreign currencies, which could adversely affect operating results.

8. Insurance and financial risk management (continued):

(b) Financial risk management (continued):

Market risk (continued):

(iii) Foreign exchange risk (continued):

At March 31, 2025, SIP held $187,358 in US equities (2024 – $163,232).

As at March 31, 2025, management estimates that a hypothetical 10% increase in the value of the Canadian dollar compared to the US dollar with all other variables held constant, would impact OCI by ($2,167) (2024 - $19,485). A 10% decrease in the value of Canadian dollar compared to US dollars would have the corresponding opposite effect, impacting OCI by the same amounts.

9. Fair value measurement:

The following presents SIP's financial instruments measured at fair value by hierarchy level:

	March 31, 2025		March 31, 2024	
	Fair value	Cost	Fair value	Cost
Level 1				
Investments	$ 4,712,900	$ 4,401,903	$ 4,458,266	$ 4,275,098
Level 2				
Investments	1,917,142	1,797,330	1,786,303	1,734,521
	$ 6,630,042	$ 6,199,233	$ 6,244,569	$ 6,009,619

There were no transfers between Level 1 and Level 2 in the period. There were no fair value measurements classified as Level 3.

10. Rate stabilization reserves:

SIP has reserves which are intended to ensure stable rates to its members in future years as follows:

		Unrestricted Reserves		Externally Restricted Guarantee		Total
March 31, 2024	$	955,232	$	1,904,427	$	2,859,659
Net income		(142,730)		–		(142,730)
Required transfer to and from restricted reserves		(1,119)		1,119		–
Balance, March 31, 2025	$	811,383	$	1,905,546	$	2,716,929

(a) In accordance with the Exchange Agreement, Subscribers were not obliged to contribute any amounts to SIP in the form of a capital contribution. The combined rate stabilization reserves therefore represent the cumulative excess of income over expenses, including investment income, and may be used to cover potential future catastrophic claims or accommodation for significant increases in excess insurance premiums as appropriate. The Exchange Agreement provides that additional assessments may be made to the Subscribers to the extent that premiums collected are insufficient to cover the claims and expenses experienced by SIP. Similarly, where accumulated funds are in excess of funds required to meet the obligations in respect of claims arising, the Exchange Agreement provides for the issue of premium credits.

(b) In accordance with the August, 2021, actuarial review of the minimum capitalization required for SIP, a conservative level of capital has been determined to be in the range of $3,600,000. This actuarial value, including externally restricted reserves, represents the capital, in its simplest form, required to cover the shortfall between the premium income based on expected losses and expenses and losses as measured at year end. It also protects policyholders against any sudden increase in frequency or severity that could otherwise result in significant rate increases.

(c) The Insurance Act of Nova Scotia requires SIP to maintain a Guarantee Fund of $50,000 in cash or approved securities. The Act also requires SIP to maintain a Restricted Reserve Fund in cash or approved securities equal to 50% of the gross premiums receipts minus the cost of excess insurance, excluding broker fees.

11. Capital management:

Capital is comprised of SIP's Rate Stabilization Reserves. As at March 31, 2025, SIP's capital was $2,716,929 (2024 - $2,859,659). SIP's objectives when managing the capital are to maintain financial strength, protect its claim paying liabilities, facilitate the prudent operation of SIP and promote long- term stability in premiums assessed to its Subscribers. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines based on risk management policies.

SIP is required to have a guaranteed reserve fund of 50% of annual premiums received minus the cost of excess insurance, excluding broker fees.

The minimum capital levels for SIP are monitored by their regulator, the Office of the Superintendent of Insurance for the Province of Nova Scotia.

12. Operating expenses:

	2025	2024
Salaries and contracting out	$ 283,331	$ 267,488
Risk	187,966	179,542
Rent and related expenses	105,232	97,084
Professional	115,227	171,255
Data	30,602	37,657
E&O coverage for staff and directors	100,809	92,679
Translation and student accident insurance promotion	(3,047)	1,037
Board and committee meetings	80,267	13,887
Depreciation	33,638	27,646
Office	7,817	8,572
Print and website	7,174	10,183
Telephone and communications	9,106	8,913
Professional development and dues	13,853	11,001
Other miscellaneous	3,728	2,807
	$ 975,703	$ 929,751