

Glossary of Terms

Allocation of reinsurance premium	The amount of reinsurance premiums recognized in profit and loss as the reporting entity receives services under reinsurance contracts.
Broker	A person who negotiates insurance policies on behalf of the insurance company, receiving a commission from the insurance company for policies placed and other services rendered.
Casualty insurance	One of the three main groups of insurance products (the others are life insurance and property insurance). This type of insurance is primarily concerned with losses caused by injuries to those other than the policyholder and the resulting legal liability imposed on the insured.
Catastrophe reinsurance	A policy purchased by a ceding company that indemnifies that company for the amount of loss in excess of a specified retention amount subject to a maximum specific limit from a covered catastrophic event.
Cede, Cedant, Ceding company	An insurance company that transfers some or all of the risks in active policies to another company cedes its business. The company transferring its risks is known as the cedant or ceding company.
Claims incurred	The totals for all claims paid and related claim expenses during a specific accounting period(s) plus the changes in IBNR reserve for the same period of time.
Facility Association	Participation in automobile risk-sharing pools whereby P&C insurance companies share resources to provide insurance coverage to high-risk individuals or businesses.
GAAP	Generally accepted accounting principles. These are defined in the handbook prepared by the Canadian Institute of Chartered Accountants.
Gross premiums written (GPW)	Total premiums, net of cancellations, on insurance underwritten during a specified period of time before deduction of reinsurance premiums ceded.
IBNR reserve	Abbreviation for “incurred but not reported.” A reserve that estimates claims that have been incurred by a policyholder but not reported to the insurance company. It also includes expected future developments on claims that have been reported.
IFRS accounting standards	These are global accounting standards issued by the IASB, including interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
Insurance revenue	The amount of revenue recognized in profit or loss to reflect the provision of coverage and other services arising from insurance contracts.

Insurance service expense	Insurance service expense includes fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and are comprised of both direct costs and an allocation of indirect costs. It includes claims incurred and other insurance service expense, discounting set up on new claims, amortization of insurance acquisition cash flows, and losses and reversals on onerous contracts.
Insurance service result	Insurance service result, as determined in accordance with IFRS, comprises of insurance revenue, insurance service expense, and net expense from reinsurance contracts held.
Liability for incurred claims (LIC)	The obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not been reported, and other incurred insurance expenses.
Liability for remaining coverage (LRC)	The obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred. Specifically, this obligation relates to the unexpired portion of the coverage period for issued contracts
Loss component	For onerous issued insurance contracts, this amount represents the estimate of the amount that fulfilment cash outflows exceed the recognized Liability for Remaining Coverage under the Premium Allocation Approach.
Minimum Capital Test (MCT)	A solvency ratio used by regulators to assess a company's financial strength. This ratio measures capital requirements in relation to the degree of risk undertaken by a particular company.
Net insurance finance result	This result is the net of the insurance finance income/expense and reinsurance finance income/expense. Insurance finance income/expense and reinsurance finance income/expense 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.
Premium	The dollars that a policyholder pays today to insure a specific set of risk(s). In theory, this reflects the current value of the claims that a pool of policyholders can be expected to make in the future, as well as the costs of administering those potential claims and a margin for profit.
Premium tax	A tax collected by insurance companies from policyholders and paid to various provincial and territorial governments. It is calculated as a percentage of gross premiums written.
Property insurance	One of the three main groups of insurance products (the others are life insurance and casualty insurance). This type of insurance provides coverage to a policyholder for an insurable interest in tangible property for property loss, damage or loss of use.

Redundancy & deficiency	Claim reserves are constantly re-evaluated. An increase in a reserve from the original estimate is a deficiency, while a decrease to the original reserve is called a redundancy.
Reinsurance	In its simplest form, insurance for an insurance company. It is an agreement where the reinsurer agrees to indemnify the ceding company against all or a portion of the insurance or reinsurance risk underwritten by the ceding company under one or more policies.
Reinsurer	A company that purchases the cedant risk in the reinsurance contract.
Underwriting	The process of reviewing applications submitted for insurance coverage, deciding whether to insure all or part of the coverage requested and calculating the related premium for the coverage offered.
Underwriting capacity	The maximum amount that a company can underwrite. It is based on retained earnings and investment capital held by the company. Using reinsurance allows a company to increase its underwriting capacity as it reduces the company's exposure to particular risks.

Governance

Please visit the SGI CANADA website at www.sgicanada.ca for information on governance for SGI CANADA, including:

- governance guidelines
- Board of Directors' photos and bios, committee members, frequency of meetings and terms of reference
- SGI CANADA executives' photos and bios

In Memoriam

Donna Dreger, Clerk 4, brought laughter, friendship and positivity wherever she went. She was known for being a quick study, a hard worker and a caring, warm person. Donna loved cheering for the Roughriders, watching curling, singing karaoke, supporting dinner theatre in her hometown and making wise cracks. She will be deeply missed by her husband Glen, her step-daughters Danielle and Ashley, step-grandchildren, fur babies, and all those who were fortunate enough to know her.

Robert McLeod, Employee Relations Director, had a lifelong desire to help others succeed. Rob was so committed to SGI that after he retired in 2020, he returned three years later to help out Employee Relations. He was a significant contributor to employee health, wellness and labour relations. He loved to tell a good story, make people laugh and brighten someone's day. He enjoyed gardening, skiing, fishing, cheering for his favourite football teams, travelling, and spending time with his family. Rob will be greatly missed by his wife and best friend Dana; children Jesse, Brady and Cassie; and grandchildren Isaac, Noah, Lily and Ruby.

Kelly Timoffee, Appraiser, used to beat everyone to the office in the morning and would have coffee ready for them. For the three years he worked at SGI he was known for being thoughtful and dedicated but with a wicked sense of humour. Educating himself on a wide range of topics, he was great at conversation, loved hunting, fishing, cooking, and spending time with his mom, Barb. He will be mourned by her, along with his sweetheart Anna, his sister Danielle, brother Aaron, his nieces, nephews and other dear family and friends.