2014 SGI CANADA annual report

Mission

We're your insurance company, offering protection that benefits you, your family and your community.

Vision

To be a company where every customer, employee, owner and business partner across Canada is proud to do business and work with us.

Values

Integrity
Leading by example and being accountable for our actions.

Following through on commitments.

Providing honest, timely feedback.

Explaining why a decision is taken.

Giving credit to those who contribute to our success.

Providing information openly without breaching confidentiality.

Maintaining the privacy of personal data.

Caring
Acting in a manner that preserves the dignity of others.

Valuing and actively supporting diversity.

Acknowledging and validating the feelings of others.

Actively seeking and listening to differing points of view.

Responding to individual differences.

Innovation
Seeking solutions that recognize individual circumstances.

Challenging the status quo for positive change.

Pursuing alternatives which lead to business improvements.

Continuously working to revitalize products and services.

Preparing for the needs of the future.

About SGI CANADA

SGI CANADA is fully competitive, selling property and casualty insurance products such as home, farm, business and auto in four Canadian provinces. It operates as SGI CANADA in Saskatchewan, SGI CANADA Insurance Services Ltd. in Manitoba and Alberta, and as the Coachman Insurance Company in Ontario.

Visit SGI CANADA at www.sgicanada.ca.

2014 SGI CANADA annual report

Table of Contents

Letter of Transmittal

Regina, Saskatchewan
April, 2015

The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.
Lieutenant Governor of Saskatchewan

Your Honour,

I am pleased to submit herewith the annual report of SGI CANADA for the year ended December 31, 2014, including the financial statements in the form required by the Treasury Board and in accordance with The Saskatchewan Government Insurance Act.

Respectfully submitted,

Don McMorris
Minister Responsible for Saskatchewan Government Insurance

Minister's Message

The Government of Saskatchewan expects two things of SGI CANADA – provide a suitable return on the investment the people of Saskatchewan have made into it; and, operate the company effectively and efficiently to ensure it is positioned to continue to provide returns to the people of Saskatchewan for years to come.

I am pleased to report that SGI CANADA achieved a profit of $40.7 million in 2014, generating a dividend of $31.6 million to the people of Saskatchewan.

To position itself for ongoing financial success, SGI CANADA continues to pursue geographic diversification of its book of business. Geographic diversification spreads risk so that profits in one geographic area can offset large losses, such as those due to catastrophic weather events, in another geographic area. It also supports pursuit of premium growth.

SGI CANADA's strategy to achieve growth by focusing on providing the best possible products and service to customers, in partnership with a strong network of independent insurance brokers within the private sector, aligns well with government priorities.

With better-than-expected results overall, 2014 was exceptional for SGI CANADA. As Minister Responsible, I would like to express my gratitude to the Board of Directors for their guidance and leadership, and thank SGI CANADA staff and partner brokers for their work and dedication.

I hereby submit the 2014 SGI CANADA Annual Report.

Don McMorris
Minister Responsible for Saskatchewan Government Insurance

Chair's Message

Following through on its commitment to operate competitively in an ever-changing industry, SGI CANADA is reporting another successful year in 2014. Solid growth in all jurisdictions helped to strengthen SGI CANADA's overall premium base and offset high claim costs in some jurisdictions due to significant summer storms. At the same time, the Corporation's disciplined approach to investment management resulted in achieving strong investment earnings.

To ensure the Corporation remains successful in both Saskatchewan and out-of-province markets, SGI CANADA will continue to focus on providing better products, better service and more online options to meet customers' expectations. A strategy that focuses on spreading risk geographically while answering the needs of today's customers will ensure the Corporation continues to grow in the future.

Reflecting on the year, I thank my fellow directors for their strong leadership. In 2014, the Board of Directors bid farewell to Merin Coutts and Rick Watson, whose terms with the Board ended. We welcomed David McKeague, Q.C., and Linda Moulin, who have brought fresh insight and expertise.

I also thank SGI CANADA's management, employees and partner brokers for their dedication and hard work in achieving SGI CANADA's growth and success in 2014.

Arlene Wiks,
Chair, SGI Board of Directors

President's Message

SGI CANADA had a highly profitable year in 2014. The Corporation generated $40.7 million in profit despite substantial summer storm costs in Saskatchewan.

The company employed three key factors to achieve this success.

The first is unwavering commitment to our *geographic diversification strategy* – a strategy that has guided aggressive growth in markets outside of Saskatchewan, spreading the Corporation's risk across the country to ensure we're in a position of strength when faced with varying circumstances, like weather-related events. SGI CANADA generated $146.7 million in net premium written outside of Saskatchewan in 2014, which accounts for close to 27% of the Corporation's total book of business. We experienced impressive growth in Alberta specifically, achieving year over year net premium growth of 40%. Overall, operations outside of Saskatchewan contributed a net income of $11.7 million to the total corporate profit.

In 2014, the Corporation made the strategic decision to sell its stake in the Insurance Company of Prince Edward Island (ICPEI). While this sale decreased the Corporation's overall out-of-province book of business for 2014, SGI CANADA still surpassed its underwriting goals, and the sale freed capacity for the Corporation to focus on jurisdictions where superior growth is expected, including, in 2015, beginning to write business in the British Columbia property and casualty insurance market.

The second key factor to our success in 2014 was continued focus on *maintaining dominant market share* within Saskatchewan. The Corporation is holding steady at 37.8% of the Saskatchewan market, positioning SGI CANADA as the clear insurer of choice within our home province. New initiatives that had an impact in this area included the We CARE campaign to encourage Saskatchewan residents to buy auto extension insurance, with over 15,200 new Auto Paks issued in 2014; launch of the Prestige home insurance product, generating over $500,000 in premium from new business; and, introduction of Legal Expense Insurance as an added coverage to protect customers against unexpected legal costs, benefiting all existing and new Home, Condo, Tenant, Mobile and Prestige customers at no additional cost to them.

Thirdly, SGI CANADA's strong performance in 2014 can be attributed to robust *investment returns* resulting from sound financial management and a disciplined investment approach. Investment earnings contributed $48.1 million, representing an overall rate of return of 5.8% – a strong return given the volatility experienced in investment markets in the latter part of the year. Sound investment management is a crucial aspect of long-term financial viability for any insurer. Our disciplined, conservative investment approach will continue to keep SGI CANADA strong as we approach our 70th anniversary as an insurance company.

As today's consumers demand more from their insurance provider, it's important for us to be able to deliver. To ensure SGI CANADA can achieve growth targets and provide great experiences for customers going forward, the Corporation has been focused on identifying products and services that answer consumer needs now and into the future.

None of this would be possible without the support of broker partners across the country. These relationships are integral to our continued success. Our 2014 broker satisfaction survey indicates the relationship remains strong. Overall, 95% of brokers said SGI CANADA is doing as well as or better than other insurance companies.

SGI CANADA's broker partners, staff and Board of Directors all contributed to a very successful 2014. I thank everyone at SGI CANADA for their hard work, and the Government of Saskatchewan for its continued support.

Andrew R. Cartmell
President and CEO

In the Community

In 2014, SGI CANADA gave back to…

Football Saskatchewan
SGI CANADA is a major football sponsor across the province. In 2014, the Corporation made a donation to football programs in Saskatchewan, including:

Regina, Saskatoon, Yorkton, Prince Albert, Moose Jaw, Hafford and Esterhazy Minor Football leagues, the Regina NFL Youth Flag Football league, the Kinsmen league, Kerrobert Jr. Rebels, and the Canora Composite school football program.

Regina Symphony Orchestra
SGI CANADA sponsored Symphony Under the Sky.

North American Indigenous Games 2014
SGI CANADA became a sport sponsor for the annual Indigenous people's sporting and cultural event. In 2014, it was held in Regina for the first time in two decades.

Saskatoon Fireworks Festival
SGI CANADA became a sponsor and donated to this exciting community celebration.

CIS University Cup
SGI CANADA became the official safety sponsor for the CIS University Cup.

Children's Hospital of Saskatchewan
SGI CANADA donated $1 from every new Auto Pak sold in 2014 to the Children's Hospital of Saskatchewan.

Persephone Theatre
SGI CANADA supported the arts community in Saskatchewan by becoming a main stage sponsor at the Persephone Theatre.

University of Regina CIS Womens Volleyball
SGI CANADA became a sponsor for the tournament.

United Way of Regina
SGI CANADA holds year-round fundraising events to help support this community-focused non-profit.

Saskatchewan Music Educators Association
SGI CANADA became the sponsor for the summer youth camp.

The Town of Carnduff and surrounding area
After summer flooding in the area, SGI CANADA sponsored two free swim days at the local pool in Carnduff, and supported a Canada Day in September event for a late-summer community celebration.

Management's Discussion and Analysis

The following management's discussion and analysis (MD&A) is the responsibility of management and reflects events known to management to February 25, 2015. The Board of Directors carries out its responsibility for review of this disclosure principally through its Audit, Finance and Conduct Review Committee, comprised exclusively of independent directors. The Audit, Finance and Conduct Review Committee's mandate can be found on the Corporation's website at www.sgi.sk.ca. The Board of Directors approved this MD&A at its meeting on February 26, 2015, after a recommendation to approve was put forth by the Audit, Finance and Conduct Review Committee.

Overview

The MD&A is structured to provide users of SGI CANADA's financial statements with insight into SGI CANADA (denoted as the Corporation) and the industry in which it operates. This section contains discussion on its strategies and its capability to execute the strategies, key performance drivers, financial capital, 2014 financial results, risk management and an outlook for 2015. Information contained in the MD&A should be read in conjunction with the consolidated financial statements and the notes to the consolidated financial statements, along with other sections in this annual report. All dollar amounts are in Canadian dollars. SGI CANADA annual and quarterly reports are available on its website at www.sgicanada.ca.

Caution Regarding Forward-Looking Statements

Forward-looking statements include, among others, statements regarding SGI CANADA's objectives, strategies and capabilities to achieve them. Forward-looking statements are based on estimations and assumptions made by the Corporation in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. SGI CANADA deems the assumptions built into the forward-looking statements are plausible. However, all factors should be considered carefully when making decisions with respect to the Corporation. Undue reliance should not be placed on the Corporation's forward-looking statements, which only apply as of the date of this MD&A document. The Corporation does not undertake to update any forward-looking statements that may be made from time to time by or on its behalf.

Table of Contents

Where SGI CANADA Came From

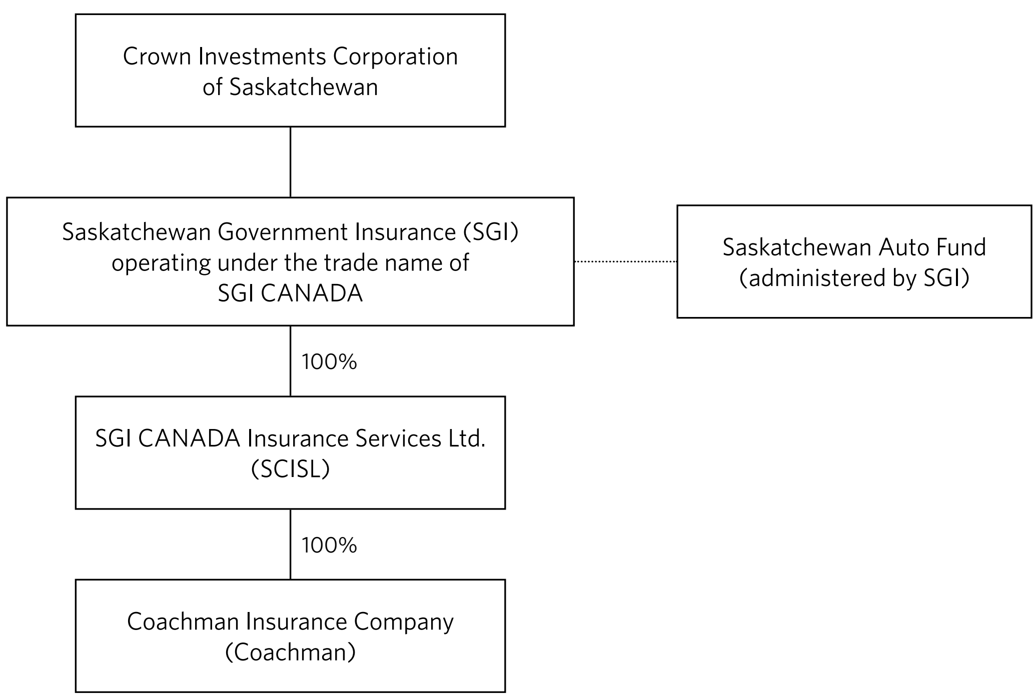
In 1944, the Government of Saskatchewan passed *The Saskatchewan Government Insurance Act*, creating the provincial Crown corporation that is known today as SGI. SGI was created to rectify problems in the Saskatchewan insurance industry. At that point in time, poor economic conditions had driven many insurers out of the province.

SGI's mandate since its inception has been to provide comprehensive, affordable insurance protection to the people of Saskatchewan. In 1980, legislated changes to *The Saskatchewan Government Insurance Act, 1980*, and *The Automobile Accident Insurance Act* distinguished between the compulsory vehicle insurance program for the province (the Saskatchewan Auto Fund) and the competitive insurer offering additional property and casualty products (SGI CANADA).

SGI CANADA is the trade name that SGI operates under to provide competitive, quality property and casualty (P&C) insurance products in Saskatchewan. P&C product offerings include policies for automobile, home, farm and commercial enterprises. In addition, SGI CANADA, through its subsidiary SGI CANADA Insurance Services Ltd., offers similar products in three other provinces across Canada.

The operations in provinces outside Saskatchewan are important to the Corporation to spread risk and increase economic returns for SGI CANADA's shareholder, Crown Investments Corporation of Saskatchewan (CIC). In 1993, SGI CANADA Insurance Services Ltd. began offering P&C insurance in Manitoba. In 2001, SGI CANADA Insurance Services Ltd. became the majority shareholder (75%) of the Insurance Company of Prince Edward Island (ICPEI) and also purchased 100% of the shares of Coachman Insurance Company (Coachman) that operates in Ontario. SGI CANADA Insurance Services Ltd. has been operating in Alberta since 2006. Effective June 30, 2014, the Corporation exited the Maritimes, selling its shares in the Insurance Company of Prince Edward Island (ICPEI). The Corporation also obtained a licence to sell P&C insurance in British Columbia during 2014, and expects to begin writing policies in B.C. in the latter half of 2015.

The Corporation is a provincial Crown corporation wholly owned by CIC. The following organizational chart illustrates the Corporation's ownership structure:



As a provincial Crown corporation, SGI CANADA is not subject to federal or provincial income taxes. Its subsidiaries are not provincial Crown corporations, thus they are subject to federal and provincial income taxes. The consolidated financial results of SGI CANADA are included in CIC's consolidated financial statements.

At December 31, 2014, the Corporation employed over 2,000 people, including employees who work directly for the Saskatchewan Auto Fund. SGI CANADA operates with a network of 225 independent brokers throughout Saskatchewan, as well as 265 brokers operating in Manitoba, Alberta and Ontario. SGI CANADA's corporate head office is located in Regina, Saskatchewan.

The Property and Casualty Insurance Business Environment

Canada's highly competitive P&C industry consists of over 200 private and government-owned insurers. The P&C industry covers all types of insurance except life and health insurance. The automobile insurance sector continues to be the largest contributor to gross premium volume, at half of all premiums. Property insurance ranks second, followed by liability insurance and other insurance.

Insurance is a mechanism for spreading risk, for sharing the losses of the few among the many. Insurance makes the life of an individual or business enterprise more stable by allowing people and businesses to engage in many ventures without having to set aside reserves to meet the financial requirements that may arise from certain types of losses. Insurance also facilitates granting of credit by protecting the investments of both lenders and borrowers.

Insurance can be considered a large pool into which policyholders place their premiums.[1] This pool provides for payment of losses suffered by those who have claims and for the cost of running the insurance company. Sometimes, total premiums are insufficient to pay claims and operating expenses. However, insurers also use investment earnings to pay claims and keep premiums lower than they might otherwise be.

P&C insurance companies are supervised and regulated at the federal and provincial levels. The federal regulator, the Office of the Superintendent of Financial Institutions (OSFI), is responsible for the solvency and stability of P&C insurance companies registered federally. Provincial authorities supervise the terms and conditions of insurance contracts and licensing of companies, agents, brokers and adjusters, along with monitoring the solvency and stability of provincially registered companies. SGI CANADA's subsidiaries are provincially regulated insurance companies.

Since automobile insurance is compulsory in Canada, unlike home and business insurance, it is the most regulated area that P&C companies operate within. Regulation of premium rates is based on claims and other costs of providing insurance coverage, as well as projected profit margins. Regulatory approvals can limit or reduce premium rates that can be charged, or delay the implementation of changes in rates. The Corporation's automobile premiums are subject to rate regulation in Alberta and Ontario which represent approximately 15.2% of consolidated net premiums earned in 2014.

The industry is a major part of the social and economic fabric of Canada. P&C insurers invest mainly in domestic government bonds, corporate bonds, preferred shares and common stocks. Government regulations are in place for the P&C industry that require these investments to be made using a prudent person's viewpoint.

The P&C industry also utilizes reinsurance. Reinsurers, most of which are international organizations, spread risk by writing business with insurers in several countries and in many regions around the world. Insurance companies pay premiums to reinsurers in exchange for an agreement to have a proportion of their claims paid for them, particularly in the event of a major loss or catastrophe. Reinsurance is one of many tools used by insurers to guarantee that they will meet every obligation to pay legitimate claims.

The Property and Casualty Insurance Compensation Corporation (PACICC), a non-profit entity, was formed in 1988 to provide a reasonable level of recovery for policyholders and claimants under most policies issued by P&C companies in Canada in the unlikely event a Canadian P&C company fails. The maximum amount a policyholder could recover from PACICC is $250,000 for auto and commercial policies and $300,000 for home policies in respect to all claims arising from each policy issued by the insolvent insurer and arising from a single occurrence. Policyholders may also claim 70% of unearned premiums that have been paid in advance, to a maximum of $700 per policy.

[1] *This and other terms are defined in the glossary included in this annual report. The glossary begins on page 78.*

Membership in PACICC is compulsory for most P&C insurers in Canada. At present, SGI CANADA, SGI CANADA Insurance Services Ltd. and Coachman are members of PACICC. Members have contributed funds to PACICC so there is money available to pay claims immediately in the event of an insolvency occurring in the industry. Member insurers provide additional funds, as required, to maintain PACICC. For more information on PACICC, visit its website at www.pacicc.com.

Strategic Direction

SGI CANADA's mission, vision and values are:

Mission

We're your insurance company, offering protection that benefits you, your family and your community.

Vision

To be a company where every customer, employee, owner and business partner across Canada is proud to do business and work with us.

Values

Integrity	Conducting ourselves with honesty, trust and fairness.
Caring	Acting with empathy, courtesy and respect.
Innovation	Implementing creative solutions to achieve our vision.

Corporate Objectives and Measures

As the competitive arm of SGI, SGI CANADA is facing pressures today that are greater than at any prior point in its history. A number of trends are changing how Canadian P&C insurance companies compete, such as acquisitions, consolidation, changes in consumer preferences and delivery channels, development and use of "big data," and the need to respond to a rapidly changing business environment. The Saskatchewan P&C insurance market has been relatively immune to these changes, but with the strong provincial economy and technology that allows businesses to more easily penetrate new markets, that is changing. In addition, severe weather events have been increasing in recent years, putting pressure on all insurance companies. In particular, SGI CANADA is exposed to severe weather events due to its concentration of business in Saskatchewan and the propensity for severe summer storms in the province.

SGI CANADA has two overriding long-term corporate objectives. For the Saskatchewan marketplace, the long-term objective was to protect the Saskatchewan book of business. Outside of Saskatchewan, the long-term objective is to achieve optimal geographic diversification. Based on actuarial modeling, SGI CANADA believes the optimal spread of risk is roughly 50% of business inside Saskatchewan and 50% of business outside Saskatchewan.

SGI CANADA uses a balanced scorecard approach to monitor performance towards corporate objectives and provide a balanced evaluation of key financial and operational results. SGI CANADA's balanced scorecard uses four perspectives: financial, customer, internal processes and organizational capacity. The balanced scorecard is reviewed annually to ensure continued alignment with SGI CANADA's corporate objectives.

Financial

SGI CANADA measures financial results in terms of growth and profitability:

Measure	2014 Target	2014 Result	2015 Target
Growth			
Maintain Saskatchewan market share	37.9%	○ 37.8%	38.0%
Spread of risk outside Saskatchewan	28.6%	○ 26.9%	28.0%
Profitability			
Return on equity	10% (after-tax)	● 13.5%	10.4% (pre-tax)

Legend: ● achieved ○ not achieved

Growth

Growth is measured through SGI CANADA's Saskatchewan market share and the portion of its book of business held outside of Saskatchewan.

SGI CANADA holds the largest share of Saskatchewan's P&C insurance market. With 37.8% of the market, SGI CANADA maintained its market share – essentially meeting the 37.9% target. Maintaining market share is a high priority due to competitive pressures in the Saskatchewan marketplace. In 2014, SGI CANADA grew its book of business in Saskatchewan by 7.6%. This is encouraging, as it highlights the fact that organic growth opportunities remain. SGI CANADA aims to maintain its current Saskatchewan market share going forward.

Geographic diversification of business is an important objective because it is essential to SGI CANADA's financial stability, as losses in one jurisdiction can be offset by profits in other jurisdictions. While the Corporation believes the optimal spread of risk is roughly 50% of business inside Saskatchewan and 50% of business outside Saskatchewan, as SGI CANADA continues to increase premiums in Saskatchewan's strong economic environment, increasing the portion of its book of business that is held outside of Saskatchewan becomes more difficult.

SGI CANADA wrote $158.6 million in gross premium in markets outside of Saskatchewan in 2014, 6.3% below target. This translated into a 26.9% share of premiums from outside Saskatchewan, under its target for 2014 of 28.6%.

The Corporation continues to have a long-term objective of about 50% of its business outside Saskatchewan. SGI CANADA continues to set aggressive long-term growth targets for both markets inside and outside Saskatchewan. These result in a 2015 target for spread of risk outside Saskatchewan of 28%.

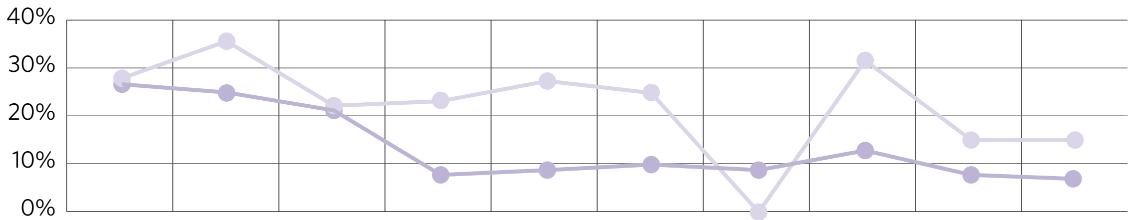
Profitability

Profitability is measured by return on equity (ROE), which compares profit to the investment in the Corporation. SGI CANADA's 2014 target was to achieve a minimum after-tax ROE of 10%.

SGI CANADA earned an after-tax ROE of 13.5%, ahead of its target of 10%. This result was driven by SGI CANADA's consolidated net income of $40.7 million, which was significantly better than its budget of $29.7 million.

SGI CANADA's ROE has been favourable compared to the industry over the years. The Corporation's 10-year average pre-tax ROE is 22%, while the industry averaged 13% for the same time period. Note that because SGI CANADA does not pay income tax on Saskatchewan operations, the most relevant ROE comparison to the industry is pre-tax.

P&C Industry vs. SGI CANADA Consolidated Pre-Tax ROE



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Industry Average	26%	25%	21%	7%	8%	10%	8%	13%	7%	6%
SGI CANADA	28%	35%	22%	23%	27%	25%	0%	33%	15%	15%

Source: SGI CANADA and MSA Research
2014 – Industry Estimate

SGI CANADA has revised its ROE measure for 2015 to be on a pre-tax basis. It will be targeting a pre-tax ROE of 10.4% which is lower than the 2014 actual result. The 2015 target is based on the Corporation's budget, which is focused on significant premium growth and a more conservative profit.

Customer

SGI CANADA assesses success with customers by its ability to attract and retain preferred customers:

Measure	2014 Target	2014 Result	2015 Target
Attract and retain SGI CANADA preferred customers			
Commercial business direct premium written	$186.4M	● $186.7M	$198.7M
Policy renewal rate	92.0%	● 93.8%	92.0%

Legend: ● achieved ○ not achieved

Attract and retain SGI CANADA preferred customers

SGI CANADA uses two measures to evaluate customer attraction and retention: commercial business direct premium written and the overall renewal rate.

SGI CANADA is a dominant commercial underwriter in Saskatchewan, attributable to excellent customer service and market knowledge. Commercial business has been a profitable customer segment for the Corporation, and is a good fit with its broker distribution channel due to the complexity of commercial transactions. Commercial business growth also mitigates the threat of direct writers, who focus primarily on personal business. As such, the Corporation aims to increase its direct premium written for commercial lines by retaining the commercial business it has, while attracting additional commercial business. In 2014, SGI CANADA exceeded its target by $322,000. For 2015, the Corporation continues to focus on growing commercial business and has set an aggressive target, 6.4% higher than its 2014 result.

SGI CANADA assesses overall customer retention by its ability to maintain a policy renewal rate of 92%. The Corporation surpassed its target in 2014 with a renewal rate of 93.8%. Year-over-year, renewal success rates improved across the majority of product lines in all jurisdictions. Although SGI CANADA is competing in both a highly competitive and relatively soft market, it achieved considerable success through various operational strategies, including premium adjustments, improved policy terms and conditions, insurance risk scoring for personal property (where permitted) and strong broker partnerships. These strategies, along with continuing to build strong broker relationships, were essential to success in 2014. The 2015 goal is to maintain a strong renewal rate consistent with prior years.

Internal processes

Productivity and efficiency are key to assessing the success of SGI CANADA's internal processes:

Measure	2014 Target	2014 Result	2015 Target
Productivity			
Licenced drivers and policies per FTE*	723	● 738	745
Efficiency			
Administrative expense ratio	13.5%	● 12.4%	13.1%

Legend: ● achieved ○ not achieved

** FTE – full-time equivalent staff position*

Productivity

Productivity is evaluated using a combined measure for SGI, which considers both SGI CANADA's policies in force and the Saskatchewan Auto Fund's licenced drivers. SGI, while operating a competitive property and casualty insurance company, also administers the Saskatchewan Auto Fund – Saskatchewan's compulsory vehicle insurance program. For SGI CANADA, the number of insurance policies in force is a key metric, and in the Auto Fund, the number of drivers licenced in the province is an important metric. Increasing the number of policies and licenced drivers per FTE speaks to SGI's productivity.

The 2014 productivity result is 738 licenced drivers and policies per FTE, which is well above the target of 723. The positive variance is due primarily to maintaining SGI's FTE count below budget. The 2015 target is 745, a slight improvement over the strong 2014 results. It is based on actuarial projections for licenced drivers and policies in force, and budgeted FTEs. SGI's long-term goal is to achieve 848 or more licenced drivers and policies per FTE.

Efficiency

Efficiency is assessed based on SGI CANADA's administrative expense ratio. The ratio is total administrative expenses expressed as a percentage of net premiums earned. For 2014, SGI CANADA exceeded its target with a 12.4% administrative expense ratio. The actual administrative expense ratio is compared to budgeted ratios within the specified time period. Analysis of administrative expenses and the administrative expense ratio is provided in the following 2014 Financial Results section. The 2015 target of 13.1% is an increase over 2014 due primarily to initiatives to support the Corporation's strategic direction, in particular, projects to build customer centricity and usage-based insurance. The Corporation's longer-term goal is to achieve an administrative expense ratio of 12.1%

Organizational Capacity

SGI CANADA's ability to deliver on its corporate strategy is dependent on employees, efficiency and capital adequacy, which are measured as follows:

Measure	2014 Target	2014 Results	2015 Target
Employee engagement			
Engagement score compared to the Canadian public sector norm	At or above norm	○ 5 points below norm	1 point improvement
Capital adequacy			
Minimum Capital Test	250%	○ 227%	226%

Legend: ● achieved ○ not achieved

Employee engagement

A positive employee experience is essential to achieving SGI CANADA's corporate objectives. One way to measure this is through employee engagement, using an annual employee survey conducted by an external vendor. The survey includes both SGI CANADA and Auto Fund employees. An employee engagement score, derived from SGI's annual employee survey, is used to measure an employee's emotional and intellectual commitment to the Corporation.

SGI changed employee survey vendors in 2014, which meant it no longer has historical data to establish a benchmark for employee engagement. The result for 2014 was 52%, five points below the Canadian public sector norm for employee engagement. Without a historical trend-line to give context to the 2014 score, SGI is aiming for a one-point improvement in 2015 with a longer term target to be at or above the Canadian public sector norm.

Capital adequacy

Capital adequacy speaks to the Corporation's ability to honour its financial obligations. The industry measurement developed by insurance regulators for capital adequacy is the Minimum Capital Test (MCT). The MCT is a risk-based capital adequacy framework that assesses the riskiness of assets, policy liabilities and off balance sheet exposures by applying varying factors. From these calculations comes a ratio of capital available to capital required. As discussed in the Financial Capital section that follows, during the year the Corporation established internal MCT targets that the provincial regulators adopted as minimum targets for regulatory purposes.

The following table shows MCT results by legal entity:

Company	December 31, 2014	December 31, 2013
SGI CANADA (consolidated)	227%	231%
SGI CANADA Insurance Services Ltd. (consolidated)	348%	335%
Coachman Insurance Company	325%	313%

While SGI CANADA's consolidated MCT of 227% remains strong, and higher than its internal target, it was below the target of 250% established at the beginning of the year due to inadequate growth in equity to offset the growth in balance sheet risk. The 2015 target is 226%, calculated based on the Corporation's 2015 budget.

Capability to Execute Strategies

Fundamental to the capability to execute corporate strategies, manage key performance drivers and deliver results are the Corporation's employees, brokers, technology and financial capital. They are discussed further below.

Employees

SGI CANADA's management team is experienced and knowledgeable about the Canadian P&C insurance market. With many long-term employees and a low staff turnover rate, the Corporation has significant expertise in the core underwriting and claim handling areas of its business, as well as within its support areas. This expertise has contributed to strong underwriting results in the Saskatchewan market, compared to the insurance industry overall, and is crucial to success in markets outside Saskatchewan. Maintaining this expertise is key to meeting the challenges that will present themselves in the future.

SGI CANADA is projecting a significant level of retirements in the near future as a large portion of its workforce reaches retirement age. In fact, over 40% of the Corporation's employees are expected to retire, or be eligible for retirement, by 2021. The challenge is to recruit and retain the best people to ensure the longevity, growth and maintenance of SGI CANADA's competitive position for the future. The Corporation has developed a workforce-planning model that includes Aboriginal employment, youth employment, management development and expanded performance management strategies. This model will assist in transitioning expertise as retirements occur.

SGI's succession planning process focuses on: (i) ensuring current senior management positions have succession plans; (ii) identifying high-performing staff who have potential for more senior roles; and, (iii) ensuring high-potential staff and the leadership team have ongoing development and support. The corporate diversity/recruitment strategy was recently updated to enhance partnerships with outreach agencies and educational institutions, and the Corporation's visibility as a preferred employer. In addition, during 2014 SGI introduced the New Paths to Retirement program, which provides employees with a retirement notice incentive, and opportunities to reduce their work hours, or work part time, prior to full retirement. It also allows for rehiring after an employee has retired. While this is a program to support employees nearing retirement, it also allows for the transfer of critical knowledge and expertise.

SGI and SGI CANADA Insurance Services Ltd., and the Canadian Office and Professional Employees' Union, Local 397 (COPE 397), are within a four-year Collective Bargaining Agreement, running from January 1, 2014 to December 31, 2017.

Brokers

SGI CANADA sells products through a network of 225 independent brokers who conduct business from 363 offices throughout Saskatchewan, and 265 brokers who operate 702 offices throughout the rest of Canada. To continue delivering insurance products that customers desire, SGI CANADA works closely with brokers to obtain input and advice on the changing needs of customers. With the assistance of brokers, SGI CANADA is able to take a lead in delivering innovative insurance products to customers.

SGI CANADA's brokers are well-known in the communities in which they operate and they actively promote the Corporation's products and services. To support brokers, the Corporation is continually enhancing broker web interfaces to make it easier for them to promote its products and to provide them with the self-service capabilities they have requested.

SGI CANADA's success is built on long standing and successful relationships with broker partners. It has a reputation for excellent service to brokers and, if it is to continue to earn that reputation in the rapidly evolving insurance marketplace, it needs to remain innovative about approaches to support brokers' success. eServices for brokers have been an SGI CANADA focus for a number of years, and will continue to be expanded.

Technology

SGI CANADA maintains an in-house insurance system which hosts a large database of valuable information in assessing insurable risks. Reporting systems are used to ensure management receives timely information regarding operations and to provide complete and accurate reporting to stakeholders and regulators. The Corporation monitors and responds to changes in technology to ensure key areas are upgraded in a timely manner.

The Corporation continues to build its business intelligence capabilities to leverage the data in the system to produce timely, sophisticated and consistent information to support the decision-making required to succeed in a competitive environment. The project is being implemented in phases, such that the Corporation is already beginning to see returns.

The Corporation is also a technology leader when it comes to dealing with broker partners. It is an industry leader in the use of the web portals, Policy Works and Brovada, and generally excels at eServices for brokers through a strong strategy.

Financial Capital

Adequate capitalization is crucial for insurers competing in the P&C insurance market in Canada. Not only is it important to ensure adequate funding is available to pay policyholder claims, but it allows a company to be flexible in its product offering mix in a competitive marketplace. In addition, regulators have certain capital requirements that must be met in order to sell P&C insurance in each province. Without adequate capitalization, SGI CANADA would not be capable of meeting growth targets.

The Corporation's main sources of capital are retained earnings and cash injections in the form of equity advances from its parent, CIC. These advances form the Corporation's equity capitalization. There were no new equity advances to SGI from its parent in 2014 and there were no changes to the capital of the Corporation's subsidiaries during the same time period.

In Canada, either the Office of the Superintendent of Financial Institutions or provincial regulators regulate P&C insurers. Regulators require insurers to operate with a level of capital above their internal MCT target. During the year, the Board of Directors approved Capital Management policies for the Corporation, and each of its subsidiaries, prepared in accordance with Guideline A-4, Regulatory Capital and Internal Capital Targets which OSFI issued in January 2014. The policies establish internal MCT targets which are used as minimum targets for regulatory purposes. The policies also establish operating MCT targets that provide for an operating cushion above the internal targets.

The internal targets are MCT ratios of 275% for Coachman, 266% for SCISL and 213% for SGI CANADA. The internal targets require that capital available be significantly more than capital required. The cushion provides comfort for insurers to cope with volatility in markets and economic conditions, innovations in the industry, consolidation trends and international developments, and to provide for risks not explicitly addressed, including those related to systems, data, fraud and legal. The Corporation and its subsidiaries maintain MCTs in excess of their internal targets as follows:

Company	December 31, 2014	Internal Target	Operating Target
SGI CANADA (consolidated)	227%	213%	242%
SGI CANADA Insurance Services Ltd. (consolidated)	348%	266%	350%
Coachman Insurance Company	325%	275%	335%

While the Corporation and its subsidiaries maintain MCT ratios in excess of their internal targets, SGI CANADA is below its operating target, and SCISL and Coachman are slightly below. Each company forecasts achieving its operating target within five years.

Financial liquidity represents the ability of SGI CANADA's companies to fund future operations, pay claims in a timely manner and grow. A main indicator of liquidity is the cash flow generated from operating activities, as reported on the Consolidated Statement of Cash Flows. For 2014, SGI CANADA generated consolidated operating cash flows of $71.9 million. This cash flow is invested so that it is available to pay claims as they come due and to meet dividend requirements to its parent, CIC.

For the cash flow the Corporation retains, its enabling legislation requires it to follow the same investment criterion that federally regulated P&C companies must follow. This means the majority of the Corporation's investments are in highly liquid securities that can be sold in a timely manner in order to satisfy financial commitments. As at December 31, 2014, 39% (2013 – 40%) of the investment portfolio was in treasury bills and highly liquid bonds and debentures issued by the federal and provincial governments.

2014 Financial Results

For the Year Ended December 31, 2014

Overview of operations

On June 30, 2014, the Corporation completed the sale of its formerly 75%-owned subsidiary, the Insurance Company of Prince Edward Island (ICPEI) for proceeds of $8.7 million. The financial performance and cash flows of ICPEI have been presented as a discontinued operation in the Corporation's consolidated statement of operations and consolidated statement of cash flows for all periods presented. The operating information presented in the tables below represent continuing operations of the Corporation for both 2014 and all comparative periods.

Despite the significant storm claims experienced in Saskatchewan, a $46.1 million pre-tax profit was returned in 2014, compared to $40.9 million profit posted in 2013, which resulted in a strong consolidated pre-tax return on equity of 15.3% (2013 – 15.3%).

The Corporation continues to experience strong premium growth, largely from the Alberta and Saskatchewan markets. Although premiums have grown, increased claim costs in all jurisdictions contributed to a consolidated underwriting loss of $5.5 million (2013 – $16.3 million loss), which was more than offset by investment earnings of $48.1 million (2013 – $57.2 million).

Investment earnings decreased $9.2 million from 2013 due to lower year-over-year equity market returns; however, equity returns were still positive in 2014. Strong returns were due to capital gains on fixed income investments as interest rates decreased during the year.

Pre-tax profit (loss) by operating segment

	(thousands of $)		
	2014	2013	Change
SGI CANADA - Saskatchewan	$ 28,223	$ 23,707	$ 4,516
Coachman - Ontario	11,295	17,205	(5,910)
SGI CANADA - Manitoba	2,201	4,241	(2,040)
SGI CANADA - Alberta	4,357	(4,215)	8,572
Pre-tax profit	**$ 46,076**	**$ 40,938**	**$ 5,138**

All operating segments were profitable in 2014 with Saskatchewan operations providing 61% of the pre-tax profit in 2014, and out-of-province business contributing 39%.

Premium revenue

Consolidated net premiums written in 2014 increased by $52.5 million or 10.6% compared to 2013.

Net premiums written by operating segment are noted below

	(thousands of $)			
	2014	% of net premium written	2013	% of net premium written
Saskatchewan	399,474	73.2%	371,963	75.4%
Alberta and Manitoba	94,481	17.3%	70,606	14.3%
Ontario	52,084	9.5%	50,923	10.3%
Net premiums written	$ **546,039**	100.0%	$ **493,492**	100.0%
Change in unearned premiums	(32,361)		(14,567)	
Net premiums earned	$ **513,678**		$ **478,925**	

Net premiums written in Saskatchewan increased 7.4% for the year, while out-of-province operations increased by 20.6%. The growth in Saskatchewan premiums was across all lines of business. Growth in out-of-province premiums was driven by a 39.9% increase from Alberta and a turnaround in the Ontario market.

Alberta is continuing to see strong growth in all product lines, with personal auto and personal lines contributing increased premiums written of $7.1 million and $6.8 million respectively. The growth is primarily due to higher policy counts from a significant number of new broker appointments in recent years.

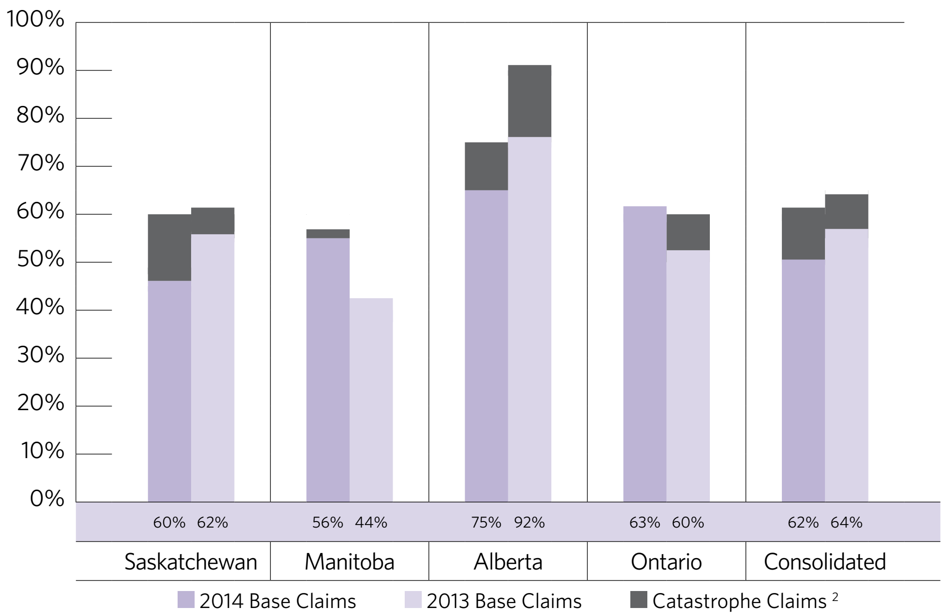
Beginning in January 2012, Ontario experienced 10 consecutive quarters with a decline in its auto and personal lines policy counts. This trend commenced when rate increases were implemented in 2012 to improve the profitability of what had been poorly performing product lines, and to slow the significant auto growth experienced between 2009 and 2011. This negative policy count trend ended in the third quarter of 2014 when the Government of Ontario's mandatory auto rate filing resulted in Coachman implementing a 12.5% decrease to auto premium rates effective July 1, 2014. Since the implementation of the rate decrease, the number of auto policies in Ontario increased 10.0% and personal lines policies increased by 3.5%.

On a consolidated basis, the Corporation's split of business in 2014 was approximately 56.8% property and 43.2% auto, consistent with 2013.

Claims incurred

Consolidated claims incurred totalled $319.4 million, an increase of $11.5 million or 3.7%, from 2013. The consolidated loss ratio decreased to 62.2%, compared to 64.3% in 2013. The following chart summarizes the loss ratios by jurisdiction, detailing components of the 2014 loss ratio between catastrophe and non-catastrophe claim costs:

Loss Ratios



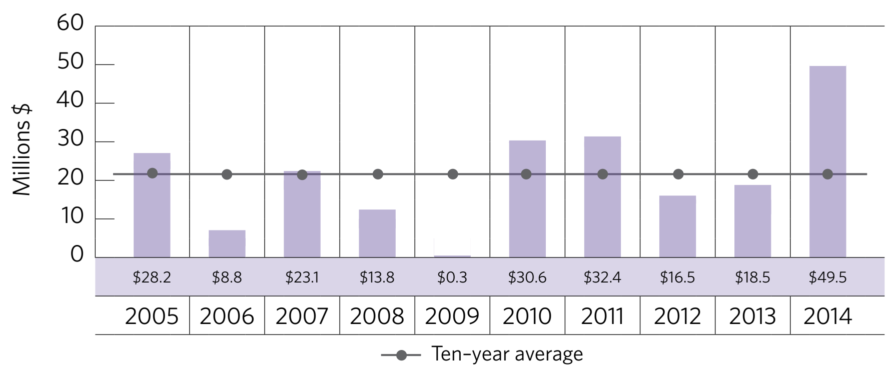
Saskatchewan's loss ratio of 60.1% dropped from the prior year loss ratio of 62.1% due to minimal ice damming claims[3] compared to 2013, which experienced an unusually high $22.8 million in claim costs. In addition, there were fewer large losses than the prior year across most lines. These positive impacts to the loss ratio were offset by $49.5 million (2013 – $18.5 million) in catastrophe claims.

[2] Catastrophe claims, also referred to as storm claims, represent claims occurring from a single weather event over a period no longer than 72 hours and with an estimated cost greater than $1 million (Saskatchewan) or $500,000 (other jurisdictions).

[3] Ice damming occurs when snow melts above a warmed attic. Water moves down to the cooler roof edge and soffit, and freezes. Unless this water is able to drain properly, the resulting freezing can create ice dams on the roof, allowing water to damage shingles and soffit, and eventually work its way into a home.

Saskatchewan storm activity in 2014 was the highest of the last 10 years, with an estimated $49.5 million, compared with the 10-year average of $22.2 million. Saskatchewan reported 11 catastrophic events in 2014, the highest number of events over the 10-year period as well. The following graph shows the significance of storm claims over the past 10 years and demonstrates their unpredictability:

Saskatchewan Storm Claims (Net)



Manitoba's loss ratio increased to 56.4% from 44.4% in 2013, due primarily to large losses in personal lines as well as one large agro loss.

Alberta's loss ratio decreased to 74.8% from 91.5% in 2013, due primarily to favourable development on prior year claims, most notably in auto and personal lines. Storms resulted in $6.4 million of claims, compared to $7.1 million in 2013.

Ontario's loss ratio increased to 63.4% in 2014 from 59.9% in 2013, due largely to a higher number of auto claims, compounded by lower premium earnings. Commercial lines results deteriorated as well due to a higher number of claims in addition to large losses.

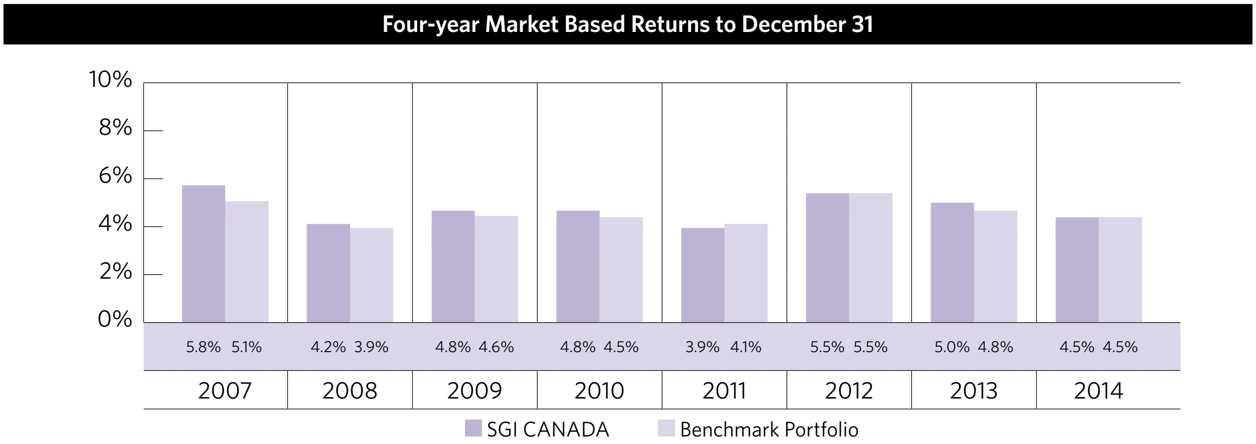
Expenses excluding claims incurred

Expenses excluding claims incurred were $199.8 million (2013 – $187.3 million) for the year, an increase of $12.5 million or 6.6%. The commission and premium tax ratio of 26.4% increased by 0.4%, the result of a higher broker bonus accrual in Saskatchewan, driven by better loss ratios and higher premiums written. Administrative expenses increased $1.1 million, or 1.8%, in 2014, while the administrative expense ratio dropped to 12.4% from 13.1% in 2013.

Investment earnings

In 2014, investment earnings were $48.1 million and represented 8.5% of total revenues (2013 – $57.2 million or 10.7% of total revenues). Investment earnings are calculated using market-based accounting principles, the components of which are disclosed in note 13 to the financial statements, and include interest, dividends, and both realized and unrealized capital gains and losses on investments.

For purposes of portfolio management, market-based returns are calculated capturing all interest and dividend income, as well as the impact of the change in market value of investments, both realized and unrealized. While these returns are compared to the benchmark returns on a quarterly basis, the performance measures are expected to be met over four years, a long enough period to capture a full market cycle. This long-term measure is appropriate as it recognizes that the effectiveness of investment management styles varies depending on the market environment. Performance relative to the benchmark portfolio varies from year-to-year but, as illustrated in the following graph, over rolling four-year periods investment performance remains satisfactory with just one period lagging the benchmark in the last eight four-year periods.



In 2014, SGI CANADA portfolio's market-based return was 5.8% compared to a 7.8% return in 2013. The 2014 return was lower than 2013 due to weaker year-over-year equity performance, partially offset by stronger fixed income returns than experienced in 2013. Similar performance trends were seen in the portfolios for each operating segment. The following table illustrates the investment portfolio's actual performance by asset class for 2014 and actual returns for 2013.

		Annual Returns (%)		
		Actual	Index	Actual
Asset Class	**Benchmark Index**	**2014**	**2014**	**2013**
Short-term bonds	FTSE TMX Short-term Bond	2.8	3.1	1.9
Mortgages	FTSE TMX Short & Mid-term Bonds	7.6	6.0	2.9
Canadian equities	S&P/TSX Composite	9.4	10.6	18.7
U.S. equities	S&P 500 ($C)	23.9	23.9	41.5
Non-North American equities	MSCI EAFE ($C)	4.8	3.7	28.4

Income taxes

The Corporation's out-of-province legal entities, SCISL and Coachman, are subject to corporate income tax, while SGI CANADA is not. On a consolidated basis, SGI CANADA recorded a tax expense of $4.4 million in 2014 compared to an expense of $4.5 million in 2013. Excluding Saskatchewan operations, which are non-taxable, results in a tax rate of 26.1%, compared to the expected tax rate of 26.7%. The primary reason for the difference is Canadian dividend revenue that is not subject to tax.

Consolidated Statement of Cash Flows

	(thousands of $)		
	2014	**2013**	**Change**
Operating activities	$ 71,945	$ 71,017	$ 928
Investing activities	(64,044)	17,544	(81,588)
Financing activities	(30,891)	(57,660)	26,769
Change in cash and cash equivalents	**$ (22,990)**	**$ 30,901**	**$ (53,891)**

Operating activities

Cash from operations contributed $72.0 million in 2014 consistent with 2013. The strong operating cash flow is largely from the continued favourable premium growth from all companies.

Investing activities

Each legal entity's excess cash from operating activities is invested in its own investment portfolio. The investment managers actively trade each investment portfolio in the capital markets following the restrictions set out in each legal entity's Statement of Investment Policies and Goals. For 2014, the investment managers, on a consolidated basis, generated cash through proceeds from the sale of investments of $843.6 million (2013 – $1,158.0 million), and reinvested $913.2 million (2013 – $1.1 billion). The additional funds for reinvestment in 2014 were from cash generated from operations, the investment of excess cash equivalent money market investments and proceeds on the sale of ICPEI.

Financing activities

Financing activities related solely to dividends paid during the year of $30.9 million (2013 – $57.7 million). Dividends paid during 2014 were significantly lower than in 2013 due to the 2012 fourth quarter dividend payment (paid in March 2013) of $42.0 million.

Cash and cash equivalents

Cash and cash equivalents from continuing operations decreased $23.0 million, due to a decrease of $23.9 million in cash equivalent money market investments used largely for the purchase of longer-term investments, and payment of dividends during the year.

Consolidated Statement of Financial Position

	(thousands of $)		
	2014	2013	Change
Total assets	**$ 1,175,332**	**$ 1,120,755**	**$ 54,577**
Key asset account changes:			
Cash and cash equivalents	18,680	42,608	(23,928)
Investments	820,181	763,916	56,265
Unpaid claims recoverable from reinsurers	55,485	35,624	19,861

Cash and cash equivalents

Cash and cash equivalents at December 31, 2014, were $18.7 million (2013 – $42.6 million), a decrease of $23.9 million. The sources of the change in cash and cash equivalents for the year are discussed in the above section, Consolidated Statement of Cash Flows. Cash equivalents consist of money market investments such as treasury bills, banker's acceptances, discount notes or other liquid short-term investments that have a maturity of 90 days or fewer from the date of acquisition.

Investments

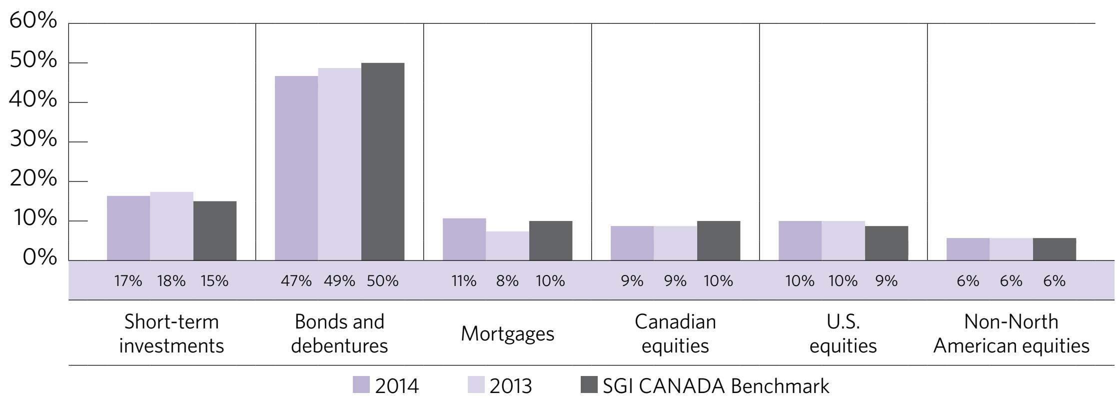
The carrying value of investments increased by $56.3 million during the year, primarily the result of the investment of operating cash flows and cash equivalent money market investments.

The Corporation's investment strategy is based on prudence, regulatory guidelines and claim settlement patterns, with a view to maximizing long-term returns utilizing a conservative investment portfolio. The Board of Directors reviews SGI CANADA's and each subsidiary's asset mix strategy annually through a detailed assessment of each portfolio's risk tolerance. The asset mix strategy takes into consideration the current and expected condition of the capital markets, and the historic return and risk profile of various asset classes. In order to achieve the long-term investment goals, the portfolio must invest in asset classes that provide an attractive risk-return profile over the medium- to long-term. Over shorter periods, however, performance of these asset classes can be volatile. The Corporation believes a diversified asset mix and longer-term focus remains appropriate, balancing the need for capital preservation in the short-term with the desire for portfolio growth over the longer term.

The asset mix strategy is formally documented in the Statement of Investment Policies and Goals. In addition to capturing the asset mix strategy, this document provides guidance on permissible investments, quality and quantity guidelines, conflicts of interest, related party transactions and investment performance expectations, among others. Management monitors and enforces compliance with the investment policy. No material compliance deviations were noted in 2014.

The Corporation's investment portfolio is managed by external investment managers. The portfolio is invested in short-term investments, bonds, mortgages and equities. Equities consist of Canadian, U.S. and non-North American mandates. The Corporation's subsidiaries hold their Canadian and U.S. equities through pooled funds, while all the Corporation's non-North American equities are held through a pooled fund.

SGI CANADA Consolidated Asset Mix as at December 31



The 2014 investment policy review resulted in some changes to the policy asset mix guidelines and benchmark portfolio weights. An asset mix optimization identified that adding real estate and global small capitalization equities enhanced the risk-return characteristics of the investment portfolios. Separately, an investment structure review identified that replacing the U.S. equity and non-North American equity mandates with a global mandate helped better address underweight exposures to both small capitalization and emerging market equities. While these policies were approved by the Board of Directors, implementation will not occur until early in 2015. The Corporation continues to monitor its fixed income investments to ensure the assets are relatively well matched to their associated liabilities.

Unpaid claims recoverable from reinsurers

Unpaid claims recoverable from reinsurers increased $19.9 million in 2014 due to losses relating to the flooding in Saskatchewan that occurred in late June.

	(thousands of $)		
	2014	**2013**	**Change**
Total liabilities	**$ 870,819**	**$ 822,307**	**$ 48,512**
Key liability account changes:			
Provision for unpaid claims	451,584	420,753	30,831
Unearned premiums	308,691	291,087	17,604

Provision for unpaid claims

This liability reflects the estimated ultimate cost of claims reported but not settled, along with claims incurred but not reported. The December 31, 2014 provision for unpaid claims increased $30.8 million, or 7.3%, from the end of the previous year. This increase is due largely to unpaid losses related to the flooding in Saskatchewan that occurred in late June. As well, additional exposure related to the Corporation's continued auto policy growth, particularly in Alberta.

The process to determine this liability is complex as it takes into consideration numerous variables that are subject to the outcome of future events. Any change in estimates is reflected as claims incurred on the Consolidated Statement of Operations.

Unearned premiums

The $17.6 million increase in unearned premiums is the result of the increase in premium volume in 2014.

	(thousands of $)		
	2014	2013	Change
Total equity	**$ 304,513**	**$ 294,954**	**$ 9,559**
Key equity account changes:			
Retained earnings	224,513	214,954	9,559

Retained earnings

The $9.6 million increase in retained earnings is attributable primarily to the $41.6 million consolidated net income from continuing operations, less dividends declared of $31.6 million. Other comprehensive income of $109,000 represents actuarial gains associated with the Corporation's defined benefit pension and service recognition plans.

For the three months ended December 31, 2014

SGI CANADA prepares public quarterly financial reports for the first three quarters of each year. These reports are available on its website at www.sgicanada.ca. Click on the About link and follow the links in the Publications section. The following is the Corporation's analysis of 2014 fourth quarter results:

SGI CANADA recorded consolidated net income of $22.7 million for the fourth quarter, $1.9 million higher than net income of $20.8 million in 2013.

Consolidated net premiums written increased $20.1 million, or 15.3%, compared to the fourth quarter of 2013. All jurisdictions generated increases in premium written compared to 2013, with the largest increases driven by Saskatchewan and Alberta auto and property lines growth.

Claims incurred were $73.6 million for the fourth quarter of 2014, $3.3 million or 4.3% lower than 2013 ($76.9 million). The decrease in the quarter was due primarily to better development on prior year claims in Saskatchewan and fewer ice damming claims in 2014. Overall, the consolidated loss ratio decreased to 54.4% in the quarter from 62.2% in 2013.

Quarterly Consolidated Financial Highlights

The following table highlights quarter over quarter results for the Corporation:

	(thousands of $)									
	2014					2013				
	Q 4	Q 3	Q 2	Q 1	**Year**	Q 4	Q 3	Q 2	Q 1	**Year**
Net premiums written	152,109	148,787	149,467	95,676	**546,039**	131,964	131,994	140,069	89,465	**493,492**
Net premiums earned	135,250	132,565	124,324	121,539	**513,678**	123,534	121,133	117,904	116,354	**478,925**
Claims incurred	73,558	102,934	82,476	60,406	**319,374**	76,863	94,131	78,702	58,184	**307,880**
Net income (loss) from continuing operations	22,657	(10,796)	1,188	28,591	**41,640**	20,849	(8,333)	(6,263)	30,175	**36,428**
Cash flow from (used in) operating activities	31,477	29,524	15,101	(4,157)	**71,945**	31,335	35,460	9,068	(4,846)	**71,017**
Investments	820,181	800,245	771,383	752,809		763,916	74,171	705,625	708,109	
Provision for unpaid claims	451,584	461,233	438,040	395,802		420,753	419,057	397,376	375,599	
Minimum Capital Test	227%	219%	240%	252%		231%	237%	262%	288%	

The following points are intended to assist the reader in analyzing trends in the quarterly financial highlights:

- Net premiums earned generally increase on a quarter-over-quarter basis during the year.
- Claims incurred typically peak in both the second and third quarters due to summer hail storms and flooding that can occur. In 2014, there was $49.5 million in storm claims compared to 2013 storm costs of $18.5 million.
- With the exception of the first quarter, the Corporation generates positive cash flow from operations. Cash is typically low in the first quarter as the Corporation pays its annual premium taxes to the province in March. Operating cash flows are generally strong throughout the remaining nine months of the year and during these months excess cash generated is directed to investments.

Impact of New Accounting Standards

Future accounting policy changes

The following future changes to accounting standards will have applicability to the Corporation:

IFRS 4 – Insurance Contracts

In June 2013, the IASB published a revised exposure draft (2013 ED) on the accounting for insurance contracts which builds on the consultations undertaken in 2007 and 2010. The 2013 ED is the result of deliberations at the IASB using comments received from constituents. The ED continues to propose a new standard on accounting for insurance contracts, which would replace IFRS 4, *Insurance Contracts*. The proposals represent a comprehensive IFRS accounting model for insurance contracts and are expected to have a significant impact on the financial reporting of insurers. A final standard is expected in 2015 with implementation not expected before 2018. The Corporation is in the process of assessing the impact of the new standard.

IFRS 7 – Financial Instruments: Disclosures

IFRS 7 was amended in December 2011 to require additional financial instrument disclosures upon transition from IAS 39, *Financial Instruments: Recognition and Measurement* to IFRS 9, *Financial Instruments*. The amendments are effective on adoption of IFRS 9. The amendments issued are permitted to be early adopted where IFRS 9 is also early adopted. The Office of the Superintendent of Financial Institutions (OSFI) has indicated that it will not allow early adoption of IFRS 9 for federally regulated financial institutions. The Corporation is evaluating the impact this amendment will have on the consolidated financial statements.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued a final version of IFRS 9, *Financial Instruments*, as part of its plan to replace IAS 39, *Financial Instruments: Recognition and Measurement*.

The new standard requires financial assets to be measured at either fair value or amortized cost, on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. A financial asset that is held by an entity for the purpose of collecting contractual cash flows on specified dates per contractual terms should be measured at amortized cost. All other financial assets should be measured at fair value.

For equity instruments, management has an option on initial recognition to irrevocably designate on an instrument-by-instrument basis to present the changes in their fair value directly in equity. There is no subsequent recycling of fair value gains and losses from equity to the Consolidated Statement of Operations. However, dividends from such equity investments will continue to be recognized in profit or loss.

The standard includes introduction of a fair value through other comprehensive income (FVOCI) measurement category for simple debt instruments. In this measurement category, the Consolidated Statement of Financial Position will reflect the fair value carrying amount while amortized cost information is presented in the Consolidated Statement of Operations. The difference between the fair value and amortized cost information will be recognized in other comprehensive income.

This standard is effective for annual periods beginning on or after January 1, 2018. While early adoption is permitted under the standard, OSFI has indicated that early adoption is not allowed. While the Corporation is not federally regulated, it generally follows OSFI's guidance in such matters.

The Corporation is in the process of assessing the impact of the new standard.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and is intended to replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related IFRICs. The standard was issued as a result of an ongoing project to align revenue recognition between IFRS and U.S. generally accepted accounting principles. This standard is effective for annual periods beginning on or after January 1, 2017. Early application is permitted. IFRS 15 contains a scope exception which excludes insurance contracts within the scope of IFRS 4 Insurance Contracts, therefore this standard will have a limited impact on the Corporation.

IAS 19R – Employee Benefits

In November 2013, the IASB issued a narrow scope amendment to IAS 19R. The amendment applies to contributions from employees or third parties to defined benefit plans. The amendment allows contributions independent of the number of years of service to be recognized as a reduction in the service cost in the period in which the related service is rendered instead of attributed to the period of service using the same attribution method as used for the gross benefit. The amendment is effective for years beginning on or after July 1, 2014. The Corporation does not expect this amendment to impact the consolidated financial statements.

IAS 1 – Presentation of Financial Statements

In December 2014, IAS 1 was amended to clarify that materiality applies to all parts of the financial statements, that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate and provides examples of how to clarify understandability and comparability in the ordering of note disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016. The Corporation does not expect these amendments to significantly impact the consolidated financial statements.

Annual Improvements Cycles

In 2013, the IASB issued two exposure drafts for Annual Improvements Cycles 2010-2012 and 2011-2013, which include minor amendments to a number of IFRSs. The annual improvements process is used to make necessary but non-urgent changes to IFRSs that are not included in other projects. The amendments issued are all effective for annual periods beginning July 1, 2014. The Corporation does not expect these amendments to significantly impact the consolidated financial statements.

The IASB issued an exposure draft in December 2013 for the annual improvement cycle for 2012-2014. These amendments are effective for annual periods beginning on or after January 1, 2016. The Corporation does not expect these amendments to significantly impact the consolidated financial statements.

Related Party Transactions

The Corporation is related in terms of common ownership to all Government of Saskatchewan ministries, agencies, boards, commissions, Crown corporations, and jointly controlled and significantly influenced corporations and enterprises. Transactions with these entities were entered into in the normal course of business and are settled at prevailing market prices under normal trade terms. Further details regarding these related party transactions are disclosed in note 20 of the consolidated financial statements. Details of other significant related party transactions disclosed in the consolidated financial statements follow.

SGI CANADA acts as the administrator of the Saskatchewan Auto Fund on behalf of the Province of Saskatchewan. SGI CANADA incurs administrative and claim adjustment expenses on behalf of the Auto Fund, which are charged to the Auto Fund directly or on the basis of specific distributions. Amounts incurred by SGI CANADA and charged to the Auto Fund were $143.2 million (2013 – $138.2 million).

Certain Board members are partners in organizations that provided $63,000 (2013 – $nil) of professional services to the Corporation. These services were recorded in claims incurred and administrative expenses in the Consolidated Statement of Operations. In addition, one Board member is a shareholder in an organization that sells insurance policies of the Corporation. Premiums written during the year from this organization amounted to $6.0 million (2013 – $5.4 million) and the associated accounts receivable at December 31, 2014, were $839,000 (2013 – $825,000). Commissions related to these premiums were $1.2 million (2013 – $1.1 million). The above noted transactions are routine operating transactions in the normal course of business.

Off Balance Sheet Arrangements

SGI CANADA, in its normal course of operations, enters into certain transactions that are not required to be recorded on its Consolidated Statement of Financial Position – commonly referred to as the balance sheet. These items include litigation, structured settlements and a long-term telecommunications contract. These items are discussed below and in notes 9 and 15 to the consolidated financial statements.

The Corporation, as is common in the P&C insurance industry, is subject to litigation arising in the normal course of its operations, primarily in claim settlements. The Corporation is of the opinion that current litigation will not have a material impact on its operations, financial position or cash flows.

Also, the Corporation and its subsidiaries, in the normal course of settling claims, settle some long-term disability claims by purchasing structured settlements (annuities) from various financial institutions for its claimants. This is a common practice in the P&C industry. The net present value of the scheduled payments at December 31, 2014, was $60.6 million (2013 – $58.2 million). The Corporation provides a financial guarantee to the claimant in the event of default by the financial institution on the payment schedule to the claimant. No default has occurred in the past on these payment schedules and the Corporation considers the likelihood of such default remote.

The Corporation has secured a long-term telecommunications contract with a related provincial Crown corporation that is scheduled to end in 2015. At December 31, 2014, the remaining commitment under this contract was $7.1 million (2013 – $4.2 million). The Corporation and its subsidiaries are committed to leases on their office premises and other contractual obligations. Annual commitments related to these obligations over the next five years range from $889,000 in 2014 to $445,000 in 2018.

Critical Accounting Estimates

This discussion and analysis of the Corporation's financial condition and results of operations is based upon its consolidated financial statements as presented in this annual report. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Reporting Interpretations Committee. Significant accounting policies are contained in note 3 to the consolidated financial statements. Some of these policies involve critical accounting estimates because they require management to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or by using different assumptions.

The Corporation has discussed the development, selection and application of its key accounting policies and the critical accounting estimates and assumptions they involve, with the Audit, Finance and Conduct Review Committee of the Board of Directors. The Audit, Finance and Conduct Review Committee has reviewed the disclosures described in this section. The most significant critical accounting estimates involve the provision for unpaid claims, unpaid claims recoverable from reinsurers, income taxes and employee future benefits.

Provision for unpaid claims

A provision for unpaid claims is maintained to cover the estimated ultimate liability for losses and loss adjustment expenses for reported claims and claims incurred but not yet reported as at the end of each accounting period. The initial provision is determined on the reported facts filed with the claim and then revised regularly, as more information on the claim becomes known. The provision does not represent the exact calculation of the liability owing to claimants, but is an estimate developed using Canadian accepted actuarial practices and Canadian insurance regulatory requirements. The estimate reflects an expectation of the ultimate cost of settlement and administration of claims. It involves an assessment based on the facts and circumstances of the events reported in the claim, the Corporation's experience with similar claims, historical trends involving claim payments, claim severity, the effect of inflation on reported and future claims, court decisions and the timeframe anticipated to settle and pay the claim.

This provision is refined on a continual basis as prior fiscal year claims are settled and additional claims are reported and settled. There may be significant time delays from the occurrence of the insured event and when it is reported. If this occurs near the year-end date, estimates are made as to the value of these claims based on information known to the Corporation. As well, uncertainty exists for reported claims that are not settled, as all necessary information may not be available. Thus, with the level of uncertainty involved in the claim process until the final settlement occurs, current reserves may not be sufficient. The provision has been calculated including the impact of discounting. Any adjustments to these estimates, both positive (a redundancy or excess) and negative (a deficiency) are included in the provision for unpaid claims and are reflected as claims incurred in the current year's Consolidated Statement of Operations.

Unpaid claims recoverable from reinsurers

Unpaid claims recoverable from reinsurers includes amounts for expected recoveries related to unpaid claim liabilities, as well as the portion of the reinsurance premium that has not yet been earned. Amounts recoverable from reinsurers are estimated in a manner consistent with claim and claim adjustment expense reserves, and are reported in the Consolidated Statement of Financial Position. The ceding of insurance does not discharge the Corporation's primary liability to its insureds. An estimated allowance for doubtful accounts is recorded on the basis of periodic evaluations of balances due from reinsurers, reinsurer solvency, management's experience and current economic conditions. No allowance for doubtful accounts has been recorded related to unpaid claims recoverable from reinsurers in the current or prior year.

Income taxes
The provision for income taxes is calculated based on the expected tax treatment of transactions recorded in the consolidated financial statements. In determining the provision for income taxes, the Corporation interprets tax legislation in a variety of jurisdictions and makes assumptions about the expected timing of the reversal of deferred tax assets and liabilities and the valuation of deferred income tax assets.

Management makes assumptions regarding the value of deferred tax assets using a valuation allowance. This allowance is based on management's assessment of whether it is more likely than not that the Corporation will utilize tax assets before they expire. This assessment is based on expected future earnings, tax rates, the amount of taxable income in future years and the timing of the reversal of deferred tax liabilities. No valuation allowance has been recorded in the current or prior year.

Employee future benefits
The Corporation's benefit expense for its defined benefit pension plan and defined benefit service recognition plans is calculated by the Corporation's external benefits actuary utilizing management's best estimate of critical assumptions. These critical assumptions consist of: expected plan investment performance, salary escalation, age at retirement, mortality of members and future pension indexing. Management reviews and adjusts these assumptions as required on an annual basis. Actuarial gains and losses regarding the pension obligation or the investment returns are recorded as other comprehensive income on the Consolidated Statement of Operations.

The end of period discount rate is determined at each year end using market rates of high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments.

Further details of the Corporation's defined benefit plans are contained in note 19 to the consolidated financial statements.

Risk Management

Risk management is a process for recognizing and addressing risks that could affect the achievement of corporate objectives. On an annual basis, management reviews the key risks faced by SGI CANADA by identifying specific risk events and their potential impact on the Corporation's operations, finances and reputation. Each risk event is rated based on the likelihood of the event occurring and severity of the consequences if it did occur, both before and after the application of potential mitigations.

The above process results in a risk profile for the Corporation, which is reviewed by the Risk Committee of the Board of Directors annually. SGI's Audit Services department also uses the risk profile in developing its annual work plan, which provides an assurance component to SGI's risk management process.

The following risks represent the most serious threats to SGI CANADA. Failure to manage any of these risks could lead to significant operational, financial or reputational damage. The nature of these risks, along with efforts to mitigate them, is summarized below.

Competition
Risk: Large competitors pursue market share through aggressive pricing or the purchase of independent brokers, leading to reduced margins and/or loss of market share for SGI CANADA.

Mitigation: SGI CANADA continues to provide superior service and support to brokers to attract new business and retain the existing book of business. The Corporation monitors market developments closely, particularly in Saskatchewan, and has expanded its broker network in areas outside Saskatchewan including areas where competitors have acquired brokers who sell SGI CANADA policies. The Corporation continues to introduce new products into the personal and commercial markets, and is developing online services to improve the speed, accuracy and ease with which brokers and consumers do business with the Corporation.

Scale

Risk: SGI CANADA fails to achieve the minimum sustainable size that will allow it to survive in an increasingly consolidating market.

Mitigation: Scale is increasingly considered to be an essential advantage in the insurance industry to support economies of scale in capital and information. SGI CANADA is pursuing aggressive organic growth through targeted customer and industry segments, geographic growth and diversification, and underwriting innovations. The Corporation is also investigating a number of possible options to address this strategic issue, including developing eService capabilities to emulate the eChannel experience, but delivered in conjunction with broker partners.

Strategy

Risk: The risk that the company does not have the right strategic plan to be successful.

Mitigation: SGI CANADA's purpose and ideals are defined in the corporate mission, vision and values statements. The 2011-2015 strategic plan was developed with the feedback of employees and other stakeholders, and provides a detailed plan for the future of the Corporation. The strategic plan is formally reviewed and updated annually, and will be revisited in detail in 2015.

Privacy Breach

Risk: Personal information held by SGI CANADA for a large number of customers is lost, accessed, used or disclosed contrary to legislated privacy requirements, resulting in adverse legal, regulatory and financial consequences, as well as a loss in confidence by customers and the shareholder.

Mitigation: Specific guidelines on handling personal information have been implemented, and are updated regularly to be consistent with industry recommended best practices. SGI CANADA uses the American Institute of Certified Public Accountants/Chartered Professional Accountants of Canada (AICPA/CPA) Privacy Maturity Model to assess and measure its privacy program. The Corporation conducts targeted privacy audits in areas that handle customer information, and uses a Privacy Impact Assessment process for reviewing business changes to ensure privacy concerns are addressed at the design level. To promote awareness of privacy obligations, new staff must complete online privacy training, and all staff are required to complete an annual sign-off of the Code of Ethics and Conduct and the Confidentiality and Non-Disclosure Agreement.

Catastrophic Claim Loss

Risk: An event loss in excess of reinsurance limits, an aggregation of large losses within the corporate net retention or the failure of a reinsurer could result in major financial losses for SGI CANADA.

Mitigation: SGI CANADA determines reinsurance limits using independent catastrophe modeling, including scenario tests that overlay hypothetical events on high-exposure concentrations. To mitigate the risk of reinsurer failure, SGI CANADA and its reinsurance broker monitor the reinsurer ratings provided by AM Best and Standard and Poor's.

Transfer and Acquisition of Expertise

Risk: SGI CANADA faces challenges in building and maintaining the knowledge, skill and experience within the organization's workforce needed to thrive now and in the future. Challenges include retirements, recruitment of qualified personnel in a tight labour market and the need to support an analytical and customer-centric culture.

Mitigation: SGI CANADA has implemented or is working on a number of programs in this area, including competency-based recruitment, training and mentoring programs, knowledge management solutions, retirement programming, and the monitoring of workplace engagement and enablement through employee surveys. A corporate learning strategy is in place to grow talent, and SGI CANADA has devoted additional resources and technology to training and development. SGI CANADA's succession planning process focuses on: (i) ensuring current senior management positions have succession plans; (ii) identifying high-performing staff who have potential for more senior roles; and, (iii) ensuring high-potential staff and the leadership team have ongoing development and support. SGI CANADA continues to receive national recognition as a Top 100 Employer, one of Canada's top diversity employers and one of Canada's top employers for employees over 40.

Employee Engagement and Productivity

Risk: SGI CANADA's ability to successfully meet its objectives is to a large extent determined by its ability to retain effective, engaged and productive employees.

Mitigation: SGI CANADA has a large number of programs and initiatives dedicated to employee training and support, including employee recognition and mentoring programs, performance development and knowledge management programs, corporate change management processes, and the corporate wellness strategy. The Corporation also receives detailed feedback from employees through the annual employee survey process, monitors competitors' salary and benefits to ensure SGI CANADA remains competitive, and continues to align its compensation and benefits with best practices.

Product Design and Pricing

Risk: Products priced inaccurately or not designed to meet customer needs may result in a loss in market share, loss of business, and loss of confidence by policyholders and brokers.

Mitigation: To ensure its products are designed and priced appropriately, SGI CANADA monitors rate adequacy, competitor pricing and product offerings, as well as insurance market developments, legal decisions and societal trends. Product pricing and design are reviewed in detail annually, and all products are competitively driven with variation by product and jurisdiction. The Corporation has built actuarial data marts so timelier, more reliable and more types of data are available to improve the pricing and structure of products.

Information Savvy

Risk: SGI CANADA cannot be successful in the long-term without the development and implementation of an information savvy environment and an analytical mindset.

Mitigation: An information savvy environment includes three key elements: (i) high-quality data; (ii) effective analysis of the data; and, (iii) using the analysis to make better business decisions. To this end, SGI CANADA's business intelligence project is building a high-quality data platform to meet the need for greater and easier access to information, and SGI CANADA has created a Corporate Analytics group to centralize and build the analytical capabilities of the Corporation.

Outlook for 2015

SGI CANADA is facing pressures today that are greater than at any prior point in its history. The Canadian property and casualty (P&C) insurance business environment is rapidly changing, and a number of trends are impacting how companies compete, such as acquisitions, consolidation, changes in consumer preferences and delivery channel, and the development and use of "big data." The Saskatchewan P&C insurance market has been relatively immune to industry changes in the past, but with the strong provincial economy and technology that allows businesses to more easily penetrate new markets, that is changing.

Heading into 2015, SGI CANADA is focused on three critical priorities: improving customer centricity to enhance the overall customer experience; growing its business outside of Saskatchewan to increase scale and spread risk geographically; and improving employee centricity to attract and retain qualified workers.

Becoming customer centric is more than providing exceptional face-to-face service. SGI CANADA will continue to improve its face-to-face service, but will also work on enhancing other aspects of the experience it provides to customers. SGI CANADA is working on providing customers with the ability to do business when, where and how they want, to ensure convenient, efficient and timely access to products and services. It is also working on developing products that meet the needs of customers.

SGI CANADA's focus on growth outside of Saskatchewan is critical to providing a stable and growing dividend to the province. The property and casualty insurance industry in Canada is increasingly competitive, and the gap between leaders and followers is steadily growing. Recent acquisitions by the top companies has provided them additional scale and access to new territories and/or niche markets. It is likely that, over the next decade, many Canadian medium-sized and small property and casualty insurance companies will disappear as they will not have the resources to remain competitive. In addition to increasing the premium that comes through the door, growing the size of the business drives efficiencies and information advantages, and increasing business outside of Saskatchewan spreads risk geographically which reduces corporate risk – all of which, over time, will improve profitability. One of the initiatives SGI CANADA is pursuing to drive premium growth is expanding its geographic footprint westward. The Corporation obtained a licence to sell P&C insurance in British Columbia during 2014, and expects to begin writing policies in B.C. in the latter half of 2015.

Employee centricity is about recognizing that engaged employees who have the tools, training and desire to do their jobs will be more effective at helping the company achieve its customer and scale goals. Management will work with employees to identify and address obstacles they are facing.

The Corporation's expectations are ambitious given the highly competitive, ever-changing insurance industry it operates in. Competitors continue to become more sophisticated and competition from new sources, such as direct writers, is becoming more prevalent. SGI CANADA has confidence in its ability to succeed, given the expertise of its employees and a clear strategic direction to guide the Corporation to continued success in the competitive Canadian insurance marketplace.

Responsibility for Financial Statements

The consolidated financial statements are the responsibility of Management and have been prepared in conformity with International Financial Reporting Standards. In the opinion of Management, the consolidated financial statements fairly reflect the financial position, results of operations and cash flows of Saskatchewan Government Insurance (the Corporation) within reasonable limits of materiality.

Preparation of financial information is an integral part of Management's broader responsibilities for the ongoing operations of the Corporation. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. In this regard, an annual statement of management responsibility is provided on the following page. In addition, the adequacy and operation of the control systems are monitored on an ongoing basis by an internal audit department.

An actuary has been appointed by the Corporation to carry out a valuation of the policy liabilities in accordance with accepted actuarial practice and common Canadian insurance regulatory requirements. The policy liabilities consist of a provision for unpaid claim and adjustment expenses on the earned portion of policies and of future obligations on the unearned portion of policies. In performing this valuation, the actuary makes assumptions as to future rates of claim frequency and severity, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Corporation and the nature of the insurance policies. The actuary also makes use of Management information provided by the Corporation and the work of the external auditors in verifying the data used in the valuation.

The consolidated financial statements have been examined and approved by the Board of Directors. An Audit, Finance and Conduct Review Committee, composed of members of the Board of Directors, meets periodically with financial officers of the Corporation and the external auditors. These external auditors have free access to this Committee, without Management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

As appointed by the Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan, PricewaterhouseCoopers LLP have been appointed external auditors. Their responsibility is to report to the Members of the Legislative Assembly regarding the fairness of presentation of the Corporation's financial position and results of operations as shown in the consolidated financial statements. In carrying out their audit, the external auditors also make use of the work of the actuary and her report on the policy liabilities. The Auditor's Report outlines the scope of their examination and their opinion.

Andrew R. Cartmell
President and Chief Executive Officer

Jeff Stepan
Chief Financial Officer

February 26, 2015

Annual Statement of Management Responsibility

I, Andrew Cartmell, President and Chief Executive Officer, and I, Jeff Stepan, Chief Financial Officer, certify the following:

a. That we have reviewed the consolidated financial statements included herein. Based on our knowledge, having exercised reasonable diligence, the consolidated financial statements fairly present, in all material respects, the financial condition, results of operations and cash flows, as of December 31, 2014.

b. That based on our knowledge, having exercised reasonable diligence, the consolidated financial statements do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That SGI CANADA (the Corporation) is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and, the Corporation has designed internal controls over financial reporting that are appropriate to its circumstances.

d. That the Corporation conducted its assessment of the effectiveness of its internal controls over financial reporting and, based on the results of this assessment, it can provide reasonable assurance that internal controls over financial reporting as of December 31, 2014, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Andrew R. Cartmell
President and Chief Executive Officer

Jeff Stepan
Chief Financial Officer

February 26, 2015

Actuary's Report

To the Board of Directors of Saskatchewan Government Insurance

I have valued the policy liabilities and reinsurance recoverables of SGI CANADA for its consolidated statement of financial position at December 31, 2014, and their change in the consolidated statement of operations for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

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

Barb Addie
Baron Insurance Services Inc.
Fellow, Canadian Institute of Actuaries
Fellow, Casualty Actuarial Society

February 26, 2015

Independent Auditor's Report

February 26, 2015

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying consolidated financial statements of Saskatchewan Government Insurance and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statements of operations, changes in equity and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Saskatchewan Government Insurance as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

Consolidated Statement of Financial Position

	(thousands of $)	
	December 31 2014	December 31 2013
Assets		
Cash and cash equivalents (note 5)	$ 18,680	$ 42,608
Accounts receivable (note 6)	163,911	160,719
Investments under security lending program (note 7)	93,473	142,460
Investments (note 7)	726,708	621,456
Unpaid claims recoverable from reinsurers (note 9)	55,485	35,624
Reinsurers' share of unearned premiums (note 11)	11,149	13,279
Deferred policy acquisition costs (note 10)	73,346	68,811
Property and equipment (note 8)	29,813	32,835
Deferred income tax asset (note 14)	2,767	2,963
	$ 1,175,332	$ 1,120,755
Liabilities		
Accounts payable and accrued liabilities	$ 40,227	$ 40,703
Dividend payable	10,622	9,925
Premium taxes payable	24,080	21,886
Amounts due to reinsurers	7,583	9,702
Unearned reinsurance commissions	4,767	4,339
Unearned premiums (note 11)	308,691	291,087
Accrued pension liabilities (note 18)	22,362	22,820
Provision for unpaid claims (note 9)	451,584	420,753
Deferred income tax liability (note 14)	903	1,092
	870,819	822,307
Equity		
Equity advances (note 12)	80,000	80,000
Retained earnings	224,513	214,954
Province of Saskatchewan's equity	**304,513**	294,954
Non-controlling interest from discontinued operations (note 4)	–	3,494
	304,513	298,448
	$ 1,175,332	$ 1,120,755

Contingencies (note 22)
The accompanying notes are an integral part of these consolidated financial statements.
Approved by the Board of Directors and signed on their behalf on February 26, 2015.

Arlene Wiks
Director

Howard Crofts
Director

Consolidated Statement of Operations

For the years ended December 31	(thousands of $) 2014	(thousands of $) (restated note 4) 2013
Gross premiums written	$ 588,956	$ 534,125
Premiums ceded to reinsurers	(42,917)	(40,633)
Net premiums written	546,039	493,492
Change in net unearned premiums (note 11)	(32,361)	(14,567)
Net premiums earned	**513,678**	478,925
Net claims incurred (note 9)	319,374	307,880
Commissions	111,476	102,205
Administrative expenses	63,878	62,768
Premium taxes	24,069	22,346
Facility Association participation (note 20)	361	24
Total claims and expenses	**519,158**	495,223
Underwriting loss	**(5,480)**	(16,298)
Net investment earnings (note 13)	48,056	57,236
Other income (note 4)	3,500	-
Income before income taxes	**46,076**	40,938
Income tax expense (note 14)	4,436	4,510
Net income from continuing operations	**41,640**	36,428
Net income (loss) from discontinued operations - net of tax (note 4)	(989)	2,804
Net income	**40,651**	39,232
Other comprehensive income	109	2,133
Comprehensive income	**$ 40,760**	$ 41,365
Attributable to:		
The Province of Saskatchewan	41,198	41,025
Non-controlling interest from discontinued operations (note 4)	(438)	340
	$ 40,760	$ 41,365

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

Consolidated Statement of Changes in Equity

For the years ended December 31	(thousands of $) 2014	(restated note 4) 2013
Equity advances		
Balance, end of year	**$ 80,000**	$ 80,000
Retained earnings		
Balance, beginning of year	$ 214,954	$ 199,521
Net income from continuing operations	41,640	36,428
Net income (loss) from discontinued operations attributable to shareholder	(551)	2,464
Other comprehensive income	109	2,133
Dividends	(31,639)	(25,592)
Balance, end of year	**$ 224,513**	$ 214,954
Total Province of Saskatchewan's equity	**$ 304,513**	$ 294,954
Non-controlling interest		
Balance, beginning of year	$ 3,494	$ 3,154
Comprehensive income (loss)	(438)	340
Sale of ICPEI (note 4)	(3,056)	-
Balance, end of year	**$ -**	$ 3,494
Total equity	**$ 304,513**	$ 298,448

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

Consolidated Statement of Cash Flows

For the years ended December 31	2014 (thousands of $)	(restated note 4) 2013 (thousands of $)
Cash provided by (used for):		
Operating activities		
Net income	$ 40,651	$ 39,232
Continuing operations		
Non-cash items:		
Bond amortization	3,366	2,791
Depreciation	6,192	5,417
Goodwill impairment	–	481
Net realized gains on sale of investments	(22,342)	(20,242)
Net unrealized (gains) losses on change in market value of investments	927	(15,283)
Actuarial gain on employee benefit plans	109	2,133
Deferred income taxes	(255)	1,682
Change in non-cash operating items (note 17)	43,297	54,806
	71,945	71,017
Discontinued operations (note 4)	(6,037)	953
	65,908	71,970
Investing activities		
Continuing operations		
Purchases of investments	(913,196)	(1,134,591)
Proceeds on sale of investments	843,635	1,158,035
Proceeds on sale of discontinued operaton (note 4)	8,709	–
Purchases of property and equipment, net of proceeds from disposals	(3,192)	(5,900)
	(64,044)	17,544
Discontinued operations (note 4)	7,395	(3,100)
	(56,649)	14,444
Financing activities		
Continuing operations		
Dividends received	51	–
Dividends paid	(30,942)	(57,660)
	(30,891)	(57,660)
Discontinued operations (note 4)	(2,296)	–
	(33,187)	(57,660)
Increase (decrease) in cash and cash equivalents	(23,928)	28,754
Cash and cash equivalents, beginning of year	42,608	13,854
Cash and cash equivalents, end of year	**$ 18,680**	$ 42,608
Comprised of:		
Cash and cash equivalents from continuing operations	18,680	39,755
Cash and cash equivalents from discontinued operations	–	2,853
	$ 18,680	$ 42,608
Supplemental cash flow information:		
Interest received	$ 12,668	$ 12,014
Dividends received	$ 2,269	$ 2,494
Income taxes paid	$ 3,277	$ 5,815

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

Notes to the Consolidated Financial Statements

December 31, 2014

1. Nature of Operations

Saskatchewan Government Insurance (the Corporation or SGI), which operates under the trade name of SGI CANADA is incorporated, registered and conducts a property and casualty insurance business in the Province of Saskatchewan, and in other provinces of Canada through its wholly-owned subsidiary SGI CANADA Insurance Services Ltd. (SCISL). SCISL operates directly in Alberta and Manitoba, and in Ontario through its wholly-owned subsidiary Coachman Insurance Company (Coachman). The address of the Corporation's registered head office is 2260-11th Avenue, Regina, SK, Canada.

In many provinces in Canada, automobile insurance premium rates are regulated by provincial government authorities. Regulation of premium rates is based on claims and other costs of providing insurance coverage, as well as projected profit margins. Regulatory approvals can limit or reduce premium rates that can be charged, or delay the implementation of changes in rates. The Corporation's automobile premiums are subject to rate regulation in Alberta and Ontario, and represent approximately 15.2% (December 31, 2013 – 15.1%) of the Corporation's consolidated net premiums earned.

SGI was established as a branch of the public service by *The Government of Saskatchewan Act, 1944*, reorganized pursuant to *The Saskatchewan Government Insurance Act, 1946*, and continued under the provisions of *The Saskatchewan Government Insurance Act, 1980*. SGI also acts as administrator of the Saskatchewan Auto Fund under the provisions of *The Automobile Accident Insurance Act*. As a provincial Crown corporation, the Corporation is not subject to federal or provincial income taxes; however, SCISL and Coachman are subject to federal and provincial income taxes.

As a subsidiary of Crown Investments Corporation of Saskatchewan (CIC), the consolidated financial results of the Corporation are included in the consolidated financial statements of CIC. CIC is ultimately owned by the Government of Saskatchewan.

2. Basis Of Preparation

Statement of compliance

The consolidated financial statements for the year ended December 31, 2014, have been prepared in accordance with International Financial Reporting Standards (IFRS). References to IFRS are based on Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises as set out in Part 1 of the CPA Canada handbook. Part 1 of the CPA Canada handbook incorporates IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis, except for financial instruments and the provision for unpaid claims and unpaid claims recoverable from reinsurers. The methods used to measure the values of financial instruments are discussed further in note 3. The provision for unpaid claims and unpaid claims recoverable from reinsurers 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).

Statement of financial position classification

The Consolidated Statement of Financial Position has been prepared on a non-classified basis in order of liquidity, with a distinction based on expectations regarding recovery or settlement within 12 months after the balance sheet date (current) and more than 12 months after the balance sheet (non-current) presented in the notes.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

Use of estimates and judgment

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the actuarial determination of the provision for unpaid claims (note 9), employee future benefits (note 18) and the valuation of investments classified as Level 3 (note 7).

3. Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the accounts of the Corporation and the consolidated accounts of its 100%-owned subsidiaries, SCISL and Coachman. All inter-company accounts and transactions have been eliminated on consolidation. The financial accounting records of the subsidiaries are prepared for the same reporting year as the Corporation, using consistent accounting policies. The Insurance Company of Prince Edward Island (ICPEI) operations have been treated as a discontinued operation for the year ended December 31, 2014, and are presented separately (note 4).

Discontinued operations

A disposal group is classified as assets held for sale when the Corporation expects the carrying amount to be recovered through a sales transaction rather than through continuing use. This condition is regarded as having been met when the disposal group is available for sale in its present condition and the sale is highly probable and expected to occur within one year from the date of reclassification. Disposal groups classified as held for sale are measured at the lower of their previous carrying amounts, prior to being reclassified, and fair value less costs to sell. Assets and liabilities directly associated with the disposal group are presented separately from assets and liabilities related to continuing operations. Discontinued operations are presented separately from continuing operations in the Consolidated Statement of Operations, Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flows.

Financial assets and liabilities

The measurement basis for financial assets and financial liabilities depends on whether the financial assets and liabilities have been classified as fair value through profit and loss, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets and liabilities classified as fair value through profit and loss are measured at fair value and changes in fair value are recognized in net income. Financial assets classified as available for sale are measured at fair value with unrealized changes in fair value recorded in other comprehensive income (OCI); however, unrealized losses on investments that show objective evidence of impairment are recognized as a decrease to net income. Financial assets designated as held to maturity or loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment losses, if any. Other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. The Corporation has no financial assets and liabilities designated as available for sale or held to maturity.

The Corporation has designated its cash and cash equivalents and investments as fair value through profit and loss. Accounts receivable are designated as loans and receivables. Accounts payable and accrued liabilities, dividend payable and premium taxes payable are designated as other financial liabilities. Unpaid claims recoverable from reinsurers, amounts due to reinsurers and the provision for unpaid claims are exempt from the above requirement.

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and liabilities simultaneously. Income and expenses are not offset in the Consolidated Statement of Operations unless required or permitted by an accounting standard or interpretation, as specifically disclosed in the accounting policies of the Corporation. There are no financial assets and financial liabilities reported as offset in these consolidated financial statements.

Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All fair value measurements relate to recurring measurements. Fair value measurements for investments are categorized into levels within a fair value hierarchy based on the nature of the valuation inputs (Level 1, 2 or 3).

The three levels are based on the priority of inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset's or liability's classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

The Corporation defines active markets based on the frequency of valuation and any restrictions or illiquidity on disposition of the underlying investment and trading volumes. Assets measured at fair value and classified as Level 1 include Canadian and U.S. common shares, and pooled equity funds. Fair value is based on market price data for identical assets obtained from the investment custodian, investment managers or dealer markets. The Corporation does not adjust the quoted price for such investments.

Level 2: Quoted prices in markets that are not active or inputs that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 2 inputs include observable market information, including quoted prices for assets in markets that are considered less active. Assets measured at fair value and classified as Level 2 include short-term investments and bonds and debentures. Fair value for short-term investments and bonds and debentures is based on, or derived from, market price data for same or similar instruments obtained from the investment custodian, investment managers or dealer markets.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the estimated fair value of the assets or liabilities

Level 3 assets and liabilities would include financial instruments whose values are determined using internal pricing models, discounted cash flows methodologies, or similar techniques that are not based on observable market data, as well as instruments for which the determination of estimated fair value requires significant management judgment or estimation. Assets classified as Level 3 include the pooled mortgage fund. The fair value for the pooled mortgage fund is determined based on the market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgages (using spread-based pricing, over Government of Canada bonds with a similar term to maturity), subject to adjustments for liquidity and credit risk.

The fair value of other financial assets and financial liabilities is considered to be the carrying value when they are of short duration or when the investment's interest rate approximates current observable market rates. Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates. The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividend payable and premium taxes payable approximate their carrying values due to their short-term nature.

Investments

The Corporation records its investment purchases and sales on a trade-date basis, being the date when the transactions are entered into. Financial assets are derecognized when the rights to receive cash flows from them have expired, or when the Corporation has transferred substantially all risks and rewards of ownership.

Investments under securities lending program

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the Corporation to the counterparties in the course of such transactions. The securities are reported separately on the Consolidated Statement of Financial Position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not recorded on the Consolidated Statement of Financial Position given that the risks and rewards of ownership are not transferred from the counterparties to the Corporation in the course of such transactions.

Investment earnings

The Corporation recognizes interest and premium financing as earned, dividends when declared, pooled fund revenue when a distribution is declared, realized gains and losses on investments when the investment has been sold and unrealized gains and losses based on the changes in market value of the investments held at the year-end date.

Interest revenue includes amortization of any premium or discount recognized at the date of purchase of the security. Amortization is calculated using the effective interest method. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Interest is generally receivable on a semi-annual basis.

Direct investment expenses, such as external custodial, investment management and investment consultant expenses, are recorded against investment earnings.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect at the year-end date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized foreign exchange gains and/or losses arising on monetary and non-monetary investments designated as fair value through profit and loss are recognized in investment earnings. Unrealized gains and/or losses arising on translation are charged to operations in the current year. Translation gains and/or losses related to other financial assets and liabilities are charged to operations in the current year.

Premiums written

The Corporation's policies have all been classified upon inception as insurance contracts. An insurance contract is a contract that transfers significant insurance risk and, upon the occurrence of the insured event, causes the insurer to make a benefit payment to the insured party. The sale of policies generates premiums written and are taken into income as net premiums earned over the terms of the related policies, no longer than 12 months. The portion of the policy premiums relating to the unexpired term of each policy is recorded as an unearned premium liability on the Consolidated Statement of Financial Position.

At the end of each reporting period, a liability adequacy test is performed, in accordance with IFRS, to validate the adequacy of unearned premiums and deferred policy acquisition costs. A premium deficiency would exist if unearned premiums are deemed insufficient to cover the estimated future costs associated with the unexpired portion of written insurance policies. A premium deficiency would be recognized immediately as a reduction of deferred policy acquisition costs to the extent that unearned premiums plus anticipated investment income is not considered adequate to cover all deferred policy acquisition costs and related insurance claims and expenses. If the premium deficiency is greater than the unamortized deferred policy acquisition costs, a liability is accrued for the excess deficiency.

Provision for unpaid claims

The provision for unpaid claims represents an estimate of the total cost of outstanding claims to the year-end date. The estimate includes the cost of reported claims, claims incurred but not reported, and an estimate of adjustment expenses to be incurred on these claims and a provision for adverse deviation (PFAD) in accordance with Canadian Institute of Actuaries standards. The estimates are subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current year.

Deferred policy acquisition costs

Premium taxes, commissions and certain underwriting and policy issuance costs are deferred, to the extent they are recoverable, and charged to expense over the terms of the insurance policies to which such costs relate, no longer than 12 months.

Reinsurance ceded

The Corporation uses various types of reinsurance to limit its maximum insurance risk exposure. Estimates of amounts recoverable from reinsurers in respect of insurance contract liabilities and their share of unearned premiums are recorded as reinsurance assets on a gross basis in the Consolidated Statement of Financial Position. Unpaid claims recoverable from reinsurers, reinsurers' share of unearned premiums and unearned reinsurance commissions are estimated in a manner consistent with the method used for determining the provision for unpaid claims, unearned premiums and deferred policy acquisition costs respectively. Insurance ceded does not relieve the Corporation of its primary obligation to policyholders.

Income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Income taxes are comprised of both current and deferred taxes. Income taxes are recognized in the Consolidated Statement of Operations.

Current income taxes are recognized as estimated income taxes for the current year. Deferred income tax assets and liabilities consist of temporary differences between tax and accounting bases of assets and liabilities, as well as the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any deferred income tax asset if it is probable that the asset will not be realized, probable being defined as more likely than not.

Employees' future benefits

The Corporation provides a defined contribution pension plan, a defined benefit pension plan and defined benefit service recognition plans that provide retirement benefits for its employees.

For the defined contribution pension plan, the Corporation's obligations are limited to contributions made for current service. When made, these contributions are charged to income.

The Corporation's defined benefit pension plan is available to certain of its employees and it has been closed to new membership since 1980. The plan provides a full pension at retirement calculated as 2% of a member's average earnings during the five years of highest earnings, multiplied by the total number of years of service to a maximum of 35 years. The plan may be indexed at the discretion of the Board of Directors. The plan is pre-funded by payments from employee and employer contributions which are made to a separately administered fund and are determined by periodic actuarial calculations taking into account the recommendations of a qualified actuary.

Responsibility for governance of the plan lies with the Corporation. The Corporation has a pension committee to assist in the management of the plan and has also appointed experienced, independent professional experts such as investment managers, an actuary, and a custodian.

Plan assets consist primarily of fixed income and equity pooled funds and are carried at fair value. Plan assets are not available to creditors of the Corporation nor can they be paid directly to the Corporation.

For the defined benefit plan:

(i) Net interest on the accrued pension liability is recognized in net income.

(ii) Pension obligations are determined by an independent actuary using the projected unit credit method prorated on service and management's best estimate assumptions of expected plan investment performance, salary escalation, age at retirement, mortality of members and future pension indexing, based upon the consumer price index.

(iii) The discount rate used to determine the accrued benefit obligation and the expected return on plan assets was determined by reference to market interest rates at the measurement date of high-quality debt instruments that are denominated in the currency in which the benefits will be paid with cash flows that match the timing and amount of expected benefit payments.

(iv) Past service costs are expensed immediately.

(v) Actuarial gains and losses are recognized in OCI in the period in which they arise.

The accrued benefit asset (liability) is the fair value of plan assets out of which the obligation is to be settled directly, less the present value of the defined benefit obligation. It is restricted to the present value of the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

By design, the plan exposes the Corporation to the typical risks faced by defined benefit pension plans such as investment performance, changes to the discount rate used to value the obligation, longevity of plan members, and future price inflation. Pension risk is managed by established policies, regular monitoring, re-evaluation and potential adjustments of these policies as future events unfold.

The Corporation provides defined benefit service recognition plans for certain management and in-scope (union) employees for the purpose of providing retirement benefits. Employees in the plans are eligible for benefits at the earlier of age plus service equal to or greater than 75, or age 50. Upon retirement, employees meeting the eligibility criteria receive a lump sum payment of five days for management and three days for in-scope (union) employees for each year of continuous service less ineligible time and ineligible partial service time. A participant who dies while a member of either plan is deemed to satisfy the eligibility requirements. The member's beneficiary or estate will receive the same benefit payment based on the calculation. Effective December 31, 2011, the defined benefit service recognition plan for the unionized employees was frozen for current employees and closed to new employees. Effective December 31, 2011, the defined benefit service recognition plan for the management employees was closed to new employees, and the current employees were provided the option to elect to remain in the plan or to receive an annual payout, commencing in 2012.

The accrued benefit obligation of the service recognition plans is funded by the Corporation as eligible employees terminate employment. The cost of the plans is determined using the projected unit credit method prorated on service. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for the defined benefit pension plan. Obligations under these plans are determined annually by an independent actuary.

By design, the service recognition plans expose the Corporation to risks such as changes to the discount rate used to value the obligation, expected salary increases, and duration of employee service. These risks are managed by established policies, regular monitoring, re-evaluation and potential adjustments of these policies as future events unfold.

Cash and cash equivalents

Cash and cash equivalents consist of money market investments with a maturity of 90 days or less from the date of acquisition, and are presented net of cash on hand, less outstanding cheques.

Property and equipment

All classes of property and equipment are recorded at cost less accumulated depreciation and accumulated impairment, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. In the case of land, building and building components, fair value upon transition to IFRS has been used as the deemed cost.

The Corporation has not incurred any borrowing costs attributable to property and equipment and therefore no borrowing costs have been capitalized. Subsequent costs are included in the assets' carrying value when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be reliably measured. Repairs and maintenance are charged to the Consolidated Statement of Operations in the period in which they have been incurred.

The depreciation method being used, the useful lives of the assets and the residual values of the assets are reviewed at each reporting date.

Depreciation is recorded in operations on a straight-line basis, commencing in the year the asset is available to be placed in service, over the estimated useful lives as follows:

Building	40 years
Building components	15-30 years
Computer hardware and other equipment	3-5 years

Building components consists of heating and cooling systems, elevators, roofs and parking lots.

Land is not subject to amortization and is carried at cost.

Impairment reviews are performed when there are indicators that the carrying value of an asset may exceed its recoverable amount.

Leased assets

Leases where the Corporation does not assume substantially all of the risks and reward of ownership are classified as operating leases. The payments are expensed as they are incurred.

Provisions and contingent liabilities

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Structured settlements

In the normal course of claims adjudication, the Corporation settles certain long-term claims losses through the purchase of annuities under structured settlement arrangements with life insurance companies. As the Corporation does not retain any interest in the related insurance contract and obtains a legal release from the claimant, any gain or loss on the purchase of the annuity is recognized in the Consolidated Statement of Operations at the date of the purchase and the related claims liabilities are derecognized. However, the Corporation remains exposed to the credit risk that the life insurance companies may fail to fulfil their obligations.

Comprehensive income

Comprehensive income consists of net income and OCI. OCI includes net actuarial gains (losses) on the employee defined benefit pension plan and service recognition plans. These items of OCI are not reclassified subsequently to net income.

Future accounting policy changes

The following future changes to accounting standards will have applicability to the Corporation:

IFRS 4 – Insurance Contracts

In June 2013, the IASB published a revised exposure draft (2013 ED) on the accounting for insurance contracts which builds on the previous consultations undertaken in 2007 and 2010. The 2013 ED is the result of deliberations at the IASB using comments received from constituents. The ED continues to propose a new standard on accounting for insurance contracts, which would replace IFRS 4, *Insurance Contracts*. The proposals represent a comprehensive IFRS accounting model for insurance contracts and are expected to have a significant impact on the financial reporting of insurers. A final standard is expected in 2015 with implementation not expected before 2018. The Corporation is in the process of assessing the impact of the new standard.

IFRS 7 – Financial Instruments: Disclosures

IFRS 7 was amended in December 2011 to require additional financial instrument disclosures upon transition from IAS 39, *Financial Instruments: Recognition and Measurement* to IFRS 9, *Financial Instruments*. The amendments are effective on adoption of IFRS 9. The amendments issued are permitted to be early adopted where IFRS 9 is also early adopted. The Office of the Superintendent of Financial Institutions (OSFI) has indicated that it will not allow early adoption of IFRS 9 for federally regulated financial institutions. The Corporation is evaluating the impact this amendment will have on the consolidated financial statements.

IFRS 9 – Financial Instruments

In July 2014, the IASB issued a final version of IFRS 9, *Financial Instruments*, as part of its plan to replace IAS 39, *Financial Instruments: Recognition and Measurement.*

The new standard requires financial assets to be measured at either fair value or amortized cost, on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. A financial asset that is held by an entity for the purpose of collecting contractual cash flows on specified dates per contractual terms should be measured at amortized cost. All other financial assets should be measured at fair value.

For equity instruments, management has an option on initial recognition to irrevocably designate on an instrument-by-instrument basis to present the changes in their fair value directly in equity. There is no subsequent recycling of fair value gains and losses from equity to the Consolidated Statement of Operations; however, dividends from such equity investments will continue to be recognized in profit or loss.

The standard includes introduction of a fair value through other comprehensive income (FVOCI) measurement category for simple debt instruments. In this measurement category, the Consolidated Statement of Financial Position will reflect the fair value carrying amount while amortized cost information is presented in the Consolidated Statement of Operations. The difference between the fair value and amortized cost information will be recognized in other comprehensive income.

This standard is effective for annual periods beginning on or after January 1, 2018. While early adoption is permitted under the standard, OSFI has indicated that early adoption is not allowed. While the Corporation is not federally regulated, it generally follows OSFI's guidance in such matters.

The Corporation is in the process of assessing the impact of the new standard.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and is intended to replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related IFRICs. The standard was issued as a result of an ongoing project to align revenue recognition between IFRS and U.S. generally accepted accounting principles. This standard is effective for annual periods beginning on or after January 1, 2017. Early application is permitted. IFRS 15 contains a scope exception which excludes insurance contracts within the scope of IFRS 4 *Insurance Contracts*, therefore this standard will have a limited impact on the Corporation.

IAS 19R – Employee Benefits

In November 2013, the IASB issued a narrow scope amendment to IAS 19R. The amendment applies to contributions from employees or third parties to defined benefit plans. The amendment allows contributions independent of the number of years of service to be recognized as a reduction in the service cost in the period in which the related service is rendered instead of attributed to the period of service using the same attribution method as used for the gross benefit. The amendment is effective for years beginning on or after July 1, 2014. The Corporation does not expect this amendment to impact the consolidated financial statements.

IAS 1 – Presentation of Financial Statements

In December 2014, IAS 1 was amended to clarify that materiality applies to all parts of the financial statements, that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate and provides examples of how to clarify understandability and comparability in the ordering of note disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016. The Corporation does not expect these amendments to significantly impact the consolidated financial statements.

Annual Improvements Cycles

In 2013, the IASB issued two exposure drafts for Annual Improvements Cycles 2010-2012 and 2011-2013, which include minor amendments to a number of IFRSs. The annual improvements process is used to make necessary but non-urgent changes to IFRSs that are not included in other projects. The amendments issued are all effective for annual periods beginning July 1, 2014. The Corporation does not expect these amendments to significantly impact the consolidated financial statements.

The IASB issued an exposure draft in December 2013 for the annual improvement cycle for 2012-2014. These amendments are effective for annual periods beginning, on or after January 1, 2016. The Corporation does not expect these amendments to significantly impact the consolidated financial statements.

4. Discontinued Operations

During the first quarter of 2014, the Corporation announced that it had entered into an agreement to sell the shares of its 75%-owned subsidiary, ICPEI, for a purchase price equal to ICPEI's book value as at the transaction closing date, June 30, 2014. Following receipt of regulatory approval, the sale closed on June 30, 2014, for total proceeds of $8,709,000 representing the book value as at June 30, 2014. Other income of $3,500,000 (2013 – nil) relates to the perpetual lease of SGI CANADA's information system, which was part of the overall transaction to sell ICPEI.

As part of the sale agreement, 54 months after the closing date, the purchaser shall deliver to the Corporation a report of the ultimate losses prior to June 30, 2014, certified by the purchaser's appointed actuary. If the amount of the final closing date ultimate loss is greater than the initial closing date ultimate loss, a deficiency, the Corporation shall pay to the purchaser an amount equal to the lesser of $1,500,000 or 75% of the deficiency. Conversely, if the amount of the final closing date ultimate loss is less than the initial closing date ultimate loss, a surplus, the purchaser shall pay to the Corporation an amount equal to the lesser of $1,500,000 or 75% of the surplus. As at December 31, 2014, a surplus of $244,000 was estimated, which has not been recorded in these Consolidated Financial Statements.

The ICPEI operations represented a separate segment of business for the Corporation. As a result of the sale, these operations have been treated as discontinued operations and include the results of ICPEI to June 30, 2014, the transaction close date. A single amount is shown on the Consolidated Statement of Operations comprising the post-tax result of the discontinued operations. In the Consolidated Statement of Cash Flows, the cash provided (utilized) by the activities of ICPEI has been separated from that of the rest of the Corporation. The Consolidated Statement of Operations, Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flows of prior periods have been restated to conform to this presentation format.

Financial information for ICPEI operations is presented below.

a) Assets and liabilities disposed

	(thousands of $)	
	June 30 2014	
Assets		
Cash and cash equivalents	$	6,485
Accounts receivable		13,722
Investments		26,056
Unpaid claims recoverable from reinsurers		2,159
Reinsurers' share of unearned premiums		62
Deferred policy acquisition costs		2,933
Property and equipment		18
Deferred income tax asset		335
		51,770
Liabilities		
Accounts payable and accrued liabilities		4,228
Unearned reinsurance commissions		69
Unearned premiums		13,640
Provision for unpaid claims		22,202
Deferred income tax liability		34
		40,173
Net Assets	**$**	**11,597**
Percentage ownership		75.1%
Net assets disposed	**$**	**8,709**

b) Net income (loss) from discontinued operations

	(thousands of $)	
For the period ended	**six months ended June 30 2014**	**twelve months ended December 31 2013**
Gross premiums written	$ 13,440	$ 26,061
Premiums ceded to reinsurers	(430)	(1,926)
Net premiums written	13,010	24,135
Change in net unearned premiums	(951)	(392)
Net premiums earned	**12,059**	23,743
Net claims incurred	10,649	14,752
Commissions	2,068	4,517
Administrative expenses	1,862	3,337
Premium taxes	485	935
Facility Association participation	46	(331)
Total claims and expenses	**15,110**	23,210
Underwriting profit (loss)	**(3,051)**	533
Investment earnings	791	1,436
Income (loss) before income taxes	**(2,260)**	1,969
Income tax expense (recovery)	(552)	567
Income (loss) from discontinued operations	**(1,708)**	1,402
Administrative expenses from SGI CANADA	719	1,402
Net income (loss) from discontinued operations	**$ (989)**	$ 2,804
Net income (loss) from discontinued operations attributable to:		
Shareholder	(551)	2,464
Non-controlling interest from discontinued operations	(438)	340
	$ (989)	$ 2,804

ICPEI's administrative expenses include $719,000 (2013 – $1,402,000) of expenses allocated from its parent, SGI CANADA. As the related expenses are expected to continue after completion of the sale transaction, these expenses are added back to net income from discontinued operations and shown as an expense in continuing operations.

5. Cash and Cash Equivalents

	(thousands of $)	
	2014	**2013**
Money market investments	$ 32,358	$ 52,105
Bank overdraft, net of outstanding cheques	(13,678)	(9,497)
Total cash and cash equivalents	$ 18,680	$ 42,608

The average effective interest rate on money market investments is 1.0% (2013 – 1.0%).

6. Accounts Receivable

Accounts receivable is comprised of the following:

	(thousands of $)	
	2014	2013
Due from insureds	$ 106,691	$ 97,895
Due from brokers	47,983	46,679
Amounts recoverable on claims paid	8,977	7,673
Accrued investment income	2,593	3,009
Facility Association (note 20)	1,868	4,377
Due from reinsurers	1,012	1,511
Other	2,037	1,959
Income tax receivable	–	3,338
	171,161	166,441
Less: Allowance for doubtful accounts (note 15)	(7,250)	(5,722)
Total accounts receivable	$ 163,911	$ 160,719
Current	155,766	153,133
Non-current	8,145	7,586
	$ 163,911	$ 160,719

Included in due from insureds is $99,893,000 (2013 – $91,953,000) of financed premiums receivable, which represents the portion of policyholders' monthly premium payments that are not yet due. The majority of policyholders have the option to pay a portion of the premium when the policy is placed in force and the balance in monthly instalments. The policyholder pays an additional charge for this option, reflecting handling costs and the investment earnings that would have been earned on such premium, had the total amount been collected at the beginning of the policy period. The additional charge is recognized in investment earnings using the effective interest method. The effective interest rate is 8.0% (2013 – 8.0%).

Due from brokers includes loans receivable with a carrying value of $9,120,000 (2013 – $7,894,000). The loans require annual repayments with terms ranging between one to 10 years. The loans accrue interest at rates ranging from 3.5% to 6.0% (2013 – 2.25% to 5.25%) and are secured by general security agreements. The loans are recorded at their amortized cost, which is considered to be equal to their fair value.

7. Investments

The carrying and fair values of the Corporation's investments are as follows:

	(thousands of $)	
	2014	2013
Short-term investments	$ 109,465	$ 90,737
Bonds and debentures	321,376	277,030
Canadian common shares	47,318	47,176
U.S. common shares	56,702	50,645
Pooled funds:		
Canadian equity	19,415	19,168
U.S. equity	22,857	19,509
Non-North American equity	51,577	51,113
Mortgage	97,998	66,078
	726,708	621,456
Investments under securities lending program		
Bonds and debentures	81,530	131,683
Canadian common shares	9,748	5,282
U.S. common shares	2,195	5,495
	93,473	142,460
Total investments	$ 820,181	$ 763,916

Details of significant terms and conditions, exposures to interest rate and credit risks of investments and counter party risk are as follows:

Short-term investments

Short-term investments are comprised of money market investments with a maturity of less than one year but greater than 90 days from the date of acquisition. These investments have an average effective interest rate of 1.0% (2013 – 1.0%) and an average remaining term to maturity of 122 days (2013 – 59 days). The Corporation's investment policy states that investments must meet minimum investment standards of R-1, as rated by a recognized credit rating service.

Holdings for any one issuer, other than the Government of Canada or a Canadian province, are limited to 10% of the market value of the combined short-term investment and bond portfolios.

Bonds and debentures

The Corporation's investment policy states that the minimum quality standard for purchase of bonds and debentures is BBB, as rated by a recognized credit rating service.

The Corporation's investment policy limits its holdings for any one issuer, other than the Government of Canada or a Canadian province, to 10% of the market value of the combined bond and short-term investment portfolios. The holdings for any one province are limited to 20% of the market value of the bond portfolio. No more than 10% of the market value of the bond portfolio shall be invested in securities of foreign issuers.

The carrying value and average effective interest rates are shown in the following chart by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	(thousands of $)			
	2014		2013	
Term to maturity (years)	Carrying Value	Average Effective Rates (%)	Carrying Value	Average Effective Rates (%)
Government of Canada:				
After one through five	$ 125,576	1.3	$ 131,141	1.8
Canadian provincial and municipal:				
One or less	8,536	1.2	5,108	1.0
After one through five	58,396	1.4	79,441	1.9
Canadian corporate:				
One or less	22,299	1.1	20,639	1.4
After one through five	182,630	1.8	172,384	2.0
After five	5,469	2.9	–	–
Total bonds and debentures	$ 402,906		$ 408,713	

Common shares

On the basis of its analysis of the nature, characteristics and risks of its common share investments, the Corporation has determined presenting them by geography is appropriate. Common shares have no fixed maturity dates and are generally not exposed to interest rate risk. The average effective dividend rate is 1.9% (2013 – 1.9%).

The Corporation's investment policy limits its investment concentration in any one investee or related group of investees to 10% of the market value of the Corporation's common shares portfolio. As well, no one holding may represent more than 10% of the voting shares of any corporation.

Pooled funds

The Corporation owns units in Canadian, U.S. and non-North American pooled equity funds and a pooled mortgage fund. These pooled funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

Securities lending program

Through its custodian, the Corporation participates in an investment securities lending program for the purpose of generating fee income. When securities are loaned, the Corporation is exposed to counterparty risk, which is the risk that the borrower will not return the loaned securities, or if the collateral is liquidated, it may be for less than the value of the loan. The Corporation mitigates this risk through non-cash collateral and a guarantee provided by its custodian. Non-cash collateral of at least 102% of the market value of the loaned securities is retained by the Corporation until the loaned securities have been returned. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

At December 31, 2014, the Corporation held collateral of $98,156,000 (2013 – $149,582,000) for the loaned securities.

Fair value hierarchy

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

	(thousands of $)			
	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ –	$ 109,465	$ –	$ 109,465
Bonds and debentures	–	402,906	–	402,906
Canadian common shares	57,066	–	–	57,066
U.S. common shares	58,897	–	–	58,897
Pooled funds:				
Canadian equity	19,415	–	–	19,415
U.S. equity	22,857	–	–	22,857
Non-North American equity	51,577	–	–	51,577
Mortgage	–	–	97,998	97,998
	$ 209,812	$ 512,371	$ 97,998	$ 820,181

	(thousands of $)			
	December 31, 2013			
	Level 1	Level 2	Level 3	Total
Short-term investments	$ –	$ 90,737	$ –	$ 90,737
Bonds and debentures	–	408,713	–	408,713
Canadian common shares	52,458	–	–	52,458
U.S. common shares	56,140	–	–	56,140
Pooled funds:				
Canadian equity	19,168	–	–	19,168
U.S. equity	19,509	–	–	19,509
Non-North American equity	51,113	–	–	51,113
Mortgage	–	66,078	–	66,078
	$ 198,388	$ 565,528	$ –	$ 763,916

The Corporation's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the year, the Corporation transferred the mortgage pooled fund from Level 2 to Level 3 to be consistent with the investment manager's classification.

A reconciliation of Level 3 investments is as follows:

	(thousands of $)	
	2014	2013
Balance beginning of the period	$ –	$ –
Add: Additions during the period		
Mortgage pooled fund	95,756	–
Net unrealized gains	2,242	–
	$ 97,998	$ –

8. Property and Equipment

The components of the Corporation's investment in property and equipment, as well as the related accumulated depreciation, are as follows:

	(thousands of $)				
	Land	Buildings	Building Components	Computer Hardware & Other Equipment	Total
Cost:					
At January 1, 2014	$ 3,000	$ 23,773	$ 8,331	$ 29,974	$ 65,078
Discontinued operations	–	(99)	–	(144)	(243)
	3,000	23,674	8,331	29,830	64,835
Additions	–	–	530	2,662	3,192
Disposals	–	(14)	–	(51)	(65)
At December 31, 2014	3,000	23,660	8,861	32,441	67,962
Accumulated depreciation:					
At January 1, 2014	–	9,302	2,289	20,652	32,243
Discontinued operations	–	(94)	–	(127)	(221)
	–	9,208	2,289	20,525	32,022
Depreciation	–	2,429	877	2,886	6,192
Disposals	–	(14)	–	(51)	(65)
At December 31, 2014	–	11,623	3,166	23,360	38,149
Net book value at December 31, 2014	$ 3,000	$ 12,037	$ 5,695	$ 9,081	$ 29,813

	(thousands of $)				
	Land	Buildings	Building Components	Computer Hardware & Other Equipment	Total
Cost:					
At January 1, 2013	$ 3,000	$ 23,502	$ 7,163	$ 25,534	$ 59,199
Additions	–	271	1,168	4,470	5,909
Disposals	–	–	–	(30)	(30)
At December 31, 2013	3,000	23,773	8,331	29,974	65,078
Accumulated depreciation:					
At January 1, 2013	–	6,934	1,644	18,268	26,846
Depreciation	–	2,368	645	2,414	5,427
Disposals	–	–	–	(30)	(30)
At December 31, 2013	–	9,302	2,289	20,652	32,243
Net book value at December 31, 2013	$ 3,000	$ 14,471	$ 6,042	$ 9,322	$ 32,835

Depreciation for the year is $6,192,000 (2013 – $5,427,000), of which $1,573,000 (2013 – $1,403,000) is charged to the Saskatchewan Auto Fund for related space usage. Depreciation is included in administrative expenses on the Consolidated Statement of Operations. When an asset has been disposed, its original cost is removed from the consolidated financial statements along with any accumulated depreciation related to that asset.

9. Claims Incurred and Provision for Unpaid Claims

Net claims incurred

	(thousands of $)					
	2014			2013 (restated - note 4)		
	Current year	Prior years	Total	Current year	Prior years	Total
Gross claims incurred	$ 384,738	$ (30,752)	$ 353,986	$ 333,939	$ (15,937)	$ 318,002
Ceded claims incurred	(37,790)	3,178	(34,612)	(13,043)	2,921	(10,122)
Net claims incurred	$ 346,948	$ (27,574)	$ 319,374	$ 320,896	$ (13,016)	$ 307,880

Current year claims relate to events that occurred in the current financial year. Prior year claims incurred relate to adjustments for the reassessment of the estimated cost for claim events that occurred in all previous financial periods.

Ceded claims incurred represent an estimate of the recoverable cost of those claims transferred to the Corporation's various reinsurers pursuant to reinsurance contracts (note 15).

Net provision for unpaid claims

	(thousands of $)	
	2014	(restated note 4) 2013
Net unpaid claims, beginning of year - discounted	$ 368,011	$ 309,150
PFAD and discount, beginning of the year	(10,931)	(11,700)
Net unpaid claims, beginning of year - undiscounted	357,080	297,450
Payments made during the year relating to:		
Prior year claims	(125,170)	(97,537)
Prior year Facility Association claims	(1,238)	(1,151)
Excess relating to:		
Prior year estimated unpaid claims	(27,574)	(13,016)
Prior year estimated unpaid Facility Association claims	224	(47)
Net unpaid claims, prior years - undiscounted	203,322	185,699
Net unpaid claims, current year	173,396	169,894
Net unpaid Facility Association claims, current year	1,638	1,487
Net unpaid claims, end of year - undiscounted	378,356	357,080
PFAD and discount, end of year	17,743	10,931
Net unpaid claims, end of year - discounted	396,099	368,011
Net provision for unpaid claims - discontinued operations	–	17,118
	$ 396,099	$ 385,129

The net provision for unpaid claims of $396,099,000 (2013 – $385,129,000) consists of the gross provision for unpaid claims of $451,584,000 (2013 – $420,753,000) less unpaid claims recoverable from reinsurers of $55,485,000 (2013 – $35,624,000).

Management believes that the unpaid claims provision is appropriately established in the aggregate and is adequate to cover the ultimate net cost on a discounted basis. The determination of this provision, which includes unpaid claims, adjustment expenses and expected salvage and subrogation, requires an assessment of future claims development. This assessment takes into account the consistency of the Corporation's claim handling procedures, the amount of information available, the characteristics of the line of business from which the claims arise and the delay inherent in claims reporting. This provision is an estimate and as such is subject to variability that may arise from future events, such as the receipt of additional claims information, changes in judicial interpretation of contracts or significant changes in frequency and severity of claims. This estimate is principally based on the Corporation's historical experience and may be revised as additional experience becomes available. Any such changes would be reflected in the Consolidated Statement of Operations for the period in which the change occurred.

The provision for unpaid claims and unpaid claims recoverable from reinsurers are carried on a discounted basis to reflect the time value of money. In that respect, the Corporation determines the discount rate based upon the expected return of the bond investments that approximates the cash flow requirements of the unpaid claims. The discount rate applied was 1.71% (2013 – 2.27%). The resulting carrying amount is considered to be an indicator of fair value as there is no ready market for trading insurance contract liabilities.

Net unpaid claims

	(thousands of $)					
	Gross Unpaid Claims		Reinsurance Recoverable		Net Unpaid Claims	
	2014	2013	2014	2013	2014	2013
Provision for reported claims, undiscounted	$ 279,181	$ 262,796	$ 48,941	$ 30,835	$ 230,240	$ 231,961
Provision for claims incurred but not reported	152,288	144,816	4,172	3,190	148,116	141,626
PFAD	36,870	34,802	3,942	3,285	32,928	31,517
Effects of discounting	(16,755)	(21,661)	(1,570)	(1,686)	(15,185)	(19,975)
	$ 451,584	$ 420,753	$ 55,485	$ 35,624	$ 396,099	$ 385,129

Structured settlements

The Corporation settles some long-term disability claims by purchasing annuities for its claimants from various life insurers. The settlements legally release the Corporation from its obligations to the claimants. Consequently, neither the annuities purchased nor the claim liabilities are recognized on the Consolidated Statement of Financial Position. However, as part of the settlement, the Corporation provides a financial guarantee to the claimants in the event the life insurers' default on the scheduled payments and is thus exposed to credit risk to the extent any of the life insurers fail to fulfil their obligations. As at December 31, 2014, no information has come to the Corporation's attention that would suggest any weakness or failure in the life insurers from which it has purchased annuities. The net present value of the scheduled payments as of the year-end date is $60,760,000 (2013 – $58,186,000). The net risk to the Corporation is the credit risk related to the life insurance companies that the annuities are purchased from. No defaults have occurred, and the Corporation considers the possibility of default to be remote.

10. Deferred Policy Acquisition Costs

	(thousands of $)	
	2014	(restated note 4) 2013
Deferred policy acquisition costs, at January 1	$ 65,938	$ 65,357
Discontinued operations	–	(2,769)
Continuing operations	65,938	62,588
Acquisition costs deferred during the year	129,379	116,460
Amortization of deferred acquisition costs	(122,165)	(113,173)
Change in premium deficiency	194	63
Deferred policy acquisition costs, at December 31		
Continuing operations	73,346	65,938
Discontinued operations	–	2,873
	$ 73,346	$ 68,811

11. Unearned Premiums

	(thousands of $)					
	Gross Unearned Premiums		Reinsurers' Share of Unearned Premiums		Net Unearned Premiums	
	2014	(restated note 4) 2013	2014	(restated note 4) 2013	2014	(restated note 4) 2013
Unearned premiums, at January 1	$ 277,958	$ 275,410	$ 12,777	$ 12,561	$ 265,181	$ 262,849
Discontinued operations	–	(12,669)	–	(434)	–	(12,235)
Continuing operations	277,958	262,741	12,777	12,127	265,181	250,614
Premiums written	588,956	534,125	42,917	40,633	546,039	493,492
Premiums earned	(558,223)	(518,908)	(44,545)	(39,983)	(513,678)	(478,925)
Change in net unearned premiums	30,733	15,217	(1,628)	650	32,361	14,567
Unearned premiums, at December 31						
Continuing operations	308,691	277,958	11,149	12,777	297,542	265,181
Discontinued operations	–	13,129	–	502	–	12,627
	$ 308,691	$ 291,087	$ 11,149	$ 13,279	$ 297,542	$ 277,808

12. Equity Advances

The Corporation does not have share capital. However, the Corporation has received equity advances from its parent, CIC, to form its equity capitalization. The advances reflect an equity investment in the Corporation by CIC.

13. Net Investment Earnings

The components of investment earnings are as follows:

	(thousands of $)	
	2014	(restated note 4) 2013
Net realized gains on sale of investments	$ 22,342	$ 20,242
Pooled fund distributions	10,580	5,243
Interest	9,329	9,697
Premium financing	5,847	5,440
Dividends	2,292	2,420
Net unrealized gains (losses) on change in market value of investments	(927)	15,283
Total investment earnings	49,463	58,325
Investment expenses	(1,407)	(1,089)
Net investment earnings	$ 48,056	$ 57,236

Details of the net unrealized gains (losses) on change in market value of investments is as follows:

	(thousands of $)	
	2014	(restated note 4) 2013
Bonds and debentures	$ 954	$ (3,021)
Canadian common shares	2,382	(1,402)
U.S. common shares	3,522	7,340
Pooled funds:		
Canadian equity	721	2,898
U.S. equity	94	2,283
Non-North American equity	(10,842)	8,816
Mortgage	2,242	(1,631)
	$ (927)	$ 15,283

14. Income Taxes

The Corporation's provision for income taxes is as follows:

	(thousands of $)	
	2014	(restated note 4) 2013
Current	$ 4,691	$ 2,828
Deferred	(255)	1,682
Income tax expense	$ 4,436	$ 4,510

Income tax expense differs from the amount that would be computed by applying the federal and provincial statutory income tax rates to income before income taxes and non-controlling interest.

The reasons for the differences are as follows:

	(thousands of $)	
	2014	(restated note 4) 2013
Income before income taxes and non-controlling interest	$ 46,076	$ 40,938
Combined federal and provincial tax rate	26.08%	26.46%
Computed tax expense based on combined rate	$ 12,017	$ 10,832
Decrease resulting from:		
Investment earnings not subject to taxation	(7,465)	(6,196)
Federal income tax credits	(63)	(72)
Other	(53)	(54)
Income tax expense	$ 4,436	$ 4,510

The combined federal and provincial tax rate is calculated by taking the federal tax rate added to the tax rate of the individual provinces on the basis of the pro rata share of premiums written from each jurisdiction. During 2014 there has been a decrease in the combined tax rate to 26.08% from 26.46%, a result of premium growth in Alberta, which has the lowest provincial tax rate.

All income taxes payable and/or receivable are due within one year. Income taxes payable of $1,460,000 (2013 – receivable of $3,338,000 (note 6)) are included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

Deferred tax asset	**(thousands of $)**		
	Provision for unpaid claims	**Other**	**Total**
At January 1, 2013	$ 4,686	$ 20	$ 4,706
Charge reflected in income tax expense	(1,734)	(9)	(1,743)
At December 31, 2013	2,952	11	2,963
Discontinued operations	(319)	(119)	(438)
Continuing operations	2,633	(108)	2,525
Credit reflected in income tax expense	130	112	242
At December 31, 2014	$ 2,763	$ 4	$ 2,767

Deferred tax liability	**(thousands of $)**		
	Unpaid claims recoverable from reinsurers	**Investments**	**Total**
At January 1, 2013	$ 868	$ 146	$ 1,014
Charge (credit) reflected in income tax expense	132	(54)	78
At December 31, 2013	1,000	92	1,092
Discontinued operations	(66)	(1)	(67)
Continuing operations	934	91	1,025
Credit reflected in income tax expense	(97)	(25)	(122)
At December 31, 2014	$ 837	$ 66	$ 903

The Corporation expects that the deferred tax asset will be realized in the normal course of operations.

15. Insurance and Financial Risk Management

The Corporation has established an enterprise risk management policy. The Board of Directors approved this policy, and management is responsible for ensuring it is properly maintained and implemented. The Board of Directors receives confirmation that the risks are being appropriately managed through regular reporting from management.

Insurance risk arises with respect to the adequacy of the Corporation's insurance premium rates and provision for unpaid claims (consisting of underwriting and actuarial risks). The nature of insurance operations also results in significant financial risks, as the Corporation's Statement of Financial Position consists primarily of financial instruments. The financial risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Insurance risk

Underwriting risk

The Corporation manages its insurance risk through its underwriting and reinsurance strategies within an overall strategic planning process. Pricing is based on assumptions with regards to past experiences and trends. Exposures are managed by having documented underwriting limits and criteria, product and geographic diversification and reinsurance.

Diversification

The Corporation writes property, liability and motor risks over a 12-month period. The most significant risks arise from weather-related events, such as severe summer storms. The Corporation attempts to mitigate risk by conducting business in a number of provinces across Canada and by offering different lines of insurance products.

The concentration of insurance risk by region and line of business is summarized below by reference to gross premiums written:

	(thousands of $)				
December 31, 2014	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan	$ 155,675	$ 189,262	$ 47,756	$ 37,285	$ 429,978
Ontario	42,953	6,430	5,217	3,188	57,788
Alberta	47,888	21,584	6,206	6,397	82,075
Manitoba	–	10,526	5,126	3,085	18,737
Assumed from Maritimes	45	108	70	155	378
Total	$ 246,561	$ 227,910	$ 64,375	$ 50,110	$ 588,956

	(thousands of $)				
(restated - note 4) December 31, 2013	Automobile	Personal Property	Commercial Property	Liability	Total
Saskatchewan	$ 145,303	$ 174,699	$ 44,187	$ 35,606	$ 399,795
Ontario	44,160	6,695	3,925	2,669	57,449
Alberta	36,983	13,006	4,255	4,790	59,034
Manitoba	–	10,318	4,079	2,659	17,056
Assumed from Maritimes	103	216	138	334	791
Total	$ 226,549	$ 204,934	$ 56,584	$ 46,058	$ 534,125

The concentration of insurance risk by line of business is summarized below by reference to unpaid claims liabilities:

	(thousands of $)					
	Gross		Reinsurance Recoverable		Net	
	2014	2013	2014	2013	2014	2013
Automobile	$ 212,286	$ 209,811	$ 12,928	$ 10,849	$ 199,358	$ 198,962
Personal property	122,079	101,787	28,683	10,917	93,396	90,870
Commercial property	31,730	27,229	8,098	8,818	23,632	18,411
Liability	54,683	54,720	3,404	3,441	51,279	51,279
Assumed	5,327	7,689	–	–	5,327	7,689
PFAD and discounting	20,115	13,141	2,372	1,599	17,743	11,542
Facility Association (note 20)	5,364	6,376	–	–	5,364	6,376
Total	$ 451,584	$ 420,753	$ 55,485	$ 35,624	$ 396,099	$ 385,129

The concentration of insurance risk by region is summarized below by reference to unpaid claims liabilities:

	(thousands of $)					
	Gross		Reinsurance Recoverable		Net	
	2014	2013	2014	2013	2014	2013
Saskatchewan	$ 258,575	$ 221,117	$ 39,966	$ 14,577	$ 218,609	$ 206,540
Ontario	125,653	122,939	11,441	13,687	114,212	109,252
Alberta	59,284	49,002	3,519	5,946	55,765	43,056
Manitoba	6,343	6,130	559	814	5,784	5,316
Maritimes	1,729	21,565	–	600	1,729	20,965
Total	$ 451,584	$ 420,753	$ 55,485	$ 35,624	$ 396,099	$ 385,129

Reinsurance

The Corporation also seeks to reduce losses that may arise from catastrophes or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers.

The policy of underwriting and reinsuring contracts of insurance limits the liability of the Corporation to a maximum amount on any one loss as follows:

	(thousands of $)	
	2014	2013
Dwelling and farm property	$ 800	$ 750
Unlicensed vehicles	800	750
Commercial property	1,250	1,000
Automobile and general liability	1,500	1,500
(subject to filling an annual aggregate deductible of)	1,500	1,500
Property catastrophe (health care)	7,500	7,500
Property catastrophe (non-health care)	12,500	12,500

While the Corporation utilizes reinsurance, it is still exposed to reinsurance risk. Reinsurance risk is the risk of financial loss due to inadequacies in reinsurance coverage or the default of a reinsurer. The Corporation evaluates and monitors the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvency.

The following table sets out the amount by which reinsurance ceded has reduced the premiums earned, claims incurred, commissions, administrative expenses and premium taxes.

	(thousands of $)	
	2014	(restated note 4) 2013
Premiums earned	$ 44,545	$ 39,983
Claims incurred	34,612	10,122
Commissions, administrative expenses and premium taxes	5,380	4,865

Actuarial risk

The establishment of the provision for unpaid claims is based on known facts and interpretation of circumstances and is therefore a complex process influenced by a variety of factors. Measurement of the provision is uncertain due to claims that are not reported to the Corporation at the year-end date and therefore estimates are made as to the value of these claims. As well, uncertainty exists regarding the cost of reported claims that have not been settled, as all the necessary information may not be available at the year-end date.

The significant assumptions used to estimate the provision include: the Corporation's experience with similar cases, historical claim payment trends and claim development patterns, the characteristics of each class of business, claim severity and claim frequency, the effect of inflation on future claim settlement costs, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim, the more variable the ultimate settlement amount will be. Accordingly, short-tail claims such as physical damage or collision claims tend to be more reasonably predictable than long-tail claims such as liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors, which necessarily involves risk that actual results may differ materially from the estimates.

The following table shows the development of the estimated net provision for unpaid claims relative to the current estimate of ultimate claim costs for the eight more recent accident years as estimated at each reporting date.

	(thousands of $)							
Accident Year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Net ultimate loss								
At end of accident year	$ 170,805	$ 175,967	$ 185,961	$ 230,112	$ 258,366	$ 228,674	$ 293,023	$ 314,683
One year later	171,654	171,351	178,983	226,820	251,481	222,271	282,681	
Two years later	167,640	169,027	176,134	224,536	245,906	214,131		
Three years later	165,837	167,273	173,258	224,283	241,873			
Four years later	164,746	165,109	172,483	222,718				
Five years later	163,113	165,349	172,447					
Six years later	163,037	165,528						
Seven years later	162,819							
Cumulative loss development	$ (7,986)	$ (10,439)	$ (13,514)	$ (7,394)	$ (16,493)	$ (14,543)	$ (10,342)	n/a
Cumulative loss development as a % of original ultimate loss	(4.7%)	(5.9%)	(7.3%)	(3.2%)	(6.4%)	(6.4%)	(3.5%)	n/a

	(thousands of $)								
Accident Year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Current estimate of net ultimate loss	162,819	165,528	172,447	222,718	241,873	214,131	282,681	314,683	1,776,880
Cumulative paid	(158,268)	(159,728)	(161,123)	(210,402)	(222,497)	(191,349)	(224,807)	(157,377)	(1,485,551)
Net provision for unpaid claims for the eight most recent accident years	$ 4,551	$ 5,800	$ 11,324	$ 12,316	$ 19,376	$ 22,782	$ 57,874	$ 157,306	$ 291,329
Net undiscounted claims outstanding for accident years 2006 and prior									29,656
Internal reinsurance to subsidiaries									24,993
Provision for adverse deviation and discounting									17,743
Loss adjusting expense reserve									11,506
Subrogation recoveries									8,894
Unpaid Facility Association claims									5,364
Other reconciling items									3,729
Assumed from ICPEI									1,701
Health levies									1,184
Net provision for unpaid claims									$ 396,099

The Corporation's estimated sensitivity of its provision for unpaid claims and net income to changes in best estimate assumptions in the unpaid claims liabilities is as follows:

		(thousands of $)			
		Change to Net Provision for Unpaid Claims		Change to Income before Income Taxes	
Assumption	Sensitivity	2014	2013	2014	2013
Discount rate	+100 bps	$ (9,549)	$ (9,172)	$ (2,366)	$ (5,174)
Discount rate	- 100 bps	9,549	9,172	2,366	5,174
Net loss ratio	+ 10%	54,144	52,544	(54,144)	(52,544)
Misestimate	1% deficiency	3,721	3,675	(3,721)	(3,675)

The net provision for unpaid claims refers to the provision for unpaid claims net of unpaid claims recoverable from reinsurers. The method used for deriving this sensitivity information did not change from the prior period.

Financial risk

The nature of the Corporation's operations result in a Consolidated Statement of Financial Position that consists primarily of financial instruments. The risks that arise are credit risk, market risk and liquidity risk.

Significant financial risks are related to the Corporation's investments. These financial risks are managed by having a Statement of Investment Policies and Goals (SIP&G), which is approved annually by the Corporation's Board of Directors. The SIP&G provides guidelines to the investment managers for the asset mix of the portfolio regarding quality and quantity of debt and equity investments using a prudent person approach. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Corporation receives regular reporting from the investment managers and custodian regarding compliance with the SIP&G. The investment managers' performance is evaluated based on return objectives, including realized and unrealized capital gains and losses plus income from all sources, and goals stated in the SIP&G.

Credit risk

The Corporation's credit risk arises primarily from two distinct sources: accounts receivable (from its customers, brokers and reinsurers) and certain investments.

The maximum credit risk to which the Corporation is exposed is limited to the carrying value of the financial assets summarized as follows:

	(thousands of $)	
	2014	2013
Cash and cash equivalents	$ 18,680	$ 42,608
Accounts receivable	163,911	160,719
Fixed income investments[1]	610,369	565,528
Unpaid claims recoverable from reinsurers	55,485	35,624

[1] Includes short-term investments, bonds and debentures, and the mortgage pooled fund

In addition, the Corporation is exposed to credit risk associated with its structured settlements as described separately in the notes to the consolidated financial statements.

Cash and cash equivalents include money market investments of $32,358,000 less bank overdraft, net of outstanding cheques of $13,678,000 (2013 – money market investments of $52,105,000 less bank overdraft, net of outstanding cheques of $9,497,000). The money market investments mature within 90 days from the date of acquisition and have a credit rating of R-1.

Accounts receivable are primarily from customers, diversified among residential, farm and commercial, along with amounts from brokers across the provinces that the Corporation operates in. Accounts receivable consist of balances outstanding for one year or less.

	(thousands of $)	
	2014	2013
Current	$ 163,381	$ 159,723
30 - 59 days	910	553
60 - 90 days	332	307
Greater than 90 days	6,538	5,858
Subtotal	171,161	166,441
Allowance for doubtful accounts	(7,250)	(5,722)
Total	$ 163,911	$ 160,719

Provisions for credit losses are maintained in an allowance account and are regularly reviewed by the Corporation. Amounts are written off once reasonable collection efforts have been exhausted.

Details of the allowance account are as follows:

	(thousands of $)	
	2014	2013
Allowance for doubtful accounts, at January 1	$ 5,722	$ 5,633
Allowance related to discontinued operations	(48)	(5)
Accounts written off	(1,523)	(1,677)
Current period provision	3,099	1,771
Allowance for doubtful accounts, at December 31	$ 7,250	$ 5,722

Concentrations of credit risk for insurance contracts can arise from reinsurance ceded contracts as insurance ceded does not relieve the Corporation of its primary obligation to the policyholder. Reinsurers are typically all required to have a minimum financial strength rating of A- at the inception of the treaty; rating agencies used are A.M. Best and Standard & Poor's. Guidelines are also in place to establish the maximum amount of business that can be placed with a single reinsurer.

Credit risk within investments is related primarily to short-term investments, bonds and debentures, and the mortgage pooled fund. It is managed through the investment policy that limits debt instruments to those of high credit quality (minimum rating for bonds and debentures is BBB, and for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Credit ratings for the bond and debenture investments are as follows:

	2014		2013	
Credit Rating	Fair Value (thousands of $)	Makeup of Portfolio (%)	Fair Value (thousands of $)	Makeup of Portfolio (%)
AAA	$ 126,317	31.4	$ 137,268	33.6
AA	122,821	30.5	131,020	32.0
A	96,025	23.8	100,830	24.7
BBB	57,743	14.3	39,595	9.7
Total	$ 402,906	100.0	$ 408,713	100.0

Within bonds and debentures, there are no holdings from one issuer, other than the Government of Canada or a Canadian province, over 10% of the market value of the combined bond and short-term investment portfolios. No one holding of a province is over 20% of the market value of the bond portfolio.

The unit value of the mortgage pooled fund is impacted by the credit risk of the underlying mortgages. This risk is limited by restrictions within its own investment policy, which include single loan limits, diversification by property type and geographic regions within Canada. Each underlying mortgage is secured by real estate and related contracts.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk

The Corporation is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds and debentures and the mortgage pooled fund. Changes in interest rates also impact the provision for unpaid claims and unpaid claims recoverable from reinsurers. The impact that a change in interest rates has on investment income will be partially offset by the impact the change in interest rates has on discounting of claims incurred.

It is estimated that a 100 basis point increase/decrease in interest rates would have the following impact:

	(thousands of $)			
	100 basis point increase		100 basis point decrease	
	2014	2013	2014	2013
Investment earnings	$ (11,915)	$ (14,346)	$ 11,915	$ 14,346
Claims incurred	(9,549)	(9,172)	9,549	9,172
Income before income taxes	(2,366)	(5,174)	2,366	5,174

Foreign exchange risk

The investment policy defines maximum limits to exchange rate sensitive assets within the investment portfolio. The following table indicates the exposure to exchange rate sensitive assets and provides the sensitivity to a 10% appreciation/depreciation in the Canadian dollar and the corresponding decrease/increase in net income and retained earnings:

Asset Class	Maximum Exposure (%)	Current Exposure (%) 2014	Current Exposure (%) 2013	10% change in exchange rates (thousands of $) 2014	10% change in exchange rates (thousands of $) 2013
U.S. equities	14.0	10.0	9.9	$ 8,175	$ 7,565
Non-North American equities	9.0	6.3	6.7	5,158	5,111

As U.S. common shares, the U.S. equity pooled fund and the non-North American equity pooled fund are classified as fair value through profit and loss, any unrealized changes due to foreign currency are recorded in net income. There is no exposure to foreign exchange risk within the Corporation's bond and debenture portfolio. As well, no more than 10% of the market value of the bond portfolio shall be invested in bonds of foreign issuers. The Corporation's exposure to exchange rate risk resulting from the purchase of goods and services, and claims and reinsurance receivables and payables, are not considered material to the operations of the Corporation.

Equity prices

The Corporation is exposed to changes in equity prices in Canadian, U.S. and EAFE (Europe, Australasia and Far East) markets. Equities comprise 25.6% (2013 – 26.0%) of the carrying value of the Corporation's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee or related group of investees represents greater than 10% of the market value of the Corporation's common share portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation.

The Corporation's equity price risk is assessed using Value at Risk (VaR), a statistical technique that measures the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using a 95% confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95% of the time (19 times out of 20 years).

	(thousands of $)					
Asset Class	**2014**			**2013**		
Canadian equities	$	+/-	22,409	$	+/-	20,199
U.S. equities		+/-	22,728		+/-	21,182
Non-North American equities		+/-	13,410		+/-	15,232

The Corporation's equity investments are classified as fair value through profit and loss and as such, any unrealized changes in their fair value are recorded in the Consolidated Statement of Operations.

No derivative financial instruments have been used to alter the effects of market changes and fluctuations.

Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. The majority of financial liabilities, excluding certain unpaid claims liabilities, are short-term in nature, due within one year. The Corporation generally maintains positive overall cash flows through cash generated from operations, as well as cash generated from its investing activities.

The following tables summarize the estimated contractual timings of cash flows on an undiscounted basis arising from the Corporation's financial assets and liabilities at December 31:

	(thousands of $)					
	2014					
	No stated maturity	**0 - 6 months**	**7 - 12 months**	**1 - 2 years**	**3 - 5 years**	**More than 5 years**
Financial assets						
Cash and cash equivalents	$ (13,678)	$ 32,358	$ –	$ –	$ –	$ –
Accounts receivable	–	104,021	51,744	1,959	2,859	3,328
Investments	307,810	91,297	49,003	136,574	230,027	5,470
Unpaid claims recoverable from reinsurers	–	21,077	11,542	9,426	7,664	3,404
	$ 294,132	$ 248,753	$ 112,289	$ 147,959	$ 240,550	$ 12,202
Financial liabilities						
Accounts payable and accrued liabilities	$ 27,354	$ 12,873	$ –	$ –	$ –	$ –
Dividend payable	–	10,622	–	–	–	–
Premium taxes payable	–	24,080	–	–	–	–
Amounts due to reinsurers	–	7,491	92	–	–	–
Accrued pension liabilities	22,362	–	–	–	–	–
Provision for unpaid claims	–	138,828	69,665	64,618	94,189	64,169
	49,716	193,894	69,757	64,618	94,189	64,169
Finance lease commitments	–	622	622	924	2,098	–
	$ 49,716	$ 194,516	$ 70,379	$ 65,542	$ 96,287	$ 64,169

	(thousands of $)					
	2013					
	No stated maturity	**0 - 6 months**	**7 - 12 months**	**1 - 2 years**	**3 - 5 years**	**More than 5 years**
Financial assets						
Cash and cash equivalents	$ (9,497)	$ 52,105	$ –	$ –	$ –	$ –
Accounts receivable	–	101,100	52,033	2,087	3,023	2,476
Investments	264,466	95,518	20,966	83,747	299,219	–
Unpaid claims recoverable from reinsurers	–	11,389	5,997	5,887	7,476	3,276
	$ 254,969	$ 260,112	$ 78,996	$ 91,721	$ 309,718	$ 5,752
Financial liabilities						
Accounts payable and accrued liabilities	$ 30,288	$ 10,415	$ –	$ –	$ –	$ –
Dividend payable	–	9,925	–	–	–	–
Premium taxes payable	–	21,886	–	–	–	–
Amounts due to reinsurers	–	9,672	30	–	–	–
Accrued pension liabilities	22,820	–	–	–	–	–
Provision for unpaid claims	–	126,648	62,676	60,745	93,797	63,746
	53,108	178,546	62,706	60,745	93,797	63,746
Finance lease commitments	–	410	479	946	2,112	–
	$ 53,108	$ 178,956	$ 63,185	$ 61,691	$ 95,909	$ 63,746

The estimated contractual maturities related to the unpaid claims recoverable from reinsurers excludes the net effect of discounting and PFAD of $2,372,000 (2013 – $1,599,000) (note 9). The estimated contractual maturities related to the provision for unpaid claims excludes the net effect of discounting and PFAD of $20,115,000 (2013 – $13,141,000) (note 9).

16. Capital Management

The Corporation's primary objectives when managing capital are to ensure adequate funding is available to pay policyholder claims, be flexible in its product offerings and support its growth strategies, while providing an adequate return to its shareholder. Its main sources of capital are retained earnings and cash injections in the form of equity advances from its parent, CIC. There were no changes to the Corporation's capital structure during the period.

SGI CANADA is not a regulated insurer; however, its subsidiaries, SGI CANADA Insurance Services Ltd., and Coachman Insurance Company, are subject to rate regulation related to their automobile premiums. Although not federally regulated, SGI CANADA has chosen to follow the guidance provided by the Office of the Superintendent of Financial Institutions (OSFI) in determining and monitoring capital targets.

The Corporation uses a common industry measurement, the Minimum Capital Test (MCT), to monitor its capital adequacy. The MCT is a risk-based capital adequacy formula that assesses risks to assets, policy liabilities and off balance sheet exposures by applying various factors to determine a ratio of capital available over capital required.

During the year, the Board of Directors approved Capital Management policies for the Corporation, and each of its subsidiaries, prepared in accordance with Guideline A-4, *Regulatory Capital and Internal Capital Targets*, which OSFI issued in January 2014. The policies establish internal MCT targets, in excess of 150%, which are used by the regulators as minimum targets for supervisory purposes. The policies also establish operating MCT targets that provide for an operating cushion above the internal targets. The Corporation and its subsidiaries maintain MCTs in excess of their internal targets.

17. Change in Non-Cash Operating Items

The change in non-cash operating items is comprised of the following:

	(thousands of $)	
	2014	(restated note 4) 2013
Accounts receivable	$ (14,539)	$ (12,335)
Unpaid claims recoverable from reinsurers	(24,308)	9,998
Reinsurers' share of unearned premiums	1,628	(650)
Deferred policy acquisition costs	(7,408)	(3,350)
Accounts payable and accrued liabilities	3,611	(4,755)
Premium taxes payable	2,407	1,381
Amounts due to reinsurers	(1,805)	144
Unearned reinsurance commissions	582	293
Unearned premiums	30,733	15,217
Provision for unpaid claims	52,396	48,863
	$ 43,297	$ 54,806

18. Employee Salaries and Benefits

The Corporation incurs salaries costs, retirement benefit costs associated with its defined benefit pension plan, defined contribution plan and its defined benefit service recognition plans and other benefits costs. The Corporation allocates a portion of these costs to the Saskatchewan Auto Fund for those employees of the Corporation who provide service to it based on a cost allocation framework. These amounts have been disclosed separately in this note.

The Corporation allocates expenses incurred to the various operating functions. The Corporation includes employee salaries and benefits in the claims incurred and administrative expense line on the Consolidated Statement of Operations.

The total salary and benefits expenses incurred during the year are as follows:

	(thousands of $)	
	2014	(restated note 4) 2013
Salaries	$ 127,348	$ 121,874
Defined contribution pension plan	7,103	6,795
Defined benefit pension plan	157	227
Defined benefit service recognition plans	1,133	1,130
Other benefits	18,589	18,305
Total salaries and benefits	154,330	148,331
Less: Allocation to Saskatchewan Auto Fund	(93,987)	(91,420)
Salaries and benefits SGI CANADA	$ 60,343	$ 56,911

Defined contribution pension plan

The Corporation has employees who are members of the Capital Pension Plan, which is a defined contribution pension plan. The Corporation's financial obligation is limited to matching employee contributions of 5.5% to the plan.

Defined benefit pension plan

The Corporation has a defined benefit pension plan for certain of its employees that has been closed to new membership since 1980. Current service costs of this plan are charged to operations on the basis of actuarial valuations, the most recent valuation being as of December 31, 2013. The next valuation is anticipated to have a valuation date of December 31, 2016.

The actuarial valuation is measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate.

The major assumptions used in the valuation, are as follows:

Economic assumptions:	2014	2013
Discount rate - beginning of period	4.30%	3.60%
Discount rate - end of period	3.70%	4.30%
Inflation rate	2.50%	2.50%
Expected salary increase	2.50%	2.50%
Remaining service life of active members, in years (EARSL)	1	2
Last actuarial valuation	Dec. 31/13	Dec. 31/10

Changes in the assumptions would impact the accrued benefit obligation as follows:

	1% Increase		1% Decrease	
	2014	2013	2014	2013
Discount rate	(2,937)	(2,886)	3,477	3,453
Inflation rate	-	(21)	-	28
Post-retirement indexing	833	814	n/a	n/a

The weighted average duration of the accrued benefit obligation is 8.9 years (2013 – 8.9 years). An increase in the average life expectancy of a pensioner by one year is estimated to increase the accrued benefit obligation by approximately $1,471,000.

The asset allocation of the defined benefit pension plan assets is as follows:

		Per cent of Plan Assets at December 31	
Asset Category	Target Range	2014	2013
Short-term investments	0 - 8%	0%	1%
Bonds and debentures	55 - 65%	59%	58%
Canadian equities	10 - 20%	17%	17%
U.S. equities	Total foreign	13%	12%
Non-North American equities	17 - 27%	11%	12%

The movements in the defined benefit obligation are as follows:

	(thousands of $)	
Accrued benefit obligation	2014	2013
Accrued benefit obligation, at January 1	$ 35,678	$ 37,719
Current service cost	13	67
Interest cost	1,460	1,309
Benefits paid	(3,217)	(2,747)
Actuarial gain on demographic assumption changes	(561)	-
Actuarial loss (gain) on discount rate assumption changes	1,982	(2,110)
Actuarial loss on mortality assumption changes	172	1,440
Accrued benefit obligation, at December 31	$ 35,527	$ 35,678

The movements in the fair value of pension plan assets are as follows:

Plan assets	(thousands of $) 2014	2013
Fair value of plan assets, at January 1	$ 33,070	$ 33,536
Interest income	1,311	1,132
Return on plan assets, excluding interest income	2,512	1,096
Employer contributions	7	36
Employee contributions	5	17
Benefits paid	(3,217)	(2,747)
Fair value of plan assets, at December 31	$ 33,688	$ 33,070
Accrued pension liability	$ 1,839	$ 2,608

Pension expense for the defined benefit pension plan is as follows:

	(thousands of $) 2014	2013
Current service cost	$ 8	$ 50
Interest cost	149	177
Pension expense	$ 157	$ 227

During the year, $96,000 of the pension expense (2013 – $140,000 of pension expense) was allocated to the Saskatchewan Auto Fund. The Corporation has recorded the remaining $61,000 of pension expense (2013 – $87,000 of pension expense) in administrative expenses on the Consolidated Statement of Operations.

The Corporation expects no contributions to be paid to its defined benefit plans in 2015.

Defined benefit service recognition plans

Current service costs of the service recognition plans are charged to operations on the basis of actuarial valuations performed annually. The actuarial valuations are measured using management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The estimates, therefore, involve risks that the actual amount may differ materially from the estimate. Significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligation at December 31 are:

	2014	2013
Discount rate	3.2 – 3.3%	3.8 – 4.0%
Expected salary increase	3.50%	3.50%
Inflation rate	2.50%	2.50%
Termination rate	2.50%	2.50%
EARSL - management	9	9
EARSL - in-scope	9	9

Changes in the assumptions would impact the accrued benefit obligation as follows:

	1% Increase		1% Decrease	
	2014	2013	2014	2013
Discount rate	(995)	(965)	1,136	1,097
Expected salary rate	1,122	1,094	(1,003)	(978)
Inflation rate	2	3	(2)	(3)
Termination rate	(1,060)	(368)	1,194	410

The weighted average duration of the accrued benefit obligation is 5.2 years.

Information about the defined benefit service recognition plans is as follows:

	(thousands of $)	
Accrued benefit obligation	2014	2013
Accrued benefit obligation, at January 1	$ 20,212	$ 21,765
Current service cost	208	241
Interest cost	763	662
Benefits paid	(1,470)	(2,089)
Experience loss (gain)	810	(367)
Accrued benefit obligation, at December 31	$ 20,523	$ 20,212
Pension expense for the defined benefit service recognition plan is as follows:		
Current service cost	$ 208	$ 241
Interest cost	763	662
Pension expense	$ 971	$ 903

During the year, $591,000 of the pension expense (2013 – $558,000) was allocated to the Saskatchewan Auto Fund. The Corporation has recorded the remaining $380,000 of pension expense (2013 – $345,000) in administrative expenses on the Consolidated Statement of Operations.

The Corporation incurs retirement benefit costs associated with its defined benefit pension plan, defined contribution plan and its defined benefit service recognition plans. The Corporation allocates a portion of these costs to the Saskatchewan Auto Fund for those employees of the Corporation who provide service to it. These amounts are recovered by the Corporation as part of its cost allocation process.

Measurement uncertainty exists in valuing the components of both the defined benefit pension plan and service recognition plans. Each assumption is determined by management based on current market conditions and plan experience information available at the time, however, the long-term nature of the exposure and future fluctuations in the actual results makes the valuations uncertain.

19. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). All transactions are settled under normal trade terms. The Corporation has elected to take a partial exemption under IAS 24, *Related Party Disclosures*, which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

The Corporation acts as administrator of the Saskatchewan Auto Fund. Administrative and loss adjustment expenses incurred by the Corporation are allocated to the Saskatchewan Auto Fund directly or on the basis of specific allocations. Amounts incurred by the Corporation and charged to the Saskatchewan Auto Fund were $143,205,000 (2013 – $138,232,000) and accounts payable were $3,925,000 (2013 – $6,308,000).

All transactions with the defined benefit pension plan, the defined contribution pension plan and the defined benefit service recognition plans are related party transactions by virtue of the plans being created for the benefit of the Corporation's employees.

Key management personnel

Key management personnel are those persons having authority over the planning, directing and controlling activities of the Corporation, and include the Board of Directors, President and Chief Executive Officer, and Vice Presidents of the Corporation.

Key management personnel compensation is comprised of:

	(thousands of $)	
	2014	2013
Salaries and benefits	$ 3,777	$ 3,725
Post-employment benefits	40	39
Contributions to defined contribution plan	224	223
	$ 4,041	$ 3,987

During the year, $2,600,000 of the key management personnel expenses (2013 – $2,536,000) was allocated to the Saskatchewan Auto Fund.

Certain Board members are partners in organizations that provided $63,000 (2013 – $nil) of professional services to the Corporation. These services were recorded in claims incurred and administrative expenses in the Consolidated Statement of Operations. In addition, one Board member is a shareholder in an organization that sells insurance policies of the Corporation. Premiums written during the year from this organization amounted to $6,003,000 (2013 – $5,381,000) and the associated accounts receivable at December 31, 2014, was $839,000 (2013 – $825,000). Commissions paid were $1,228,000 (2013 – $1,066,000). The above noted transactions are routine operating transactions in the normal course of business.

The Corporation is committed to a related party until 2015 for telecommunications contracts. At December 31, 2014, the remaining commitment is $7,138,000 (2013 – $4,227,000).

Other related party transactions are described separately in the notes to the consolidated financial statements.

20. Facility Association Participation

Through its subsidiaries, the Corporation is a participant in automobile residual market and risk-sharing pools, whereby companies in the industry are required by regulation to provide automobile insurance coverage to high-risk insureds. Facility Association transactions recorded in the Corporation's financial results are as follows:

	(thousands of $)	
	2014	(restated note 4) 2013
Gross premiums written	$ 3,819	$ 3,237
Net premiums earned	$ 3,586	$ 3,244
Net claims incurred	3,062	2,498
Commissions	(10)	53
Premium taxes	107	97
Administrative expenses	849	705
Total claims and expenses	4,008	3,353
Underwriting loss	(422)	(109)
Investment earnings	61	85
Net loss	$ (361)	$ (24)
Facility Association receivable	$ 1,868	$ 1,954
Unearned premiums	1,633	1,400
Facility Association payable	1,524	1,524
Provision for unpaid claims	5,364	4,725

21. Select Operating Information

The Corporation provides property and casualty insurance directly in Saskatchewan, and through subsidiaries operating in Alberta and Manitoba, Ontario and, prior to July 1, 2014, the Maritimes (where Maritimes represents Prince Edward Island, New Brunswick and Nova Scotia). The performance of each subsidiary is reported separately to the Corporation's Board of Directors. The product offerings vary across the jurisdictions, but all products offered are considered property and casualty insurance.

	(thousands of $)					
	2014					
	Saskatchewan	**Manitoba and Alberta**	**Ontario**	**Maritimes (Discontinued - note 4)**	**Consolidation Adjustments**	**Total**
Net premiums written	$ 399,474	$ 94,481	$ 52,084	$ –	$ –	$ 546,039
Net premiums earned	382,061	81,200	50,417	–	–	513,678
Net claims incurred	232,769	54,641	31,964	–	–	319,374
Other expenses	157,457	26,805	15,522	–	–	199,784
Underwriting profit (loss)	(8,165)	(246)	2,931	–	–	(5,480)
Net investment earnings	32,888	6,804	8,364	–	–	48,056
Other income	3,500	–	–	–	–	3,500
Income from continuing operations before the following :	28,223	6,558	11,295	–	–	46,076
Income tax expense	–	1,576	2,860	–	–	4,436
Discontinued operations (note 4)	–	–	–	(989)	–	(989)
Net income	$ 28,223	$ 4,982	$ 8,435	$ (989)	$ –	$ 40,651
Total assets	$ 910,262	$ 288,372	$ 226,689	$ –	$ (249,991)	$ 1,175,332
Total liabilities	$ 605,750	$ 154,232	$ 162,106	$ –	$ (51,269)	$ 870,819
Shareholder's equity	$ 304,512	$ 134,140	$ 64,583	$ –	$ (198,722)	$ 304,513

	(thousands of $)					
	2013					
	Saskatchewan	**Manitoba and Alberta**	**Ontario**	**Maritimes (Discontinued - note 4)**	**Consolidation Adjustments**	**Total**
Net premiums written	$ 371,963	$ 70,606	$ 50,923	$ –	$ –	$ 493,492
Net premiums earned	361,655	64,391	52,879	–	–	478,925
Net claims incurred	228,441	49,245	30,194	–	–	307,880
Other expenses	150,639	21,488	15,216	–	–	187,343
Underwriting profit (loss)	(17,425)	(6,342)	7,469	–	–	(16,298)
Net investment earnings	41,132	6,368	9,736	–	–	57,236
Income from continuing operations before the following:	23,707	26	17,205	–	–	40,938
Income tax expense	–	35	4,475	–	–	4,510
Discontinued operations (note 4)	–	–	–	2,804	–	2,804
Net income (loss)	$ 23,707	$ (9)	$ 12,730	$ 2,804	$ –	$ 39,232
Total assets	$ 845,826	$ 252,231	$ 215,097	$ 55,527	$ (247,926)	$ 1,120,755
Total liabilities	$ 550,392	$ 129,759	$ 158,949	$ 40,371	$ (57,164)	$ 822,307
Shareholder's equity	$ 295,434	$ 122,472	$ 56,148	$ 15,156	$ (190,762)	$ 298,448

22. Contingencies

In common with the insurance industry in general, the Corporation is subject to litigation arising in the normal course of conducting its insurance business. The Corporation is of the opinion that this litigation will not have a significant effect on the financial position or results of operations of the Corporation.

23. Comparative Financial Information

For comparative purposes, certain 2013 balances have been reclassified to conform to 2014 financial statement presentation.

Glossary of Terms

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 others 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.
Combined ratio	A measure of total expenses (claims and administration) in relation to net premiums earned as determined in accordance with GAAP. If this ratio is below 100%, there was a profit from underwriting activities, while over 100% represents a loss from underwriting.
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 Chartered Professional Accountants of Canada.
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 unknown future developments on claims that have been reported.
IFRS	International Financial Reporting Standards. These are global accounting standards issued by the International Accounting Standards Board (IASB), including interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Loss ratio (Claims ratio)	Claims incurred net of reinsurance expressed as a percentage of net premiums earned for a specified period of time.
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 premiums earned (NPE)	The portion of net premiums written that is recognized for accounting purposes as revenue during a period.
Net premiums written (NPW)	Gross premiums written for a given period of time less premiums ceded to reinsurers during such period.
Net risk ratio (NRR)	A ratio of net premiums written to equity. This ratio indicates the ability of a company's financial resources to withstand adverse underwriting results. The regulatory guideline is a ratio of 3.0 or lower.
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.
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.
Prudent person	A common law standard against which those investing the money of others are judged against.
Redundancy & deficiency	Claims 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.
Underwriting profit/loss	The difference between net premiums earned and the sum of net claims incurred, commissions, premium taxes and all general and administrative expenses.
Unearned premiums	The difference between net premiums written and net premiums earned. It reflects the net premiums written for that portion of the term of its insurance policies that are deferred to subsequent accounting periods.

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

Ed Boychuk, a Computer Operator at head office, was a well-known employee who was funny and had a laid-back attitude. He took the time to really get to know his co-workers and help them with anything they needed, including introducing prospective love interests.

He enjoyed working with computers, playing video games and watching action, adventure and sci-fi movies.

Julia Leonard, a Licence Issuer 1 at the Regina Driver Exam Office, was a nurturing person who took new employees under her wing and loved her job. She had a spunky personality and provided excellent customer service.

Julia was a loving wife and mother of three who liked reading, playing Scrabble and dying her hair pink.

Karen Prychitko, former Manager of Corporate Planning, was a take-charge kind of person who was passionate about her work, mentoring new employees and making challenging tasks fun. She was at the forefront of developing SGI's strategic direction in 2009 and played a big role in developing a new, customer-focused approach.

She had a great sense of adventure, travelled to almost every continent, and loved the outdoors and her two dogs.