

**Pro-Demnity Insurance  
Company  
Summary Financial Statements  
For the year ended December 31, 2021**

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**Summary Financial Statements**

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## Pro-Demnity Insurance Company Summary Statement of Financial Position

**December 31** **2021** **2020**

### Assets

Cash and cash equivalents	\$ 7,583,202	\$ 4,322,496
Investments	92,176,031	87,497,631
Receivables	10,457,062	10,248,690
Accrued interest	400,657	415,130
Prepaid expenses	49,896	129,108
Reinsurer's share of unearned premiums	9,893,187	9,094,311
Reinsurer's share of provision for unpaid claims	24,072,000	20,129,000
Deferred policy acquisition expenses	565,142	520,479
Income taxes recoverable	437,452	-
Property and equipment	536,837	462,430
Right-of-use assets	406,186	477,886
Deferred tax asset	750,247	666,706
	<b>\$147,327,899</b>	<b>\$133,963,867</b>

### Liabilities and Shareholders' Equity

#### Liabilities

Payables and accruals	\$ 2,927,765	\$ 3,165,983
Income taxes payable	-	560,070
Unearned premiums	19,338,051	17,849,300
Provision for unpaid claims	86,786,000	75,776,000
Lease liabilities	461,617	524,094
	<b>109,513,433</b>	<b>97,875,447</b>

#### Shareholders' equity

Share capital	25,106,500	25,106,500
Contributed surplus	2,051,915	2,051,915
Retained earnings	7,972,988	6,159,616
Accumulated other comprehensive income	2,683,063	2,770,389
	<b>37,814,466</b>	<b>36,088,420</b>
	<b>\$147,327,899</b>	<b>\$133,963,867</b>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Pro-Demnity Insurance Company Summary Statement of Operations and Retained Earnings

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
Direct premiums written	<b>\$ 41,368,349</b>	\$ 38,177,403
Less: Reinsurance ceded, net of commissions earned	<b>17,758,489</b>	17,175,863
Net premiums written	<b>23,609,860</b>	21,001,540
Increase in net unearned premiums	<b>(689,875)</b>	(752,226)
Net premiums earned	<b>22,919,985</b>	20,249,314
Service charges	<b>26,250</b>	18,250
	<b>22,946,235</b>	20,267,564
Less: Claims and adjustment expenses	<b>16,783,639</b>	13,940,853
Underwriting income before expenses and premium tax	<b>6,162,596</b>	6,326,711
Operating expenses	<b>5,320,309</b>	5,807,777
Premium tax	<b>1,196,388</b>	1,084,819
Net underwriting loss	<b>(354,101)</b>	(565,885)
Net investment income	<b>2,619,910</b>	2,526,455
Income before income taxes	<b>2,265,809</b>	1,960,570
Income taxes (recovery)		
Current	<b>504,493</b>	910,073
Deferred	<b>(52,056)</b>	(406,384)
	<b>452,437</b>	503,689
<b>Net income for the year</b>	<b>1,813,372</b>	1,456,881
<b>Retained earnings</b> , beginning of year	<b>6,159,616</b>	4,702,735
<b>Retained earnings</b> , end of year	<b>\$ 7,972,988</b>	\$ 6,159,616

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**Pro-Demnity Insurance Company**  
**Summary Statement of Comprehensive Income and Accumulated**  
**Other Comprehensive Income**

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Net income for the year</b>	<b>\$ 1,813,372</b>	<b>\$ 1,456,881</b>
<b>Other Comprehensive Income</b>		
Unrealized gains on available for sale assets, net of tax expense of \$61,775 (2020 - tax expense of \$586,623)	171,337	1,627,048
Transfer of realized gains on available for sale assets to statement of operations, net of tax recovery of \$93,260 (2020 - tax recovery of \$235,993)	(258,663)	(654,548)
<b>Total other comprehensive income (loss)</b>	<b>(87,326)</b>	<b>972,500</b>
<b>Comprehensive income for the year</b>	<b>\$ 1,726,046</b>	<b>\$ 2,429,381</b>
<b>Accumulated other comprehensive income, beginning of year</b>	<b>\$ 2,770,389</b>	<b>\$ 1,797,889</b>
<b>Total other comprehensive income (loss), for the year</b>	<b>(87,326)</b>	<b>972,500</b>
<b>Accumulated other comprehensive income, end of year</b>	<b>\$ 2,683,063</b>	<b>\$ 2,770,389</b>

## Pro-Demnity Insurance Company Summary Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Net income for the year	\$ 1,813,372	\$ 1,456,881
Adjustments for:		
Depreciation of property and equipment and right-of-use asset	341,941	241,376
Amortization of premium/discount on bonds/debentures	451,268	488,777
Interest and dividend income	(962,792)	(206,241)
Provision for income taxes	452,437	503,689
Realized gain from disposal of investments	(352,426)	(891,862)
Loss on disposal of property and equipment	57,562	41,779
	<u>1,801,362</u>	<u>1,634,399</u>
Changes in working capital and insurance contract related balances		
Receivables	(208,372)	(2,902,032)
Prepaid expenses	79,212	17,016
Reinsurer's share of unearned premiums	(798,876)	(1,265,815)
Deferred policy acquisition expenses	(44,663)	(60,541)
Payables and accruals	(238,218)	(269,917)
Unearned premiums	1,488,751	2,018,041
Provision for unpaid claims, net of reinsurer's share	7,067,000	4,782,000
	<u>9,146,196</u>	<u>3,953,151</u>
Cash flows related to interest, dividends and income taxes		
Interest and dividends received	977,265	256,686
Income taxes	(1,502,015)	(348,150)
Interest paid	15,686	19,314
	<u>8,637,132</u>	<u>3,881,001</u>
<b>Total cash inflows from operating activities</b>	<b>8,637,132</b>	<b>3,881,001</b>
<b>Investing activities</b>		
Purchase of investments	(87,665,590)	(48,674,934)
Proceeds from sale of investments	82,769,537	43,301,360
Purchase of property and equipment	(402,210)	(273,309)
	<u>(5,298,263)</u>	<u>(5,646,883)</u>
<b>Total cash outflows from investing activities</b>	<b>(5,298,263)</b>	<b>(5,646,883)</b>
<b>Financing activity</b>		
Repayment of lease liabilities	(78,163)	(84,936)
	<u>(78,163)</u>	<u>(84,936)</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>3,260,706</b>	<b>(1,850,818)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,322,496</b>	<b>6,173,314</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 7,583,202</b>	<b>\$ 4,322,496</b>
<b>Cash and cash equivalents consist of the following:</b>		
Cash	\$ 7,583,202	\$ 2,322,496
Guaranteed Investment Certificates (GICs)	-	2,000,000
	<u>\$ 7,583,202</u>	<u>\$ 4,322,496</u>