TTC Insurance Company Limited.
Annual General Meeting

Members

Fenton Jagdeo	Michael Atlas
Liane Kim	Anthony Cerqueira
Julie Osborne	John Montagnese

Secretary: Mark Cosgrove

Meeting Date: July 22, 2026
Start Time: Immediately following the TCTI AGM
Location: Committee Room 2, Toronto City Hall, 100 Queen Street West/ Video Conference

Declarations of Interest – Corporations Act

Audit Committee

1. Approval of Minutes of the Audit Committee Meeting No. 18 held on December 10, 2025
2. KPMG Audit Findings – 2025 (For Information)
3. Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2025 (For Action)
4. Appointment of External Auditors (For Action)
5. Director Query – TTC Level of Effort Required to Support TTCICL (For Information)

Special Meeting of Directors
Meeting No. 57

1. Actuarial Financial Review (For Action)
2. Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2025 (For Action)

Meeting of Shareholders
Meeting No. 41

1. Approval of Minutes of the Shareholders Meetings No. 40 a&b held on December 10, 2025
2. Receipt of Proxy and Notification & Consent (For Information)
3. Election of Directors, Chair and Vice Chair (For Action)
4. Receipt of Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2025 (For Information)
5. Appointment of External Auditor (For Action)
6. Appointment of Actuary (For Action)

Conduct Review Committee
Meeting No. 13

1. Approval of Minutes of Conduct Review Committee Meeting No. 12 held on December 10, 2025
2. Related Party Transactions (For Information)

Meeting of Directors
Meeting No. 59

1. Approval of Minutes of Meeting of Directors No. 56 and Meeting of Directors No. 58 held on December 10, 2025
2. Election of Officers (For Action)
3. TTC Insurance Company Limited – Investment (For Information)
4. 2026 Budget and Business Plan Forecast (For Action)

Minutes

TTC Insurance Company Limited
Audit Committee

Meeting No.: 18

Meeting Date: Wednesday, December 10, 2025

A virtual and in person meeting of the TTC Insurance Company Ltd. Audit Committee was held on Wednesday, December 10, 2025 commencing at 10:58 a.m.

Present at Public Session

M. Atlas (Director, President and General Counsel), J. Montagnese (Director, Treasurer), A. Cerqueira (Director), F. Jagdeo (Director), J. Osborne (Director), M. Cosgrove (Secretary), C. Finnerty (Commission Services), L. Kim (Director, Chair) were present.

M. Atlas was in the Chair.

Declaration of Interest - Municipal Conflict of Interest Act

Nil

Minutes of the Previous Meeting

The Audit Committee reviewed and approved the minutes of the Audit Committee Meeting No. 17 held on Thursday, June 20, 2024 and authorized the Chair and General Secretary to sign the same.

Business Arising Out of the Minutes

Question raised at meeting:

Recognizing that the fees for TTCICL are just moving money from one pocket to the other, what is the level of effort for administrative support services provided by TTC to TTCICL?

Committee Of The Whole Resolution

Nil

Public Presentations

Nil

Notice of Motions

Nil

Motions Without Notice

Nil

Items of Which Notice has Previously Been Given

Nil

Items Deferred From Last Meeting to Permit Debate/Public Presentations

Nil

Presentations/Reports/Other Business

(a) KPMG LLP Audit Results – 2024

The Audit Committee received the letter from KPMG LLP expressing their opinion on the 2024 financial statements.

Board member Osborne asked about the level of effort required by TTC staff to support the operations of TTCICL. Board member Atlas indicated that it could be up to 20-40 staff providing all regulatory and claims adjusting support at various times. Board member Atlas undertook to report back to the Board about the agreements between TTCICL and TTC as well as a more detailed analysis of the level of support provided.

(b) Draft Financial Statements of TTC Insurance Company Limited For The Year Ended December 31, 2024

The Audit Committee received the draft financial statement for the year ended December 31, 2024 and recommended that the statement be forwarded to the Director's Meeting for formal approval and to the City Manager.

(c) Appointment of External Auditors

The Audit Committee approved the following recommendations:

1. Appoint KPMG LLP to perform the 2025 financial year-end audit of TTC Insurance Company Limited and;
2. Forward this report to the Shareholders for approval.

The meeting adjourned at 11:04 a.m.

- APPROVED –

____
CHAIR

____
SECRETARY

For Information

KPMG LLP Audit Findings – 2025

Date: July 22, 2026
To: TTC Insurance Company Limited Audit Committee
From: President & General Counsel, TTC Insurance Company Limited

Summary

Each year, the Audit Committee receives the attached report from TTC Insurance Company Limited's external auditor, expressing their opinion on the financial statement for the company. No issues of concern have been identified.

Financial Summary

It is recommended that the Audit Committee receive the KPMG LLP audit findings for the year ended December 31, 2025.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

On December 10, 2025, the Audit Committee appointed KPMG LLP to perform the 2025 financial year-end audit of TTCICL.

Issue Background

In accordance with Section 102 of the Insurance Act (Ontario), a statement of the condition of affairs of the Company shall be accompanied by a report of an auditor prepared in the manner required by the Superintendent.

Comments

KPMG LLP has audited TTC Insurance Company Limited's financial statements for the year ended December 31, 2025. The independent auditor's report is a statutory reporting requirement and forms part of the annual submission to the Financial Services Regulatory Authority of Ontario.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Attachments

Attachment 1 - KPMG LLP, Independent Auditor’s Report

ATTACHMENT 1

KPMG

TTC Insurance Company Limited

Audit Findings Report for the year ended December 31, 2025

KPMG LLP

Prepared as of January 27, 2026

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement

Kevin Travers
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Mohammad Alam
Audit Manager
416-777-3437
mohammadalam@kpmg.ca

Anh Tu Le
Executive Director – P&C Actuarial
647-777-5352
ale@kpmg.ca

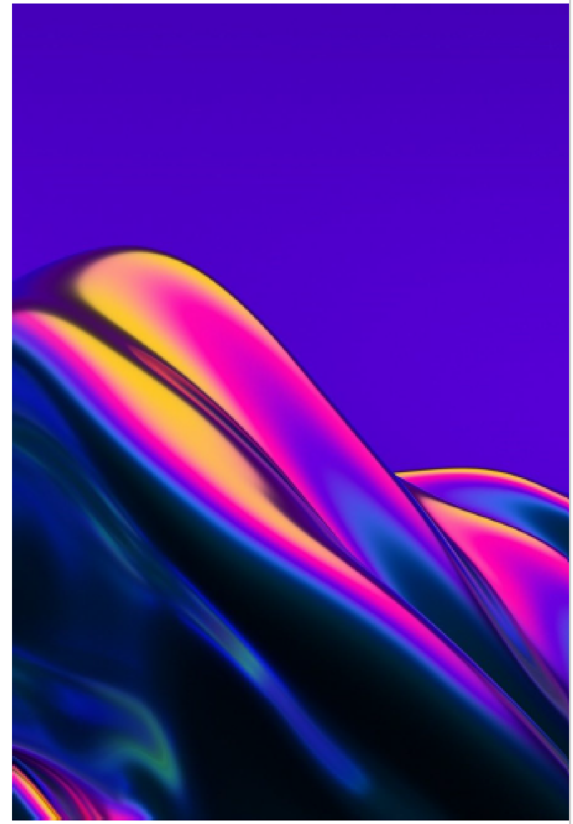


Table of contents

Digital use information

This Audit Findings Report is also available as a "hyper-linked" PDF document.

If you are reading in electronic form (e.g. In "Adobe Reader" or "Board Books"), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

Audit highlights

No matters to report

Matters to report – see link for details

Status

We have completed the audit of the financial statements ("financial statements"), with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes since our audit plan

- There were no significant changes to our audit plan which was originally communicated to you and the Audit and Risk Management Committee on December 1, 2025, in the audit planning report

Risks and results

Significant risks

- Management override of controls

Other risks of material misstatement

- Unsettled accident claims
- Related party transactions and balances

Misstatements - Corrected

Corrected misstatements

- We did not identify any corrected or uncorrected misstatements

Control deficiencies

Significant deficiencies

- We did not identify any significant control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See page 10 for certain required communications regarding control deficiencies.

Audit Quality

Learn more about how we deliver audit quality.

The purpose of this report is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Status

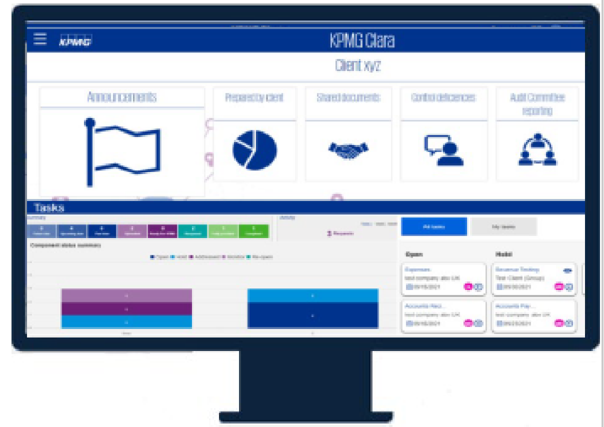
As of preparation of Audit Findings Report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Obtaining the final actuary report from Deloitte
- Legal confirmation update
- Completion of KPMG actuarial review
- Updating subsequent event discussions with management
- Completing our discussions with the Board of Directors
- Obtaining evidence of the Board of Director's approval of the financial statements
- Receipt of the signed management representation letter

We will update the Board of Directors, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in Appendix B: Draft Auditor's Report.

KPMG Clara for Clients (KCc)



Real-time collaboration and transparency

We leveraged KCc to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCc to coordinate requests with management.

Learn more

Significant risks and results

We highlight our significant findings in respect of **significant risks.**

Risk of fraud resulting from management override of controls

RISK OF
ERROR FRAUD

Significant risk	Estimate?	Key audit matter?
Management is in a unique position too perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is present in all entities.	No	No

Our response

As the presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk.

- Our procedures included:
  - Testing of journal entries and other adjustments and evaluating the business rationale of significant unusual transactions.

Significant qualitative aspects of the Company's accounting practices

No matters to report.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement.**

Unsettled accident claims

Other risk of material misstatement	Estimate?	Key audit matter?
Unsettled accident claims represent a liability computed by management's actuarial expert, based on an actuarial assessment of the claims liability on the basis mandated by the Financial Services Regulatory Authority of Ontario.	Yes	No

Our response

As the unsettled accident claims are a significant and complex estimate, KPMG actuarial specialists were involved in completing the audit procedures.

- Our procedures included:
  - Review of the actuarial report prepared by management actuarial expert for determining unsettled accident claims.
  - Assess the competence, capability and objectivity of the actuary and evaluate the adequacy of their work.
  - Review the methodology and underlying assumptions used to formulate management's estimate.
  - Perform testing of underlying data contained in valuation to source data.
  - Perform testing over claims reserve set-up process and claim payment process. Including within the new claims center system that was in use for 2025.
  - Perform testing over internal loss adjustment expenses to ensure classification and accuracy

Significant qualitative aspects of the Company's accounting practices

No matters to report.

Other risks of material misstatement and results

Related party transactions and balances

Other risk of material misstatement	Estimate?	Key audit matter?
Related party transactions and balances are inappropriately recognized	No	No

Our response

Our procedures included:

- Review underlying agreements and supporting documentation to substantiate the indemnity receivable from the TTC and City of Toronto
- Obtain confirmation from the TTC and City of Toronto for the indemnity receivable balance outstanding as at year-end.
- Obtain confirmation from the TCTI for the advance from a related party outstanding as at year-end.
- Obtain an understanding of the related party transactions during the year and review the adequacy of the disclosures for related party transactions and balances.

Significant qualitative aspects of the Company's accounting practices

No matters to report.

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	The form, arrangement and content of the financial statements is adequate.
Concerns regarding application of new accounting pronouncements	No matters to report.
Significant qualitative aspects of financial statement presentation and disclosure	No matters to report.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

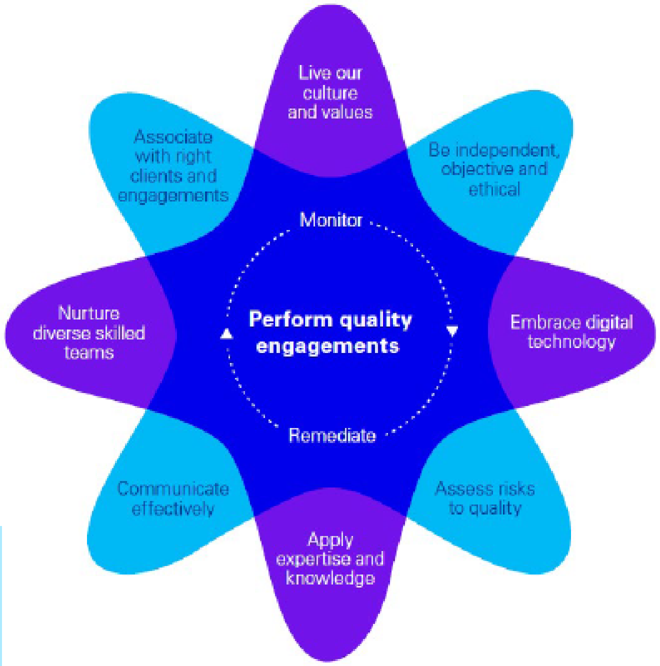
A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

Audit quality - How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

KPMG Canada Transparency Report



Doing the right thing. Always.

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management;** and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity.**

Appendices

Appendix A: Other required communications

Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided under a separate cover through management.

CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Regulatory Oversight Report: 2023 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2024 Interim Inspections Results
- CPAB Regulatory Oversight Report: 2024 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2025 Interim Inspections Results

Appendix B: Draft auditor's report

DRAFT #1
January 21, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of TTC Insurance Company Limited

Opinion

We have audited the financial statements of TTC Insurance Company Limited (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

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Appendix C: Management representation letter(s)

Provided under separate cover

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place
Vaughan, ON L4K 0J3

February 27, 2026

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the special purpose financial statements in respect to the schedules reported on pages 20.10, 20.11, 20.22, 20.52, 20.54, 20.60, 92.10, 92.11, 92.22 and 92.54 of the Entity's P&C Core Financial Statement Quarterly Return, P&C Supervisory Quarterly Return, P&C Supervisory Annual Return and P&C Provincial Quarterly Return (hereinafter referred to as "financial statements") of TTC Insurance Company Limited ("the Entity") or ("TTCICL") as at and for the period ended December 31, 2025.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated October 20, 2025, including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:

      — the names of all related parties and information regarding all relationships and transactions with related parties;

      — the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

   c) providing you with unrestricted access to such relevant information.

   d) providing you with complete responses to all enquiries made by you during the engagement.

   e) providing you with additional information that you may request from us for the purpose of the engagement.

f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

2) We assert that:

i) the financial statements include an adequate description of the financial reporting framework (sometimes referred to as basis of accounting).

ii) the financial statements include an adequate description of the purpose of the financial statements. The purpose of these financial statements is for the Entity's P&C Quarterly Return and P&C Annual Supplemental reporting.

iii) the Entity will not distribute your auditors' report on the financial statements without your written consent. We understand that you hereby consent to the Entity distributing your auditors' report to the Board of Directors of the Entity and the Superintendence of the Financial Services Regulatory Authority of Ontario for the Entity's purpose as described above.

3) We acknowledge that these financial statements may not comply with, or may not satisfy, the Entity's incorporating or other governing legislation.

Internal control over financial reporting:

4) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

5) We have disclosed to you:

a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

b) all information in relation to fraud or suspected fraud that we are aware of that involves:

— management;

— employees who have significant roles in internal control over financial reporting; or

— others

where such fraud or suspected fraud could have a material effect on the financial statements.

c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

6) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

7) We have disclosed to you the identity of the Entity's related parties.

8) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

9) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

10) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

11) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

12) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

COMMUNICATIONS BETWEEN ACTUARIES INVOLVED IN THE PREPARATION OF FINANCIAL STATEMENTS AND AUDITORS:

a) We acknowledge that, in addition to your report on the financial statements of the Entity, you will also communicate on procedures and findings on data used in making accounting estimates relating to the valuation of actuarial liabilities as a result of the Joint Policy Statement Concerning Communications between Actuaries Involved in the Preparation of Financial Statements and Auditors (the "Joint Policy Statement"), at the request of the Appointed Actuary.

b) We consent to you providing the information resulting from your work as required by the Joint Policy Statement to the Entity and the Appointed Actuary.

c) We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves and understand that we are responsible for, and have fulfilled such responsibilities that the data used in making accounting estimates relating to the valuation of actuarial liabilities, and their related disclosures is complete and accurate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

d) We acknowledge that the communication does not constitute an audit or review of data used in making accounting estimates relating to the valuation of actuarial liabilities and their related disclosures and therefore, you are not expressing an opinion on the completeness or accuracy of the data. Rather, the matters addressed in the communication with the Appointed Actuary are a by-product of your audit process in respect of the Entity's financial statements.

e) We acknowledge that the communication is intended solely for the Entity and the Appointed Actuary and should not be used by, or distributed to, other parties.

Yours very truly,

M. Atlas

Michael Atlas, President and General Counsel

Cc: TTC Insurance Company Limited Board

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – List of related parties and relationships

The TTCICL is a subsidiary of Toronto Coach Terminal Inc. ("TCTI"), with its ultimate parent company being the Toronto Transit Commission (the "TTC"). The TTC is one of the agencies, boards and commissions of the City of Toronto (the "City"). The TTC also operates Wheel-Trans, a paratransit service for people with disabilities (which is also subsidized by the City), the Toronto Coach Terminal Inc. and its subsidiary, the TTC Insurance Company Limited. The TTC controls the TTC Sick Benefit Association which was incorporated to adjudicate and pay benefit claims to eligible Members of Association unable to work due to illness or disability. As such, the following lists all related parties that had transactions and/or relationships with TTCICL for fiscal period 2025:

- City of Toronto (including its Agencies and Corporations as attached in Attachment III)
- Toronto Transit Commission
- Toronto Coach Terminal Inc.
- TTC Sick Benefit Association

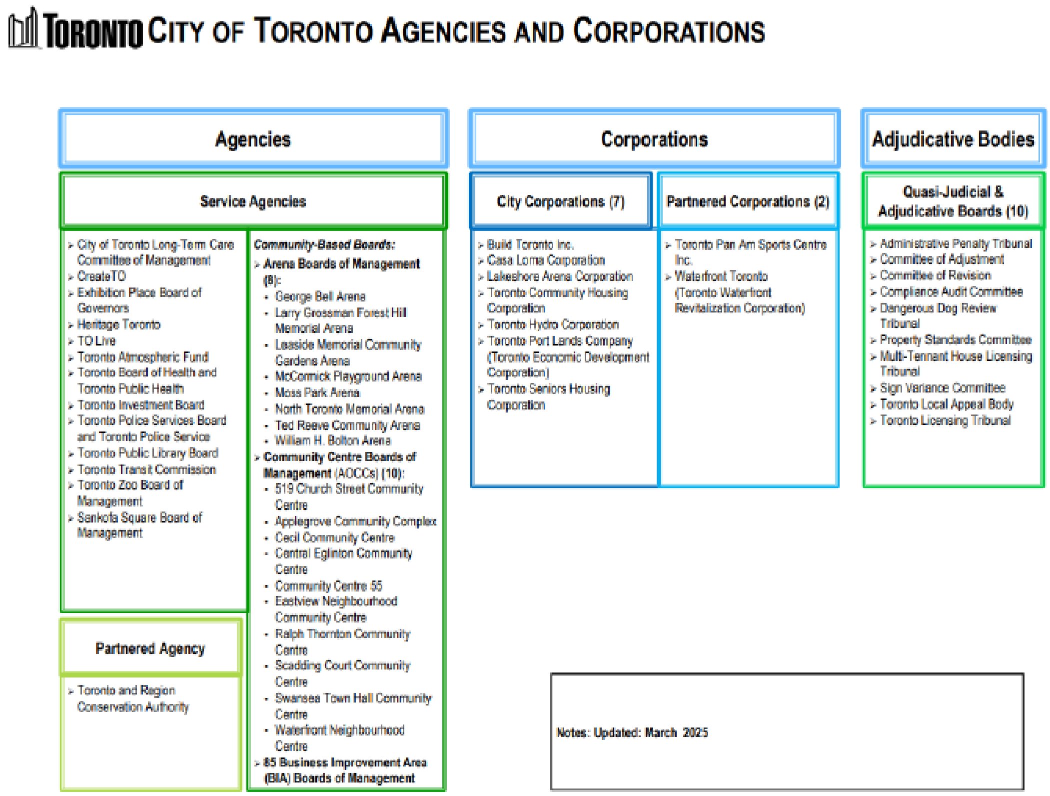
Directors:

- Liane Kim
- Fenton Jagdeo
- Julia Osborne
- Anthony Cerqueira
- Michael Atlas
- John Montagnese

Officers:

- President and General Counsel: Michael Atlas
- Vice President: Anthony Cerqueira
- Secretary: Mark Cosgrove
- Treasurer: John Montagnese

Attachment III – City of Toronto List of Agencies and Corporations



Source: [***Microsoft PowerPoint - Agency Chart March 2025.pptx (toronto.ca)***]

Appendix D: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

Communications with those charged with governance

Summary of Changes:

New requirements for the auditor to communicate:
- about the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.

ISA 700/CAS 700

Forming an opinion and reporting on the financial statements

Summary of Changes:

New requirements for the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities WHEN the ethical requirements require public disclosure.

Appendix E: Changes in accounting standards

Standard	Summary and implications

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.
	• The section includes the following:
	  • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
	  • Separating liabilities into financial liabilities and non-financial liabilities.
	  • Restructuring the statement of financial position to present total assets followed by total liabilities.
	  • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
	  • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called "accumulated other".
	  • A new provision whereby an entity can use an amended budget in certain circumstances.
	  • Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Concepts Underlying Financial Performance	• The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten-chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Appendix B: Changes in accounting standards

Standard	Summary and implications
Employee benefits	• The Public Sector Accounting Board has initiated a review of sections PS 3250 Retirement benefits and PS 3255 Post-employment benefits, compensated absences and termination benefits. • The intention is to use principles from International Public Sector Accounting Standard 39 Employee benefits as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 Employee benefits will replace the current sections PS 3250 Retirement benefits and PS 3255 Post-employment benefits, compensated absences and termination benefits. • This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. • Final approval of the standard is expected in Spring 2026, with an effective date of April 1, 2029.
2024-2025 Annual Improvements to Public Sector Accounting Standards	• The Public Sector Accounting Board has issued an exposure draft proposing terminology updates and amendments to align various sections of the PSA Handbook with PSAB's Conceptual Framework and Reporting Model. • The comment period is closed. Final amendments are expected to be issued in November 2025, with an effective date of April 1, 2026.

Appendix B: Changes in accounting standards

Standard	Summary and implications
Intangible Assets, Proposed Section 3155	• The Public Sector Accounting Board has issued an exposure draft proposing a new intangible assets standard that will replace Public Sector Guideline (PSG) 8, Purchased Intangibles. • The proposed standard provides foundational guidance on intangible assets including the definition, recognition, measurement and required disclosures of intangible assets. • The proposed standard covers both acquired and internally generated intangible assets. • PSG-8 content has been incorporated into the new section, ensuring continuity of recognition for purchased intangibles. • The scope of the proposed standard excludes intangible assets addressed in other Sections of the PSA Handbook, as well as other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts. • In alignment with PSAB's international strategy, the proposed guidance leveraged principles from the existing International Public Sector Accounting Standard (IPSAS) 31, Intangible Assets. • The comment period is closed and under review.

Elevation of GAAP Designation of Application Guidance	• The Public Sector Accounting Board has issued amendments to elevate the level of generally accepted accounting principles (GAAP) designated for four CPA Canada Public Sector Accounting Handbook Appendices (i.e., what level of GAAP an appendix comprises)
	• The GAAP designation level (i) per GAAP hierarchy in paragraph 03(d) of Section PS 1150, Generally Accepted Accounting Principles has been specified and paragraphs renumbered as AG.02, AG.02, etc. for four application guidance appendices:
	    • Appendix A to Section PS 3400, Revenue;
	    • Appendix B to Section PS 3410, Government Transfers;
	    • Appendix A to Section PS 3450, Financial Instruments; and
	    • Appendix A to Section PS 4270, Disclosure of Allocated Expenses by Not-for-Profit Organizations.
	• The elevation of the GAAP designation of these four application guidance appendices is effective for fiscal years beginning on or after April 1, 2026

Appendix B: Changes in accounting standards

Standard	Summary and implications

Tangible Capital Assets	• The Public Sector Accounting Board has issued amendments to Section PS 3150 in May 2025 as part of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customizations.
	• The amendments add:
	    • a new criterion to the definition of a tangible capital asset;
	    • a new definition of a collection;
	    • new disclosure requirements for works of art, historical treasures and/or collections;
	    • new guidance for situations where an entity purchases a tangible capital asset at substantially below fair value; and
	    • new guidance for situations where an entity receives contributed materials and/or labour when constructing or developing a tangible capital asset
	• For public sector entities that have not applied the PS 4200 series, the amendments to this Section are effective for fiscal periods beginning on or after April 1, 2030.
	• The amendments would be applied retroactively with restatement of prior periods except for the amendments related to purchases of tangible capital assets at substantially below fair value and including in the cost of a constructed or developed tangible capital asset, the contributed materials and/or labour, which are applied only to new transactions or events from the date of change

Appendix F: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Accelerate - The key issues driving the audit committee agenda
Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Sustainability Reporting
Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News
A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Appendix G: Continuous evolution

Our investment:
We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model
Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.

KPMG

https://kpmg.com/ca/en/home.html

For Action

Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2025

Date: July 22, 2026
To: TTC Insurance Company Limited Audit Committee
From: President & General Counsel, TTC Insurance Company Limited

Summary

The TTC Insurance Company Limited's (TTCICL) financial statements present TTCICL's 2025 financial results and financial position as of December 31, 2025.

Recommendations

It is recommended that the Audit Committee:

1. Receive the draft financial statements for the year ended December 31, 2025, and,

2. Forward the financial statements to the special meeting of directors on July 22, 2026 for approval; and to the City Manager, in accordance with the May 8, 2012 City Council Directive.

Financial Summary

There is no financial impact resulting from the adoption of the recommendations in this report.

The TTC Insurance Company Treasurer has reviewed this report and agrees with the financial impact information.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

At its meeting of June 21, 2007, the board of directors of TTC Insurance Company Ltd. established an Audit Committee comprising of all the directors.

Issue Background

As part of its responsibilities, the Audit Committee shall review and discuss the financial statements of TTCICL before forwarding to the special meeting of directors.

Comments

The draft financial statements for TTC Insurance Company Limited for the year ended December 31, 2025 are attached for review.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Attachments

Attachment 1 - Draft Financial Statements for TTC Insurance Company Limited for Year Ended December 31, 2025.

Attachment 1

Financial Statements of

TTC INSURANCE COMPANY LIMITED

Year ended December 31, 2025

In Canadian dollars

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of TTC Insurance Company Limited

Opinion

We have audited the financial statements of TTC Insurance Company Limited (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 19, 2025

TTC INSURANCE COMPANY LIMITED

Statement of Financial Position (in Canadian dollars)
As at December 31

	2025 ($)	2024 ($)
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	2,700,000	2,700,000
Interest receivable	6,619	20,248
Indemnities receivable from the		
Toronto Transit Commission (notes 4c and 6)	129,937,000	122,720,000
City of Toronto (notes 4e and 6)	28,742,000	25,984,000
Total Financial Assets	161,385,619	151,424,248
LIABILITIES		
Accounts payable	6,619	20,248
Unsettled accident claims liabilities (note 5)	158,679,000	148,704,000
Advance from Toronto Coach Terminal Inc. (notes 6, 7 and 10)	2,600,000	2,600,000
Total Liabilities	161,285,619	151,324,248
Net Financial Assets	100,000	100,000
Accumulated Surplus (note 8)	100,000	100,000

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

On behalf of the Board of Directors:

______________________ Director

______________________ Director

TTC INSURANCE COMPANY LIMITED

Statement of Operations and Accumulated Surplus (in Canadian dollars)
Year ended December 31

	2025 Budget (Note 12) ($)	2025 ($)	2024 ($)
REVENUE			
Premium from the Toronto Transit Commission	2	2	2
Interest income	139,050	90,195	141,207
Total Revenue	139,052	90,197	141,209
EXPENSES			
Assessment fee to the Financial Services Regulatory Authority of Ontario	24,000	4,459	23,495
Management fee to the Toronto Transit Commission (note 10)	115,052	85,738	117,714
Total Expenses	139,052	90,197	141,209
Surplus for the Year	-	-	-
Accumulated Surplus - Beginning of Year	100,000	100,000	100,000
Accumulated Surplus - End of Year	100,000	100,000	100,000

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

TTC INSURANCE COMPANY LIMITED

Statement of Cash Flows (in Canadian dollars)
Year ended December 31

	2025	2024
	($)	($)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from bank interest and premium	103,826	133,890
Cash paid for management fee	(99,367)	(110,395)
Cash paid for Financial Services Regulatory Authority assessment	(4,459)	(23,495)
Net cash flow from operating activities	-	-
Increase/(decrease) in cash and cash equivalents during year	-	-
Cash and cash equivalents, beginning of the year	2,700,000	2,700,000
Cash and cash equivalents, end of the year	2,700,000	2,700,000

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

1. NATURE OF OPERATIONS

TTC Insurance Company Limited (the "Company") was incorporated on March 9, 1994 under the Ontario Corporations Act to provide insurance coverage for compulsory automobile personal injury and accident benefit claims for the Toronto Transit Commission ("TTC"). On June 1, 2021, the Company's licence was amended to allow the Company to provide insurance coverage to the City of Toronto (the "City") for claims arising on or after January 1, 2022.

The Company is a subsidiary of Toronto Coach Terminal Inc. ("TCTI"), with its ultimate parent company being the TTC. The TTC is an agency of the City.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation and Presentation

These financial statements are prepared in accordance with the Public Sector Accounting Standards (PSAS). As a government organization, the Company uses PSAS as it does not have public debt or equity instruments, its assets are not held in a fiduciary capacity and the Company does not have commercial type-operations. Also, PSAS meets the needs of the Company's financial statement users as PSAS is also used by the TTC and its parent, TCTI.

In accordance with PS 1150 Generally Accepted Accounting Principles, and in the absence of specific guidance under PSAS, relevant guidance from other primary sources of generally accepted accounting principles were referenced for the measurement and presentation of unsettled accident claims liabilities.

The Company follows the recommendations of Section PS 1201 - Financial Statement Presentation. Financial statement presentation for assets and liabilities is based on the concept of net debt. A Statement of Change in Net Debt has not been presented as the Company does not have any non-financial assets and does not generate a surplus or deficit. Therefore, the presentation of a Statement of Change in Net Debt would not provide any information that could not be obtained from the Statement of Financial Position or the Statement of Operations and Accumulated Surplus. Since the Company holds all investments in the form of cash and cash equivalents, a Statement of Remeasurement Gains and Losses has not been presented.

(b) Measurement Uncertainty

Unsettled accident claims are subject to measurement uncertainty. The recognized amounts of such items are based on the Company's best information and judgment. Estimates and other judgments are continuously evaluated based on management's experience and expectations about future events. Any variation in the ultimate insurance liability incurred will be offset by a corresponding change in the indemnities receivable and recognized in the current period.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of funds on deposit with a chartered bank or money market instruments, such as treasury bills and bankers' acceptances, which are readily convertible to cash on short notice.

(d) **Insurance Contracts**
Insurance contracts for accounting purposes is defined as those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk arises when the Company agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. Significant risk is defined as the possibility of having to pay significantly more in a scenario where the insured event occurs than when it does not occur.

Due to the indemnity agreements received from the TTC and the City (see note 3), the contract issued by the Company does not, in substance, transfer any insurance risk. Accordingly, the contract is recognized as a service contract. Accident claims paid and their reimbursement under the indemnity agreements are not reflected on the Statement of Operations and Accumulated Surplus.

(e) **Unsettled Accident Claims**
Unsettled accident claims reflect an actuarial assessment of the automobile claims liability on the basis mandated by the Financial Services Regulatory Authority of Ontario. When a TTC- related claim is reported, a case reserve is established by adjusters and lawyers employed by the TTC. A case reserve is also established by the adjusters and lawyers contracted by the City for City-related claims. The liability includes an actuarially estimated provision for claims incurred but not yet reported and internal and external adjustment expenses. Claims provisions are first discounted to reflect the time value of money and provisions for adverse deviations are added in accordance with accepted actuarial practice and the requirements of the Financial Services Regulatory Authority of Ontario (FSRAO).

(f) **Revenue Recognition**
Interest earned from funds on deposit is recorded as interest income on an accrual basis.

(g) **Income Taxes**
Pursuant to section 149(1)(d) of the Income Tax Act (Canada), the Company is exempt from federal income tax. As a result, no tax provision has been recorded in these financial statements.

(h) **Related Parties**
Related party transactions are defined, disclosed and recorded at the exchange amount in accordance with Public Sector Accounting Standards 2200 – Related Party Disclosures and 3420 – Inter-entity Transactions.

(i) **Contingencies**
In the normal course of its operations the Company is subject to various litigations and claims. Where the potential economic outflow is determinable, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional or potential changes to claims will be disclosed in the period during which the receipt of economic outflow is probable. Where the potential economic inflow exists, the nature, and where practicable, the amount of the transaction is disclosed if the inflow of economic benefits is probable. No gain is recognized during the financial year unless the receipt of consideration is virtually certain.

3. CASH AND CASH EQUIVALENTS

Pursuant to the guarantee agreement with the City described in note 4(d), the Company is required to maintain cash or securities available for payment of current liabilities equal to the greater of $350,000 or one month's claims and operating expenses (all self-insured retention payments are processed through the TTC). The cash and cash equivalents amount restricted for this purpose at December 31, 2025 is approximately $2,700,000 (2024 - $2,400,000).

4. LICENSE AND INDEMNITIES RECEIVABLE

The Company received a license on July 12, 1994 from the Financial Services Commission of Ontario (currently Financial Services Regulatory Authority of Ontario) subject to the conditions outlined in the Provincial Order in Council dated July 6, 1994.

On March 11, 2021, the Provincial Order in Council was amended to allow the Company to also underwrite automobile insurance risks of the City of Toronto, subject to the following amended conditions:

(a) the Company maintain, in aggregate, a paid-up capital and unimpaired surplus of not less than $100,000;

(a) the Company limit exclusively its underwriting to the automobile insurance risks of the City of Toronto, excluding all of the boards, commissions and special purpose entities of the City of Toronto except for the Toronto Transit Commission;

(c) the 1994 indemnity agreement between the TTC and the Company, whereby the Company is to be reimbursed by the TTC for all current and future costs and expenditures including all claims under the policies, continue and be in full force and effect; and

(d) the complete and full guarantee to the Company from the City of TTC's liabilities and obligations under the indemnity agreement remains in full force and effect; and

(e) the indemnity agreement between the City and the Company, whereby the Company is to be reimbursed by the City for all current and future costs and expenditures including all claims under the City's policies, continue and be in full force and effect.

The Company's licence was amended on June 1, 2021, and the related policy forms and endorsements were approved by FSRAO on November 19, 2021 with an effective date of January 1, 2022.

As a result of the indemnity agreements and the City guarantee, the Company does not bear insurance risk, as any change in the Company's unsettled accident claims would be offset by a corresponding change in the balance of the indemnities receivable. For this reason, disclosures on specific insurance risks have not been made.

5. UNSETTLED ACCIDENT CLAIMS LIABILITIES

Unsettled accident claims are established to reflect all liabilities associated with the insurance policies at the reporting date. The ultimate cost of these liabilities will vary from

Notes to Financial Statements (in Canadian dollars), page 4

the best estimate made by management for a variety of reasons, including additional information with respect to the facts and circumstances of the claims incurred.

Case Reserves

Unsettled accident claims are based on the case reserves set by claims adjusters for each individual claim. These specialists apply their knowledge and expertise, after taking available information regarding the circumstances of the claim into account, to set individual case reserve estimates. The Company bases such estimates on the facts available at the time the reserves are established.

Incurred But Not Reported

An incurred but not reported provision "IBNR" is then added to the case reserves as uncertainty exists on reported claims, because, for example, full information on case files may not be available at the valuation date, or losses have been incurred but are not yet reported. Therefore, the Company relies upon historical information and statistical models, to estimate the IBNR liability.

The Company estimates its IBNR reserve by considering reported claims trends, claims severity, exposure growth, and other relevant factors to adjust expected losses for all accident years, including periods both before and after the COVID 19 pandemic. The estimated time required to identify and settle claims is a significant input in establishing the reserve. The IBNR reserve is reviewed and updated on a regular basis as additional information becomes available.

Time Value of Money and Provision for Adverse Deviation

The provision is discounted to take into account the time value of money and a provision for adverse deviation "PFAD" is added, as recommended by standard actuarial practice. Assumptions regarding the anticipated timing of future payments and an appropriate discount rate are made by management. As uncertainty exists with respect to the determination of these discounted estimates, an explicit PFAD is made for potential claims development. A PFAD is selected based on guidance developed by the Canadian Institute of Actuaries.

The following table summarizes the effects of the time value of money and PFADs on the unsettled accident claims and claims adjustment costs.

Unpaid claims and claims adjustment costs:	**City**	**TTC**	**2025**	**2024**
Undiscounted	28,697,000	134,590,000	**163,287,000**	149,208,000
Time Value of Money adjustment	(2,869,000)	(16,596,000)	**(19,465,000)**	(14,706,000)
Discounted (before PFAD)	25,828,000	117,994,000	**143,822,000**	134,502,000
PFAD adjustment	2,914,000	11,943,000	**14,857,000**	14,202,000
Discounted	**28,742,000**	**129,937,000**	**158,679,000**	**148,704,000**

As at December 31, 2025, the interest rate used in determining the time value of money was 4.35% (December 31, 2024 – 3.07%). The selected rate is derived from the yield curve

Notes to Financial Statements (in Canadian dollars), page 5

published by Fiera Capital and reflects the relatively illiquid nature of projected unpaid losses, for which no active or observable trading market exists.

Measurement Uncertainty and Assumption Sensitivity

Significant measurement uncertainty exists with respect to the undiscounted and discounted balances as a significant number of assumptions are necessary to determine such estimates as described above. Final claim payments may differ from the computed provisions, particularly when payments may not occur for several years. Any such adjustments to the provision will be reflected in the results for the year during which the adjustments are made.

Given the diversity and number of the assumptions involved, quantifying the individual assumptions that are more likely than others to have a significant impact on the measurement of the Company's unsettled accident claims is impractical.

Claims Development

The Company completes an annual evaluation of the adequacy of unpaid claims and claims adjustment costs at the end of each financial year. This evaluation includes a re-estimation of the liability for unpaid claims and claims adjustment costs relating to each preceding financial year compared to the liability that was originally established. The results of this comparison and the changes in the unpaid claims and claims adjustment costs for the years ended December 31, 2025 and 2024 were as follows:

	City	TTC	2025	2024
Unsettled accident claims, beginning of year	25,984,000	122,720,000	**148,704,000**	143,051,000
Net claims and claims adjustment costs				
Incurred related to current year	8,791,000	37,267,000	**46,057,000**	42,178,000
Incurred related to prior years	(1,327,000)	(11,094,000)	**(12,421,000)**	(17,407,000)
Settled related to current year	(131,000)	(1,167,000)	**(1,297,000)**	(1,907,000)
Settled related to prior years	(4,575,000)	(17,789,000)	**(22,364,000)**	(17,211,000)
Unsettled accident claims, end of year	**28,742,000**	**129,937,000**	**158,679,000**	**148,704,000**

Based on the indemnity agreements described in note 4(c) and 4(e), there is no net impact on the Company as a result of the claims development as any adverse claims development, would be offset by an increase in the indemnities receivable. As a result, a claims development table is not presented in these financial statements.

6. FINANCIAL INSTRUMENTS

The major financial instruments held by the Company are indemnities receivable from the TTC and the City and an advance from TCTI. The indemnities receivable from the TTC and the City corresponds with the unsettled accident claims. These receivable arose from the indemnity agreements described in note 4(c) and 4(e). The payment of these receivable by the TTC and the City is also covered by a separate guarantee agreement issued by the City. The Company considers the carrying value of the indemnities receivable and the amortized cost of the advance from TCTI to be approximately equivalent to their fair value. The maturity of

the indemnities receivable from the TTC and the City are directly linked to the maturity of Company's unsettled accident claims, resulting in the Company having negligible liquidity and interest risk. The Company has low credit risk due to the guarantee agreement between the City and the Company and does not face market risk, or currency risk.

All other financial assets and liabilities such as cash and cash equivalents, interest receivable and accounts payable are short-term in nature and the carrying values of these financial instruments approximate their fair value. The liquidity risk on cash and cash equivalents is considered negligible as it is readily convertible to cash on short notice.

7. ADVANCE FROM TORONTO COACH TERMINAL INC.

The advance from TCTI is measured at cost and is due on demand, unsecured and non-interest bearing.

8. ACCUMULATED SURPLUS

The accumulated surplus consists of 1,000 common shares with a par value of $100 each.

9. INSURANCE LEVELS

The Company provides the minimum limits of insurance, as required by statute, and is fully recoverable from the TTC and the City. Both entities have purchased excess insurance to cover claims in excess of $5,000,000.

10. RELATED PARTY TRANSACTIONS

The TTC provides all management and administrative services necessary to support the operations of the Company. Related party transactions are recorded at the exchange amount. The expense incurred for the year for these services was $85,738 (2024 - $117,714) and this has been reflected in the statement of operations and accumulated surplus.

The total advance from TCTI as of December 31, 2025 was $2,600,000 (2024 - $2,600,000).

The Company recognized indemnities receivable from the TTC in the amount of $129,937,000 (2024 - $122,720,000) and the City in the amount of $28,742,000 (2024 - $25,984,000) as part of the Company's indemnity agreements described in note 4, the amount of which is equivalent to the accident claims assumed by the Company.

11. COMMITMENTS AND CONTINGENCIES

The Company is a party to a number of legal proceedings in the ordinary course of its business. While there exists an inherent difficulty in predicting the outcome of such matters, based on current knowledge and consultation with legal counsel, management does not expect that the outcome of any of these matters, individually or in aggregate, would have a material adverse impact on the Company's financial position. In management's opinion, the Company has made adequate provision for all claims and legal proceedings.

12. BUDGET FIGURES

The budget in the statement of operations and changes in the accumulated surplus was approved by the Board on December 10, 2025.

For Action

Appointment of External Auditor

Date: July 22, 2026
To: TTC Insurance Company Limited Audit Committee
From: President & General Counsel, TTC Insurance Company Limited

Summary

The purpose of this report is to appoint an auditor for TTC Insurance Company Limited (TTCICL). Audit services are required to complete the annual financial audit pursuant to Section 102 of the Insurance Act (Ontario).

Recommendations

It is recommended that the Audit Committee:

1. Appoint KPMG LLP to perform the 2026 financial year-end audit of TTC Insurance Company Limited, and

2. Forward this report to the Shareholders for approval.

Financial Summary

$38,000 is included in the TTC's 2026 Operating Budget to fund external audit fees, as approved by the TTC Board at its meeting on January 7, 2026 and Toronto City Council at its meeting February 10, 2026. Sufficient funds will be included in future years' operating budgets, as appropriate.

This report has no financial implications beyond what is included in the 2026 Operating Budget.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

On July 23, 2025, City Council authorized the Auditor General to enter into an agreement with KPMG LLP to perform the annual financial statement audits for the years 2025 to 2030 inclusive. TTCICL has adopted the auditor as delegated by the Board and approved by the City of Toronto.

Issue Background

In accordance with the Section 102 of Insurance Act (Ontario), a statement of the condition of affairs of the Company shall be accompanied by a report of an auditor prepared in the manner required by the Superintendent.

Comments

The City negotiated fixed price fees for external audit services to TTC Insurance Company Limited for the five-year duration of the contract awarded to KPMG. These fees were allocated to TTCICL at a cost of $38,000 for 2025.The amount budgeted for 2026 is $38,000.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Attachments

None

For Information

Director Query – TTC Level of Effort Required to Support TTCICL

Date: July 22, 2026
To: TTC Insurance Company Limited Audit Committee
From: President & General Counsel, TTC Insurance Company Limited

Summary

At its meeting of December 10, 2025, a question raised by TTCICL Director Osborne concerning the level of effort required by TTC staff in support of TTCICL as follows:

"Recognizing that the fees for TTCICL are just moving money from one pocket to the other, what is the level of effort for administrative support services provided by TTC to TTCICL?"

Financial Summary

There is no financial impact of this report.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Comments

As per the financial statements of TTCICL, the TTC provides Management Services to TTCICL. These services are recognized in the Statement of Operations as an expense of TTCICL. Note 10 of the financial statements also provides explanation as follows:

> ***RELATED PARTY TRANSACTIONS***
> *The TTC provides all management and administrative services necessary to support the operations of the Company. Related party transactions are recorded at the exchange amount. The quarterly expense incurred for these services was $70,027 (September 30, 2024 - $111,231) and this has been reflected in the statement of operations and accumulated surplus.*

In terms of level of effort, various departments within TTC were polled to provide an estimate of the services provided in support of the administration of TTCICL. Table 1 highlights the departments providing services, a brief description of the services and level of effort required expressed as fraction of FTE (Full Time Equivalent) staff.

Table 1

Department	Staff	FTE	Summary Service
Financial Statements	Sr. Accounting Analyst	0.05-0.75	• Financial Statement Preparation • Coordinate with external auditors and auditors actuary
	Manager	0.01-0.02	
Treasury	Risk Manager	0.15	• Quarterly regulatory filings and materials • Coordinate with external actuary • AGM materials preparation
Claims Department	Director Claims	0.10-0.15	• Claims management
	Claims Manager	1.00	• Auto claims
	Casualty Manager	0.30	• Tort and Casualty claims
	Adjusters	6.00	• Auto claims – adjusting and legal
	Support staff	2.00	• Auto claims – payment support etc
TOTAL		**9.61-9.695**	

From the above, administrative support from TTC to the TTCICL is approximately 10 FTE's.

Excluded from Table 1 are Board members of TTCICL as well as any adjusting and legal support required for the City of Toronto, who provide these services internally as a result of their own self-insured retentions.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

For Action

Actuarial Financial Review

Date: July 22, 2026
To: TTC Insurance Company Limited Board of Directors
From: President & General Counsel, TTC Insurance Company Limited

Summary

As required under Subsection 121.17(1) of the Insurance Act (Ontario), the Appointed Actuary for TTC Insurance Company Limited is required to meet with the Board of Directors at least annually to report on the financial position of the Company and present its report on the expected financial future condition of the Company.

Recommendations

It is recommended that the Board of Directors:

1. Receive the attached summary from the Annual Actuarial Report (Attachment A), and,

2. Approve the attached Financial Condition Testing (FCT) report that forecasts the expected future financial condition of TTC Insurance Company Limited (Attachment B) as prepared by the Company's Appointed Actuary Michel Trudeau of Deloitte.

Financial Summary

There is no financial impact resulting from the adoption of the recommendations in this report.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

Following the conclusion of a successful RFP, as of September 15, 2025, TTCICL accepted the resignation of Mr. Benny Chan, FCIA and has appointed a new actuary for the period 2025-2029. Mr. Michel Trudeau, FCIA, of Deloitte, is the Appointed Actuary for TTCICL.

Issue Background

Subsection 121.17(1) of the Insurance Act (Ontario) states that “an actuary of the insurer shall meet with the directors of the insurer or, if the directors so choose, with the audit committee of the insurer at least once during each fiscal year”. The Appointed Actuary provides an actuarial estimate of reserves for outstanding claims for the Company.

Comments

As required by the Insurance Act (Ontario), the Appointed Actuary for TTC Insurance Company Limited shall report on the financial position of the Company and present the results of the Expected Future Financial Condition report to the Board of Directors.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Attachments

Attachment A - Executive Summary from the Annual Actuarial Report
Attachment B - Financial Condition Testing Report

Attachment A

Executive Summary

This report summarizes the liabilities for insurance contracts that were issued by TTC Insurance Company Limited ("Company" or "TTCICL") on or prior December 31, 2025 (the "Valuation Date").

TTCICL is a provincially registered insurance company providing mandatory automobile insurance for vehicles operated by the Toronto Transit Commission ("TTC") and the City of Toronto ("CoT").

The Company issues two annual Ontario Automobile insurance policies ("OAP-1") to three named insureds:

- TTC;
- Toronto Transit Infrastructure Limited (formerly Toronto Transit Consultants Limited); and
- Toronto Coach Terminal Inc.

One policy covers heavy commercial vehicles owned and operated by TTC (TAP-A policy), and the other one covers all revenue and non-revenue vehicles (TAP-B policy).

In 2022, the Company also started providing automobile insurance to the City of Toronto. Like TTC, the vehicles are covered under two separate policies: one covering vehicles under 4,500Kg (TAP-C policy); and the other covering heavy vehicles exceeding 4,500Kg (TAP-D policy).

All policies are issued for a one-year term from January 1 to December 31 of every calendar which coincides with the Company's financial year and consequently there is no unexpired coverage at the close of every financial year.

As a subsidiary of TTC, which itself is an agency of the City of Toronto, it is subject to accounting standards that are applicable to public sector entities and therefore for this valuation the International Public Accounting Standards ("IPSAS") issued by the International Public Sector Accounting Standard Board ("IPSASB") are applicable.

The valuation methodology is like the previous year dependent on a review and analysis of the reported emergence of incurred and paid losses accumulated at the end of each financial year.

The Company's claims development history is used to forecast estimates of the nominal value of claims remaining to be paid after the Valuation Date. The nominal value of those claims is then discounted with a provision for adverse deviation to obtain the amount recognized at the end of the financial year for the Company's obligation for unpaid claims.

At December 31, 2025, our estimate of the unpaid claims (the "Unpaid Claims") and the unexpired policies (the "Unexpired Policies") is respectively $158.7M and $0M. At December 31, 2024, those provisions were respectively $148.7M and $0M. The breakdown of the Unpaid Claims liability being as follows:

Table 1
Estimated Liability for Unpaid Claims
December 31, 2025
(000's)

Accident Year	Reported Cumulative Incurred Losses	Reported Cumulative Paid Losses	Case Adjusted Liabilities [2]-[3]	Estimated Ultimate Losses	Estimated Provision for IBNR & IBNER [5]-[2]	NOMINAL Unpaid Claims Liabilities [5]-[3]	ACTUAL PRESENT VALUE of Unpaid Claims Liabilities	DISCOUNTED Unpaid Claims Liabilities (Incl. PfAD)
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
2016 & Prior	449,752	445,508	4,244	452,063	2,311	6,555	6,172	6,819
2017	14,427	13,212	1,215	15,384	957	2,171	2,008	2,217
2018	16,091	13,340	2,751	17,583	1,492	4,243	3,900	4,288
2019	16,905	14,681	2,224	19,239	2,334	4,558	4,163	4,598
2020	9,117	6,156	2,961	10,926	1,809	4,770	4,327	4,787
2021	8,257	4,971	3,286	10,541	2,284	5,570	5,021	5,534
2022	14,425	7,910	6,515	20,171	5,746	12,261	10,972	12,154
2023	20,542	8,795	11,747	33,093	12,551	24,298	21,518	23,852
2024	20,375	6,047	14,328	42,455	22,079	36,407	31,886	35,440
2025	9,213	1,297	7,916	41,914	32,702	40,617	34,557	38,458
Total	579,105	521,917	57,188	663,369	84,264	141,452	124,525	138,148
Estimated Internal Loss Adjustment Expenses:					21,835	21,835	19,298	20,531
Total Amount of Estimated Liability Provision for Unpaid Claims:			57,188		106,099	163,287	143,822	158,679

Expression of Opinion

To the policyholders and shareholders of TTC Insurance Company Limited (the "Company"):

I have valued the insurance contract liabilities of the Company for its financial statements prepared in accordance with International Public Accounting Standards for the year ended December 31, 2025.

In my opinion, the amounts recorded for insurance contract liabilities are appropriate for this purpose. The valuation conforms to accepted actuarial practice in Canada and the financial statements fairly present the results of the valuation.

Michel Trudeau FCIA
Consulting Actuary
Deloitte LLP
Toronto
February 12, 2026

Attachment B

Deloitte LLP
200-8 Adelaide St. West
Toronto, Ontario
Canada M5H 0A9
www.deloitte.ca

TTC Insurance Company Limited

Report of the Appointed Actuary

FINANCIAL CONDITION TESTING

December 31, 2025

Prepared by: Michel Trudeau FCIA
Date: June 26, 2026

Deloitte LLP
200-8 Adelaide St. West
Toronto, Ontario
Canada M5H 0A9
www.deloitte.ca

Friday , June 26, 2026

Mr. Mark Cosgrove, MA (Econ) MBA, CRM
Risk Manager, Treasury Services - Finance
Toronto Transit Commission
1900 Yonge Street, 3rd floor
Toronto, Ontario
Canada M4S-1Z2

Re: Financial Condition Testing – December 31, 2025

Dear Mark:

As requested, find enclosed a copy of our report related to the annual assessment of future financial condition for TTC Insurance Company Limited (the "Company"). The assessment was completed over a 3-year prospective period following the close of the most recent Company's fiscal year ending December 31, 2025.

The report should be provided to the Company's Board of Directors for their review before being submitted to the Financial Services Regulatory Authority of Ontario ("FSRA"). Following the Board's review, the report should be submitted to FSRA by no later than December 31, 2026.

Sincerely,

Michel Trudeau FCIA
Consulting Actuary
Deloitte LLP

c.c.
Karl Meissner-Roloff – Deloitte Partner
Puneet Bassi – Deloitte Manager

Table of Contents

Executive Summary

As a registered general insurance company in Ontario, TTC Insurance Company Limited (the "Company" or "TTCICL") is required to complete at least once a year an assessment of its future financial condition. The assessment measures the Company's ability to sustain the impact of plausible adverse scenarios over a prospective period immediately following the close of its most recent financial year.

The prospective period used for this assessment is the 3-year period from January 1, 2026, to December 31, 2028 (the "Forecast Period") and the assessed financial position is the one reported at the close of the most recent financial year ending on December 31, 2025.

For this assessment, the range of plausible adverse scenarios varies from events that could threaten the solvency of the Company and events that could threaten its ability to continue operating on a going concern basis. Under such assessment, the financial condition of the Company is deemed satisfactory if throughout the Forecast Period the Company maintains:

1) assets that exceed its liabilities under severe scenarios that could threaten its solvency;
2) a regulatory capital ratio that meets or exceeds the minimum regulatory capital ratio under scenarios that could threaten its ability to continue operating on a going concern basis; and
3) a capital ratio that meets or exceeds the Company's internal capital target when pursuing its base operating plan (the "Base Scenario").

For this assessment, the Company has a unique insurance profile since the scope of its insurance underwriting activities is limited to providing automobile insurance to the Toronto Transit Commission ("TTC") and the City of Toronto ("CoT") with such insurance being fully indemnified by TTC and CoT.

The scope of indemnification provided by TTC and CoT is such that the Company has inherently no risk of defaulting on its insurance obligations and therefore the Company is expected to maintain a satisfactory financial condition despite potential threats to its solvency and threats to its ability to operate on a going concern basis.

We also tested the Company's expected financial condition under a Base Scenario where liabilities would continue to grow over the Forecast Period at an average rate of 5% per annum which is consistent with the underlying claim's trend of the more recent years. We also assumed that in 2026, the liabilities would be subject to additional growth to reflect the added exposure related to increased services required when the City of Toronto is hosting matches for the FIFA World Cup.

The Company having inherently no insurance and investment risk given the terms of the indemnity agreements provided by TTC and CoT, the required capital margins under the regulatory formula are very small such that even when using an internal minimum capital target of 150%, the Company is expected to maintain a satisfactory financial condition throughout the Forecast Period under its Base Scenario.

Based on those considerations the Company's future financial condition over the Forecast Period is expected to be satisfactory and no additional management actions is recommended to minimize the financial impact of plausible adverse scenarios on the Company's capital resources.

Expression of Opinion

To the policyholders and shareholders of TTC Insurance Company Limited (the "Company"):

I have completed my investigation of the future financial condition of the Company in accordance with accepted actuarial practice in Canada for the reported financial position on December 31, 2025.

I have examined the Company's projected future financial positions under several scenarios for a 3-year forecast period beyond the fiscal period ended December 31, 2025. I have used the internal capital target for the Company as part of my study.

In my opinion, the future financial condition is satisfactory, and the analysis conforms to accepted actuarial practice in Canada.

Michel Trudeau
Fellow of the Canadian Institute of Actuaries
Toronto
June 26, 2026

Introduction

Purpose and scope

The purpose of this report is:

- to inform the Company's management of the implications of the business plan on capital and provide guidance on the significant risks to which the Company could be exposed;
- to satisfy the requirements of the Insurance Act (Ontario); and
- to recommend courses of action that may mitigate any plausible threats to the Company's future financial condition.

The scope of this report is to assess the financial condition of the Company during the Forecast Period (from January 1, 2026, to December 31, 2028), in accordance with the standards of practice of the Canadian Institute of Actuaries and the regulatory requirements of the Financial Services Regulatory Authority of Ontario ("FSRA").

Distribution and use

This report has been prepared for the Company's internal use and its filing requirements with FSRA under the Ontario Insurance Act.

This report is confidential in nature. It may be distributed to any regulator in a jurisdiction where the Company operates or intends to obtain a license. Furthermore, the Company may distribute this report to its parent company and its external auditor.

Distribution beyond the intended audience is permitted if it is authorized by the Company and the recipient acknowledges that they are a third party to this report.

Any use which a third party makes of this report, or any reliance on, or decisions to be made based on it, are the responsibility of such third parties. Deloitte accepts no responsibility for damages suffered by any third party because of decisions or actions made based on this report.

Definitions

1) MCT means Minimum Capital Test.
2) Minimum regulatory capital requirement means a 100% MCT ratio.
3) The supervisory MCT target ratio for the Company is 150%.
4) A solvency scenario is a plausible adverse scenario if it is credible and has a non-trivial probability of occurring. Generally regarded as an event that has less than 1% probability of occurring.
5) A going-concern scenario is an adverse scenario that is more likely to occur and/or less severe than a solvency scenario. Generally regarded as an event that has less than 10% probability of occurring.
6) Surplus and (shareholder) equity and, fiscal and financial year, are used interchangeably in this report.

Role of the Appointed Actuary

Mr. Michel Trudeau as the Appointed Actuary of the Company is required by applicable insurance legislation to report on the expected future financial condition of the Company in accordance with accepted actuarial practice in Canada.

The Assessment Process

A base scenario (the "Base Scenario") for the Forecast Period is initially developed and assessed against the potential impact of twelve broad categories of risks from which individual events could adversely affect the financial condition of the Company. The twelve broad categories of risks that are considered are:

1. The risk of increased claim frequency and claim severity either as an individual or joint event;
2. The risk of misestimating the liabilities for incurred claims;
3. The risk of inflation exceeding the level of inflation recognized in the Base Scenario;
4. The risk that the volume and mix of business might change;
5. The risk associated with reinsurance held;
6. The risk associated with markets and credit;
7. The risk associated with expenses;
8. The risk associated with potential Government and/or political intervention affecting the current business model;
9. The risk associated with assets and/or liabilities that are not reflected on the balance sheet;
10. The risk associated with related companies;
11. The risk associated with climate change; and
12. The risk associated with technology and cyber environment.

For each of the risk categories, we subjected the Company to a plausible adverse scenario and determined if its equity would remain positive and its MCT would stay above 100% throughout the Forecast Period. We also checked that minimum capital requirements would be met under the going-concern scenarios.

In our investigation, we evaluated the adverse scenarios against FSRA's supervisory MCT target score of 150% and reported any scenario in which the Company's MCT score could fall below 150%.

Data Reliance

We used the 2025 Annual Statement and the 2025 Appointed Actuary's Report that the Company submitted to FSRA. The Company does not produce a business plan but for the purpose of assessing the potential impact of plausible adverse scenario we developed a base scenario based on a projection of future claims liabilities which is an appropriate approach given the Company's profile for its insurance portfolio. The Company is expected to continue its operations in a manner consistent with recent years.

Materiality

The materiality standard we used in this report is $3.2 million or approximately 2.0% of the Company's assets at the end of 2025. The standard used in the prior assessment was $2.9 million.

Variability of Actuarial Estimates

There is a limitation on the accuracy of actuarial forecasts as there is inherent uncertainty in any estimate of future premiums, claims, expenses, investment incomes, taxes, and regulatory reserves required.

The emphasis of the actuarial forecast is to measure the marginal change in equity and capital adequacy under various adverse scenarios and determine if the Company can continue to discharge its insurance obligations. The actual results may differ from the expected results due to the risks previously identified. The Base Scenario represents the best estimate forecast.

Actuarial Present Value and Rounding

All reserves are calculated on an actuarial present value basis. Figures in this report may differ slightly from figures on detailed worksheets due to rounding.

Changes from Last Year's Report

There are no material changes from last year's report.

International Financial Reporting Standard (IFRS)

TTCICL's arrangements with its named insureds, which provide for full reimbursement of claims incurred, are not considered insurance contracts under IFRS. TTCICL treats premiums and losses from its named insureds as deposits and payables, respectively; unpaid claims are classified as Other Liabilities with corresponding receivables from its named insureds. The measurement will continue to follow the guidance under applicable accounting standards, but not International Financial Reporting Standard 17.

Base Scenario

Company Operations

The Company is a registered general insurance company in Ontario. It was incorporated in 1994, and its main purpose is to provide liability cards to vehicles operated by TTC and the City of Toronto. The Company is a wholly owned subsidiary of Toronto Coach Terminal Inc. which itself is a wholly owned subsidiary of Toronto Transit Commission.

For TTC automobile insurance needs, the Company issues two annual Ontario Automobile insurance policies ("OAP-1") to three named insureds:

- TTC;
- Toronto Transit Infrastructure Limited (formerly Toronto Transit Consultants Limited); and
- Toronto Coach Terminal Inc.

One policy covers heavy commercial vehicles owned and operated by TTC (TAP-A policy), and the other one covers all revenue and non-revenue vehicles (TAP-B policy).

In 2022, the Company also started providing automobile insurance to the City of Toronto. Like TTC, the vehicles are covered under two separate policies: one covering vehicles under 4,500 kg (TAP-C policy); and the other covering heavy vehicles exceeding 4,500 kg (TAP-D policy).

All policies are issued for a one-year term from January 1 to December 31 of every calendar year which coincides with the Company's financial year and consequently there is no unexpired coverage at the close of every financial year.

The Company entered into an indemnification agreement with TTC on July 13, 1994, providing full indemnification for future insurance and insurance previously purchased from Markel Insurance Company, which has since been assumed by the Company when it started its insurance operations in 1994. The Company also entered into an indemnification agreement with the City of Toronto on February 8, 2019, before issuing automobile insurance to City of Toronto.

Under each indemnification agreement, TTC and CoT fully indemnify the Company for:

1) all claims incurred under the insurance policies issued by the Company;
2) all operating expenses incurred by the Company in connection with the insurance policies issued by the Company;
3) all assessments and other liabilities payable to the Facility Association ("FA"), the Property and Casualty Insurance Compensation Corporation ("PACCIC") or the Financial Services Commission of Ontario (or its successor) in connection with the insurance policies issued by the Company;
4) all costs of liquidation of the Company;
5) all fines and penalties of the Company in connection with the insurance policies issued by the Company; and
6) all other liabilities of the Company incurred in connection with the insurance policies issued by the Company.

Furthermore, indemnification survives the expiration or cancellation of the insurance policies and remains in force and in effect after such expiration or cancellation.

The coverage is limited to the statutory limit required for public vehicles in each province where the accident occurs. There is a Special Endorsement (occurrence reimbursement endorsement) attached to each policy. This endorsement effectively places a $5 million per occurrence deductible on each policy.

As a subsidiary of TTC, which itself is an agency of the City of Toronto, the Company is subject to accounting standards that are applicable to public sector entities and therefore for this assessment the International Public Sector Accounting Standards ("IPSAS") issued by the International Public Sector Accounting Standards Board ("IPSASB") are applicable.

Reinsurance Structure

The policyholders have two layers of excess liability insurance coverage ($150 million excess of $250 million and $245 million excess of $5 million per occurrence) for both auto and general liability. However, this excess liability insurance does not apply to accident benefits claims. If an accident benefits claim should exceed $5 million (and since it is not covered by external insurance), the policyholders unconditionally guarantee to reimburse the Company for all claims and expenses exceeding $5 million.

Recent Financial Position

On December 31, 2025, the Company had total assets of $161.4M that included $2.7M held in cash and cash equivalent securities and $158.7M in receivables from TTC and CoT for claims that have been incurred but are still open.

The total liabilities are $161.3M, which are related to the estimated cost of claims that have been incurred but are still open and the value of cash deposits received from TTC and CoT under their respective indemnification agreement.

The Company's equity is $100,000, corresponding to the paid-up value of preferred shares.

Recent and Future Changes

The 2015/16 Ontario automobile insurance reforms have reduced the cost of accident benefits and bodily injury claims.

In 2022, TTCICL started to insure the City of Toronto's vehicles. The new policies cover auto insurance claims from licensed vehicles owned by the City of Toronto. There is no insurance exposure from these policies as all claims and expenses are reimbursed by the City of Toronto.

Description of Base Scenario

We established a base scenario using the reported financial information on December 31, 2025. Since the Company is fully indemnified for claims and expenses paid over a financial year, the main financial exposure is associated with the growth in liabilities associated with claims incurred that do remain open at the end of a fiscal year.

For the Forecast Period, we estimated that the liabilities for claims would increase at the average annual rate of growth experienced in the last two years. The growth rate observed from 2023 to 2024 was 3.84% ($145.7M growing to $151.3M) and the rate of growth from 2024 to 2025 was 6.61% ($151.3M growing to $161.3M) for an average growth rate of 5.23%. We ultimately selected an average growth of 5.25% per year for the period of 2026 to 2028.

Furthermore, we made an additional adjustment to the liabilities estimated at the end of 2026 to account for the increased bus services that would be required in June and July when the City of Toronto is hosting matches for the FIFA World Cup. In that period, bus services are expected to increase by 30% and therefore the estimated impact to liabilities is projected to account for an additional 2.50% increase in overall claims incurred during the year that remain open on December 31, 2026.

Based on those assumptions, the liabilities reported on December 31, 2025, of $161.3M are expected to grow to:

Fiscal Year Ending	Estimated Liabilities at Fiscal Year-End
December 31, 2026	$174.01
December 31, 2027	$183.15
December 31, 2028	$192.77

The Company also incurs expenses for management services paid to TTC, which are expected to grow at a rate of 3% per year but since the investment income is set equal to the management fee there is no net income throughout the Forecast Period.

The Company maintains about one month of claim payments as its liquid resources which are treated as "cash held on premises" and have no credit risk for the purpose of the minimum capital test.

By Provincial Order in Council, the Company's license requires the Company to maintain capital of at least $100,000.

The Base Scenario is shown in Appendix 1.

External Peer Review Recommendations

An external peer review is not required by the Insurance Act (Ontario).

Analysis of Risk Categories

Claim Frequency and Severity Risk

All claims will be zero after indemnification from the named insureds and therefore this risk is not applicable.

Liability for Incurred Claims Risk

The Company has no policy liabilities. If Other Liabilities should increase, then there will be a corresponding increase in Other Receivables to offset the increase. This risk is immaterial.

Inflation Risk

This risk is not applicable as all claims will be zero after indemnification from the named insureds.

Volume and Mix of Business Risk

The sole purpose of the Company is to provide liability cards to the named insureds. There is no competition for these insureds. This risk is not applicable.

Reinsurance Held Risk

The Company has no reinsurance arrangements. This risk is not applicable.

Market and Credit Risk

The Company only holds cash. The impact of this risk is small because the amount of revenue is offset by an equal amount of management fees.

Expense Risk

The Company's expenses will be fully reimbursed by TTC and the City of Toronto. Thus, this risk is not applicable.

Government and Political Risk

If the regulator requires TTCICL to increase its capital to a normal level, then the named insureds of the Company could be forced to use an alternative carrier to issue liability cards, and the Company would have to start its run-off operation. The likelihood of any government and political changes within the Forecast Period is unlikely and therefore the risk is not expected to be significant.

Off-Balance-Sheet Risk

There are no off-balance sheet items.

Related Company Risk

The receivables are unconditionally guaranteed by both TTC and the City of Toronto. In the unlikely event that TTC is unable to meet its obligations to the Company, the City of Toronto will assume responsibility for these obligations. This risk is unlikely and therefore assumed to not be significant.

Climate-related Risk

All claims will be zero after indemnification from the named insureds. This risk is not applicable.

Technology and Cyber Risk

All claims will be zero after indemnification from the named insureds. This risk is not applicable.

Conclusions and Recommendations

Given indemnification secured from the named insureds (TTC and CoT), the Company is expected to meet its obligations to policyholders over the Forecast Period under plausible adverse scenarios that could threaten the solvency and the ability of an insurance entity to operate under a going-concern basis. Under the standard regulatory capital formula, the Company's required capital margins are very small and consequently the Company meets or exceeds an internal capital target of 150% under the regulatory capital formula.

Under those circumstances, the Company is expected to maintain a satisfactory financial condition throughout the Forecast Period and no additional management actions are recommended to minimize the financial impact of plausible adverse scenarios on the Company's capital resources.

Appendix 1

TTC Insurance Company Limited | Appendix 1 | BASE SCENARIO

Statement of Profit or Loss ($000)

	PC1 Page 20.22 Line	2024	2025	2026	2027	2028
		Actual	Actual	Forecast	Forecast	Forecast
Revenue from PAA Contracts	010	$0	$0	$0	$0	$0
Revenue from GMM Contracts (excluding VFA contracts)	020	$0	$0	$0	$0	$0
Revenue from VFA Contracts	030	$0	$0	$0	$0	$0
Total Insurance Revenue	099	$0	$0	$0	$0	$0
Insurance service expenses (ISE)	110	$0	$0	$0	$0	$0
Net expenses from reinsurance contracts held	120	$0	$0	$0	$0	$0
INSURANCE SERVICE RESULT (ISR)	199	**$0**	**$0**	**$0**	**$0**	**$0**
Interest revenue on financial assets not measured at FVTPL	220	$141	$90	$97	$102	$108
Net investment income excluding segregated funds	230	$0	$0	$0	$0	$0
Net investment income - segregated funds	240	$0	$0	$0	$0	$0
Provision for Credit Losses	250	$0	$0	$0	$0	$0
Investment Return	300	$0	$0	$0	$0	$0
Net finance income (expenses) from insurance contracts excl. segregated funds	310	$0	$0	$0	$0	$0
Net finance income (expenses) from segregated funds	315	$0	$0	$0	$0	$0
Net finance income (expenses) from reinsurance contracts held	320	$0	$0	$0	$0	$0
Movement in investment contract liabilities	330	$0	$0	$0	$0	$0
NET INVESTMENT RESULT	399	**$141**	**$90**	**$97**	**$102**	**$108**
Other Income	410	$0	$0	$0	$0	$0
Share of Net Income (Loss) of Equity Accounted Investees	415	$0	$0	$0	$0	$0
General and Operating Expenses	420	$141	$90	$97	$102	$108
OTHER INCOME AND EXPENSES	430	**-$141**	**-$90**	**-$97**	**-$102**	**-$108**
PROFIT (LOSS) BEFORE TAXES	440	**$0**	**$0**	**$0**	**$0**	**$0**
Current Taxes	450	$0	$0	$0	$0	$0
Deferred Taxes	460	$0	$0	$0	$0	$0
Total Income Taxes	499	$0	$0	$0	$0	$0
PROFIT (LOSS) AFTER TAXES	510	**$0**	**$0**	**$0**	**$0**	**$0**
Discontinued Operations (net of Income Taxes of $_______)	520	$0	$0	$0	$0	$0
NET INCOME (LOSS) FOR THE YEAR	999	**$0**	**$0**	**$0**	**$0**	**$0**

TTC Insurance Company Limited
Financial Condition Testing
December 31, 2025

TTC Insurance Company Limited | Appendix 1 | BASE SCENARIO

Assets ($000)

	PC1 Page 20.22 Line	2024	2025	2026	2027	2028
		Actual	Actual	Forecast	Forecast	Forecast
ASSETS:						
Cash and Cash Equivalents	01	$2,700	$2,700	$2,913	$3,066	$3,227
Accrued Investment Income	11	$20	$7	$15	$15	$16
Current Tax Assets	52	$0	$0	$0	$0	$0
Assets Held for Sale	50	$0	$0	$0	$0	$0
Asset for Insurance Acquisition Cash Flows	18	$0	$0	$0	$0	$0
Investments	14	$0	$0	$0	$0	$0
Equity Accounted Investees	15	$0	$0	$0	$0	$0
Financial Instrument Derivative Assets	16	$0	$0	$0	$0	$0
Insurance Contract Assets	62	$0	$0	$0	$0	$0
Reinsurance Contract Held Assets	64	$0	$0	$0	$0	$0
Investment Properties	17	$0	$0	$0	$0	$0
Property and Equipment	41	$0	$0	$0	$0	$0
Intangible Assets	56	$0	$0	$0	$0	$0
Goodwill	54	$0	$0	$0	$0	$0
Defined Benefit Pension Plan	58	$0	$0	$0	$0	$0
Segregated Funds Net Assets	60	$0	$0	$0	$0	$0
Deferred Tax Assets	44	$0	$0	$0	$0	$0
Other Assets	88	$148,704	$158,679	$171,185	$180,172	$189,631
Total Assets	89	**$151,424**	**$161,386**	**$174,113**	**$183,253**	**$192,874**

Investments Breakdown		2024	2025	2026	2027	2028
Short Term Investments		$0	$0	$0	$0	$0
Bonds		$0	$0	$0	$0	$0
Mortgage Loans		$0	$0	$0	$0	$0
Preferred Shares		$0	$0	$0	$0	$0
Common Stocks		$0	$0	$0	$0	$0
Other Loans		$0	$0	$0	$0	$0
Other Invested Assets		$0	$0	$0	$0	$0
Total		**$0**	**$0**	**$0**	**$0**	**$0**

TTC Insurance Company Limited | Appendix 1 | BASE SCENARIO

Liabilities and Equity ($000)

	PC1 Page 20.22 Line	2024	2025	2026	2027	2028
		Actual	Actual	Forecast	Forecast	Forecast
LIABILITIES:						
Provisions, Accruals and Other Liabilities	030	$151,324	$161,286	$174,013	$183,153	$192,774
Liabilities held for sale	040	$0	$0	$0	$0	$0
Current Tax Liabilities	050	$0	$0	$0	$0	$0
Encumbrances on Real Estate & Mortgage Loans	060	$0	$0	$0	$0	$0
Financial Instrument Derivative Liabilities	070	$0	$0	$0	$0	$0
Insurance Contract Liabilities						
Insurance Contract Liabilities – Excluding Segregated Funds	150	$0	$0	$0	$0	$0
Insurance Contract Liabilities - Segregated Fund Guarantees	155	$0	$0	$0	$0	$0
Insurance Contract Liabilities – Segregated Funds Net Liabilities	160	$0	$0	$0	$0	$0
Total Insurance Contract Liabilities	169	$0	$0	$0	$0	$0
Reinsurance Contract Held Liabilities						
Reins. Contract Held Liabilities – Excluding Segregated Funds	170	$0	$0	$0	$0	$0
Reins. Contract Held Liabilities - Segregated Fund Guarantees	175	$0	$0	$0	$0	$0
Reins. Contract Held Liabilities – Segregated Funds Net Liabilities	180	$0	$0	$0	$0	$0
Total Reinsurance Contract Held Liabilities	189	$0	$0	$0	$0	$0
Trust and Banking Deposits	080	$0	$0	$0	$0	$0
Other Debt	090	$0	$0	$0	$0	$0
Defined Benefit Pension Plan	110	$0	$0	$0	$0	$0
Employment Benefits (not including amounts in line above)	120	$0	$0	$0	$0	$0
Subordinated Debt	130	$0	$0	$0	$0	$0
Preferred shares - Debt	140	$0	$0	$0	$0	$0
Deferred Tax Liabilities	100	$0	$0	$0	$0	$0
Total Investment Contract Liabilities	199	$0	$0	$0	$0	$0
Liabilities before Policyholders' Liabilities	299	**$151,324**	**$161,286**	**$174,013**	**$183,153**	**$192,774**
Policyholders' Liabilities						
Residual Interest (Non-Stock)	310	$0	$0	$0	$0	$0
Participating Account	320	$0	$0	$0	$0	$0
Non-Participating Account (Non-Stock)	330	$0	$0	$0	$0	$0
Total Policyholders' Liabilities	359	$0	$0	$0	$0	$0
TOTAL LIABILITIES	399	**$151,324**	**$161,286**	**$174,013**	**$183,153**	**$192,774**
EQUITY						
CANADIAN INSURERS ONLY:						
Policyholders' Equity						
Residual Interest (Non-Stock)	410	$0	$0	$0	$0	$0
Participating Account	420	$0	$0	$0	$0	$0
Participating Account - Accumulated OCI (Loss)	430	$0	$0	$0	$0	$0
Non-Participating Account	440	$0	$0	$0	$0	$0
Non-Participating Account - Accumulated OCI (Loss)	450	$0	$0	$0	$0	$0
Total Policyholders' Equity	499	$0	$0	$0	$0	$0
Shareholders' Equity						
Common Shares	510	$100	$100	$100	$100	$100
Preferred Shares	520	$0	$0	$0	$0	$0
Contributed Surplus	530	$0	$0	$0	$0	$0
Other Capital	540	$0	$0	$0	$0	$0
Retained Earnings	550	$0	$0	$0	$0	$0
Nuclear and Other Reserves	560	$0	$0	$0	$0	$0
Accumulated Other Comprehensive Income (Loss)	570	$0	$0	$0	$0	$0
Total Shareholders' Equity	599	$100	$100	$100	$100	$100
Non-controlling Interests	620	$0	$0	$0	$0	$0
Total Equity	699	**$100**	**$100**	**$100**	**$100**	**$100**
TOTAL LIABILITIES AND EQUITY	799	**$151,424**	**$161,386**	**$174,113**	**$183,253**	**$192,874**

TTC Insurance Company Limited | Appendix 1 | BASE SCENARIO

MCT Ratio – Summary Calculations ($000)

	PC4 Page 10.00 Line	2024	2025	2026	2027	2028
		Actual	**Actual**	**Forecast**	**Forecast**	**Forecast**
Capital Available:						
Capital available	001	$100.00	$100.00	$100.00	$100.00	$100.00
Other (Specify)	005	$0.00	$0.00	$0.00	$0.00	$0.00
Total Capital Available	010	**$100.00**	**$100.00**	**$100.00**	**$100.00**	**$100.00**
Capital (Margin) Required at Target:						
Insurance Risk:						
Unexpired coverage	030	$0.00	$0.00	$0.00	$0.00	$0.00
Liability for incurred claims	035	$0.00	$0.00	$0.00	$0.00	$0.00
Earthquake and nuclear catastrophe reserves	040	$0.00	$0.00	$0.00	$0.00	$0.00
Reinsurance held with unregistered insurers	045	$0.00	$0.00	$0.00	$0.00	$0.00
Subtotal: Insurance risk	050	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Market Risk:						
Interest rate	055	$0.00	$0.00	$0.00	$0.00	$0.00
Foreign exchange	060	$0.00	$0.00	$0.00	$0.00	$0.00
Equity	065	$0.00	$0.00	$0.00	$0.00	$0.00
Real estate	070	$0.00	$0.00	$0.00	$0.00	$0.00
Other market exposures (including right-of-use assets)	075	$0.00	$0.00	$0.00	$0.00	$0.00
Subtotal: Market risk	080	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Credit Risk:						
Counterparty default for balance sheet items	085	$0.00	$0.00	$0.00	$0.00	$0.00
Counterparty default for off-balance sheet exposures	090	$0.00	$0.00	$0.00	$0.00	$0.00
Collateral held for Unreg. Reins. and self-insured retention	095	$0.00	$0.00	$0.00	$0.00	$0.00
Subtotal: Credit risk	100	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Operational risk	105	$0.00	$0.00	$0.00	$0.00	$0.00
Less: Diversification credit	110	$0.00	$0.00	$0.00	$0.00	$0.00
Total Capital (Margin) Required at Target	115	**$0.05**	**$0.02**	**$0.04**	**$0.04**	**$0.04**
Minimum Capital (Margin) Required (line 115 / 1.5)	120	$0.03	$0.01	$0.03	$0.03	$0.03
Other (Specify)	125	$0.00	$0.00	$0.00	$0.00	$0.00
Total Minimum Capital (Margin) Required	130	**$0.03**	**$0.01**	**$0.03**	**$0.03**	**$0.03**
Excess Capital over Minimum Capital (Margin) Required	135	**$99.97**	**$100.00**	**$100.00**	**$100.00**	**$100.00**
MCT (BAAT) Ratio (Line 10 (line 25) as a % of line 130)	140	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

TTC Insurance Company Limited | Appendix 1 | BASE SCENARIO

MCT Ratio – Capital Available ($000)

	PC4 Page 20.00 Line	2024	2025	2026	2027	2028
		Actual	Actual	Forecast	Forecast	Forecast
Capital Available:						
Qualifying category A common shares	001	$100	$100	$100	$100	$100
Contributed surplus	005	$0	$0	$0	$0	$0
Retained earnings	010	$0	$0	$0	$0	$0
Less: Accumulated net after-tax FV gains(losses) due to changes in own credit risk	015	$0	$0	$0	$0	$0
Unrealized net after-tax fair value gains (losses) on owner-occupied properties at conversion to IFRS - cost model	20	$0	$0	$0	$0	$0
Add:						
Accumulated net after-tax revaluation losses in excess of gains on owner-occupied properties - revaluation model	025	$0	$0	$0	$0	$0
Subtotal: Common shares, Contributed Surplus and R. Earnings net of adjustments	030	**$100**	**$100**	**$100**	**$100**	**$100**
Subtotal: Earthquake reserves net of adjustments	045	**$0**	**$0**	**$0**	**$0**	**$0**
Nuclear reserves	050	$0	$0	$0	$0	$0
General and contingency reserves	055	$0	$0	$0	$0	$0
Accumulated other comprehensive income (loss)	060	$0	$0	$0	$0	$0
Less:						
Accumulated net after-tax fair value gains (losses) on cash flow hedges that are not fair valued on the balance sheet	065	$0	$0	$0	$0	$0
Accumulated net after-tax fair value gains (losses) due to changes in the company's own credit risk	070	$0	$0	$0	$0	$0
Accumulated net after-tax unrealized gains on owner-occupied properties - revaluation surplus	080	$0	$0	$0	$0	$0
Subtotal: Nuclear, General reserves and AOCI net of adjustments	085	**$0**	**$0**	**$0**	**$0**	**$0**
Residual interest of owner-policyholder of mutual entities - Classified as equity	090	$0	$0	$0	$0	$0
Residual interest of owner-policyholder of mutual entities - Classified as liabilities	091	$0	$0	$0	$0	$0
Qualifying category B instruments - Non-cumulative perpetual preferred shares	095	$0	$0	$0	$0	$0
Qualifying category B instruments - Other	100	$0	$0	$0	$0	$0
Qualifying category C instruments						
Subtotal: Net qualifying category C instruments	125	**$0**	**$0**	**$0**	**$0**	**$0**
Non-controlling interests	130	$0	$0	$0	$0	$0
Other (Specify)	135	$0	$0	$0	$0	$0
Subtotal: Capital available before deductions and additions	140	**$100**	**$100**	**$100**	**$100**	**$100**
Deductions:						
Interests in non-qualifying subsidiaries	145	$0	$0	$0	$0	$0
Interests in associates	150	$0	$0	$0	$0	$0
Interests in joint ventures and limited partnerships with more than 10% ownership	155	$0	$0	$0	$0	$0
Loans considered as capital to non-qualifying subsidiaries	160	$0	$0	$0	$0	$0
Loans considered as capital to associates	165	$0	$0	$0	$0	$0
Loans considered as capital to joint ventures and limited partnerships > 10% ownership	170	$0	$0	$0	$0	$0
Receivables and recoverables from unreg. insurers not covered by acceptable collateral	175	$0	$0	$0	$0	$0
Self-insured retentions requires collateral and no collateral has been received	180	$0	$0	$0	$0	$0
Assets for insurance acquisition cash flows	181	$0	$0	$0	$0	$0
Unamortized IACF other than those arising from commissions and premium taxes	185	$0	$0	$0	$0	$0
Goodwill (net of eligible deferred tax liability)	190	$0	$0	$0	$0	$0
Intangible assets, including computer software (net of eligible deferred tax liability)	195	$0	$0	$0	$0	$0
Deferred tax assets excluding those arising from temporary differences	200	$0	$0	$0	$0	$0
Net defined benefit pension plan surplus asset, net of available refunds	205	$0	$0	$0	$0	$0
Investments in own capital instruments not derecognized for accounting purposes	215	$0	$0	$0	$0	$0
Reciprocal cross holdings in the capital of financial entities	220	$0	$0	$0	$0	$0
Specify	225	$0	$0	$0	$0	$0
Subtotal: Deductions to capital available	230	**$0**	**$0**	**$0**	**$0**	**$0**
Additions:						
Net Contractual service margin (CSM) associated with title insurance contracts	235	$0	$0	$0	$0	$0
Net Contractual service margin from portfolio transfers on or prior to June 30, 2019	240	$0	$0	$0	$0	$0
Subtotal: Additions to capital available	245	**$0**	**$0**	**$0**	**$0**	**$0**
Total Capital Available	250	**$100**	**$100**	**$100**	**$100**	**$100**

TTC Insurance Company Limited | Appendix 1 | BASE SCENARIO

Capital Required for Credit Risk ($000)

Capital / Margin Required $000	PC4 Page 40.00 Line	Risk	2024	2025	2026	2027	2028
		Factor	Actual	Actual	Forecast	Forecast	Forecast
CAPITAL REQUIRED FOR SELECTED BALANCE SHEET ITEMS							
Cash held on premises	001	0.00%	$0.00	$0.00	$0.00	$0.00	$0.00
Cash other	005	0.25%	$0.00	$0.00	$0.00	$0.00	$0.00
Investment Income Due and Accrued	010	2.50%	$0.05	$0.02	$0.04	$0.04	$0.04
Investments:							
Long-Term Obligations incl. Term Deposits, Bonds, etc.	015		$0.00	$0.00	$0.00	$0.00	$0.00
Short-Term Obligations including Commercial Paper	020		$0.00	$0.00	$0.00	$0.00	$0.00
Asset-Backed Securities	025		$0.00	$0.00	$0.00	$0.00	$0.00
Loans (at amortized cost):							
First mortgages on residential dwellings	030	4.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Commercial and residential mortgages (not included above)	035	10.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Mortgages secured by undeveloped land	040	15.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Subsidiaries, Associates & Joint Ventures (Not capital)	045	45.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Unamortized insurance ACF related to A&S business	050	45.0%					
Other loans	055		$0.00	$0.00	$0.00	$0.00	$0.00
Adjustments for Loans	060		$0.00	$0.00	$0.00	$0.00	$0.00
Preferred Shares	065		$0.00	$0.00	$0.00	$0.00	$0.00
Other Investments	070	10.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Receivables:							
Government Grade	075	0.0%	$0.00	$0.00	$0.00	$0.00	$0.00
FARM and Uninsured Automobile Fund	080	0.7%	$0.00	$0.00	$0.00	$0.00	$0.00
Agents, Brokers, Policyholders, Associates, etc.							
- Outstanding less than 60 days	085	5.0%	$0.00	$0.00	$0.00	$0.00	$0.00
- Outstanding 60 days or more	090	10.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Insurers							
- Registered Associated (Intra-group pooling approved)	095	0.0%	$0.00	$0.00	$0.00	$0.00	$0.00
- Registered Associated (Non Intra-group pooling approved)	100	0.7%	$0.00	$0.00	$0.00	$0.00	$0.00
- Registered Non-associated	105	0.7%	$0.00	$0.00	$0.00	$0.00	$0.00
- Unregisted	110		$0.00	$0.00	$0.00	$0.00	$0.00
Recoverables from Reinsurers:							
- Registered Associated (non intra-group)							
Premiums for unexpired coverage (approved intra-group)	115	0.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Premiums for unexpired coverage (excl. approved intra-group)	120	2.5%	$0.00	$0.00	$0.00	$0.00	$0.00
Asset for incurred claims (approved intra-group)	125	0.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Asset for incurred claims (excl. approved intra-group)	130	2.5%	$0.00	$0.00	$0.00	$0.00	$0.00
- Registered Non-Associated							
Premiums for unexpired coverage	135	2.5%	$0.00	$0.00	$0.00	$0.00	$0.00
Asset for incurred claims	140	2.5%	$0.00	$0.00	$0.00	$0.00	$0.00
- Unregistered	145		$0.00	$0.00	$0.00	$0.00	$0.00
Other Recoverables including SIRs not deducted from capital	150	20.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Deferred Tax Assets arising from temporary differences	155	10.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Assets held for sale	160		$0.00	$0.00	$0.00	$0.00	$0.00
Other Assets	165	10.0%	$0.00	$0.00	$0.00	$0.00	$0.00
Total			**$0.05**	**$0.02**	**$0.04**	**$0.04**	**$0.04**

For Action

Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2025

Date: July 22, 2026
To: TTC Insurance Company Limited Board of Directors
From: President & General Counsel, TTC Insurance Company Limited

Summary

The TTC Insurance Company Limited's (TTCICL) financial statements present TTCICL's 2025 financial results and financial position as of December 31, 2025.

Recommendations

It is recommended that the Board of Directors:

1. Approve the attached financial statements of TTC Insurance Company Limited for the year ended December 31, 2025 and,

2. Forward the approved financial statements to the shareholders on July 22, 2026 for information; and to the City Manager, in accordance with the May 8, 2012 City Council Directive.

3. For December 31, 2026, it is recommended that the Board delegate authority to any two officers of TTCICL to approve the Financial Statements for the purposes of issuing the external audit opinion to meet the FSRA annual P&C regulatory filing deadline.

Financial Summary

There is no financial impact resulting from the adoption of the recommendations in this report.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

TTC Insurance Company Limited's By-Law No. 1 states that the affairs of the company shall be managed by the board of directors. It is the responsibility of the Board of Directors to review and approve the financial statements for the Company.

Issue Background

Financial statements for the Company are prepared annually for review and approval by the Board of Directors.

Comments

Approval of these financial statements as reviewed by the Audit Committee should be evidenced by the signatures of two directors on the Statement of Financial Position.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Attachments

Attachment 1 - Draft Financial Statements for TTC Insurance Company Limited for the Year Ended December 31, 2025.

Attachment 1

Financial Statements of

TTC INSURANCE COMPANY LIMITED

Year ended December 31, 2025

In Canadian dollars

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of TTC Insurance Company Limited

Opinion

We have audited the financial statements of TTC Insurance Company Limited (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 19, 2025

TTC INSURANCE COMPANY LIMITED

Statement of Financial Position (in Canadian dollars)
As at December 31

	2025 ($)	2024 ($)
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	2,700,000	2,700,000
Interest receivable	6,619	20,248
Indemnities receivable from the		
Toronto Transit Commission (notes 4c and 6)	129,937,000	122,720,000
City of Toronto (notes 4e and 6)	28,742,000	25,984,000
Total Financial Assets	161,385,619	151,424,248
LIABILITIES		
Accounts payable	6,619	20,248
Unsettled accident claims liabilities (note 5)	158,679,000	148,704,000
Advance from Toronto Coach Terminal Inc. (notes 6, 7 and 10)	2,600,000	2,600,000
Total Liabilities	161,285,619	151,324,248
Net Financial Assets	100,000	100,000
Accumulated Surplus (note 8)	100,000	100,000

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

On behalf of the Board of Directors:

______________________ Director

______________________ Director

TTC INSURANCE COMPANY LIMITED

Statement of Operations and Accumulated Surplus (in Canadian dollars)
Year ended December 31

	2025 Budget (Note 12) ($)	2025 ($)	2024 ($)
REVENUE			
Premium from the Toronto Transit Commission	2	2	2
Interest income	139,050	90,195	141,207
Total Revenue	139,052	90,197	141,209
EXPENSES			
Assessment fee to the Financial Services Regulatory Authority of Ontario	24,000	4,459	23,495
Management fee to the Toronto Transit Commission (note 10)	115,052	85,738	117,714
Total Expenses	139,052	90,197	141,209
Surplus for the Year	-	-	-
Accumulated Surplus - Beginning of Year	100,000	100,000	100,000
Accumulated Surplus - End of Year	100,000	100,000	100,000

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

TTC INSURANCE COMPANY LIMITED

Statement of Cash Flows (in Canadian dollars)
Year ended December 31

	2025 ($)	2024 ($)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from bank interest and premium	103,826	133,890
Cash paid for management fee	(99,367)	(110,395)
Cash paid for Financial Services Regulatory Authority assessment	(4,459)	(23,495)
Net cash flow from operating activities	-	-
Increase/(decrease) in cash and cash equivalents during year	-	-
Cash and cash equivalents, beginning of the year	2,700,000	2,700,000
Cash and cash equivalents, end of the year	2,700,000	2,700,000

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

1. NATURE OF OPERATIONS

TTC Insurance Company Limited (the "Company") was incorporated on March 9, 1994 under the Ontario Corporations Act to provide insurance coverage for compulsory automobile personal injury and accident benefit claims for the Toronto Transit Commission ("TTC"). On June 1, 2021, the Company's licence was amended to allow the Company to provide insurance coverage to the City of Toronto (the "City") for claims arising on or after January 1, 2022.

The Company is a subsidiary of Toronto Coach Terminal Inc. ("TCTI"), with its ultimate parent company being the TTC. The TTC is an agency of the City.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation and Presentation

These financial statements are prepared in accordance with the Public Sector Accounting Standards (PSAS). As a government organization, the Company uses PSAS as it does not have public debt or equity instruments, its assets are not held in a fiduciary capacity and the Company does not have commercial type-operations. Also, PSAS meets the needs of the Company's financial statement users as PSAS is also used by the TTC and its parent, TCTI.

In accordance with PS 1150 Generally Accepted Accounting Principles, and in the absence of specific guidance under PSAS, relevant guidance from other primary sources of generally accepted accounting principles were referenced for the measurement and presentation of unsettled accident claims liabilities.

The Company follows the recommendations of Section PS 1201 - Financial Statement Presentation. Financial statement presentation for assets and liabilities is based on the concept of net debt. A Statement of Change in Net Debt has not been presented as the Company does not have any non-financial assets and does not generate a surplus or deficit. Therefore, the presentation of a Statement of Change in Net Debt would not provide any information that could not be obtained from the Statement of Financial Position or the Statement of Operations and Accumulated Surplus. Since the Company holds all investments in the form of cash and cash equivalents, a Statement of Remeasurement Gains and Losses has not been presented.

(b) Measurement Uncertainty

Unsettled accident claims are subject to measurement uncertainty. The recognized amounts of such items are based on the Company's best information and judgment. Estimates and other judgments are continuously evaluated based on management's experience and expectations about future events. Any variation in the ultimate insurance liability incurred will be offset by a corresponding change in the indemnities receivable and recognized in the current period.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of funds on deposit with a chartered bank or money market instruments, such as treasury bills and bankers' acceptances, which are readily convertible to cash on short notice.

(d) **Insurance Contracts**
Insurance contracts for accounting purposes is defined as those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk arises when the Company agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. Significant risk is defined as the possibility of having to pay significantly more in a scenario where the insured event occurs than when it does not occur.

Due to the indemnity agreements received from the TTC and the City (see note 3), the contract issued by the Company does not, in substance, transfer any insurance risk. Accordingly, the contract is recognized as a service contract. Accident claims paid and their reimbursement under the indemnity agreements are not reflected on the Statement of Operations and Accumulated Surplus.

(e) **Unsettled Accident Claims**
Unsettled accident claims reflect an actuarial assessment of the automobile claims liability on the basis mandated by the Financial Services Regulatory Authority of Ontario. When a TTC- related claim is reported, a case reserve is established by adjusters and lawyers employed by the TTC. A case reserve is also established by the adjusters and lawyers contracted by the City for City-related claims. The liability includes an actuarially estimated provision for claims incurred but not yet reported and internal and external adjustment expenses. Claims provisions are first discounted to reflect the time value of money and provisions for adverse deviations are added in accordance with accepted actuarial practice and the requirements of the Financial Services Regulatory Authority of Ontario (FSRAO).

(f) **Revenue Recognition**
Interest earned from funds on deposit is recorded as interest income on an accrual basis.

(g) **Income Taxes**
Pursuant to section 149(1)(d) of the Income Tax Act (Canada), the Company is exempt from federal income tax. As a result, no tax provision has been recorded in these financial statements.

(h) **Related Parties**
Related party transactions are defined, disclosed and recorded at the exchange amount in accordance with Public Sector Accounting Standards 2200 – Related Party Disclosures and 3420 – Inter-entity Transactions.

(i) **Contingencies**
In the normal course of its operations the Company is subject to various litigations and claims. Where the potential economic outflow is determinable, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional or potential changes to claims will be disclosed in the period during which the receipt of economic outflow is probable. Where the potential economic inflow exists, the nature, and where practicable, the amount of the transaction is disclosed if the inflow of economic benefits is probable. No gain is recognized during the financial year unless the receipt of consideration is virtually certain.

3. CASH AND CASH EQUIVALENTS

Pursuant to the guarantee agreement with the City described in note 4(d), the Company is required to maintain cash or securities available for payment of current liabilities equal to the greater of $350,000 or one month's claims and operating expenses (all self-insured retention payments are processed through the TTC). The cash and cash equivalents amount restricted for this purpose at December 31, 2025 is approximately $2,700,000 (2024 - $2,400,000).

4. LICENSE AND INDEMNITIES RECEIVABLE

The Company received a license on July 12, 1994 from the Financial Services Commission of Ontario (currently Financial Services Regulatory Authority of Ontario) subject to the conditions outlined in the Provincial Order in Council dated July 6, 1994.

On March 11, 2021, the Provincial Order in Council was amended to allow the Company to also underwrite automobile insurance risks of the City of Toronto, subject to the following amended conditions:

(a) the Company maintain, in aggregate, a paid-up capital and unimpaired surplus of not less than $100,000;

(a) the Company limit exclusively its underwriting to the automobile insurance risks of the City of Toronto, excluding all of the boards, commissions and special purpose entities of the City of Toronto except for the Toronto Transit Commission;

(c) the 1994 indemnity agreement between the TTC and the Company, whereby the Company is to be reimbursed by the TTC for all current and future costs and expenditures including all claims under the policies, continue and be in full force and effect; and

(d) the complete and full guarantee to the Company from the City of TTC's liabilities and obligations under the indemnity agreement remains in full force and effect; and

(e) the indemnity agreement between the City and the Company, whereby the Company is to be reimbursed by the City for all current and future costs and expenditures including all claims under the City's policies, continue and be in full force and effect.

The Company's licence was amended on June 1, 2021, and the related policy forms and endorsements were approved by FSRAO on November 19, 2021 with an effective date of January 1, 2022.

As a result of the indemnity agreements and the City guarantee, the Company does not bear insurance risk, as any change in the Company's unsettled accident claims would be offset by a corresponding change in the balance of the indemnities receivable. For this reason, disclosures on specific insurance risks have not been made.

5. UNSETTLED ACCIDENT CLAIMS LIABILITIES

Unsettled accident claims are established to reflect all liabilities associated with the insurance policies at the reporting date. The ultimate cost of these liabilities will vary from

Notes to Financial Statements (in Canadian dollars), page 4

the best estimate made by management for a variety of reasons, including additional information with respect to the facts and circumstances of the claims incurred.

Case Reserves

Unsettled accident claims are based on the case reserves set by claims adjusters for each individual claim. These specialists apply their knowledge and expertise, after taking available information regarding the circumstances of the claim into account, to set individual case reserve estimates. The Company bases such estimates on the facts available at the time the reserves are established.

Incurred But Not Reported

An incurred but not reported provision "IBNR" is then added to the case reserves as uncertainty exists on reported claims, because, for example, full information on case files may not be available at the valuation date, or losses have been incurred but are not yet reported. Therefore, the Company relies upon historical information and statistical models, to estimate the IBNR liability.

The Company estimates its IBNR reserve by considering reported claims trends, claims severity, exposure growth, and other relevant factors to adjust expected losses for all accident years, including periods both before and after the COVID 19 pandemic. The estimated time required to identify and settle claims is a significant input in establishing the reserve. The IBNR reserve is reviewed and updated on a regular basis as additional information becomes available.

Time Value of Money and Provision for Adverse Deviation

The provision is discounted to take into account the time value of money and a provision for adverse deviation "PFAD" is added, as recommended by standard actuarial practice. Assumptions regarding the anticipated timing of future payments and an appropriate discount rate are made by management. As uncertainty exists with respect to the determination of these discounted estimates, an explicit PFAD is made for potential claims development. A PFAD is selected based on guidance developed by the Canadian Institute of Actuaries.

The following table summarizes the effects of the time value of money and PFADs on the unsettled accident claims and claims adjustment costs.

Unpaid claims and claims adjustment costs:	**City**	**TTC**	**2025**	**2024**
Undiscounted	28,697,000	134,590,000	**163,287,000**	149,208,000
Time Value of Money adjustment	(2,869,000)	(16,596,000)	**(19,465,000)**	(14,706,000)
Discounted (before PFAD)	25,828,000	117,994,000	**143,822,000**	134,502,000
PFAD adjustment	2,914,000	11,943,000	**14,857,000**	14,202,000
Discounted	**28,742,000**	**129,937,000**	**158,679,000**	**148,704,000**

As at December 31, 2025, the interest rate used in determining the time value of money was 4.35% (December 31, 2024 – 3.07%). The selected rate is derived from the yield curve

Notes to Financial Statements (in Canadian dollars), page 5

published by Fiera Capital and reflects the relatively illiquid nature of projected unpaid losses, for which no active or observable trading market exists.

Measurement Uncertainty and Assumption Sensitivity

Significant measurement uncertainty exists with respect to the undiscounted and discounted balances as a significant number of assumptions are necessary to determine such estimates as described above. Final claim payments may differ from the computed provisions, particularly when payments may not occur for several years. Any such adjustments to the provision will be reflected in the results for the year during which the adjustments are made.

Given the diversity and number of the assumptions involved, quantifying the individual assumptions that are more likely than others to have a significant impact on the measurement of the Company's unsettled accident claims is impractical.

Claims Development

The Company completes an annual evaluation of the adequacy of unpaid claims and claims adjustment costs at the end of each financial year. This evaluation includes a re-estimation of the liability for unpaid claims and claims adjustment costs relating to each preceding financial year compared to the liability that was originally established. The results of this comparison and the changes in the unpaid claims and claims adjustment costs for the years ended December 31, 2025 and 2024 were as follows:

	City	TTC	2025	2024
Unsettled accident claims, beginning of year	25,984,000	122,720,000	**148,704,000**	143,051,000
Net claims and claims adjustment costs				
Incurred related to current year	8,791,000	37,267,000	**46,057,000**	42,178,000
Incurred related to prior years	(1,327,000)	(11,094,000)	**(12,421,000)**	(17,407,000)
Settled related to current year	(131,000)	(1,167,000)	**(1,297,000)**	(1,907,000)
Settled related to prior years	(4,575,000)	(17,789,000)	**(22,364,000)**	(17,211,000)
Unsettled accident claims, end of year	**28,742,000**	**129,937,000**	**158,679,000**	**148,704,000**

Based on the indemnity agreements described in note 4(c) and 4(e), there is no net impact on the Company as a result of the claims development as any adverse claims development, would be offset by an increase in the indemnities receivable. As a result, a claims development table is not presented in these financial statements.

6. FINANCIAL INSTRUMENTS

The major financial instruments held by the Company are indemnities receivable from the TTC and the City and an advance from TCTI. The indemnities receivable from the TTC and the City corresponds with the unsettled accident claims. These receivable arose from the indemnity agreements described in note 4(c) and 4(e). The payment of these receivable by the TTC and the City is also covered by a separate guarantee agreement issued by the City. The Company considers the carrying value of the indemnities receivable and the amortized cost of the advance from TCTI to be approximately equivalent to their fair value. The maturity of

the indemnities receivable from the TTC and the City are directly linked to the maturity of Company's unsettled accident claims, resulting in the Company having negligible liquidity and interest risk. The Company has low credit risk due to the guarantee agreement between the City and the Company and does not face market risk, or currency risk.

All other financial assets and liabilities such as cash and cash equivalents, interest receivable and accounts payable are short-term in nature and the carrying values of these financial instruments approximate their fair value. The liquidity risk on cash and cash equivalents is considered negligible as it is readily convertible to cash on short notice.

7. ADVANCE FROM TORONTO COACH TERMINAL INC.

The advance from TCTI is measured at cost and is due on demand, unsecured and non-interest bearing.

8. ACCUMULATED SURPLUS

The accumulated surplus consists of 1,000 common shares with a par value of $100 each.

9. INSURANCE LEVELS

The Company provides the minimum limits of insurance, as required by statute, and is fully recoverable from the TTC and the City. Both entities have purchased excess insurance to cover claims in excess of $5,000,000.

10. RELATED PARTY TRANSACTIONS

The TTC provides all management and administrative services necessary to support the operations of the Company. Related party transactions are recorded at the exchange amount. The expense incurred for the year for these services was $85,738 (2024 - $117,714) and this has been reflected in the statement of operations and accumulated surplus.

The total advance from TCTI as of December 31, 2025 was $2,600,000 (2024 - $2,600,000).

The Company recognized indemnities receivable from the TTC in the amount of $129,937,000 (2024 - $122,720,000) and the City in the amount of $28,742,000 (2024 - $25,984,000) as part of the Company's indemnity agreements described in note 4, the amount of which is equivalent to the accident claims assumed by the Company.

11. COMMITMENTS AND CONTINGENCIES

The Company is a party to a number of legal proceedings in the ordinary course of its business. While there exists an inherent difficulty in predicting the outcome of such matters, based on current knowledge and consultation with legal counsel, management does not expect that the outcome of any of these matters, individually or in aggregate, would have a material adverse impact on the Company's financial position. In management's opinion, the Company has made adequate provision for all claims and legal proceedings.

12. BUDGET FIGURES

The budget in the statement of operations and changes in the accumulated surplus was approved by the Board on December 10, 2025.

Minutes

TTC Insurance Company Limited
Meeting of Shareholders (Special)

Meeting No.: 40a

Meeting Date: Wednesday, December 10, 2025

A virtual and in person meeting of the TTC Insurance Company Limited Shareholders was held on Wednesday, December 10, 2025 commencing at 10:57 a.m.

Present at Public Session

M. Atlas (Director, President and General Counsel), J. Montagnese (Director, Treasurer), A. Cerqueira (Director), F. Jagdeo (Director), J. Osborne (Director), M. Cosgrove (Secretary), C. Finnerty (Commission Services), L. Kim (Director, Chair) were present.

M. Atlas was in the Chair.

Declaration of Interest - Municipal Conflict of Interest Act

Nil

Minutes of the Previous Meeting

Nil.

Business Arising Out of the Minutes

Nil

Public Presentations

Nil

Notice of Motions

Nil

Motions Without Notice

Nil

Items of Which Notice Has Previously Been Given

Nil

Presentations/Reports/Other Business

(a) Election of Directors, Chair and Vice Chair

The Shareholders appointed the following to the Board for a one year term:

i) Fenton Jagdeo - Chair

ii) Julie Osborne

iii) Liane Kim

iv) John Montagnese - Vice-Chair

v) Michael Atlas

vi) Anthony Cerqueira

The report also recommended that all Directors sit on the Audit Committee.

(b) Receipt of Proxy Results and Notification & Consent - Shareholders received the proxy from the Toronto Coach Terminal Inc. to vote 970 common shares on its behalf at any Shareholders Meeting held during 2025.

The meeting adjourned at 10:58 a.m.

- APPROVED -

____
CHAIR

____
SECRETARY

Minutes

TTC Insurance Company Limited Meeting of Shareholders

Meeting No.: 40b

Meeting Date: Wednesday, December 10, 2025

A virtual and in person meeting of the TTC Insurance Company Limited Shareholders was held on Wednesday, December 10, 2025 commencing at 11:06 a.m.

Present at Public Session

M. Atlas (Director, President and General Counsel), J. Montagnese (Director, Treasurer), A. Cerqueira (Director), F. Jagdeo (Director), J. Osborne (Director), M. Cosgrove (Secretary), C. Finnerty (Commission Services), L. Kim (Director, Chair) were present.

M. Atlas was in the Chair.

Declaration of Interest - Municipal Conflict of Interest Act

Nil

Minutes of the Previous Meeting

The Board of Shareholders reviewed and approved the minutes of the Meeting of Shareholders No. 39 held on Thursday, June 20, 2024 and authorized the Chair and General Secretary to sign the same.

Business Arising Out of the Minutes

Nil

Public Presentations

Nil

Notice of Motions

Nil

Motions Without Notice

Nil

Presentations/Reports/Other Business

(a) Receipt of Financial Statements of TTCICL for the Year Ended December 31, 2024

The Shareholders received the financial statements of TTCICL for the year ended December 31, 2024.

(b) Appointment of External Auditor

The Shareholders approved the appointment of KPMG LLP for the provision of external audit services for the 2025 fiscal year.

(c) Appointment of Actuary

The shareholders were informed that following the conclusion of a successful RFP, as of September 15, 2025, TTCICL accepted the resignation of Mr. Benny Chan, FCIA and has appointed Mr. Michel Trudeau, FCIA, of Deloitte, as the Appointed Actuary for TTCICL for the period 2025-2029.

The meeting adjourned at 11:08 a.m.

- APPROVED -

____
CHAIR

____
SECRETARY

TTCICLS41.2

For Information

Receipt of Proxy Results and Notification & Consent

Date: July 22, 2026
To: TTC Insurance Company Limited Shareholders
From: President & General Counsel, TTC Insurance Company Limited

Summary

The Shareholders of the TTC Insurance Company Limited receives the proxy from the Toronto Coach Terminal Inc. to vote 970 common shares on its behalf at any Shareholders Meeting held during 2026.

Notification & Consent - Pursuant to the legal authority provided by the *Insurance Act*, R.S.O. 1990, c 1.8, s.102(6) that the Board is notified of the filing of information with TTCICL's Provincial Regulator, the Financial Services Regulatory Authority of Ontario (FSRAO), with respect to their name, address, and date of election. The principal purpose for which personal information is intended to be used is:

- to provide background information for conducting examinations of Insurance Companies and Reciprocal Exchanges and to consult with other regulatory bodies;
- to use and disclose such information for purposes which are consistent with the purposes set out in the previous clause.

The title, business address and business telephone number of the public official who can answer any individual's questions about the collection of personal information is:

Financial Services Regulatory Authority of Ontario
Market Conduct Division
25 Sheppard Avenue West, Suite 100
Toronto, ON M2N 6S6
Tel.: (416) 250-7250
Toll Free: 1-800-668-0128

Email: ccoupdates@fsrao.ca

Financial Summary

This report has no financial impact.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

At the meeting of the first directors of TTC Insurance Company Limited (TTCICL), held on June 14, 1994, the directors passed a motion to allot 1,000 common shares in the capital stock of the Company for a total subscription price of $100,000. The Subscribers and the number of shares subscribed for included 970 common shares to the Metropolitan Toronto Coach Terminal Inc., and 5 common shares to each of the six appointed directors.

Issue Background

TTC Insurance Company Limited was formed on March 9th, 1994 and given a licence to write automobile insurance on July 12, 1994. Its licence is limited to the insurance risks of the Toronto Transit Commission and, as amended, for the City of Toronto (i.e. TTCICL cannot sell automobile insurance to the general public or any other entity). This is to enable the TTC to comply with the Compulsory Automobile Insurance Act which requires an owner or lessee of a motor vehicle to be insured under a contract of automobile insurance.

Consent and Notification is a requirement of the FSRAO which must be attested by the president or secretary on an annual basis.

Comments

The Toronto Coach Terminal Inc. as the majority shareholder of the TTCICL, appoints the Chair of the TTCICL, or if an alternate is required, the Vice Chair of the TTCICL, as its proxy to vote 970 shares on its behalf at any Shareholders Meeting in 2025.

The Chair of the TTCICL votes on behalf of the Toronto Coach Terminal Inc. to manage the affairs of the Company.

At all meetings of directors, each director shall have one vote provided that upon an equal division the Chair shall have a second or casting vote.

The proxy will have been received from the Toronto Coach Terminal Inc. prior to this meeting.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Attachments

Attachment 1 - Proxy

Attachment 1

Proxy to be provided day of mtg

For Action

Election of Directors, Chair and Vice Chair

Date: July 22, 2026
To: TTC Insurance Company Limited Shareholders
From: President & General Counsel, TTC Insurance Company Limited

Summary

TTC Insurance Company Limited (TTCICL) was formed on March 9, 1994 and given a licence to write automobile insurance on July 12, 1994. Subject to Section 283(1) of the Corporations Act, R.S.O. 1990 C.38, the affairs of the company shall be managed by a board of directors.

The purpose of this report is for the shareholders of TTCICL to elect the Directors and appoint the Chair and the Vice Chair to manage the affairs of the company.

Recommendations

It is recommended that the shareholders:

1. Re-elect the following Directors for a one-year term.

Commissioners	Staff
Fenton Jagdeo	Anthony Cerqueira
Julie Osborne	John Montagnese
Liane Kim	Michael Atlas

2. Appoint Fenton Jagdeo as Chair and John Montagnese as Vice Chair for a one-year term.

3. Appoint all of the Directors to the Audit Committee.

Financial Summary

There is no financial impact resulting from the adoption of the recommendations in this report.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

TTC Insurance Company Limited’s By-Law No. 1 states that the affairs of the Company shall be managed by the board of directors which shall consist of six members. As recommended by outside counsel, the directors should be made up of three commissioners and three staff members.

The current slate of directors as appointed by the shareholders at its meeting of December 10, 2025, is as follows:

Commissioners	Staff
Fenton Jagdeo	Anthony Cerqueira
Liane Kim	John Montagnese
Julie Osborne	Michael Atlas

Chair and Vice Chair for December 10, 2025, are as follows:

Fenton Jagdeo	Chair
John Montagnese	Vice Chair

Issue Background

In accordance with the Corporations Act, R.S.O. 1990, Chapter C.36, Section 283 (1), which stipulates that the affairs of every corporation shall be managed by a board of directors howsoever designated, at the meeting of first directors of TTC Insurance Company Limited, held on June 14, 1994, the directors passed a motion that until otherwise determined the board of directors would consist of six members.

The board of directors shall be elected yearly for a one-year term at the annual meeting of shareholders or at a general meeting of the shareholders called for that purpose. A director shall continue to hold office until his successor is elected.

The Chair and Vice Chair of the board of directors shall be elected yearly for a one-year term at the annual meeting of shareholders or at a general meeting of the shareholders called for that purpose. A director shall continue to hold office until his successor is elected.

Comments

The shareholders shall elect three directors from the TTC board members and three staff members to comprise the new board of directors for TTC Insurance Company Limited. The shareholders shall elect a Chair and Vice Chair from the appointed board of directors for a one-year term.

In accordance with Ontario Regulation 123/08 made under the Insurance Act, the Conduct Review Committee will be comprised of at least three members, the majority of which shall not be affiliated with the insurer, and that none shall be officers of the insurer.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

For Information

Receipt of Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2025

Date: July 22, 2026
To: TTC Insurance Company Limited Shareholders
From: President & General Counsel, TTC Insurance Company Limited

Summary

The TTC Insurance Company Limited's (TTCICL) financial statements present TTCICL's 2025 financial results and financial position as of December 31, 2025.

Financial Summary

This report has no financial impact.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

At its meeting of December 10, 2025, the Shareholders received the financial statements of the TTC Insurance Company Limited for the 2024 fiscal year.

Comments

The audited and approved financial statements for the year ended December 31, 2025 are forwarded herewith by the Board of Directors.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Attachments

Attachment 1 – Financial Statements for TTC Insurance Company Limited for the Year Ended December 31, 2025

Attachment 1

Financial Statements of

TTC INSURANCE COMPANY LIMITED

Year ended December 31, 2025

In Canadian dollars

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of TTC Insurance Company Limited

Opinion

We have audited the financial statements of TTC Insurance Company Limited (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and accumulated surplus and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 19, 2025

TTC INSURANCE COMPANY LIMITED

Statement of Financial Position (in Canadian dollars)
As at December 31

	2025	2024
	($)	($)
FINANCIAL ASSETS		
Cash and cash equivalents (note 3)	2,700,000	2,700,000
Interest receivable	6,619	20,248
Indemnities receivable from the		
Toronto Transit Commission (notes 4c and 6)	129,937,000	122,720,000
City of Toronto (notes 4e and 6)	28,742,000	25,984,000
Total Financial Assets	161,385,619	151,424,248
LIABILITIES		
Accounts payable	6,619	20,248
Unsettled accident claims liabilities (note 5)	158,679,000	148,704,000
Advance from Toronto Coach Terminal Inc. (notes 6, 7 and 10)	2,600,000	2,600,000
Total Liabilities	161,285,619	151,324,248
Net Financial Assets	100,000	100,000
Accumulated Surplus (note 8)	100,000	100,000

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

On behalf of the Board of Directors:

______________________ Director

______________________ Director

TTC INSURANCE COMPANY LIMITED

Statement of Operations and Accumulated Surplus (in Canadian dollars)
Year ended December 31

	2025 Budget (Note 12) ($)	2025 ($)	2024 ($)
REVENUE			
Premium from the Toronto Transit Commission	2	2	2
Interest income	139,050	90,195	141,207
Total Revenue	139,052	90,197	141,209
EXPENSES			
Assessment fee to the Financial Services Regulatory Authority of Ontario	24,000	4,459	23,495
Management fee to the Toronto Transit Commission (note 10)	115,052	85,738	117,714
Total Expenses	139,052	90,197	141,209
Surplus for the Year	-	-	-
Accumulated Surplus - Beginning of Year	100,000	100,000	100,000
Accumulated Surplus - End of Year	100,000	100,000	100,000

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

TTC INSURANCE COMPANY LIMITED

Statement of Cash Flows (in Canadian dollars)
Year ended December 31

	2025 ($)	2024 ($)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from bank interest and premium	103,826	133,890
Cash paid for management fee	(99,367)	(110,395)
Cash paid for Financial Services Regulatory Authority assessment	(4,459)	(23,495)
Net cash flow from operating activities	-	-
Increase/(decrease) in cash and cash equivalents during year	-	-
Cash and cash equivalents, beginning of the year	2,700,000	2,700,000
Cash and cash equivalents, end of the year	2,700,000	2,700,000

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

1. NATURE OF OPERATIONS

TTC Insurance Company Limited (the "Company") was incorporated on March 9, 1994 under the Ontario Corporations Act to provide insurance coverage for compulsory automobile personal injury and accident benefit claims for the Toronto Transit Commission ("TTC"). On June 1, 2021, the Company's licence was amended to allow the Company to provide insurance coverage to the City of Toronto (the "City") for claims arising on or after January 1, 2022.

The Company is a subsidiary of Toronto Coach Terminal Inc. ("TCTI"), with its ultimate parent company being the TTC. The TTC is an agency of the City.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation and Presentation

These financial statements are prepared in accordance with the Public Sector Accounting Standards (PSAS). As a government organization, the Company uses PSAS as it does not have public debt or equity instruments, its assets are not held in a fiduciary capacity and the Company does not have commercial type-operations. Also, PSAS meets the needs of the Company's financial statement users as PSAS is also used by the TTC and its parent, TCTI.

In accordance with PS 1150 Generally Accepted Accounting Principles, and in the absence of specific guidance under PSAS, relevant guidance from other primary sources of generally accepted accounting principles were referenced for the measurement and presentation of unsettled accident claims liabilities.

The Company follows the recommendations of Section PS 1201 - Financial Statement Presentation. Financial statement presentation for assets and liabilities is based on the concept of net debt. A Statement of Change in Net Debt has not been presented as the Company does not have any non-financial assets and does not generate a surplus or deficit. Therefore, the presentation of a Statement of Change in Net Debt would not provide any information that could not be obtained from the Statement of Financial Position or the Statement of Operations and Accumulated Surplus. Since the Company holds all investments in the form of cash and cash equivalents, a Statement of Remeasurement Gains and Losses has not been presented.

(b) Measurement Uncertainty

Unsettled accident claims are subject to measurement uncertainty. The recognized amounts of such items are based on the Company's best information and judgment. Estimates and other judgments are continuously evaluated based on management's experience and expectations about future events. Any variation in the ultimate insurance liability incurred will be offset by a corresponding change in the indemnities receivable and recognized in the current period.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of funds on deposit with a chartered bank or money market instruments, such as treasury bills and bankers' acceptances, which are readily convertible to cash on short notice.

(d) **Insurance Contracts**
Insurance contracts for accounting purposes is defined as those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk arises when the Company agrees to compensate a policyholder if a specified uncertain future event adversely affects the policyholder. Significant risk is defined as the possibility of having to pay significantly more in a scenario where the insured event occurs than when it does not occur.

Due to the indemnity agreements received from the TTC and the City (see note 3), the contract issued by the Company does not, in substance, transfer any insurance risk. Accordingly, the contract is recognized as a service contract. Accident claims paid and their reimbursement under the indemnity agreements are not reflected on the Statement of Operations and Accumulated Surplus.

(e) **Unsettled Accident Claims**
Unsettled accident claims reflect an actuarial assessment of the automobile claims liability on the basis mandated by the Financial Services Regulatory Authority of Ontario. When a TTC- related claim is reported, a case reserve is established by adjusters and lawyers employed by the TTC. A case reserve is also established by the adjusters and lawyers contracted by the City for City-related claims. The liability includes an actuarially estimated provision for claims incurred but not yet reported and internal and external adjustment expenses. Claims provisions are first discounted to reflect the time value of money and provisions for adverse deviations are added in accordance with accepted actuarial practice and the requirements of the Financial Services Regulatory Authority of Ontario (FSRAO).

(f) **Revenue Recognition**
Interest earned from funds on deposit is recorded as interest income on an accrual basis.

(g) **Income Taxes**
Pursuant to section 149(1)(d) of the Income Tax Act (Canada), the Company is exempt from federal income tax. As a result, no tax provision has been recorded in these financial statements.

(h) **Related Parties**
Related party transactions are defined, disclosed and recorded at the exchange amount in accordance with Public Sector Accounting Standards 2200 – Related Party Disclosures and 3420 – Inter-entity Transactions.

(i) **Contingencies**
In the normal course of its operations the Company is subject to various litigations and claims. Where the potential economic outflow is determinable, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional or potential changes to claims will be disclosed in the period during which the receipt of economic outflow is probable. Where the potential economic inflow exists, the nature, and where practicable, the amount of the transaction is disclosed if the inflow of economic benefits is probable. No gain is recognized during the financial year unless the receipt of consideration is virtually certain.

3. CASH AND CASH EQUIVALENTS

Pursuant to the guarantee agreement with the City described in note 4(d), the Company is required to maintain cash or securities available for payment of current liabilities equal to the greater of $350,000 or one month's claims and operating expenses (all self-insured retention payments are processed through the TTC). The cash and cash equivalents amount restricted for this purpose at December 31, 2025 is approximately $2,700,000 (2024 - $2,400,000).

4. LICENSE AND INDEMNITIES RECEIVABLE

The Company received a license on July 12, 1994 from the Financial Services Commission of Ontario (currently Financial Services Regulatory Authority of Ontario) subject to the conditions outlined in the Provincial Order in Council dated July 6, 1994.

On March 11, 2021, the Provincial Order in Council was amended to allow the Company to also underwrite automobile insurance risks of the City of Toronto, subject to the following amended conditions:

(a) the Company maintain, in aggregate, a paid-up capital and unimpaired surplus of not less than $100,000;

(a) the Company limit exclusively its underwriting to the automobile insurance risks of the City of Toronto, excluding all of the boards, commissions and special purpose entities of the City of Toronto except for the Toronto Transit Commission;

(c) the 1994 indemnity agreement between the TTC and the Company, whereby the Company is to be reimbursed by the TTC for all current and future costs and expenditures including all claims under the policies, continue and be in full force and effect; and

(d) the complete and full guarantee to the Company from the City of TTC's liabilities and obligations under the indemnity agreement remains in full force and effect; and

(e) the indemnity agreement between the City and the Company, whereby the Company is to be reimbursed by the City for all current and future costs and expenditures including all claims under the City's policies, continue and be in full force and effect.

The Company's licence was amended on June 1, 2021, and the related policy forms and endorsements were approved by FSRAO on November 19, 2021 with an effective date of January 1, 2022.

As a result of the indemnity agreements and the City guarantee, the Company does not bear insurance risk, as any change in the Company's unsettled accident claims would be offset by a corresponding change in the balance of the indemnities receivable. For this reason, disclosures on specific insurance risks have not been made.

5. UNSETTLED ACCIDENT CLAIMS LIABILITIES

Unsettled accident claims are established to reflect all liabilities associated with the insurance policies at the reporting date. The ultimate cost of these liabilities will vary from

Notes to Financial Statements (in Canadian dollars), page 4

the best estimate made by management for a variety of reasons, including additional information with respect to the facts and circumstances of the claims incurred.

Case Reserves

Unsettled accident claims are based on the case reserves set by claims adjusters for each individual claim. These specialists apply their knowledge and expertise, after taking available information regarding the circumstances of the claim into account, to set individual case reserve estimates. The Company bases such estimates on the facts available at the time the reserves are established.

Incurred But Not Reported

An incurred but not reported provision "IBNR" is then added to the case reserves as uncertainty exists on reported claims, because, for example, full information on case files may not be available at the valuation date, or losses have been incurred but are not yet reported. Therefore, the Company relies upon historical information and statistical models, to estimate the IBNR liability.

The Company estimates its IBNR reserve by considering reported claims trends, claims severity, exposure growth, and other relevant factors to adjust expected losses for all accident years, including periods both before and after the COVID 19 pandemic. The estimated time required to identify and settle claims is a significant input in establishing the reserve. The IBNR reserve is reviewed and updated on a regular basis as additional information becomes available.

Time Value of Money and Provision for Adverse Deviation

The provision is discounted to take into account the time value of money and a provision for adverse deviation "PFAD" is added, as recommended by standard actuarial practice. Assumptions regarding the anticipated timing of future payments and an appropriate discount rate are made by management. As uncertainty exists with respect to the determination of these discounted estimates, an explicit PFAD is made for potential claims development. A PFAD is selected based on guidance developed by the Canadian Institute of Actuaries.

The following table summarizes the effects of the time value of money and PFADs on the unsettled accident claims and claims adjustment costs.

Unpaid claims and claims adjustment costs:	**City**	**TTC**	**2025**	**2024**
Undiscounted	28,697,000	134,590,000	**163,287,000**	149,208,000
Time Value of Money adjustment	(2,869,000)	(16,596,000)	**(19,465,000)**	(14,706,000)
Discounted (before PFAD)	25,828,000	117,994,000	**143,822,000**	134,502,000
PFAD adjustment	2,914,000	11,943,000	**14,857,000**	14,202,000
Discounted	**28,742,000**	**129,937,000**	**158,679,000**	**148,704,000**

As at December 31, 2025, the interest rate used in determining the time value of money was 4.35% (December 31, 2024 – 3.07%). The selected rate is derived from the yield curve

Notes to Financial Statements (in Canadian dollars), page 5

published by Fiera Capital and reflects the relatively illiquid nature of projected unpaid losses, for which no active or observable trading market exists.

Measurement Uncertainty and Assumption Sensitivity

Significant measurement uncertainty exists with respect to the undiscounted and discounted balances as a significant number of assumptions are necessary to determine such estimates as described above. Final claim payments may differ from the computed provisions, particularly when payments may not occur for several years. Any such adjustments to the provision will be reflected in the results for the year during which the adjustments are made.

Given the diversity and number of the assumptions involved, quantifying the individual assumptions that are more likely than others to have a significant impact on the measurement of the Company's unsettled accident claims is impractical.

Claims Development

The Company completes an annual evaluation of the adequacy of unpaid claims and claims adjustment costs at the end of each financial year. This evaluation includes a re-estimation of the liability for unpaid claims and claims adjustment costs relating to each preceding financial year compared to the liability that was originally established. The results of this comparison and the changes in the unpaid claims and claims adjustment costs for the years ended December 31, 2025 and 2024 were as follows:

	City	TTC	2025	2024
Unsettled accident claims, beginning of year	25,984,000	122,720,000	**148,704,000**	143,051,000
Net claims and claims adjustment costs				
Incurred related to current year	8,791,000	37,267,000	**46,057,000**	42,178,000
Incurred related to prior years	(1,327,000)	(11,094,000)	**(12,421,000)**	(17,407,000)
Settled related to current year	(131,000)	(1,167,000)	**(1,297,000)**	(1,907,000)
Settled related to prior years	(4,575,000)	(17,789,000)	**(22,364,000)**	(17,211,000)
Unsettled accident claims, end of year	**28,742,000**	**129,937,000**	**158,679,000**	**148,704,000**

Based on the indemnity agreements described in note 4(c) and 4(e), there is no net impact on the Company as a result of the claims development as any adverse claims development, would be offset by an increase in the indemnities receivable. As a result, a claims development table is not presented in these financial statements.

6. FINANCIAL INSTRUMENTS

The major financial instruments held by the Company are indemnities receivable from the TTC and the City and an advance from TCTI. The indemnities receivable from the TTC and the City corresponds with the unsettled accident claims. These receivable arose from the indemnity agreements described in note 4(c) and 4(e). The payment of these receivable by the TTC and the City is also covered by a separate guarantee agreement issued by the City. The Company considers the carrying value of the indemnities receivable and the amortized cost of the advance from TCTI to be approximately equivalent to their fair value. The maturity of

the indemnities receivable from the TTC and the City are directly linked to the maturity of Company's unsettled accident claims, resulting in the Company having negligible liquidity and interest risk. The Company has low credit risk due to the guarantee agreement between the City and the Company and does not face market risk, or currency risk.

All other financial assets and liabilities such as cash and cash equivalents, interest receivable and accounts payable are short-term in nature and the carrying values of these financial instruments approximate their fair value. The liquidity risk on cash and cash equivalents is considered negligible as it is readily convertible to cash on short notice.

7. ADVANCE FROM TORONTO COACH TERMINAL INC.

The advance from TCTI is measured at cost and is due on demand, unsecured and non-interest bearing.

8. ACCUMULATED SURPLUS

The accumulated surplus consists of 1,000 common shares with a par value of $100 each.

9. INSURANCE LEVELS

The Company provides the minimum limits of insurance, as required by statute, and is fully recoverable from the TTC and the City. Both entities have purchased excess insurance to cover claims in excess of $5,000,000.

10. RELATED PARTY TRANSACTIONS

The TTC provides all management and administrative services necessary to support the operations of the Company. Related party transactions are recorded at the exchange amount. The expense incurred for the year for these services was $85,738 (2024 - $117,714) and this has been reflected in the statement of operations and accumulated surplus.

The total advance from TCTI as of December 31, 2025 was $2,600,000 (2024 - $2,600,000).

The Company recognized indemnities receivable from the TTC in the amount of $129,937,000 (2024 - $122,720,000) and the City in the amount of $28,742,000 (2024 - $25,984,000) as part of the Company's indemnity agreements described in note 4, the amount of which is equivalent to the accident claims assumed by the Company.

11. COMMITMENTS AND CONTINGENCIES

The Company is a party to a number of legal proceedings in the ordinary course of its business. While there exists an inherent difficulty in predicting the outcome of such matters, based on current knowledge and consultation with legal counsel, management does not expect that the outcome of any of these matters, individually or in aggregate, would have a material adverse impact on the Company's financial position. In management's opinion, the Company has made adequate provision for all claims and legal proceedings.

12. BUDGET FIGURES

The budget in the statement of operations and changes in the accumulated surplus was approved by the Board on December 10, 2025.

TTCICLS41.5

For Action

Appointment of External Auditor

Date: July 22, 2026
To: TTC Insurance Company Limited Shareholders
From: President & General Counsel, TTC Insurance Company Limited

Summary

The purpose of this report is to seek approval for the appointment of the external auditor for the 2026 fiscal year. Audit services are required to complete the annual financial audit pursuant to Section 102 of the Insurance Act (Ontario).

Recommendations

It is recommended that the Shareholders:

1. Approve the appointment of KPMG for the provision of external audit services for the 2026 fiscal year.

Financial Summary

$38,000 is included in the TTC's 2026 Operating Budget to fund external audit fees, as approved by the TTC Board at its meeting on January 7, 2026 and Toronto City Council at its meeting on February 10, 2026.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

On July 23, 2025, City Council authorized the Auditor General to enter into an agreement with KPMG LLP to perform the annual financial statement audits for the years 2025 to 2030 inclusive.

At the December 10, 2025 TTC Insurance Company Limited Audit Committee meeting, the Committee approved the delegation of authority for the approval for the appointment of a new auditor to the President. KPMG LLP was the auditor selected by TTC Insurance Company Limited to perform the 2025 financial year-end audit.

Issue Background

Audit services are required to complete the annual financial audit pursuant to Section 102 of the Insurance Act (Ontario).

Comments

The City awarded RFP for audit services, which will apply to the TTC Insurance Company Limited, to KPMG LLP on July 23, 2025 for the years 2025 to 2030 inclusive. The fees currently budgeted by TTCICL are $38,000 for 2026.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

TTCICLS41.6

For Information

Appointment of Actuary

Date: July 22, 2026
To: TTC Insurance Company Limited Shareholders
From: President & General Counsel, TTC Insurance Company Limited

Summary

The purpose of this report is to inform TTC Insurance Company Limited (TTCICL) Shareholders that TTCICL has retained an Actuary for services to cover the period 2025–2029.

Financial Summary

Sufficient funds in the amount of $30,000, are included in the TTC’s 2026 operating budget, as approved by the Board and approved by City of Toronto Council. Sufficient funds will be included in future years’ operating budgets as appropriate.

Decision History

Following the conclusion of a successful RFP, as of September 15, 2025, TTCICL accepted the resignation of Mr. Benny Chan, FCIA and has appointed a new actuary for the period 2025-2029. Mr. Michel Trudeau, FCIA, of Deloitte, is the Appointed Actuary for TTCICL.

Issue Background

In accordance with Part II.1 of the Insurance Act (Ontario), an insurer incorporated and licensed under the laws of Ontario is required to appoint an actuary of the insurer.

Comments

Actuarial services are required each year to provide an actuarial estimate of reserves for outstanding claims and to report on the financial condition of TTC Insurance Company Limited to the board of directors.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Minutes

TTC Insurance Company Limited
Conduct Review Committee

Meeting No.: 12

Meeting Date: Wednesday, December 10, 2025

A virtual and in person meeting of the TTC Insurance Company Limited Conduct Review Committee was held on Wednesday, December 10, 2025 commencing at 11:07 a.m.

Present at Public Session

M. Atlas (Director, President and General Counsel), J. Montagnese (Director, Treasurer), A. Cerqueira (Director), F. Jagdeo (Director), J. Osborne (Director), M. Cosgrove (Secretary), C. Finnerty (Commission Services), L. Kim (Director, Chair) were present.

M. Atlas was in the Chair.

Declaration of Interest - Municipal Conflict of Interest Act

Nil

Minutes of the Previous Meeting

The Conduct Review Committee reviewed and approved the minutes of the Conduct Review Committee meeting No. 11 held on Thursday, June 20, 2024 and authorized the Chair and General Secretary to sign the same.

Business Arising Out of the Minutes

Nil

Committee Of The Whole Resolution

Nil

Public Presentations

Nil

Presentations/Reports/Other Business

(a) Related Party Transactions

The Conduct Review Committee received the report on related party transactions for their review.

Board members were asked to disclose of any conflicts of interests or relationships with TTCICL claimants. None were reported.

The meeting adjourned at 11:08 a.m.

\- APPROVED -

CHAIR

SECRETARY

For Information

Related Party Transactions

Date: July 22, 2026
To: TTC Insurance Company Limited Conduct Review Committee
From: President & General Counsel, TTC Insurance Company Limited

Summary

The Conduct Review Committee receives this report annually with respect to related party transactions with TTC Insurance Company Limited (TTCICL) that have occurred during 2025.

Financial Summary

This report has no financial impact.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

On June 24, 2014, the Board of Directors approved a recommendation to establish a Conduct Review Committee (CRC) for TTC Insurance Company Limited. The three commissioner directors, as elected at the shareholder's meeting on June 24, 2014, constitute the CRC.
Establish Conduct Review Committee - Report

The Charter for the CRC was also established at the June 24, 2014 meeting.
Conduct Review Committee Charter - Report

Issue Background

The purpose of the CRC is to review all material related party transactions on an annual basis. The only material related party transaction that currently exists are the Indemnities provided by the Toronto Transit Commission, the City of Toronto and the Advance from Toronto Coach Terminal Inc.

Comments

Related party transactions include:

1. Indemnity Agreement with the Toronto Transit Commission

2. Indemnity Agreement with the City of Toronto (effective January 1, 2022)

3. Advance from the Toronto Coach Terminal Inc.

As a condition of the Order in Council 300/2021 granted to the Company on March 11, 2021, the Company is required to enter into an indemnity agreement with the Toronto Transit Commission and the City of Toronto (effective January 1, 2022) whereby all current and future costs and expenditures of the Company will be reimbursed.

The total cash claim payments including damages, interest and costs for 2025 were $18,202,931. The total liabilities as per the financial statements as at December 31, 2025 are $158,679,000.

As a condition of TTCICL's license to underwrite automobile insurance, the City of Toronto has provided a Guarantee for all of the obligations of TTCICL, which states that TTCICL must maintain cash or securities available for the payment of current liabilities in an amount of not less than one month's claims and operating expenses or $350,000, whichever amount is greater. To ensure compliance, the total Advance from Toronto Coach Terminal Inc. as at December 31, 2025 was $2,600,000.

Members of the Board should also confirm that they have no personal conflict as a result of an accident claim involving themselves or a family member.

Contact

Michael Atlas, President & General Counsel, TTC Insurance Company Limited
416-393-3854
Michael.Atlas@ttc.ca

Minutes

TTC Insurance Company Limited
Special Meeting of Directors

Meeting No.: 56

Meeting Date: Wednesday, December 10, 2025

A virtual and in person meeting of the TTC Insurance Company Limited Shareholders was held on Wednesday, December 10, 2025 commencing at 11:05 a.m.

Present at Public Session

M. Atlas (Director, President and General Counsel), J. Montagnese (Director, Treasurer), A. Cerqueira (Director), F. Jagdeo (Director), J. Osborne (Director), M. Cosgrove (Secretary), C. Finnerty (Commission Services), L. Kim (Director, Chair) were present.

M. Atlas was in the Chair.

Declaration of Interest - Municipal Conflict of Interest Act

Nil

Minutes of the Previous Meeting

The Board of Shareholders reviewed and approved the minutes of the Special Meeting of Directors No. 55 held on Thursday, June 20, 2024 and authorized the Chair and General Secretary to sign the same.

Business Arising Out of the Minutes

Nil

Committee Of The Whole Resolution

Nil

Public Presentations

Nil

Notice of Motions

Nil

Motions Without Notice

Nil

Items of Which Notice has Previously Been Given

Nil

Items Deferred From Last Meeting to Permit Debate/Public Presentations

Nil

Presentations/Reports/Other Business

(a) Actuarial Financial Review

The Board received the 2024 Annual Actuarial Report and approved the Financial Condition Testing (FCT) for 2024 that forecasts the expected future financial condition of TTC Insurance Company Limited.

(b) Draft Financial Statements for the Year Ended December 31, 2024

The Board of Directors approved the following recommendations:

i. Adopt the financial statements of TTC Insurance Company Limited for the year ended December 31, 2024, and
ii. Forward a copy of the approved financial statements to the Shareholders for information and to the City Manager.
iii. That the Board delegate authority to any two officers of TTCICL to approve the Financial Statements for the purposes of issuing the external audit opinion to meet the FSRA annual P&C regulatory filing deadline.

The meeting adjourned at 11:06 a.m.

- APPROVED -

____
CHAIR

____
SECRETARY

Minutes

TTC Insurance Company Limited
Meeting of Directors

Meeting No.: 58

Meeting Date: Wednesday, December 10, 2025

A virtual and in person meeting of the TTC Insurance Company Ltd. Audit Committee was held on Wednesday, December 10, 2025 commencing at 11:08 a.m.

Present at Public Session

M. Atlas (Director, President and General Counsel), J. Montagnese (Director, Treasurer), A. Cerqueira (Director), F. Jagdeo (Director), J. Osborne (Director), M. Cosgrove (Secretary), C. Finnerty (Commission Services), L. Kim (Director, Chair) were present.

M. Atlas was in the Chair.

Declaration of Interest - Municipal Conflict of Interest Act

Nil

Minutes of the Previous Meeting

The Board of Directors reviewed and approved the minutes of the Meeting of Directors No. 57 held on Thursday, June 20, 2024 and authorized the Chair and General Secretary to sign the same.

Business Arising Out of the Minutes

Nil

Presentations/Reports/Other Business

3. Other Business

   (a) Allotment and Issuance of Shares

   Two new directors have been elected in 2025. The Board approved the allotment and issuance of five common shares to each newly elected director.

(b) Election of Officers

The Board of Directors appointed the following Officers:

Treasurer	John Montagnese
Secretary	Mark Cosgrove
President & General Counsel	Michael Atlas
Vice President	Anthony Cerqueira

(c) Investment

The Board of Directors received the report for information.

(d) 2025 Budget & Forecast

The Board of Directors approved the 2025 budget and forecast for TTCICL.

The meeting adjourned at 11:10 a.m.

- APPROVED -

CHAIR

SECRETARY

For Action

Election of Officers

Date: July 22, 2026
To: TTC Insurance Company Limited Board of Directors
From: President & General Counsel, TTC Insurance Company Limited

Summary

The purpose of this report is for the Board of Directors to elect officers in accordance with TTC Insurance Company Limited's By-Law No. 1. This report recommends that the current slate of Officers be re-elected for a one-year term.

Recommendations

It is recommended that the Board of Directors:

1. Elect the following as Officers of the TTC Insurance Company Limited for a one-year term:

Position	Name
President & General Counsel	Michael Atlas
Vice President	Anthony Cerqueira
Secretary	Mark Cosgrove
Treasurer	John Montagnese

Financial Summary

There is no financial impact resulting from the adoption of the recommendation in this report.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

TTC Insurance Company Limited's By-Law No. 1 states that the officers of the Company shall be a president, a secretary and a treasurer and such other officers as the board in its discretion shall from time to time elect or appoint.

The current slate of officers is as follows, as elected on December 10, 2025:

Position	Name
President & General Counsel	Michael Atlas
Vice President	Anthony Cerqueira
Secretary	Mark Cosgrove
Treasurer	John Montagnese

Issue Background

With respect to the duties of the officers of TTC Insurance Company Limited, By-Law No. 1 further states that:

- Subject to the provisions of any applicable special resolution, the president shall be the chief executive officer of the company, shall have general supervision of all other officers and their duties.

- Subject to such limitation as the board of directors may from time to time impose and subject to the provisions of any applicable special resolution, an officer shall have all the powers and authority and shall perform such other duties as may from time to time be imposed upon the holder of such office by the bylaws or special resolutions of the Company or by resolution of the board.

- If present, the Chair shall preside at all meeting of the shareholders and the Chair or, if none, the president shall preside at all meeting of directors.

- The Secretary shall cause to be kept in accordance with the provisions of the Corporations Act, R.S.O. 1990, C.39, as amended, the books required by the Act.

Contact

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For Information

TTC Insurance Company Limited – Investment

Date: July 22, 2026
To: TTC Insurance Company Limited Board of Directors
From: President & General Counsel, TTC Insurance Company Limited

Summary

As a condition of the TTC Insurance Company Limited's (TTCICL) license to underwrite automobile insurance, the City of Toronto has provided a Guarantee for all of the obligations of TTCICL, which states that TTCICL must maintain cash or securities available for the payment of current liabilities in an amount of not less than one month's claims and operating expenses or $350,000, whichever amount is greater.

As at December 31, 2025, the TTC's monthly claims and operating expenses are approximately $2.7 million. The amount presently advanced from Toronto Coach Terminal Inc. (TCTI) is $2.6 million for the 1st quarter of 2026. Staff will continue to monitor this amount and adjust as necessary.

Financial Summary

Given the above, this report has no financial impact.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

At its meeting of June 11, 1996, the Toronto Coach Terminal Inc. authorized its Treasurer to make advances on a demand non-interest bearing loan to the TTC Insurance Company Limited on an as-needed basis to comply with TTCICL's working capital requirements.

Comments

As at December 31, 2025, the TTC's monthly automobile claims and operating expenses are approximately $2.76 million, an increase from $400,000 in 2024. The amount presently advanced by TCTI is $2.6 million (1st quarter 2026).Beginning in 2022, TTCICL began insuring automobile risks of the City of Toronto. The insurance for the City is prospective, and as such, we do not expect any large changes in the investment requirements in the short term. Currently, City of Toronto automobile insurance payments contribute approximately 20% of the automobile claims paid in 2025 (13% in 2024). This will increase with time as more claims are added. Staff continues to monitor the amount required for investment quarterly and will adjust as necessary. The advance from TCTI, along with the initial $100,000 capital investment from the TCTI, currently totals $2.7 million and is not required for any cash disbursements as all operating expenses are in practice paid directly by the TTC or, additionally, by the City of Toronto as of January 1, 2022.

These funds are held in an interest-bearing account at the TTC's bank.

Contact

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TTCICLD59.4

For Action

2026 Budget and Business Plan Forecast

Date: July 22, 2026
To: TTC Insurance Company Limited Board of Directors
From: President & General Counsel, TTC Insurance Company Limited

Summary

The TTC Insurance Company Limited (TTCICL) was formed in 1994 as it was, and continues to be, the most cost effective option for the Toronto Transit Commission to comply with the Compulsory Automobile Insurance Act. The annual expenses for TTCICL are outlined in the attached 2026 budget.

Recommendations

It is recommended that the Board of Directors:

1. Approve the 2026 Budget and Forecast for the TTC Insurance Company Limited

Financial Summary

Total expenses of $100,000 are included in the TTC's 2026 Operating Budget (as approved by the TTC Board on January 7, 2026 and City Council on February 10, 2026.

Equity/Accessibility Matters

There are no accessibility or equity issues associated with this report.

Decision History

On July 12, 1994 the Financial Services Commission of Ontario (currently Financial Services Regulatory Authority of Ontario) issued to TTCICL a license to undertake contracts of automobile insurance (limited to the automobile risks of the Toronto Transit Commission and subject to the terms of the order-in-council). The sole purpose of the formation of TTC Insurance Company Limited was to enable the TTC to comply with Ontario's legislated Compulsory Automobile Insurance Act and to produce liability cards at a cost effective price. Out of all the alternatives that were examined TTC Insurance Company Limited was considered to be the most cost-effective alternative.

Issue Background

Prior to the formation of TTC Insurance Company Limited in 1994, the TTC purchased what is known as ‘fronting insurance’ from a licensed automobile insurer. The costs of purchasing fronting insurance rose dramatically in the years prior to the inception of the Company. During the audit of fronting insurers, the federal regulators made it mandatory for these insurers to post and fund the reserves of the companies they fronted. As insurers did not have the funds or did not want to tie up their capital to post the reserves, they shied away from the fronting business, thereby reducing the market availability. Other insurers wanted the company they fronted to post their own reserves. In TTC’s case this would have been around $25 million (currently $158.7 million). As a result, other alternatives were pursued.

Contact

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Attachments

Attachment 1 – 2026 Budget and Projection

TORONTO TRANSIT COMMISSION INSURANCE EXPENSES
FOR TTC INSURANCE COMPANY LIMITED
2026 BUDGET

DESCRIPTION	2025 Budget	2026 Forecast	Change		2027 Forecast	2028 Forecast	2029 Forecast
Actuarial Service	$30,000	$30,000	0	Note 1	$30,000	$30,000	$30,000
Audit	38,000	38,000	0	Note 2	38,000	38,000	38,000
Outside Legal Counsel	20,000	20,000	0	Note 3	20,000	20,000	20,000
TTC Management Fee	115,050	115,050	0	Note 4	115,050	115,050	115,050
-Interest Earned	(139,050)	(139,050)	0	Note 5	(139,050)	(139,050)	(139,050)
FSRAO Assessment Fee	24,000	24,000	0	Note 6	24,000	24,000	24,000
Miscellaneous Costs	12,000	12,000	0	Note 7	12,000	12,000	12,000
TOTAL	$100,000	$100,000	$0		$100,000	$100,000	$100,000

Note 1 Following the conclusion of a successful RFP, as of September 15, 2025, TTCICL accepted the resignation of Mr. Benny Chan, FCIA and has appointed a new actuary for the period 2025-2029. Mr. Michel Trudeau, FCIA, of Deloitte, is the Appointed Actuary for TTCICL.

Note 2 On July 23, 2025, City Council authorized the Auditor General to enter into an agreement with KPMG LLP to perform the annual financial statement audits for the years 2025 to 2030. The cost for 2026 is estimated at $38,000.

Note 3 Amount reflects a provision outside legal counsel on an as-needed basis.

Note 4 & 5 The TTC Management Fee is budgeted to based on the interest earned on funds held to comply with the City Guarantee. The 2026 budget is based on funds held of $2.7 million for Q1-4, at an interest rate of 2.9%, as opposed to 2025 budget rate of 5.15%, and is held throughout forecast period.

Note 6 The Financial Services Regulatory Authority of Ontario (FSRAO) charges TTCICL an annual assessment fee. In 2024, the basis of assessment changed from written premium to capital required. This resulted in the increase to $24k.

Note 7 Miscellaneous expenses include the cost of purchasing the automobile liability certificates, software for quarterly and annual filings (P&C1 report), and membership in Property and Casualty Insurance Compensation Corporation (PACCIC). PACCIC maintains a liquidity fund on behalf of Canada's property and casualty insurers to protect policyholders and claimants in the event a member insurer becomes insolvent.