

TTC Insurance Company Limited Annual General Meeting

Members

Fenton Jagdeo (Chair)

John Montagnese (Vice-Chair)

Michael Atlas

Liane Kim

Anthony Cerqueira

Julie Osborne

Secretary: Mark Cosgrove

Meeting Date: December 10, 2025

Start Time: 10:30 a.m.

Location: Council Chamber, Toronto City Hall, 100 Queen Street West/
Video Conference

Declarations of Interest – Corporations Act

Agendas

Special Meeting of Shareholders

Meeting No. 40

1. Election of Directors, Chair and Vice Chair (For Action)
2. Receipt of Proxy Results and Notification & Consent (For Information)

Audit Committee

Meeting No. 18

1. Approval of Minutes of Audit Committee Meeting No. 17 held Monday, June 20, 2024
2. KPMG LLP Audit Findings – 2024 (For Information)
3. Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2024 (For Action)
4. Appointment of External Auditors (For Action)

Special Meeting of Directors

Meeting No. 56

1. Actuarial Financial Review (For Action)
2. Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2024 (For Action)

Meeting of Shareholders

Meeting No. 41

1. Approval of Minutes of Special Meeting of Shareholders No. 39a and Meeting of Shareholders No. 39b held on June 20, 2024
2. Receipt of Financial Statements of TTCICL for the year ending December 31, 2024 (For Information)
3. Appointment of External Auditor (For Action)
4. Appointment of Actuary (For Information)

Conduct Review Committee

Meeting No. 12

1. Approval of Minutes of the Conduct Review Committee Meeting No. 11 held on June 20, 2024.
2. Related Party Transactions (For Information)

Meeting of Directors

Meeting No. 58

1. Approval of Minutes of Special Meeting of Directors No. 55 and Meeting of Directors No. 57 held on June 20, 2024
2. Election of Officers (For Action)
3. TTC Insurance Company Limited – Investment (For Information)
4. 2025 Budget and Business Plan Forecast (For Action)

For Action

Election of Directors, Chair and Vice Chair

Date: December 10, 2025

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.

<u>Commissioners</u>	<u>Staff</u>
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 June 20, 2024, is as follows:

Commissioners

Fenton Jagdeo
Liane Kim
Julie Osborne

Staff

Anthony Cerqueira
John Montagnese
Michael Atlas

The current Chair and Vice Chair as appointed by the shareholders at its meeting of June 20, 2024, is as follows:

Fenton Jagdeo
John Montagnese

Chair
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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

For Information

Receipt of Proxy Results and Notification & Consent

Date: December 10, 2025

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 2024.

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 the 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 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 2024.

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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Attachments

Attachment 1 - Proxy

Attachment 1

Proxy to be provided day of mtg

Minutes

TTC Insurance Company Limited Audit Committee

Meeting No.: 17

Meeting Date: Thursday, June 20, 2024

A virtual and in person meeting of the TTC Insurance Company Ltd. Audit Committee was held on Thursday, June 20, 2024 commencing at 10:10 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. 16 held on Monday, June 12, 2023 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) KPMG LLP Audit Results – 2023

The Audit Committee received the letter from KPMG LLP expressing their opinion on the 2023 financial statements.

(b) Draft Financial Statements of TTC Insurance Company Limited For The Year Ended December 31, 2023

The Audit Committee received the draft financial statement for the year ended December 31, 2023 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 2024 financial year-end audit of TTC Insurance Company Limited and;
2. Forward this report to the Shareholders for approval.

The meeting adjourned at 10:12 a.m.

- APPROVED –

CHAIR

SECRETARY

For Information

KPMG LLP Audit Findings – 2024

Date: December 10, 2025

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.

Recommendations

It is recommended that the Audit Committee receive the KPMG LLP audit findings for the year ended December 31, 2024.

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 20, 2024, the Audit Committee appointed KPMG LLP to perform the 2024 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, 2024. 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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Attachments

Attachment 1 - KPMG LLP Audit Findings Report



TTC Insurance Company Limited

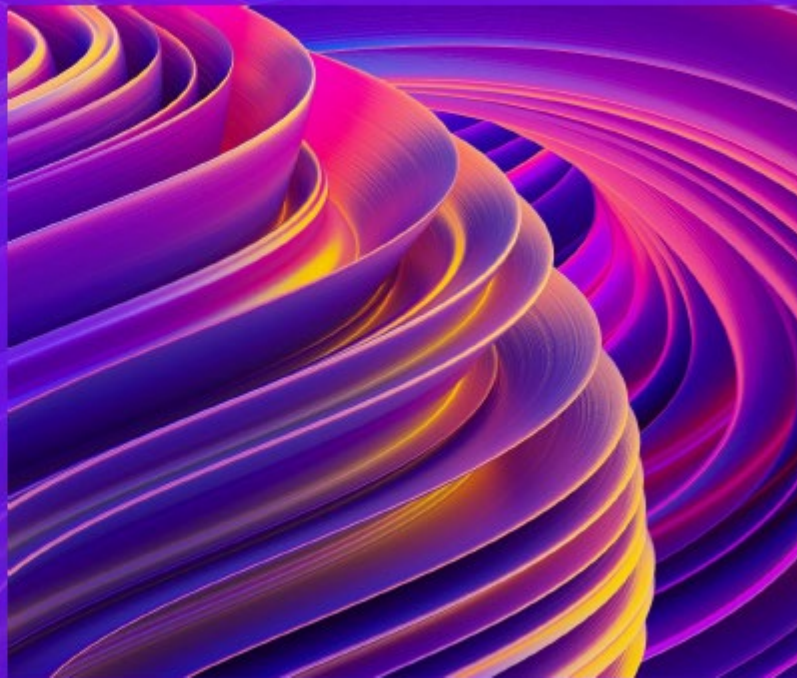
**Audit Findings Report
for the year ended
December 31, 2024**

KPMG LLP

Licensed Public Accountants

Prepared as of February 13, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

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Anh Tu Le

Executive Director – P&C Actuarial

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ale@kpmg.ca

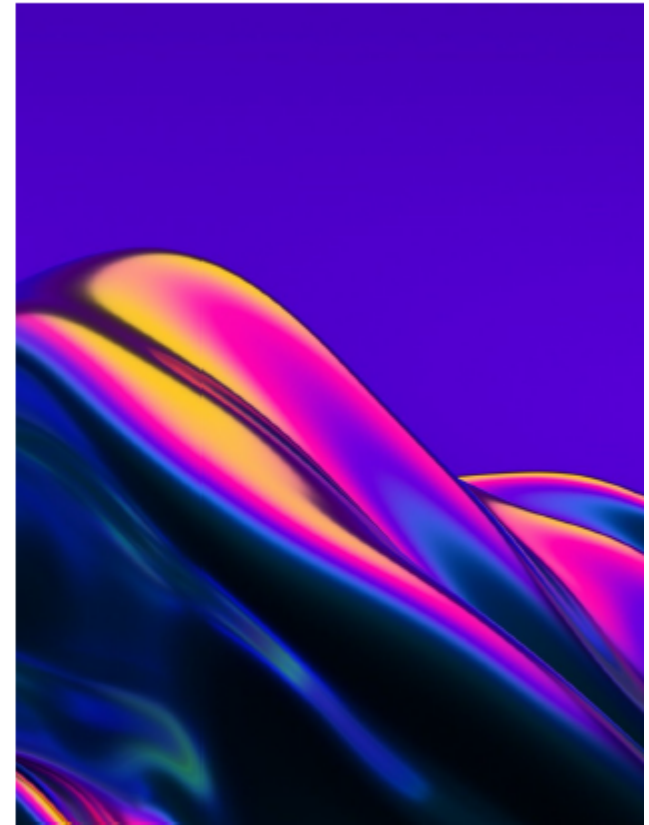


Table of contents

4

Highlights

5

Status

6

Risks and
results

9

Policies and
practices

10

Control
deficiencies

11

Audit Quality

12

Appendices

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 November 21, 2024 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 and Uncorrected



Corrected and uncorrected misstatements

- We did not identify any corrected or uncorrected misstatements

Control deficiencies



Significant deficiencies

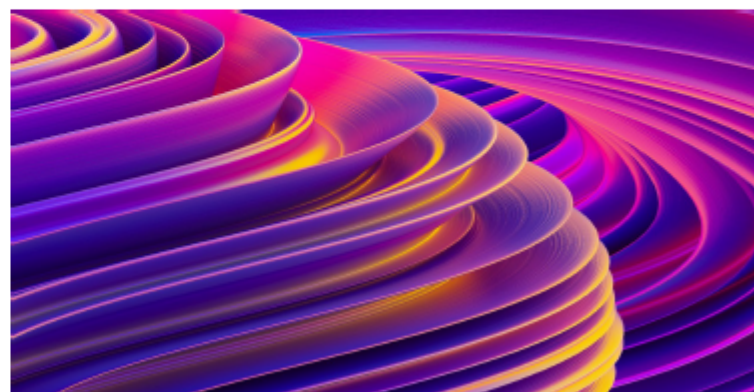


- We did not identify any significant control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. See page 10 for certain required communications regarding control deficiencies.

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 this 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 JSCP
- Legal confirmation update
- Completing of KPMG actuarial review
- Completing our discussions with management
- Updating subsequent event discussions
- 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, 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 to 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 nevertheless is present in all entities.	No	No

Our response

As this 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 findings

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 is 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 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.

Significant findings

No matters to report.





Other risks of material misstatement and results

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



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 related party outstanding as at year-end.
- Obtain an understanding of the related party transactions during the year, and review the adequacy of disclosures for related party transactions and balances.

Significant findings

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](#)

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.



Doing the right thing. Always.



Appendices

A

Required
communications

B

Draft Audit Report

C

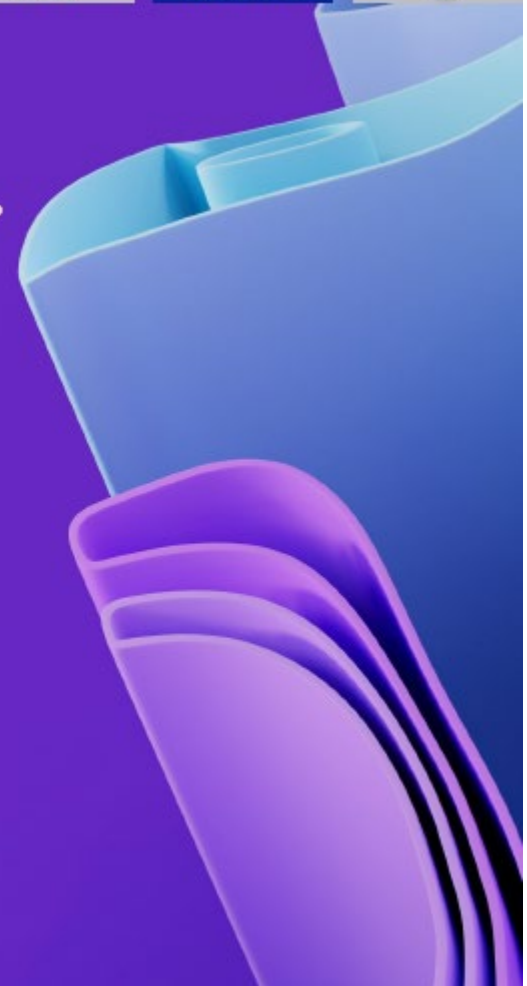
Management Rep
Letter

D

Insights

E

Technology





Appendix A: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments is available under separate cover through management.



CPAB communication protocol

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

- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)



Appendix B: Draft auditor's report

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, 2024
- 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, 2024, 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



Appendix C: Management representation letter





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

Date: _____ (date of board approval)

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of TTC Insurance Company Limited ("the Entity") or ("TTCICL") as at and for the period ended December 31, 2024.

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 November 16, 2023, 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.

Internal control over financial reporting:

- 2) 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:

- 3) 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
 - otherswhere 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, short sellers, 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:

- 4) 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:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- 8) 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:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) 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.

Non-SEC registrants or non-reporting issuers:

- 11) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 12) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

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,

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 2024:

- 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

AGENCIES AND CORPORATIONS

Agencies	Corporations	Adjudicative Bodies
<div data-bbox="344 621 678 993"> Service Agencies <ul style="list-style-type: none"> • CreateTO (Toronto Realty Agency) • Exhibition Place Board of Governors • Heritage Toronto • TO Line • Toronto Atmospheric Fund • Toronto Board of Health & Toronto Public Health • Toronto Investment Board • Toronto Parking Authority • Toronto Police Service Board & Toronto Police Service • Toronto Public Library Board • Toronto Transit Commission • Toronto Zoo Board of Management • Yonge-Dundas Square Board of Management </div> <div data-bbox="344 997 678 1094"> Community-Based Boards: <ul style="list-style-type: none"> • 64 Business Improvement Area (BIA) Boards of Management • Arena Boards of Management: <ul style="list-style-type: none"> • George Bell Arena • Larry Greenlaw-Peasli Hill Memorial Arena • Lassie Memorial Community Gardens Arena • McCormick Playground Arena • Moss Park Arena • North Toronto Memorial Arena • Ted Reeve Community Arena • William H. Eaton Arena • Community Centre Boards of Management (ADCCs): <ul style="list-style-type: none"> • 519 Church Street Community Centre • Applegrove Community Complex • Ossington Community Centre • Central Eglinton Community Centre • Community Centre 55 • Eastview Neighbourhood Community Centre • Waterfront Neighbourhood Centre • Ralph Thornton Community Centre • Scadding Court Community Centre • Swansea Town Hall Community Centre </div> <div data-bbox="344 1003 678 1094"> Partnered Agency <ul style="list-style-type: none"> • Toronto and Region Conservation Authority </div>	<div data-bbox="688 621 842 835"> City Corporations <ul style="list-style-type: none"> • Build Toronto Inc. • Casa Loma Corporation • Lakeshore Arena Corporation • Toronto Community Housing Corporation • Toronto Hydro Corporation • Toronto Port Lands Company (Toronto Economic Development Corporation) • Toronto Seniors Housing Corporation </div> <div data-bbox="846 621 1000 758"> Partnered Corporations <ul style="list-style-type: none"> • Toronto Pan Am Sports Centre Inc. • Waterfront Toronto (Toronto Waterfront Revitalization Corporation) </div>	Quasi-Judicial & Adjudicative Boards <ul style="list-style-type: none"> • Administrative Penalty Tribunal • Committee of Adjustment • Committee of Revision • Compliance Audit Committee • Dangerous Dog Review Tribunal • Property Standards Committee / Fence Viewers • Multi-Tenant House Licensing Tribunal • Sign Violence Committee • Toronto Licensing Tribunal • Toronto Local Appeal Body

Source: [Microsoft PowerPoint - Agency Chart May 2023.pptx \(toronto.ca\)](#)



Appendix D: 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 E: 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

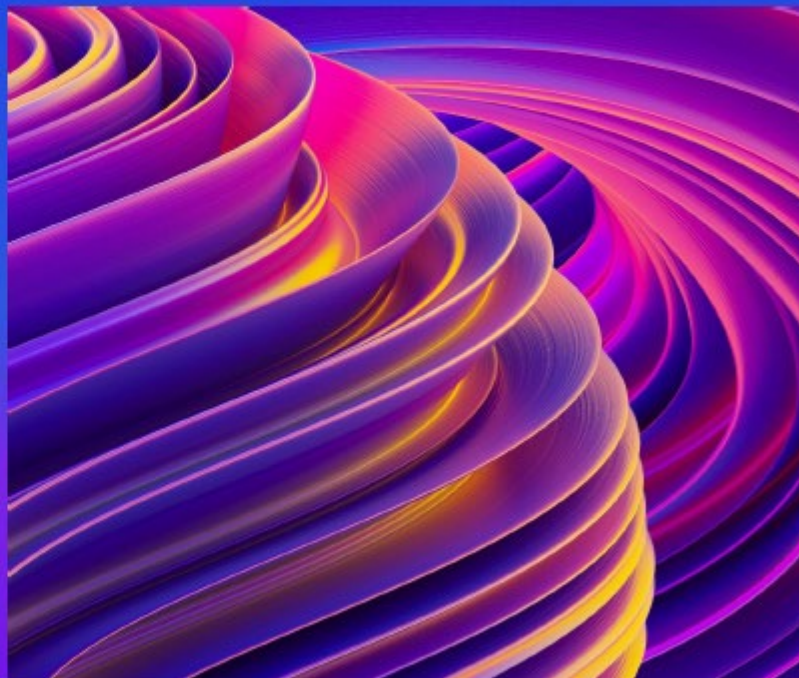
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





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

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For Action

Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2024

Date: December 10, 2025

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 2024 financial results and financial position as of December 31, 2024.

Recommendations

It is recommended that the Audit Committee:

1. Receive the draft financial statements for the year ended December 31, 2024, and,
2. Forward the financial statements to the Special Meeting of Directors on December 10, 2025 for approval.

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

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, 2024 are attached for review.

Contact

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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Attachments

Attachment 1 - Draft Financial Statements for TTC Insurance Company Limited for Year Ended December 31, 2024.

Attachment 1

Financial Statements of

TTC INSURANCE COMPANY LIMITED

Year ended December 31, 2024

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, 2024
- 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, 2024, 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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 20, 2025

TTC INSURANCE COMPANY LIMITED

Statement of Financial Position (in Canadian dollars)

As at December 31

	2024	2023
	(\$)	(\$)
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	2,700,000	2,700,000
Interest receivable	20,248	12,928
Indemnities receivable from the Toronto Transit Commission (notes 3c and 6)	122,720,000	128,668,000
City of Toronto (notes 3e and 6)	25,984,000	14,383,000
Total Financial Assets	151,424,248	145,763,928
LIABILITIES		
Accounts payable	20,248	12,928
Unsettled accident claims liabilities (note 5)	148,704,000	143,051,000
Advance from Toronto Coach Terminal Inc. (notes 6, 7 and 10)	2,600,000	2,600,000
Total Liabilities	151,324,248	145,663,928
Net 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

	2024 Budget (Note 12) (\$)	2024 (\$)	2023 (\$)
REVENUE			
Premium from the Toronto Transit Commission	2	2	2
Interest income	151,550	141,207	147,130
Total Revenue	151,552	141,209	147,132
EXPENSES			
Assessment fee to the Financial Services Regulatory Authority of Ontario	1,000	23,496	1,000
Management fee to the Toronto Transit Commission (note 10)	150,552	117,714	146,132
Total Expenses	151,552	141,209	147,132
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

	2024	2023
	(\$)	(\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from bank interest and premium	133,890	145,160
Cash paid for management fee	(110,395)	(144,160)
Cash paid for Financial Services Regulatory Authority assessment	(23,495)	(1,000)
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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 1

Year ended December 31, 2024

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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 2

Year ended December 31, 2024

(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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 3

Year ended December 31, 2024

(j) **Change in accounting policies**

On January 1, 2024, the Company adopted the Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement.

The Company also adopted the Canadian public sector accounting Standard PS 3160 Public Private Partnerships. The new accounting standard establishes guidance on how to account for public private partnership arrangements and the recognition and measurement of resulting assets and liabilities.

As of December 31, 2024, the Company determined that the adoption of these new standards did not have an impact on the amounts presented in the financial statements.

3. 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;
- (b) 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.

TTC INSURANCE COMPANY LIMITED

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

Year ended December 31, 2024

4. CASH AND CASH EQUIVALENTS

Pursuant to the guarantee agreement with the City described in note 3(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, 2024 is approximately \$2,400,000 (2023 - \$1,700,000).

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 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 also uses reported claims trends, claims severity, exposure growth and other factors in estimating its IBNR reserve including a COVID-19 reduction factor to adjust the expected losses for accident years 2020-2024 due to decreased ridership compared to pre-pandemic levels. The time required to learn of and settle claims is an important consideration in establishing the Company's reserves. The Company revises these reserves 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.

TTC INSURANCE COMPANY LIMITED

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

Year ended December 31, 2024

Unpaid claims and claims adjustment costs:	City	TTC	2024	2023
Undiscounted	25,673,000	123,535,000	149,208,000	144,289,000
Time Value of Money	(2,380,000)	(12,326,000)	(14,706,000)	(14,791,000)
Discounted (before PFAD)	23,293,000	111,209,000	134,502,000	129,498,000
PFAD	2,691,000	11,511,000	14,202,000	13,553,000
Discounted	25,984,000	122,720,000	148,704,000	143,051,000

As at December 31, 2024, the interest rate used to determine the time value of money was 3.07% (December 31, 2023 – 3.29%) and reflected the market yield, based on the yield of Government of Canada bonds with a similar duration until maturity.

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, 2024 and 2023 were as follows:

	City	TTC	2024	2023
Unsettled accident claims, beginning of year	14,383,000	128,668,000	143,051,000	133,044,000
Net claims and claims adjustment costs				
Incurred related to current year	14,021,000	28,157,000	42,178,000	33,761,000
Incurred related to prior years	(378,000)	(17,029,000)	(17,407,000)	(11,028,000)
Settled related to current year	(810,000)	(1,097,000)	(1,907,000)	(1,356,000)
Settled related to prior years	(1,232,000)	(15,979,000)	(17,211,000)	(11,370,000)
Unsettled accident claims, end of year	25,984,000	122,720,000	148,704,000	143,051,000

Based on the indemnity agreements described in note 3(c) and 3(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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 6

Year ended December 31, 2024

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 3(c) and 3(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 \$117,714 (2023 - \$146,132) and this has been reflected in the statement of operations and accumulated surplus.

The total advance from TCTI as of December 31, 2024 was \$2,600,000 (2023 - \$2,600,000).

The Company recognized indemnities receivable from the TTC in the amount of \$122,720,000 (2023 - \$128,668,000) and the City in the amount of \$25,984,000 (2023 - \$14,383,000) as part of the Company's indemnity agreements described in note 3, the amount of which is equivalent to the accident claims assumed by the Company.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 7

Year ended December 31, 2024

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 June 20, 2024.

For Action

Appointment of External Auditor

Date: December 10, 2025
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. Delegate approval of the appointment of a new auditor to the President, with such delegation to be based on results of the RFP performed by the City of Toronto to perform the 2025 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 2025 Operating Budget to fund external audit fees, as approved by the TTC Board at its meeting on January 10, 2025 and Toronto City Council at its meeting February 11, 2025. Sufficient funds will be included in future years' operating budgets, as appropriate.

This report has no financial implications beyond what is included in the 2025 Operating Budget.

Equity/Accessibility Matters

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

Decision History

On February 10, 2020, City Council authorized the Auditor General to enter into an agreement with KPMG LLP to perform the annual financial statement audits for the years 2020 to 2024 inclusive. The City of Toronto is currently conducting an RFP for

the appointment of a new auditor. TTCICL will adopt 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 \$36,000 for 2024. Subject to the results of the RFP the amount budgeted for 2025 is \$38,000.

Contact

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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

For Action

Actuarial Financial Review

Date: December 10, 2025

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 Benny Chan of JS Cheng and Partners Inc.

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

On June 12, 2019, the shareholders of TTC Insurance Company Limited delegated the appointment of the actuary pending a successful RFP process. On August 30, 2019,

Benny Chan of JS Cheng and Partners Inc. was appointed as the Appointed Actuary for a five-year term from for fiscal years 2019-2024.

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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Attachments

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

EXECUTIVE SUMMARY

This report is part of the annual statement required by the Financial Services Regulatory Authority of Ontario (FSRA). The purpose of this report is to provide an opinion on the appropriateness of policy provisions for TTC Insurance Company Limited as at December 31, 2024. The standard of materiality used in this report is \$2.9 million.

TTC Insurance Company Limited (hereafter referred to as "the Company" or "TTCICL") is a provincially registered insurance company whose main purpose is providing liability cards for vehicles operated by the Toronto Transit Commission (TTC). Since 2007, the Company has issued two annual OAP1 policies to three named insureds: the TTC, Toronto Transit Infrastructure Limited (formerly Toronto Transit Consultants Limited), and Toronto Coach Terminal Inc. One policy is for revenue generating vehicles and another for non-revenue generating vehicles.

In 2022, TTCICL started insuring the City of Toronto's vehicles. The new policies cover auto insurance claims from licensed vehicles owned by the City of Toronto.

TTCICL has no insurance exposure. By way of a special deductible on liability and accident benefits claims, the TTC and the City of Toronto reimburse the Company up to \$5 million per claim. The TTC and the City of Toronto have excess liability insurance coverage for both auto and general liability; however, the excess insurance does not apply to accident benefits (no-fault) claims. If an accident benefits claim exceeds \$5 million, they unconditionally guarantee to reimburse the Company for all claims or expenses in excess of \$5 million.

TTCICL does not have ceded reinsurance agreements as it has no insurance exposure. Therefore, the measurement of provision follows International Public Sector Accounting Standards (IPSAS) but not International Financial Reporting Standard 17.

The results of my valuation are as follows:

Summary of Valuation Results		
December 31, 2024		
Components	Gross of Reinsurance	Net of Reinsurance
	(\$'000)	(\$'000)
Claim Liabilities (before client deductible)	148,704	148,704
Claim Liabilities (after client deductible)	0	0
Premium Liabilities	0	0
Other Policy Liabilities	0	0
Total Policy Liabilities (annual return)	0	0
Maximum Allowable DPAE	0	0

A comparison of the actual experience with the expected experience for the last ten years on a pre-deductible basis is shown in detail in this report. The comparison shows that the gross unpaid estimates as of December 31, 2023 were higher than the current estimates by \$13.6 million. This favourable development was mainly due to the lower-than-expected reported claims from TTC – bodily injury.

There are no material changes in assumptions and valuation methodology in this valuation compared to the report as of December 31, 2023.

Inflation has been considered in the claims and premium liability sections.

I am not aware of any subsequent event that would materially affect the results of my valuation.

Attachment B

APPOINTED ACTUARY'S REPORT ON
FINANCIAL CONDITION TESTING
OF
TTC INSURANCE COMPANY LIMITED
AS AT DECEMBER 31, 2024

Prepared by: Chung Yiu (Benny) Chan, F.C.I.A.

Date of Opinion: June 18, 2025



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TABLE OF CONTENTS

TRANSMITTAL LETTER	5
1.0 EXECUTIVE SUMMARY	7
1.1 Opinion	9
1.2 Definitions	10
2.0 INTRODUCTION	11
2.1 Purpose and Scope of the Report	11
2.2 Distribution and Use	11
2.3 Role of the Appointed Actuary	12
2.4 Process	12
2.5 Data and Reliance	13
2.6 Variability of Actuarial Estimates	13
2.7 Actuarial Present Value	14
2.8 Standard of Materiality	14
2.9 Rounding	14
2.10 Changes from Last Year's Report	14
2.11 International Financial Reporting Standard (IFRS)	14
3.0 BASE SCENARIO	15
3.1 Company Operations	15
3.2 Reinsurance Structure	16
3.3 Recent Financial Position	16
3.4 Recent and Future Changes	16
3.5 Description of Base Scenario	17
3.6 External Peer Review Recommendations	17
4.0 ANALYSIS OF RISK CATEGORIES	18
4.1 Claim Frequency and Severity Risk	18
4.2 Liability for Incurred Claims Risk	18
4.3 Inflation Risk	18
4.4 Volume and Mix of Business Risk	18

4.5	Reinsurance Held Risk	18
4.6	Market and Credit Risk	19
4.7	Expense Risk	19
4.8	Government and Political Risk	19
4.9	Off-Balance-Sheet Risk	19
4.10	Related Company Risk	19
4.11	Climate-related Risk	20
4.12	Technology and Cyber Risk	20
5.0	CONCLUSIONS AND RECOMMENDATIONS	21
6.0	APPENDIX 1	23

TRANSMITTAL LETTER

June 18, 2025

Financial Services Regulatory Authority of Ontario
5160 Yonge Street, 17th Floor
Toronto, Ontario
M2N 6L9

Dear Sirs or Mesdames:

I hereby submit my report on the Financial Condition Testing (FCT) of TTC Insurance Company Limited using data as of December 31, 2024.

My presentation to the Board of Directors of TTC Insurance Company Limited was made on June 18, 2025. The presentation covered the major assumptions and results of the base, going concern and solvency scenarios in my report.

Since the date of my opinion, I am not aware of any subsequent event that might affect the conclusions of my report.

Yours truly,

Chung Yiu (Benny) Chan, F.C.I.A.

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1.0 EXECUTIVE SUMMARY

The purpose of this report is to assess the expected future financial condition of TTC Insurance Company Limited (hereafter referred to as “the Company” or “TTCICL”). The Company is deemed to have a satisfactory financial condition throughout the forecast period if:

- (1) Under the solvency scenarios, the statement value of the insurer’s assets is greater than the statement value of its liabilities.
- (2) Under the going concern scenario, the insurer meets the regulatory minimum capital ratios; and
- (3) Under the base scenario, the insurer meets its internal target capital ratio(s) as determined from the Own Risk and Solvency Assessment.

The standard of materiality used in this report is \$2.9 million, about 1.9% of the Company’s assets as at December 31, 2024.

TTCICL is a provincially registered insurance company whose main purpose is providing liability cards for vehicles operated by the Toronto Transit Commission (TTC). The Company is fully indemnified as all claims and expenses would be covered by either a special deductible from the TTC or external insurance that TTC holds.

Starting in 2022, the Company also provides liability cards for vehicles owned by the City of Toronto. Similar arrangements have been made with the City of Toronto; the Company will be fully indemnified by the City of Toronto.

We established a base scenario using data as of December 31, 2024. For 2025–2027, we assumed 4.35%, 5.00%, and 5.00% year-over-year growth in other liabilities, respectively, due to a rising loss trend in claims and expenses and an additional book of business (from the City of Toronto). Management fees for 2025–2027 are assumed to be the same as for 2024. Investment income was set equal to the management fees for each year.

Based on our analysis, the Company has little exposure to insurance or investment risk. The only risk is a regulatory change that would affect the existence of the Company, or the City of Toronto defaulting on its obligations. These events are unlikely to occur during the forecast period. Therefore, the Company has no going concern scenarios or solvency scenarios. The first two criteria for a satisfactory financial condition (on the previous page) have been met.

As of December 31, 2024, TTCICL's required capital is zero and the 2024 MCT score was infinitely large due to division by zero. Note that the MCT ratio is not meaningful due to the Company's required capital being zero; therefore, I have used 150% as the internal target ratio. Throughout the forecast period, the MCT score of the Company in the base scenario is above 150% (the supervisory target capital requirement and internal MCT target); the Company meets the third criterion for a satisfactory financial condition.

Since all three criteria have been met, I conclude that the Company's future financial condition is satisfactory.

1.1 Opinion

I have completed my investigation of the future financial condition of TTC Insurance Company Limited as at December 31, 2024 in accordance with accepted actuarial practice in Canada.

I have analyzed the forecasted financial positions of the insurer over an appropriate forecast period under a series of scenarios. As part of my investigation, I have used TTC Insurance Company Limited's internal target capital ratio.

In my opinion, the future financial condition of the insurer is satisfactory.

Chung Yiu (Benny) Chan
Fellow, Canadian Institute of Actuaries

Toronto, Ontario, Canada

Date: June 18, 2025

1.2 Definitions

- (i) MCT means Minimum Capital Test.
- (ii) A going concern scenario is an adverse scenario that is more likely to occur and/or less severe than a solvency scenario, and could include risks not considered in solvency scenarios.
- (iii) Minimum regulatory capital requirement means 100% MCT ratio.
- (iv) A solvency scenario is a plausible adverse scenario if it is credible and has a non-trivial probability of occurring.
- (v) The supervisory MCT target for this Company is 150%.
- (i) Surplus and (shareholder) equity are used interchangeably in this report.

2.0 INTRODUCTION

2.1 Purpose and Scope of the Report

The purpose of this report is:

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

The scope of this report is to assess the financial condition of the Company during the forecast period (from January 1, 2025 to December 31, 2027), 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).

2.2 Distribution and Use

This report is prepared for TTC Insurance Company Limited for its internal use and filing with regulatory authorities under the Insurance Act (Ontario).

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.

This report is neither intended nor necessarily suitable for any use other than that stated in Section 2.1. Distribution beyond the intended audience is

permitted provided that 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. Valani Global / JSCP accepts no responsibility for damages suffered by any third party as a result of decisions or actions made based on this report.

2.3 Role of the Appointed Actuary

Mr. Chung Yiu (Benny) Chan, 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.

2.4 Process

First, we developed a base scenario using the Company's business plan and, where necessary, made suitable modifications and provided additional details.

We examined twelve risk categories that the Company would most likely face:

- (i) Claim frequency and severity risk;
- (ii) Liability for incurred claims risk;
- (iii) Inflation risk;
- (iv) Volume and mix of business risk;
- (v) Reinsurance held risk;
- (vi) Market and credit risk;
- (vii) Expense risk;
- (viii) Government and political risk;
- (ix) Off-balance sheet risk;

- (x) Related Company risk;
- (xi) Climate-related risk; and
- (xii) Technology and cyber risk.

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 going concern scenarios.

In our investigation, we tested 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%.

2.5 Data and Reliance

We used the 2024 Annual Statement and the 2024 Appointed Actuary's Report that the Company submitted to FSRA. The Company does not produce a business plan; we assumed the Company would continue its operations in a manner consistent with recent years.

2.6 Variability of Actuarial Estimates

There is a limitation upon the accuracy of actuarial forecast 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 policy obligations. The actual

results may differ from the expected results due to the risks discussed in Section 3. The base scenario is the best estimate forecast.

2.7 Actuarial Present Value

All reserves are calculated on an actuarial present value basis.

2.8 Standard of Materiality

The materiality standard we used in this report is \$2,900,000, about 1.9% of the Company's assets at the end of 2024.

2.9 Rounding

Figures in this report may differ slightly from figures on detailed worksheets due to rounding.

2.10 Changes from Last Year's Report

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

2.11 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.

3.0 BASE SCENARIO

3.1 Company Operations

TTCICL is a provincially registered insurance company, incorporated in 1994, whose main purpose is to provide liability cards to the vehicles operated by the TTC. The Company has two annual OAP1 policies with three named insureds: the TTC, Toronto Transit Infrastructure Limited, and Toronto Coach Terminal Inc.

One policy covers all heavy commercial vehicles owned, registered and/or leased by the named insureds while the other covers all revenue and non-revenue vehicles owned, registered and/or leased by the named insureds.

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.

The Company started insuring the City of Toronto's vehicles on January 1, 2022. 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 would be reimbursed by the City of Toronto.

3.2 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 in excess of \$5 million.

3.3 Recent Financial Position

Year	MCT	Reported Equity (\$000's)
2022	NA ¹	100
2023	NA ¹	100
2024	NA ¹	100

¹ TTCICL's MCT was infinitely large due to division by zero.

3.4 Recent and Future Changes

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

Since 2020, because of COVID-19, the number of TTC passengers decreased which lowered the number of claims. While ridership has increased through 2022–2024, total reported claims remain lower than the pre-pandemic level.

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 would be reimbursed by the City of Toronto.

3.5 Description of Base Scenario

We established a base scenario using December 31, 2024 data. In 2025–2027, we assumed the Company will experience 4.35%, 5.00%, and 5.00% year-over-year growth, respectively, due to

- (i) an increase in claims and expenses due to a rising loss trend; and
- (ii) coverage for the City of Toronto's vehicles. These receivables are unconditionally guaranteed by the TTC and the City of Toronto; therefore, they are treated as government grade and do not require any capital.

Management fees for 2025–2027 are assumed to be the same as for 2024. Investment income is set equal to the management fees for each year. Therefore, the net income is \$0 throughout the forecast period.

The Company maintains about one month of claim payments as its liquid resources. We treated it as "cash held on premises" and have no credit risk for the purpose of MCT.

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.

3.6 External Peer Review Recommendations

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

4.0 ANALYSIS OF RISK CATEGORIES

4.1 Claim Frequency and Severity Risk

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

4.2 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.

4.3 Inflation Risk

This risk is not applicable (please refer to Section 4.1 above).

4.4 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.

4.5 Reinsurance Held Risk

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

4.6 Market and Credit Risk

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

4.7 Expense Risk

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

4.8 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 expected to be minimal.

4.9 Off-Balance-Sheet Risk

There are no off-balance sheet items.

4.10 Related Company Risk

The receivables are unconditionally guaranteed by both the TTC and the City of Toronto. In the unlikely event that the TTC is unable to meet its obligations to the Company, the City of Toronto will assume responsibility for these obligations. The impact of this risk is very small.

4.11 Climate-related Risk

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

4.12 Technology and Cyber Risk

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

5.0 CONCLUSIONS AND RECOMMENDATIONS

Under the base scenario, the Company's MCT ratio is above 150% throughout the forecast period (note that the MCT score is infinitely large due to division by zero). There are no going concern or solvency scenarios for the Company.

We conclude that the Company's financial condition is satisfactory in the forecast period (2025–2027).

We have no recommendations at this time.

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6.0 APPENDIX 1

Base Scenario

TTC Insurance Company Limited

Appendix 1

Assets (\$000)

BASE SCENARIO

		2023 Restated	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast
ASSETS:						
Cash and Cash Equivalents	01	2,700	2,700	2,700	2,700	2,700
Accrued Investment Income	11	13	20	20	20	20
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	143,051	148,704	155,173	162,931	171,078
Total Assets	89	145,764	151,424	157,893	165,651	173,798

Investments Breakdown		2023	2024	2025	2026	2027
Short Term Investments			0	0	0	0
Bonds			0	0	0	0
Mortgage Loans			0	0	0	0
Preferred Shares			0	0	0	0
Common Stocks			0	0	0	0
Other Loans			0	0	0	0
Other Invested Assets			0	0	0	0
Total			0	0	0	0

TTC Insurance Company Limited
 Liabilities and Equity (\$'000)
 BASE SCENARIO

Appendix 1

		2023 Restated	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast
LIABILITIES:						
Provisions, Accruals and Other Liabilities	030	145,664	151,324	157,793	165,551	173,698
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	145,664	151,324	157,793	165,551	173,698
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	145,664	151,324	157,793	165,551	173,698
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	145,764	151,424	157,893	165,651	173,798

TTC Insurance Company Limited
Statement of Profit or Loss (\$'000)
BASE SCENARIO

Appendix 1

		2023 Restated	2024 Actual	2025 Forecast	2026 Forecast	2027 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	0	0	0	0	0
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	0	0	(0)	(0)	(0)
Other Income	410	147	141	141	141	141
Share of Net Income (Loss) of Equity Accounted Investees	415	0	0	0	0	0
General and Operating Expenses	420	147	141	141	141	141
OTHER INCOME AND EXPENSES	430	0	0	0	0	0
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
MCT Ratio - Summary Calculations
BASE SCENARIO

Appendix 1

		2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast
Capital Available:					
Capital available	001	100	100	100	100
Other (Specify)	005	0	0	0	0
Total Capital Available	010	100	100	100	100
Capital (Margin) Required at Target:					
Insurance Risk:					
Unexpired coverage	030	0	0	0	0
Liability for incurred claims	035	0	0	0	0
Earthquake and nuclear catastrophe reserves	040	0	0	0	0
Reinsurance held with unregistered insurers	045	0	0	0	0
Subtotal: Insurance risk	050	0	0	0	0
Market Risk:					
Interest rate	055	0	0	0	0
Foreign exchange	060	0	0	0	0
Equity	065	0	0	0	0
Real estate	070	0	0	0	0
Other market exposures (including right-of-use assets)	075	0	0	0	0
Subtotal: Market risk	080	0	0	0	0
Credit Risk:					
Counterparty default for balance sheet items	085	0	0	0	0
Counterparty default for off-balance sheet exposures	090	0	0	0	0
Collateral held for Unreg. Reins. and self-insured retention	095	0	0	0	0
Subtotal: Credit risk	100	0	0	0	0
Operational risk	105	0	0	0	0
Less: Diversification credit	110	0	0	0	0
Total Capital (Margin) Required at Target	115	0	0	0	0
Minimum Capital (Margin) Required (line 115 / 1.5)	120	0	0	0	0
Other (Specify)	125	0	0	0	0
Total Minimum Capital (Margin) Required	130	0	0	0	0
Excess Capital over Minimum Capital (Margin) Required	135	100	100	100	100
MCT (BAAT) Ratio (Line 10 (line 25) as a % of line 130)	140	N/A	N/A	N/A	N/A

TTC Insurance Company Limited
MCT RATIO - Capital Available (\$000)
BASE SCENARIO

Appendix 1

		2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast
Capital Available:					
Qualifying category A common shares	001	100	100	100	100
Contributed surplus	005	0	0	0	0
Retained earnings	010	0	0	0	0
Less: Accumulated net after-tax FV gains(losses) due to changes in own credit risk	015	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
Add: Accumulated net after-tax revaluation losses in excess of gains on owner-occupied properties - revaluation model	025	0	0	0	0
Subtotal: Common shares, Contributed Surplus and R. Earnings net of adjustments	030	100	100	100	100
Subtotal: Earthquake reserves net of adjustments	045	0	0	0	0
Nuclear reserves	050	0	0	0	0
General and contingency reserves	055	0	0	0	0
Accumulated other comprehensive income (loss)	060	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
Accumulated net after-tax fair value gains (losses) due to changes in the company's own credit risk	070	0	0	0	0
Accumulated net after-tax unrealized gains on owner-occupied properties - revaluation surplus	080	0	0	0	0
Subtotal: Nuclear, General reserves and AOCI net of adjustments	085	0	0	0	0
Residual interest of owner-policyholder of mutual entities - Classified as equity	090	0	0	0	0
Residual interest of owner-policyholder of mutual entities - Classified as liabilities	091	0	0	0	0
Qualifying category B instruments - Non-cumulative perpetual preferred shares	095	0	0	0	0
Qualifying category B instruments - Other	100	0	0	0	0
Qualifying category C instruments					
Subtotal: Net qualifying category C instruments	125	0	0	0	0
Non-controlling interests	130	0	0	0	0
Other (Specify)	135	0	0	0	0
Subtotal: Capital available before deductions and additions	140	100	100	100	100
Deductions:					
Interests in non-qualifying subsidiaries	145	0	0	0	0
Interests in associates	150	0	0	0	0
Interests in joint ventures and limited partnerships with more than 10% ownership	155	0	0	0	0
Loans considered as capital to non-qualifying subsidiaries	160	0	0	0	0
Loans considered as capital to associates	165	0	0	0	0
Loans considered as capital to joint ventures and limited partnerships > 10% ownership	170	0	0	0	0
Receivables and recoverables from unreg. insurers not covered by acceptable collateral	175	0	0	0	0
Self-insured retentions requires collateral and no collateral has been received	180	0	0	0	0
Assets for insurance acquisition cash flows	181	0	0	0	0
Unamortized IACF other than those arising from commissions and premium taxes	185	0	0	0	0
Goodwill (net of eligible deferred tax liability)	190	0	0	0	0
Intangible assets, including computer software (net of eligible deferred tax liability)	195	0	0	0	0
Deferred tax assets excluding those arising from temporary differences	200	0	0	0	0
Net defined benefit pension plan surplus asset, net of available refunds	205	0	0	0	0
Investments in own capital instruments not derecognized for accounting purposes	215	0	0	0	0
Reciprocal cross holdings in the capital of financial entities	220	0	0	0	0
Specify	225	0	0	0	0
Subtotal: Deductions to capital available	230	0	0	0	0
Additions:					
Net Contractual service margin (CSM) associated with title insurance contracts	235	0	0	0	0
Net Contractual service margin from portfolio transfers on or prior to June 30, 2019	240	0	0	0	0
Subtotal: Additions to capital available	245	0	0	0	0
Total Capital Available	260	100	100	100	100

TTC Insurance Company Limited
Capital Required for Credit Risk
BASE SCENARIO

Appendix 1

Capital / Margin Required \$000		Risk Factor	2024 Actual	2025 Forecast	2026 Forecast	2027 Forecast
CAPITAL REQUIRED FOR SELECTED BALANCE SHEET ITEMS						
Cash held on premises	001	0.00%	0	0	0	0
Cash other	005	0.25%	0	0	0	0
Investment Income Due and Accrued	010	2.50%	20	20	20	20
Investments:						
Long-Term Obligations incl. Term Deposits, Bonds, etc.	015		0	0	0	0
Short-Term Obligations including Commercial Paper	020		0	0	0	0
Asset-Backed Securities	025		0	0	0	0
Loans (at amortized cost):						
First mortgages on residential dwellings	030	4.0%	0	0	0	0
Commercial and residential mortgages (not included above)	035	10.0%	0	0	0	0
Mortgages secured by undeveloped land	040	15.0%	0	0	0	0
Subsidiaries, Associates & Joint Ventures (Not capital)	045	45.0%	0	0	0	0
Unamortized Insurance ACF related to A&S business	050	45.0%	0	0	0	0
Other loans	055		0	0	0	0
Adjustments for Loans	060		0	0	0	0
Preferred Shares	065		0	0	0	0
Other Investments	070	10.0%	0	0	0	0
Receivables:						
Government Grade	075	0.0%	148,704	155,173	162,931	171,078
FARM and Uninsured Automobile Fund	080	0.7%	0	0	0	0
Agents, Brokers, Policyholders, Associates, etc.						
- Outstanding less than 60 days	085	5.0%	0	0	0	0
- Outstanding 60 days or more	090	10.0%	0	0	0	0
Insurers						
- Registered Associated (Intra-group pooling approved)	095	0.0%	0	0	0	0
- Registered Associated (Non Intra-group pooling approved)	100	0.7%	0	0	0	0
- Registered Non-associated	105	0.7%	0	0	0	0
- Unregistered	110		0	0	0	0
Recoverables from Reinsurers:						
- Registered Associated (non Intra-group)						
Premiums for unexpired coverage (approved Intra-group)	115	0.0%	0	0	0	0
Premiums for unexpired coverage (excl. approved Intra-group)	120	2.5%	0	0	0	0
Asset for incurred claims (approved Intra-group)	125	0.0%	0	0	0	0
Asset for incurred claims (excl. approved Intra-group)	130	2.5%	0	0	0	0
- Registered Non-Associated						
Premiums for unexpired coverage	135	2.5%	0	0	0	0
Asset for incurred claims	140	2.5%	0	0	0	0
- Unregistered	145		0	0	0	0
Other Recoverables including SIRs not deducted from capital	150	20.0%	0	0	0	0
Deferred Tax Assets arising from temporary differences	155	10.0%	0	0	0	0
Assets held for sale	160		0	0	0	0
Other Assets	165	10.0%	0	0	0	0
Total			148,724	155,193	162,951	171,098

For Action

Draft Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2024

Date: December 10, 2025

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 2024 financial results and financial position as of December 31, 2024.

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, 2024 and,
2. Forward the approved financial statements to the shareholders for information; and to the City Manager, in accordance with the May 8, 2012 City Council Directive.
3. For December 31, 2025, 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 Financial Services Regulatory Authority of Ontario annual Property and Casualty 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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Attachments

Attachment 1 - Draft Financial Statements for TTC Insurance Company Limited for the Year Ended December 31, 2024.

Financial Statements of

TTC INSURANCE COMPANY LIMITED

Year ended December 31, 2024

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, 2024
- 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, 2024, 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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 20, 2025

TTC INSURANCE COMPANY LIMITED

Statement of Financial Position (in Canadian dollars)

As at December 31

	2024	2023
	(\$)	(\$)
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	2,700,000	2,700,000
Interest receivable	20,248	12,928
Indemnities receivable from the Toronto Transit Commission (notes 3c and 6)	122,720,000	128,668,000
City of Toronto (notes 3e and 6)	25,984,000	14,383,000
Total Financial Assets	151,424,248	145,763,928
LIABILITIES		
Accounts payable	20,248	12,928
Unsettled accident claims liabilities (note 5)	148,704,000	143,051,000
Advance from Toronto Coach Terminal Inc. (notes 6, 7 and 10)	2,600,000	2,600,000
Total Liabilities	151,324,248	145,663,928
Net 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

	2024 Budget (Note 12) (\$)	2024 (\$)	2023 (\$)
REVENUE			
Premium from the Toronto Transit Commission	2	2	2
Interest income	151,550	141,207	147,130
Total Revenue	151,552	141,209	147,132
EXPENSES			
Assessment fee to the Financial Services Regulatory Authority of Ontario	1,000	23,495	1,000
Management fee to the Toronto Transit Commission (note 10)	150,552	117,714	146,132
Total Expenses	151,552	141,209	147,132
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

	2024	2023
	(\$)	(\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from bank interest and premium	133,890	145,160
Cash paid for management fee	(110,395)	(144,160)
Cash paid for Financial Services Regulatory Authority assessment	(23,495)	(1,000)
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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 1

Year ended December 31, 2024

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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 2

Year ended December 31, 2024

(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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 3

Year ended December 31, 2024

(j) **Change in accounting policies**

On January 1, 2024, the Company adopted the Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement.

The Company also adopted the Canadian public sector accounting Standard PS 3160 Public Private Partnerships. The new accounting standard establishes guidance on how to account for public private partnership arrangements and the recognition and measurement of resulting assets and liabilities.

As of December 31, 2024, the Company determined that the adoption of these new standards did not have an impact on the amounts presented in the financial statements.

3. 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;
- (b) 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.

TTC INSURANCE COMPANY LIMITED

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

Year ended December 31, 2024

4. CASH AND CASH EQUIVALENTS

Pursuant to the guarantee agreement with the City described in note 3(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, 2024 is approximately \$2,400,000 (2023 - \$1,700,000).

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 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 also uses reported claims trends, claims severity, exposure growth and other factors in estimating its IBNR reserve including a COVID-19 reduction factor to adjust the expected losses for accident years 2020-2024 due to decreased ridership compared to pre-pandemic levels. The time required to learn of and settle claims is an important consideration in establishing the Company's reserves. The Company revises these reserves 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.

TTC INSURANCE COMPANY LIMITED

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

Year ended December 31, 2024

Unpaid claims and claims adjustment costs:	City	TTC	2024	2023
Undiscounted	25,673,000	123,535,000	149,208,000	144,289,000
Time Value of Money	(2,380,000)	(12,326,000)	(14,706,000)	(14,791,000)
Discounted (before PFAD)	23,293,000	111,209,000	134,502,000	129,498,000
PFAD	2,691,000	11,511,000	14,202,000	13,553,000
Discounted	25,984,000	122,720,000	148,704,000	143,051,000

As at December 31, 2024, the interest rate used to determine the time value of money was 3.07% (December 31, 2023 – 3.29%) and reflected the market yield, based on the yield of Government of Canada bonds with a similar duration until maturity.

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, 2024 and 2023 were as follows:

	City	TTC	2024	2023
Unsettled accident claims, beginning of year	14,383,000	128,668,000	143,051,000	133,044,000
Net claims and claims adjustment costs				
Incurred related to current year	14,021,000	28,157,000	42,178,000	33,761,000
Incurred related to prior years	(378,000)	(17,029,000)	(17,407,000)	(11,028,000)
Settled related to current year	(810,000)	(1,097,000)	(1,907,000)	(1,356,000)
Settled related to prior years	(1,232,000)	(15,979,000)	(17,211,000)	(11,370,000)
Unsettled accident claims, end of year	25,984,000	122,720,000	148,704,000	143,051,000

Based on the indemnity agreements described in note 3(c) and 3(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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 6

Year ended December 31, 2024

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 3(c) and 3(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 \$117,714 (2023 - \$146,132) and this has been reflected in the statement of operations and accumulated surplus.

The total advance from TCTI as of December 31, 2024 was \$2,600,000 (2023 - \$2,600,000).

The Company recognized indemnities receivable from the TTC in the amount of \$122,720,000 (2023 - \$128,668,000) and the City in the amount of \$25,984,000 (2023 - \$14,383,000) as part of the Company's indemnity agreements described in note 3, the amount of which is equivalent to the accident claims assumed by the Company.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 7

Year ended December 31, 2024

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 June 20, 2024.

Minutes

TTC Insurance Company Limited Meeting of Shareholders (Special)

Meeting No.: 39a

Meeting Date: Thursday, June 20, 2024

A virtual and in person meeting of the TTC Insurance Company Limited Shareholders was held on Thursday, June 20, 2024 commencing at 10:08 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

Nil.

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) Election of Directors, Chair and Vice Chair

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

- i) Fenton Jagdeo
- ii) Julie Osborne
- iii) Liane Kim

The meeting adjourned at 10:10 a.m.

- APPROVED -

CHAIR

SECRETARY

Minutes

TTC Insurance Company Limited Meeting of Shareholders

Meeting No.: 39b

Meeting Date: Thursday, June 20, 2024

A virtual and in person meeting of the TTC Insurance Company Limited Shareholders was held on Thursday, June 20, 2024 commencing at 10:14 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. 38 held on Monday, June 12, 2023 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) Receipt of Proxy
- (b) Election of Directors, Chair and Vice Chair

The Shareholders appointed Liane Kim as Chair and John Montagnese as Vice Chair.

- (c) Receipt of Financial Statements of TTCICL for the Year Ended December 31, 2023

The Shareholders received the financial statements of TTCICL for the year ended December 31, 2023.

- (d) Appointment of External Auditor

The Shareholders approved the appointment of KPMG LLP for the provision of external audit services for the 2024 fiscal year.

- (e) Appointment of Actuary

The Shareholders approved the appointment of Benny Chan of JS Cheng & Partners Inc. as the Appointed Actuary for the 2024 fiscal year.

The meeting adjourned at 10:15 a.m.

- APPROVED -

CHAIR

SECRETARY

Receipt of Financial Statements of TTC Insurance Company Limited for the Year Ended December 31, 2024

Date: December 10, 2025

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 2024 financial results and financial position as of December 31, 2024.

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 June 20, 2024, the Shareholders received the financial statements of the TTC Insurance Company Limited for the 2023 fiscal year.

Comments

The audited and approved financial statements for the year ended December 31, 2024 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

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Attachments

Attachment 1 – Financial Statements for TTC Insurance Company Limited for the Year Ended December 31, 2024

Attachment 1

Financial Statements of

TTC INSURANCE COMPANY LIMITED

Year ended December 31, 2024

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, 2024
- 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, 2024, 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.



Page 2

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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

February 20, 2025

TTC INSURANCE COMPANY LIMITED

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

	2024	2023
	(\$)	(\$)
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	2,700,000	2,700,000
Interest receivable	20,248	12,928
Indemnities receivable from the Toronto Transit Commission (notes 3c and 6)	122,720,000	128,668,000
City of Toronto (notes 3e and 6)	25,984,000	14,383,000
Total Financial Assets	151,424,248	145,763,928
LIABILITIES		
Accounts payable	20,248	12,928
Unsettled accident claims liabilities (note 5)	148,704,000	143,051,000
Advance from Toronto Coach Terminal Inc. (notes 6, 7 and 10)	2,600,000	2,600,000
Total Liabilities	151,324,248	145,663,928
Net 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

	2024 Budget (Note 12) (\$)	2024 (\$)	2023 (\$)
REVENUE			
Premium from the Toronto Transit Commission	2	2	2
Interest income	151,550	141,207	147,130
Total Revenue	151,552	141,209	147,132
EXPENSES			
Assessment fee to the Financial Services Regulatory Authority of Ontario	1,000	23,495	1,000
Management fee to the Toronto Transit Commission (note 10)	150,552	117,714	146,132
Total Expenses	151,552	141,209	147,132
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

	2024	2023
	(\$)	(\$)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from bank interest and premium	133,890	145,160
Cash paid for management fee	(110,395)	(144,160)
Cash paid for Financial Services Regulatory Authority assessment	(23,495)	(1,000)
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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 1

Year ended December 31, 2024

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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 2

Year ended December 31, 2024

(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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 3

Year ended December 31, 2024

(j) **Change in accounting policies**

On January 1, 2024, the Company adopted the Canadian public sector accounting standard PS 3400 Revenue. The new accounting standard establishes a single framework to categorize revenue to enhance consistency of revenue recognition and its measurement.

The Company also adopted the Canadian public sector accounting Standard PS 3160 Public Private Partnerships. The new accounting standard establishes guidance on how to account for public private partnership arrangements and the recognition and measurement of resulting assets and liabilities.

As of December 31, 2024, the Company determined that the adoption of these new standards did not have an impact on the amounts presented in the financial statements.

3. 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;
- (b) 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.

TTC INSURANCE COMPANY LIMITED

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

Year ended December 31, 2024

4. CASH AND CASH EQUIVALENTS

Pursuant to the guarantee agreement with the City described in note 3(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, 2024 is approximately \$2,400,000 (2023 - \$1,700,000).

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 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 also uses reported claims trends, claims severity, exposure growth and other factors in estimating its IBNR reserve including a COVID-19 reduction factor to adjust the expected losses for accident years 2020-2024 due to decreased ridership compared to pre-pandemic levels. The time required to learn of and settle claims is an important consideration in establishing the Company's reserves. The Company revises these reserves 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.

TTC INSURANCE COMPANY LIMITED

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

Year ended December 31, 2024

Unpaid claims and claims adjustment costs:	City	TTC	2024	2023
Undiscounted	25,673,000	123,535,000	149,208,000	144,289,000
Time Value of Money	(2,380,000)	(12,326,000)	(14,706,000)	(14,791,000)
Discounted (before PFAD)	23,293,000	111,209,000	134,502,000	129,498,000
PFAD	2,691,000	11,511,000	14,202,000	13,553,000
Discounted	25,984,000	122,720,000	148,704,000	143,051,000

As at December 31, 2024, the interest rate used to determine the time value of money was 3.07% (December 31, 2023 – 3.29%) and reflected the market yield, based on the yield of Government of Canada bonds with a similar duration until maturity.

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, 2024 and 2023 were as follows:

	City	TTC	2024	2023
Unsettled accident claims, beginning of year	14,383,000	128,668,000	143,051,000	133,044,000
Net claims and claims adjustment costs				
Incurred related to current year	14,021,000	28,157,000	42,178,000	33,761,000
Incurred related to prior years	(378,000)	(17,029,000)	(17,407,000)	(11,028,000)
Settled related to current year	(810,000)	(1,097,000)	(1,907,000)	(1,356,000)
Settled related to prior years	(1,232,000)	(15,979,000)	(17,211,000)	(11,370,000)
Unsettled accident claims, end of year	25,984,000	122,720,000	148,704,000	143,051,000

Based on the indemnity agreements described in note 3(c) and 3(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.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 6

Year ended December 31, 2024

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 3(c) and 3(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 \$117,714 (2023 - \$146,132) and this has been reflected in the statement of operations and accumulated surplus.

The total advance from TCTI as of December 31, 2024 was \$2,600,000 (2023 - \$2,600,000).

The Company recognized indemnities receivable from the TTC in the amount of \$122,720,000 (2023 - \$128,668,000) and the City in the amount of \$25,984,000 (2023 - \$14,383,000) as part of the Company's indemnity agreements described in note 3, the amount of which is equivalent to the accident claims assumed by the Company.

TTC INSURANCE COMPANY LIMITED

Notes to Financial Statements (in Canadian dollars), page 7

Year ended December 31, 2024

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 June 20, 2024.

For Action

Appointment of External Auditor

Date: December 10, 2025

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 2025 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. Delegate approval of the appointment of a new auditor to the President, with the delegation to be based on results of the RFP performed by the City of Toronto to perform the 2025 financial year-end audit of TTC Insurance Company Limited.

Financial Summary

\$38,000 is included in the TTC's 2025 Operating Budget to fund external audit fees, as approved by the TTC Board at its meeting on January 10, 2025 and Toronto City Council at its meeting on February 11, 2025.

Equity/Accessibility Matters

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

Decision History

On February 10, 2020, City Council authorized the Auditor General to enter into an agreement with KPMG LLP to perform the annual financial statement audits for the years 2020 to 2024 inclusive.

At today's TTC Insurance Company Limited Audit Committee meeting, the Committee had before it a report recommending the delegation of approval for the appointment of a new auditor to the President. Such delegation to be based on results of an RFP

conducted by the City of Toronto to perform the 2025 financial year-end audit of the TTC Insurance Company Limited. Approval by the shareholders is required.

Issue Background

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

Comments

The City is conducting an RFP for audit services, which will apply to the TTC Insurance Company Limited. The fees currently budgeted by TTCICL are \$38,000 for 2025.

Contact

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416-393-3854
Michael.Atlas@ttc.ca

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

For Information

Appointment of Actuary

Date: December 10, 2025

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.

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.

Financial Summary

Sufficient funds in the amount of \$30,000, are included in the TTC's 2025 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.

Equity/Accessibility Matters

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

Decision History

At its June 12, 2019, meeting, the Shareholders approved the delegation of authority to complete an RFP for the Appointed Actuary. In August 2019, the TTC entered into a five year contract with JS Cheng & Partners Inc. Contract was extended in 2024 to include any reports required for year end 2024, to be delivered in 2025.

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

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Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Minutes

TTC Insurance Company Limited Conduct Review Committee

Meeting No.: 11

Meeting Date: Thursday, June 20, 2024

A virtual and in person meeting of the TTC Insurance Company Limited Conduct Review Committee was held on Thursday, June 20, 2024 commencing at 10:15 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. 10 held on Monday, June 12, 2023 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

Items Deferred From Last Meeting to Permit Debate/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 10:16 a.m.

- APPROVED -

CHAIR

SECRETARY

For Information

Related Party Transactions

Date: December 10, 2025

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 2024.

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 2024 were \$17,076,000. The total liabilities as per the financial statements as at December 31, 2024 are \$148,704,000.

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, 2024 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

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416-393-3854
Michael.Atlas@ttc.ca

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Minutes

TTC Insurance Company Limited Special Meeting of Directors

Meeting No.: 55

Meeting Date: Thursday, June 20, 2024

A virtual and in person meeting of the TTC Insurance Company Limited Shareholders was held on Thursday, June 20, 2024 commencing at 10:08 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 Shareholders reviewed and approved the minutes of the Special Meeting of Directors No. 54 held on Monday, June 12, 2023 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 2023 annual actuarial report and approved the Expected Future Financial Condition (EFFC) for 2023 that forecasts the expected future financial condition of TTC Insurance Company Limited. The Board also received a presentation of the 2023 EFFC report from the actuary.

(b) Draft Financial Statements for the Year Ended December 31, 2023

The Board of Directors approved the following recommendations:

- i. Adopt the financial statements of TTC Insurance Company Limited for the year ended December 31, 2023, 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 10:10 a.m.

- APPROVED -

CHAIR

SECRETARY

Minutes

TTC Insurance Company Limited Meeting of Directors

Meeting No.: 57

Meeting Date: Thursday, June 20, 2024

A virtual and in person meeting of the TTC Insurance Company Ltd. Audit Committee was held on Thursday, June 20, 2024 commencing at 10:16 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. 56 held on Monday, June 12, 2023 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

1. Reports with Confidential Attachments (Committee Of The Whole)

Nil

2. Presentations

Nil

3. Other Business

- (a) Allotment and Issuance of Shares

Two new directors have been elected in 2024. 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
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Secretary	Mark Cosgrove
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President & General Counsel	Michael Atlas
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Vice President	Anthony Cerqueira
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- (c) Investment

The Board of Directors received the report for information.

- (d) 2024 Budget & Forecast

The Board of Directors approved the 2024 budget and forecast for TTCICL.

The meeting adjourned at 10:18 a.m.

- APPROVED -

CHAIR

SECRETARY

Election of Officers

Date: December 10, 2025
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:

<u>Position</u>	<u>Name</u>
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 June 20, 2024:

<u>Position</u>	<u>Name</u>
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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416-393-3854
Michael.Atlas@ttc.ca

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

For Information

TTC Insurance Company Limited – Investment

Date: December 10, 2025

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, 2024, the TTC's monthly claims and operating expenses are approximately \$2.4 million. The amount presently advanced from Toronto Coach Terminal Inc. (TCTI) is \$2.6 million for the 1st quarter of 2025. Staff will continue to monitor this amount and adjust as necessary.

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 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, 2024, the TTC's monthly automobile claims and operating expenses are approximately \$2.4 million, an increase from \$1.7 million in 2023. The amount presently advanced by TCTI is \$2.6 million (1st quarter 2025) and was reduced

from \$3.2 million in Q2, 2020. 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 13% of the automobile claims paid in 2024 (3% in 2023). 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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Michael.Atlas@ttc.ca

Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

For Action

2025 Budget and Business Plan Forecast

Date: December 10, 2025

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 2025 budget.

Recommendations

It is recommended that the Board of Directors:

1. Approve the 2025 Budget and Forecast for the TTC Insurance Company Limited

Financial Summary

Total expenses of \$100,000 are included in the TTC's 2025 Operating Budget (as approved by the TTC Board on January 10, 2025 and City Council on February 11, 2025).

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 \$143.0 million). As a result other alternatives were pursued.

Contact

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Signature

Michael Atlas
President & General Counsel, TTC Insurance Company Limited

Attachments

Attachment 1 – 2025 Budget and Projection

Attachment 1

TORONTO TRANSIT COMMISSION INSURANCE EXPENSES FOR TTC INSURANCE COMPANY LIMITED 2025 BUDGET

<u>DESCRIPTION</u>	<u>2024 Budget</u>	<u>2025 Budget</u>	<u>Change</u>		<u>2026 Forecast</u>	<u>2027 Forecast</u>	<u>2028 Forecast</u>
Actuarial Service	\$25,250	\$30,000	4,750	Note 1	\$30,000	\$30,000	\$30,000
Audit	36,000	38,000	2,000	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	151,550	115,050	(36,500)	Note 4	115,050	115,050	115,050
-Interest Earned	(152,550)	(139,050)	13,500	Note 5	(139,050)	(139,050)	(139,050)
FSRAO Assessment Fee	1,000	24,000	23,000	Note 6	24,000	24,000	24,000
Miscellaneous Costs	11,600	12,000	400	Note 7	12,000	12,000	12,000
TOTAL	\$92,850	\$100,000	\$7,150		\$100,000	\$100,000	\$100,000

Note 1 TTC completed a competitive request for bid (RFB) for actuarial services for a five year term commencing with the 2019 financial year. The contract was awarded to the qualified lowest bidder, JS Cheng & Partners Inc. This contract has been extended to include 2024 financial year.

Note 2 On February 10, 2020, City Council authorized the Auditor General to enter into an agreement with KPMG LLP to perform the annual financial statement audits for the years 2020 to 2024. The cost for 2025 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 2025 budget is based on funds held of \$2.7 million for Q1-4, at an interest rate of 5.15%, as opposed to 2024 budget rate of 5.65%, 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.