



2021 ANNUAL REPORT

# A Human Experience Above All



A subsidiary of LS Mutual Management

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## Mission, Vision and Values

As a mutual insurance company, Humania designs innovative life and health insurance solutions that are competitively priced and have a streamlined process to make them more accessible.

Our mission is simple, inspiring and perfectly aligned with our purpose:

### “MAKING INSURANCE ACCESSIBLE”

Accessible in terms of:

- ✓ Price
- ✓ Market
- ✓ Eligibility
- ✓ Types of products
- ✓ Purchasing process
- ✓ Approach (client experience)
- ✓ Understanding: contract wording, transparency

Our vision defines and inspires our actions and goals on a daily basis:

### “PROVIDE PEACE OF MIND TO ALL THROUGH INNOVATIVE SOLUTIONS.”

In a competitive and constantly changing world, Humania stands out for its ability to innovate and adapt to market realities while remaining true to its values.

-  collaboration
-  empathy
-  innovation
-  integrity
-  agility

Our values reflect how we will work together to achieve our common mission and goals. They define who we are and set the course for our successful development. They inspire us in our daily lives and in all of our actions.

# Highlights

The year 2021 was filled with achievements, innovations and successes. All of Humania's teams can be proud of all these accomplishments. Here's an overview of the year's highlights.



## LAUNCH OF THE CAREERS PAGE

At the very start of 2021, we launched our new Careers page, which has been revamped to reflect our values. This page is intended to represent our employer brand. It features all the awards we have received, as well as a few of the initiatives we put in place for employer branding. This page is a nice addition that helps us attract and recruit the best talent.



## HUMANIA RECOGNIZED AS ONE OF GREATER MONTRÉAL'S TOP EMPLOYERS

Humania was selected by Canada's Top 100 Employers 2021 as one of Greater Montréal's top employers, alongside some of the city's largest companies. This distinction recognizes Canadian companies that provide their employees with exceptional workplaces. We have every reason to be proud of the work environment we provide our employees. They are the ones who bring our values to life in an exceptional way and who make us a leading employer.



## LAUNCH OF PROHEALTH INCOME INSURANCE - ACCIDENT & SICKNESS

We launched our new income insurance covering accident and illness. This competitive product accepts all occupations and includes three separate turnkey plans. In short, it is disability insurance tailored to individual needs, making insurance even more accessible.

A few months following the launch, we added two endorsements to Prohealth Income Insurance. First, the 20-year premium refund benefit, which allows the insured person to recover all or part of the premiums paid throughout the term of the contract and, second, the accidental death, dismemberment or total loss of use benefit, with amounts ranging from \$50,000 to \$300,000. These features help us better meet the needs of customers.



## HUMANIA NAMED ONE OF CANADA'S TOP SMALL & MEDIUM EMPLOYERS

Humania was named one of Canada's Top Small & Medium Employers for the third year in a row. This award recognizes our culture, which is based on our mission, our values and our determination to create an environment where all employees can apply their talents, feel good and thrive. We are honoured to be recognized as one of Canada's top employers.



### ANNOUNCEMENT OF THE APPOINTMENT OF NEW PRESIDENT MARC PELIEL ON JUNE 28

The Board of Directors of Humania Assurance was proud to announce the appointment of Marc Peliel as President and Chief Executive Officer of the company. At the time of his appointment, Mr. Peliel had been Vice-President, Finance and Treasurer of Humania since 2016 and was a member of the boards of the group's main subsidiaries. He also served as Chair of the Board of Directors of Aurrea Signature until its sale to IDC Worldsource in 2019.



### SIMPLIFIED GROUP-TO-INDIVIDUAL CONVERSION TOOL LAUNCHED IN LATE AUGUST

We have simplified the conversion privilege with a fully online calculation tool. We offer staff members who have Humania group insurance the opportunity to convert their group life, long-term disability and critical illness insurance into individual coverage. With just a few clicks, whether the insured person's coverage is being terminated or the group insurance plan is completely cancelled, users can see the various options available and their costs.

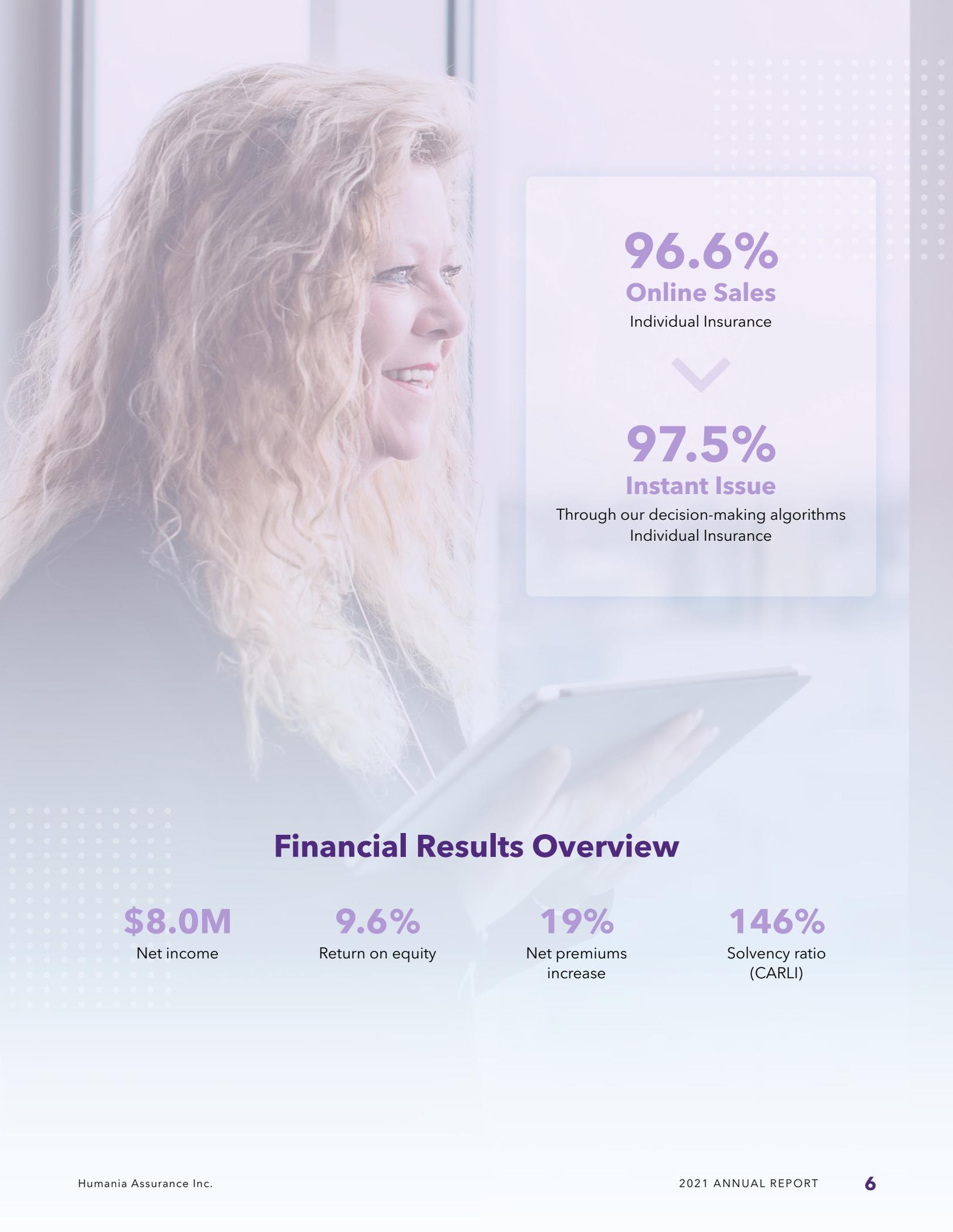


### MAJOR APPOINTMENTS WITHIN MANAGEMENT AT HUMANIA FOR A LOCAL EXPERIENCE

At Humania Assurance we continue to grow and transform, as evidenced by these recent appointments within our management team.

- **Nicolas Moskiou**, FSA, has been promoted to Executive Vice-President, Products, Innovation and Partnership.
- **Luc Bergeron**, FCIA, FSA, has been appointed Chief Financial Officer and Treasurer.
- **Valérie Le Roux** has been appointed Vice-President, Products and Partnership.
- **Amélie Jodoin** is now National Vice-President, Business Development, Individual Insurance.
- **Mélina Gauthier** becomes National Vice-President, Business Development and Administration, Group Insurance.
- **Jean-Patrice Dozois** is now Assistant Vice-President, Legal Affairs & Compliance.
- **Kim Rochette** is now Assistant Vice-President, Culture, Talent and Customer Experience.

These seven appointments support our ambition for growth and enable us to pursue our mission of making insurance accessible as well as to adopt an approach that promotes a human experience.



**96.6%**

**Online Sales**

Individual Insurance



**97.5%**

**Instant Issue**

Through our decision-making algorithms  
Individual Insurance

## Financial Results Overview

**\$8.0M**

Net income

**9.6%**

Return on equity

**19%**

Net premiums  
increase

**146%**

Solvency ratio  
(CARLI)



# Message from the Chairman of the Board

MR. JACQUES MARTINEAU

**Fiscal 2021 was marked by significant progress and several innovations in both product development and processes. In addition, the year represented the end of the 2018-2021 strategic cycle. In 2021, we also recorded sales beyond our expectations, which puts the organization in an excellent position to move forward and implement its new strategy.**

Fiscal 2021 was marked by significant progress and several innovations in both product development and processes. In addition, the year represented the end of the 2018-2021 strategic cycle. In 2021, we also recorded sales beyond our expectations, which puts the organization in an excellent position to move forward and implement its new strategy.

Among our accomplishments, we achieved an important strategic objective: the digitization of our enrolment and sales processes for our main individual insurance products. Fiscal 2021 also proved to be a record year for sales in this business line and, thanks to our agility and innovative solutions, we continue to stand out in the industry and in Canada as a whole.

In terms of finances, the results of our innovative approach to product development, partnerships and control over expenses, as well as higher interest rates, combined with the reopening of borders and the subsequent increase in travel insurance sales in early fall, all had a positive impact on our 2021 results.

The 2021 fiscal year illustrated that Humania continues to have a very satisfactory financial standing as well as a solid solvency ratio that reflects our day-to-day financial discipline.

## APPOINTMENT OF A NEW PRESIDENT AND CHIEF EXECUTIVE OFFICER

Fiscal 2021 also marked by the appointment in June of a new President and Chief Executive Officer, Marc Peliel. Mr. Peliel was named after a rigorous candidate evaluation process that took into account the needs of Humania Assurance.

He has an impressive track record and has held several high-level positions both in Canada and abroad. Through his background in the financial sector in Canada and the responsibilities he has assumed, he has acquired extensive experience as well as in-depth knowledge of the networks and strategies for the distribution of financial products on a national scale.

In the fall, the Board of Directors approved the new 2022-2024 strategy that Mr. Peliel developed with the executive team, which introduces the concept of collective ambition.

As Vice-President, Finance and Treasurer at Humania Assurance for nearly five years, Mr. Peliel has been a key player in the company's current success.



## SPECIAL ACKNOWLEDGMENT OF STÉPHANE ROCHON

The Board of Directors would also like to thank Stéphane Rochon for his loyal service as President and Chief Executive Officer of Humania Assurance since December 2016. Under his leadership, the company saw an accelerated digitization of its insurance products.

It should be noted that over the past five years, the organization has undergone significant changes and achieved a number of successes, including:

- Acceleration of the company's digital shift;
- Innovation as a key driver of progress; and
- Improvement of its customer experience, as a differentiating factor.

On behalf of myself and the entire Board, I would like to thank him for these years of loyal service.

## RETIREMENT

Following this Annual Meeting, I will be stepping down as Chair of the Board of Directors of Humania Assurance and LS Mutual Management. It has been an honour for me to serve mutualists as Chair of the Board of Directors for the past eight years and as a director since 2001.

I am leaving proud of the achievements of Humania and our teams over the past 20 years and would like to thank the members of the Board of Directors, the executive team and all the staff of Humania for their dedication on a daily basis.

Over the years, I have witnessed the extraordinary progress made by all the members of the Humania team. I am confident and optimistic about the future of the mutual. It is in an excellent position to continue to stand out and actively participate in the development and acceleration of innovation in the insurance industry.



**Jacques Martineau**

Chair of the Board of Directors



# Message from the President and Chief Executive Office

MR. MARC PELIEL

**The year 2021 marks the end of our 2018-2021 strategic cycle. Significant progress was made during this time, and we are proud of all that has been accomplished by our teams.**

The constant innovation and acceleration of our product development cycles, the implementation of our growth and partnership plan, the attraction and retention of top talent, the changes and reinforcements within the executive team, and a strong balance sheet are all achievements that position us favourably for the future.

All of these accomplishments have enabled us to better adapt to our ongoing pandemic environment and the gradual resumption of travel, as well as to achieve significant sales growth in our individual insurance segment in 2021.

## LAUNCHES

Among the products launched in the past year is the Prohealth Income Insurance - Accident & Sickness. We showed innovation once again with this product distributed across Canada, as no profession is turned away. This launch enabled us to achieve one of our key objectives: digitizing our enrolment and sales processes for our main individual insurance products through our Web platforms.

We also added two endorsements for the two income insurance products on the Prohealth platform. First, the premium refund benefit allows the insured person to recover all or part of the premiums paid throughout the term of the contract and, second, we added the accidental death, dismemberment or total loss of use benefit, with amounts ranging from \$50,000 to \$300,000. These endorsements help to enhance our offer of innovative solutions and meet the needs of more policyholders.

In addition, to make the conversion privilege more accessible than ever, we launched a fully online calculation tool. We offer staff members with Humania group insurance the opportunity to convert not only their group life, but also their group long-term disability and critical illness insurance into individual coverage. Furthermore, to simplify the process for both staff and employers, we offer a self-serve calculation tool.

With just a few clicks, whether the insured person's coverage is being terminated or the group insurance plan is completely cancelled, users can see the various options available and their costs.

Lastly, our integrated agency Collab. has expanded its service offering to support our partners and brokers in expanding their digital presence. With the agency's expertise, we are helping the network adopt a more digital approach. Collab. makes clients shine with its innovative solutions and proximity. It offers services in communications, marketing, design, user experience and Web development.

## PARTNERSHIPS

The various partnerships that we create with companies specializing in digital marketing and active in segments where customers are not adequately served in life and health insurance remain essential to Humania.

Among these, the association with Emma Insurance, a financial-technology provider specializing in the pregnant women and young families segment, is once again generating significant results this year and shows our commitment to innovation and to our mission of making insurance accessible. In fact, all of our partnerships have strengthened our position in the Canadian market and Humania is more poised than ever to offer its partners innovative solutions. It is through close collaboration with them that we are able to build and establish solid strategies that meet our customers' expectations. In short, these partnerships help us fulfil our mission and achieve our vision, which is to provide peace of mind through innovative solutions.

## GROUP INSURANCE

In group insurance, we continue to improve our offering based on our customers' needs, while ensuring a distinctive customer experience. This is a key factor in processing claims, and it is by showing a high degree of empathy, a value that guides the actions of our teams of analysts, that we are able to provide outstanding customer service.

## TOUR+MED AND TRAVEL INSURANCE

After a difficult year in 2020 following the border closures, we were able to position ourselves favourably for their reopening in September and quickly return to sales levels comparable to those of years prior to COVID-19.

In 2020, we were proactive in launching a COVID endorsement that was unique on the market and focused on customer needs. The results of this endorsement really began to show in 2021. By taking a human and personalized approach to the situation, we were able to implement this endorsement, which provides the insured person with coverage of up to \$5 million\* in the event of a medical emergency resulting from a positive diagnosis during travel. This coverage also includes hospitalization, treatment and repatriation costs.

The latest results show that this product line meets the needs of our customers and contributes positively to our growth. We are therefore optimistic about the future.

## FINANCIAL RESULTS

In 2021, our financial results exceeded our expectations, with net income of \$8.0 million and growth in premiums sold across all product lines. Several factors can explain the positive results and returns, including new-product launches, the partnerships we have maintained, control over expenses, the diversification of our assets, and the rise in interest rates, which has been favourable for Humania. In addition, the strong recovery in travel since September has brought us back to profitability in this product line. We are very happy and proud of the results for 2021.

Once again this year, we have maintained a very good solvency ratio of 146% and, as a mutual insurance company, this demonstrates that the organization is well positioned to meet its obligations to policyholders and insured persons.

## LEAD2ACTION

Towards the end of the year, we launched the Matcha Insurance brand in Québec and Ontario. We now offer a modern, multi-channel approach to insurance, once again making insurance accessible through the innovative approaches that today's customers expect.

## TALENT AT THE CORE OF OUR SUCCESS!

Once again this year, we saw that our teams' commitment was central to our success. The increased rate of engagement attests to this, and we are very grateful for it.

One of our strengths is the diversity of our talent. In an ever-changing world, talent is an indispensable asset. At Humania, we understand this, and this is why we rely on the skills and ability of our teams to innovate. On a daily basis, the value of innovation contributes to the success of the initiatives implemented by our staff. We demonstrate courage, resilience and an ability to adapt to a constantly changing environment.

Over the years, the well-being of our staff has remained our priority, and we are proud to provide a healthy, motivating work environment that fosters the growth of each of our employees.

Once again in 2021, our achievements and commitment in this regard were recognized by the renewal of our "Healthy Enterprise" certification awarded by the *Bureau de la normalisation du Québec*.

In addition to this recognition, we received several other awards and distinctions that support our approach to wellness, confirm our dedication to our employees and demonstrate our resilience and the strength of a mutual company that continues to reaffirm its confidence in achieving its mission of making insurance accessible.



### TRIBUTE TO STÉPHANE ROCHON

I would be remiss if I did not mention Stéphane Rochon's commitment and contribution to the digital shift of Humania's products. His efforts and the remarkable work he accomplished over the past few years at the helm of the company are worth noting.

### TRIBUTE TO JACQUES MARTINEAU

In closing, I would like to acknowledge the departure of the Chair of the Board of Directors. Jacques Martineau joined the Board in 2001 and has chaired its activities for the past seven years. Throughout his mandate, Mr. Martineau has fulfilled his role as Chair by maintaining a climate of openness and respect within the Board. His wisdom, extensive experience and confidence in the directors and the entire management team have enabled Humania to grow and the team to carry out many large-scale projects. He has helped a modest company in terms of size to be agile and innovative. As an entrepreneur, he has always been able to guide us by being very open-minded and supporting innovation and change.

### ACKNOWLEDGMENTS

I would like to thank the Humania teams which, once again this year, rose to major challenges. Their valuable collaboration and care towards their colleagues, policyholders and partners are essential to achieving our mission.

Management is confident that our talented team will meet the new challenges that lie ahead, as we enter fiscal year 2022 with confidence and equipped not only with a new 2022-2024 strategic plan, but also with a collective ambition.

I would also like to thank the members of the Board of Directors and management for their valuable counsel, dedication and availability, which greatly contribute to the success of the company.

To our mutualists, I would like to reiterate our appreciation for the trust they place in us and assure them of our unwavering devotion.



**Marc Peliel**

President and Chief Executive Officer

# Board of Directors



**Jacques Martineau**

M. Sc., Adm.A., FCMC

**Chairman**

*Corporate Director*



**Marc Peliel**

CPA, CMA

**President and Chief  
Executive Officer**



**Joanne Vézina**

MBA, ASC

**Vice-Chair**

*Corporate Director*



**Lise Lapierre**

F CPA, FCA, ASC

*Corporate Director*



**René Delsanne**

M. Sc., FCIA, FSA, CFA

*President, Delsanne conseil inc.*



**Muriel McGrath**

ICD.D

*President, MC2 Consilium inc.*

*Corporate Director*



**Louise Pellerin-Lacasse**

FCIA, FSA, CERA

*Corporate Director*



**Claude Robitaille**

CPA, CA, ASC

*Corporate Director*



**Michel Tardif**

FSA, FCIA, ASC

*Corporate Director*

# Executive Team



**Marc Peliel**

CPA, CMA

President and Chief  
Executive Officer



**Nicolas Moskiou**

FSA

Executive Vice-president,  
Products, Innovation and Partnership



**Alina Dudau**

A.S.A.

Chief Actuary



**Luc Bergeron**

FCIA, FSA

Chief Financial Officer  
and Treasurer



**Denis Lefebvre**

Vice-President  
Technologies



**Kim Rochette**

Assistant Vice-President, Culture,  
Talent and Customer Experience



**Jean-Patrice Dozois**

B.A., LL. B.

Assistant Vice-President,  
Legal Affairs & Compliance

# Senior Management

## MANAGEMENT

**Virginie Labonté**, CPA, CA

Director | Financial Planning & Analysis

**Fanny Laurendeau**, B.A.

Director | Contract Management & Network Relations

**Sophie Lefebvre**, ALHC, HIA, ACS

Director | Administration, Special Projects

**Valérie Le Roux**, ASC

Vice-President, Products and Partnerships

**Nathalia Wosik**, B. Sc.

Director | Réclamations et sélection des risques

**Natalie Di Maria**, CPA, CA

Director | Accounting Department

**Anthony Blais**, F.S.A., F.I.C.A., CERA

Director | Actuarial, Individual Insurance

**Jonathan Plourde**

Director | Actuarial and Underwriting, Group Insurance

**Michelle Tessier**, CPA

Director | Special Projects

**Jean-François L'Heureux**, FLMI, ARA, ACS

Director | Projects Bureau

**Guillaume Delorme**

Director | Administration, Group Insurance

**Cathy Leclair**

Director | Administration, Individual Insurance

**Elisabeth Gingras**

Directrice | Customer Experience

**Marie-Lou Flibotte**

Director, Collab. Agency  
Communication and Marketing

**Laura Gutierrez**

Director, Marketing

## MANAGEMENT, SALES TEAM

**Amélie Jodoin**

National Vice-President,  
Business Development, Individual Insurance

**Roberta Lust**, BMgmt, CFP, CHS

National Sales Director,  
Central and Western Canada, Individual Insurance

**James O'Connell**

Regional Sales Manager

**Marie-Pier Parent**

Director | Business Development,  
Individual Insurance

**Charles Tremblay**

Director | Business Development,  
Individual Insurance

**Angélique Fleury**

Director | Business Development,  
Individual Insurance

**Isabelle Parent**

Business Development Associate,  
Financial Security Advisor

**Mélina Gauthier**, C.A.A.S.

National Vice-President,  
Business Development and Administration,  
Group Insurance

**Philippe Berbari**

Directeur | Business and Strategic Development,  
Group Insurance

**Martin Walker**

Sales Director | Western and Central Canada,  
Group Insurance

**Pierre-Philippe Comte**

Sales Director | Group Insurance



# Summary Consolidated Financial statements

LS MUTUAL MANAGEMENT

# Summary Consolidated Statement of Earnings

Year ended December 31, 2021 (in thousands of Canadian dollars)

	2021 \$	2020 \$
<b>INCOME</b>		
<b>Premiums</b>		
Gross premiums	167,232	143,000
Premiums ceded to reinsurers	(38,745)	(34,575)
Net premiums	128,487	108,425
<b>Investment</b>		
Investment income	13,197	13,959
Change in fair value of financial assets designated at fair value through profit or loss	(13,680)	(28,056)
Net investment income	(483)	42,015
<b>Distribution revenues and other revenues</b>	<b>950</b>	<b>1,974</b>
	<b>128,954</b>	<b>152,414</b>
<b>EXPENSES</b>		
Gross benefits	82,566	79,969
Benefits ceded to reinsurers	(22,936)	(19,915)
Change in policy reserves	8,471	73,182
Change in reinsurance assets	(16,525)	(30,141)
Gross commissions	30,547	23,219
Commissions ceded to reinsurers	(9,536)	(8,550)
Premium taxes	3,406	2,896
Experience refunds and participations	3,263	1,540
General expenses	39,539	36,059
	<b>118,795</b>	<b>158,259</b>
<b>EARNINGS BEFORE INCOME TAXES</b>	<b>10,159</b>	<b>(5,845)</b>
Income taxes	2,197	(1,619)
<b>NET INCOME</b>	<b>7,962</b>	<b>(4,226)</b>
Attributable to the policyholders	6,756	(3,586)
Attributable to the non-controlling interests	1,206	(640)
	<b>7,962</b>	<b>(4,226)</b>

# Summary Consolidated Statement of Comprehensive Income

Year ended December 31, 2021 (in thousands of Canadian dollars)

	2021 \$	2020 \$
<b>NET INCOME</b>	<b>7,962</b>	<b>(4,226)</b>
<b>Other comprehensive income</b>		
<b>Items that will be reclassified subsequently as net income</b>		
Available for sale financial assets		
Unrealized gains and losses [net of income taxes of \$1,187 (\$427 in 2020)]	<b>3,276</b>	1,186
Reclassification as net income of realized gains and losses [net of income taxes of \$8 (\$32 in 2020)]	<b>(24)</b>	(89)
Cash flow hedges		
Unrealized gains and losses [net of income taxes of \$58 (\$61 in 2020)]	<b>162</b>	(168)
Reclassification as net income of realized gains and losses [net of income taxes of \$63 (\$7 in 2020)]	<b>(174)</b>	19
	<b>3,240</b>	948
<b>Items that will not be reclassified subsequently as net income</b>		
Employee benefits		
Remeasurement of net defined benefit liability [net of income taxes of \$1,521 (\$220 in 2020)]	<b>4,219</b>	609
	<b>7,459</b>	1,557
<b>COMPREHENSIVE INCOME</b>	<b>15,421</b>	<b>(2,669)</b>
Attributable to the policyholders	<b>13,085</b>	(2,265)
Attributable to the non-controlling interests	<b>2,336</b>	(404)
	<b>15,421</b>	<b>(2,669)</b>

# Summary Consolidated Statement of Financial Position

Year ended December 31, 2021 (in thousands of Canadian dollars)

	2021 \$	2020 \$
<b>ASSETS</b>		
<b>Investment</b>		
Cash and cash equivalents	24,320	11,498
Money market	5,125	8,982
Bonds	316,419	342,604
Shares	63,762	53,587
Infrastructure funds	11,795	11,235
Real estate funds	15,578	13,076
Policy loans	1,481	1,519
	<b>438,480</b>	<b>442,501</b>
<b>Other asset components</b>		
Other assets	25,130	27,022
Reinsurance assets	268,594	251,018
Deferred tax assets	2,267	3,535
Property and equipment	8,081	8,891
Intangible assets	7,947	7,644
Goodwill	13,670	13,670
	<b>325,689</b>	<b>311,780</b>
<b>Total assets</b>	<b>764,169</b>	<b>754,281</b>

# Summary Consolidated Statement of Financial Position

Year ended December 31, 2021 (in thousands of Canadian dollars)

	2021 \$	2020 \$
<b>LIABILITIES</b>		
<b>Policy liabilities</b>		
Policy reserves	603,365	612,231
Investment contract liabilities	369	506
Benefits payable	31,253	27,030
Deposits	6,583	3,520
Participations and experience refunds payable	1,004	1,189
	642,574	644,476
<b>Other liability components</b>		
Other liabilities	17,606	19,196
Debenture	4,962	4,957
Lease liabilities	496	586
Puttable financial instrument liabilities	-	1,956
	23,064	26,695
<b>Total liabilities</b>	<b>665,638</b>	<b>671,171</b>
<b>EQUITY</b>		
Members' equity	80,556	73,800
Non-controlling interests	17,375	15,039
Accumulated other comprehensive income	600	(5,729)
<b>Total equity</b>	<b>98,531</b>	<b>83,110</b>
<b>Total liabilities and equity</b>	<b>764,169</b>	<b>754,281</b>

On behalf of the Board,



**Marc Peliel**  
Director



**Jacques Martineau**  
Director

# Summary Consolidated Statement of Changes in Equity

Year ended December 31, 2021 (in thousands of Canadian dollars)

<b>2021</b>	<b>Members' equity \$</b>	<b>Non-controlling interests \$</b>	<b>Accumulated other comprehensive income \$</b>	<b>Total equity \$</b>
<b>Balance, beginning of year</b>	73,800	15,039	(5,729)	83,110
Net income	6,756	1,206	-	7,962
Other comprehensive income	-	1,130	6,329	7,459
	6,756	2,336	6,329	15,421
<b>Balance, end of year</b>	<b>80,556</b>	<b>17,375</b>	<b>600</b>	<b>98,531</b>
2020	Members' equity \$	Non-controlling interests \$	Accumulated other comprehensive income \$	Total equity \$
<b>Balance, beginning of year</b>	77,386	18,817	(7,050)	89,153
Reclassification of non-controlling interests to puttable financial instrument liabilities	-	(3,374)	-	(3,374)
<b>Balance, beginning of year, restated</b>	77,386	15,443	(7,050)	85,779
Net income	(3,586)	(640)	-	(4,226)
Other comprehensive income	-	236	1,321	1,557
	(3,586)	(404)	1,321	(2,669)
<b>Balance, end of year</b>	<b>73,800</b>	<b>15,039</b>	<b>(5,729)</b>	<b>83,110</b>

# Notes to Summary Consolidated Financial Statements

Year ended December 31, 2021 (in thousands of Canadian dollars)

## 1. CRITERIA FOR THE PREPARATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

LS Mutual Management (hereinafter the "Company") prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were approved and authorized for issue by the Board of Directors on February 22, 2022. The independent auditor expressed an unmodified opinion on these consolidated financial statements in the independent auditor's report dated February 22, 2022.

The Company elected to prepare summary consolidated financial statements using the following criteria:

- a) Presentation of one set of consolidated financial statements, except for the consolidated statement of cash flows and the notes to consolidated financial statements;
- b) Use of the same format in the summary consolidated financial statements as that used for the consolidated financial statements, except for the references to the notes;
- c) Exclusion of the notes to consolidated financial statements, unless their omission prevents users from obtaining a structured view of the Company's economic resources and obligations at a given time or of any changes during a period.

## 2. AVAILABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company audited consolidated financial statements can be viewed at the Company's head office by contacting Humania Assurance Inc.



# Reports and committees

# Report of the independent auditors on the summary financial statements

To the Policyholders of LS Mutual Management

## OPINION

The summary consolidated financial statements of LS Mutual Management (the “Entity”), which comprise:

- the summary consolidated financial position as at December 31, 2021;
- the summary consolidated statement of earnings for the year then ended;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- and related notes to the consolidated financial statements;

are derived from the audited consolidated financial statements of LS Mutual Management as at and for the year ended December 31, 2021 (audited financial statements).

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the criteria disclosed in Note 1 in the summary financial statements.

## SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards (IFRS). Reading the summary financial statements and the auditor’s report thereon, therefore, is not a substitute for reading the Entity’s audited financial statements and the auditor’s report thereon.

The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

## MANAGEMENT’S RESPONSIBILITY FOR THE SUMMARY FINANCIAL STATEMENTS

Management is responsible for the preparation of the summary financial statements in accordance with the criteria disclosed in Note 1 in the summary financial statements.

## AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standards 810, Engagements to Report on Summary Financial Statements.



**KPMG s.r.l./S.E.N.C.R.L.**, LLP  
Montreal (Canada), February 22, 2022

FCPA auditor, public accountancy permit n° A110618

# Management's Report

The summary consolidated financial statements of LS Mutual Management (herein "Mutual" or "Company" ) contained in this annual report are the responsibility of management and have been approved by the Board of Directors. They have been derived from the consolidated financial statements of Mutual and should be interpreted together with them, including the additional notes

To assist management in its duties, the Company maintains an internal auditing system to provide reasonable assurance that assets are safeguarded, that only valid and authorized transactions are carried out, and that the financial information is accurate, complete and provided in a timely manner.

The Board of Directors fulfils its responsibilities with regard to Mutual's financial reporting primarily through its Audit and Risk Management Committee, which is composed entirely of independent directors and which meets periodically with management and the independent auditor and/or the appointed actuary. The latter may, at their discretion, meet with the Audit and Risk Management Committee, in the presence or absence of management, to discuss matters pertaining to auditing and financial reporting.

On behalf of management,



**Marc Peliel**  
President and Chief Executive Officer



**Luc Bergeron**  
Vice-President, Finance

Saint-Hyacinthe, February 22, 2022

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# Appointed Actuary's Report

To the Policyholders of LS Mutual Management,

I have assessed the policy liabilities and reinsurance recoverables of LS Mutual Management for its consolidated statement of financial position as at December 31, 2021, and any changes posted to the consolidated statement of earnings for the year then ended, in accordance with the accepted actuarial practices in Canada. This included selecting the appropriate valuation assumptions and methods.

In my opinion, the policy liabilities net of reinsurance recoverables constitute adequate provision for all policyholder obligations under the policies. In addition, the company's results are accurately presented in the consolidated financial statements.

The report is compliant with the Quebec Act Respecting Insurance and its regulations.



**Marie-Andrée Boucher**, F.C.I.A., F.S.A.  
Appointed Actuary

Montreal, February 22, 2022

# Audit and risk management committee

## COMPOSITION

This committee is made up of independent directors. It must include at least three members, the majority of whom do not sit on another committee of the Board of Directors. Each member of the committee must have appropriate knowledge of finance, and at least one member must have expertise in accounting or financial management.

## MEMBERS

Claude Robitaille, Chair  
Louise Pellerin-Lacasse  
Lise Lapierre

## MANDATE

The mandate of the Audit and Risk Management Committee is to oversee the financial reporting process and ensure that financial statements are presented in accordance with International Financial Reporting Standards (IFRS). It must also ensure that an appropriate internal control system is in place, verify the risk management process, and recommend the Company's risk profile and resulting action plan to the Board of Directors. In addition, it must supervise the audit process, as well as the procedures applied by the Company to ensure that it complies with the laws and regulations in accounting and finance.

## ACTIVITY REPORT

In terms of financial reporting, the committee primarily reviewed the independent auditor's report for the year ended December 31, 2020. In addition, it received the Financial Condition Testing (FCT) and the appointed actuary's report on technical provisions.

It also recommended to the Board of Directors the adoption of the audited financial statements and accepted the proposed audit plan for the year 2021. The committee also received statements from management regarding the Company's compliance with its obligations and policies relating to information technology (IT) security.

The members of the committee also reviewed the internal control procedures and the reports submitted to it. These include internal audit work performed by the Finance team and audits done by the Company's external partners, such as reinsurers or specialized companies. In addition, the members of the committee continue to monitor, together with senior management, the evolution and impact on the organization of certain upcoming changes to IFRS standards, as well as their impact on capital adequacy requirements for life and health insurance.

In accordance with the mandate given to it by the Board of Directors, the committee reviewed the process leading to the preparation and monitoring of the Company's risk profile, including the resulting action plans, and recommended its adoption to the Board of Directors. It also reviewed the stress-test report prepared by the Actuarial team and recommended the Company's target ratio and risk appetite to the Board of Directors. Lastly, it tracked the three main risks and took note of the operational incidents that occurred at each of its meetings.

In terms of IT security, the committee reviewed the audits and action plans implemented by the Company to ensure that its systems are secure and the information it holds is protected. It also reviewed a cybersecurity maturity assessment and action plans for improvements. In addition, the committee examined the annual activity report for the business continuity plan. Lastly, it recommended to the Board of Directors the adoption and updating of certain policies and approved the external auditors' mandate for the 2021 fiscal year.

To carry out its mandate, the committee worked closely with senior management, and held private meetings with the independent auditors, the appointed actuary and the Vice-President, Finance.

**Claude Robitaille**  
Chair

# Governance and Ethics Committee

## COMPOSITION

This committee, constituted pursuant to the provisions of the Insurers Act, is composed of independent directors and should comprise at least three members, a majority of whom are not:

1. Officers or employees of the Company;
2. Persons who are members of both the Governance and Ethics Committee and the Audit and Risk Management Committee;
3. Directors, officers, other agents and employees of a business combination of which the Company is the controlling shareholder; and
4. Holders of a significant interest in the Company or an affiliate.

In order to be effective, this committee must include members that have, for example, experience in corporate governance.

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## MEMBERS

Joanne Vézina, Chair  
Michel Tardif  
Jacques Martineau

## MANDATE

The Governance and Ethics Committee oversees the development, adoption and enforcement of rules and directives required for the application of legislative and regulatory provisions. In particular, it establishes and reviews the Code of Business Conduct that applies to the Company and ensures it is communicated to all concerned. The Committee is to be informed of any infringement to these rules and ensure that the appropriate measures are taken in such case. The Committee also ensures that the privacy rules and procedures are complete and complied with. Lastly, it is responsible for the implementation of and compliance with the principles of sound business practices and fair treatment of consumers.

With respect to governance, the Committee is tasked with proposing to the Board of Directors corporate governance rules designed to ensure sound management of the Company and to see that these rules are implemented and updated.

## ETHICS ACTIVITY REPORT

As part of its annual review of the Code of Business Conduct, the Committee made certain minor modifications. Regarding application of the Code, the Committee received the report of the Assistant Vice-President, Legal Affairs and Compliance, stating that the Code had been fully circulated within the Company and its subsidiaries, and that any material breaches observed during the year had been properly reported to the Committee. The Committee also reviewed the directors' declarations of interest and found that no outside director was a related person toward the Corporation or was in a potential conflict of interest. Only the President and Chief Executive Officer is a related director within the meaning of the law.

## RAPPORT D'ACTIVITÉ EN GOUVERNANCE ET CONFORMITÉ

The Committee conducted a complete revision of Corporate By-Law No. 42 to bring its terms into line with current practices. The Committee also amended the *Corporate Governance Rules* to reflect changes rendered necessary by the draft Corporate By-Law No. 42.

Draft revisions and updates to various policies of Humania Assurance and LS-Travel – those on outsourcing, terrorism and money laundering (FINTRAC), sound business practices, complaints processing, underwriting and commitments, design and ratemaking, as well as integrity and competency – were reviewed and recommended to the Board of Directors for adoption.

The Committee also reviewed the compliance reports submitted to it and monitored progress made during 2021 on the Compliance Action Plan. In connection with compliance reporting, the Committee discussed the various measures put in place to ensure the fair treatment of consumers.

Pursuant to their mandate, the Committee members provided support and guidance to the Chair of the Board of Directors in his reflections regarding succession, desired competency profiles for directors, as well as director continuing education. They also ensured application of and compliance with the Policy on Integrity and Competency criteria for Board members and managers of Humania Assurance group companies. As part of its review of the Company's Policy on Integrity and Competency, the Committee revised the Declaration of Interests form for directors and officers of the Company.

Lastly, the Committee Chair and the Chair of the Audit and Risk Management Committee provided support and guidance to the Board of Directors and its Chair in their search for a new President and Chief Executive Officer of the Company, as well as during the transition period following the selection of the candidate.



**Joanne Vézina**  
Chair

# Investment committee

## COMPOSITION

This committee is made up of directors, officers and external experts appointed by the Board of Directors. The President and Chief Executive Officer is a member and chairs the committee.

## MEMBERS

Marc Peliel, President and Chief Executive Officer, Chair of the committee

Alina Dudau, Chief Actuary

Luc Bergeron, Vice-President, Finance

René Delsanne, Director

Michel Pelletier, external expert advisor

**Guest:** Marie-Andrée Boucher, Appointed Actuary, Eckler

## MANDATE

The mandate of the Investment Committee is to implement investment and matching strategies in line with the Company's objectives. The committee recommends the Company's investment policy to the Board of Directors and updates it as required. The committee analyzes the results and ensures that the level of asset matching with the Company's financial commitments is consistent with the policy's objectives. The committee ensures that investment activities comply with the investment policy.

The committee also recommends the selection of investment managers to the Board of Directors, verifies that they comply with the Company's investment policy and monitors performance reports against the set objectives.

Humania Assurance's Investment Committee assumes the same responsibilities for La Survivance-Voyage.

## ACTIVITY REPORT

Throughout the year, the committee analyzed the managers' performance in the investment portfolios of the Company and La Survivance-Voyage.

The committee conducted quarterly reviews of the investment policy compliance reports presented by the managers and reported to the Board of Directors.

The committee members monitored the Company's asset-liability matching. Quarterly matching reports were tabled with the Board of Directors.

The year 2021 was marked by a significant increase in long-term interest rates at the beginning of the year, a rollercoaster performance for preferred shares and a decrease in interest rates in the last quarter. Our infrastructure, real estate and common equity portfolios performed well. In this context, the committee worked on optimizing the investment and matching strategies of its portfolios to support targeted returns and capitalization ratios.



**Marc Peliel**  
President

# Human Resources Committee

## COMPOSITION

The Committee is composed of at least three directors, including the chair of the Board of Directors who chairs the Committee.

## MEMBERS

Jacques Martineau, Chair  
René Delsanne  
Muriel McGrath

## MANDATE

The Human Resources Committee is mandated to evaluate the performance of the President and Chief Executive Officer annually and make recommendations concerning his compensation to the Board of Directors.

Moreover, it receives, reviews and approves the recommendations of the President and Chief Executive Officer concerning the overall compensation of the vice-presidents.

It also updates the Company's management succession plan and reviews the major human resources issues facing the Company.

## ACTIVITY REPORT

In accordance with its mandate, the Committee conducted an evaluation of the President and Chief Executive Officer and reported its findings to the Board of Directors. Furthermore, it made recommendations to the Board on the President's compensation for the year 2022 and the related performance objectives.

The Committee also ratified the President and Chief Executive Officer's recommendations concerning the compensation of the Vice-Presidents for the year 2022 and the related performance objectives, reviewed the Company's results and assessed the degree of achievement of the objectives set for the year. In addition, the Committee reviewed and considered the incentive plans and the value of pension benefits for executives.

As part of its work program, the Committee meets annually in camera with human resources management to discuss any human resources management issues that may arise. Lastly, the Committee members conducted its annual review of the Company's management succession plan and held discussions on it with the Board of Directors.



**Jacques Martineau**  
Chair

# Declaration of Governance, Compliance and Integrated Risk Management

## GOVERNANCE

Governance is the body of rules and principles to which the company, its directors and its officers must adhere in the performance of their functions to ensure the organization's sound management and financial profitability. It defines the role and responsibilities of the Boards of Directors, directors and senior management, as well as the competencies needed to be a director.

Humania Assurance applies governance rules that recognize the essential contribution of the Board of Directors to the organization's success. Those rules define, among other things, the mandate and operational standards of its Board of Directors, the responsibilities of its directors and the mandates of statutory committees, and they ensure that the officers meet the highest ethical standards. They divide the tasks among the Board of Directors, the Board Chairman and the President and Chief Executive Officer, and they establish a variety of mechanisms to ensure integrated risk management, adequate internal controls and independent supervision of certain activities.

## COMPLIANCE POLICY

As an insurance company, Humania Assurance operates in a constantly evolving legislative, regulatory and normative environment. Management places the utmost importance on legislative and regulatory compliance and on prudent, sound management practices.

Humania Assurance has developed a compliance management policy toward establishing a management framework that includes measures to monitor and mitigate the risk of non-compliance with the regulatory environment. It enables members of the Board of Directors to be reasonably assured that Humania Assurance's operations are carried out in accordance with the company's regulatory environment.

The compliance management policy serves to:

- outline the principles and components of the compliance management framework;
- define the roles and responsibilities in the area of compliance;
- meet the requirements established by regulatory authorities while adapting them to the reality of Humania Assurance;
- build a common culture and shared vision of compliance.

## INTEGRATED RISK MANAGEMENT POLICY

Humania Assurance operates in an environment where risk management is essential and intrinsic to conducting business. The existence of formal, integrated practices enables it to manage its risks in a uniform, progressive and dynamic approach.

Integrated risk management at Humania Assurance serves to:

- identify, assess, manage and monitor, uniformly and consistently year-to-year, the risks that may hinder the company in attaining its strategic and operational objectives;
- provide the necessary feedback to promote collaboration and horizontal risk management and facilitate the sharing of information regarding the risks throughout the organization;
- create a risk management culture that uniformly and explicitly facilitates resource allocation and decision-making based on the company's risk appetite as determined by the Board.

The integrated risk management policy provides a management framework that includes risk identification, assessment, oversight and mitigation measures, for the purpose of good governance.

# Code of Ethics of the Canadian Life and Health Insurance Association (CLHIA)

Humania Assurance is a member of CLHIA and adheres to its code of ethics for members:

1. To engage in keen, fair competition so that the public can obtain the products and services it needs at reasonable prices.
2. To advertise products and services clearly and straightforwardly, and to avoid practices that might mislead or deceive.
3. To ensure that illustrations of prices, values and benefits are clear and fair, and contain appropriate disclosure of amounts that are not guaranteed.
4. To write all contracts in clear, direct language without unreasonable restrictions.
5. To use underwriting techniques that are sound and fair.
6. To pay all valid claims fairly and promptly and without unreasonable requirements.
7. To ensure competent and courteous sales and service.
8. To respect the privacy of individuals by using personal information only for the purposes authorized and not revealing it to any unauthorized person.

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## Statement of Equitable Treatment of Consumers

The principles of sound commercial practice and equitable treatment of consumers apply to all of Humania Assurance's commercial practices. They must guide the decision-making and daily actions of all the corporation's employees. For Humania Assurance, having sound commercial practices means acting in a fair and responsible manner.

To this end, the following statement of equitable treatment clearly establishes Humania Assurance's position.

### STATEMENT OF EQUITABLE TREATMENT

*Humania Assurance adheres to the highest standards with regard to the equitable treatment of consumers. We are committed to providing our clients with clear, comprehensive information, fair and equitable treatment, diligent processing of claims and strict protection of their personal information.*

*Every client can expect to receive clear information on his or her insurance policy, the coverage it provides and the claims settlement process. Clients seeking complementary information are invited to refer to their insurance policy as well as their financial security advisor or our website.*

*Consumers are also welcome to bring forward any questions they might have regarding their insurance policy in order to better understand the guarantees it provides and the obligations it creates.*

*Any client wishing to submit a complaint concerning the service he or she has received is invited to do so through Humania Assurance's complaint resolution process.*

# Social Responsibility

## Community engagement is everyone's business!

At Humania, engaging with our community is more than a tradition; it is part of our values.

This is why the company proudly supports organizations dedicated to community health and wellness. The goal is to support concrete actions and give back to the community.



### SOCODEVI

Humania is proud to be part of **SOCODEVI**, the Société de coopération pour le développement international (society for cooperation in international development), a Canadian network of cooperatives and mutuals that shares its expertise and know-how with its partners in developing countries.



### HUMANIA ASSURANCE CULTURAL CENTRE

In 2014, Humania partnered with the City of Saint-Hyacinthe to support a cultural centre that brings various local socio-cultural organizations together under one roof. Our commitment is to contribute \$300,000 over 15 years, and we are proud that this infrastructure bears the name "Centre culturel Humania Assurance."



### EDUCATIONAL COMMUNITY

For more than 20 years, the company has been involved with the Cégep de Saint-Hyacinthe to promote the development and transfer of business knowledge.

Humania contributes scholarships to the fundraising campaign organized by the Fondation du Cégep de Saint-Hyacinthe, whose mission is to provide financial aid to students.

The company also supports the financial services and insurance program offered at Cégep de Saint-Hyacinthe.



### EMPATHY DAY

Volunteering helps improve quality of life and health in the community and creates a special bond between our employees and our community.

One of the initiatives we have implemented is Empathy Day, where employees can donate their time to various community organizations.

Empathy Day reflects our desire to increase our presence in the community by encouraging our employees to choose a cause that is important to them while they demonstrate their initiative and engagement

Our concern for the health and well-being of our employees and our involvement in the community are a key part of our corporate culture.