

**SOUTHEASTERN MUTUAL INSURANCE COMPANY**  
**SUMMARY FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**



## INDEX

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### INDEPENDENT AUDITORS' REPORT ON SUMMARY

**FINANCIAL STATEMENTS** 1

### SUMMARY FINANCIAL STATEMENTS

Statement 1 - Summary Financial Position 2

Statement 2 - Summary Changes in Equity 3

Statement 3 - Summary Operations 4

Statement 3 - Summary Comprehensive Income 5

Statement 4 - Summary Cash Flows 6





**INDEPENDENT AUDITORS' REPORT ON SUMMARY FINANCIAL STATEMENTS**

To the Policyholders of Southeastern Mutual Insurance Company:

The accompanying summary financial statements, which comprise the summary statement of financial position and summary statements of changes in equity, operations, comprehensive income, cash flows, and related notes, are derived from the audited financial statements of Southeastern Mutual Insurance Company for the year ended December 31, 2015. We expressed an unmodified audit opinion on those financial statements in our report dated March 2, 2016.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Southeastern Mutual Insurance Company.

*Management's Responsibility for the Summary Financial Statements*

Management is responsible for the preparation of a summary of the audited financial statements in accordance with International Financial Reporting Standards.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

*Opinion*

In our opinion, the summary financial statements derived from the audited financial statements of Southeastern Mutual Insurance Company for the year ended December 31, 2015 are a fair summary of those financial statements, in accordance with International Financial Reporting Standards.

*Stevenson + Partners*

Riverview, NB  
March 2, 2016

**Chartered Professional Accountants**

# SOUTHEASTERN MUTUAL INSURANCE COMPANY

## SUMMARY STATEMENT FINANCIAL POSITION

Statement 1

DECEMBER 31, 2015

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 343,921	\$ 162,607
Accrued investment interest	35,907	53,616
Premiums receivable	1,561,670	1,390,266
Income taxes recoverable	85,952	9,617
Deferred premium acquisition costs	723,369	666,163
Investments	11,598,788	12,613,497
Investment in associate	4,136,540	4,403,224
Property, equipment, investment property and intangible assets	<u>2,048,675</u>	<u>776,096</u>
	<b><u>\$20,534,822</u></b>	<b><u>\$20,075,086</u></b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 577,716	\$ 388,166
Reserve for unpaid claims, net of reinsurance	871,094	633,059
Unearned premiums	4,106,522	3,823,972
Agents' future retirement compensation	<u>-</u>	<u>19,174</u>
	<u>5,555,332</u>	<u>4,864,371</u>
<b>EQUITY</b>		
General Reserve - Statement 2	14,159,544	14,090,859
Accumulated other comprehensive income - Statement 2	<u>819,946</u>	<u>1,119,856</u>
	<u>14,979,490</u>	<u>15,210,715</u>
	<b><u>\$20,534,822</u></b>	<b><u>\$20,075,086</u></b>

### APPROVED ON BEHALF OF THE BOARD:

Donald Howe - Chairman

Jack Low – Chair of Audit Finance Committee



**SOUTHEASTERN MUTUAL INSURANCE COMPANY**

**SUMMARY STATEMENT OF EQUITY**

Statement 2

**FOR THE YEAR ENDED DECEMBER 31, 2015**

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	2015	2014
<b>General Reserve</b>		
General reserve, beginning of year	\$14,090,859	\$13,742,798
Net income for the year	<u>68,685</u>	<u>348,061</u>
<b>General Reserve, end of year - Statement 1</b>	<b><u>\$14,159,544</u></b>	<b><u>\$14,090,859</u></b>
<b>Accumulated other comprehensive income</b>		
Accumulated other comprehensive income, beginning of year	\$ 1,119,856	\$ 560,750
Total other comprehensive income - Statement 3	<u>(299,910)</u>	<u>559,106</u>
<b>Accumulated other comprehensive income, end of year - Statement 1</b>	<b><u>\$ 819,946</u></b>	<b><u>\$ 1,119,856</u></b>



# SOUTHEASTERN MUTUAL INSURANCE COMPANY

## SUMMARY STATEMENT OF OPERATIONS

Statement 3

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Income		
Premiums written	\$ 7,712,062	\$ 7,165,105
Reinsurance premiums	(1,086,278)	(1,128,973)
Change in unearned premiums	<u>(282,550)</u>	<u>(265,267)</u>
Net premiums earned	<u>6,343,234</u>	<u>5,770,865</u>
Expenses		
Net claims incurred	3,339,198	2,885,631
Premium acquisition expenses	1,392,599	1,367,954
Operating expenses	<u>2,069,361</u>	<u>1,810,338</u>
Claims, acquisition and other operating expenses	<u>6,801,158</u>	<u>6,063,923</u>
Underwriting income (loss)	<u>(457,924)</u>	<u>(293,058)</u>
Investment and other items		
Equity income (loss) from associate	(14,385)	141,193
Service charge revenue	105,527	99,321
Investment income	387,411	418,442
Rental income	<u>37,356</u>	<u>11,263</u>
	<u>515,909</u>	<u>670,219</u>
Income before income taxes	57,985	377,161
Recovery of (provision for) income taxes	<u>10,700</u>	<u>(29,100)</u>
Net income for the year	<u><b>\$ 68,685</b></u>	<u><b>\$ 348,061</b></u>



**SOUTHEASTERN MUTUAL INSURANCE COMPANY**  
**SUMMARY STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

Statement 4

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	2015	2014
Net Income for the year	\$ <u>68,685</u>	\$ <u>348,061</u>
Other comprehensive income (loss):		
Share of other comprehensive income (loss) from associate	(252,299)	53,694
Unrealized gains (losses) on available-for-sale financial instruments, net of income taxes	<u>(47,611)</u>	<u>505,412</u>
	<u>(299,910)</u>	<u>559,106</u>
<b>Comprehensive income (loss)</b>	<b><u>\$ (231,225)</u></b>	<b><u>\$ 907,167</u></b>



**SOUTHEASTERN MUTUAL INSURANCE COMPANY****SUMMARY STATEMENT OF CASH FLOWS**

Statement 5

**FOR THE YEAR ENDED DECEMBER 31, 2015**

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	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities:</b>		
Net income for the year - Statement 2	\$ 68,685	\$ 348,061
Items not requiring an outlay of cash	100,768	(246,280)
Changes in non-cash working capital balances	<u>403,725</u>	<u>(125,792)</u>
Cash flows from (used for) operating activities	<u>573,178</u>	<u>(24,011)</u>
<b>Cash flows from investing activities:</b>		
Additions to property, equipment, investment property and intangible assets	(1,385,385)	(90,142)
Investments matured/sold	2,855,258	2,832,795
Purchase of investments	<u>(1,861,737)</u>	<u>(3,356,356)</u>
Cash flows used for investing activities	<u>(391,864)</u>	<u>(613,703)</u>
Increase (decrease) in cash and cash equivalents	181,314	(637,714)
Cash and cash equivalents, beginning of year	<u>162,607</u>	<u>800,321</u>
<b>Cash and cash equivalents, end of year - Statement 1</b>	<b><u>\$ 343,921</u></b>	<b><u>\$ 162,607</u></b>

The company follows International Financial Reporting Standards (IFRS) in preparing its audited financial statements. Readers are cautioned that these summary statements may not be appropriate for their purposes as they do not contain all the disclosures required by International Financial Reporting Standards. For more information on the entity's financial position, changes in equity, results of operations and cash flows, reference should be made to the related complete financial statements.

Detailed financial statements and summary of significant accounting policies and explanatory information are available upon request from:

Southeastern Mutual Insurance Company  
663 Pinewood Road  
Riverview, New Brunswick  
E1B 5R6  
or  
[www.semutual.nb.ca](http://www.semutual.nb.ca)

