Co-operators General Insurance Company

Management's Discussion and Analysis

For the second quarter ended June 30, 2025

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August 6, 2025

This Management’s Discussion and Analysis (MD&A) comments on Co-operators General Insurance Company’s operations and financial condition for the second quarter ended June 30, 2025.

Unless otherwise stated or indicated by the context of this MD&A, “Co-operators General,” “we,” “us” and “our” refers to the consolidated Co-operators General Insurance Company, including its wholly owned subsidiaries: The Sovereign General Insurance Company (Sovereign), CUMIS General Insurance Company (CUMIS General), Co-operators Investment Limited Partnership (CILP), Co-operators Strategic Growth Corporation (CSGC) and Co-operators Insurance Agencies Limited (CIAL). CGIC refers to the non-consolidated Co-operators General Insurance Company.

Co-operators General’s parent company is Co-operators Financial Services Limited (CFSL) and its ultimate parent is The Co-operators Group Limited (CGL), a Canadian co-operative with 46 members as at June 30, 2025.

The information in this MD&A should be read in conjunction with the following documents:

- our unaudited condensed consolidated interim financial statements and accompanying notes for the second quarter ended June 30, 2025; and
- our 2024 Annual Report and Annual Information Form.

These documents are available on SEDAR+ at www.sedarplus.com. References to “Note” refer to the notes to the unaudited condensed consolidated interim financial statements.

Except as otherwise noted, all figures in this MD&A are stated in Canadian dollars for the quarter ended June 30, 2025, and are based on financial statements prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting.” The financial results presented in this MD&A are unaudited.

To assess our performance, we use certain financial measures and ratios that do not have any standardized meaning prescribed by International Financial Reporting Standards, as issued by the International Accounts Standards Board (IFRS Accounting Standards), that may not be comparable to similar measures presented by other issuers. They should not be viewed as an alternative to measures of financial performance determined in accordance with IFRS Accounting Standards. Such measures are defined in this document in the *Key Financial Measures (Non-GAAP)* section.

This MD&A contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from these forward-looking statements as a result of various factors, including those discussed below or those in our 2024 Annual Information Form. Please read the cautionary note that follows.

NON-GAAP AND OTHER FINANCIAL MEASURES

The non-GAAP financial measures included in this MD&A and other financial reports are: direct written premium (DWP), net insurance revenue (NIR), net undiscounted claims and adjustment expenses, acquisition and other expenses, net impact of discounting and risk adjustment, and underwriting result.

The non-GAAP ratios included in this MD&A and other financial reports (other than the consolidated financial statements) are: DWP growth, NIR growth, loss ratio, loss ratio by line of business and geographic region, expense ratio, combined ratio, and return on equity.

Similar measures and ratios are widely used in the insurance industry. These provide investors, financial analysts, rating agencies and other stakeholders with a better understanding of our business activity and financial results over time, in line with how management analyzes performance. Non-GAAP and other financial measures used by management are fully defined and reconciled with the corresponding GAAP measures. In this MD&A, we also use other financial measures to assess our performance, including supplementary financial measures and segment measures.

See the *Key Financial Measures* (*Non-GAAP*) section for further information.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information, including statements regarding the operations, objectives, strategies, financial situation and performance of Co-operators General. These statements, which appear in this MD&A (including the documents incorporated by reference herein), generally can be identified by the use of forward-looking words, such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "plan," "would," "should," "could," "trend," "predict," "likely," "potential" and "continue," or the negative thereof and similar variations. These statements are not guarantees of future performance, and they involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information.

In addition, this MD&A may contain forward-looking statements and information attributed to third-party industry sources. By its nature, forward-looking information involves numerous assumptions, as well as known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information speak only as of the date of this MD&A.

Forward-looking statements and information in this MD&A include, but are not limited to, statements with respect to: our growth expectations, including negative growth; the impact of changes in governmental regulation on our company; possible changes to our expense levels; changes in tax laws; anticipated benefits of acquisitions and dispositions; and the outcome of the global pandemic on our operations and financial position.

With respect to forward-looking statements and information contained in this MD&A, we have made assumptions regarding, among other things: inflation rates in the Canadian and global economies; the Canadian and US housing markets; the Canadian and global capital markets; the strength of the Canadian dollar relative to the US dollar; growth rates, including negative growth; employment levels and consumer spending in the Canadian economy; impacts of regulation and tax laws by the Canadian and provincial governments or their agencies; and the occurrence of and response to public health crises, and their ongoing impact on our investments, operations and claims. Some of the assumptions we have made are described in the *Outlook, Business Developments and Operating Environment* section of the MD&A.

We believe that the expectations reflected in the forward-looking statements and information are reasonable; however, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, levels of activity, performance or achievements. Consequently, we make no representation that actual results achieved will be the same, in whole or in part, as those set out in the forward-looking statements and information. Some risks and other factors are beyond our control and could cause results to differ materially from those expressed in the forward-looking statements and information contained in this MD&A, and the documents incorporated by reference herein. These include, but are not limited to: actual inflation compared to expected inflation; our ability to implement our strategy or operate our business as we currently expect; our ability to accurately assess the risks associated with the insurance policies that we write; unfavourable capital-market developments or other factors, which may affect our investments; the cyclical nature of the property and casualty (P&C) insurance industry; our ability to accurately predict claims frequency; the frequency and severity of weather-related events; climate change; government regulations; litigation and regulatory actions; periodic negative publicity regarding the insurance industry; intense competition; our reliance on advisors to sell our products; our ability to successfully pursue our acquisition strategy; our participation in the Facility Association (a mandatory pooling arrangement among all industry participants); terrorist attacks and ensuing events; the occurrence of catastrophic events; our ability to accurately predict the ultimate amount of claims related to major or catastrophic events that have not been fully settled; our ability to maintain our financial-strength ratings; our ability to alleviate risk through reinsurance; our ability to successfully manage credit risk (including credit risk related to the financial health of reinsurers); our reliance on information technology and telecommunications systems; impacts of new or changing technologies, including those impacting personal transportation; breaches or failure of information-system security and privacy, including cyber terrorism; our dependence on key employees; and general economic, financial and political conditions.

Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement. We are under no duty to update any of the forward-looking statements after the date of this MD&A to conform such statements to actual results or to changes in our expectations, except as otherwise required by applicable legislation.

SUMMARY OF KEY FINANCIAL DATA AND RESULTS OVERVIEW

Three months ended June 30, unless otherwise stated

(in millions of dollars, except for ROE, EPS and ratios)

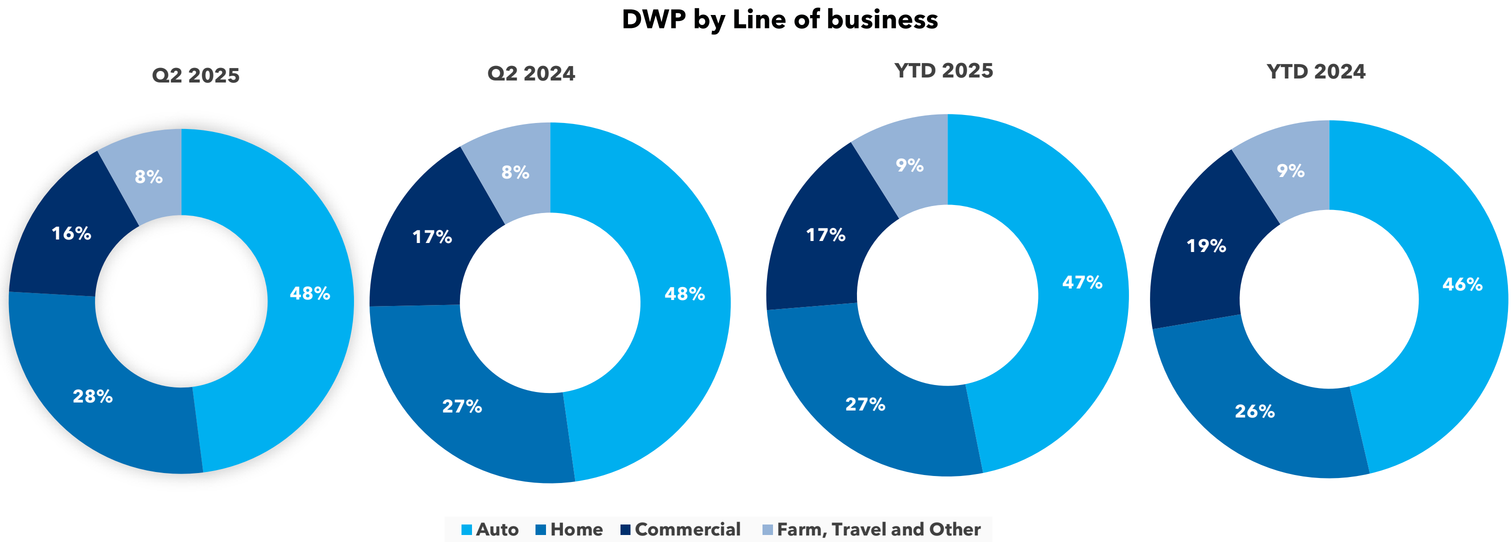
2nd quarter	2025	2024	2023
Key financial data			
Direct written premium (DWP)[2]	**1,642.3**	1,516.3	1,321.4
Net insurance revenue (NIR)[2]	**1,351.4**	1,186.8	1,045.4
Insurance revenue	**1,472.9**	1,301.0	1,151.9
Insurance service result	**214.2**	209.7	76.1
Fees and other income	**3.4**	3.3	2.7
Net investment and insurance finance result	**83.5**	(1.4)	66.1
Net investment income and gains	**117.8**	63.9	39.9
Net insurance finance result	**(34.3)**	(65.3)	26.1
Net income	**149.7**	95.7	29.9
Total assets[1]	**8,931.1**	8,521.9	7,695.7
Total liabilities[1]	**5,893.8**	5,716.0	5,120.5
Shareholders' equity[1]	**3,037.3**	2,805.9	2,575.2
Key success indicators			
DWP growth[2]	**8.3%**	14.7%	9.9%
NIR growth[2]	**13.9%**	13.5%	7.9%
Underwriting result - excluding discounting and risk adjustment[2]	**63.9**	75.0	(59.9)
Earnings per common share (EPS)	**$5.35**	$3.36	$0.94
Return on equity (ROE)[2]	**21.8%**	15.1%	4.7%
Combined ratio - excluding discounting and risk adjustment[2]	**95.3%**	93.8%	105.7%
Combined ratio - including discounting and risk adjustment[2]	**94.2%**	94.9%	100.3%
Minimum Capital Test (MCT)[1]	**228%**	216%	236%

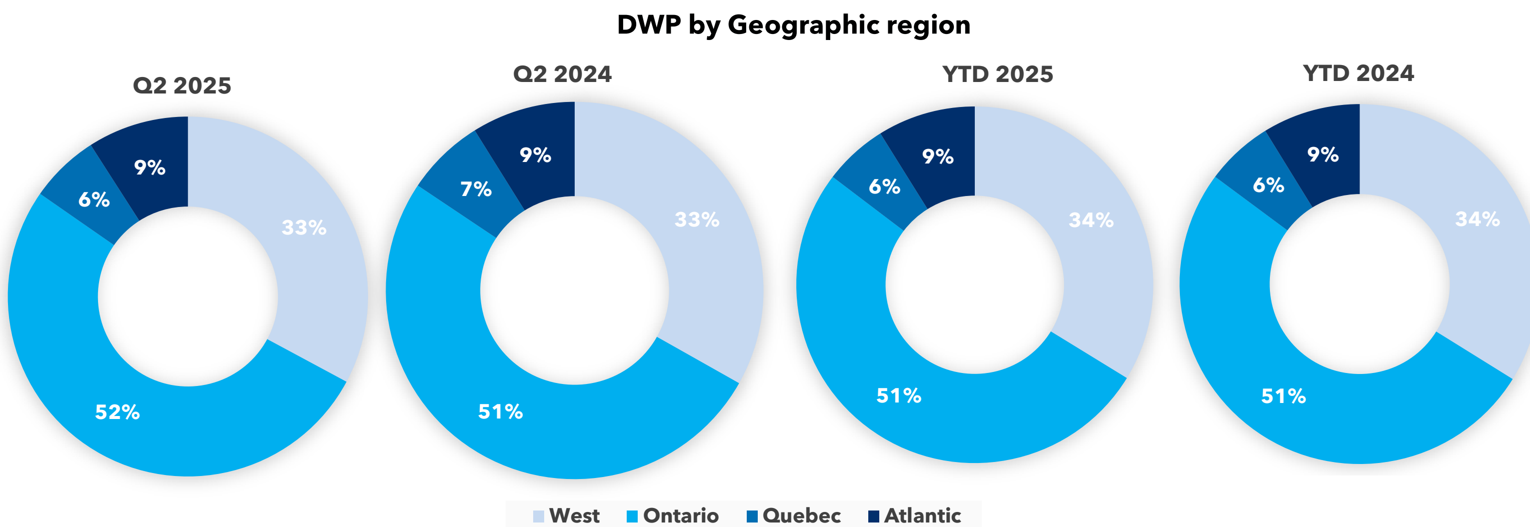
[1] Financial position data and MCT results for 2024 and 2023 are as at December 31

[2] Refer to the *Key Financial Measures (Non-GAAP)* section

Co-operators General reported net income after tax of $149.7 million for the three months ended June 30, 2025 compared to net income of $95.7 million in the second quarter of 2024. Our insurance service result was $214.2 million for the quarter, an increase of $4.5 million from the comparative quarter. Our return on equity for the quarter was 21.8% versus 15.1% in the second quarter of 2024. Earnings per common share in the quarter was $5.35 compared to $3.36 in the second quarter of 2024.

We continued to grow across all core lines of business and regions in the second quarter of 2025 when compared to same quarter of 2024. Higher average premiums and growth in vehicles and policies in force led to an increase in DWP of 8.3% and NIR growth of 13.9% over the prior year quarter. The following charts show the shifts in the product lines and regions for the second quarter and year to date of 2025 when compared to the same period of the prior year.

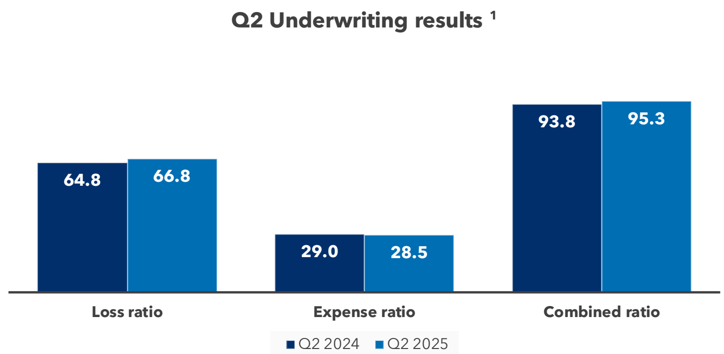


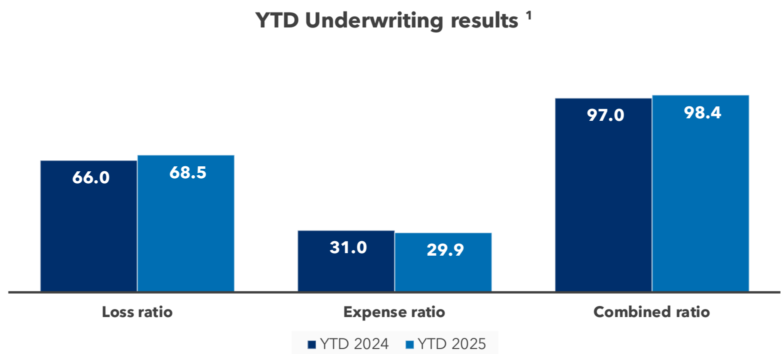


Our underwriting income, excluding discounting and risk adjustment, for the second quarter of 2025 was $63.9 million, an unfavourable change of $11.1 million from underwriting income of $75.0 million in the same quarter of 2024. The unfavourable change was due to increases in both the net undiscounted claims and adjustment expenses of $133.3 million and acquisition and other expenses of $42.4 million outpacing the growth in NIR of $164.6 million.

The increase in net undiscounted claims and adjustment expenses was primarily driven by higher major event activity and current accident year claims. This increase was partially offset by improved prior year claims development. The increase in acquisition and other expenses was driven by the growth in premium, which resulted in increased premium taxes, net commissions and insurance operation expenses.

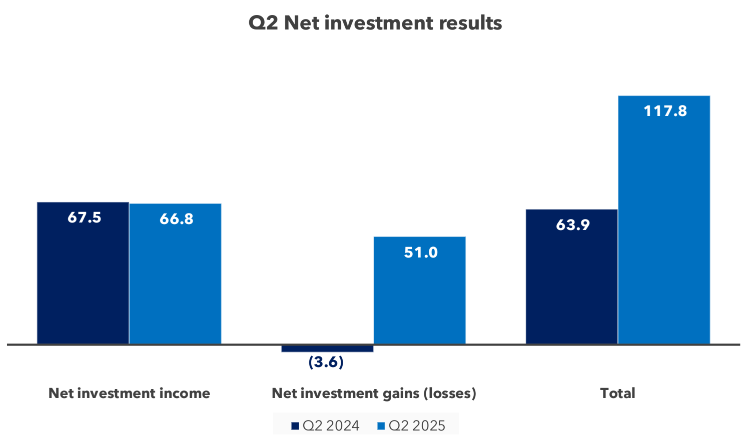
During the quarter, the combined ratio, excluding discounting and risk adjustment, deteriorated by 1.5 percentage points from the comparative quarter, primarily due to the unfavourable change in underwriting results. When including discounting and risk adjustment, the combined ratio slightly improved by 0.7 percentage points over the comparative period. The change was due to a favourable impact of $28.8 million in net discounting and risk adjustment in the second quarter of 2025 over the comparative period.

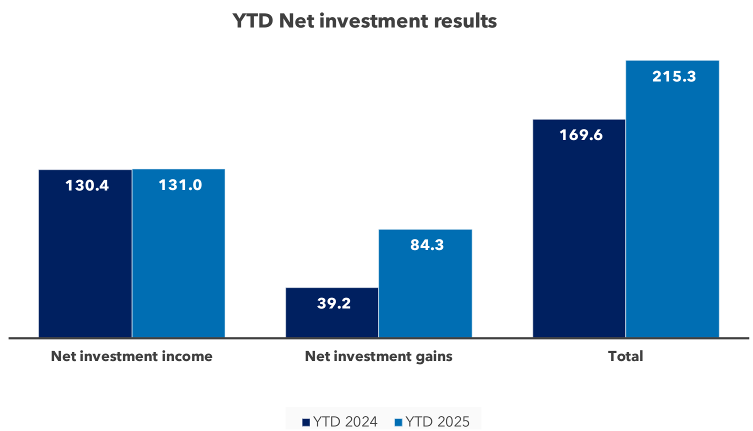




[1] The ratios are excluding discounting and risk adjustment

Net investment and insurance finance result increased by $84.9 million, representing $83.5 million in income in the current quarter compared to a loss of $1.4 million in the comparative period. The favourable result was due to an increase of $53.9 million in total net investment income and gains, as a result of gains in equities, and a decrease of $31.0 million in total net finance expense from insurance and reinsurance contracts when compared with the same period in the prior year. The change was due to a relative increase in the yield curve compared to the prior period, which resulted in a decrease to discounted liabilities.





FINANCIAL PERFORMANCE

NET RESULTS

	Q2 2025	Q2 2024	change	**YTD 2025**	YTD 2024	change
Net income ($millions)	**149.7**	95.7	54.0	**222.6**	189.5	33.1
ROE (%)	**21.8%**	15.1%	6.7%	**15.8%**	14.9%	0.9%

Co-operators General earned net income of $149.7 million for the second quarter, an increase of $54.0 million compared to the same quarter of 2024. The increase in our net results led to an increase in our ROE to 21.8% as compared to 15.1% in the second quarter of 2024. The favourable results in the second quarter was primarily due to higher net investment income and gains.

DIRECT WRITTEN PREMIUM AND NET INSURANCE REVENUE

$ millions	**Q2 2025**	Q2 2024	% change	**YTD 2025**	YTD 2024	% change
DWP[1]	**1,642.3**	1,516.3	8.3%	**2,893.6**	2,635.7	9.8%
NIR[1]	**1,351.4**	1,186.8	13.9%	**2,648.1**	2,309.5	14.7%

[1] Refer to the *Key Financial Measures (Non-GAAP)* section.

In the second quarter, DWP increased by 8.3% to $1,642.3 million compared to the same quarter of 2024. There was an increase in DWP across all core lines of business and regions, with the auto and home line of business and Ontario region being the major contributors.

NIR increased during the second quarter by 13.9% to $1,351.4 million compared to $1,186.8 million in the same quarter last year. NIR grew across all regions and lines of business.

Growth in both DWP and NIR was a result of increases in average premiums and growth in vehicles and policies in force attributable to new business.

NIR is reconciled to insurance revenue in the *Key Financial Measures (Non-GAAP)* section.

Net insurance revenue by line of business and geographic region

$ millions	**Q2 2025**	Q2 2024	% change	**YTD 2025**	YTD 2024	% change
Auto	**669.5**	575.3	16.4%	**1,312.8**	1,107.8	18.5%
Home	**369.6**	321.4	15.0%	**719.9**	631.4	14.0%
Commercial	**221.5**	207.3	6.8%	**436.1**	405.9	7.4%
Farm, travel and other	**90.8**	82.8	9.7%	**179.3**	164.4	9.1%
Total	**1,351.4**	1,186.8	13.9%	**2,648.1**	2,309.5	14.7%

In the second quarter, NIR for the auto line of business increased by 16.4% over the same quarter in the prior year, primarily driven by higher average premiums across all regions except the West. Also contributing to the increase in the auto line of business was growth in vehicles in force across all the regions except Quebec.

NIR for the home and commercial lines of business grew by 15.0% and 6.8% respectively, due to higher average premiums as well as growth in policies in force, mainly in the Ontario and the West regions, driven by new business.

The farm, travel and other line of business grew by 9.7% over the comparative quarter. The growth was primarily in the farm line of business, driven by higher average premiums in all regions except Quebec, and increased policies in force across all regions.

NET INVESTMENT AND INSURANCE FINANCE RESULT

$ millions	Q2 2025	Q2 2024	change	YTD 2025	YTD 2024	change
Interest income	**54.5**	50.9	3.6	**106.3**	103.3	3.0
Dividend and other income	**14.7**	18.7	(4.0)	**29.6**	31.2	(1.6)
Investment expense	**(2.4)**	(2.1)	(0.3)	**(4.9)**	(4.1)	(0.8)
Net investment income	**66.8**	67.5	(0.7)	**131.0**	130.4	0.6
Net realized gains (losses)	**25.8**	1.1	24.7	**76.7**	(9.5)	86.2
Net foreign exchange gains (losses)	**0.5**	-	0.5	**0.5**	(0.9)	1.4
Change in expected credit losses	**0.4**	(0.1)	0.5	**1.3**	(0.1)	1.4
Change in fair value	**24.3**	(4.6)	28.9	**5.8**	49.7	(43.9)
Net investment gains (losses)	**51.0**	(3.6)	54.6	**84.3**	39.2	45.1
Net investment income and gains	**117.8**	63.9	53.9	**215.3**	169.6	45.7
Interest accreted from insurance	**(40.4)**	(45.1)	4.7	**(75.5)**	(85.1)	9.6
Effect of changes in interest rates and other financial assumptions	**4.4**	(22.7)	27.1	**14.2**	(7.0)	21.2
Net finance expense from insurance contracts	**(36.0)**	(67.8)	31.8	**(61.3)**	(92.1)	30.8
Interest accreted from reinsurance	**2.0**	2.1	(0.1)	**4.0**	4.0	-
Effect of changes in interest rates and other financial assumptions	**(0.3)**	0.4	(0.7)	**(0.5)**	(0.3)	(0.2)
Net finance income from reinsurance contracts	**1.7**	2.5	(0.8)	**3.5**	3.7	(0.2)
Net investment and insurance finance result	**83.5**	(1.4)	84.9	**157.5**	81.2	76.3

The Company's net investment and insurance finance result increased by $84.9 million for the quarter, representing $83.5 million in income in the current quarter, compared to a loss of $1.4 million in the comparative period. The favourable result was primarily due to an increase of $53.9 million in total net investment income and gains and a decrease of $31.0 million in total net finance expense from insurance and reinsurance contracts when compared with the same period in the prior year.

Net investment income earned in the second quarter decreased by $0.7 million compared to the comparative quarter due to lower common share dividend income and distributions from limited partnerships mostly offset by higher interest income from fixed income securities. Net investment gains were $51.0 million in the second quarter, an increase of $54.6 million from net investment losses of $3.6 million in the second quarter of 2024. The favourable movement was mainly driven by an increase in unrealized gains of $47.0 million in the common share portfolio and favourable movements in realized gains in both the bond and common share portfolio of $10.4 million and $12.4 million respectively. The favourable impact was partially offset by an unfavourable movement in unrealized losses in the bonds of $13.5 million due to rising interest rates during the period as compared to the declining interest rates in the comparative quarter.

Invested assets mix is discussed in the *Invested Assets and Credit Quality* section.

Net finance expense from insurance contracts was $36.0 million in the current quarter, compared to net finance expense of $67.8 million in the comparative period, a favourable change of $31.8 million quarter over quarter. Net finance income from reinsurance contracts was $1.7 million in the current quarter, a decrease of $0.8 million when compared prior year quarter. The driver for the overall decrease in net finance expenses from insurance and reinsurance contracts of $31.0 million was the favourable impact of changes in the discount rates due to a relative increase in the yield curve in the second quarter of 2025 as compared to the same quarter last year.

OTHER COMPREHENSIVE INCOME (LOSS)

$ millions	Q2 2025	Q2 2024	change	YTD 2025	YTD 2024	change
Other comprehensive income (loss)[1]	**(6.7)**	12.0	(18.7)	**13.1**	5.6	7.5

[1] OCI is net of tax

An other comprehensive loss of $6.7 million was recognized in the current quarter, an unfavourable change of $18.7 million from the comparative quarter. The unfavourable change was due to rising interest rates in the current period. This resulted in unrealized losses on our bond portfolio of $14.9 million compared with unrealized bond gains of $5.0 million and net OCI reclassification adjustment on bonds of $5.2 million in the comparative quarter. The unfavourable change was partially offset by a combination of increases in unrealized gains on our preferred share portfolio and favourable remeasurement of the retirement benefit obligation totalling $6.4 million.

EXPENSES

Loss ratio

$ millions, except ratios	Q2 2025	Q2 2024	change		YTD 2025	YTD 2024	change	
Net insurance revenue	**1,351.4**	1,186.8	164.6		**2,648.1**	2,309.5	338.6	
Undiscounted gross claims and adjustment expenses	**924.8**	826.9	97.9		**1,920.0**	1,668.9	251.1	
Gross loss component	**1.4**	(15.2)	16.6		**(13.0)**	(19.1)	6.1	
Undiscounted ceded claims and adjustment expenses recoverable	**(23.6)**	(43.1)	19.5		**(98.9)**	(124.9)	26.0	
Ceded loss recovery component	**(0.5)**	0.2	(0.7)		**5.1**	0.4	4.7	
Net undiscounted claims and adjustment expenses[1]	**902.1**	768.8	133.3		**1,813.2**	1,525.3	287.9	
Loss ratio (excluding discounting and risk adjustment)[1]	**66.8%**	64.8%	2.0	pts	**68.5%**	66.0%	2.5	pts

[1] Refer o the *Key Financial Measures (Non-GAAP)* section

Net undiscounted claims and adjustment expenses were $902.1 million in the quarter, an unfavourable change of $133.3 million over the comparative quarter of 2024. This was primarily driven by higher major event activity and current accident year claims. The increase was partially offset by improved prior year claims development.

Undiscounted gross claims and adjustment expenses and gross loss component are reconciled to insurance service expense in the *Key Financial Measures (Non-GAAP)* section. Undiscounted ceded claims and adjustment expenses recoverable and ceded loss recovery component are reconciled to net expense from reinsurance contracts in the same section.

Loss ratio by line of business and geographic region

% excluding discounting and risk adjustment	Q2 2025	Q2 2024	change pts	YTD 2025	YTD 2024	change pts
Auto	**68.9**	78.7	(9.8)	**74.8**	80.4	(5.6)
Home	**75.0**	58.9	16.1	**72.6**	57.7	14.9
Commercial	**51.9**	43.5	8.4	**51.5**	49.6	1.9
Farm, travel and other	**53.8**	44.0	9.8	**46.2**	42.0	4.8
Total	**66.8**	64.8	2.0	**68.5**	66.0	2.5

In the second quarter of 2025, the overall loss ratio deteriorated by 2.0 percentage points, a result of the deterioration across the home, commercial, and farm, travel and other lines of business ratios outweighing the improvement in the auto line of business.

The auto loss ratio improved by 9.8 percentage points over the same quarter last year and was mainly the result of improved current accident year claims and a more favourable development in prior year claims as well as higher premium growth, primarily in the Ontario region. The ratio's improvement was partially offset by reserve strengthening across all the regions.

The loss ratio for home deteriorated by 16.1 percentage points against the comparative period, mainly due to higher major event activity and current accident year claims in Ontario and the West regions. The ratio's deterioration was partially offset by lower reserve strengthening and improved prior year claims development across all regions except for the Atlantic region.

The loss ratio for commercial deteriorated by 8.4 percentage points, driven by higher current accident year claims and reserve strengthening, primarily in Ontario and the West regions. This was partially offset by improved prior year claims development.

The farm, travel and other loss ratio deteriorated by 9.8 percentage points. The deterioration was primarily in farm line of business, due to higher current accident year claims in Ontario and Quebec regions and major event activity in the Ontario region. This was partially offset by decrease in prior year claims development in the West region.

Acquisition and other operating expenses – Expense ratio

$ millions, except ratios	Q2 2025	Q2 2024	change		YTD 2025	YTD 2024	change	
Net insurance revenue	**1,351.4**	1,186.8	164.6		**2,648.1**	2,309.5	338.6	
Net commissions	**131.9**	120.5	11.4		**267.9**	244.3	23.6	
Net premium taxes	**50.5**	44.1	6.4		**96.1**	82.9	13.2	
Net other acquisition and attributable insurance expenses	**101.2**	94.5	6.7		**228.2**	212.0	16.2	
Other operating expenses	**101.8**	83.9	17.9		**200.8**	175.8	25.0	
Acquisition and other expenses[1]	**385.4**	343.0	42.4		**793.0**	715.0	78.0	
Components of expense ratio								
Net commissions	**9.8%**	10.2%	(0.4)	pts	**10.1%**	10.6%	(0.5)	pts
Net premium taxes	**3.7%**	3.7%	-	pts	**3.6%**	3.6%	-	pts
Net other acquisition and attributable insurance expenses	**7.5%**	8.0%	(0.5)	pts	**8.6%**	9.2%	(0.6)	pts
Other operating expenses	**7.5%**	7.1%	0.4	pts	**7.6%**	7.6%	-	pts
Expense ratio[1]	**28.5%**	29.0%	(0.5)	pts	**29.9%**	31.0%	(1.1)	pts

[1] Refer o the *Key Financial Measures (Non-GAAP)* section

Acquisition and other expenses increased by $42.4 million compared to the same quarter of the prior year. However, the expense ratio saw an improvement by 0.5 percentage points when compared to the same quarter of last year as the increase in expenses was outpaced by NIR growth.

The increase in net commissions of $11.4 million was due to higher base commissions across all lines of business, in line with the growth in NIR during the period. Similarly, net premium taxes increased by $6.4 million over the comparative period, due to growth in premiums across all product lines.

The combined net other acquisition and attributable insurance expenses and other operating expenses increased by $24.6 million in the second quarter of 2025. The increase was primarily driven by higher insurance operation expenses due in part to an increase in information technology expenses in the current quarter.

The gross amounts of commissions, premium taxes, other acquisition expenses, and attributable insurance expenses are reconciled to insurance service expense in the *Key Financial Measures (Non-GAAP)* section. Amounts recoverable from reinsurance related to commissions and premium taxes are reconciled to net expenses from reinsurance contracts in the same section. All net amounts shown above represent the net expense after factoring in amounts recoverable from reinsurers.

Income taxes

Refer to Note 9 of our unaudited condensed consolidated interim financial statements for the period ended June 30, 2025, for our income tax reconciliation between the statutory tax rate and our effective tax rate.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL CONDITION

FINANCIAL AND CAPITAL POSITION

$ millions	As at June 30, 2025	As at December 31, 2024	% change
Assets			
Cash and cash equivalents	**697.3**	427.2	63.2%
Invested assets including securities on loan	**7,385.0**	7,179.0	2.9%
Reinsurance ceded contract assets	**475.8**	558.1	(14.7%)
Intangible assets	**55.1**	59.6	(7.6%)
Other assets	**317.9**	298.0	6.7%
Liabilities			
Insurance contract liabilities	**5,149.3**	4,897.0	5.2%
Retirement benefit obligations	**103.0**	103.8	(0.8%)
Other liabilities	**641.5**	715.2	(10.3%)
Shareholders' equity	**3,037.3**	2,805.9	8.2%

Our balance sheet and capital position remain strong at the end of the second quarter of 2025. We continue to closely monitor our liquidity and capital positions to ensure that we meet the needs of our clients, while also supporting our strategic areas of focus.

The value of our invested assets and cash and cash equivalents exceeds the value of our insurance contracts net of reinsurance ceded contracts by 72.9%, compared to an excess of 75.3% as at December 31, 2024. Our invested assets increased by $206.0 million compared to December 31, 2024, driven primarily by valuation gains on equity and fixed income holdings and reinvestment of cash and cash equivalents. For changes in the cash and cash equivalents refer to the *Cash flows* section.

Our net insurance contract liabilities increased by $334.6 million, primarily as a result of increased claims relating to higher current accident year claims and major event activity during the period.

Other liabilities decreased by $73.7 million from December 31, 2024 as a result of decreases in accounts payables and accruals due to payments made during the period.

Our 2024 Annual Report provides a summary of our off-balance sheet arrangements and contractual commitments, which continue to be relevant with no material changes.

INVESTED ASSETS AND CREDIT QUALITY

Co-operators General has a high quality, well diversified investment portfolio consisting primarily of high-quality bonds, equities, and commercial mortgages. The bond portfolio is $4,507.1 million or 61.0% of our total invested assets. Our investment in bonds is diversified both geographically and by sector, with a large portion invested in Canadian government debt instruments. The equity portfolio makes up $1,152.7 million or 15.6% of our total invested assets and consists largely of publicly traded common and preferred stocks diversified by industry sector and issuer. Our equity portfolio is 81.6% weighted to Canadian stocks.

We adhere to a conservative investment policy and strategy that is based on prudence in accordance with regulatory guidelines, and in a broad sense, premium cash flows and claims settlement patterns by product line. This is achieved by investing in a diversified mix of securities and by shifting between asset classes as trends in the market evolve. The credit quality of our bond portfolio remains high, with 76.2% rated A or higher, and with 96.9% of our bonds being considered investment grade, rated BBB or higher. This is consistent with the credit quality of our portfolio in the comparative period.

Refer to our 2024 Annual Report for more details around our financial risk management policies.

MINIMUM CAPITAL TEST

	June 30, 2025	December 31, 2024
MCT	**228%**	216%

Co-operators General's MCT of 228% as at June 30, 2025, remains strong and represents $540.4 million of capital in excess of our 185% internal minimum target. Changes in MCT period to period stem from changes in net income, other comprehensive income and dividends declared.

The MCT ratio is calculated by dividing total capital available by minimum capital required. The capital available is total shareholders' equity plus or minus certain adjustments as prescribed by the Office of the Superintendent of Financial Institutions (OSFI). The most significant changes to minimum capital required relate to changes in the regulatory definitions for insurance risk, market risk, credit risk and operational risk. The supervisory target-capital ratio established by OSFI for the industry, which we are expected to operate above, is 150% of capital required.

Refer to our unaudited condensed consolidated interim financial statements for the period ended June 30, 2025, for further details of net income and other comprehensive income recognized in the period.

SHARE CAPITAL

Our capital includes Class E Preference Shares Series C, which trade on the Toronto Stock Exchange (TSX) under the trading symbol CCS.PR.C.

DIVIDENDS

Dividends declared on preference shares were $4.5 million in the second quarter ended June 30, 2025 and June 30, 2024. No dividends were declared on common shares during the quarter ended June 30, 2025, compared to $70.0 million dividends declared in the comparative quarter ended June 30, 2024.

Per share information on dividends declared can be found in Note 14 of our unaudited condensed consolidated interim financial statements for the period ended June 30, 2025, and the comparative period.

EARNINGS PER COMMON SHARE

$ millions, except share data and EPS	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Net income	**149.7**	95.7	**222.6**	189.5
Less: dividends on preference shares	**(4.5)**	(4.5)	**(5.7)**	(5.7)
Net income available to shareholders	**145.2**	91.2	**216.9**	183.8
Weighted average number of outstanding common shares[1]	**27,156**	27,156	**27,156**	27,156
Earnings per common share (EPS)	**$5.35**	$3.36	**$7.99**	$6.77

[1] All of the common shares of CGIC are owned by CFSL, shown as thousands of shares

CASH FLOWS

$ millions	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Cash provided by operating activities	**308.2**	257.4	**389.5**	177.7
Investing activities				
Net purchases of investments	**(48.6)**	(244.8)	**(107.7)**	(262.8)
Net purchases of intangible assets and property and equipment	**(0.6)**	(0.6)	**(1.4)**	(0.2)
Cash flows used in investment activities	**(49.2)**	(245.4)	**(109.1)**	(263.0)
Financing activities				
Net preference shares issued (redeemed)	**1.1**	0.5	**1.5**	(0.2)
Dividends paid	**(1.2)**	(71.2)	**(5.7)**	(75.7)
Lease liabilities paid	**(3.1)**	(2.8)	**(6.1)**	(5.7)
Cash flows used in financing activities	**(3.2)**	(73.5)	**(10.3)**	(81.6)
Net increase (decrease) in cash and cash equivalents	**255.8**	(61.5)	**270.1**	(166.9)

The increase in cash and cash equivalents during the period was primarily driven by changes in net income, non-cash operating components, reduced reinvestment of cash and lower dividend payments.

We have sufficient capital resources, cash flows from operating activities and borrowing capacity to support our current and anticipated activities, and other expected financial commitments in the near term.

KEY FINANCIAL MEASURES (NON-GAAP)

We measure and evaluate the performance of the consolidated operations using several financial measurements and ratios. These measurements add understanding around business volumes, the quality of risk underwriting, management-reserving practices, and the financial strength and financial leverage of Co-operators General.

These measures and ratios are non-GAAP and do not have standardized meaning prescribed by IFRS Accounting Standards (or GAAP); they are, however, derived from elements of the IFRS consolidated financial statements. They are comparable to financial measures used in the P&C insurance industry to enhance understanding of financial results and related trends, and to assist in assessing our performance.

We also use certain non-GAAP components in our non-GAAP financial measures and ratios. We have reconciled these to the GAAP figures presented in our unaudited condensed consolidated interim financial statements below.

Reconciliation to insurance service expense

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Undiscounted gross claims and adjustment expenses[1]	**924.8**	826.9	**1,920.0**	1,668.9
Gross impact of discounting on claims expenses[2]	**(54.7)**	(55.0)	**(104.9)**	(107.3)
Other insurance service expenses	**51.5**	46.0	**97.4**	89.1
Claims and expenses incurred and changes in past service	**921.6**	817.9	**1,912.5**	1,650.7
Commissions	**163.0**	150.1	**333.7**	311.0
Premium taxes	**51.6**	45.8	**99.2**	86.4
Other acquisition expenses	**49.7**	48.5	**130.8**	122.9
Amortization of insurance acquisition cash flows	**264.3**	244.4	**563.7**	520.3
Gross risk adjustment	**1.5**	(0.2)	**9.5**	4.5
Gross loss component	**1.4**	(15.2)	**(13.0)**	(19.1)
Insurance service expenses	**1,188.8**	1,046.9	**2,472.7**	2,156.4

[1] This includes amounts relating to both current and past service and depicts what our insurance service expense would have been if we did not apply discounting

[2] This figure shows the impact to our insurance service expense as a result of discounting our claims and adjustment expenses

Reconciliation to net expenses from reinsurance contracts

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Allocation of premiums paid for reinsurance, excluding ceded acquisition expenses	**121.5**	114.2	**256.8**	246.7
Ceded commissions	**(31.1)**	(29.6)	**(65.8)**	(66.7)
Ceded premium taxes	**(1.1)**	(1.7)	**(3.1)**	(3.5)
Total allocation of premiums paid for reinsurance	**89.3**	82.9	**187.9**	176.5
Undiscounted ceded claims and adjustment expenses recoverable[1]	**(23.6)**	(43.1)	**(98.9)**	(124.9)
Ceded impact of discounting on claims recoveries[2]	**0.4**	1.9	**1.9**	4.3
Ceded claims and expenses incurred and changes in past service	**(23.2)**	(41.2)	**(97.0)**	(120.6)
Ceded impact of risk adjustment	**4.3**	2.6	**1.9**	1.1
Ceded loss recovery component	**(0.5)**	0.2	**5.1**	0.4
Net expenses from reinsurance contracts	**69.9**	44.5	**97.9**	57.4

[1] This includes amounts relating to both current and past service and depicts what our ceded claims and expenses recoverable would have been if we did not apply discounting

[2] This figure shows the impact to our net expenses from reinsurance contracts as a result of discounting our ceded claims and adjustment expenses recoverable

Acquisition and other expenses represent the total of acquisition expenses recognized in net income for the period, attributable insurance expenses, and other operating expenses net of any amounts recoverable from reinsurers. This measure is used to evaluate the expenses the entity incurs to acquire insurance contracts, non-claims related expenses to fulfil insurance contracts, and other operating expenses incurred to run our insurance operations. It is also used to calculate the expense ratio.

Direct written premium (DWP) represents the volume of insurance sales transactions in the period written directly by the insurer. DWP does not include reinsurance policies, assumed or ceded. Measuring year-over-year DWP growth is useful in assessing business-volume trends.

Net impact of discounting and risk adjustment represents the total impact of discounting and risk adjustment on insurance service expenses and the net expense on reinsurance contracts, plus the net finance expense (or income) from insurance contracts and the net finance income (or expense) from reinsurance contracts. It is used to derive our metrics and ratios which include discounting and risk adjustment. A reconciliation of the amount is presented below. Refer to the *Glossary of Terms* section for a broader definition of discounting and risk adjustment.

	Q2 2025	Q2 2024	**YTD 2025**	**YTD 2024**
Gross impact of discounting on claims expenses	**(54.7)**	(55.0)	**(104.9)**	(107.3)
Ceded impact of discounting on claims recoveries	**0.4**	1.9	**1.9**	4.3
Insurance finance expense	**36.0**	67.8	**61.3**	92.1
Reinsurance income	**(1.7)**	(2.5)	**(3.5)**	(3.7)
Gross risk adjustment	**1.5**	(0.2)	**9.5**	4.5
Ceded risk adjustment	**4.3**	2.6	**1.9**	1.1
Net impact of discounting and risk adjustment	**(14.2)**	14.6	**(33.8)**	(9.0)

Net insurance revenue (NIR) represents the insurance revenue recognized in the period less the allocation of ceded reinsurance premiums paid to reinsurers, excluding ceded acquisition expenses recovered from the reinsurer. It is a useful metric to identify the amount of revenue earned in the period that we ultimately retain. Measuring NIR growth year-over-year is useful in assessing trends in top-line earnings. The table below shows a reconciliation of insurance revenue to net insurance revenue.

	Q2 2025	Q2 2024	**YTD 2025**	YTD 2024
Insurance revenue	**1,472.9**	1,301.0	**2,904.9**	2,556.2
Allocation of ceded reinsurance premiums	**(89.3)**	(82.9)	**(187.9)**	(176.5)
Ceded acquisition expenses	**(32.2)**	(31.3)	**(68.9)**	(70.2)
Net insurance revenue	**1,351.4**	1,186.8	**2,648.1**	2,309.5

Net undiscounted claims and adjustment expenses is the total undiscounted claims and insurance expenses net of any amounts recoverable from reinsurers and excluding acquisition expenses. This measure is used to evaluate expenses that the entity incurs in servicing claims before the impact of discounting. It is also used to calculate the loss ratio.

Underwriting result is the profit or loss from taking on insurance risk, excluding the impact of discounting and risk adjustment. It represents NIR less the expenses included in our loss ratio and expense ratio. This measure is a reliable and consistent measure of our financial performance related to underwriting over time. The underwriting result, including the impact of discounting and risk adjustment, incorporates the net impact of discounting and risk adjustment on our underwriting result.

Loss ratio excluding discounting and risk adjustment is the ratio of net undiscounted claims and adjustment expenses to NIR, expressed as a percentage. The loss ratio, excluding discounting and risk adjustment, is broken down by major product line; referred to in this document as loss ratio by line of business; and by the major geographic regions in which we operate; referred to in this document as loss ratio by geographic region. The loss ratio indicates if premium is sufficiently covering claims expenses. This ratio is also commonly referred to as the claims ratio and is a component of the combined ratio.

Expense ratio is the ratio of the total acquisition-related and general expenses to NIR, expressed as a percentage. The expense ratio, a component of the combined ratio, helps us understand if premium is sufficiently covering non-claims expenses.

Combined ratio is the ratio of total expenses to NIR, expressed as a percentage. The combined ratio is used to understand profitability from underwriting insurance risk. The combined ratio, excluding discounting and risk adjustment, is the sum of the loss ratio, excluding discounting and risk adjustment, and the expense ratio. The combined ratio including discounting and risk adjustment factors in the net impact of discounting and risk adjustment.

Prior year claims development is the difference between prior year-end estimates of net liabilities for incurred claims excluding the impact of discounting and the risk adjustment and the current estimates for the same block of claims. Favourable development represents a reduction in the estimated claims cost during the period for that block of claims. Prior year claims development can help describe the changes in the loss ratio period over period.

Return on equity (ROE) the annualized ratio of net income to total average of opening and closing shareholders' equity.

UNDERWRITING RESULTS

$ millions, except ratios	**Q2 2025**	Q2 2024	**YTD 2025**	YTD 2024
Net insurance revenue	**1,351.4**	1,186.8	**2,648.1**	2,309.5
Net undiscounted claims and adjustment expenses	**902.1**	768.8	**1,813.2**	1,525.3
Loss ratio excluding discounting and risk adjustment	**66.8%**	64.8%	**68.5%**	66.0%
Acquisition and other expenses	**385.4**	343.0	**793.0**	715.0
Expense ratio	**28.5%**	29.0%	**29.9%**	31.0%
Underwriting results excluding discounting and risk adjustment	**63.9**	75.0	**41.9**	69.2
Combined ratio excluding discounting and risk adjustment	**95.3%**	93.8%	**98.4%**	97.0%
Net impact of discounting and risk adjustment	**(14.2)**	14.6	**(33.8)**	(9.0)
Underwriting results including discounting and risk adjustment	**78.1**	60.4	**75.7**	78.2
Combined ratio including discounting and risk adjustment	**94.2%**	94.9%	**97.1%**	96.6%

The underwriting income, excluding discounting and risk adjustment, for the second quarter of 2025 was $63.9 million, a decrease of $11.1 million from the underwriting income of $75.0 million in the same quarter of 2024. The unfavourable change was due to increases in both the net undiscounted claims and adjustment expenses of $133.3 million and acquisition and other expenses of $42.4 million outweighing the growth in NIR of $164.6 million.

CLAIMS DEVELOPMENT

Co-operators General continues to monitor and assess claims development. As time progresses, we expect claims development to be impacted by, but not limited to, various direct and indirect factors. Prior accident year claims have been impacted by inflationary costs, due to the shortage of labour and supply chain disruptions, as well as increased litigation and class-action activity.

Current accident year claims have been impacted by an increase in the frequency of claims, auto thefts in Canada, inflationary pressures on claims costs, occurrence of major events and overall uncertainty resulting from the above factors. US tariffs may have additional impacts on claims developments for the current and prior accident years.

Our 2024 Annual Report provides a summary of our unpaid claims and adjustment expense provision and revised estimates of prior year net unpaid claims and adjustment expense provisions relative to their original valuation as at December 31.

RETURN ON EQUITY

$ millions, except ratios	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Net income	**149.7**	95.7	**222.6**	189.5
Shareholders' equity at June 30	**3,037.3**	2,694.7	**3,037.3**	2,694.7
Shareholders' equity at March 31/December 31 (prior year)	**2,898.2**	2,661.6	**2,805.9**	2,575.2
ROE	**21.8%**	15.1%	**15.8%**	14.9%

SELECTED QUARTERLY INFORMATION

(in millions of dollars, except for EPS and ratios)

	2025		2024		
	Q2	Q1	Q4	Q3	Q2
Direct written premium	**1,642.3**	1,251.3	1,447.2	1,514.6	1,516.3
Net insurance revenue	**1,351.4**	1,296.7	1,277.9	1,222.4	1,186.8
Net income (loss)	**149.7**	72.9	100.8	(45.2)	95.7
Net investment income and gains	**117.8**	97.5	126.3	174.7	63.9
Other comprehensive income (loss)	**(6.7)**	19.8	(9.2)	70.2	12.0
Key statistics					
Earnings (loss) per common share (EPS)	**$5.35**	$2.64	$3.55	($1.71)	$3.36
Loss ratio[1]	**66.8%**	70.3%	69.0%	84.8%	64.8%
Expense ratio	**28.5%**	31.4%	30.6%	29.9%	29.0%
Combined ratio[1]	**95.3%**	101.7%	99.6%	114.7%	93.8%

[1]Excludes discounting and risk adjustment

	2024	2023		
	Q1	Q4	Q3	Q2
Direct written premium	1,119.5	1,261.0	1,314.7	1,321.4
Net insurance revenue	1,122.5	1,125.7	1,090.0	1,045.4
Net income (loss)	93.8	98.5	(0.2)	29.9
Net investment income and gains	105.6	196.1	5.8	39.9
Other comprehensive income (loss)	(6.4)	105.4	(34.6)	(39.0)
Key statistics				
Earnings (loss) per common share (EPS)	$3.41	$3.48	($0.05)	$0.94
Loss ratio[1]	67.4%	70.6%	74.0%	74.1%
Expense ratio	33.2%	33.4%	30.0%	31.6%
Combined ratio[1]	100.6%	104.0%	104.0%	105.7%

[1]Excludes discounting and risk adjustment

Premiums are generally written in annual renewal cycles, and the quarterly results reflect the seasonality of our business. Premium is earned over time, as we provide service on the contract, and typically lags the trends seen in our written premium.

The timing of claims can be difficult to predict, due to uncontrollable factors, such as weather. Results are also affected by more-predictable factors, such as the timing of major expenditures, changes in estimates related to claims reserves, and purchase and sale decisions made with respect to our investment portfolio. The trends in our claims' activity, due to various factors are mentioned in the *Claims Development* section.

OUTLOOK, BUSINESS DEVELOPMENTS AND OPERATING ENVIRONMENT

GENERAL BUSINESS AND ECONOMIC ENVIRONMENT

Real GDP in Canada increased more than expected in the first quarter at an annualized rate of 2.2% as net exports benefited from US businesses increasing imports in order to avoid tariffs. While headlines suggest relative stability, the underlying picture is more nuanced as domestic demand was weak. A trade reversal dynamic was observed in the second quarter, though negative real GDP growth appears to have been avoided. This suggests a soft patch, rather than a recession, as the Canadian economy created 46,600 new jobs in the private sector in June. The unemployment rate increased to 7.0% and recent wage growth showed some deceleration. Despite this, productivity growth remains too weak to bring the Canadian labour market in line with price stability as its inflationary component still poses a risk to the 2.0% inflation target.

In June, the Bank of Canada's core consumer price index (CPI) measures remain near the upper limit of its 1%-3% inflation target range, holding close to 3%, and are expected to stay elevated in the second half of the year. While the federal government's removal of the carbon tax in early April has contributed to a decline in headline CPI inflation to 1.9% in June, persistently strong growth in labour costs continue to exert upward pressure on core inflation. This underlying strength is a source of concern for the Bank of Canada.

The US economy rebounded in the second quarter, showing 3.0% real GDP growth, as real imports fell by 30%, though inventories made a negative contribution to growth. The inflation outlook remains favourable, underpinned by strong productivity gains, which continue to anchor price stability. Until June, the impact of tariffs on import prices was limited. This was largely due to a broad de-escalation of tariffs, which averaged around 10% for most key trading partners, and a sharp decline in US – China trade volumes, which reduced the inflationary risk traditionally associated with bilateral trade tensions.

INVESTMENT ENVIRONMENT

The Federal Reserve held its policy rate steady at 4.25% - 4.50% during both its April and June meetings, citing concern about its ability to forecast inflation. Similarly, the Bank of Canada maintained its policy rate at 2.75% across the same period. A significant de-escalation of reciprocal tariffs, originally imposed by the US administration, took effect in April, sharply reduced the overall tariff burden at the end of the second quarter. This shift in trade policy removed a possible recession scenario for the US economy as the expected inflation dropped significantly. With strong productivity growth and tariffs exerting only a limited inflationary impact, the Federal Reserve is now positioned to begin easing monetary policy, which is currently still restrictive, as early as the fourth quarter of this year.

With recession risks having receded significantly, markets are now pricing in approximately 50 basis points of rate cuts from the Federal Reserve by the end of the year. In contrast, stronger than expected inflation data in Canada has led to a reassessment of the Bank of Canada's policy outlook, with markets now anticipating only a single rate cut. The Federal Reserve's current policy rate remains about 1.5 percentage points above its long run neutral level, while the Bank of Canada's policy rate is aligned with its long-term equilibrium. This divergence highlights a growing decoupling in the monetary policy stance between the two central banks.

In the second quarter, Canadian bond yields increased as the tariff de-escalation diminished uncertainty and removed the prospect of an economic downturn in North America. In equity markets, the US has fully recovered its losses with major indices rebounding strongly, while Canada's S&P/TSX Composite index has advanced to a new all-time high.

PROPERTY AND CASUALTY INDUSTRY

In the second quarter of 2025, Canada's P&C insurance market remained shaped by inflationary pressures, residual impacts from 2024 catastrophe losses, continued auto theft concerns, and the evolving implications of US tariffs on trade. Additionally, OSFI highlighted elevated debt and trade uncertainty as financial system risks persist.

While auto theft rates are decreasing nationally, provinces like Ontario and Quebec have seen a shift of criminal activity to other regions, particularly the Atlantic provinces and Alberta. This relocation is likely due to increased law enforcement efforts and stricter measures in the larger provinces.

US tariffs are affecting the personal auto pipeline, as a 25% levy on automobiles and auto parts took effect in April, followed by a 50% tariff on steel and aluminum in June. Import costs are impacting repair networks and used-vehicle markets. Canadian auto insurers anticipate that cost increases will persist through 2025, although rate caps and filing restrictions will postpone full recovery. Looking ahead, there is expected to be upward pressure on claims, with insurers likely increasing rates, where possible, in the second half of 2025 to account for higher repair and replacement costs.

The Canadian property market continued to demonstrate signs of stabilization in 2025, with substantial capacity from both new entrants and incumbent markets driving rate competition in certain segments. Urban centers and other non-catastrophe prone regions are experiencing either stable or declining premium rates as insurers seek to grow market share for low-risk personal property business.

This market softening is not consistent across all geographies. The second quarter of 2025 experienced residual impacts from earlier major events, notably the March ice storms in Ontario, which caused widespread property damage and power outages. These events have led to extended claims development timelines. In addition, several events in the second quarter have further impacted claims, including storms across Ontario and Quebec. These events, combined with rising reinsurance costs and ongoing settlement of 2024 catastrophe claims, are exerting upward pressure on rates in catastrophe-prone regions. Furthermore, US tariffs on Canadian construction materials, including steel, aluminum, and lumber are inflating claims severity and contributing to selective rate increases.

As the market transitions into the third quarter, segmentation remains a defining characteristic. While rates may remain stable or soften in lower-risk areas, there is an expectation of rising rates in higher-risk zones.

Commercial insurance remains competitive across Canada. The commercial market rate continues to soften, with indications that it may harden within the next 12 to 18 months. It is anticipated that rates in Canada will decrease by 2-3% across property, casualty, cyber, and professional lines, reflecting ample capacity.

RELATED PARTY TRANSACTIONS

Co-operators General has ongoing transactions with related parties primarily consisting of product distribution services, management advisory services and reinsurance. There have been no material changes in our ongoing related party transaction arrangements during the quarter ended June 30, 2025. Please refer to our 2024 Annual Report for further details.

RISK MANAGEMENT

Effective risk management is vital to making and executing sound business decisions, both strategically and operationally. It involves identifying and understanding the risks the organization is exposed to, making an assessment as to its materiality and taking measures to manage the risks within acceptable tolerances. We recognize the importance of a strong risk management culture where the efficient and effective assessment of material risks form the basis of all decision-making and strategic planning.

The implementation of US tariffs has the potential to affect operating costs, claims expenses, and asset allocation strategies. P&C insurance claims often rely on materials and resources sourced through cross-border trade. A prolonged tariff regime could drive up the costs of these resources, placing upward pressure on claims expenses. Industries exposed to frequent cross-border movement face increased complexity and costs due to tariffs (i.e. automobile manufacturing requiring up-to eight crossings before completion). These additional costs may further escalate claims expenses, potentially challenging profitability, particularly under current premium rates. Until a new trade deal is negotiated, increased trade friction with the US and political uncertainties are likely now a new reality. It is possible that US tariff policy will continue to be applied dynamically and be prone to constant changes for the foreseeable future.

Supply chain disruptions resulting from tariffs also pose a significant risk to our commercial and agricultural clients, as their operations are directly dependent on the availability and cost of goods, equipment, and materials. These challenges may lead to financial instability and increased operational pressures, potentially affecting their ability to maintain coverage. As a result, we may experience impacts to both growth and client retention.

The P&C insurance industry continues to face ongoing challenges including, but not limited to, higher claims inflation outpacing general inflation, volatile capital markets responding to growing socio-economic uncertainties, the effects of ongoing geo-political conflicts (including tariffs and tariff threats mentioned above), supply markets and declining economies. Furthermore, severe weather across Canada continues to highlight the financial costs of a changing climate to both insurers and reinsurers. For instance, catastrophic losses remained elevated in the first half of 2025, following a difficult 2024 marked by high frequency and severity of weather events. The regulatory environment and other factors in Alberta also present specific challenges to maintaining auto profitability, adding another layer of complexity to the industry's landscape. These consecutive impacts are reinforcing the need to reassess exposure management and pricing adequacy. Indirect impacts also include longer claim closure times, strain on claims department resources, limited contractor capacity, higher auto parts and labour costs.

P&C insurance companies are subject to significant regulation by governments. As a result, we continue to regularly monitor trends and actively engage with regulators, governments and industry groups to ensure we are well-informed of potential changes that can impact our business.

Risks, and the practices used to manage risk, are discussed in detail in our 2024 Annual Report and continue to be relevant with no material changes.

For 2025, our catastrophe retention increased by $15.0 million to $115.0 million (2024 - $100.0 million). The net retained amount of $115.0 million represents approximately 3.8% of our capital. For the purpose of capital management, we define capital as shareholders' equity.

CONTROLS AND PROCEDURES

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for designing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. However, due to inherent limitations, these controls may not prevent or detect all material misstatements on a timely basis. Projections of any control effectiveness evaluation to future periods are subject to the risk that the controls may become inadequate due to potential changes in conditions or possible deteriorations in the degree of compliance with policies or procedures.

No changes were made to our internal controls over financial reporting during the second quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

OTHER ACCOUNTING MATTERS

ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". The unaudited condensed consolidated interim financial statements should be read in conjunction with our 2024 Annual Report.

The IASB has continued to issue a number of amendments and new accounting pronouncements that will be applicable to Co-operators General. For a complete listing of new and amended accounting standards, refer to Notes 3 and 4 of our unaudited condensed consolidated interim financial statements. Otherwise, the accounting policies used are consistent with those applied in our audited consolidated financial statements for the year ended December 31, 2024.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of our unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the period. The preparation of our unaudited condensed consolidated interim financial statements also requires management to exercise its judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3 of the 2024 Annual Report.

GLOSSARY OF TERMS

Certain terms used in this MD&A have the meanings set forth below and tend to be specific to the Canadian insurance industry or to Co-operators General. For terms relating to additional measures, non-GAAP measures and ratios that we use, refer to the *Key Financial Measures (Non-GAAP)* section.

Catastrophe reinsurance – a form of insurance which, subject to specified limits, indemnifies the ceding company for the amount of loss in excess of a specified retention amount with respect to an accumulation of losses resulting from a catastrophic event.

Claims development – a change in the estimate of ultimate net claims costs compared to the previous reporting period; related to claims incurred prior to the previous reporting date.

Claims frequency – the ratio of the number of claims opened in a period to the total number of policies in force.

Discounting – the impact of discounting includes the impact of changes in rates and financial assumptions used to discount our insurance liabilities, the accretion, or unwind, of discounting as time passes, and the impact of discounting on our cash flows or changes in those cash flows; our claims and other estimates of future cash flows are discounted to reflect items such as the time value of money (i.e., the value of a dollar paid or received today), the financial risks inherent in the cash flows, and the liquidity of insurance contracts, while taking into consideration the best available market data and excluding any factors not relevant to insurance contracts.

Industry pools – consist of the "residual market" as well as mandatory risk-sharing pools (RSP) in Alberta, Ontario, Quebec, New Brunswick, Nova Scotia, and Newfoundland and Labrador. These pools, managed by the Facility Association (FA), except for the Quebec RSP, provide automobile insurance to individuals who are unable to purchase such coverage from private insurers acting voluntarily. All insurance companies share in the results of the pool, according to their market share.

Loss component – this amount represents the estimate of expected losses for onerous issued insurance contracts, over the remaining contract boundary.

Major event loss – a single claim that is considered significant, mostly due to weather-related events.

Office of the Superintendent of Financial Institutions (OSFI) – the Government of Canada body, responsible for the regulation and supervision of financial institutions and private pension plans subject to federal oversight.

Policies in force (PIF) – the number of active insurance policies at a specified date.

Retention – has two meanings: (1) in respect to reinsurance, the amount of risk not ceded to reinsurers; (2) in respect to policies in force, the number of policyholders who renew for a subsequent term.

Risk Adjustment – a GAAP-defined term representing the compensation an entity requires for bearing the uncertainty around the amount and timing of cash flows arising from non-financial risk from fulfilling insurance contracts. In the case of ceded insurance policies, risk adjustment represents the amount of risk transferred to the reinsurer.

Severity of claims – the average cost of each claim, based on total claims costs divided by the total number of claims opened in a period.

Underwriting – the selection and assumption of risk for designated loss or damage arising from specified events by issuing a policy of insurance in respect thereof.

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