TRISURA GROUP LTD.
FORM 51-102F4
BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

Trisura Group Ltd. ("**Trisura Group**")
333 Bay Street
Suite 1610, Box 22
Toronto, Ontario
M5H 2R2

1.2 Executive Officer

Further information regarding the matters described in this Report may be obtained from David Clare, Chief Investment Officer, who may be contacted at (647) 503-6516.

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Background

On May 12, 2017, Trisura Group filed and, on May 15, 2017, obtained a receipt for a final long form prospectus (the "**Prospectus**") in connection with the distribution by Brookfield Asset Management Inc. ("**Brookfield Asset Management**") to the holders of its Class A limited voting shares and Class B limited voting shares of all of the common shares of Trisura Group (the "**spin-off**"). The Prospectus may be accessed at www.sedar.com under Trisura Group's profile. In connection with the spin-off, Trisura Group acquired 60% of the issued and outstanding common shares of 6436928 Canada Limited ("**Trisura Guarantee Holdco**") from subsidiaries of Brookfield Asset Management. Trisura Guarantee Holdco owns 100% of the shares of Trisura Guarantee Insurance Company, a niche property and casualty insurance company with a primary focus on the Canadian surety, professional and exclusive liability and warranty markets.

Acquisition

On December 1, 2017, Trisura Group acquired the remaining common shares of Trisura Guarantee Holdco that it did not own (the "**Purchased Shares**") from a group of current employees and directors of Trisura Guarantee Insurance Company (the "**TG Management Group**") pursuant to the terms of securities transfer agreements between Trisura Group and each member of the TG Management Group (the "**Transaction**"). As a result of the Transaction, Trisura Group owns 100% of the common shares of Trisura Guarantee Holdco.

2.2 Acquisition Date

December 1, 2017.

2.3 Consideration

The Purchased Shares were acquired in exchange for common shares of Trisura Group (the "**Common Shares**") and, in the case of certain members of the TG Management Group, unlisted cumulative fixed rate reset preference shares of Trisura Group (the "**Preferred Shares**"). The Preferred Shares were issued at a price of $25.00 per share. Holders of the Preferred Shares are entitled to receive a cumulative quarterly fixed dividend yielding 6.00% annually for an initial five-year period ending December 31, 2022. Thereafter, the dividend rate will be reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 7.50%.

In connection with the Transaction, Trisura issued the following number of Common Shares and Preferred Shares:

Consideration	Number of Shares	Value
Common Shares	963,143	$27,343,629
Preferred Shares	64,000	$1,600,000

2.4 Effect on Financial Position

The estimated effect of the Transaction on Trisura Group's financial position is outlined in the unaudited *pro forma* financial statements of Trisura Group included at Schedule "A" to this Report. The *pro forma* adjustments made are based on estimates and assumptions made by management, all of which are preliminary and have been made solely for the purpose of preparing the unaudited *pro forma* financial statements. There may be changes as valuations of assets acquired and liabilities assumed are completed and as additional information becomes available. Accordingly, the final fair value determinations may differ from those set forth in the unaudited *pro forma* financial statements and such adjustments may be material.

The Transaction is in keeping with Trisura Group's strategy as an international specialty insurance provider operating in the surety, risk solutions, corporate insurance and reinsurance niche segments of the market.

Trisura Group does not presently plan or propose to make any material change in its business or affairs that would reasonably be expected to have a significant effect on the financial position or results of operations of Trisura Group.

2.5 Prior Valuations

No valuation opinion was obtained in the last 12 months by Trisura Group or Trisura Guarantee Holdco.

2.6 Parties to Transaction

As part of the Transaction, certain directors and officers of Trisura Guarantee Insurance Company received an aggregate of 580,272 Common Shares, representing 9.98% of the total issued and outstanding Common Shares, and all of the Preferred Shares.

2.7 Date of Report

February 14, 2018.

Item 3 Financial Statements

For the purposes of this Report, in accordance with Section 8.4 of National Instrument 51-102, the Audited Consolidated Financial Statements of Trisura Guarantee Holdco as at December 31, 2016 and December 31, 2015 and for the years ended December 31, 2016, 2015 and 2014 set out at Page F-13 of the Prospectus are specifically incorporated by reference herein.

The following financial statements are attached as Schedule "A" to this Report and included as part of this Report:

- unaudited condensed interim consolidated financial statements of Trisura Guarantee Holdco as at and for the three and nine months ended September 30, 2017;

- unaudited *pro forma* statements of income of Trisura Group for the three and nine months ended September 30, 2017 and for the year ended December 31, 2016; and

- unaudited *pro forma* statement of financial position of Trisura Group as at September 30, 2017.

Trisura Group has not obtained consent from Deloitte LLP, the auditor of the financial statements of Trisura Guarantee Holdco, to include audited financial information in this Report.

SCHEDULE "A"

(see attached)

Condensed Interim Consolidated Financial Statements of

6436978 Canada Limited

As at and For the Three and Nine Months Ended September 30, 2017

(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying condensed interim financial statements have not been reviewed by the Company's external auditor. The external auditor will be auditing the annual financial statements in accordance with Canadian generally accepted auditing standards.

6436978 CANADA LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, in C$ thousands)

Table of Contents for the condensed interim consolidated financial statements of 6436978 Canada Limited as at and for the three-months and nine-months ended September 30, 2017

6436978 CANADA LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited, in C$ thousands)

As at	Note	September 30, 2017	December 31, 2016
ASSETS			
Cash and cash equivalents		**$ 35,250**	$ 29,378
Investments	*3*	**143,916**	129,360
Accrued investment income		**1,108**	533
Accounts receivable	*5*	**17,708**	17,887
Prepaid expenses and other assets		**424**	526
Executive share purchase plan loans receivable	*10,11*	**1,307**	1,542
Due from related parties		**–**	10
Deferred acquisition costs:			
Commissions		**33,994**	27,827
Premium taxes		**3,783**	3,158
Reinsurers' share of:			
Unearned premiums		**26,563**	22,444
Unpaid claims and loss adjustment expenses -	*4*		
Case reserves		**15,169**	13,940
Incurred but not reported		**14,499**	10,736
Property, plant and equipment		**1,056**	1,171
Intangible assets		**777**	870
Deferred tax assets		**602**	474
TOTAL ASSETS		**$ 296,156**	$ 259,856
LIABILITIES			
Accounts payable and accrued liabilities		**$ 12,482**	$ 9,829
Reinsurance premiums payable		**14,250**	13,461
Due to related parties	*10*	**40**	37
Note payable	*10*	**148**	530
Income tax payable		**102**	3,501
Unearned premiums		**108,339**	90,612
Unearned reinsurance commissions		**6,670**	4,928
Unpaid claims and loss adjustment expenses -	*4*		
Case reserves		**43,958**	35,862
Incurred but not reported		**37,655**	31,603
Bank loan	*9*	**29,900**	34,100
Liabilities to participating shareholders	*12,18*	**21,200**	16,008
		274,744	240,471
SHAREHOLDERS' EQUITY			
Share capital			
Authorized			
Unlimited common and Class A shares			
Issued			
3,000,000 (2016 - 3,000,000) common shares	*8*	**3,000**	3,000
Retained earnings		**14,646**	12,572
Accumulated other comprehensive income		**3,766**	3,813
		21,412	19,385
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 296,156**	$ 259,856

See accompanying notes to the condensed interim consolidated financial statements

6436978 CANADA LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in C$ thousands, except otherwise noted)

		Three months ended		Nine months ended	
For the periods ended September 30,	*Note*	**2017**	**2016**	**2017**	**2016**
Gross premiums written		**$ 36,092**	$ 31,599	**$ 107,956**	$ 91,431
Reinsurance premiums ceded		**(9,338)**	(8,609)	**(34,772)**	(26,089)
Retrospective premiums refund		**(43)**	(58)	**(125)**	(242)
Net premiums written		**26,711**	22,932	**73,059**	65,100
Change in unearned premiums		**(4,752)**	(2,778)	**(13,609)**	(11,563)
Net premiums earned		**21,959**	20,154	**59,450**	53,537
Fee income		**216**	105	**3,273**	3,151
Total underwriting revenue		**22,175**	20,259	**62,723**	56,688
Claims and expenses					
Claims and loss adjustment expenses		**10,293**	8,537	**26,320**	22,685
Reinsurers' share of claims and loss adjustment expenses		**(4,793)**	(3,255)	**(12,872)**	(10,647)
Commissions		**9,638**	8,399	**26,297**	23,210
Reinsurance commissions		**(2,840)**	(2,170)	**(6,644)**	(5,276)
Premium taxes		**1,243**	1,031	**3,233**	2,629
Operating expenses		**6,465**	6,195	**18,792**	17,517
Total claims and expenses		**20,006**	18,737	**55,126**	50,118
Net underwriting income		**2,169**	1,522	**7,597**	6,570
Investment income (loss)	*3*	**960**	(2,701)	**3,098**	(645)
Interest expense		**(273)**	(329)	**(812)**	(329)
Change in liabilities to participating shareholders	*12*	**2**	3	**(5,156)**	(157)
Income (loss) before income taxes		**2,858**	(1,505)	**4,727**	5,439
Income tax (expense) recovery					
Current	*15*	**(862)**	(689)	**(2,683)**	(2,472)
Deferred	*15*	**101**	1,033	**30**	1,064
		(761)	344	**(2,653)**	(1,408)
Net income (loss)		**2,097**	(1,161)	**2,074**	4,031
Other comprehensive income (loss)	*13*	**140**	3,601	**(47)**	4,953
Comprehensive income		**$ 2,237**	$ 2,440	**$ 2,027**	$ 8,984
Net income (loss) attributable to common shareholders		$ 2,097	$ (1,161)	$ 2,074	$ 4,031
Weighted average number of common shares outstanding during the period (number in thousands, see Notes 8,12)		5,000	4,999	4,997	4,997
Earnings per common share - basic and diluted		$ 0.42	$ (0.23)	$ 0.42	$ 0.81

See accompanying notes to the condensed interim consolidated financial statements

6436978 CANADA LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited, in C$ thousands)

	Note	Common Shares	Class A Non-Voting Common Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2017		$ 3,000	–	$ 12,572	$ 3,813	$ 19,385
Net income		–	–	2,074	–	2,074
Other comprehensive loss		–	–	–	(47)	(47)
Comprehensive income (loss)		–	–	2,074	(47)	2,027
Balance at September 30, 2017		**$ 3,000**	–	**$ 14,646**	**$ 3,766**	**$ 21,412**

	Note	Common Shares	Class A Non-Voting Common Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2016		$ 3,000	$ 21,000	$ 25,706	$ (1,224)	$ 48,482
Net income		–	–	4,031	–	4,031
Other comprehensive income		–	–	–	4,953	4,953
Comprehensive income		–	–	4,031	4,953	8,984
Redemptions	*8*	–	(21,000)	–	–	(21,000)
Dividends paid	*8*	–	–	(17,703)	–	(17,703)
Balance at September 30, 2016		$ 3,000	$ –	$ 12,034	$ 3,729	$ 18,763

See accompanying notes to the condensed interim consolidated financial statements

6436978 CANADA LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited, in C$ thousands)

For the nine-month period ended September 30,	2017	2016
Operating activities		
Net income	**$ 2,074**	$ 4,031
Items not involving cash:		
Depreciation and amortization	**511**	373
Unrealized losses (gains)	**29**	(48)
Impairment loss on available-for-sale investment	**–**	3,701
Change in liabilities to participating shareholders	**5,156**	157
Change in working capital operating items	**24,568**	15,024
Realized gains on available-for-sale investments	**(153)**	(337)
Income taxes paid	**(6,119)**	(1,776)
Interest paid	**(810)**	(333)
Net cash flows from operating activities	**25,256**	20,792
Investing activities		
Proceeds on disposal of investments	**16,368**	8,803
Purchases of investments	**(31,007)**	(19,712)
Purchases of property, plant and equipment	**(46)**	(662)
Purchases of intangible assets	**(117)**	(151)
Net cash flows used in investing activities	**(14,802)**	(11,722)
Financing activities		
Dividends paid	**–**	(17,703)
Shares redeemed	**–**	(21,000)
Repayment of notes payable	**(382)**	(308)
Bank loan received	**–**	35,000
Repayment of loans payable	**(4,200)**	–
Net cash flow used in financing activities	**(4,582)**	(4,011)
Net increase in cash and cash equivalents during the period	**5,872**	5,059
Cash, beginning of year	**20,691**	14,121
Cash equivalents, beginning of year	**8,687**	4,476
Cash and cash equivalents, beginning of year	**29,378**	18,597
Cash, end of period	**23,694**	13,803
Cash equivalents, end of period	**11,556**	9,853
Cash and cash equivalents, end of period	**$ 35,250**	$ 23,656

See accompanying notes to the condensed interim consolidated financial statements

1. The Company

6436978 Canada Limited (the "Company") was incorporated under the Canada Business Corporations Act (the "Act") on August 22, 2005 and is domiciled in Canada. The Company is the sole shareholder of Trisura Guarantee Insurance Company ("Trisura Guarantee"), which is incorporated under the Insurance Companies Act of Canada and is authorized to carry on business as a property and casualty insurance company in all provinces and territories of Canada. The Company's head office is located at 333 Bay Street, Suite 1610, Toronto, Ontario, M5H 2R2. Effective June 22, 2017, the Company's ultimate parent is Trisura Group Ltd. ("TGL"), a publicly traded company. Previously, the Company's parent was Brookfield Asset Management Inc. ("Brookfield").

On January 27, 2017, TGL, a newly formed subsidiary of Brookfield was incorporated. On June 15, 2017 TGL purchased Brookfield's 60% interest in the Company, and ownership of the Company was transferred to TGL. On June 22, 2017, Brookfield completed a "spin-off" of TGL, which was effected by way of a special dividend of common shares of TGL to holders of Brookfield's Class A and B limited voting shares as of June 1, 2017. Each holder of Brookfield's Class A and B limited voting shares received one common share of TGL for every 170 Class A or Class B shares of Brookfield. The common shares of TGL are publicly traded on the Toronto Stock Exchange under the symbol "TSU". In November 2017 TGL purchased the remaining 40% of the Company (see Note 18).

2. Summary of significant accounting policies

These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company which were prepared in accordance with International Financial Reporting Standards ("IFRS") that were in effect as at December 31, 2016. These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting. In accordance with IFRS, presentation of assets and liabilities on the condensed interim consolidated statements of financial position is in order of liquidity. The Company's functional and presentation currency is Canadian dollars.

These condensed interim consolidated financial statements incorporate the financial statements of the Company and Trisura Guarantee, the entity controlled by the Company.

Income and expenses of Trisura Guarantee are included in the condensed interim consolidated statements of comprehensive income. Total comprehensive income of Trisura Guarantee is attributed to the Company based on its 100% ownership.

The accounting policies applied during the nine-month period ended September 30, 2017 are the same as those disclosed in Note 2 – Summary of significant accounting policies of the December 31, 2016 Consolidated financial statements.

(Unaudited, in C$ thousands)

3. Investments

a) Investments by designation

All investments were classified as available-for-sale at September 30, 2017 and December 31, 2016, with the exception of a convertible debenture that was acquired during the year-ended December 31, 2016, and which was converted during the period ended September 30, 2017, and which was classified as Fair Value Through Profit and Loss ("FVTPL").

b) Unrealized gains and losses

The amortized cost and fair values of investments as at September 30, 2017 and December 31, 2016 were as follows:

	Amortized cost	**Unrealized gains**	**Unrealized losses**	**Fair value**
September 30, 2017				
Bonds				
Government	**$ 26,208**	**$ 662**	**$ (25)**	**$ 26,845**
Corporate	**69,923**	**240**	**(613)**	**69,550**
	96,131	**902**	**(638)**	**96,395**
Income and investment trust units	**2,126**	**830**	**(149)**	**2,807**
Common shares	**24,799**	**5,842**	**(1,225)**	**29,416**
Preferred shares	**14,441**	**1,157**	**(300)**	**15,298**
Investments	**$ 137,497**	**$ 8,731**	**$ (2,312)**	**$ 143,916**

	Amortized cost	Unrealized gains	Unrealized losses	Fair value
December 31, 2016				
Bonds				
Government	$ 26,795	$ 1,187	$ (8)	$ 27,974
Corporate	56,368	538	(316)	56,590
	83,163	1,725	(324)	84,564
Income and investment trust units	2,126	744	(68)	2,802
Common shares	22,162	5,372	(601)	26,933
Preferred shares	15,227	261	(623)	14,865
Convertible debenture	167	29	–	196
Investments	$ 122,845	$ 8,131	$ (1,616)	$ 129,360

Management has reviewed currently available information regarding those investments with a fair value less than amortized cost. During the three and nine month periods ended September 30, 2017, management recognized an impairment of $nil (September 30, 2016 - $3,701 and $3,701, respectively) on equity securities that had a significant or prolonged decline in value. Assumptions are used to estimate the value of an impairment based on the Company's impairment policy, which involves comparing fair value to carrying value.

(Unaudited, in C$ thousands)

3. Investments (continued)

c) Fair value hierarchy

Investments carried at fair value are classified in accordance with a valuation hierarchy that reflects the significance of the inputs used in determining their fair value. Under Level 1 of this hierarchy, fair value is derived from unadjusted quoted prices in active markets for identical investments. Under Level 2, fair value is derived from market inputs that are directly or indirectly observable other than unadjusted quoted prices for identical investments. Under Level 3, fair value is derived from inputs that are not based on observable market data.

For investments classified under Level 1, the Company uses bid prices quoted on the Toronto Stock Exchange ("TSX"). Investments classified under Level 2 are priced using over-the-counter bid prices or broker-dealer quotes. The Company did not have any Level 3 investments at September 30, 2017 or December 31, 2016. There were no transfers of investments between any levels.

The following sets out the investments classified in accordance with the fair value hierarchy:

	Total fair value	**Level 1**	**Level 2**
September 30, 2017			
Bonds			
Government	**$ 26,845**	**$ –**	**$ 26,845**
Corporate	**69,550**	**–**	**69,550**
	96,395	**–**	**96,395**
Income and investment trust units	**2,807**	**2,807**	**–**
Common shares	**29,416**	**29,416**	**–**
Preferred shares	**15,298**	**15,298**	**–**
Investments	**$ 143,916**	**$ 47,521**	**$ 96,395**

	Total fair value	Level 1	Level 2
December 31, 2016			
Bonds			
Government	$ 27,974	$ –	$ 27,974
Corporate	56,590	–	56,590
	84,564	–	84,564
Income and investment trust units	2,802	2,802	–
Common shares	26,933	26,933	–
Preferred shares	14,865	14,865	–
Convertible debenture	196	196	–
Investments	$ 129,360	$ 44,796	$ 84,564

(Unaudited, in C$ thousands)

3. Investments (continued)

d) Investment income

The components of investment income for the three-month and nine-month periods ended September 30, 2017 and 2016 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Interest income				
Cash and cash equivalents	**$ 37**	$ 39	**$ 131**	$ 149
Available-for-sale bonds	**616**	642	**1,842**	1,789
Interest on executive share purchase plan loans	**15**	18	**46**	55
Interest on note payable	**(1)**	(6)	**(7)**	(19)
	667	693	**2,012**	1,974
Business and dividend income				
Available-for-sale income and investment trust units	**32**	26	**133**	(21)
Available-for-sale common shares	**217**	187	**653**	538
Available-for-sale preferred shares	**163**	171	**520**	469
FVTPL convertible debenture	**–**	(67)	**(29)**	48
	1,079	1,010	**3,289**	3,008
Investment expenses	**(119)**	(102)	**(344)**	(289)
	$ 960	$ 908	**$ 2,945**	$ 2,719
Gain (loss) on disposition of investments				
Available-for-sale income and investment trust units	**–**	237	**–**	313
Available-for-sale bonds	**–**	2	**50**	10
Available-for-sale common shares	**–**	(147)	**23**	14
Available-for-sale preferred shares	**–**	–	**80**	–
	–	92	**153**	337
Impairment				
Preferred shares	**–**	(3,352)	**–**	(3,352)
Common shares	**–**	(349)	**–**	(349)
	–	(3,701)	**–**	(3,701)
	$ 960	$ (2,701)	**$ 3,098**	$ (645)

(Unaudited, in C$ thousands)

4. Unpaid claims and loss adjustment expenses

a) Nature of unpaid claims and loss adjustment expenses

In estimating unpaid claims and loss adjustment expenses, standard actuarial techniques are used. These techniques are based on historical loss development factors and payment patterns. They require the use of assumptions such as loss and payment development factors, future rates of claims frequency and severity, inflation, reinsurance recoveries, expenses, changes in the legal environment, changes in the regulatory environment and other matters, taking into consideration the circumstances of the Company and the nature of the insurance policies. In addition, time can be a critical factor, since the longer the span between the incidence of a loss and the settlement of the claim, the more variable the ultimate settlement amount could be. Consequently, claims liabilities are inherently subject to material uncertainty as to the ultimate amounts required to adjust and settle claims outstanding at the balance sheet date, both reported and unreported.

b) Unpaid claims and loss adjustment expenses by line of business

	Gross	**Ceded**	**Net**
September 30, 2017			
Surety	**$ 14,754**	**$ 3,855**	**$ 10,899**
Liability	**47,581**	**23,613**	**23,968**
Fidelity	**870**	**25**	**845**
Boiler & machinery	**15,989**	**–**	**15,989**
Accident & sickness	**139**	**–**	**139**
Property	**2,280**	**2,175**	**105**
	$ 81,613	**$ 29,668**	**$ 51,945**

	Gross	Ceded	Net
December 31, 2016			
Surety	$ 15,305	$ 4,333	$ 10,972
Liability	38,555	18,540	20,015
Fidelity	767	23	744
Boiler & machinery	10,888	–	10,888
Accident and sickness	96	–	96
Property	1,854	1,780	74
	$ 67,465	$ 24,676	$ 42,789

Ceded balances are referred to as reinsurers' share of unpaid claims and loss adjustment expenses in the condensed interim consolidated statements of financial position.

(Unaudited, in C$ thousands)

4. Unpaid claims and loss adjustment expenses (continued)

b) Unpaid claims and loss adjustment expenses by line of business (continued)

The following changes have occurred to the provision for unpaid claims for the three-month and nine-month periods ended September 30:

Gross claim reserves	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Unpaid claims, beginning of period	**$ 72,070**	$ 56,314	**$ 67,465**	$ 49,475
Change in undiscounted estimates for losses of prior years	**1,542**	(199)	**(1,228)**	1,556
Change in discount rate	**(411)**	–	**(211)**	155
Change in PFAD	**169**	–	**594**	367
Claims occurring in current year (including paid)	**8,993**	8,736	**27,165**	20,607
Paid on claims occurring during:				
Current year	**(2,652)**	(1,959)	**(7,398)**	(5,744)
Prior years	**1,902**	(1,611)	**(4,774)**	(5,135)
Unpaid claims, end of period	**$ 81,613**	$ 61,281	**$ 81,613**	$ 61,281

Reinsurers' share of claim reserves	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Unpaid claims, beginning of period	**$ 27,222**	$ 23,657	**$ 24,676**	$ 18,958
Change in undiscounted estimates for losses of prior years	**1,097**	194	**976**	2,194
Change in discount rate	**46**	–	**(40)**	16
Change in PFAD	**(180)**	–	**48**	126
Claims occurring in current year (including paid)	**3,830**	3,061	**11,888**	8,311
Paid on claims occurring during:				
Current year	**(1,181)**	(578)	**(3,528)**	(1,847)
Prior years	**(1,166)**	(493)	**(4,352)**	(1,917)
Unpaid claims, end of period	**$ 29,668**	$ 25,841	**$ 29,668**	$ 25,841

(Unaudited, in C$ thousands)

5. Accounts receivable

As at September 30, 2017 and December 31, 2016 the breakdown of accounts receivable were as follows:

Accounts receivable	**September 30, 2017**	December 31, 2016
Receivables from brokers and insureds	**$ 17,700**	$ 17,872
Other receivables	**8**	15
	$ 17,708	$ 17,887

6. Reinsurance

In the ordinary course of business, the Company uses reinsurance to reduce its exposure to any one claim under the policies it issues. A large portion of this reinsurance is effected under reinsurance agreements known as treaties. In some instances, it is negotiated on a facultative (one-off) basis for individual policies, generally when the exposures under these policies are not sufficiently mitigated by the treaty reinsurance.

Reinsurance does not relieve the Company of its obligations to policyholders. A contingent liability exists with respect to reinsurance ceded which would become a liability of the Company in the event that any reinsurer fails to honour its obligations. For this reason, the Company evaluates the financial condition of its reinsurers and monitors concentration of credit risk to minimize its exposure to losses from reinsurer insolvencies. All licensed reinsurers are required to have a minimum A.M. Best credit rating of A- at the inception of each treaty and when facultative reinsurance is requested and unlicensed reinsurers must post a minimum level of collateral. Provisions are incorporated in the treaties to protect the Company in the event a licensed reinsurer's credit rating does deteriorate during the term of the treaty.

Management has determined that a provision is not required for potentially uncollectible reinsurance as at September 30, 2017 and December 31, 2016.

7. Capital management

The Company's capital is its shareholders' equity, which comprises share capital, retained earnings and accumulated other comprehensive income.

Oversight of the Company's capital rests with management and the board of directors. Their objectives are threefold: (i) to ensure the Company is prudently capitalized relative to the amount and type of risks assumed and the requirements established under the Insurance Companies Act of Canada and by the Office of the Superintendent of Financial Institutions ("OSFI"); (ii) to ensure the Company's insureds, and the independent insurance brokers through which it distributes its products, perceive it to be soundly capitalized; and, (iii) to ensure the ultimate shareholders receive an appropriate return on their investment.

Under guidelines established by OSFI, Canadian property and casualty insurance companies must maintain minimum levels of capital as determined in accordance with a prescribed test – the minimum capital test, or MCT – which expresses available capital (actual capital plus or minus specified adjustments) as a percentage of required capital. Companies are expected to maintain MCT levels of at least 150% and are further required to establish their own unique target MCT levels based on the nature of their operations and the business they write. Management, with the board of directors' approval, has established the Company's target MCT level in accordance with these requirements. The Company has exceeded this measure as at September 30, 2017 and December 31, 2016.

Subject to satisfying the preceding objectives, the intent is to provide a suitable return to the Company's shareholders by way of dividends. Dividend payments will be made at a level that ensures sufficient capital is retained in the Company to satisfy budgeted operating requirements, loan covenants, any strategic initiatives, as well as the above noted MCT requirements.

8. Share capital

The Company's authorized share capital comprises an unlimited number of common shares with no stated par value. Until August 4, 2016 the Company's share capital also consisted of an unlimited number of Class A non-voting common shares, Series 1 and Series 2, with a par value of $25 per share.

Of the common shares, 3,000,000 were issued and outstanding as at September 30, 2017 (3,000,000 – December 31, 2016).

On liquidation, holders of the Class A non-voting common shares were entitled to a payment equal to $25 per share, plus an annual value accretion equal to 8% of $25 for the period from the date of issue of the shares to the date of liquidation, less the total amount of any dividends paid on the shares prior to liquidation. The Class A shares were not redeemable or retractable at the option of the holder. Payments of dividends were at the discretion of the directors of the Company.

Of the Class A shares, 840,000 Series 1 were issued and outstanding as at January 1, 2016. On August 4, 2016, all outstanding Class A shares were redeemed for $38,703, of which $17,703 represented the value accretion (dividends paid) on the shares. No Class A shares were outstanding as at December 31, 2016.

9. Bank Loan

On August 4, 2016, the Company entered into an arrangement with a Canadian Schedule 1 bank to borrow $35 million for the purpose of redeeming the Class A common shares outstanding at that time (see Note 8), inclusive of the $16.1 million of accumulated value accretion on those shares.

The credit agreement was arranged by way of a five-year lending facility funded through short term banker's acceptances or Canadian prime rate advances. The rate is based on the current periods' bankers' acceptance rate or Canadian prime rate, plus a margin. The loan balance is accounted for at amortized cost, which is equal to the carrying value. The minimum required annual payment consists only of interest, with no mandatory principal payments required.

As part of the covenants of the loan, the Company is required to maintain certain financial ratios, which were fully met as at September 30, 2017 and December 31, 2016.

For the period ended September 30, 2017, interest expense related to the loan was $273 for the three months ended September 30, 2017 and $812 for the nine months ended September 30, 2017 (September 30, 2016 - $273 and $329, respectively).

10. Related party transactions

Prior to the Spin-off on June 22, 2017 the Company was a subsidiary of Brookfield, which was the ultimate controlling party of the Company (see Note 1).

The Company and Trisura Guarantee have entered into outsourcing arrangements with Brookfield and an entity subject to common control with respect to the provision by them of information technology, and investment management services. The Company leases office space from, and subleases office space to, subsidiaries of Brookfield. In addition, the Company occasionally issues surety bonds and insurance policies on behalf of, or for, certain companies under common control. These transactions are conducted in the normal course of business and are measured at the amount of consideration paid or established and agreed between the parties. Trisura Guarantee entered into a tax transfer arrangement with Brookfield in 2016 and 2017, as permitted under applicable income tax legislation and the Act. During 2017, it made a payment during the first quarter to Brookfield for taxes paid related to 2016 of $3,543 (second quarter of 2016 - $1,700 paid related to 2015). During the first quarter of 2017, the Company received a fee of $580 plus HST from Brookfield for services incurred in 2017.

At September 30, 2017 executive share purchase plan loans due from related parties amounted to $1,307 (December 31, 2016 - $1,542). Interest receivable of $247, related to this balance was also due as at September 30, 2017 (December 31, 2016 - $355). During the three months ended September 30, 2017 $15 of interest income was earned, and during the nine months ended September 30, 2017 $46 of interest income was earned, related to the shareholder loans (September 30, 2016 - $18 and $55, respectively).

The amount due to related parties at September 30, 2017 comprises $40 (December 31, 2016 - $37) for outsourced services provided.

Note payable

On December 31, 2012, the Company redeemed 500,000 of its common shares owned by Brookfield, originally purchased at one dollar per share, in exchange for a $2,750 note payable. The note payable is due in 10 years and accumulates interest at a rate of prime plus 1%. The redeemed shares were subsequently cancelled.

On June 15, 2017, this note was transferred from Brookfield to TGL as part of the acquisition of the Company. As at September 30, 2017 the total due under this note was $148 (December 31, 2016 - $530). During the three months ended September 30, 2017, $1 of interest expense was incurred related to this note and during the nine months ended September 30, 2017, $7 of interest expense was incurred on this note (September 30, 2016 - $6 and $19, respectively).

(Unaudited, in C$ thousands)

11. Executive share purchase plan

The Company administers two executive share purchase plans that were established in 2006 and 2012 (the 2006 Plan and the 2012 Plan, respectively). Under the 2006 Plan, employees of Trisura Guarantee may purchase common shares of the Company in return for notes payable, which bear interest at the prime rate of the company's primary lending institution plus 1%. The loans do not have to be repaid, nor does interest have to be paid, until such time as the shares are sold or redeemed. Under the 2012 Plan, employees purchase shares in return for notes payable, which they are required to repay through semi-monthly payroll deductions, as well as 50% of their after-tax annual bonus, if any. The loans bear interest at a rate equal to the prime rate of the Company's primary lending institution plus 1%. See Note 10 for additional details.

On November 30, 2017 the loans were repaid as part of the consideration received for the purchase of shares of the Company by TGL (see Note 18).

12. Liabilities to participating shareholders

Under the terms of a unanimous shareholder agreement between the shareholders of the Company, the common shares issued to employees of Trisura Guarantee have a puttable feature, which results in their being classified as financial liabilities in accordance with *IAS 32: Financial Instruments: Presentation*. These liabilities are measured at fair value, being the put value ascribed to the shares under the unanimous shareholder agreement. Assumptions have been made by management regarding the put value, as the shareholders agreement has various clauses under which different values can be ascribed to the shares. As at September 30, 2017, the fair value of the liabilities was $21,200 (December 31, 2016 - $16,008).

13. Other comprehensive income

The following sets out the components of other comprehensive income for the three-month and nine-month periods ended September 30:

	Three months ended September 30,		**Nine months ended September 30,**	
	2017	2016	**2017**	2016
Items that may be reclassified subsequently to net income (loss)				
Unrealized gains on available-for-sale investments	**$ 1,405**	$ 1,656	**$ 2,237**	$ 4,339
Unrealized losses on available-for-sale investments	**(1,206)**	(282)	**(2,151)**	(963)
Income tax expense (recovery)	**(59)**	(416)	**77**	(879)
	140	958	**163**	2,497
Items reclassified to net income (loss)				
Realized gains	**–**	256	**161**	502
Realized losses	**–**	(164)	**(8)**	(165)
Impairment adjustment	**–**	(3,701)	**–**	(3,701)
Income tax expense	**–**	966	**57**	908
	–	(2,643)	**210**	(2,456)
	$ 140	$ 3,601	**$ (47)**	$ 4,953

14. Segmented information

The Company has one reportable segment which comprises specialty insurance, surety and risk solutions products.

(Unaudited, in C$ thousands)

15. Income taxes

The following shows the major components of income tax expense for the periods ended September 30, 2017 and 2016:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Current tax expense				
Current year	**$ 861**	$ 689	**$ 2,641**	$ 2,482
Prior year true up	**1**	–	**42**	(10)
	862	689	**2,683**	2,472
Deferred tax expense				
Origination and reversal of temporary differences	**(101)**	(1,033)	**(30)**	(1,064)
	(101)	(1,033)	**(30)**	(1,064)
Income tax expense	**761**	(344)	**2,653**	1,408
Income tax recorded in other comprehensive income				
Net changes in unrealized gains on available-for-sale investments	**65**	464	**22**	866
Reclassification to net income of net (gains) losses on available-for-sale investments	**–**	(25)	**57**	(83)
Origination and reversal of temporary differences	**(6)**	943	**(99)**	1,004
Total income tax expense (recovery) recorded in other comprehensive income	**$ 59**	$ 1,382	**$ (20)**	$ 1,787

The following is a reconciliation of income taxes calculated at the statutory income tax rate to the income tax provision included in the consolidated statements of comprehensive income for the periods ended September 30, 2017 and 2016:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Income before income taxes	**$ 2,858**	$ (1,505)	**$ 4,727**	$ 5,439
Statutory income tax rate	**26.74%**	26.76%	**26.74%**	26.76%
	$ 764	$ (401)	**$ 1,264**	$ 1,456
Variations due to:				
Permanent differences	**(76)**	58	**1,133**	(32)
Unrecognized deferred tax assets	**72**	–	**212**	–
Rate differentials:				
Current rate vs. future rate	**–**	–	**–**	(3)
Change in future rate	**–**	(1)	**2**	(3)
True up	**1**	–	**42**	(10)
Income tax expense	**761**	(344)	**2,653**	1,408
Current	**862**	689	**2,683**	2,472
Deferred	**(101)**	(1,033)	**(30)**	(1,064)
Income tax expense	**$ 761**	$ (344)	**$ 2,653**	$ 1,408

The applicable tax rate for the Company has increased from 2016 to 2017 as a result of a change in the mix of provinces and territories where premium is being written.

16. Earnings per share

During the three-month and nine-month periods ended September 30, 2017 and 2016, basic earnings per common share is calculated by dividing the net income attributed to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is the same as basic earnings per common share as there were no dilutive factors.

17. Comparative figures

Interest receivable was reclassified from Accounts receivable to Prepaid expenses and other assets to conform with the presentation adopted in the current period.

18. Subsequent event

On November 30, 2017, TGL entered into an agreement with those shareholders of Trisura Guarantee who in total owned 2,000,000 (or 40%) of the common shares of the Company not held by TGL to exchange their common shares for newly issued common and preference shares of TGL. As a result of this transaction, the 2,000,000 common shares of the Company currently presented as a liability to participating shareholders, was reclassified to equity at carrying value of $6,751 (being the contributed capital of those shares), with the difference between the carrying value and the liability to participating shareholders credited to retained earnings, in accordance with *IAS 32: Financial Instruments: Presentation*.

Unaudited Pro Forma Financial Statements of

Trisura Group Ltd.

TRISURA GROUP LTD.

PRO FORMA INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2017
(unaudited, in thousands of Canadian dollars, except as otherwise noted)

	Note	Trisura Group Ltd.	Pro forma adjustments	Pro Forma Trisura Group Ltd.
		$	$	$
ASSETS				
Cash and cash equivalents	*2(b)*	156,321	(1)	156,320
Investments		201,036	—	201,036
Premiums, accounts receivable and other assets	*2(c)*	22,205	(1,554)	20,651
Deferred acquisition costs		37,777	—	37,777
Recoverable from reinsurers		56,231	—	56,231
Capital assets and intangible assets		1,865	—	1,865
Deferred tax assets		748	—	748
Total assets		**476,183**	**(1,555)**	**474,628**
LIABILITIES				
Accounts payable, accrued and other liabilities		17,767	—	17,767
Reinsurance premiums payable		14,250	—	14,250
Unearned premiums		108,339	—	108,339
Unearned reinsurance commissions		6,670	—	6,670
Unpaid claims and loss adjustment expenses		173,309	—	173,309
Loan payable		29,900	—	29,900
Minority interests	*2(a)*	21,200	(21,200)	—
	2(a)	371,435	(21,200)	350,235
SHAREHOLDER'S EQUITY				
Share capital	*2(b)*	140,270	28,945	169,215
Accumulated (deficit) retained earnings	*2(b)*	(32,461)	(9,300)	(41,761)
Accumulated other comprehensive (loss) income		(3,061)	—	(3,061)
		104,748	19,645	124,393
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**$476,183**	**$(1,555)**	**$474,628**

See accompanying notes to the pro forma financial statements

TRISURA GROUP LTD.

PRO FORMA INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended September 30, 2017
(unaudited, in thousands of Canadian dollars, except as otherwise noted)

	Note	Trisura Group Ltd.	Pro forma adjustments	Pro Forma Trisura Group Ltd.
		$	$	$
Gross premiums written		36,123		36,123
Reinsurance premiums ceded		(9,338)		(9,338)
Retrospective premiums refund		(43)		(43)
Net premiums written		26,742	—	26,742
Change in unearned premiums		(4,752)		(4,752)
Net premiums earned		21,990	—	21,990
Fee income		216		216
Total underwriting revenue		22,206	—	22,206
Claims and expenses		(9,922)		(9,922)
Claims and loss adjustment expenses		4,793		4,793
Reinsurers' share of claims and loss adjustment expenses		(9,639)		(9,639)
Commissions		2,840		2,840
Reinsurance commissions		(1,246)		(1,246)
Premium taxes		(7,804)		(7,804)
Operating expenses		(20,978)	—	(20,978)
Total claims and expenses		(9,922)		(9,922)
NET UNDERWRITING INCOME (LOSS)		1,228		1,228
Net investment income		2,067		2,067
Foreign exchange gains (losses)		(253)		(253)
Interest expense		(273)		(273)
Change in minority interests in subsidiary	*2(a)*	2	(2)	—
Income (loss) before income taxes	*2(a)*	2,771	(2)	2,769
Income tax expense		(761)		(761)
NET INCOME (LOSS)	*2(a)*	2,010	(2)	2,008
Other comprehensive (loss) income		(2,965)		(2,965)
Comprehensive loss	*2(a)*	(955)	(2)	(957)
Net income attributable to common shareholders	*2(a)*	2,010	(2)	2,008
Weighted average number of common shares outstanding during the period - basic and diluted (thousands)		5,813		5,813
Earnings per common share (in dollars) - basic and diluted		0.35		0.35

See accompanying notes to the pro forma financial statements

TRISURA GROUP LTD.

PRO FORMA INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Nine Months Ended September 30, 2017
(unaudited, in thousands of Canadian dollars, except as otherwise noted)

	Note	Trisura Group Ltd.	Pro forma adjustments	Pro Forma Trisura Group Ltd.
		$	$	$
Gross premiums written		108,074		108,074
Reinsurance premiums ceded		(34,773)		(34,773)
Retrospective premiums refund		(125)		(125)
Net premiums written		73,176	—	73,176
Change in unearned premiums		(13,609)		(13,609)
Net premiums earned		59,567	—	59,567
Fee income		3,273		3,273
Total underwriting revenue		62,840	—	62,840
Claims and expenses				
Claims and loss adjustment expenses		(25,338)		(25,338)
Reinsurers' share of claims and loss adjustment expenses		12,872		12,872
Commissions		(26,331)		(26,331)
Reinsurance commissions		6,644		6,644
Premium taxes		(3,236)		(3,236)
Operating expenses		(23,366)	—	(23,366)
Total claims and expenses		(58,755)		(58,755)
NET UNDERWRITING INCOME (LOSS)		4,085		4,085
Net investment income		4,404		4,404
Foreign exchange gains (losses)		(138)		(138)
Interest expense		(812)		(812)
Change in minority interests in subsidiary	*2(a)*	(5,156)	5,156	—
Income (loss) before income taxes	*2(a)*	2,383	5,156	7,539
Income tax expense		(2,648)		(2,648)
NET INCOME (LOSS)	*2(a)*	(265)	5,156	4,891
Other comprehensive (loss) income		(5,636)		(5,636)
Comprehensive loss	*2(a)*	(5,901)	5,156	(745)
Net income attributable to common shareholders	*2(a)*	2,295	5,156	7,451
Weighted average number of common shares outstanding during the period - basic and diluted (thousands)		5,813		5,813
Earnings per common share (in dollars) - basic and diluted		0.39		1.28

See accompanying notes to the pro forma financial statements

TRISURA GROUP LTD.

PRO FORMA INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended December 31, 2016
(in thousands of Canadian dollars, except as otherwise noted)

	Note	Trisura Group Ltd.	Pro forma adjustments	Pro Forma Trisura Group Ltd.
		$	$	$
Gross premiums written		124,965		124,965
Reinsurance premiums ceded		(37,617)		(37,617)
Retrospective premiums refund		(284)		(284)
Net premiums written		87,064	—	87,064
Change in unearned premiums		(14,809)		(14,809)
Net premiums earned		72,255	—	72,255
Fee income		3,365		3,365
Total underwriting revenue		75,620	—	75,620
Claims and expenses				
Claims and loss adjustment expenses		(41,742)		(41,742)
Reinsurers' share of claims and loss adjustment expenses		12,942		12,942
Commissions		(31,384)		(31,384)
Reinsurance commissions		8,314		8,314
Premium taxes		(3,591)		(3,591)
Operating expenses		(26,604)	—	(26,604)
Total claims and expenses		(82,065)		(82,065)
NET UNDERWRITING INCOME (LOSS)		(6,445)		(6,445)
Net investment income		12,424		12,424
Foreign exchange gains (losses)		(528)		(528)
Interest expense		(481)		(481)
Change in minority interests in subsidiary	*2(a)*	(155)	155	—
Income (loss) before income taxes	*2(a)*	4,815	155	4,970
Income tax expense		(1,862)		(1,862)
NET INCOME (LOSS)	*2(a)*	2,953	155	3,108
Other comprehensive (loss) income		2,156		2,156
Comprehensive loss	*2(a)*	5,109	155	5,264
Net income attributable to common shareholders		—	—	—
Weighted average number of common shares outstanding during the year - basic and diluted (thousands)		—		—
Earnings per common share (in dollars) - basic and diluted		—		—

See accompanying notes to the pro forma financial statements

TRISURA GROUP LTD.

NOTES TO THE PRO FORMA FINANCIAL STATEMENTS

C$ thousands, unless otherwise stated

1. BASIS OF PRESENTATION

On May 12, 2017, Trisura Group Ltd. ("**Trisura Group**" or the "**Company**") filed and, on May 15, 2017, obtained a receipt for a final long form prospectus (the "**Prospectus**") in connection with the distribution by Brookfield Asset Management Inc. ("**Brookfield Asset Management**") to the holders of its Class A limited voting shares and Class B limited voting shares of all of the common shares of Trisura Group (the "**spin-off**").

In connection with the spin-off, Trisura Group acquired 60% of the issued and outstanding common shares of 6436928 Canada Limited ("**Trisura Guarantee Holdco**") from subsidiaries of Brookfield Asset Management. Trisura Guarantee Holdco owns 100% of the shares of Trisura Guarantee Insurance Company, a niche property and casualty insurance company with a primary focus on the Canadian surety, professional and executive liability and warranty markets.

On December 1, 2017, Trisura Group acquired the remaining common shares of Trisura Guarantee Holdco that it did not own (the "**Purchased Shares**") from a group of current employees and directors of Trisura Guarantee Insurance Company (the "**TG Management Group**") pursuant to the terms of securities transfer agreements between Trisura Group and each member of the TG Management Group (the "**Transaction**"). As a result of the Transaction, Trisura Group owns 100% of the common shares of Trisura Guarantee Holdco.

The Purchased Shares were acquired in exchange for 963,143 common shares of the Company and, in the case of certain members of the TG Management Group, a total of 64,000 unlisted cumulative fixed rate reset preference shares of the Company (the "**Preferred Shares**").

The unaudited pro forma financial statements of the Company have been prepared to reflect the impact of the Transaction on Trisura Group. These unaudited pro forma financial statements of the Company are based on preliminary estimates, accounting judgments and currently available information as well as assumptions that management believe to be reasonable.

All financial data in the unaudited pro forma financial statements of the Company is presented in Canadian dollars and has been prepared using accounting policies in accordance with International Financial Reporting Standards ("**IFRS**"). The unaudited pro forma financial statements of the Company have been derived by the application of pro forma adjustments to the historical financial statements of Trisura Group and Trisura Guarantee Holdco to give effect to the Transaction. The historical financial information has been adjusted in the unaudited pro forma financial statements of the Company to give effect to pro forma adjustments that are directly attributable to the Transaction.

The unaudited pro forma financial statements of the Company have been prepared for illustrative purposes only and are not necessarily indicative of the financial position or results of operations had the Transaction, for which we are giving pro forma effect, actually occurred on the dates or for the periods indicated, nor is such pro forma financial information necessarily indicative of the results to be expected for any future period as a number of factors may affect the Company's results.

2. PRO FORMA ADJUSTMENTS

a) *Minority Interest in Trisura Guarantee Holdco*

Under the terms of a unanimous shareholder agreement that existed prior to completion of the Transaction between Trisura Guarantee Holdco and the shareholders of Trisura Guarantee Holdco, the Purchased Shares had a put feature that resulted in their being classified as a financial liability in accordance with IAS 32, *Financial Instrument: Presentation*. This liability was measured at fair value, being the put value ascribed to the Purchased Shares under the unanimous shareholder agreement, with changes in the fair value of the liability being reflected in net income as Change in minority interests in subsidiary. Assumptions have been made by management regarding the put value, as the unanimous shareholder agreement contained various clauses under which different values can be ascribed to the Purchased Shares.

As a result of the Transaction, the Purchased Shares were acquired by the Company (see Note 1). The liability in respect of the Purchased Shares ceased to exist upon completion of the Transaction and has been reclassified as a corresponding reduction in retained earnings. As at December 31, 2017, the fair value of the liability in respect of the Purchased Shares was $nil (December 31, 2016 – $16,008).

b) *Share Capital*

In connection with the Transaction, Trisura Group issued 963,143 common shares and 64,000 Preferred Shares, which resulted in an increase to share capital of $28,945 and a reduction to retained earnings of $9,300. Pursuant to the terms of the securities transfer agreements, the Company made cash payments to the TG Management Group totaling approximately $1 in the aggregate in lieu of issuing any fractional common shares.

c) *Repayment of Shareholder Loans*

Certain of the Purchased Shares were acquired by the Company in exchange for the issuance of notes payable by the Company to certain members of the TG Management Group, which were used by such members of the TG Management Group to repay shareholder loans that were owing to Trisura Guarantee Holdco immediately prior to completion of the Transaction. Repayment of these loans resulted in a reduction to Premiums, accounts receivable and other assets of $1,554.