



ANNUAL REPORT 2007



La Mutuelle des municipalités du Québec



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Our PROFILE

Created in 2003 under the Municipal Code of Québec and the Cities and Towns Act, La Mutuelle des municipalités du Québec (MMQ) belongs to its Mutual Members, namely local municipalities, regional county municipalities (RCM) and intermunicipal boards. La Mutuelle des municipalités du Québec was born out of their desire to guarantee the availability of insurance over the long-term and to stabilize their insurance premiums through prevention.

The MMQ is headed by a Board of Directors made up of representatives of municipal circles and the insurance industry. Its activities are supervised by two standing committees and five working committees in charge of supervising certain operational aspects. La Mutuelle des municipalités du Québec stands out through its exclusive risk management program, enabling it to support Mutual Members in their prevention efforts.

The products offered by the MMQ include property insurance, civil liability insurance, automobile insurance and a range of complementary coverages. These products are distributed by a network of insurance brokerage firms with more than 115 points of sale and spread out over all regions of Québec.

Our MISSION

Enable municipalities, RCMs and intermunicipal boards of Québec to take advantage of the mutual principle and coach them in the search for and implementation of prevention measures so that by reducing the risks associated with their activities, they can benefit from privileged access to insurance products adapted to their needs and under advantageous conditions.



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MESSAGE from the Chairman of the Board and Chief Executive Officer

Pride and satisfaction. They are the feelings that I have at the end of this fourth complete fiscal year. In 2007, the MMQ surpassed the 900 Mutual Member mark and continued to enjoy a remarkable performance, accumulating \$6.1 million in net profits, as compared to \$4.4 million last year. Once again, our operating results have exceeded the objectives that we had set for ourselves. I am delighted with our performance for it bears witness to our solid foundation, in addition to putting us in an excellent position for the future.

AN EARLY HARVEST

We laid the foundation of the MMQ in 2003, confident that the mutualist approach represented a promising avenue to improve the conditions under which we would insure our municipalities, regional county municipalities (RCMs) and intermunicipal boards. We knew that it would be a long-term endeavour. Like wineproducers, we had to choose the appropriate soil to grow our vine. We opted for prevention, a soil that has proven to be very fertile. Indeed, our results have progressed steadily since the creation of the MMQ.

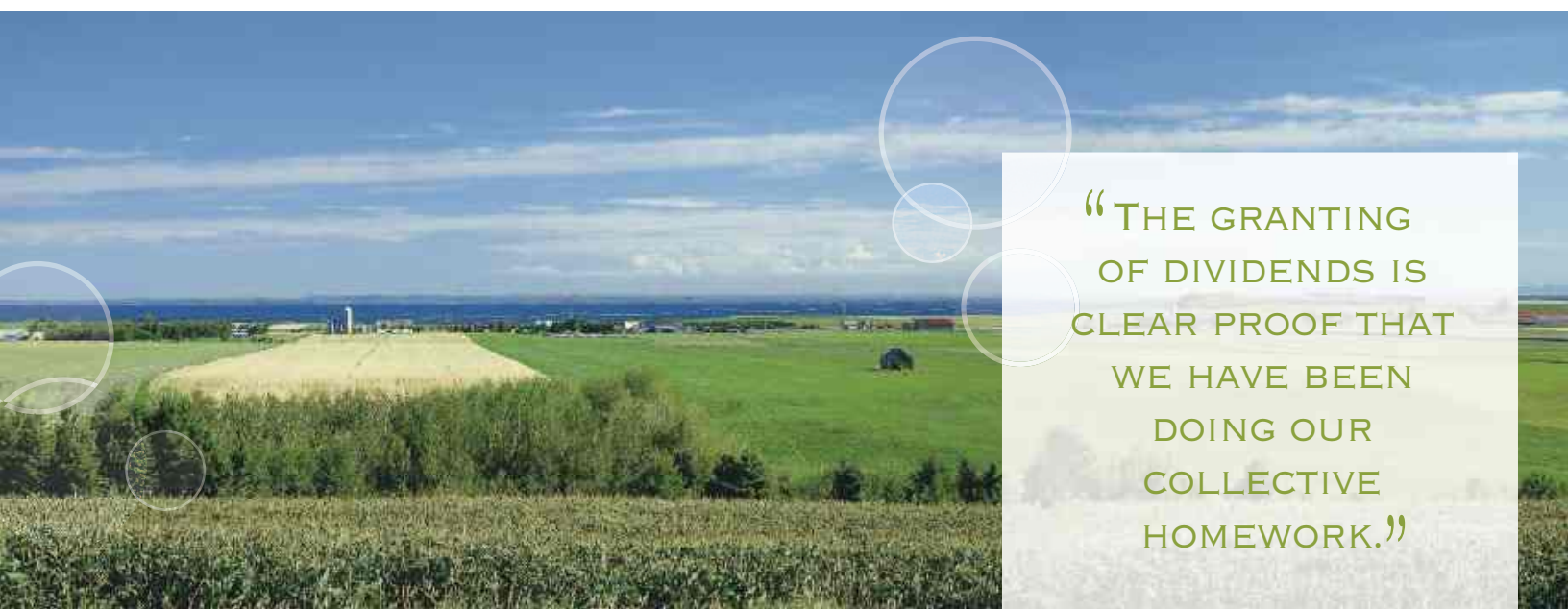
Thanks to this progress, we will soon reap one of the greatest benefits of belonging to a mutual. Indeed, beginning in December 2008, our eligible Mutual Members will obtain a dividend. I am delighted that this tangible acknowledgment of the will and commitment of our Mutual Members is possible just five years after the issue of our first policies.

CONVICTIONS TRANSFORMED INTO ACTIONS

The granting of these dividends is clear proof that we have been doing our collective homework. While on the one hand, since starting up its operations, the MMQ has continued to put into practice its mission, which basically consists of coaching its Mutual Members in the search for and implementation of prevention measures. Yet on the other, our Mutual Members have shown themselves to be eager collaborators, testifying to their understanding of mutualist principles and their willingness to promote the success of the solution that belongs to them.

Prevention is composed of straightforward day-to-day gestures, small- and large-scale initiatives, follow-ups and consultations. Another key element is vigilance, in particular with respect to certain issues that are specific to our sector, such as fire safety, emergency preparedness, drinking water management, the issue of permits and licences, the presence of cyanobacteria, to name but a few. On this subject, I can tell you that MMQ offers comprehensive support to its Mutual Members in the prevention field. This support takes the form of advice, training, policies and possible action plans, tools that we regularly offer our Mutual Members and for which they are envied.

“LIKE A GOOD WINE,
THE MMQ GETS
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“THE GRANTING
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Why the need for so many actions? Because we are truly committed to loss prevention, the key to our success. But also because these actions reflect simple yet strong values which we hold dear: proximity, coaching, the common good and fairness.

EMBODYING OUR VALUES TO PROMOTE TRUST

Our values inspire our prevention approach, but they are also at the heart of our management philosophy. Indeed, we must never lose sight of the fact that the MMQ belongs to its Mutual Members and that they are entitled to have a say in its activities. Numerous mechanisms have been put in place to protect their common good, such as the presence of a large number of mayors on the board of directors and in our various committees. In 2007, we took another step with this objective in mind by deciding to create a governance committee. This committee, which will hold meetings beginning in 2008, will make sure that the MMQ complies with the guiding principles of sound governance adopted by the board, that its managers act prudently and diligently, and that its activities are managed in accordance with the applicable laws and regulations.

In addition to the creation of this committee, we carried out many profitable initiatives in 2007. We set up our own compensation service so that our Mutual Members can find a mutualist spirit when they call on us following a loss. The launching of our Web site, the second edition of the *Mérite MMQ Risk Management Award Program* and our annual prevention campaign, as well as the continuation of our tour of the regions are also among our main achievements.

These activities are meant to reflect the care that we put into our relations with our Mutual Members. We are aware that this dimension plays a vital role in our success, which would not be as remarkable if we did not know how to inspire trust. Proximity is fundamental in our mutualist movement. That is why we are endeavouring to promote more interactions. Our proximity-related efforts are complemented by the work of our brokers of Groupe Ultima, who are close to our Mutual Members and who have a good knowledge of their regions and their realities.

DEDICATED PEOPLE OF ACTION

We owe the dynamic personality of the MMQ to the dedicated people of action on whom our organization relies, whether they are Mutual Members or individuals who participate more closely in our organization's development, such as MMQ managers and the brokers who distribute our products. All deserve our heart-felt thanks.

At this time I would like to express my recognition to my fellow administrators and to all the members of our committees for their wise advice and their invaluable contribution.

First and foremost, I want to underscore the exemplary leadership of Linda Daoust, our Executive Director and Head of Operations. We are

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MMQ wishes to extend sincere gratitude to this Mutual Member for its permission to publish this photographic print.

very privileged to be able to count on this seasoned manager. In addition to her vast technical expertise, she has demonstrated the ability to understand the characteristics of the municipal world. I also wish to thank the members of the dedicated team that assists Ms. Daoust in her day-to-day duties as well as the brokers and members of Groupe Ultima, manager and authorized representative of the MMQ. Their support is truly priceless.

Finally, I salute the reeves, the mayors and the administrators of the RCMs, municipalities and intermunicipal boards that are members of the MMQ for their loyalty and for the interest they have shown in our recommendations, interventions and requests for discussions.

A PROFITABLE ADVENTURE

Great care has gone into building our Mutual, and with the announced dividends we will soon reap the fruit of our efforts and our discipline. I am convinced that our success will continue, provided that we do not depart from the mutualist approach and that we resist market pressures. Indeed, our success is not the result of chance. Rather, it is the combination of harmonized efforts, a strong membership and sound management practices that have allowed us to achieve balance. Moreover, our success stems from the authenticity that characterizes all our actions and is a reflection of the faith that we have in our efforts.

Like a good wine, the MMQ gets better with age. While our organization may experience a more modest year, forcing it to tap into its reserves, it will continue to move forward in a serene and vigilant manner. The MMQ is the solution that belongs to us, as do its successes. It is up to us to celebrate these successes and to remain united behind this admirable initiative.

Chairman of the Board and Chief Executive Officer

Gérard Marinovich





REPORT of the Executive Director and Head of Operations

The MMQ has its own distinct personality. Indeed, since our organization belongs to its Mutual Members, it focuses on understanding and meeting their insurance needs. Without denying the presence of other players, the MMQ keeps a careful watch on its activities to stay true to its mission, which is basically geared to prevention. Once again in 2007, we went the extra mile to help our Mutual Members manage their risks. This formula, which is one of our strengths, has again yielded remarkable results.

During the 2007 fiscal year, our volume of underwritten premiums rose by 7%, increasing from \$22.9 million to \$24.5 million. This growth, which is comparable to that posted in the previous fiscal year, is fully satisfactory given the stability of our rates and the fact that we already hold a major share of the local municipality, regional county municipality and intermunicipal board market in Québec. As of December 31, 2007, we had 917 Mutual Members, namely 26 more than at the same date in 2006.

Our net earnings reached \$6.1 million, up by \$1.7 million from last year. This increase results from the growth in our investment income, in itself due to the increase in investment capital and to a wise approach in the investment field. It also results from the fact that we benefitted from better reinsurance rates, having chosen to assume a larger share of the risks that we underwrite.

We posted an enviable, even exceptional, claims rate, which is likely a good indicator of the efficiency of our prevention investments. This rate stood at 39.5%, up by a mere 3.5 points over 2006. All categories combined, we received 192 insurance claims more than in 2006. This increase may be explained in part by the fact that more and more of our Mutual Members are reporting all of the losses they sustain, whether or not these losses exceed the amount of their deductible. We encourage our Mutual Members to follow this practice so that we have more precise data on losses in the municipal sphere and can better target our preventive efforts.

The analysis of our technical results reveals several major property insurance losses, notably a few major fires and damages caused by windstorms. In the liability insurance field, we remain concerned about the lawsuits that are regularly instituted in the wake of firefighting operations and the significant increase in legal action following the issue of municipal permits. These facts underscore the need to promote the relevance of fire risk coverage plans and the training of municipal inspectors.

All in all, our operating expenses are in line with our forecasts.

ASSESSMENT

As of December 31, 2007, our cash on hand and our temporary investments totaled \$15.8 million. The latter are made up of term deposits maturing in 2008. In keeping with our investment strategy, we invested some \$7.2 million in municipal bonds in 2007. Owing to the increase in the sums invested, the revenues derived from our investments grew considerably.

At the end of the fiscal year, our premiums receivable stood at \$8.4 million, which may be explained by the fact that a large number of our policies take effect on December 31st.

Our provisions for unpaid claims and settlement expenses, net of the portion ceded to our reinsurers, totaled \$7.2 million. A certain stabilization of the total reserves is noted in comparison with 2006 since the variance in net provisions is a mere \$222,422.

Finally, thanks to the consistent quality of the results posted by MMQ since its creation, Mutual Members' equity totaled \$13 million at the end of the fiscal year, up by \$6,1 million over 2006. In accordance with our initial plans, the MMQ is now fully capitalized.

PREVENTION: A KEY COMPONENT IN RISK MANAGEMENT

There was no let-up in our risk management activities in 2007. In all, we invested \$664,338 to help our Mutual Members prevent the greatest possible number of losses. We made 200 inspection tours and close to 150 preventive tours, in addition to fine-tuning the way in which we make our recommendations and do our follow-ups in the wake of these interventions. Our assistance service received more than 3,500 calls and e-mails.

A prevention advisor specializing in sport and recreation joined our team half-way through the year. With the help of this new resource, we can now support our many Mutual Members who wish to improve the safety of their playgrounds and better apply the standards in effect in the recreation field. Moreover, our risk management service includes an advisor specializing in environmental questions and another one specializing in fire safety.

One of the year's highlights in the prevention field was the adoption of our Drinking Water Risk Management Policy. This policy, which we established on the basis of reciprocal commitments, aims to prevent the materialization of serious risks by putting in place control, prevention and awareness promotion measures.

Well aware of the important role that training plays in the prevention of losses, we continued to offer a series of advanced training workshops adapted to the needs of the municipal world. We also subsidized the enrolment of our Mutual Members in one of the training activities offered by the Fédération Québécoise des Municipalités (FQM) and we hosted courses in partnership with this organization.

Two initiatives introduced last year were renewed, namely the *Mérite MMQ Risk Management Award Program*, which this year was bestowed on the RCM of Nicolet-Yamaska, the Township of Shefford and the cities of Lac-Saint-Joseph and Matane, and our annual prevention campaign. As part of our 2007 campaign, entitled *La sécurité dans les aires de jeu et de sport... Ça ne fait pas de mal !*, we offered our Mutual Members a first-aid kit and practical advice on maintaining playgrounds and promoting the safe practice of sports in summer.

IMPROVING OUR BASIC ACTIVITIES

Turning to underwriting, we continued to improve our La Municipale^{MC} insurance policy, introduced in 2006. The enhancements made include the addition of the C-21 endorsement, which covers legal expenses associated with criminal proceedings arising from the application of Bill C-21. In addition, without modifying our rates, we broadened the scope of our property, liability and crime coverages. In conjunction with Ultima brokers, we made our Mutual Members aware of the importance of obtaining sufficient coverage to insure their property and their liability.

The setting up of our own compensation service has now been completed. After having repatriated the files that were entrusted to external partners, we set to work creating our own procedures and establishing service standards to ensure that the services we provide are ever-more efficient and characterized by our mutualist values. In the fall, we began consulting our Mutual Members to evaluate the quality of the services offered by this new in-house team. Our results indicate a satisfaction rate of over 95%. During the year, we entrusted the supervision of our risk management service to our Director of Compensation to make the most of the synergies established between these two teams.

Lastly, we continued our tour of the regions of Québec. This series of meetings allowed us to carry on a dialogue with our Mutual Members and their brokers as well as to address a variety of regional concerns.

“WE INTEND TO CONTINUE OUR WORK WITH THE SAME ZEAL TO ENABLE OUR MUTUAL MEMBERS TO HARVEST WHAT THEY HAVE SOWN AND TO SHOW THEM THAT THEY MADE THE RIGHT CHOICE.”

“ONCE AGAIN IN 2007, WE WENT THE EXTRA MILE TO HELP OUR MUTUAL MEMBERS MANAGE THEIR RISKS.”



A NEW WINDOW ON THE MMQ

The MMQ is henceforth present on the Web. Our site, which is geared both to providing information and promoting our organization, is a veritable information treasure trove. Prevention and training are among the chief topics addressed. Our Mutual Members can use a zone of the web site reserved specifically for them to report a loss and to consult an extensive on-line library bringing together our numerous publications. Constantly evolving, the multiple headings reflect the great enthusiasm that characterizes all of our activities.

NEW PROMISING ACTIONS IN 2008

In early 2007, we were engaged in a series of actions that held the promise of interesting results. Thanks to our relentless efforts, our Mutual Members now benefit from even higher quality products and services. The same energy that characterized our efforts last year continues to be present in 2008 as we prepare to take up equally stimulating challenges.

In keeping with our concern for transparency, we will make known during the fiscal year the attribution criteria and the calculation formula that will determine the amount of the dividends that we will pay to our eligible Mutual Members this coming December 31st. These first dividends will crown five years of profitable work. They mark the start of a process that will allow us to gradually reward our Mutual Members for their steadfast participation.

Having observed that the majority of reported building fires originate in electrical panels, we will undertake a vast inspection campaign relying on thermography. This exclusive campaign, which will span several years and will be part of our prevention investments, will lead us to visit more than 2,300 high-value buildings. Through this initiative, we are seeking to help our Mutual Members protect their municipal architectural heritage.

We will set up a call centre, which our Mutual Members will be able to contact in order to report a claim or to obtain prevention advice. Thanks to this centre, which will be in operation 24 hours a day, 7 days a week, our prevention advisors and adjusters will be but a phone call away in an emergency.

An inspector will join our Risk Management team. His activities will complement those of our external partner in charge of making our inspection tours. We will maintain our training activities, to which we will add a sports and recreation component in partnership with the FQM, and we will continue to publish our various prevention newsletters, which a majority of our Mutual Members appreciate, based on a survey carried out during the year.



“THE ATTRIBUTION OF DIVIDENDS WILL CROWN FIVE YEARS OF PROFITABLE WORK.”

Already working in close collaboration with the mayors and reeves of our member municipalities and RCMs, we plan to strengthen our ties with general directors in order to fine-tune our understanding of the daily realities confronting the municipal world.

We will continue to be attentive to the needs of our Mutual Members and to adapt, if necessary, our various coverages. We must adopt a measured approach when broadening the services we offer to avoid compromising the stability of our rates. We intend to solicit new agreements with our partner insurers to offer an ever wider range of products.

Our Compensation Service will continue its initiatives in order to accelerate the processing of claims. New resources will be joining our team, and we plan to offer training to our independent adjusters to make sure that they are better able to embody our values. With a view to measuring the level of satisfaction of our Mutual Members, we will send out a questionnaire whenever a property or automobile claim file is closed.

Lastly, we will make sure that our web site contains ever more helpful and user-friendly information, and we will continue to regularly attend conventions and symposia hosted by local municipal circles.

ACKNOWLEDGMENTS

Our achievements in 2007 and those that we hope to complete in 2008 would not be nearly as abundant were it not for the combined efforts of many dedicated individuals. I would like to take this opportunity to underscore their contribution.

I wish to thank Gérard Marinovich, our Chairman of the Board and Chief Executive Officer, our directors and all of the members of our work committees for their informed recommendations and advice. These individuals, who come from the municipal world, the insurance sector and related fields, help us acquire a global view of our activities and broaden our horizons. Their contribution is essential.

I am also grateful to the staff members of Groupe Ultima involved in the management of the MMQ and to this group's member brokers. Together, they form an outstanding team that provides considerate and highly professional services to our Mutual Members.

I also wish to thank our insurers, reinsurers and partner suppliers who all year round provide invaluable support and contribute to the enhancement of the products and services we offer.

Finally, I would like to express my gratitude to the reeves, mayors, elected officials and directors of the municipalities, RCMs and intermunicipal boards that are members of the MMQ. Their enlightened input helps guide our decisions and allows us to direct our actions, while respecting the resources of local municipal environments.

A SERENE CONFIDENCE

The success that the MMQ has enjoyed to date and, above all, the feeling of a job well done are powerful motivators. We intend to continue our work with the same zeal to enable our Mutual Members to harvest what they have sown and to show them that they made the right choice when they decided to take their future into their own hands. It is with both optimism and serenity that we envisage the future. Ever vigilant, we will continue to change the history of the insurance as it applies to municipalities in Québec.

Executive Director and Head of Operations

Linda Daoust



COMMITTEE reports

The MMQ Board of Directors is seconded by two standing committees in charge of determining the policies governing the mutual's operations, overseeing the smooth conduct of its affairs, and examining any specific question related to its activities. Five working committees are also assigned the duty to assist the managers of the authorized MMQ representative. Special committees may be formed to respond to specific needs. Here follows an overview of the work accomplished by these various committees over the year 2007.

STANDING COMMITTEES

Ethics Committee

The Ethics Committee sees to the adoption of rules of ethics and the rules for the application of the provisions of the *Insurance Act* to the MMQ. This Committee must make sure that these rules are applied and notify, without delay, the Board of Directors of any serious violation or departure. These rules notably deal with the conduct of administrators and directors, the conduct of the MMQ with parties related to the MMQ or parties related to its administrators or directors, the formalities and conditions of contracts with related parties, and the protection of confidential information which the MMQ has in its possession concerning its Mutual Members.

In 2007, the Committee amended its *Policy on Ethics and Conflicts of Interests for Administrators, Directors and Employees* to include the employees of the newly created compensation service. The new version of the Policy was sent to appropriate officials and to the *Autorité des marchés financiers* (AMF).

Moreover, the Committee examined a potential conflict of interest situation which turned out to be unfounded. No other real, potential or apparent conflict of interests or insider transaction was identified during the year. Pursuant to the *Insurance Act*, the Committee reported to the AMF.

Audit Committee

The mandate of the Audit Committee is to see to the accuracy of financial statements. Its duty is to examine any financial statement before being submitted to the Board of Directors, correct any errors or misleading information and inform the Annual General Meeting thereof. It also makes sure that the MMQ follows sound and prudent management practices. It is in charge of reporting to the Board of Directors or, if necessary, to the *Autorité des marchés financiers*, any management practice that may lead to a deterioration of MMQ's financial position.

The Audit Committee adopted the MMQ's financial statements as at December 31, 2007 following the favourable opinions issued by the designated actuary, Claude Émond, and by the firm of Samson Bélair/Deloitte & Touche s.e.n.c.r.l., as the external auditor.

WORKING COMMITTEES

Prevention Committee

The Prevention Committee's mission is to propose primary MMQ orientations in the risk management field. The Committee defines the minimum prevention standards that are to be adopted by Mutual Members, determines MMQ actions taken in the risk management field, and orients the training content. The Committee is also in charge of setting the MMQ level of involvement with regard to government-sponsored issues affecting the municipal environment.

During the year, the Prevention Committee continued orienting its actions on the basis of trends documented by the Compensation Committee. In addition to overseeing compliance with preventive inspection schedules, it has responded to observations from Mutual Members by ensuring that follow-ups to actions taken are improved.

The Committee supported the Risk Management Service in the preparation of its annual prevention campaign and the publication of numerous prevention newsletters. At the Committee's suggestion, Mutual

Members received a folder containing the many newsletters distributed since the creation of the MMQ. In addition, the Committee approved the holding of the second edition of the *Mérite MMQ Risk Management Award Program*.

The Committee has also made sure that the MMQ increases the support it offers for training. This greater support made it possible to create new advanced training workshops, to promote various types of training offered by municipal organizations and to renew the offer of financial assistance to Mutual Members.

Recognizing that the practice of sports activities and the presence of playgrounds in municipal parks may represent major risks from a civil liability standpoint, the Committee recommended the hiring of a prevention advisor specializing in sports and recreation.

Underwriting Committee

The Underwriting Committee is responsible for preparing and submitting to the Board of Directors any changes affecting underwriting standards, rates and the protections offered by MMQ. In addition, when there is a request by a Mutual Member or its representative, the Committee is in charge of reviewing policy applications that have been rejected.

During the year, the Committee recommended improving certain protections that are part of La Municipale^{MC}. Mutual Members were informed of the proposed improvements during the summer. These improvements took effect on October 1, 2007.

As the patrimony and the responsibilities of Mutual Members are constantly evolving, the likelihood that these Mutual Members have insufficient protection is growing. Consequently, the Committee advised the underwriting service to step up its vigilance in this respect. It also recommended that the Risk Management Service inform Mutual Members of the importance of subscribing to protections that are proportional to the losses to which they are exposed in the property and liability insurance fields.

The Committee saw to the smooth unfolding of the rate-setting study which began in 2007, as planned. Moreover, the Committee took steps in collaboration with Groupe Ultima Inc., the manager and authorized representative of the MMQ, to find new partner insurers willing to accept the risks that cannot be underwritten by the MMQ.

Finally, the Committee authorized the increase in the amount of the protection covering legal expenses arising from civil liability suits.

Compensation Committee

The Compensation Committee is responsible for preparing and submitting to the Board of Directors any changes affecting the MMQ's claims settlement policies. In the event of a dispute concerning a claim settlement or at the request of a Mutual Member or its

representative, it is the Committee's duty to review the cases and make sure that they have been settled in a fair and equitable manner. Moreover, the Committee intervenes in cases, the nature of which requires special expertise.

In order to protect MMQ profitability, the Committee has analyzed loss experience over the year. Among other things, it has examined the most frequent losses and surveyed the cases of Mutual Members who have experienced the largest number of losses. It has continued to update the Prevention Committee regarding its observations so that the Committee may take them into account when implementing prevention standards and various support strategies that it recommends.

The Committee has also overseen the proper setting up of an in-house MMQ Compensation Service. This operation included the repatriation of all outstanding claims files, the hiring of staff, and the revision of procedures. At the Committee's suggestion and with a view to ensuring the satisfaction of Mutual Members, the MMQ adopted higher service standards in the claims settlement field.

Given the importance of the service offered to Mutual Members, in particular during the settlement of claims, the Committee asked the Compensation Service to evaluate the level of satisfaction of claimants. The first surveys were sent out randomly in the fall. The Committee recommends that all Mutual Members having obtained compensation for direct damages should receive a questionnaire beginning in 2008.

Finally, the Committee has recommended the adoption of measures intended to ensure the protection of facts and information in the event of a suit involving more than one Mutual Member. The aim of these measures is to guarantee everyone a full defence as well as fair and impartial treatment.



Investment Committee

The Investment Committee is responsible for developing MMQ investment policies and submitting them to the Board of Directors. This Committee makes sure that MMQ practices in investment comply with the statutes and regulations governing it. The Committee is also in charge of analyzing the return on investments and recommending financial strategies to the Board of Directors.

In 2007, the Committee chose to include municipal bonds in the investment portfolio of the MMQ. These new investments are in line with the MMQ's Investment Policy and adhere to the basic principles followed in past years, namely caution, profitability and the harmonization of maturity dates with anticipated cash flows. They are long-term investments and are intended to once again reflect the MMQ's commitment in the life of the municipalities making up our organization.

Reinsurance Committee

The Reinsurance Committee's role is to make recommendations to the Board of Directors on retention and reinsurance amounts as well as to supervise the mandates entrusted to reinsurance brokers. This Committee also sees to it that MMQ underwriting standards comply with the terms of its reinsurance agreements.

The Committee recommended the renewal of reinsurance agreements according to the structure set out in the program adopted last year.

Special Committee for Management Services Valuation

It is the duty and the responsibility of the MMQ to make sure that the services offered to its Mutual Members respect the terms of the management and brokerage agreement which it has entrusted to Groupe Ultima Inc.

The report submitted to the Board of Directors by the Special Committee for Management Services Valuation in December 2007 concludes that the service provision offered by Groupe Ultima Inc. and its brokers meets and in many respects exceeds the expectations described in the service agreement in effect.

Auditor's REPORT

TO THE MEMBERS OF LA MUTUELLE DES MUNICIPALITÉS DU QUÉBEC

We have audited the balance sheet of La Mutuelle des municipalités du Québec as at December 31, 2007 and the statements of earnings and comprehensive income, as well as the statements of surplus and of members' contribution and cash flows for the year then ended. These financial statements are the responsibility of the management of La Mutuelle des municipalités du Québec. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of La Mutuelle des municipalités du Québec as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Samson Bélair/Deloitte & Touche, s.e.n.c.r.l.

(signed)

Chartered accountants

February 1, 2008

Actuary's CERTIFICATE

I have evaluated the policy liabilities on the balance sheet of La Mutuelle des municipalités du Québec as at December 31, 2007 and their variation on the statements of earnings for the year then ended in accordance with recognized actuarial practice, notably by proceeding with the selection of the appropriate assumptions and valuation methods.

In my opinion, the data used within the context of the valuation of these provisions are reliable and sufficient. I have verified the consistency of the valuation data with the corporation's financial documents.

In my opinion, the amount of the policy liabilities is an appropriate provision with respect to the totality of the obligations toward policyholders. Moreover, the results are presented fairly in the financial statements.

Claude Emond, FSA, FCIA

(signed)

Avalon Actuarial

February 1, 2008



Income **STATEMENT** and Comprehensive Income
for the year ended December 31, 2007

	2007	2006
	\$	\$
Income		
Written premiums	24,464,497	22,875,409
Ceded premiums	(4,930,636)	(7,582,405)
Net written premiums	19,533,861	15,293,004
Net earned premiums	18,727,888	14,702,265
Policy benefits		
Net variation of the provision for unpaid claims and settlement expenses	222,422	1,043,291
Claims and settlement expenses	7,169,814	4,295,424
	7,392,236	5,338,715
Expenses		
Commissions	4,850,127	4,568,372
Loss prevention - appendix	664,338	612,182
Operating expenses - appendix	762,984	553,984
	6,277,449	5,734,538
Operating surplus	5,058,203	3,629,012
Investment income	993,387	769,479
Net earnings and comprehensive income	6,051,590	4,398,491

STATEMENT of surplus and of members' contribution
for the year ended December 31, 2007

	2007	2006
	\$	\$
Surplus, beginning of year	6,826,653	2,428,162
Net earnings	6,051,590	4,398,491
Surplus, end of year	12,878,243	6,826,653

	2007	2006
	\$	\$
Members' contribution, beginning of year	89,100	86,300
Members' contribution during the year	2,900	2,800
Withdrawal of members during the year	(300)	-
Members' contribution, end of year (917 members; 891 members in 2006)	91,700	89,100

BALANCE Sheet
as at December 31, 2007

	2007	2006
	\$	\$
Assets		
Cash	766,011	379,157
Temporary investment (note 6)	15,065,000	16,565,000
Premiums receivable	8,374,274	7,904,469
Accounts receivable	604,654	544,030
Prepaid expenses	4,541	456
	24,814,480	25,393,112
Reinsurers' share in the provisions for: Unpaid claims and settlement expenses (note 9)	2,487,409	2,845,944
Investments (note 7)	7,155,725	-
Deferred commission costs	2,487,293	2,322,106
Start-up costs (note 8)	101,908	203,816
	37,046,815	30,764,978

	2007	2006
Liabilities		
Unearned premiums (note 10)	12,136,034	11,330,061
Provision for unpaid claims and settlement expenses (note 9)	9,683,783	9,819,896
Commissions payable	1,716,886	1,620,464
Premiums payable to reinsurers	150,230	669,042
Accounts payable and accruals	389,939	409,762
	24,076,872	23,849,225

	2007	2006
Members' equity		
Surplus	12,878,243	6,826,653
Members' contribution	91,700	89,100
	12,969,943	6,915,753
	37,046,815	30,764,978

Commitments (note 14)

On behalf of the Board

Gérard Marinovich, Chairman of the Board and Chief Executive Officer
Jacques Bolduc, Vice-Chairman



STATEMENT of cash flows

for the year ended December 31, 2007

	2007	2006
	\$	\$
Operating activities		
Net earnings	6,051,590	4,398,491
Items not affecting cash:		
- Amortization of start-up costs	101,908	101,906
- Change in non-cash operating working capital items (note 12)	(113,519)	906,235
	6,039,979	5,406,632
Financing activities		
Members' contribution	2,900	2,800
Withdrawal of members	(300)	-
	2,600	2,800
Investing activities		
Change in temporary investment	1,500,000	(5,250,000)
Acquisition of Investments	(7,155,725)	-
	(5,655,725)	(5,250,000)
Net increase in cash and cash equivalents	386,854	159,432
Cash and cash equivalents, beginning of year	379,157	219,725
Cash and cash equivalents, end of year*	766,011	379,157

* Cash and cash equivalents include cash.

NOTES to the financial statements

for the year ended December 31, 2007

1. DESCRIPTION OF THE BUSINESS

La Mutuelle des municipalités du Québec was incorporated on November 17, 2003 under the *Cities and Towns Act* as well under the *Municipal Code of Québec*. The main activity of La Mutuelle des municipalités du Québec consists of underwriting insurance products for its members.

2. ROLE OF THE DESIGNATED ACTUARY AND THE EXTERNAL AUDITORS

The designated actuary is appointed by the Board of Directors of La Mutuelle des municipalités du Québec. The designated actuary is responsible for making sure that the assumptions and the methods used for the purposes of the valuation of the policy liabilities comply with recognized actuarial practice, the legislation in force, and the regulations or guidelines in this field. The designated actuary must also express an opinion on the appropriateness of the policy liabilities as at the date of the balance sheet with respect to the totality of the obligations toward policyholders. The review seeking to verify the accuracy and completeness of the valuation data and the analysis of the assets are important elements that should be considered when establishing an opinion.

Policy liabilities include unearned premiums, unsettled claims that have occurred and settlement expenses, the share of unearned premiums, the unsettled claims that have occurred and settlement expenses of reinsurers, deferred commissions as well as deferred acquisition costs.

The services of the external auditors were retained by the members at the time of the general meeting. Their engagement consists in conducting an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and issuing to members their report on these statements. Within the context of their audit engagement, the auditors consider the work of the designated actuary and his report on the policy liabilities of La Mutuelle des municipalités du Québec. The auditors' report indicates the scope of their audit as well as their opinion.

3. CHANGE IN ACCOUNTING POLICIES

La Mutuelle des municipalités du Québec has adopted the following recommendations from the CICA Handbook:

Financial instruments

a) **Section 3855 entitled "Financial Instruments – Recognition and Measurement"**. This Section describes the standards for recognizing and measuring financial instruments used in balance sheets and standards for reporting gains and losses in financial statements. Under the new standard, financial assets and liabilities are initially recorded at fair value. Subsequently, financial instruments classified as financial assets or liabilities held for trading, financial assets available-for-sale and derivative financial instruments, whether or not a part of a hedging relationship, have to be measured at fair value on the balance sheet at each reporting date, whereas other financial instruments are measured at amortized cost using the effective interest method.

b) **Section 1530, "Comprehensive Income"**. This Section describes reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income is the change in Members' equity, which results from transactions and other events and circumstances from non-member sources. These transactions and events include unrealized income, expenses, gains and losses resulting from changes in fair value of investments that formerly were not reported in the financial statements.

c) **Section 3861, "Financial Instruments – Disclosure and Presentation"**. This Section establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

La Mutuelle des municipalités du Québec has made the following classifications:

Cash and temporary investment are classified as financial assets held for trading and are measured at fair value.

Premiums receivable and accounts receivable are classified as loans and receivables and are recorded at amortized cost using the effective interest method.

Investments are classified as financial assets held until maturity and are recorded at amortized cost using the effective interest method.

Commissions payable, premiums payable to reinsurers and accounts payable and accruals are classified as other liabilities and are recorded at amortized cost using the effective interest method.

Regular-way purchase or sale of a financial asset

Regular-way purchase or sale of a financial asset involving financial assets held to maturity are recorded on the trade-date, namely the date on which La Mutuelle des municipalités du Québec has elected to purchase or sell the asset.

The effective interest method

La Mutuelle des municipalités du Québec uses the effective interest method to recognize interest income or expenses which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

4. FUTURES ACCOUNTING POLICY CHANGES

Financial instruments

In December 2006, CICA issued Section 3862, "Financial Instruments – Disclosures", Section 3863, "Financial Instruments – Presentation", and Section 1535, "Capital Disclosures". All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, La Mutuelle des municipalités du Québec will adopt the new standards for its fiscal year beginning January 1, 2008. Section 3862 on financial instrument disclosures, requires the disclosure of information about a) the significance of financial instruments for the Mutual's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the Mutual is exposed during the period and at the balance sheet date, and how the Mutual manages those risks. Section 3863 on the presentation of financial instruments is unchanged from the presentation of requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about the Mutual's objectives, policies and processes for managing capital.

La Mutuelle des municipalités du Québec is currently evaluating the impact the adoption of these new Sections will have on its financial statements.

5. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted Canadian accounting principles and reflect the following significant accounting policies:

Start-up costs

Start-up costs are made up of professional fees and other expenses incurred to get La Mutuelle des municipalités du Québec up and running. They are amortized using the straight-line method over a 5-year period.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Reinsurance

La Mutuelle des municipalités du Québec presents reinsurance-related balances on a gross balance basis on the balance sheet in order to indicate the scope of the credit risk associated with reinsurance as well as its obligations toward policyholders. Reinsurance operations do not relieve La Mutuelle des municipalités du Québec of its obligations toward policyholders. In order to limit the potential risk incurred, La Mutuelle des municipalités du Québec follows a reinsurance cession policy over and above \$250,000 for each loss or occurrence.

Beyond this retention, a grouping of excess, catastrophic and facultative loss treaties makes it possible to bring together the reinsurance capacity needed for the operations of La Mutuelle des municipalités du Québec

The authorized limits of liability for each category are as follows:

Liability –	
excluding automobile	\$3,000,000
Civil liability –	
automobile	\$2,000,000
Dishonesty	\$500,000
Buildings and contents	\$10,000,000
Other coverages	\$1,000,000

Certain Policies are issued with amounts of insurance higher than \$10,000,000 on buildings and contents. In these cases, these amounts are subject to reinsurance on a facultative basis.

Balances related to premiums

a) Premiums and unearned premiums

Premiums are earned pro rata to the policy coverage period. Unearned premiums represent the proportion of written premiums related to the remaining coverage period at year's end.

b) Deferred commission costs

Commissions associated with the earning of premiums are deferred and amortized over the duration of the related policies insofar as they are deemed recoverable, after having taken into account the losses and the related expenses as well as the anticipated investment income.

Balances related to losses

a) Provision for unpaid claims and settlement expenses

The provision for unpaid claims and settlement expenses is the estimate of the total cost to settle all of the claims occurring before the closing of the financial statements, regardless of whether they were reported to La Mutuelle des municipalités du Québec. Since this provision is necessarily based on estimates, the final value may be different from the estimates. A provision for claims and settlement expenses is included for losses incurred but not reported based on past experience. The established methods for making the estimates are periodically revised and updated, and all adjustments are reflected in the results of the year. Consequently, claims and settlement expenses are deducted from income when incurred. A provision is established for non-settlement-related expenses.

b) Reinsurers' share in the provision for unpaid claims and settlement expenses

The reinsurance amounts that are expected to be collected in relation to unpaid claims and settlement expenses are recorded as assets according to principles that are coherent with the method used by La Mutuelle des municipalités du Québec to determine the related liability.

Use of estimates

The preparation of financial statements in conformity with generally accepted Canadian accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

6. TEMPORARY INVESTMENT

The term deposit bears interest at the rate of 4.27% and matures on June 2, 2008.

7. INVESTMENTS

	2007	2006
	\$	\$
Municipal bonds	7,155,725	-

Municipal bonds with a face value of \$7,172,000; with a stipulated interest rate of 3.25% to 6.40%; effective interest rates of 3.80% to 4.64% and a market value of \$7,126,353.

Investments held as at December 31, 2007 mature as follows:

	\$
Maturing on 2009 to 2010	4,668,980
Maturing on 2011 to 2012	1,518,374
Maturing on 2013 to 2017	968,371
	7,155,725

8. START-UP COSTS

	2007			2006
	Cost	Cumulative amortization	Net carrying value	Net carrying value
	\$	\$	\$	\$
Start-up costs	509,538	407,630	101,908	203,816

9. UNPAID CLAIMS AND SETTLEMENT EXPENSES

The provision for unpaid claims and settlement expenses as well as the share of reinsurers in this respect are estimates which may undergo major variations. These variations are attributable to events related to the final settlement of claims but which have not yet occurred and which perhaps may not occur for some time. These variations may also be caused by additional information concerning the losses, changes in the interpretation of the contracts by the courts or major variances in relation to historical trends in terms of the seriousness or frequency of losses.

The provision for unpaid claims and settlement expenses is determined to be the present value in compliance with generally accepted actuarial principles based upon the standards set by CIA.



The progression of the provision for claims and settlement expenses included on the balance sheet as well as its impact upon claims and settlement expenses for the year are determined as follows:

	2007	2006
	\$	\$
Provision for unpaid claims and settlement expenses at the beginning, net	6,973,952	5,930,661
Decrease in estimated losses and expenses in the case of claims incurred during previous years	(308,119)	(356,655)
Losses and expenses for claims incurred during the present year	7,700,355	5,695,369
Amounts paid for claims incurred:		
- during the present year	(3,447,109)	(1,645,735)
- during previous years	(3,722,705)	(2,649,688)
Provision for unpaid claims and settlement expenses at the end, net	7,196,374	6,973,952
- Reinsurers' share in the provision	2,487,409	2,845,944
Provision for unpaid claims and settlement expenses at the end, gross	9,683,783	9,819,896

10. UNEARNED PREMIUMS

La Mutuelle des municipalités du Québec exposes itself to a price risk insofar as the unearned premiums are insufficient to cover the future costs of the related policies. A valuation is made on a regular basis to estimate the costs of future losses and related expenses. Moreover, the Agreement applicable to the Members of La Mutuelle des municipalités du Québec under the *Towns and Cities Act* as well as under the *Municipal Code of Québec* provides for automatic contributions from its members in case of insufficient funds and the obligation to remain a member for five years. There has been no premium deficiency at the date of this balance sheet.

11. INCOME TAXES, CAPITAL TAX AND THE COMPENSATION TAX PAYABLE BY FINANCIAL INSTITUTIONS

Under the Canada *Income Tax Act* and the Québec *Taxation Act*, La Mutuelle des municipalités du Québec is exempt from federal and provincial income tax, as well as from the capital tax and the compensation tax payable by financial institutions.

12. CHANGE IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2007	2006
	\$	\$
Premiums receivable	(469,805)	(386,369)
Accounts receivable	(60,624)	(423,469)
Prepaid expenses	(4,085)	28,973
Reinsurers' share in the provision :		
Unpaid claims and settlement expenses	358,535	(444,199)
Deferred commission costs	(165,187)	(121,124)
Unearned premiums	805,973	590,739
Provision for unpaid claims and settlement expenses	(136,113)	1,487,490
Commissions payable	96,422	79,241
Premiums payable to reinsurers	(518,812)	164,697
Accounts payable and accruals	(19,823)	(69,744)
	(113,519)	906,235

13. STANDBY LETTER OF CREDIT

La Mutuelle des municipalités du Québec has obtained a standby letter of credit of \$2,500,000 from a financial institution. The funds associated with this credit may only be paid upon request by the Autorité des marchés financiers. This credit bears interest at the financial institution's prime rate. The issue of the letter of credit entails fixed charges.

14. COMMITMENTS

La Mutuelle des municipalités du Québec is contractually bound for the distribution and management of its insurance operations for a period ending on December 31, 2008, plus a five-year renewal option upon payment of a commission of 20.5 % of the written premiums.

La Mutuelle des municipalités du Québec is also contractually bound by a strategic watch agreement for a period ending on December 31, 2008. For the year 2008, expenses amount to \$50,000. La Mutuelle des municipalités du Québec leases equipment and premises under operating leases which expire from December 2008 to April 2010. The future rents total \$110,815 and include the following payments for the upcoming years :

2008	2009	2010
\$97,684	\$10,548	\$2,583



15. FINANCIAL INSTRUMENTS

Interest rate risk

La Mutuelle des municipalités du Québec manages its investment portfolio according to its cash flow requirements. It is impossible to do away with risks altogether but they can be managed through investment policies.

Fair value

The fair values of premiums receivable, accounts receivable, commissions payable, premiums payable to reinsurers, accounts payable and accruals, correspond approximately to their book value owing to their short-term due date.

The fair market value of investments disclosed in note 7 is determined on the basis of their listing.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

LOSS PREVENTION

year ended December 31, 2007

	2007	2006
	\$	\$
Loss prevention		
Relations with members	210,327	230,921
Inspections	177,727	140,698
Prevention advisors	148,222	132,202
Travel expenses	56,724	40,860
Professional fees	50,000	60,000
Administrative expenses	21,338	7,501
	664,338	612,182

OPERATING EXPENSES

year ended December 31, 2007

	2007	2006
	\$	\$
Operating expenses		
Professional fees	137,070	100,794
Amortization of start-up costs	101,908	101,906
Creative writing	77,572	28,677
Committee expenses	73,398	63,103
Advertising	59,817	55,436
Web site	54,055	-
Bank charges	50,162	50,000
Insurance	40,047	28,177
Stationery and printing	30,267	33,625
Business partnership	27,507	10,304
Travel expenses	22,845	16,197
Conventions	21,928	28,057
Survey costs	20,232	10,642
Administrative expenses	16,015	15,622
Entertainment expenses	13,515	8,552
Dues and subscriptions	12,023	8,903
Other	462	558
Assigned risk sharing plan	4,161	(6,569)
	762,984	553,984



BOARD of directors

LA MUTUELLE DES MUNICIPALITÉS DU QUÉBEC



- 1 – Gérard Marinovich
Mayor of Eastman
- 2 – Richard Lehoux
Mayor of Saint-Elzéar
and Reeve of the RCM
of La Nouvelle-Beauce

- 3 – Michel Giroux
Mayor of Lac-Beauport
and Reeve of the RCM
of La-Jacques-Cartier
- 4 – Linda Daoust*
Executive Director and
Head of Operations

- 5 – Raymond Medza
Retired Executive Director
of the Insurance Bureau
of Canada
- 6 – Denis R. Boucher
Chartered Accountant
- 7 – Pierre Mireault
Mayor of Sainte-Julienne

- 8 – Jacques Bolduc
Consulting Actuary
- 9 – Jacques Marcotte
Mayor of Sainte-Catherine-
de-la-Jacques-Cartier
- 10 – Michel Gilbert
Mayor of Mont-Saint-Hilaire

EXECUTIVE Board

Gérard Marinovich
Chairman and
Chief Executive Officer

Jacques Bolduc
Vice-Chairman

Michel Giroux
Secretary-Treasurer

Richard Lehoux
Vice-Chairman

Linda Daoust*
Executive Director and Head
of Operations

COMMITTEE Members

Standing Committees

Ethics Committee

Raymond Medza (Chairman)
Michel Giroux
Richard Lehoux

Audit Committee

Jacques Bolduc (Chairman)
Denis R. Boucher
Michel Giroux
Jacques Marcotte

Working Committees

Prevention Committee

Gérard Marinovich (Chairman)
Michel Fernet¹
Michel Gilbert
Gilles Lemieux^{II}
Donald Martel^{III}
Hubert Poirier^{IV}

Underwriting Committee

Richard Lehoux (Chairman)
Jacques Marcotte
Raymond Medza

Compensation Committee

Michel Giroux (Chairman)
Rémi Moreau^V
Jean-Noël Ouellet^{VI}
Pierre Mireault

Investment Committee

Jacques Bolduc (Chairman)
Jacques Marcotte

Reinsurance Committee

Raymond Medza (Chairman)
Denis R. Boucher
Richard Lehoux

Special Committee for Management Services Valuation

Raymond Medza

* Non-administrator

¹ President, DLR services conseils

^{II} Director, Direction du développement et du soutien en sécurité civile et en sécurité incendie, ministère de la Sécurité publique

^{III} General Director, RCM of Nicolet-Yamaska

^{IV} General Director, Municipality of Les-Îles-de-la-Madeleine

^V Senior Editor, *Assurances et gestion des risques*, HEC Montréal

^{VI} Former MMQ administrator

GLOSSARY

Autorité des marchés financiers (AMF)

Organization in charge of enforcing the laws regulating the financial sector, notably in the fields of insurance, securities, deposit institutions (other than federal chartered banks) and the distribution of financial products and services.

Cash

Sums included in the cash fund and the bank accounts of La Mutuelle des municipalités du Québec.

Cash flow

Deposits and disbursements coming from the operating, financing and investing activities of La Mutuelle des municipalités du Québec.

Ceded premiums (in reinsurance)

That portion of the underwritten premium ceded to reinsurers bound by ceded risks beyond a limit of liability determined per loss in each category of insurance.

CIA

Canadian Institute of Actuaries.

CICA

Canadian Institute of Chartered Accountants.

Commission

Remuneration offered, for example to an agent or a broker, and established by means of a percentage applied to the amount of the premium paid by a Mutual Member.

Deductible

Share of the insured damages assumed by a Mutual Member.

Earned premiums

Portion of the gross premium which pays for risk protection that the insurer has already afforded during the policy period.

Investment policy

Strategies and set of rules that govern capital investments made by La Mutuelle des municipalités du Québec.

Members' contribution

Initial \$100 contribution per member paid upon becoming a Mutual Member.

Members' equity

Sums made up of the contributions paid by Mutual Members and non-distributed surpluses.

Net earnings

Surplus of the total revenue of a financial year over the total expenditures of that year, including policy benefits and operating expenses.

Net loss ratio

Ratio, net of reinsurance, of benefits over earned premiums.

Operating expenses

All of the costs incurred within the context of the day-to-day activities of La Mutuelle des municipalités du Québec.

Operating surplus

Results of the day-to-day operations of La Mutuelle des municipalités du Québec prior to recognition of investment income.

Policy benefits

Sums made up of all of the provisions for claims in the process of being settled and paid settlement expenses.

Premiums receivable

Premiums remaining to be collected at year end.

Prevention standards

Set of minimum prevention measures defined by La Mutuelle des municipalités du Québec in order to avoid losses or reduce the frequency and seriousness thereof.

Professional practises

Set of rules governing the conduct of administrators and directors of La Mutuelle des municipalités du Québec pursuant to the provisions of the Insurance Act.

Provisions for unpaid claims and settlement expenses

Sum reserved by an insurer to cover indemnities and settlement expenses that the insurer expects to have to pay as claims, whether pending settlement or unreported, that occur during the unexpired term of the policy.

Settlement costs

Indemnities and expenses incurred to settle a claim.

Settlement expenses

Expenses incurred for the settlement of a claim, notably expertise expenses, legal expenses and lawyer's fees.

Surplus

Sum of the net earnings or losses of La Mutuelle des municipalités du Québec since its creation.

Unearned premiums

Portion of the gross premium not yet earned by the insurer for risk protection during the remaining policy period.

Underwriting standards

Set of parameters to which La Mutuelle des municipalités du Québec underwriters refer when accepting or refusing a risk.

Underwritten premiums

The total of premiums invoiced to Mutual Members during the fiscal year in consideration for the coverages granted to them under their insurance contract.



LA MUTUELLE DES MUNICIPALITÉS DU QUÉBEC

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