ANNUAL REPORT
2021

OACIQ

In this document the masculine gender includes the feminine and is used to facilitate reading.

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Behaving ethically in every circumstance:
a solid base to protect the public

Mr. Éric Girard
Minister of Finance
Government of Québec

QUÉBEC

Dear Mr. Girard,

We are pleased to submit the Annual Report of Organisme d'autoréglementation du courtage immobilier du Québec for the fiscal year ended December 31, 2021.

Yours sincerely,

Pierre Hamel
Chairman of the Board of Directors

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Profile of the Organization

Mission

The Organisme d'autoréglementation du courtage immobilier du Québec (OACIQ) ensures the protection of members of the public who enlist the services of real estate professionals governed by the *Real Estate Brokerage Act*.

Vision

The OACIQ is the authority of real estate brokerage in Québec. It protects and assists the public by ensuring sound broker practices.

Values

The directors and staff of the OACIQ fully embrace the Organization's values in their professional activities:

LEADERSHIP
COMPETENCE
INTEGRITY

Governance

The governance framework in which the OACIQ's Board of Directors, management and staff operate is designed to ensure cohesive and effective interventions, while promoting engagement and adherence to the highest ethical standards in order to better carry out the Organization's public protection mission.

Message from the Chairman of the Board of Directors

On behalf of the Board or Directors, I am pleased to present the annual activity report of the Organisme d'autoréglementation du courtage immobilier du Québec (OACIQ), including the activities of its Insurance Fund for 2021.

Impact of the pandemic and the overheated real estate market

The year 2021, marked among other things by the housing market overheating, was an opportunity for the OACIQ to demonstrate the extent to which it fully carries out its role as regulator. This surge in the market stems from a multitude of factors external to the real estate business, some of which are demographic in nature, such as the rising popularity of telecommuting, others financial, such as the rising cost of building materials and low interest rates.

The Organization acted proactively in the pursuit of its mission and took significant actions in connection with the overheated market, always with the goal of protecting consumers.

Legislative changes

In September 2021, we submitted our comments to the Ministry of Finance's as part of the latter's consultation on *Real estate brokers' practices in the context of the real estate boom*. In particular, we proposed improvements to the *Real Estate Brokerage Act* (REBA) regarding conflicts of interest and dual representation.

The adoption of Bill 3, *An Act to amend various legislative provisions mainly with respect to the financial sector*, and Bill 5, *An Act to give effect to fiscal measures announced in the Budget Speech delivered on 25 March 2021 and to certain other measures*, also had an impact on the Organization's activities.

Adapted planning

The quality and know-how of our teams have allowed us to pursue our actions in keeping with our current strategic plan. We are well on our way to achieving the ambitious objectives we set for ourselves, while maintaining solid financial results to ensure the Organization's sustainability.

This enables the Organization to continue to play its key role as the real estate brokerage authority, with all the leadership needed to ensure that consumers who use the services of residential or commercial real estate brokers are fully protected.

Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ)

In 2021 the FARCIQ celebrated its 15th anniversary. Some of our focus was placed on prevention and information initiatives in order to showcase the added value provided and raise awareness about the quality of the insurance protection offered. Several training seminars on this theme were dispensed at no cost to policyholders, and more than $1.5 million in compensation was paid out to consumers over the course of the year.

Governance news

A few changes occurred in the makeup of the Board of Directors in 2021.

In August the Minister of Finance appointed two new directors, David Beauchesne and Anne-Marie Beaudoin, each for a three-year term.

Elections were also held in September to elect licence holders to sit on the Board of Directors. Diane Ménard was re-elected as director working primarily in residential real estate for a mandate ending on April 30, 2023. Dean Mckay and Patrick Juanéda were each elected to a three-year term. Jacques Métivier, the sole director practising in the field of commercial real estate brokerage, was re-elected to a three-year term.

I would like to acknowledge all the directors I have had the pleasure of working with, as well as those who have just joined us.

My mandate comes to an end in the first quarter of 2022, and I am very proud to pass the torch to Richard Boivin at a time where the OACIQ is a sound and vigilant organization fully aligned with its mission. I would like to thank each and every member of the Board of Directors; the OACIQ has an extraordinarily dynamic Board, with dedicated directors who have the Organization's mission at heart.

I would also like to commend the excellent work carried out by the OACIQ management and staff, as well as the leadership demonstrated by President and CEO Nadine Lindsay, whose discipline and professionalism are propelling the Organization to new heights.

It has been a real pleasure to apply my skills to the achievement of the Organization's goals.

Pierre Hamel, B.Sc., ASA, ACIA, ASC, C.Dir.
Chairman of the Board of Directors
OACIQ

The quality and know-how of our teams have allowed us to pursue our actions in keeping with our current strategic plan.

Nadine Lindsay

Message from the President and Chief Executive Officer

Real estate habits continued to evolve in 2021, and the OACIQ was able to adapt to these significant changes by being agile and proactive. We accomplished this while remaining committed to and mobilized by what drives us: our mission to protect the public. The results of our actions, presented in this annual report, attest to this.

Actions initiated to respond to the challenges of the pandemic

To help licensees comply with the health measures related to COVID-19, we provided timely information and adapted our existing practices and tools to ensure that real estate transactions remain safe for consumers during this time of turmoil on the health and financial fronts.

An information and awareness campaign aimed at the public was developed and deployed in record time to demonstrate the impact and risks associated with hasty real estate transactions, such as a purchase without legal warranty or a pre-purchase inspection. A mandatory training for all brokers authorized to practice residential real estate brokerage was also added during the year to remind them of the need to behave ethically in every circumstance, particularly in the context of the pandemic, where real estate transactions have seen a sharp rise. Finally, a major initiative in the form of a mystery shopper program helped better target and reinforce licensee oversight.

In line with the Organization's intrinsic values, we also took great care of our employees, in terms of their physical and mental health and of their well-being, through services adapted to their needs, conferences and training, as well as adaptive and value-creating management.

Public protection

In order to align the practices of real estate brokers with current issues, we developed two new guidelines dealing with conflicts of interest and the prevention of money laundering and real estate fraud, notably to ensure compliance of licensee practices and the updating of real estate agencies' compliance programs.

The Organization intensified its efforts to counter financial crime as part of its Money Laundering Prevention Program.

The Organization also intensified its efforts to counter financial crime by pursuing its initiatives under the Money Laundering Prevention Program and in the area of personal data protection. To this effect, in June the OACIQ signed a cooperation agreement with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) to tighten controls against this type of situation, which can be extremely damaging to consumers.

Monitoring of practices

Work continued on the revision of real estate brokerage forms begun in 2020, including the addition of language to reinforce messages to buyers about the risks associated with waiving a pre-purchase inspection.

The OACIQ also published two Professional Practices Guides, one on divided co-ownership and the other on environmental issues that may arise in real estate transactions, in light of the impacts observed on consumers in these areas and with a view to improving their understanding of real estate.

Sustainability of the Organization

We continued to improve the OACIQ's organizational efficiency and to secure its financial stability. Our financial results show and safeguard the availability of funds for all our programs and initiatives aimed at protecting the public.

We are now more than halfway through our 2020-2022 strategic plan. Significant progress has been made in several areas, including the addition of tools for both consumers and licensees that are adapted to the realities of real estate brokerage, a proactive approach with educational institutions and examination candidates, and increased monitoring of emerging models and professional practices, notably in commercial brokerage.

Our contribution as real estate brokerage regulator

Since it is important for us to remain at the forefront of best practices and to continually renew ourselves, we have continued to participate in various forums and have collaborated with the other members of Real Estate Regulators of Canada (RERC), working specifically on pan-Canadian real estate brokerage competency frameworks. This work was very helpful in our current efforts to modernize our own residential and commercial competency frameworks.

Conclusion

More than ever, the OACIQ has positioned itself as a key player in real estate matters in the midst of a pandemic, while keeping public protection at the heart of its focus. Our Organization's efforts were aimed at educating and preventing as well as monitoring transactions with brokers, while remaining innovative and proactive in the face of ongoing change. The year 2021 will definitely have been one of adjustment. I sincerely thank all OACIQ staff for their professionalism and outstanding dedication. This is how we continue to carry out the Organization's public protection mission, by implementing the protections provided under the REBA and by contributing to its evolution.

I would also like to thank the members of the Board of Directors for their support, trust, and excellent contribution to the achievement of our public protection mission. Thanks to everyone's commitment and willingness to work together, we are able to achieve the cohesiveness necessary to the Organization's sustainability. A special thank you to Pierre Hamel who has served as Chairman of the Board of Directors for the past two years.

Me Nadine Lindsay, LL.B., ASC, C.Dir., Mediator

President and Chief Executive Officer of the OACIQ
Vice-President of Real Estate Regulators of Canada

> **The OACIQ has positioned itself as a key player in real estate matters in the midst of a pandemic, while keeping public protection at the heart of its focus.**

Management Committee

Nadine Lindsay
LL.B., ASC, C.Dir., Mediator
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Claudie Tremblay
LL.B., ASC, Mediator
EXECUTIVE VICE-PRESIDENT
Corporate Affairs

Marc Drouin
CPA, CMA
VICE-PRESIDENT
Finance and IT

Sofy Bourret
VICE-PRESIDENT
Client Relations

Sophie Dubé
M.Sc., CHRP
VICE-PRESIDENT
Human Resources

Caroline Champagne
B.C.L., LL.B., MBA, Mediator
VICE-PRESIDENT
Enforcement of Practices

Caroline Simard
LL.M., Adm.A, ASC, Mediator
VICE-PRESIDENT
Governance

The overheating of the real estate market

In 2021, the OACIQ intensified its actions aimed at protecting the public to ensure that consumers are well informed and brokers are adequately trained and equipped.

In addition to its regular prevention, education and compliance initiatives, in 2021 the Organization developed an awareness-building plan for consumers and licensees based on training, oversight and education.

A mandatory training on the overheating of the real estate market was also made available at not cost to ensure that all brokers authorized to carry out residential real estate brokerage transactions receive a consistent message on the challenges of the current situation, as well as to remind them of their ethical obligations. This training is now mandatory for all new and returning real estate brokers.

In addition, the OACIQ added an element to its prevention and oversight program with the use of mystery shoppers. In conjunction with the Ministry of Finance, and in order to address the issues raised by the overheating of the market, the Promise to Purchase forms were amended to require clients to confirm that their broker informed them of the risks associated with waiving a pre-purchase inspection.

A public awareness and education campaign was also held in the spring. The OACIQ put forward messages highlighting the importance of **taking the time to do things right**. In this fast-paced market, it is crucial that buyers and sellers protect the most important investment of their lives with quality information, avoid taking risks, and act with caution.

It is important to note that the vast majority of real estate transactions go smoothly. Ensuring that transactions are carried out with confidence is a shared responsibility, and consumers as well as agency executive officers and brokers must be aware of the risks inherent to a hastily completed transaction.

2021 in numbers

Various projects and mandates were completed throughout the year to monitor licence holders and protect the public. The following is an overview of the results of the OACIQ's activities for the year 2021.

Enforcement of Practices

Inspection
1,957 brokers and agencies inspected

Public Assistance
2,487 requests

Syndic
2,183 investigations opened

Enforcement of Practices

Discipline Committee

368
penalties imposed including:

45 reprimands

157 fines
totalling **$500,500**

27 orders to attend a course or training session

118 licence suspensions

Litigation

53
disciplinary complaints filed

Indemnity

36 files processed including:

2 claims approved

$19,373 paid in indemnities

Illegal Brokerage

5
notices of violation issued

Corporate Affairs

Education

404
training activities available under the MCEP*

231,977
continuing education units granted

3,213
certification examinations taken

** OACIQ's Mandatory Continuing Education Program*

Client Relations

Info OACIQ

42,900
queries processed

Certification

2,197
licence applications processed and completed

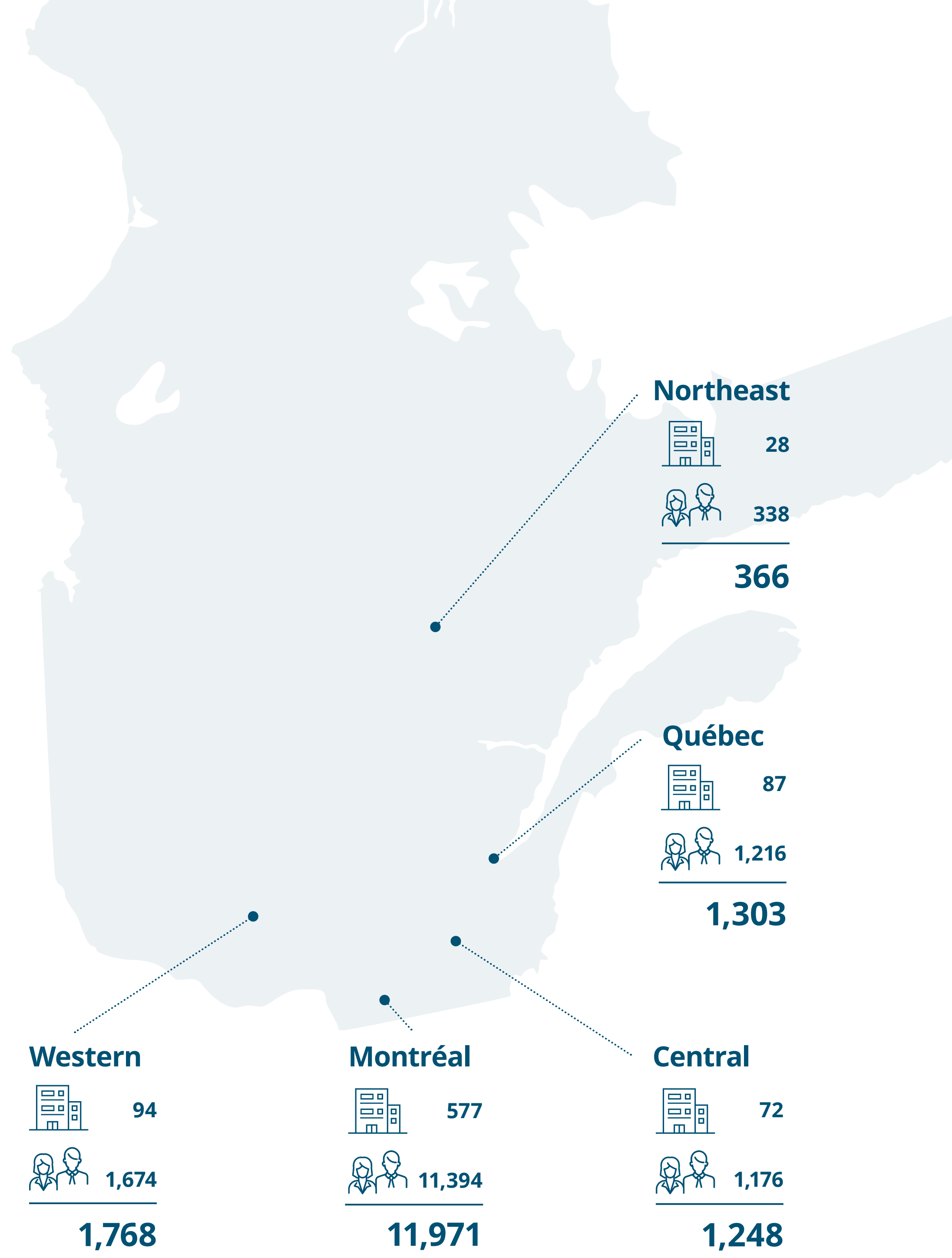
Communications

OACIQ.COM
1,536,032
sessions

Current state or real estate brokerage

The number of real estate agencies and brokers with a valid licence to practice stood at 16,656 as at December 31, 2021.

Agencies	858
Brokers	15,798
186	commercial real estate brokers
6,104	residential real estate brokers
9,508	full-service brokers (residential and commercial real estate)
	16,656



Activity review

Enforcement of Practices

To fulfil its public protection mission under the *Real Estate Brokerage Act*, the OACIQ uses a variety of means to oversee the practice of real estate agencies and brokers. In 2021, many actions were initiated to ensure that licensees comply with the rules, fulfil their advisory role, and abide by their ethical obligations.

Inspection

The Inspection Department ensures that the activities and skills of the professionals licensed by the OACIQ are in line with current regulations and quality standards. The team of inspectors verifies transactions, records, accounts, books and registers, then makes appropriate recommendations to brokers and agency executive officers. Following the publication of two guidelines in 2021, *Conflicts of Interest and Preventing Money Laundering and Real Estate Fraud*, the Inspection Department strengthened its approach to the inspection of establishments and competencies, notably with regard to actual or apparent conflicts of interest that could compromise the integrity, independence or competence of a broker in a real estate transaction.

In 2021, the OACIQ Inspection Department inspected 45 establishments, including 43 agencies and brokers acting on their own account in residential brokerage and 2 in commercial real estate brokerage, in addition to follow-up activities to ensure that the necessary corrective action was taken to remedy shortcomings uncovered during a previous inspection. On the 331 Trust Transactions Reports received as of March 31, 2021, 105 direct interventions were made with licence holders to correct the report or rectify accounts, according to the situation. In addition, 1,359 online self-inspection questionnaires were completed by agencies and brokers acting on their own account. Interventions were subsequently carried out by the Department to ensure that corrective action was taken following any findings of non-compliance.

As part of the Compliance Program, following licence issuance and agency executive officer appointment requests, the Inspection Department analyzed 105 programs. Trust accounts were also put under scrutiny to ensure that sums received for others were properly handled. Lastly, 161 new agency executive officers or brokers acting on their own account took part in startup sessions. The purpose of these sessions, facilitated by an inspector, is to ensure that new agency executive officers and brokers acting on their own account fully understand their responsibilities, and to provide participants with the tools they need to set themselves up in full compliance with the *Real Estate Brokerage Act* and its regulations.

Skills-based verification

The brokerage contract and transaction records of 222 brokers, including 20 OACIQ committee members, were the subject of a skills-based verification. The observations and required improvements are recorded in a personal report sent to each broker inspected. These are specifically aimed at the way a broker maintains his records and carries out the contracts and transaction proposals he drafts and negotiates. For brokers acting for an agency, the inspection reports are also sent to the agency executive officer, who must read them and make sure the brokers under his supervision make the required improvements in their practice to ensure public protection.

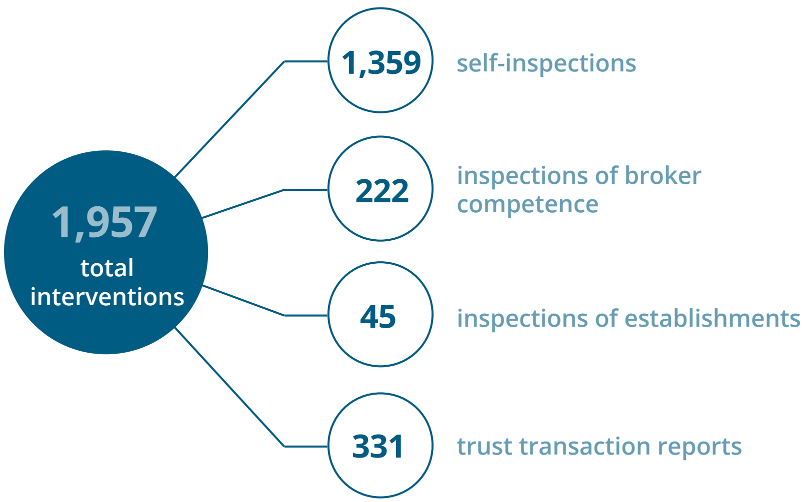
In 2021, 122 requests for commitments to take corrective action were issued by the Inspection Department:

- Training activities to be completed: 112
- Articles to be read: 64
- Warnings: 11

With a view to prevention and an objective of individual and collective dissuasion, the Inspection Department carried out "mystery shopper" type actions. The majority of these interventions showed that real estate brokers are fulfilling the OACIQ's expectations and acting in accordance with the legislative and regulatory framework in force. The problem cases observed had to do with compliance with the following ethical obligations:

- duty to recommend that buyers have a complete inspection of the immovable carried out;
- duty to properly inform buyers about the legal warranty;
- duty to ensure the confidentiality of the information provided to the broker by a selling client;
- duty to verify the accuracy of the information provided to the public.

Interventions with agencies, brokers acting on their own account and brokers operating within an agency – 2021



INSPECTION

1,359

online self-inspection questionnaires completed

PUBLIC ASSISTANCE

+ 42%

complaints processed compared to 2020

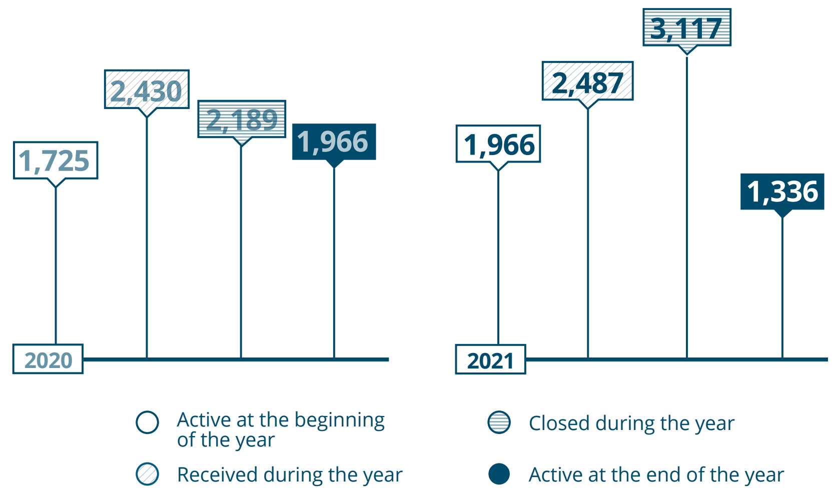
Public Assistance

When a person wishes to file a complaint against an OACIQ licence holder or file a claim with the Real Estate Indemnity Fund (FICI) or the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ), the Public Assistance Department provides information and guides the claimant through the process so they can benefit from the various recourses available.

An analyst from the Department examines the nature of the complaint and takes action to ensure it is properly handled. In some cases, he intervenes with the broker and his agency executive officer about a problem and asks them to take charge of the situation and find a solution.

The Public Assistance Department intervened with brokers and agency executive officers more than 200 times to remind them of their duties and obligations in the context of the overheated real estate market. These interventions were primarily made in the first six months of the year, i.e. before the mandatory training on this topic was completed by all licence holders.

Complaints processed



** Including the files transferred to the Syndic following a process improvement.*

Syndic

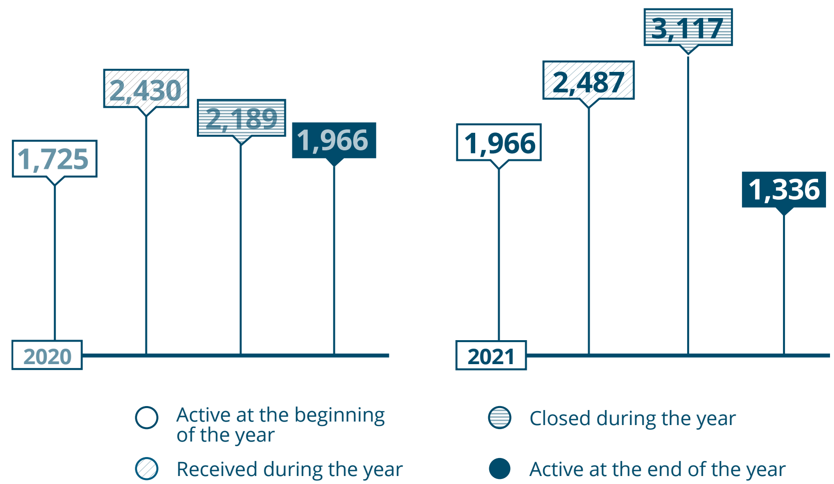
The Public Assistance Department and the Inspection Committee must notify the Syndic immediately if they have reason to believe that a violation to the *Real Estate Brokerage Act* or its regulations has been committed by a broker or agency, including their directors or executive officers. The Syndic will then investigate and determine whether a complaint should be filed with the OACIQ Discipline Committee. The Syndic recommends the imposition of deterrent and exemplary sanctions to protect the public.

During 2021, several actions were taken by the Syndic in line with the strategic directions of the OACIQ.

The Syndic continued to strengthen his approach regarding licensees who fail to cooperate with the Organization. With the support of the Litigation Department, the Syndic successfully resolved two major complaints before the OACIQ's Disciplinary Committee, one relating to sexual behaviour, the other concerning the use of confidential data belonging to clients of a financial institution.

The integration of the Public Assistance Department under the direction of the Office of the Syndic enabled us to improve consistency in the processing of cases and to gain efficiency. Cases are progressing more quickly toward the Syndic, which explains some of the discrepancies in the 2020 statistics versus 2021. In addition, considerable effort was made to reduce investigation times, resulting in a 40% increase in closed cases.

Disciplinary investigations regarding brokers and agencies

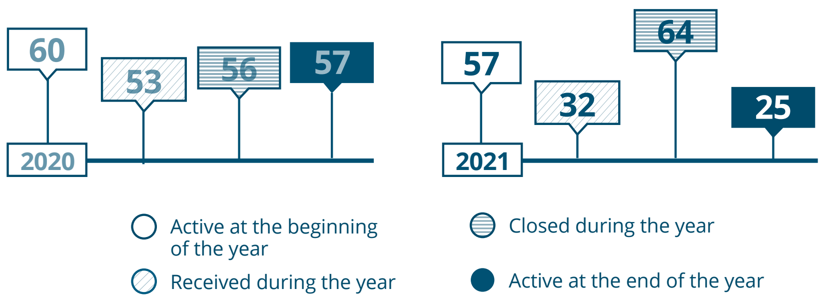


* *Including the files transferred by the Public Assistance Department following a process improvement.*

Illegal brokerage

When a real estate brokerage activity is suspected of being carried out by an individual who is not an OACIQ licence holder, an investigation is conducted. If the evidence shows that a brokerage activity was indeed carried out illegally, penal proceedings are filed with the Court of Québec. The latter must decide on the guilt of the individual concerned and the penalty to be imposed, as applicable.

Investigations of illegal brokerage



Litigation

Litigation Department lawyers act as legal advisors and are specifically responsible for making the necessary representations before disciplinary boards and civil courts on appeal or judicial review, in support of the Organization's disciplinary process and public protection mission.

The Litigation Department also works with other OACIQ departments on all legal matters. Team members handle cases involving ethics, illegal practice, civil litigation, subrogation or indemnity files, homologation and enforcement of disciplinary sanctions, access to information, and appeals or judicial review of decisions rendered by certain committees.

In 2021, 53 disciplinary complaints and five notices of violation were issued.

Several decisions of interest were handed down, to do with:

- the importance of the self-inspection process and the obligation to cooperate with the Inspection Department and the Office of the Syndic;
- the guilt of a mortgage broker who was involved in a data theft;[1]
- the link between professional practice and criminal charges of a sexual nature;[2]

- preventing conflicts of interest, including by taking active measures to avoid finding oneself in such a situation;[3]
- the refusal to issue a licence due to a criminal conviction related to alcohol consumptionl,[4]
- the fact that public trust and protection must take priority over the professional's ability to pay when deciding on an appropriate fine.[5]

COVID-19

Due to government-imposed health measures related to the pandemic, disciplinary hearings continued to be conducted in virtual mode throughout the year.

[1] *Organisme d'autoréglementation du courtage immobilier du Québec c. Joncas,* 2021 CanLII 91577 (QC OACIQ), https://canlii.ca/t/jj9f1

[2] *Organisme d'autoréglementation du courtage immobilier du Québec c. Vallée,* 2021 CanLII 78257 (QC OACIQ),https://canlii.ca/t/jhpwl

[3] *Organisme d'autoréglementation du courtage immobilier du Québec c.* Campeau, 2021 CanLII 94076 (QC OACIQ), https://canlii.ca/t/jjf0x

[4] *Dufault c. Organisme d'autoréglementation du courtage immobilier du Québec,* 2021 QCCQ 6900 (CanLII), https://canlii.ca/t/jfktm

[5] *Jacques c. Joyal,* 2021 QCCQ 326 (CanLII), https://canlii.ca/t/jd684

SYNDIC

+ 40%

closed cases

ILLEGAL BROKERAGE

5

notices of violation issued

LITIGATION

53

complaints filed with the Registry Service

Corporate Affairs

By ensuring that licensees maintain their skills through training, by having a professional liability insurance fund, and by using an ombudsman to handle complaints, the OACIQ makes sure it does everything it can to carry out its public protection role. See below how this translated for the year 2021.

Education

The Training Department contributes to the achievement of the OACIQ's mission by ensuring that the skills of current and future real estate brokers and agency executive officers are up to date and responsive to changes in the industry, and by managing the certification examination process.

Basic training in residential and commercial real estate brokerage

In 2021, the OACIQ recognized the following basic training programs offered by 22 educational institutions:

- Residential real estate brokerage
- Commercial real estate brokerage
- Agency executive officer

Successful completion of one of these programs allows a candidate to register for the OACIQ certification examination. Once the candidate has passed the exam, he can apply for a broker's licence or the qualification of agency executive officer.

The OACIQ held 17 information sessions for educational institutions and 37 examination preparation sessions, which were attended by 857 candidates.

As a member of Real Estate Regulators of Canada,[1] the OACIQ contributed to the development of pan-Canadian competency frameworks based on a harmonized profile that takes into account the different provincial realities for residential real estate brokers, commercial real estate brokers, and agency executive officers.

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[1] *http://rerc-arcic.ca*

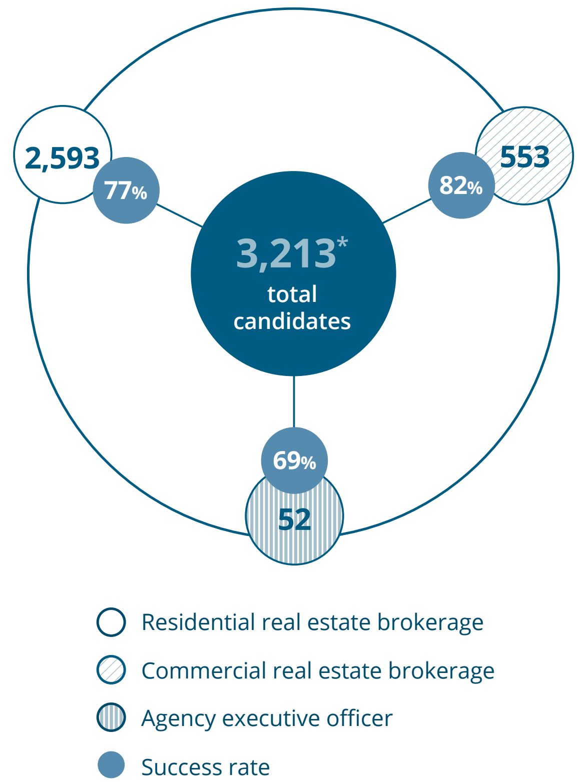
In 2021, the OACIQ embarked on a plan to improve residential and commercial real estate brokerage basic training programs. The objectives are to:

- provide basic training that is better adapted to the different realities and challenges of today's real estate brokerage environment;
- increase practice time spent on real-life real estate brokerage situations;
- position the OACIQ as regulator from the very beginning of the basic training program.

Certification examinations

Increased actions were required in 2021 to respond to the rise in the number of applications and the enforcement of health measures. The number of examination sessions held on OACIQ premises went from 30 in 2019 to 86 in 2021. Six sessions also took place in Québec City. Despite these exceptional circumstances, the OACIQ held examination sessions for 3,213 candidates, compared to 2,231 in 2020.

Certification examinations – 2021



** The total includes the number of interprovincial examinations, all types of examinations combined.*

Continuing Education

The Training Department is also responsible for the development and deployment of the Mandatory Continuing Education Program (MCEP). It develops and implements a variety of training activities on the practice of real estate brokerage and the functions of agency executive officer. The Department also accredits training activities provided by third parties based on predetermined criteria.

The end of the 2019-2021 MCPE cycle on April 30 was a major highlight of the year. At the end of the cycle, 54 licensees had their licences suspended for failing to complete their continuing education requirements on time. The 2021-2023 MCEP cycle is well underway and focuses on training related to current issues, such as the fight against money laundering, personal data security, conflicts of interest, risk management, and business continuity.

With the overheating of the real estate market in 2021, the OACIQ developed a one-hour free training session for all real estate brokers authorized to practice residential real estate brokerage. The training presents situations inspired by the reality of the market and offers reminders of ethical practices to be adopted. All brokers were required to complete this training between May 15 and June 15, 2021. At the end of this period, 99.2% of the brokers concerned had met this training requirement. A total of 111 brokers who failed to meet their obligation had their licences suspended.

Together with its 82 accredited providers, the OACIQ offers a total of 404 training activities. Some 231,977 continuing education units (CEU) were awarded to licence holders in the course of the year.

Continuing education activities offered by the OACIQ and providers

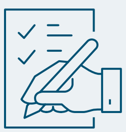
	OACIQ	Providers	TOTAL
French	67	226	293
English	59	52	111
TOTAL	126	278	404

BASIC TRAINING

37

exam preparatory sessions

CERTIFICATION EXAMINATIONS



+ 37%

exam sessions held on our premises

CONTINUING EDUCATION

14,425

brokers had completed the Booming housing market training as at June 15, 2021

Ombudsman

The OACIQ Ombudsman is a person who independently, confidentially and impartially examines public requests related to the processes applied by the various OACIQ departments in the processing of a file. He is a member of the Forum of Canadian Ombudsman and must abide by ethical principles.

Any member of the public who believes that he or she has been subject to treatment that does not comply with established processes may turn to the Ombudsman once his or her case has gone through all the steps set out in the Real Estate Brokerage Act. After receiving a review request, the Ombudsman examines it to determine whether the established processes were correctly followed.

To do this, within his role and limits, the Ombudsman contacts the requester to try to help him or her resolve the problem, depending on the situation. As part of continuing improvement efforts, the Ombudsman may propose file processing improvements to the OACIQ departments concerned. Exceptionally, the Ombudsman may refuse to review a request if, for example, he considers that it is premature or that circumstances indicate that a review is not necessary.

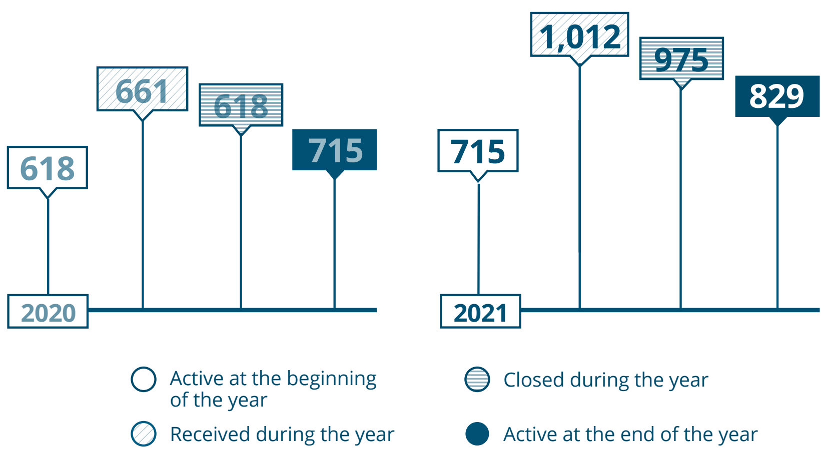
In 2021, 24 requests were referred to the Ombudsman. After analysis, 20 of these were processed.

FARCIQ

The Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ) is responsible for compensating the public in case of fault, error or omission committed by a real estate broker or agency in the course of their professional activities, when professional liability is proven.

All brokers and agencies must pay a professional liability insurance premium.

Claims files



A discrepancy in the figures can occur as files may be reopened and closed during the year.

See page 49 for detailed results.

To mark its 15th anniversary in 2021, the FARCIQ launched a corporate video showcasing its added value and the quality of the insurance coverage provided. In addition, a number of prevention initiatives were carried out to help licensees reduce the risk of claims, including short thematic videos and banners presenting 15 essential tips to apply in one's daily professional practice. All of these tools were published in the weekly PRO@CTIVE newsletter and on the website. The website was also optimized to improve user experience. A section dedicated to prevention tools was created in order to gather all the resources available to brokers in a single location. A new claim form is now available on the public website to facilitate and standardize the filing of a claim. A version of this form was also developed for brokers so that they can inform the FARCIQ without delay when a notice of claim is received.

The FARCIQ also continued to offer free training activities to policyholders as part of the Mandatory Continuing Education Program (MCEP). More than 11,000 CEUs were awarded in 2021 as a result.

FARCIQ

11,156 CEUs

granted to policyholders who completed free training courses

Client Relations

To fulfil its public protection mission, the OACIQ makes a variety of resources and services available to licence holders and consumers. Some of these have been enhanced to be more user-friendly and accessible online.

Info OACIQ Information Centre

In 2021, the staff of the Info OACIQ Information Centre made its knowledge available to the public and to licence holders by responding to 42,900 queries.

In the specific context of the overheated real estate market, more than 10,700 questions concerned the specific requirements that sellers may ask for when selling their property, multiple offer situations, and the duties and obligations of real estate brokers in a transaction.

As part of its ongoing efforts to provide high quality customer service, Info OACIQ conducts satisfaction surveys following each call. This year, 97% of respondents declared themselves very satisfied with the quality of the service received and the relevance of the references and information provided.

Communications

Building on what we initiated in 2020 to inform the public and brokers of the situation concerning real estate brokerage in the context of the pandemic, the OACIQ regularly updated its *Best practices guide during the COVID-19 crisis*. This tool, designed for licensees and available to the public, enabled us to communicate the various recommendations issued by public health authorities.

Awareness campaigns

The OACIQ also launched an additional awareness campaign to remind consumers not to overlook the important elements in a real estate transaction. This four-week campaign was widely broadcast during the spring, both online and on the radio. This initiative was in addition to others that ran throughout the year to inform the public about the protections available under the *Real Estate Brokerage Act*.

Access to information

The OACIQ abides by the *Act respecting access to documents held by public bodies and the protection of personal information*. This year, the Organization received 24 access-to-information requests, in addition to proactively posting documents and information of interest on its website for the benefit of consumers and authorized professionals.

INFO OACIQ

97%

satisfaction rate

COMMUNICATIONS

141

media inquiries

CERTIFICATION

2,197

licence applications

Certification

During the year ended December 31, 2021, a total of 2,197 licence applications were processed by the Certification Department.

As at December 31, 2021, the OACIQ numbered 16,656 holders of a valid licence, including 469 acting on their own account.

Here are the statistics by administrative region as at December 31, 2021

		Brokers	Agencies
NORTHEAST	Abitibi–Témiscamingue	**56**	**8**
	Bas-Saint-Laurent	**104**	**9**
	Côte-Nord	**26**	**2**
	Gaspésie–Îles-de-la-Madeleine	**4**	**1**
	Saguenay–Lac-Saint-Jean	**148**	**8**
QUÉBEC	Capitale-Nationale	**1,076**	**70**
	Chaudière–Appalaches	**140**	**17**
CENTRAL	Centre-du-Québec	**142**	**7**
	Estrie	**313**	**28**
	Lanaudière	**534**	**28**
	Mauricie	**187**	**9**
MONTRÉAL	Laval	**2,390**	**69**
	Montérégie	**2,543**	**138**
	Montréal	**6,461**	**370**
WESTERN	Laurentides	**1,181**	**72**
	Outaouais	**493**	**22**
TOTAL		**15,798**	**858**

Governance and administration

Board of Directors as at December 31, 2021

Directors appointed by the Minister of Finance

Pierre Hamel
B.Sc., ASA, ACIA, ASC, C.Dir.
CHAIRMAN

Richard Boivin
LL.M, D.A.

David Beauchesne
B.Adm

Sébastien Boucher-Lavallée
CPA, CGA

Anne-Marie Beaudoin
LL.B., ASC

Jacqueline Codsi
M.Ps.org., CRIA, ASC, PCC

Governance and administration

Board of Directors as at December 31, 2021

Directors elected among licence holders (by their peers)

Commercial real estate brokerage

Michel Léonard
B. Comm., B.C.L., C.Dir., ASC
VICE-CHAIR

Jacques Métivier
Certified Real Estate Broker AEO

Roger Rhéaume
Certified Real Estate Broker AEO

Residential real estate brokerage

Patrick Juanéda
Certified Real Estate Broker AEO

Dean Mckay
Real Estate Broker

Diane Ménard
Certified Real Estate Broker AEO

The OACIQ is a sound and vigilant organization fully aligned with its mission.

Governance

As a matter of good governance practices and in the interest of transparency, the Board of Directors wishes to make public the attendance record and compensation of each of its members for the year 2021. Following is the attendance record of each director who served on the Board of Directors and its committees, as well as the amounts received in this capacity, for the overall number of meetings held. Some directors began their term in the course of the year, while others ended theirs before year's end, which explains the difference in the total number of meetings. The total amounts paid take into account participation on the Board of Directors as well as on the Board's various committees, in accordance with the OACIQ's *Compensation policy for members of the Board of Directors, Board committees and statutory committees.*

Director attendance and compensation – 2021

Number of Board of Directors and Board committee meetings attended by directors, relative to the total number of meetings according to their mandate.

Director	Number of meetings Board of Directors	Number of meetings Committees	Compensation	Notes
Pierre Hamel	12/12	15*	$77,282.40	Chairman of the Board of Directors
Michel Léonard	11/12	17*	$57,961.79	Vice-Chair of the Board of Directors
David Beauchesne	5/5	N/A	$4,338.48	Term begun August 10, 2021
Anne-Marie Beaudoin	5/5	N/A	$4,338.48	Term begun August 10, 2021
Dany Bergeron	5/5	1/1	$5,338.49	Term ended April 13, 2021
Richard Boivin	12/12	13/13	$23,298.99	
Sébastien Boucher-Lavallée	12/12	7/7	$19,030.78	
Joël Charron	6/6	5/5	$7,723.10	Term ended September 2, 2021
Jacqueline Codsi	12/12	12/12	$22,329.74	
Nathalie Ebnoether	5/7	3/4	$7,876.94	Term ended May 29, 2021
Stéphanie Gauthier	9/12	9/9	$14,723.09	Term ended September 30, 2021
Jacques Métivier	12/12	12/13	$24,354.40	
Roger Rhéaume	9/12	8/8	$19,030.74	
Dean Mckay	2/2	N/A	$2,584.62	Term begun October 1, 2021
Patrick Juanéda	1/2	N/A	$2,584.62	Term begun October 1, 2021
Diane Ménard	12/12	10/10	$24,354.40	
TOTAL			**$317,151.06**	

** The Chairman and Vice-Chair are automatically invited to committee meetings.*

Human ressources

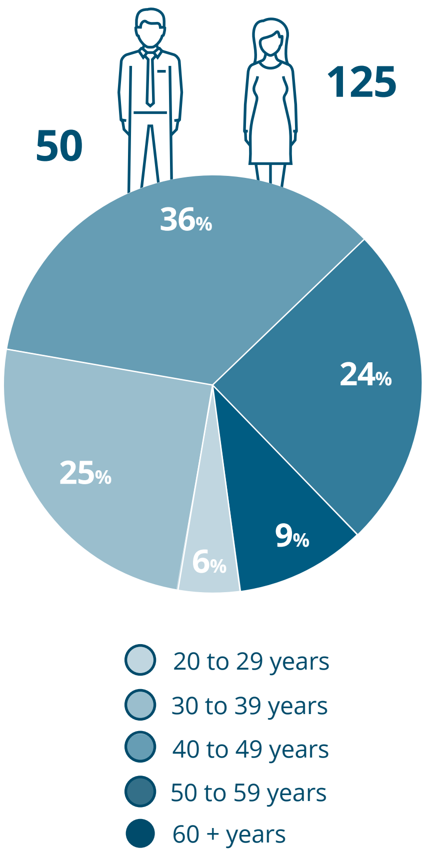
The OACIQ had 191 employees as at December 31, 2021. To maintain their expertise, employees have access to professional development programs. In 2021, employees attended over 3,908 hours of training, a good portion of which dealt with mental health awareness and prevention. The OACIQ's community giving committee organized several charity activities throughout the year. Although the pandemic slowed down the volunteering activity, the Organization was able to express its solidarity to its main charity, Abri de la Rive-Sud. Other recipient organizations include the Relief walk, Opération Père Noël and 24h Tremblant.

As a caring employer, the OACIQ continues to offer its employees conferences on current topics. In 2021 for instance, our employees were trained in cybersecurity, optimal telecommuting communication, nutrition, and stress management during COVID-19.

In cooperation with our partner Relief, we invited our employees to take part in a mental health awareness walk. Because current conditions do not allow everyone to gather, each employee was able to show their support for the cause and raise awareness of the importance of taking care of themselves and breaking the stigma surrounding mental health, especially in the workplace. Since health and containment measures shaped the event differently this year, employees were invited to take part in their own family bubble, in a location of their choice.

And finally, again in cooperation with Relief, we gave our employees an opportunity to participate in a 10-week series of virtual workshops on managing anxiety.

Workforce distribution



Information technologies

The role of the OACIQ's Information Technology Department is to ensure the sustainability of our information management systems, the integrity of our data and the evolution of our infrastructures.

In 2021, several improvements were made to our various systems in order to support the Organization's mission.

First, our licence holder record management tool, Broker 360, implemented in 2020, enabled us to improve processes in all departments, especially Registries, Certification, and the Info OACIQ Information Centre. The self-inspection form, which must be completed annually by all brokers and agency executive officers, was put online via this platform, automating the process and facilitating data collection. An online form was also implemented for requests for assistance, which helped streamline the process.

The Licensee Professional Development Portal was improved, including in terms of its performance. The programming of the rules regarding the management of the Mandatory Continuing Education Program (MCEP) for the 2021-2023 cycle, the addition of statistical tools and the creation of automated reports have improved the level of support provided to licensees.

Business intelligence was also at the heart of the Information Technology Department's activities. To this end, a data analyst joined the team, which made it possible to complete the needs analysis and define the content of the operational dashboards. The appropriate use of data led to the generation of a report for the Board of Directors, allowing for optimal monitoring of the Organization's strategic indicators and a better overview of the activities specific to the oversight function.

HUMAN RESSOURCES

3,908 h

of training provided to employees

INFORMATION TECHNOLOGIES

562

cybersecurity training courses completed by employees

Reports from the standing committees

The OACIQ enforces the *Real Estate Brokerage Act* and ensures that licence holders authorized to act by the Organization comply with their obligations, including the rules of ethics. To achieve this, six committees are created under the Act.

With the exception of two, these committees are comprised of a minimum of three and a maximum of nine members, including a Chair. The members of these committees are appointed by the OACIQ Board of Directors for a renewable three-year term. The committees and their members are fully autonomous and independent from the Organization's Board of Directors and staff.

The Discipline Committee is comprised of a minimum of three members, with no maximum. The Chair and Vice-Chairs, who must be lawyers with at least 10 years of practice, are appointed by the Minister of Finance. The Professional Liability Insurance Decision-making Committee (PLIDC) is comprised of a minimum of three members, one of whom must be a member of the OACIQ Board of Directors and a licence holder.

Inspection Committee

Mandate

The Inspection Committee oversees broker and agency activities using an approach based on compliance verification and prevention. The Committee thus helps improve professional practices while having a direct impact on the profession's quality standards.

The Committee may make any recommendation it deems appropriate to a broker or agency executive officer who is the subject of an inspection, and require him to sign a commitment to comply with a given section of the *Real Estate Brokerage Act* or its regulations. In addition, the Committee may require a broker or AEO to complete a course or other training activity. If the Committee finds that a violation of the Act or a regulation has been committed, it immediately notifies the Syndic.

Number of meetings

The Inspection Committee met three times in the course of 2021.

Cases – 2021

[1] *Cases processed that have been transferred to the Syndic's Office.*

Activities

In 2021, the Committee held three sessions during which it reviewed 15 inspection files. All 15 files were referred to the Syndic for investigation into the possible commission of an offence under the Act or its regulations.

Highlights

In 2021, with the publication of two guidelines, *Conflicts of Interest and Preventing Money Laundering and Real Estate Fraud*, the Inspection Department strengthened its approach on both these fronts in order to encourage licensee compliance. Seven of the files referred to the Syndic for investigation were the result of this reinforced approach.

Members of the Inspection Committee as at December 31, 2021

Chairman

Laurent Benarrous
Certified Real Estate Broker AEO

Members

Laaziza Ajani
Diane Bourbonnière
Me Marc Lévesque

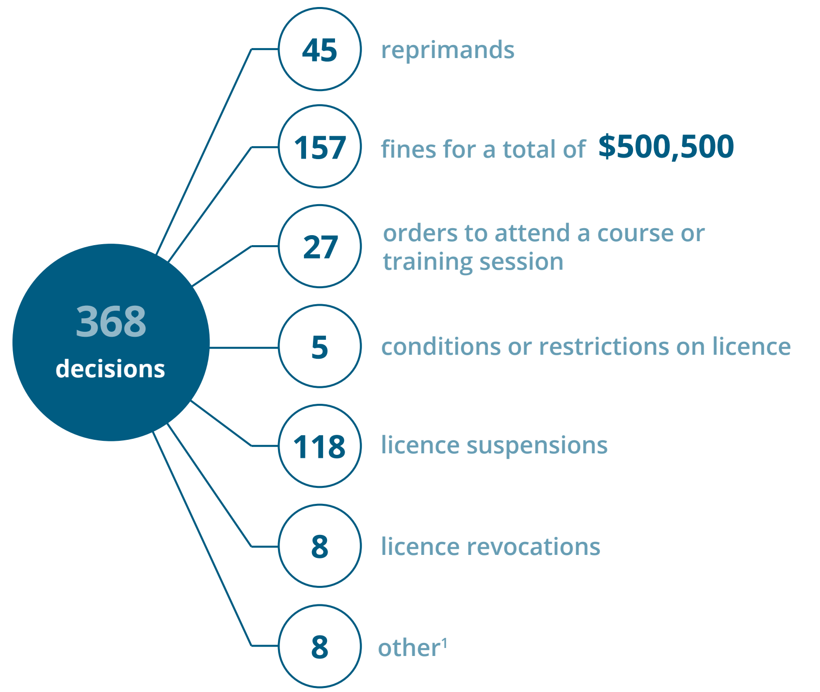
Discipline Committee

Mandate

The Discipline Committee reviews all complaints made against OACIQ licence holders for violations to the provisions of the *Real Estate Brokerage Act* (REBA) and its regulations. It renders decisions on licence holders' guilt and may impose penalties – which can go from reprimand to licence suspension – as well as fines. Since July 13, 2018, the fines range from a minimum of $2,000 to a maximum of $50,000 for each count contained in a complaint. These fines can be doubled in case of repeat offence. In addition, the REBA provides that the Committee must consider the injury suffered as a result of and the benefits derived from the offence.

Activities

As at December 31, 2021, 53 complaints had been filed with the Discipline Committee by the OACIQ Syndic, and one by an *ad hoc* syndic. During the year, the committee held 144 hearing days, 150 management conferences, rendered 139 decisions ending the disciplinary process (sanction, guilty and sanction, acquittal, withdrawal of complaint) and 40 decisions on guilt with a sanction hearing to come.



[1] *In accordance with section 98, subparagraphs (4), (5) and (6) of the* Real Estate Brokerage Act, *remittal of a sum of money, surrender of document or information, rectification, etc.*

The efficiency and timeliness of the disciplinary process is a priority for the Discipline Committee, as demonstrated again this year by the high volume of complaints heard and decisions rendered. Indeed, the 179 decisions rendered and 144 hearings held in 2021 stem primarily from the 144 complaints filed in 2020 and the 54 in 2021. At the end of the period, 93% of 2020 complaints and 40% of those filed in 2021 had already been heard and adjudicated.

The *Real Estate Brokerage Act* allows for certain decisions by the Committee to be appealed before the Court of Québec. In 2021:

9 decisions were appealed before the Court of Québec.

8 decisions were rendered by the Court of Québec, 5 of which confirmed Discipline Committee decisions.

3 decisions rendered by the Court of Québec were the subject of an application for judicial review before the Superior Court.[2]

[2] *Two of these applications remain pending and one has been withdrawn.*

Members of the Discipline Committee as at December 31, 2021

Chairman

Me Patrick de Niverville

Vice-Chairs

Me Claudine Barabé
Me Armand J. Elbaz
Me Daniel M. Fabien
Me Sharon Godbout
Me Jean-Pierre Morin
Me Jean-Sylvain Pelletier
Me Sylvie Poirier

Members

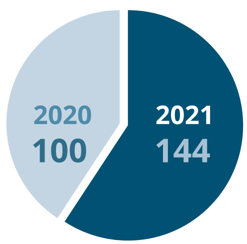
Arzik, Abdel
Barrette, Renée
Berkers, Petrus
Bolduc, Danielle
Bureau, Denis
Cholette, Ginette
Ciocca, Salvatore
Côté, Mélissa
D'Aoust, Robert
Dufresne, Yvan
Dufresne, Yves
Fecteau, Luce
Forlini, Nancy
Goulet, Christian
Guertin, Jean
Havard Grisé, Suzanne
Léger, Anne
Marchand, Denyse
Paquin, Michel
Ruiz, Carlos
Stathakis, Georgios
Thibault, Renaud
Thibault, Sylvain

Table I
Number of files in progress

	Files in progress (as at January 1)	+	Complaints filed (during the period)	+	Reactivated file	=	Files in progress	−	Decisions rendered (excluding the decisions on guilt only and provisional suspension orders)	=	FILES IN PROGRESS (as at December 31)
2020	38	+	144	+	1	=	183	−	55	=	128
2021	128	+	54	+	0	=	182	−	139	=	43

Table II

Hearings



Hearing days held
(TOTAL)

Decisions rendered by the committee

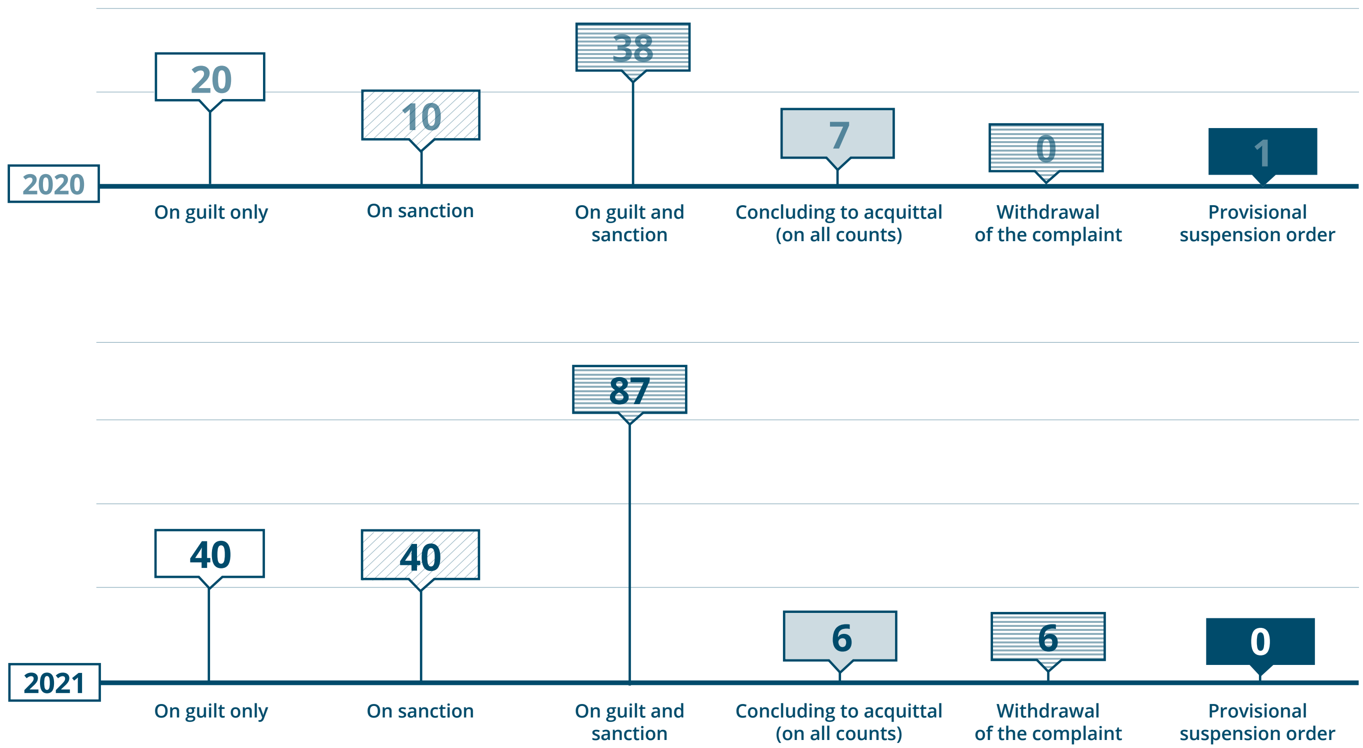
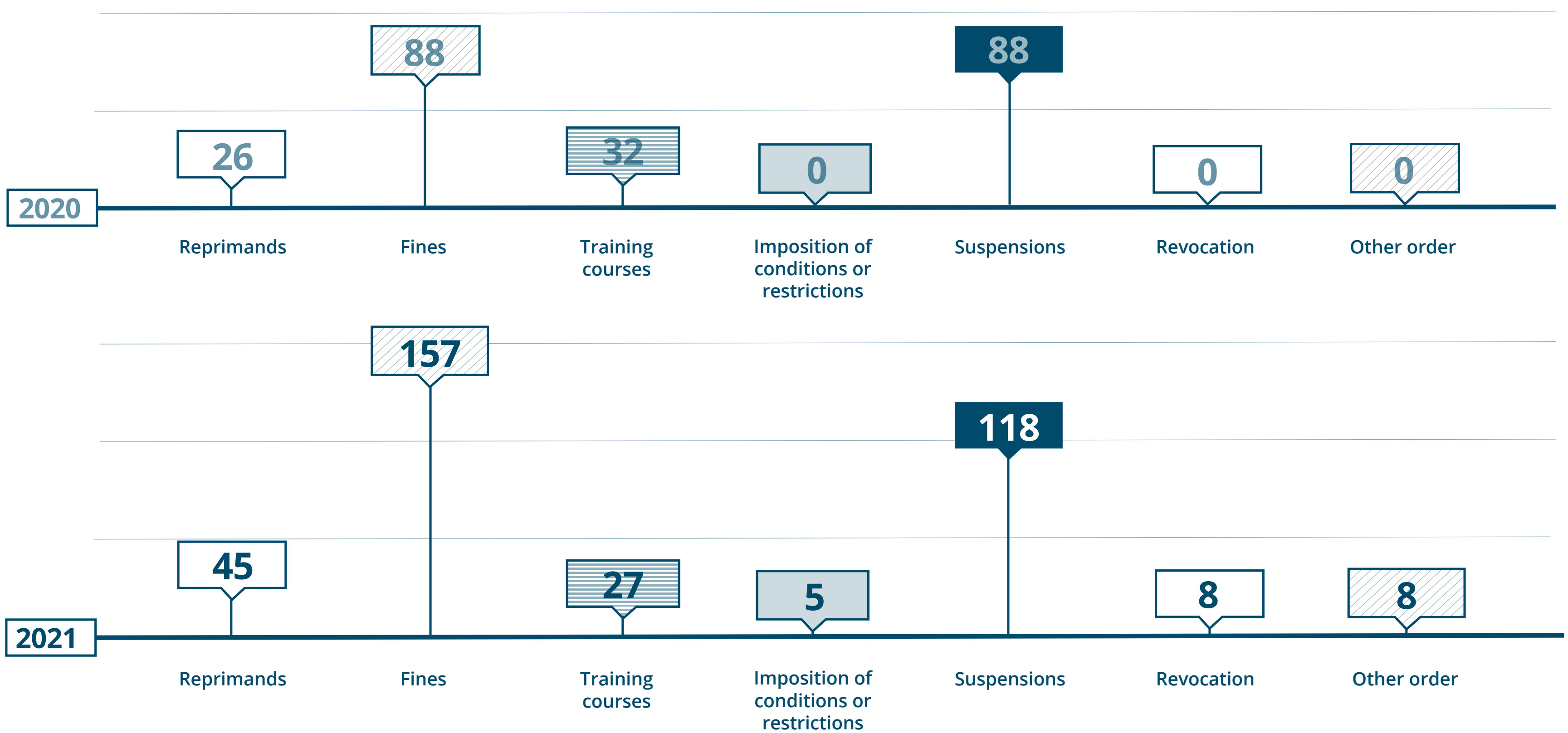


Table III

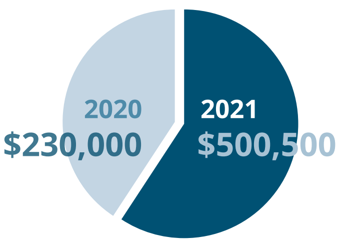
Sanctions imposed by the committee*



** A penalty shall be imposed by the Discipline Committee for each violation count for which a conviction has been rendered.*

Table IV

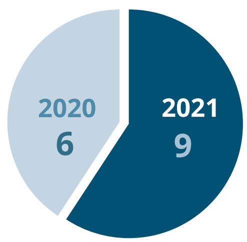
Fines



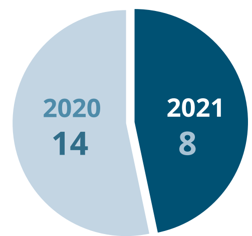
Total amount
of fines imposed

Table V

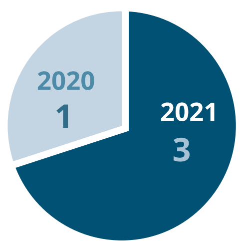
Cases under appeal or judicial review



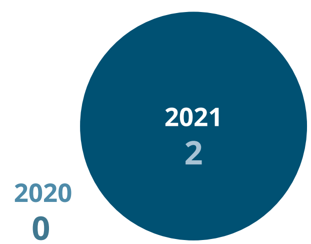
Discipline Committee decisions appealed
before the Court of Québec



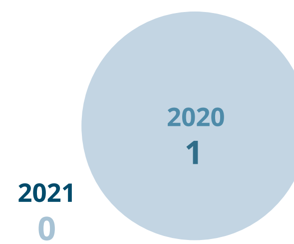
Decisions rendered by the Court of Québec
in appeal of a decision of the Discipline Committee



Decisions rendered by the Court of Québec and
undergoing judicial review before the Superior Court



Interlocutory judgment rendered
by the Superior Court



Judgment rendered
by the Superior Court

Syndic Decision Review Committee

Mandate

In a case where the Syndic opts not to file a complaint before the Discipline Committee, the person who requested the investigation may apply for an opinion from the Syndic Decision Review Committee (SDRC). After reviewing the complete file as well as the applicant's and the Syndic's comments, the Committee issues an opinion.

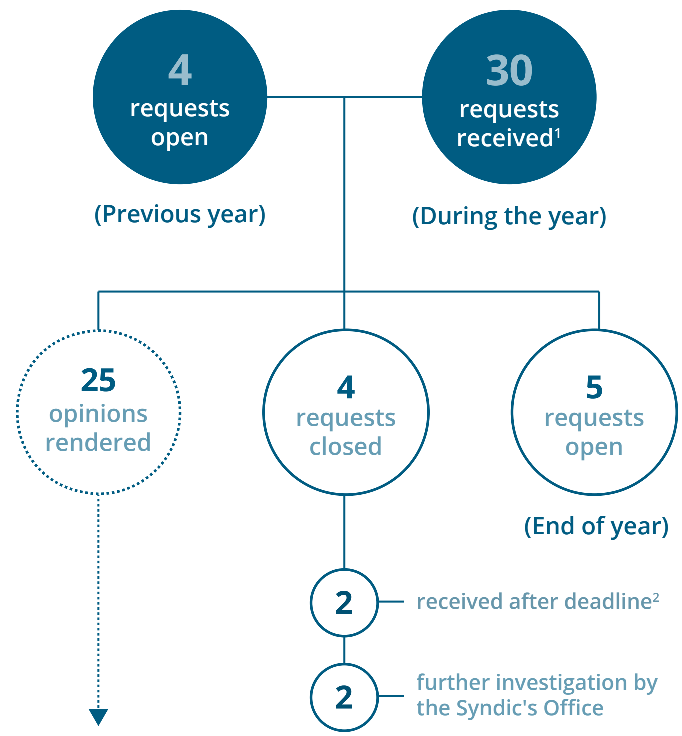
In this opinion, the Committee must make one of the following decisions:

- conclude that the filing of a complaint before the Discipline Committee is not warranted;
- suggest that the Syndic complete his investigation and subsequently render a new decision as to whether to file a complaint;
- conclude that the filing of a complaint before the Discipline Committee is warranted and suggest the appointment of an *ad hoc* syndic who, after investigating the case, will decide whether or not to file a complaint.

The Committee may also suggest that the Syndic refer the case to the Inspection Committee.

Activities

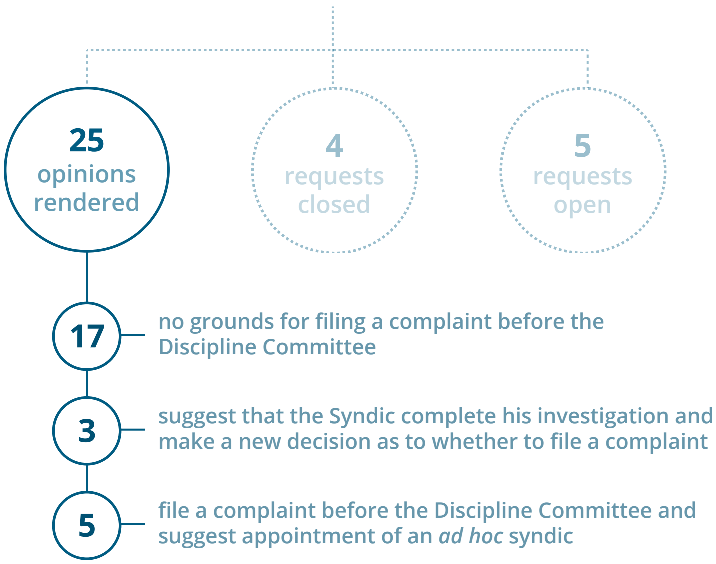
This year, the SDRC held 23 meetings during which it rendered 25 decisions. The number of requests for opinions and meetings more than doubled compared to the previous year. The breakdown of requests and opinions is as follows:



[1] *New requests received between January 1 and December 31, 2021.*

[2] *Under section 91 of the* Real Estate Brokerage Act, *the opinion of the Review Committee must be requested within 30 days following the date of receipt of the Syndic's decision not to file a complaint.*

The breakdown of decisions made by the SDRC is as follows:



In addition, as provided in section 92 of the *Real Estate Brokerage Act*, the Review Committee suggested that the Syndic refer 8 cases to the Inspection Department.

Members of the Syndic Decision Review Committee as at December 31, 2021

Chairman

Michèle Gagnon
Retired lawyer

Vice-Chairs

Raymond Ayas
Certified Real Estate Broker AEO

Patricia Gaulin
Certified Real Estate Broker AEO

Members

Lyse Le Gal
Nancy Savard
Dr. Andréanne St-Martin
Andrée Tremblay
Me Fabien Villemaire

The OACIQ enforces the REBA and ensures that the licence holders authorized to act by the Organization comply with their obligations.

Licence Issue and Maintenance Committee

Mandate

The role of the Licence Issue and Maintenance Committee (LIMC) is to make decisions regarding the issuance or maintenance of a licence where an applicant or a licence holder:

- has had their licence revoked, suspended or made subject to restrictions or conditions by the OACIQ Discipline Committee or by another body overseeing real estate brokerage;
- has made an assignment of property or is the subject of a receiving order;
- has been convicted of a criminal or disciplinary offence related to real estate brokerage;
- is the subject of protective supervision of a person of full age.

The Committee may impose the measures provided under the *Real Estate Brokerage Act* if necessary to protect the public, i.e. refuse to issue a licence, issue a licence with restrictions or conditions, or suspend, revoke or add restrictions or conditions to an existing licence.

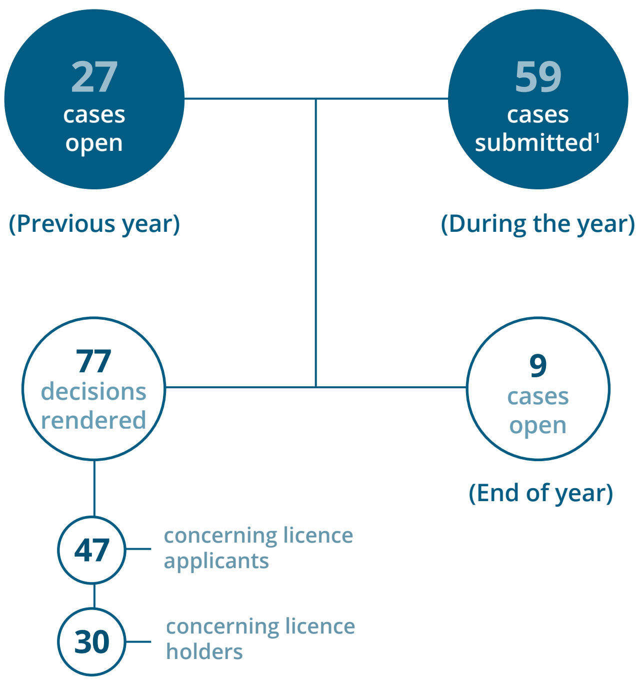
Activities

This year, the LIMC held 21 meetings during which it rendered 77 decisions.

The Committee processed 97 situations, including 38 disciplinary offences or criminal acts and 59 assignments of property. A case can involve more than one situation, which explains the discrepancy between the numbers of situations processed (97) and decisions rendered (77).

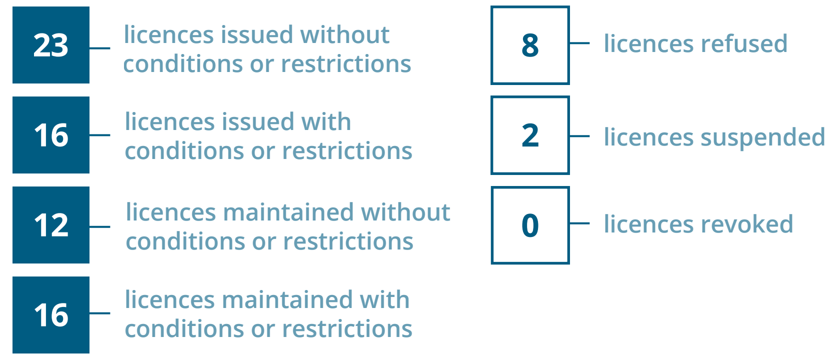
By comparison, in 2020 the ratio of situations (65) to decisions (58) was smaller, suggesting an increase in the complexity of cases before the LIMC in 2021.

The breakdown of cases submitted to the LIMC and of decisions rendered is as follows:



[1] *New cases received between January 1 and December 31, 2021.*

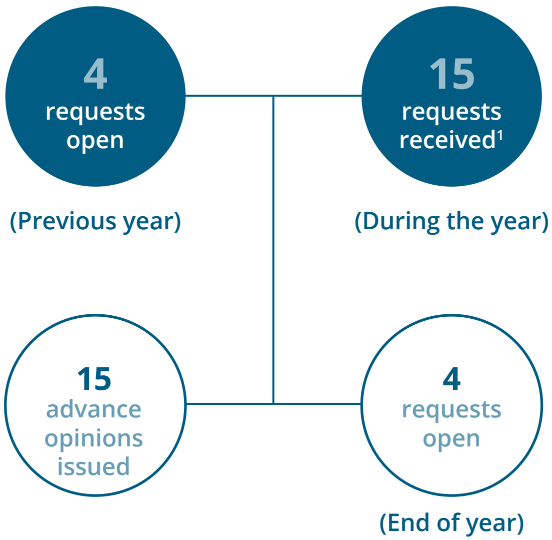
A total of 47 decisions were rendered concerning licence applicants, and 30 concerning licence holders. The breakdown of decisions is as follows:



The number of decisions in which the Committee imposes conditions or restrictions on licences has been on the rise since 2018, going from 24% to 55% in 2021.

LIMC decisions may be appealed before the Court of Québec. In 2021, one decision was appealed, but the licence holder subsequently withdrew his petition. Another appeal petitioned for in 2020 was withdrawn in 2021.

The LIMC also issued 15 advance opinions. An advance opinion provides guidance from the Committee prior to filing a formal application for issuance of a licence.



[1] *New requests received between January 1 and December 31, 2021.*

Members of the Licence Issue and Maintenance Committee as at December 31, 2021

Chairman
Georges Halasz
Certified Real Estate Broker AEO

Vice-Chair
Chantale Boisvert

Members
Me Sara-Pier Bilodeau
Me Katia Bustros
Guy Huneault
Carole Strasbourg

Indemnity Committee

Mandate

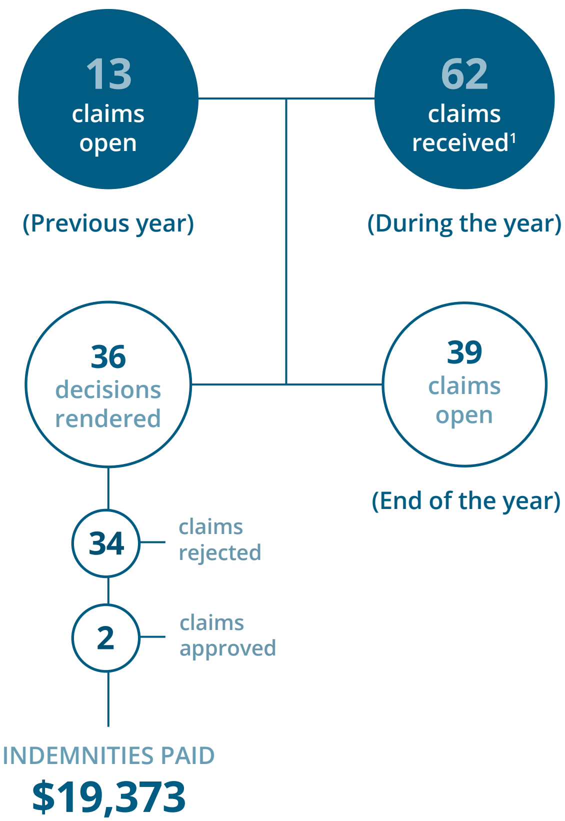
The Real Estate Brokerage Indemnity Fund (FICI) is dedicated to the payment of indemnities to victims of fraud, fraudulent tactics or misappropriation of funds for which a broker or agency is responsible. The Indemnity Committee, created within the OACIQ, decides on the eligibility of the claims submitted and on the amount of compensation to be paid to a victim directly by the FICI.

Following the coming into force of amendments to the *Regulation respecting the Real Estate Indemnity Fund* on May 10, 2018, the maximum indemnity is $100,000 for acts committed on or after that date, and the time limit for filing a claim is two years after becoming aware of the alleged fraud.

Activities

In 2021 the Indemnity Committee met 9 times and analyzed and rendered decisions on 36 claims. Of these decisions, the Committee approved 2 claims, for a total of $19,373.28 in indemnities. Last year, the Committee had approved 8 claims for a total payout of $130,405.

The breakdown of claims submitted and decisions rendered by the Indemnity Committee is as follows:



[1] *New claims received between January 1 and December 31, 2021, including one claim reopened following a request for review.*

Members of the Indemnity Committee as at December 31, 2021

Chairman
Me Nada Najm
Lawyer

Vice-Chair
Jean-Robert Benoit
Certified Real Estate Broker AEO

Members
Me Jean-François Corriveau
Louis Gosselin
Julie Villeneuve

Professional Liability Insurance Decision-making Committee

Mandate

The Professional Liability Insurance Decision-making Committee (PLIDC) is a decision-making body which exercises all the functions and powers relating to the processing of claims. It also has the power to make recommendations on strategies relating to the reinsurance structure, premium coverage, as well as claims statistics and the prevention program. These recommendations are then submitted to the OACIQ Board of Directors.

Activities

The PLIDC met 4 times over the course of the year.

As part of its role, the Committee notably ensured the compliance and enforcement of its obligation to notify the Syndic when it has reason to believe that a violation of the *Real Estate Brokerage Act* has been committed. It also carried out work to review the premium and coverage of the 2022-2023 insurance policy. The Committee assessed reinsurance needs and recommended prevention initiatives for the coming year.

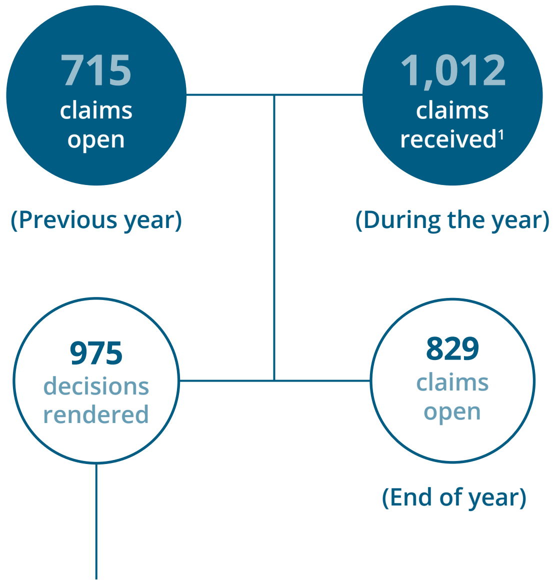
In the area of claims processing, the PLIDC monitored claims management in the exceptional context of the pandemic and the real estate market boom. The findings were as follows:

- Statistically, the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ) received 1,012 new claims in 2021 compared to 661 in 2020. As at December 31, 829 files remained open and in progress compared with 715 in 2020;
- Over $1.5 million in compensation was paid during the year.

After reduced court activity in 2020 due to the pandemic, the full resumption of activities in 2021 generated a slight increase in the number of court cases. Nevertheless, thanks to an expanded team, the capacity to handle files has adjusted to this pace with no impact on processing times.

For financial data, please see FARCIQ's financial statements (p.80).

The breakdown of claims submitted and decisions rendered by the PLIDC is as follows:



COMPENSATION PAID[2]

$1.5 M

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[1] *New claims received between January 1 and December 31, 2021.*

[2] *Compensation paid during the year is also related to cases prior to 2021.*

A discrepancy in the figures can occur as files may be reopened and closed during the year.

Members of the Professional Liability Insurance Decision-making Committee as at December 31, 2021

Chairman

Martin Dupras

Members

Michel Léonard
Louis-Georges Pelletier
Me Marc Simard

Financial results

In the General Operating Fund, fiscal year 2021 ended with an excess of revenues over expenses of $4.1 million. This result is the culmination of OACIQ initiatives stemming from its mission and strategic directions. Efforts in terms of agility and efficiency were also deployed by the Organization's employees to meet the increased demand for training, examinations and information, all of which were driven by the appeal of the profession.

These efforts, combined with an overheated real estate market, resulted in:

- a license maintenance rate of 96%, the highest in the last 10 years (typically around 90%);
- a marked interest in the OACIQ's continuing education programs given that this was the final year of the third Mandatory Continuing Education Program cycle;
- capacity attendance at examination sessions;
- a rate of return on investments of 4.12%, due to strong financial markets and the Organization's constant vigilance over its investment policy.

In this second year of the pandemic, the priority given to sound expense management, the application of effective controls, the continuous improvement of processes, and the use of efficient technological tools enabled the Organization to maintain its financial strength.

With the consolidation of a hybrid work model, absolute compliance with public health measures, ongoing efforts to retain competent employees, and a constant evolution of its governance model, the OACIQ is positioning itself as the trusted regulator of the real estate industry. The Organization remains creative and conscientious, while fully assuming its unique public protection role.

Independent auditor's report

To the Board of Directors of the Organisme d'Autoréglementation du Courtage Immobilier du Québec

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organisme d'Autoréglementation du Courtage Immobilier du Québec (the Organization) as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

OACIQ

pwc

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What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of changes in net assets for the year then ended;
- the statement of income for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers s.r.l./s.e.n.c.r.l.[1]

Brossard (Québec)
February 25, 2022

[1] **CPA auditor,** CA, public accountancy permit No. A128779

Organisme d'autoréglementation du courtage immobilier du Québec

Statement of Financial Position as at December 31, 2021

	General Operating Fund	Indemnity Fund	Total 2021	General Operating Fund	Indemnity Fund	Total 2020
	$	$	$	$	$	$
ASSETS						
Current assets						
Cash	2,856,185	984,201	3,840,386	1,655,074	375,994	2,031,068
Investments (note 3)	20,514,266	8,558,332	29,072,598	16,323,306	8,279,362	24,602,668
Accounts receivable (note 4)	648,972	-	648,972	780,280	-	780,280
Interfund advance (note 5)	36,622 *	-	-	59,914 *	-	-
Forms inventory	58,431	-	58,431	95,999	-	95,999
Prepaid expenses	563,318	-	563,318	541,498	-	541,498
	24,677,794	9,542,533	34,183,705	19,456,071	8,655,356	28,051,513
Investment in a limited partnership (note 6)	4,283,507	-	4,283,507	4,247,362	-	4,247,362
Capital assets (note 7)	2,849,972	-	2,849,972	3,230,701	-	3,230,701
Intangible assets (note 8)	1,280,721	-	1,280,721	1,302,687	-	1,302,687
	33,091,994	9,542,533	42,597,905	28,236,821	8,655,356	36,832,263

* These amounts are not included in the "Total" column, as they cancel each other out.

The accompanying notes are an integral part of these financial statements.

Organisme d'autoréglementation du courtage immobilier du Québec

Statement of Financial Position as at December 31, 2021

	General Operating Fund	Indemnity Fund	Total 2021	General Operating Fund	Indemnity Fund	Total 2020
	$	$	$	$	$	$
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities (note 9)	3,484,197	6,778	3,490,975	3,365,064	6,779	3,371,843
Interfund advance (note 5)	-	36,622 *	-	-	59,914 *	-
Provision for claims (note 10)	-	464,908	464,908	-	123,069	123,069
Deferred revenue	6,546,897	346,826	6,893,723	5,738,389	324,765	6,063,154
	10,031,094	855,134	10,849,606	9,103,453	514,527	9,558,066
Deferred lease inducement, at net book value	1,796,226	-	1,796,226	2,007,546	-	2,007,546
	11,827,320	855,134	12,645,832	11,110,999	514,527	11,565,612
NET ASSETS						
Invested in capital assets and intangible assets	2,334,467	-	2,334,467	2,525,842	-	2,525,842
Internally restricted – Investment in a limited partnership (building)	450,000	-	450,000	250,000	-	250,000
Unrestricted	18,480,207	-	18,480,207	14,349,980	-	14,349,980
Indemnity Fund	-	8,687,399	8,687,399	-	8,140,829	8,140,829
	21,264,674	8,687,399	29,952,073	17,125,822	8,140,829	25,266,651
	33,091,994	9,542,533	42,597,905	28,236,821	8,655,356	36,832,263

Commitments and contingencies (notes 11 and 12)

* These amounts are not included in the "Total" column, as they cancel each other out.

Approved by the Board of Directors,

Pierre Hamel
Chairman of the Board of Directors

Michel Léonard
Vice-Chair of the Board of Directors and Chair of the Audit and Risk Management Committee

The accompanying notes are an integral part of these financial statements.

Organisme d'autoréglementation du courtage immobilier du Québec

Statement of Changes in Net Assets – For the year ended December 31, 2021

	General Operating Fund				
	Invested in capital and intangible assets	Internally restricted	Unrestricted	Indemnity Fund	Total
	$	$	$	$	$
BALANCE AS AT DECEMBER 31, 2019	2,010,394	250,000	12,123,261	8,132,681	22,516,336
Excess (deficiency) of revenue over expenses	(385,997) *	-	3,128,164	1,093,148	3,835,315
Investment in capital assets and intangible assets	901,445	-	(901,445)	-	-
Fund transfer	-	-	-	(1,085,000) ***	(1,085,000)
BALANCE AS AT DECEMBER 31, 2020	2,525,842	250,000	14,349,980	8,140,829	25,266,651
Excess (deficiency) of revenue over expenses	**(449,608)** *	**200,000** **	**4,388,460**	**546,570**	**4,685,422**
Investment in capital assets and intangible assets	**258,233**	-	**(258,233)**	-	-
BALANCE AS AT DECEMBER 31, 2021	**2,334,467**	**450,000**	**18,480,207**	**8,687,399**	**29,952,073**

* Represents the amortization of capital assets and intangible assets of $660,928 (2020 – $597,317), net of deferred lease inducement amortization of $211,320 (2020 – $211,320) for leasehold improvements.

** As provided for in the resolution of the Board of Directors dated November 28, 2019, 5% of the capital repayments received from the limited partnership must be allocated to the internally restricted fund as a contingency fund for the maintenance of the building until such amount reaches $500,000.

*** As part of the review of the *Real Estate Brokerage Act* CQLR, c. C-73.2, the supervision of mortgage brokerage was transferred to the Autorité des marchés financiers (AMF) on May 1, 2020. Thus, an amount of $1,085,000 was transferred to the AMF during the year ended December 31, 2020.

The accompanying notes are an integral part of these financial statements.

Organisme d'autoréglementation du courtage immobilier du Québec

Statement of Income – For the year ended December 31, 2021 (continued)

	General Operating Fund	Indemnity Fund	Total 2021	General Operating Fund	Indemnity Fund	Total 2020
	$	$	$	$	$	$
REVENUE						
Licence maintenance	14,695,181	1,006,823	15,702,004	14,375,189	982,889	15,358,078
Issuance fees	1,317,746	-	1,317,746	1,097,293	-	1,097,293
Administrative income – Certification	1,569,527	-	1,569,527	1,299,592	-	1,299,592
Continuing education (Appendix)	4,614,731	-	4,614,731	2,447,928	-	2,447,928
Basic training and examinations (Appendix)	2,446,149	-	2,446,149	1,622,615	-	1,622,615
Forms (Appendix)	983,706	-	983,706	956,302	-	956,302
Discipline and syndic (Appendix)	612,455	-	612,455	218,089	-	218,089
Illegal brokerage practices (Appendix)	65,980	-	65,980	58,305	-	58,305
Outreach (Appendix)	176,637	-	176,637	68,000	-	68,000
Management fees	265,322	-	265,322	262,732	-	262,732
Net income share of investment in a limited partnership, after amortization (note 6)	236,145	-	236,145	189,423	-	189,423
Investment income (note 13)	799,979	328,971	1,128,950	1,095,092	520,574	1,615,666
Other revenues	6,484	35,553	42,037	14,879	1,250	16,129
	27,790,042	1,371,347	29,161,389	23,705,439	1,504,713	25,210,152

The accompanying notes are an integral part of these financial statements.

Organisme d'autoréglementation du courtage immobilier du Québec

Statement of Income – For the year ended December 31, 2021 (continued)

	General Operating Fund	Indemnity Fund	Total 2021	General Operating Fund	Indemnity Fund	Total 2020
	$	$	$	$	$	$
EXPENSES						
Continuing education (Appendix)	1,359,415	-	1,359,415	1,559,377	-	1,559,377
Basic training and examinations (Appendix)	1,229,284	-	1,229,284	981,717	-	981,717
Forms (Appendix)	240,261	-	240,261	236,615	-	236,615
Discipline and syndic (Appendix)	4,779,796	-	4,779,796	3,495,696	-	3,495,696
Illegal brokerage practices (Appendix)	104,775	-	104,775	119,894	-	119,894
Outreach (Appendix)	929,639	-	929,639	397,499	-	397,499
Board of Directors and committees	745,897	42,163	788,060	546,603	26,817	573,420
Review of the *Real Estate Brokerage Act* (Quebec)	58,334	-	58,334	189,199	-	189,199
Contribution to the Ministère des Finances	421,686	15,878	437,564	244,428	-	244,428
Salaries and employee benefits	10,028,379	172,266	10,200,645	9,742,594	124,657	9,867,251
Training and membership fees	211,111	2,321	213,432	152,788	2,368	155,156
Travel	31,328	-	31,328	18,345	-	18,345
Occupancy expenses	1,133,643	4,433	1,138,076	1,024,318	6,056	1,030,374
Insurance	127,867	1,784	129,651	128,285	1,370	129,655
Amortization of capital assets and intangible assets (notes 7 and 8)	477,829	6,666	484,495	419,298	4,479	423,777
Office expenses	202,401	1,337	203,738	184,923	862	185,785
Information technology	425,947	3,100	429,047	407,403	2,556	409,959
Repairs and maintenance	29,052	405	29,457	14,720	157	14,877
Professional fees	559,597	172,165	731,762	603,882	125,415	729,297
Financial expenses	554,949	41,047	595,996	495,688	37,862	533,550
Indemnities (note 15)	-	361,212	361,212	-	78,966	78,966
	23,651,190	824,777	24,475,967	20,963,272	411,565	21,374,837
EXCESS OF REVENUE OVER EXPENSES	4,138,852	546,570	4,685,422	2,742,167	1,093,148	3,835,315

The accompanying notes are an integral part of these financial statements.

Organisme d'autoréglementation du courtage immobilier du Québec

Statement of Cash Flows – For the year ended December 31, 2021 (continued)

	General Operating Fund	Indemnity Fund	Total 2021	General Operating Fund	Indemnity Fund	Total 2020
	$	$	$	$	$	$
OPERATING ACTIVITIES						
Excess of revenue over expenses	4,138,852	546,570	4,685,422	2,742,167	1,093,148	3,835,315
Items not affecting cash:						
Realized and unrealized losses (gains) on investments (note 13)	549,013	224,613	773,626	(632,239)	(228,307)	(860,546)
Net income share of investment in a limited partnership	(236,145)	-	(236,145)	(189,423)	-	(189,423)
Amortization of capital assets and intangible assets	660,928	-	660,928	597,317	-	597,317
Amortization of deferred lease inducement	(211,320)	-	(211,320)	(211,320)	-	(211,320)
	4,901,328	771,183	5,672,511	2,306,502	864,841	3,171,343
Change in non-cash operating working capital items	1,097,989	340,607	1,438,596	180,351	(66,053)	114,298
	5,999,317	1,111,790	7,111,107	2,486,853	798,788	3,285,641
INVESTING ACTIVITIES						
Transfer of net assets	-	-	-	-	(1,085,000)	(1,085,000)
Return of capital of the limited partnership (note 6)	200,000	-	200,000	-	-	-
Acquisition of investments	(12,814,973)	(838,583)	(13,653,556)	(15,051,827)	(1,600,266)	(16,652,093)
Proceeds on sale of investments	8,075,000	335,000	8,410,000	12,525,000	1,499,280	14,024,280
Acquisition of capital assets and intangible assets	(258,233)	-	(258,233)	(901,445)	-	(901,445)
	(4,798,206)	(503,583)	(5,301,789)	(3,428,272)	(1,185,986)	(4,614,258)
Net change in cash during the year	1,201,111	608,207	1,809,318	(941,419)	(387,198)	(1,328,617)
Cash – Beginning of year	1,655,074	375,994	2,031,068	2,596,493	763,192	3,359,685
CASH – END OF YEAR	2,856,185	984,201	3,840,386	1,655,074	375,994	2,031,068

The accompanying notes are an integral part of these financial statements.

1. Incorporation and nature of activities

The Organisme d'autoréglementation du courtage immobilier du Québec (the OACIQ), incorporated under the *Real Estate Brokerage Act* (Quebec) (CQLR, c. C-73.2) (the Act), has a primary role in protecting the public in real estate and mortgage brokerage (until May 1, 2020) dealings by enforcing rules of professional conduct and by inspecting the activities of brokers and agencies, mainly by ensuring that the professional activities engaged in by brokers and agencies are in compliance with the Act.

It may also provide training courses for brokers and agency executive officers, with the exception of basic training courses, and award the titles referred to in Section 48 of the Act.

2. Accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not for Profit Organizations (ASNPO) and reflect the following significant accounting policies.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the OACIQ becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost except for investments, which are recognized at fair value at the statement of financial position date. The fair value of investments is based on quoted bid prices. Fair value fluctuations, interest earned, accrued interest, gains and losses realized on disposal and unrealized gains and losses are included in investment income (loss).

Transaction costs related to financial instruments measured subsequent to initial recognition at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and is recognized in excess of revenue over expenses as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the OACIQ recognizes in excess of revenue over expenses an impairment loss, if any, when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to excess of revenue over expenses in the period the reversal occurs.

Fund accounting

The General Operating Fund is used for all current operations of the OACIQ. Revenue and expenses related to services and administration are presented in the General Operating Fund.

The Real Estate Indemnity Fund (Indemnity Fund) is dedicated to the payment of indemnities to victims of fraud, fraudulent tactics or misappropriation of funds for which a broker or an agency is responsible. This fund is established in accordance with Section 108 of the Act. The assets of the Indemnity Fund are not part of the OACIQ's General Operating Fund assets and may not be used to fulfill the OACIQ's obligations.

2. Accounting policies (continued)

Fund accounting – FARCIQ

The amendments to the *Insurers Act* (Quebec) (CQLR c. A-32.1) that came into effect on June 13, 2018 provide for governance under which insurance affairs are now administered by the OACIQ's Board of Directors. Complaints are handled by a decision-making committee which was created in accordance with this law. The mission of Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ) is to insure OACIQ licence holders against professional liability. The assets of FARCIQ constitute a separate patrimony of the OACIQ intended exclusively for the insurance activities of the OACIQ. For accounting purposes only, the FARCIQ is considered as a separate entity from the OACIQ, unincorporated, and the financial information of the FARCIQ is not consolidated in the financial statements of the OACIQ, but is summarized in note 14.

Revenue recognition

The OACIQ follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Forms inventory

The forms inventory held for sale is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the estimated selling price in the regular course of business less the estimated costs necessary to make the sale.

Capital assets and intangible assets

Capital assets and intangible assets are recorded at cost and are amortized based on their estimated useful lives using the straight-line method over the following terms:

Computer equipment	3 years
Telephone equipment	7 years
Furniture	4 to 10 years
Leasehold improvements	Term of the lease
Software and licences	3 to 7 years

Impairment of long-lived assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that their carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying value of the assets to the estimated value of future cash flows directly related to the use of the assets. Impaired assets are recorded at their fair value, which is determined primarily by using estimates of discounted future cash flows directly related to the use and eventual disposal of the assets.

Investment in a limited partnership

The OACIQ holds a 50% interest in a limited partnership that owns the building that the OACIQ uses for its activities.

The OACIQ has decided to account for its investment in a limited partnership using the equity method, adjusted for amortization of the rental property calculated using the straight-line method over a period of 40 years.

Under the equity method, the OACIQ initially records the investment at cost and then adjusts the carrying value by including the limited partnership's pro rata share of post-acquisition income computed using the consolidation method. The OACIQ includes the share of income in determining its net income and increases or decreases the balance of its "Investment in a limited partnership" account. Profit distributions received from an investee reduce the carrying value of the investment. The share in balance sheet items is not recognized by the OACIQ in the statement of financial position, but is disclosed in note 6, Investment in a limited partnership.

The OACIQ recognizes an impairment loss, if any, in excess of revenue over expenses when it determines that a significant adverse change has occurred during the period in the expected timing or amount of the investee's future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in excess of revenue over expenses in the period the reversal occurs.

Deferred revenue

Revenue from annual fees from licence holders is charged to the statement of income on a monthly basis over the duration of the broker's licences, which is 12 months. In accordance with Section 22 of the *Regulation respecting the issue of broker's and agency licences*, annual fees are not refundable to licence holders and will be applicable to income as at the next year-end.

Deferred lease inducement

The deferred lease inducement represents the amounts collected from the landlord as a lease inducement made up of an allowance for leasehold improvements and free rent. This allowance is amortized on a straight-line basis over the original term of the lease, which expires in July 2030 (i.e. in 20 years). Amortization is applied against occupancy expenses in the statement of income.

Income taxes

As a not-for-profit organization for income tax purposes, the OACIQ is not subject to income taxes.

Allocated expenses

A unique coding system is used for each of the OACIQ's services and activities. The OACIQ's general support expenses and overhead are allocated as follows:

Proportionately on the basis of hours allocated to the activity by human resources:

- Salaries and employee benefits

Proportionately on the basis of number of employees:

- Amortization of capital assets and intangible assets
- Insurance
- Repairs and maintenance
- Office expenses
- Information technology

2. Accounting policies (continued)

Allocated expenses (continued)

Proportionately on the basis of square footage occupied by the department:

- Occupancy expenses

Proportionately on the basis of user services:

- Training and membership fees
- Travel
- Professional fees
- Forms
- Advertising and representation
- Attendance fees

Proportionately on the basis of percentage of revenues:

- Financing expenses

The amounts charged to the various activities are presented in the statement of income and in the Appendix.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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. Key components of the financial statements requiring management to make estimates include the allowance for doubtful accounts in respect of receivables, the estimated useful life of capital assets and intangible assets, and the provision for claims and accrued liabilities. Actual results could differ from these estimates.

3. Investments

General Operating Fund investments consist of bonds and equity funds.

Investments are short-term because they are redeemable at any time.

3. Investments (continued)

	2021		2020	
	General Operating Fund	Indemnity Fund	General Operating Fund	Indemnity Fund
AT COST	$	$	$	$
Bond funds	16,199,314	6,660,835	12,451,827	6,222,146
Equity funds	4,660,973	1,799,410	3,370,868	1,675,584
	20,860,287	8,460,245	15,822,695	7,897,730
AT FAIR VALUE				
Bond funds	15,920,944	6,637,959	12,649,178	6,402,282
Equity funds	4,593,322	1,920,373	3,674,128	1,877,080
	20,514,266	8,558,332	16,323,306	8,279,362

4. Accounts receivable

	2021	2020
	$	$
GENERAL OPERATING FUND		
Trade	776,876	866,488
Allowance for doubtful accounts	(143,635)	(124,445)
	633,241	742,043
Sales taxes	15,731	38,237
	648,972	780,280

5. Interfund advance

The interfund advance is non-interest bearing.

6. Investment in a limited partnership

The OACIQ's share in a limited partnership's net assets and liabilities as at December 31 is as follows:

	2021	2020
	$	$
BALANCE SHEET		
Assets		
Rental property, at cost	10,478,366	10,478,366
Other assets	2,173,432	2,133,500
	12,651,798	12,611,866
Liabilities		
Bank loans	7,441,631	7,768,061
Other liabilities	296,885	268,019
	7,738,516	8,036,080
Net equity	4,913,282	4,575,786
	12,651,798	12,611,866

The OACIQ's share in a limited partnership's net income for the year ended December 31 is as follows:

STATEMENT OF INCOME		
Revenue	1,657,307	1,610,224
Expenses	1,119,811	1,119,450
Income before amortization	537,496	490,774
Amortization	(301,351)	(301,351)
Net income share of investment in a limited partnership	236,145	189,423

The OACIQ's share in a limited partnership's cash flows for the year ended December 31 is as follows:

Cash flows		
Operating activities	774,011	727,798
Investing activities	(867,806)	62,725
Financing activities	(546,846)	(332,072)
	(640,641)	458,451

The financial statements of the limited partnership are prepared in accordance with Canadian Accounting Standards for Private Enterprises. There are no material differences resulting from the application of different accounting standards between the limited partnership and the OACIQ, except for the fact that the limited partnership did not recognize any amortization expense during the year.

During the year ended December 31, 2021, there were no transactions between these two parties except for the payment of the lease and related costs amounting to $2,061,520 (2020 –$1,946,373). As at December 31, 2021, accounts payable and accrued liabilities include an amount of $10,468 due to the limited partnership (2020 – $7,456). Related party transactions occurred in the normal course of operations and were measured at the exchange amount.

As at December 31, 2021 and 2020, the OACIQ, as the limited partner, guarantees the bank loan of the limited partnership for a maximum amount of $7,500,000.

The total value of the investment in a limited partnership as at December 31, 2021 is as follows:

	2021	2020
	$	$
BALANCE – BEGINNING OF YEAR	4,247,362	4,057,939
Reimbursement of capital	(200,000)	-
Share of net income after amortization	236,145	189,423
BALANCE – END OF YEAR	4,283,507	4,247,362

7. Capital assets

	2021			2020
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
GENERAL OPERATING FUND				
Computer equipment	312,632	207,689	104,943	188,379
Telephone equipment	13,198	2,054	11,144	13,040
Furniture	1,191,847	697,182	494,665	569,072
Leasehold improvements	4,958,261	2,719,041	2,239,220	2,460,210
	6,475,938	3,625,966	2,849,972	3,230,701

Amortization of capital assets and intangible assets amount to $660,928 (2020 – $597,317). An amount of $477,829 (2020 – $419,298) is presented separately in the statement of income in the General Operating Fund. The remaining balance is allocated towards the cost centres of the same fund. Amortization comprises $435,773 (2020 – $448,907) for capital assets and $225,155 (2020 – $148,410) for intangible assets.

8. Intangible assets

	2021			2020
	Cost	Accumulated amortization	Net	Net
	$	$	$	$
GENERAL OPERATING FUND				
Software and licences	1,673,488	392,767	1,280,721	1,302,687

9. Accounts payable and accrued liabilities

	2021		
	General Operating Fund	Indemnity Fund	Total
	$	$	$
Accounts payable	448,722	-	448,722
Accrued liabilities	165,359	6,778	172,137
Salaries and vacations payable	2,257,494	-	2,257,494
Government remittances payable	612,622	-	612,622
	3,484,197	6,778	3,490,975

	2020		
	General Operating Fund	Indemnity Fund	Total
	$	$	$
Accounts payable	364,959	-	364,959
Accrued liabilities	542,492	6,779	549,271
Salaries and vacations payable	2,031,201	-	2,031,201
Government remittances payable	426,412	-	426,412
	3,365,064	6,779	3,371,843

10. Provision for claims

Upon receipt of a claim duly sworn, the Indemnity Fund's policy is to recognize a provision of 25% of the amount claimed. Since May 10, 2018, the maximum compensation payable from the Fund is $100,000, while from May 1, 2010, the amount was $35,000. This provision is maintained until the final decision of the Indemnity Committee is made.

11. Commitments

The OACIQ is committed for the rental of office space from the limited partnership that owns the building in which the OACIQ operates under a lease that expires in July 2030. In addition, the OACIQ has various commitments, particularly for software development and the use of photocopiers, expiring until August 2025. Minimum future payments aggregate to $19,922,905 and include the following amounts due over the next five years:

	$
2022	2,506,666
2023	2,352,995
2024	2,174,074
2025	2,234,588
2026	2,324,636

12. Contingencies

In the normal course of business, the OACIQ is involved in various claims. Though the outcome of these various pending claims as at December 31, 2021 cannot be determined with certainty, OACIQ management believes that their outcomes will have no significant adverse effects on the OACIQ's financial position, operating results or cash flows.

13. Investment income

	2021			2020		
	General Operating Fund	Indemnity Fund	Total	General Operating Fund	Indemnity Fund	Total
	$	$	$	$	$	$
Reinvested revenue	1,339,973	553,584	1,893,557	426,827	215,266	642,093
Interest revenue	9,019	-	9,019	36,026	77,001	113,027
	1,348,992	553,584	1,902,576	462,853	292,267	755,120
Realized gain on investments	297,619	58,932	356,551	246,900	1,209	248,109
Unrealized gain (loss) on investments	(846,632)	(283,545)	(1,130,177)	385,339	227,098	612,437
	(549,013)	(224,613)	(773,626)	632,239	228,307	860,546
INVESTMENT INCOME	799,979	328,971	1,128,950	1,095,092	520,574	1,615,666

14. Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (FARCIQ)

The summary financial statements of the FARCIQ as at December 31, 2021 are as follows:

	2021	2020
	$	$
BALANCE SHEET		
Assets	64,970,135	63,073,312
Liabilities	22,452,301	19,574,292
Accumulated surplus	42,517,834	43,499,020
	64,970,135	63,073,312
STATEMENT OF INCOME		
Revenue	7,852,487	5,083,210
Expenses	9,126,297	6,756,850
Earnings (loss) for the year	(1,273,810)	(1,673,640)
Unrealized gain on available-for-sale securities	1,857,314	1,965,022
Portion reclassified to income from available-for-sale securities	(1,564,690)	831,664
COMPREHENSIVE INCOME	(981,186)	1,123,046
CASH FLOWS		
Operating activities	681,703	399,220
Investing activities	(2,010,942)	(52,481)

The financial statements of the FARCIQ are prepared in accordance with International Financial Reporting Standards (IFRS). With respect to the application of accounting policies, the main difference between the FARCIQ and the OACIQ concerns the measurement and disclosure of financial instruments. The FARCIQ complies with IFRS disclosure requirements, while the OACIQ complies with disclosure requirements in Part III of the *CPA Canada Handbook – Accounting*.

Some overhead expenses assumed by the OACIQ are reimbursed by the FARCIQ. For the year ended December 31, 2021, expense reimbursement amounting to $2,176,998 (2020 – $639,576) has been recognized against the related expenses assumed by the OACIQ.

As at December 31, 2021, an amount of $224,925 is recorded as receivable (2020 – $53,923) from the FARCIQ in connection with these transactions.

15. Indemnities

	2021	2020
	$	$
Indemnities paid during the year	19,373	130,405
Net change in indemnities provision	341,839	(51,439)
	361,212	78,966

16. Financial instruments

Market risk

Market risk is the risk that the fair value or future cash flows of the OACIQ's financial instruments will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. The OACIQ is exposed to interest rate risk and other price risk, as described below.

Interest rate risk

Investments bear interest at fixed rates. Consequently, a change in the market interest rate will have an impact on the fair value of the investments.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The OACIQ's exposure to this risk arises from its investments in quoted equity instruments.

Credit risk

The OACIQ extends credit to licence holders in the normal course of business. Ongoing credit checks are conducted, and the statement of financial position includes an allowance for doubtful accounts.

In addition, credit risk arises because the OACIQ holds investments in bonds. Therefore, there is a risk that a bond issuer could fail to meet its obligations towards the OACIQ, which would affect the assets of the OACIQ.

Liquidity risk

The OACIQ's objective is to have sufficient liquidity to meet its liabilities when due. The OACIQ monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2021, the most significant financial liabilities are accounts payable and accrued liabilities.

17. Comparative figures

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

Appendix

Revenue and Expenses – For the year ended December 31, 2021

CONTINUING EDUCATION	2021	2020
	$	$
REVENUE		
Continuing education	4,614,731	2,447,928
DIRECT EXPENSES		
Salaries and employee benefits	911,491	1,024,792
Travel	157	3,527
Occupancy expenses	56,587	171,938
Insurance	8,316	15,010
Amortization of capital assets and intangible assets	31,075	49,059
Office expenses	9,068	12,688
Information technology	28,131	37,832
Repairs and maintenance	1,889	2,193
Professional fees	199,112	185,588
Financing expenses	113,589	56,750
	1,359,415	1,559,377
EXCESS OF REVENUE OVER EXPENSES	3,255,316	888,551

Appendix (continued)

Revenue and Expenses – For the year ended December 31, 2021

BASIC TRAINING AND EXAMINATIONS	2021	2020
	$	$
REVENUE		
Basic training and examinations	2,446,149	1,622,615
DIRECT EXPENSES		
Salaries and employee benefits	744,773	703,266
Travel	4,244	3,134
Occupancy expenses	287,988	164,880
Insurance	7,624	8,980
Amortization of capital assets and intangible assets	28,490	29,351
Office expenses	24,703	15,495
Information technology	13,247	16,750
Repairs and maintenance	1,732	1,030
Professional fees	56,272	1,214
Financing expenses	60,211	37,617
	1,229,284	981,717
EXCESS OF REVENUE OVER EXPENSES	1,216,865	640,898

Appendix (continued)

Revenue and Expenses – For the year ended December 31, 2021

FORMS	2021	2020
	$	$
REVENUE		
Sales of forms	983,706	956,302
DIRECT EXPENSES		
Salaries and employee benefits	37,499	35,281
Forms	58,344	69,159
Office expenses	182	-
Professional fees	120,633	110,048
Financing expenses	23,603	22,127
	240,261	236,615
EXCESS OF REVENUE OVER EXPENSES	743,445	719,687

Appendix (continued)

Revenue and Expenses – For the year ended December 31, 2021

DISCIPLINE AND SYNDIC	2021	2020
	$	$
REVENUE		
Fines and disbursements	612,455	218,089
DIRECT EXPENSES		
Salaries and employee benefits	3,538,581	2,601,463
Attendance fees	220,394	133,853
Travel	605	7,456
Occupancy expenses	340,142	302,697
Insurance	29,941	27,654
Amortization of capital assets and intangible assets	111,885	90,388
Office expenses	93,583	24,072
Information technology	52,022	43,845
Repairs and maintenance	6,803	3,173
Professional fees	370,765	256,039
Financing expenses	15,075	5,056
	4,779,796	3,495,696
DEFICIENCY OF REVENUE OVER EXPENSES	(4,167,341)	(3,277,607)

Appendix (continued)

Revenue and Expenses – For the year ended December 31, 2021

ILLEGAL BROKERAGE PRACTICES	2021	2020
	$	$
REVENUE		
Penalties	65,980	58,305
DIRECT EXPENSES		
Salaries and employee benefits	68,801	85,827
Travel	1,465	1,298
Occupancy expenses	10,728	10,107
Insurance	580	813
Amortization of capital assets and intangible assets	2,169	2,657
Office expenses	423	497
Information technology	1,009	1,516
Repairs and maintenance	132	92
Professional fees	17,844	15,735
Financing expenses	1,624	1,352
	104,775	119,894
DEFICIENCY OF REVENUE OVER EXPENSES	(38,795)	(61,589)

Appendix (continued)

Revenue and Expenses – For the year ended December 31, 2021

OUTREACH	2021	2020
	$	$
REVENUE		
Outreach	176,637	68,000
DIRECT EXPENSES		
Salaries and employee benefits	106,000	88,492
Travel	22,735	3,716
Occupancy expenses	45,615	69,034
Insurance	753	638
Amortization of capital assets and intangible assets	2,813	2,085
Office expenses	58,885	8,570
Information technology	1,308	1,190
Repairs and maintenance	171	74
Professional fees	71,415	752
Financing expenses	4,348	1,576
Awareness and representation campaign	615,596	221,372
	929,639	397,499
DEFICIENCY OF REVENUE OVER EXPENSES	(753,002)	(329,499)

Independent auditor's report

To the Board of Directors of the Organisme d'autoréglementation du courtage immobilier du Québec

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (the Fund) as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

FARCIQ

pwc

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Montréal (Québec) H3B 4Y1
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What we have audited

The Fund's financial statements comprise:

- the statement of financial position as at December 31, 2021;
- the statement of loss and comprehensive loss for the year then ended;
- the statement of changes in accumulated surplus for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers s.r.l./s.e.n.c.r.l.[1]

Montréal (Québec)
February 24, 2022

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[1] **CPA auditor,** CA, public accountancy permit No. A125840

Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec

Statement of Financial Position as at December 31, 2021

(expressed in Canadian dollars)

	2021	2020
	$	$
ASSETS		
Cash	1,092,494	2,421,733
Investments (note 4)	62,172,484	58,582 005
Investment income receivable	300,306	259,258
Premiums and other receivables (note 12)	92,440	147,481
Amount recoverable from reinsurers for claims liabilities (note 7)	685,000	481,000
Deductibles recoverable from policyholders for claims liabilities (note 7)	1,157,062	1,029,790
Prepaid expenses	89,308	24,820
Property, plant and equipment	31,022	40,907
Intangible assets	88,502	86,318
	65,708,618	63,073,312
LIABILITIES		
Accounts payable and accrued liabilities	982,592	1,017,160
Unearned premiums	2,205,129	1,824,342
Claims liabilities (note 7)	20,003,063	16,732,790
	23,190,784	19,574,292
ACCUMULATED SURPLUS		
Accumulated surplus, end of year	36,923,068	38,196,878
Accumulated other comprehensive income	5,594,766	5,302,142
	42,517,834	43,499,020
	65,708,618	63,073,312

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors,

Pierre Hamel
Chairman of the Board of Directors

Michel Léonard
Vice-Chair of the Board of Directors and Chair of the Audit and Risk Management Committee

Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec

Statement of Loss and Comprehensive Loss – For the year ended December 31, 2021

(expressed in Canadian dollars)

	2021	2020
	$	$
REVENUES		
Earned premiums	6,106,654	5,473,379
Reinsurance premiums ceded (note 9)	(434,951)	(402,325)
Net earned premiums (note 9)	5,671,703	5,071,054
EXPENSES		
Claims and loss adjustment expenses	7,567,672	5,342,873
General expenses (note 11)	1,558,625	1,413,977
	9,126,297	6,756,850
UNDERWRITING LOSS	(3,454,594)	(1,685,796)
INVESTMENT AND OTHER INCOME (NOTE 4)	2,180,784	12,156
NET LOSS FOR THE YEAR	(1,273,810)	(1,673,640)
OTHER COMPREHENSIVE INCOME		
Items that will be subsequently reclassified to profit or loss		
Unrealized gain on available for sale securities	1,857,314	1,965,022
Portion reclassified to income from available for sale securities	(1,564,690)	831,664
OTHER COMPREHENSIVE INCOME FOR THE YEAR	292,624	2,796,686
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(981,186)	1,123,046

The accompanying notes are an integral part of these financial statements.

Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec

Statement of Changes in Accumulated Surplus – For the year ended December 31, 2021

(expressed in Canadian dollars)

			2021	2020
	Accumulated surplus	Accumulated other comprehensive income	Net amount	Net amount
	$	$	$	$
BALANCE – BEGINNING OF YEAR	38,196,878	5,302,142	43,499,020	42,375,974
Net loss for the year	(1,273,810)	-	(1,273,810)	(1,673,640)
Other comprehensive income for the year	-	292,624	292,624	2,796,686
BALANCE – END OF YEAR	36,923,068	5,594,766	42,517,834	43,499,020

The accompanying notes are an integral part of these financial statements.

Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec

Statement of Cash Flows – For the year ended December 31, 2021

(expressed in Canadian dollars)

	2021	2020
CASH FLOWS FROM (USED IN):	$	$
OPERATING ACTIVITIES		
Net loss for the year	(1,273,810)	(1,673,640)
Adjustments for:		
Amortization of property, plant and equipment	9,885	4,808
Amortization of premiums and investment discounts	478,312	381,424
Realized loss (gain) on disposal of investments	(1,564,690)	831,664
Income on reinvested dividends	(202,719)	(231,465)
	(2,553,022)	(687,208)
Change in non cash working capital items		
Investment income receivable	(41,048)	(11,315)
Premiums and other receivables	55,041	(72,430)
Amount recoverable from reinsurers for claims liabilities	(204,000)	26,000
Deductibles recoverable from policyholders for claims liabilities	(127,272)	(226,422)
Prepaid expenses	(64,488)	7,909
Accounts payable and accrued liabilities	(34,568)	401,927
Unearned premiums	380,787	(91,663)
Claims liabilities	3,270,273	1,052,422
	3,234,725	1,086,428
	681,703	399,220
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(35,466)
Acquisition of intangible assets	(2,184)	(37,181)
Acquisition of investments	(93,227,419)	(81,379,544)
Proceeds on disposal of investments	91,218,661	81,399,710
	(2,010,942)	(52,481)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	(1,329,239)	346,739
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	2,421,733	2,074,994
CASH AND CASH EQUIVALENTS – END OF YEAR	1,092,494	2,421,733

1. Incorporation and nature of operations

Governed by the *Insurers Act*, the Fonds d'assurance responsabilité professionnelle du courtage immobilier du Québec (the "Fund") was incorporated by Quebec's self-regulatory body for real estate brokers, the Organisme d'autoréglementation du courtage immobilier du Québec (OACIQ). The OACIQ obtained its insurer permit on July 4, 2006, and the Fund started operations on July 21, 2006. Its mission is to provide professional liability insurance for all real estate agencies and brokers in Quebec and, until April 30, 2020, mortgage brokers in Quebec. The Fund's head office is located at 4905 Lapinière Blvd., Suite 2800, Brossard, Quebec, Canada. The Fund is not subject to the *Income Tax Act* (Canada).

2. Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) effective as of the date of publication. These financial statements and the accompanying notes were authorized for issue by resolution of the Board of Directors on February 24, 2022.

The Fund uses a liquidity presentation in its statement of financial position.

3. Significant accounting policies

Insurance contracts

Insurance contracts are contracts that, at their effective date, transfer a significant insurance risk. Insurance risk is transferred when the Fund agrees to compensate a policyholder if an uncertain future event specified in the contract adversely affects the policyholder. All contracts issued by the Fund transfer a significant insurance risk and are therefore treated as insurance contracts.

Claims liabilities

Claims liabilities consist of unpaid claims and loss adjustment expenses (unpaid claims). Upon receipt of any notice of claim, the net final cost of claims and loss adjustment expenses is first estimated on a case by case basis and then reassessed as additional information becomes known. Included in unpaid claims is a provision to account for the future development of these claims, including claims incurred but not reported, as well as a provision for adverse deviations, as required by accepted actuarial practice in Canada. Unpaid claims are discounted to consider the time value of money using the market rates of the underlying invested assets. An external actuary, appointed by the Board of Directors, evaluates the adequacy of claims liabilities using the appropriate actuarial techniques..

Unearned premiums

Written premiums are deferred as unearned premiums and recognized as revenue on a pro rata basis over the terms of the underlying policies. Unearned premiums are calculated based on the unexpired portion of the written premiums on a pro rata basis.

3. Significant accounting policies (continued)

Reinsurance

Claims are presented in the statement of loss and comprehensive loss, net of amounts assumed by reinsurers. Estimated amounts recoverable from reinsurers on unpaid claims and estimated amounts payable for claims are recorded separately.

The amount recoverable from reinsurers is assessed in the same manner as unpaid claims and is recorded using the time value of money.

Cash and cash equivalents

Cash and cash equivalents include cash. Interest income on cash and cash equivalents is recognized when earned and is included in the statement of loss and comprehensive loss in investment and other income.

Financial instruments

Financial instruments consist of available for sale financial assets and loans and receivables.

Available for sale financial assets are those financial assets that are designated as available for sale, or that are not classified as loans and receivables, held to maturity investments, or financial assets at fair value through profit or loss. Available for sale financial assets are acquired for an indefinite period and may be sold to meet liquidity requirements.

The investments, all classified as available for sale ("AFS"), are carried at fair value on the statement of financial position as of the trade date, and changes in fair value are recorded in other comprehensive income until the financial asset is disposed of or has become other than temporarily impaired. Transaction costs related to financial instruments are capitalized and, for bonds, are amortized over the term of the instrument using the effective interest rate method. As long as an AFS asset is held and not other than temporarily impaired, gains and losses are not recognized in loss. When the asset is disposed of or other than temporarily impaired, gains and losses are recognized in the statement of loss and comprehensive loss as investment and other income and, accordingly, the amount is deducted from other comprehensive income. Gains and losses on the sale of AFS assets are calculated using the average cost method.

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Cash, investment income receivable, premiums and other receivables, and deductibles recoverable from policyholders for claims liabilities are classified as loans and receivables.

Financial liabilities at amortized cost

Financial liabilities, which consist of accounts payable and accrued liabilities, are measured at amortized cost.

3. Significant accounting policies (continued)

Fair value of financial instruments

In accordance with IFRS 7, *Financial Instruments – Disclosures*, for financial instruments measured at fair value in the statement of financial position, the Fund classifies its fair value measurements according to a three level hierarchy as described below:

Level 1 – Valuation technique based on quoted unadjusted prices in active markets for identical assets or liabilities;

Level 2 – Valuation technique for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3 – Valuation technique which use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

Recognition of revenues and expenses related to financial instruments

The effective interest method of amortization is used for all transaction costs added to the acquisition cost of a financial instrument and for the premiums or discounts earned or incurred for AFS financial instruments. Interest income is recognized as it is earned.

Determination of the fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in a normal transaction between market participants.

Subsequent to initial recognition, the fair values are determined based on available information. The fair values of financial instruments are determined based on the closing price for bonds and on the net asset value for mutual fund units.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is calculated on a straight line basis over the estimated life of the assets, as follows:

Telephone system	3 years
Furniture and equipment	5 years
Computer hardware	3 years

Intangible assets

Intangible assets are recorded at cost, net of accumulated amortization, and consist of application and operating software. Amortization is calculated on a straight-line basis over the estimated useful life of the software, which is five years.

Impairment of long lived assets

Long lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may exceed their recoverable amount. The recoverable amount of an asset or cash generating unit (CGU) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from an asset or CGU. An impairment loss is the amount, if any, by which the carrying amount of an asset or CGU exceeds its recoverable amount and is recognized in the statement of loss and comprehensive loss. During the current and previous years, no intangible assets or items of property, plant and equipment were impaired.

3. Significant accounting policies (continued)

Standards issued but not yet effective

At the approval date of these financial statements, the following interpretations were issued but not yet effective:

A. IFRS 9, *Financial Instruments*

On July 25, 2014, the International Accounting Standards Board (IASB) completed the final elements of its comprehensive response to the financial crisis by issuing further amendments to IFRS 9 in respect of (i) revisions to its classification and measurement model, and (ii) a single, forward-looking "expected loss" impairment model.

IFRS 9, as amended, introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in the application of a single impairment model to all financial instruments.

IFRS 9, as amended, introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. More specifically, the new standard requires entities to account for expected credit losses when financial instruments are first recognized and to recognize full lifetime expected losses on a more timely basis. For more information, see the section IFRS 4, *Insurance Contracts* on the right.

B. IFRS 4, *Insurance Contracts*

In September 2016, the IASB issued amendments to IFRS 4 to address concerns of insurers and their representative organizations about the different effective dates of IFRS 9 on January 1, 2018, and of the forthcoming new IFRS on insurance contracts.

The amendments allow, but do not require, an entity that issues insurance contracts to choose between two options. The first option consists in applying a temporary exemption to continue using IAS 39, *Financial Instruments: Recognition and Measurement*, rather than IFRS 9, for fiscal years beginning before January 1, 2023 if the entity has not previously applied IFRS 9 and if its predominant activities are insurance-related. The second option allows an entity to apply the overlay approach to designated financial assets that are eligible under certain specific criteria by reclassifying, between profit or loss and other comprehensive income, the difference between amounts recognized in profit or loss under IFRS 9 and those that would have been reported in profit or loss if the entity had applied IAS 39 for these assets.

The Fund has elected to apply the temporary exemption to continue applying IAS 39, deferring the application date of IFRS 9 to January 1, 2023.

3. Significant accounting policies (continued)

Standards issued but not yet effective (continued)

C. IFRS 17, *Insurance Contracts*

In May 2017, the IASB issued IFRS 17 which will replace the current IFRS 4, IFRS 17 sets out the recognition, measurement, presentation and disclosure requirements applicable to all insurance contracts.

IFRS 17 requires that insurance contract liabilities be measured using a general model based on current value. This general model uses assumptions as at the reporting date to estimate the amount, timing and uncertainty of future cash flows and takes into account market interest rates and the impact of insurance contract holder options and guarantees. In addition, entities have the option to use a simplified valuation model (premium allocation approach) for short term contracts that is similar to the current approach.

In June 2020, the IASB published amendments to IFRS 17, including a two year deferral of the effective date to fiscal years beginning on or after January 1, 2023. The Fund is currently assessing the impact of the adoption of IFRS 17.

Significant accounting estimates and assumptions

The carrying values of certain assets and liabilities are often determined based on estimates and assumptions of future events. The main estimates and assumptions that present a significant risk of material adjustment to the carrying amounts of certain assets and liabilities during the next annual reporting period are related to measuring claims liabilities.

The ultimate cost of claims liabilities is estimated by using a range of standard actuarial claims projection techniques in accordance with Canadian accepted actuarial practice.

The main assumption underlying these techniques is that an entity's past claims experience can be used to project future claims development and hence ultimate cost of claims. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the development observed in prior years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by industry and claim type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the most likely outcome from the range of possible outcomes, taking into account all the uncertainties involved.

4. Investments

A financial instrument is regarded as quoted in an active market (Level 1) if quoted prices for that financial instrument are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. When a quoted active market exists, the fair values of financial assets are based on closing prices for bonds and on net asset value for mutual fund units.

In the absence of an active market, fair values are based on inputs other than quoted prices that are directly or indirectly observable for the asset or liability (Level 2). Such inputs include prevailing market rates for instruments with similar characteristics and risk profiles, the closing price on the most recent trade date subject to liquidity adjustments, or average brokers' quotes when trades are too sparse to constitute an active market. More specifically, the fair value of bonds is determined by discounting the cash flows generated over the holding period of the bond. The discount rate used reflects the credit risk of instruments with the same risk profile as the bond measured at the date of presentation of the financial information. As for mutual fund units, fair value is based on their net asset value.

Certain financial instruments whose fair values are not based on observable market inputs must be measured using a valuation technique or model based on assumptions that are neither supported by prices from observable current market transactions for the same instrument nor based on available market data (Level 3).

The Fund held no Level 3 securities as at December 31, 2021 and 2020. During the years, there were no transfers of amounts between Level 1 and Level 2.

The distribution of the Fund's financial instruments between each of the above-mentioned levels is presented on the following page.

4. Investments (continued) – Fair value hierarchy

	2021			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Federal government bonds	-	6,519,840	-	6,519,840
Provincial government bonds	-	10,914,460	-	10,914,460
Municipal government bonds	-	15,166,653	-	15,166,653
Corporate bonds	-	15,868,042	-	15,868,042
Investment funds	-	13,703,489	-	13,703,489
	-	62,172,484	-	62,172,484

	2020			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Federal government bonds	-	7,690,367	-	7,690,367
Provincial government bonds	-	12,549,410	-	12,549,410
Municipal government bonds	-	12,528,540	-	12,528,540
Corporate bonds	-	13,084,118	-	13,084,118
Investment funds	-	12,729,570	-	12,729,570
	-	58,582,005	-	58,582,005

4. Investments (continued) – Investment maturities

	2021				
	Under 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
	$	$	$	$	$
Federal government bonds	-	6,131,652	388,188	-	6,519,840
Provincial government bonds	-	8,132,242	2,782,218	-	10,914,460
Municipal government bonds	4,699,917	10,249,491	217,245	-	15,166,653
Corporate bonds	974,072	12,517,910	2,376,060	-	15,868,042
Investment funds	-	-	-	13,703,489	13,703,489
	5,673,989	37,031,295	5,763,711	13,703,489	62,172,484

	2020				
	Under 1 year	1 to 5 years	Over 5 years	No specific maturity	Total
	$	$	$	$	$
Federal government bonds	-	6,872,076	818,291	-	7,690,367
Provincial government bonds	836,468	8,182,020	3,530,922	-	12,549,410
Municipal government bonds	2,297,910	9,969,122	261,508	-	12,528,540
Corporate bonds	2,164,620	9,313,540	1,605,958	-	13,084,118
Investment funds	-	-	-	12,729,570	12,729,570
	5,298,998	34,336,758	6,216,679	12,729,570	58,582,005

4. Investments (continued) – Unrealized investment gains (losses)

	2021			
	Amortized cost	Gains	Losses	Fair value
	$	$	$	$
Federal government bonds	6,499,263	46,048	(25,471)	6,519,840
Provincial government bonds	10,870,969	114,568	(71,077)	10,914,460
Municipal government bonds	15,151,145	111,560	(96,091)	15,166,614
Corporate bonds	15,945,942	31,193	(109,054)	15,868,081
Investment funds	8,110,399	5,593,090	-	13,703,489
	56,577,718	5,896,459	(301,693)	62,172,484

	2020			
	Amortized cost	Gains	Losses	Fair value
	$	$	$	$
Federal government bonds	7,524,575	167,172	(1,380)	7,690,367
Provincial government bonds	12,190,341	360,083	(1,014)	12,549,410
Municipal government bonds	12,181,893	347,337	(690)	12,528,540
Corporate bonds	12,799,589	285,807	(1,278)	13,084,118
Investment funds	8,583,465	4,146,105	-	12,729,570
	53,279,863	5,306,504	(4,362)	58,582,005

4. Investments (continued) – Investment and other income

	2021	2020
	$	$
Interest income	1,108,631	1,191,420
Dividend income	202,719	231,464
Variation of bond discount	(478,312)	(381,424)
Realized gain (loss) on disposal of investments	1,564,690	(831,664)
Management fees	(216,944)	(197,640)
	2,180,784	12,156

5. Additional information on financial instruments

The Fund's investments are managed by two external managers, which are required to follow the investment policy set out by the Fund's Board of Directors. Management ensures compliance with these guidelines. The investment portfolio is entirely invested in well established, active and liquid markets.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and market price risk. The Fund's investment policy establishes principles and limits pertaining to these risks. The Audit and Risk Management Committee regularly monitors compliance with this investment policy.

Currency risk

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies will fluctuate because of changes in foreign exchange rates. Since all its financial instruments are denominated in Canadian dollars, the Fund is not exposed to currency risk.

5. Additional information on financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that a fluctuation in interest rates will negatively impact the financial position of the Fund, which occurs when market interest rates rise. This risk is a significant component of market risk and is derived from the Fund's property and casualty insurance activity and from the investment portfolios it holds. The Fund has adopted an integrated risk management policy that takes into account interest rate risk.

A change in interest rates will impact the financial statements, such that a 1% change in interest rates would result in a $484,690 decrease (increase) in investment income ($458,514 as at December 31, 2020).

Market price risk

Stock market price risk arises from uncertainty related to the fair value of assets traded on stock markets. The Fund's investment policy limits market traded securities to a maximum of 30% of the total portfolio market value in order to improve risk/return, subject to capital requirements. As at December 31, 2021, the Fund indirectly holds its fund units, and $13,703,489 ($12,729,570 as at December 31, 2020) in securities traded on stock markets. As a result, a 1% change in the fair value of these assets would have an impact of $137,035 ($127,296 as at December 31, 2020) on the Fund's comprehensive income.

Credit risk

Credit risk is the risk that a party to a financial instrument causes a financial loss for the Fund by failing to discharge an obligation. Credit risk arises primarily from fixed-income securities, which comprise the majority of the investment portfolio.

The Fund's investment policy provides a quality criteria framework for portfolio securities and requires investment managers to produce regular compliance reports. The policy also stipulates that the Fund may not invest more than 50% of its fixed-income security portfolio in corporate bonds. No more than 5% of the fixed income security portfolio may be invested in corporate securities with ratings of BBB or lower. The Fund may not invest more than 10% of the fixed-income security portfolio in the securities of a single issuer.

The Fund assesses the reinsurer's financial strength before signing any reinsurance treaties and monitors its situation on a regular basis. In addition, the Fund has minimum rating requirements for its reinsurer. The reinsurer must have a minimum rating of A+ (A+ as at December 31, 2020). The Fund uses the AM Best rating agency.

The following tables present the fair value of municipal government bonds and corporate bonds according to the nomenclature of the rating agency.

5. Additional information on financial instruments (continued)

	2021					
	AAA	AA	A	BBB	Unrated	Fair value
	$	$	$	$	$	$
			(in thousands of dollars)			
Federal government bonds	6,519	-	-	-	-	6,519
Provincial government bonds	-	10,717	197	-	-	10,914
Municipal government bonds	-	-	-	-	15,167	15,167
Corporate bonds	1,044	5,421	6,868	2,535	-	15,868

	2020					
	AAA	AA	A	BBB	Unrated	Fair value
	$	$	$	$	$	$
			(in thousands of dollars)			
Federal government bonds	7,690	-	-	-	-	7,690
Provincial government bonds	-	12,320	230	-	-	12,550
Municipal government bonds	-	-	-	-	12,528	12,528
Corporate bonds	175	6,095	5,600	1,214	-	13,084

5. Additional information on financial instruments (continued)

Maximum credit risk exposure arising from financial instruments

	2021	2020
	$	$
Cash	1,092,494	2,421,733
Canadian, provincial and municipal government bonds	32,600,953	32,768,317
Corporate bonds	15,868,042	13,084,118
Investment income receivable	300,306	259,258
Premiums and other receivables	92,440	147,481
Amount recoverable from reinsurers for claims liabilities	685,000	481,000
Deductibles recoverable from policyholders for claims liabilities	1,157,062	1,029,789
	51,796,297	50,191,696

Credit risk concentration

Concentration of credit risk exists where a number of borrowers or counterparties engaged in similar activities are located in the same geographic area or have comparable economic characteristics, such that their ability to meet contractual obligations could be similarly affected by changes in economic, political or other conditions. The Fund's invested assets could be sensitive to changes affecting a particular industry. All of the securities held are issued in Canada.

Liquidity risk

Liquidity risk is the risk that an entity will have difficulty meeting obligations associated with financial instruments that are settled in cash. To manage its cash flow requirements, the Fund maintains a portion of its invested assets in liquid securities. On December 31, 2021 and 2020, the financial liabilities were all due in the following year.

5. Additional information on financial instruments (continued)

Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument fluctuate in amount. The Fund mitigates this risk by matching, as much as possible, cash inflows from investments with cash outflows for paid claims.

Fair value

The fair values of cash, investment income receivable, premiums and other receivables, deductibles recoverable from policyholders for claims liabilities, and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities.

6. Insurance risk

Insurance risk and management

The Fund underwrites professional liability insurance contracts for agencies and real estate brokers in Quebec and, until April 30, 2020, mortgage brokers in Quebec. Insurance contract risk mostly comprises the risks associated with:

- Underwriting and pricing;
- Fluctuations in the timing, frequency and severity of claims relative to projections; and
- Inadequate reinsurance protection.

A. Underwriting

Policies generally cover a twelve-month period with a renewal date of May 1 each year. The insurance business is cyclical in nature: the industry generally reduces insurance rates following periods of increased profitability, while it generally increases rates following periods of sustained loss. The Fund's profitability tends to follow this cyclical market pattern. In addition, the Fund is at risk from changes in professional liability insurance legislation and the economic environment.

In order to properly monitor the Fund's risk appetite, annual premium pricing is established using an internal return on equity model and a risk-based capital model as published by the Autorité des marchés financiers (AMF). The annual premium was $390 in 2021 and $345 in 2020 for real estate brokers and agencies. In addition, the limit of coverage provided to policyholders remained the same (see note 8).

6. Insurance risk (continued)

Insurance risk and management (continued)

A. Underwriting (continued)

The Audit and Risk Management Committee monitors the Fund's overall risk profile, aiming for a balance between risk, return and capital, and determines policies concerning the Fund's risk management framework. The Committee's mandate is to identify, measure and monitor risks and avoid exposures that exceed the Fund's risk tolerance level.

B. Claims management and reinsurance

One objective of the Fund is to ensure that sufficient claims liabilities are established to cover future claim payments. The Fund's success depends upon its ability to adequately assess the risk associated with the insurance contracts underwritten by the Fund. The Fund establishes claims liabilities to cover the estimated liability for the payment of all losses and loss adjustment expenses incurred with respect to insurance contracts underwritten by the Fund. Claims liabilities do not represent an exact calculation of the liability. Rather, claims liabilities are the Fund's estimates of its expected ultimate cost of benefit payments and loss adjustment expenses. Expected inflation is taken into account when estimating claims liabilities, thereby mitigating inflation risk.

Under the aegis of the Professional Liability Insurance Decision-making Committee (PLIDC), strict claim review policies are used to assess all new and ongoing claims. In addition, regular detailed reviews of claims handling procedures reduce the Fund's risk exposure. The Fund also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that could negatively impact the business. The PLIDC analyzes claims and contentious matters in order to ensure that sufficient claims liabilities are established.

C. Sensitivity to insurance risk

The principal assumption underlying the claims liability estimates is that future claims development will follow a pattern that is similar to past claims experience.

Estimates of claims liabilities are also based on various quantitative and qualitative factors, including:

- Average claim costs including claim handling costs;
- Average claims by accident year; and
- Trends in claim severity and frequency.

Most or all of the qualitative factors are not directly quantifiable, particularly on a prospective basis, and the effects of these factors and unforeseen factors could negatively impact the Fund's ability to accurately assess the risk of the insurance contracts underwritten by the Fund. In addition, there may be delays, sometimes amounting to several years, between the occurrence of an insured event and the time it is reported to the Fund as well as additional delays between the reporting and the final settlement of claims.

The Fund refines its estimates of claims liabilities on a regular basis as claims are reported and settled. Establishing an appropriate level of claims liabilities is an inherently uncertain process, and the surrounding policies are overseen by the PLIDC.

7. Claims liabilities

Actuarial liabilities are determined to reflect the estimate of the full amount of all liabilities associated with the insurance policies as at the date of the statement of financial position, including claims incurred but not reported (IBNR). The ultimate settlement amount of these liabilities will vary from the best estimate for a variety of reasons, including additional information obtained on the facts and circumstances concerning the claims incurred.

Unpaid claims and amounts recoverable from reinsurers

The provision for unpaid claims and the amount recoverable from reinsurers for unpaid claims are determined using standard actuarial techniques which require the use of assumptions such as loss development and claim settlement patterns, future rates of claim frequency and severity, inflation and other factors.

Unpaid claims were reduced in a net amount of $314,898 as at December 31, 2021 ($93,094 as at December 31, 2020) to reflect the time value of money, using an average discount rate of 1.33% (0.47% in 2020) on the underlying claim settlement statistics. The provision for adverse deviations increased unpaid claims in a net amount of $2,085,451 as at December 31, 2021 ($1,739,279 as at December 31, 2020).

Unearned premiums

Unearned premiums are calculated on a pro rata basis from the unexpired portion of premiums written and must be sufficient to cover all future costs related to the unexpired portion of in force policies as at December 31. The future risks to be provisioned consist of claims and loss adjustment expenses, policy maintenance expenses, and the cost of reinsurance pertaining to these policies. In the event that unearned premiums are inadequate to cover these costs, the Fund will be required to recognize a corresponding liability to cover the deficiency.

Interest rate sensitivity

Since the time value of money is considered in determining the unpaid claims estimate, an increase or decrease in the discount rate would result in a decrease or increase, respectively, in the expense for unpaid claims. Accordingly, a 1% increase in the discount rate would have a $263,288 negative impact on the value of unpaid claims as at the date of the statement of financial position ($224,019 as at December 31, 2020), while a 1% decrease in the discount rate would have a $272,487 positive impact on the value of unpaid claims as at the date of the statement of financial position ($231,983 as at December 31, 2020).

Prior years claims development

The following table shows estimates of incurred claims, including IBNR claims, for the nine most recent accident years, with subsequent developments during the periods as well as cumulative payments to date. The evaluation is based on actual payments in full or partial settlement of claims as well as current estimates of claims liabilities for claims still open or still unreported.

7. Claims liabilities (continued) – Ultimate incurred claims estimate

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
	$	$	$	$	$	$	$	$	$		$
As at end of underwriting year	5,608,678	5,283,626	4,749,235	5,407,964	4,615,194	4,948,557	5,524,969	4,951,093	4,633,002	5,183,831	
One year later	4,468,644	4,069,840	4,607,025	5,439,827	4,137,714	4,713,490	4,865,831	4,346,239	4,636,332		
Two years later	4,144,194	3,301,052	4,552,032	5,138,710	3,604,401	4,530,731	5,004,617	4,902,516			
Three years later	3,543,060	3,288,660	4,561,616	5,048,986	3,671,419	4,240,115	5,090,961				
Four years later	3,551,053	3,347,492	4,254,503	5,012,496	3,525,675	4,323,830					
Five years later	3,343,806	3,005,507	4,314,815	5,057,232	3,619,370						
Six years later	3,323,517	2,943,504	4,266,301	5,267,637							
Seven years later	3,258,499	2,909,086	4,235,814								
Eight years later	3,258,499	2,913,444									
Nine years later	3,266,085										
Ultimate incurred claims estimate	3,266,085	2,913,444	4,235,814	5,267,637	3,619,370	4,323,830	5,090,961	4,902,516	4,636,332	5,183,831	43,439,820
Paid claims	3,232,199	2,882,058	3,944,582	4,649,835	3,434,811	3,177,979	3,389,401	2,271,036	1,329,189	525,981	28,837,071
Unpaid claims	33,886	31,386	291,232	617,802	184,559	1,145,851	1,701,560	2,631,480	3,307,143	4,657,850	14,602,749
Effect of discounting and margins											1,578,225
Other											2,665,026
FINAL UNPAID CLAIMS											18,846,000

Note: The amounts in this table are net of $1,157,062 in deductibles recoverable from policyholders for claims liabilities.

7. Claims liabilities (continued) – Developments in net claims liabilities

	2021			2020		
	Direct claims liabilities	Ceded claims liabilities	Net claims liabilities	Direct claims liabilities	Ceded claims liabilities	Net claims liabilities
	$	$	$	$	$	$
	(In thousands of dollars)			(In thousands of dollars)		
BALANCE – BEGINNING OF YEAR	15,703	481	15,222	14,877	507	14,370
Changes in estimated losses and expenses for claims incurred in prior years	891	229	662	(1,290)	(26)	(1,264)
Losses and expenses on claims incurred in the current year	7,184	-	7,184	6,423	-	6,423
Less: Amounts paid in respect of incurred claims						
During the current year	(1,085)	-	(1,085)	(886)	-	(886)
During prior years	(3,847)	(25)	(3,822)	(3,421)	-	(3,421)
BALANCE – END OF YEAR	18,846	685	18,161	15,703	481	15,222

Note: The amounts in this table are net of $1,157,062 in deductibles recoverable from policyholders for claims liabilities ($1,029,790 in 2020).

8. Reinsurance

The limit of coverage provided by the Fund is $1,000,000 per claim, per policyholder, subject to an annual limit of $2,000,000.

In the normal course of business, the Fund reinsures a portion of the risks it assumes in order to limit its losses in the event of major claims or a very high claim frequency.

The terms of the agreement may vary from year to year.

The reinsurance offered $11,000,000 in overall annual coverage in excess of the Fund retention of $6,000,000 from January 1, 2021 to January 1, 2022.

9. Net earned premiums

	2021	2020
	$	$
Gross premiums written	6,487,441	5,381,716
Reinsurance premiums ceded	(434,951)	(402,325)
Net premiums written	6,052,490	4,979,391
Change in unearned premiums	(380,787)	91,663
NET EARNED PREMIUMS	5,671,703	5,071,054

No allowance for doubtful accounts was deducted from net earned premiums in 2021 and 2020, determined on the basis of an overall analysis of premiums receivable at year-end to identify those that, in all probability, will not be recovered. Given that the insurance premium is billed together with OACIQ annual membership dues, the policyholder is not actually covered until the OACIQ receives the premium, and therefore no allowance for doubtful accounts is required.

10. Capital required

Capital required is governed by the AMF. Accordingly, the risk-based capital adequacy framework is based on an assessment of the riskiness of assets, policy liabilities and structured settlements, letters of credit, derivatives and other exposures, by applying varying risk-weighting and margin factors. The Fund is required to meet a capital-available-to-capital-required test, called the minimum capital test (MCT).

The AMF requires each property and casualty insurer to establish its own internal target capital level that reflects its risk profile, and to justify to the AMF the target level it has adopted with an explanation backed by supporting data. This internal target level must be higher than the 100% minimum capital threshold imposed by the AMF, and above the 210% supervisory target level.

The Fund established a 375% internal target for capital required, given the need to build adequate capital to meet future obligations with regard to protection of the public. The Fund has exceeded both the imposed minimum threshold and its own internal target for capital required.

The Fund's capital available and capital required are detailed as follows:

	2021	2020
	$	$
Capital available	42,429	43,413
Capital required	7,233	6,510
Excess of capital available over capital required	35,196	36,903
MCT (AS A %)	586.60 %	666.87 %

11. General expenses

Certain general expenses are paid by the OACIQ. They are then allocated between the OACIQ and the Fund using activity-based management. Through this method, general expenses of the OACIQ are associated through inducers with the activities it carries out. These activities are then charged to the related products and services, at their actual cost, including the administration of the Fund. For the year ended December 31, 2021, an expense of $2,176,998 relating to this allocation was recorded in General expenses ($639,576 in 2020). General expenses include a contribution from the OACIQ of $1,436,379 that is equal to the wages and director's fees that were in the past directly assumed by the Fund.

As at December 31, 2021, an amount of $224,925 is payable to the OACIQ ($53,923 as at December 31, 2020).

12. Premiums and other receivables

	2021	2020
	$	$
Deductibles receivable	56,427	103,763
Premiums receivable	19,909	13,791
Other amounts receivable	16,104	29,927
	92,440	147,481

13. Compensation of key executive officers

Key executive officers consist of all members of the Board of Directors and the executive officers of the Fund. Their compensation for 2021 totaled $427,739 ($271,255 for 2020). In 2021, compensation of key executive officers included a contribution from the OACIQ of $95,885 that is equal to the wages of the executives.

Expression of Opinion

I have valued the policy liabilities and reinsurance recoverable of Fonds d'assurance responsabilité du Courtage Immobilier du Québec for its statement of financial position at December 31, 2021 and their change in the statement of income for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

I am satisfied that the data utilized for the valuation of these liabilities are reliable and sufficient. I verified the consistency of the valuation data with the insurer's financial records.

The results of my evaluation together with amounts carried in the annual return are presented on the following page.

ECKLER

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CLAIM LIABILITIES	Carried in Annual Return ($000)	Actuary's estimate ($000)
(1) Direct unpaid claims and adjustment expenses	18,846	18,846
(2) Assumed unpaid claims and adjustment expenses	0	0
(3) Gross unpaid claims and adjustment expenses (1) + (2)	18,846	18,846
(4) Amounts recoverable from reinsurers	685	685
(5) Other recoverables on unpaid claims	1,157	1,157
(6) Other liabilities	1,157	1,157
(7) Net unpaid claims and adjustment expenses (3) – (4) – (5) + (6)	18,161	18,161

PREMIUM LIABILITIES	Carried in Annual Return (col. 1) ($000)	Actuary's estimate (col. 2) ($000)
(1) Gross unearned premium liabilities		2,415
(2) Net unearned premium liabilities		2,547
(3) Gross unearned premiums	2,205	
(4) Net unearned premiums	2,205	
(5) Premium deficiency	342	342
(6) Other liabilities	0	0
(7) Deferred policy acquisition expenses	0	
(8) Maximum policy acquisition expenses deferrable (4) + (5) + (9) col. 1 – (2) col. 2		0
(9) Unearned commissions + Ceded deferred premium taxes + Ceded deferred insurance operations expenses	0	

In my opinion, the amount of policy liabilities net of reinsurance recoverable makes appropriate provision for all policy obligations and the financial statement fairly presents the result of the valuation.

Xavier Bénarosch, FCAS, FICA
February 7, 2022

OACIQ

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