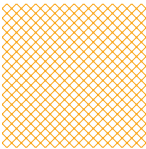


Annual Review

Our Whole Community 2016



Our Whole Community



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We Are Dedicated

Continual Investment in the Company and Our Communities

“As a fraternal, not-for-profit insurance company, we are dedicated to improving the lives and communities in which our Members live and work. ”



Board Chair

Over the past decade, Teachers Life President and CEO Doug Baker has led the organization through a period of transformation. Doug was a veteran of our Board when he took the office of CEO in 2006. His expertise in insurance and his vast knowledge of Ontario’s education community gave the company a platform from which we could rethink our product line and expand our strategic partnerships. A shining example of his exemplary and visionary guidance came when Teachers Life was recognized by global financial services research firm Celent with a 2016 Model Insurer Award for Excellence in Insurance Legacy and Ecosystem Transformation.

Doug is retiring from his position in September 2017 and I would like to acknowledge his brilliant and long-lasting contribution to Teachers Life. His dedication to continually improving the company is a valuable legacy to all our Members, the Board and the staff.

In 2016, we continued to advance our partnership with Ontario Teachers Insurance Plan (OTIP). By finding places for OTIP and Teachers Life to work together, we are advancing the protection and improving the lives of those who work in Ontario’s education community.

Teachers Life has made a significant investment in the digital distribution of life insurance products. In 2016, we began distributing to Ontario’s education community through our partner OTIP and, in Alberta, to education retirees. This year, we continued to invest in digital product development and to work on distributing our products through evolving partnerships to increase our return on investment.

Teachers Life exists for our Members. As a fraternal, not-for-profit insurance company, we are dedicated to improving the lives and communities in which our Members live and work. For instance, our communities benefited from new partnerships with local Ontario Hockey League teams to promote breakfast programs and the great work that educators do every day.

One important way we believe we can make a difference to our Members is by providing mental health support through the CAREpath and FeelingBetterNow programs. In 2016, we extended promotion and support of mental health for students by becoming the lead sponsor for the “Change the View” video contest, a project of Children’s Mental Health Ontario that aims to decrease the stigma that surrounds mental health issues. Teachers Life was also moved to contribute \$10,000 to the Canadian Red Cross to provide aid to those who were affected by the fire in Fort McMurray.

In 2017, we have continued our support of youth mental health by sponsoring the “Change the View” Contest for the second year, and by becoming the title sponsor of the Ontario Hockey League/Canadian Mental Health Association’s Talk Today program.

On behalf of the Board of Teachers Life, I want to say thank you to our Members and to let you know that the company is dedicated to continuing to be a stable and sustainable entity for today and tomorrow.

Randy McGlynn
Board Chair
Teachers Life



We Are Evolving

Dancing in the Eye of a Hurricane

“I firmly believe that our organization will continue to draw on the energy we have created collectively for years to come.”

President and CEO

It has been my pleasure to be a part of the transformation of our organization over the past 11 years. Despite appearances, in some ways it has been like a hurricane. The winds symbolize the rapid changes that have taken place since I arrived at Teachers Life, and I can say with certainty that we haven't always been in the calm eye of the hurricane.

In 2007, we embarked on a journey to modernize our technology infrastructure. As a small organization, we had limited resources and recognized that one of the only ways we could compete was to take advantage of technologies that were becoming available. We needed to put ourselves in a position to gain new business and continue to provide a high level of Member service. It was a significant undertaking and, at times, fraught with anxiety and uncertainty. To paraphrase author Thomas L. Friedman, we can dance in a hurricane, but only if we find the eye.

In 2016, we were recognized for technology and innovation by Celent at a presentation in New York City. We had changed over every piece of technology in our office except, I was told, the microwave in the staff kitchen! (Note: our microwave does not have a camera.) While we embraced the recognition, the award process was perhaps most satisfying. It allowed us to reflect on what had been

accomplished over the previous 10 years. It is a testament to the dedication of our staff and our Board of Directors, who helped us navigate the headwinds to put the organization in the eye of the storm.

I have never been more excited about the future of Teachers Life as I am at this point. Many of the parts of the puzzle have been put in place. We are leaders in Canada when it comes to technology and providing online service to Members.

We have built strong and lasting partnerships to help Teachers Life grow and prosper. We have done this with one overriding focus and that is to serve our members now and into the future.

On a personal note, I want to thank the staff, the Board, our Members and all our valued partners for helping us with our transformation. I firmly believe that our organization will continue to draw on the energy we have created collectively for years to come.

Doug Baker
President and CEO
Teachers Life



Success

“The insurance industry has been one of the slowest to innovate, so our goal was to challenge the status quo and service our customers in the space where they spend most of their time – online.”

Doug Baker
President and CEO,
Teachers Life

Success

The 2016 Celent Award and Digital Technology

Teachers Life was recognized by global financial services research firm Celent with a 2016 Model Insurer Award for Excellence in Insurance Legacy and Ecosystem Transformation. The award was presented at Celent's Innovation and Insight Day in New York City on April 13, 2016. "The insurance industry has been one of the slowest to innovate, so our goal was to challenge the status quo and service our customers in the space where they spend most of their time – online," said Teachers Life's President and CEO, Doug Baker. "As part of a multi-year business transformation, we worked to build and deliver a fully online product to best meet the needs of our customers. To be recognized at this level for our commitment to technology and innovation is a huge honour and we couldn't be more proud to be in such great company."

Educators Term Life Insurance Protection

The fastest way to life insurance

Step 1

At home or on the go...

Apply online in
15 minutes!

Teachers Life is a leader in online insurance innovation.
Get fully underwritten at the time of application.



TeachersLife.com



Step 2

Choose your coverage options:

(a) Coverage amount
\$25,000 up to \$500,000

Or

(b) Monthly premium
As low as \$6 per month



Select a term length:

Length of coverage
10–40 years



Step 3



Answer 50+ simple questions
about health and lifestyle.

Step 4



Receive your policy
within 3 days.

1-866-620-LIFE (5433)



Have questions?
Get support from
a real person.



It's private – no medical exam,
fluids or needles.




5000x

5,000 times faster than
our competitors.



Policyholders get access to rebates,
scholarships and bursaries.



“Times change. Our Members’ needs change. But our commitment to excellence and innovation will push us to constantly redraw the boundaries of what we do.”

Doug Baker
President and CEO,
Teachers Life

Growth

Growth

Leading the Way with Digital Solutions


Teachers Life is an industry-recognized leader in insurance innovation. And now our white label business solutions allow small and large insurers to add online insurance to their current product lines across Canada. In 2016, we worked hard to grow our online offerings to include fully underwritten term and permanent insurance, as well as an online application for traditional underwriting. We make it easier for educators and insurers across the country to get the insurance they need in order to secure a brighter future. For instance, in 2016, Teachers Life launched digital product lines with Alberta Retired Teachers' Association.

Technology

- ✔ Insurance and underwriting expertise
- ✔ Project leadership
- ✔ Collaborative and customizable underwriting options
- ✔ Product support
- ✔ Fast implementation
- ✔ Online policy portal

Service

- ✔ Customer service options
- ✔ Underwriting options
- ✔ White label marketing kits
- ✔ Online payment



“To us, there is nothing better than helping our Members. We lead with innovative products and personal service – if you call, you will always speak with a real person.”

Kim Hanchar
Director, Business Administration
Teachers Life

Community

Community

Mental Health Awareness and Well-Being

Teachers Life was proud to kick off two new community initiatives that support the well-being of our youth: We were the lead sponsor of the “Change the View” video contest by Children’s Mental Health Ontario and sponsor of the Jumpstart Student Nutrition Program, which provides healthy snacks and breakfast to schools in the Windsor-Essex region.



A Healthy Start to the School Day

In 2016, Teachers Life began what has become a long-term partnership with the Ontario Hockey League. We worked with the Mississauga Steelheads and the Windsor Spitfires to support the hard work of teachers and to raise awareness of a key local breakfast program that provides students with breakfast and healthy snacks to keep their minds focused and ready to learn. Our initiatives directly engaged our whole community through social media, contests, in-game fun and family activities. We are proud of our lasting legacy and look forward to more local partnerships with the OHL in 2017.



Changing the View on Mental Health – One Video at a Time

In the spring of 2016, Teachers Life was the lead sponsor of the Children’s Mental Health Ontario “Change the View” video contest. This popular contest encourages Ontario high school students and teachers to help reduce the stigma that surrounds mental illness by creating videos that encourage us all to open the conversation about mental health. In 2016, more than 150 video entries from more than 35 communities across Ontario were submitted – a resounding success!

The 2016 contest winners were “Let Me Be the Only One” by Nora Hayden (3rd place), “Beat Back the Demon” by Zachary Spence (2nd place) and “You Are Not Alone” by Eunice Oladjo (1st place). They shared a total prize amount of \$3,000. The winners were celebrated at an awards gala during Children’s Mental Health Week at the Royal Ontario Museum. Teachers Life was there to speak about our organization’s continuing commitment to Ontario’s education community and about recognizing the impact that mental health has on families and communities.



Children’s Mental Health Ontario
Santé mentale pour enfants Ontario

"A quote that I live by is, 'take a seed of your passion and nurture it.' You will make a positive difference in the world."

Jessica Drake

J.F. Allen Scholarship winner



**Investing in
Our Future**

Investing in Our Future

Scholarships and Bursaries

Teachers Life is dedicated to those who work in education and the important work they do in our communities each and every day. We believe that through education the youth of today will become the strong, engaged citizens of tomorrow. Teachers Life's awards are a flagship program of our fraternal, not-for-profit mandate. The scholarships and bursaries are available to Members' children and grandchildren.

In 2016, more than 40 applications were received for the J.F. Allen Scholarship Awards and more than 30 applications were received for the Teachers Life Bursary Awards. **Since the inception of these awards, Teachers Life has invested almost \$450,000 in the futures of its Members' families. In addition, Teachers Life has provided more than \$1.8 million in fraternal benefits in the past five years.**

The J.F. Allen Scholarship Award

Year of Inception: 1993

Two post-secondary scholarships awarded each year; \$3,000 awarded to each recipient per year for up to four years. Bursaries are available for runners-up.

The J.F. Allen Scholarship honours John Allen, who served Teachers Life from 1969 to 1991. The scholarship is awarded to students who exemplify excellence, achievement and involvement in their schools and communities.

Teachers Life Bursary Award

Year of Inception: 2006

Two awards are given each year; \$1,000 is awarded as a one-time payment.

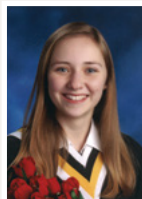
The Teachers Life Bursary was created to reward students for their school involvement while maintaining a 70–80% average (B to A–).

2016 RECIPIENTS

JESSICA DRAKE

CLARKSON SECONDARY SCHOOL

Daughter of Peter Drake
Clarkson Secondary School,
Peel District School Board



MICHAEL CAMPBELL

PICKERING HIGH SCHOOL

Son of Peter Campbell
Albert Campbell Collegiate Institute,
Toronto District School Board



2016 RECIPIENTS

HANNAH HERTEL

ROSEDALE HEIGHTS SCHOOL OF THE ARTS

Daughter of Gregory Hertel
Agincourt Collegiate Institute,
Toronto District School Board



STONE CLARKE

GENERAL AMHERST HIGH SCHOOL

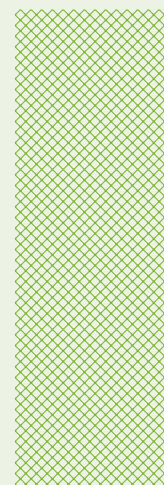
Son of John Clarke
General Amherst High School,
Greater Essex County District School Board



Letter from the Auditor



February 23, 2017



To the Members and Directors of Teachers Life Insurance Society (Fraternal)

We have audited the accompanying financial statements of Teachers Life Insurance Society (Fraternal), which comprise the statement of financial position as at December 31, 2016, and the statements of operations, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of

material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

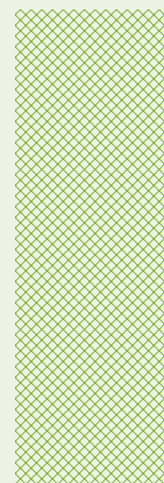
In our opinion, the financial statements present fairly, in all material respects, the financial position of Teachers Life Insurance Society (Fraternal) as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

CW Partners LLP

Chartered Professional Accountants,
Licensed Public Accountants
Toronto, Ontario

Balance Sheet

December 31, 2016



Teachers Life Insurance Society (Fraternal)
Balance Sheet (in Canadian \$)

Assets

Cash
Accrued investment income
Insurance receivables
Portfolio investments (note 5)
Income taxes receivable
Prepays
Sales tax receivable
Deferred income taxes (note 6)
Property and equipment (note 7)

Liabilities

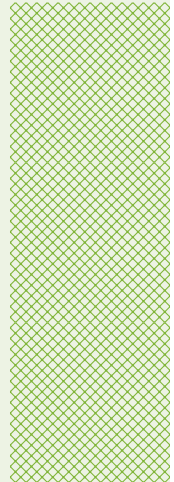
Trade and other payables
Claims payable
Policy liabilities (note 8)

Equity

Accumulated surplus
Accumulated other comprehensive income (loss)

	2016	2015
	\$ 2,529,361	\$ 1,366,320
	451,469	454,444
	-	254,343
	65,246,406	65,234,106
	281,955	270,488
	544,320	430,864
	155,599	-
	176,300	176,300
	3,106,754	3,347,094
	\$ 72,492,164	\$ 71,533,959
	\$ 1,439,652	\$ 1,237,742
	381,758	386,781
	54,268,885	54,657,648
	56,090,295	56,282,171
	16,322,000	15,423,033
	79,869	(171,245)
	16,401,869	15,251,788
	\$ 72,492,164	\$ 71,533,959

Board of Directors



Board Standing Committees (2016)

Corporate Governance and Conduct Committee

Lori Foote (Chair), Bob Bradey, Sharyn Rothfuss, Ted Walker

Staff Liaison: Douglas Baker

Finance (Audit and Investment) Committee

Brad Bennett (Chair), Lynn Shire, Angela Ciarlariello-Bondy, Rob Rosenblat

Staff Liaisons: Douglas Baker, Hoc Tai Trinh

Human Resources and Compensation Committee

Ted Walker (Chair), Bob Bradey, Lori Foote, Earl Burt

Staff Liaisons: Douglas Baker, Kim Hanchar

Fraternal Benefits Committee

Angela Ciarlariello-Bondy (Chair), Earl Burt, Bob Bradey, Sharyn Rothfuss

Staff Liaison: Douglas Baker

Risk Committee

Lynn Shire (Chair), Brad Bennett, Sharyn Rothfuss, Rob Rosenblat

Staff Liaisons: Douglas Baker, Kim Read

Randy McGlynn, Chair of the Board, is an ex-officio member of each committee and regularly attends meetings of those committees.

29

Total number of Board and committee meetings during the year



99%

Overall attendance



260 hours

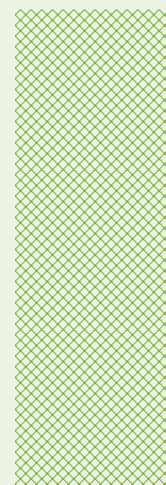
Additional Professional Development

The Teachers Life Board of Directors
is made up of representatives from
the world of finance and Ontario's
education community.



From left to right: Robert Rosenblat, Lynn Shire, Brad Bennett, Bob Bradey, Doug Baker, Angela Ciarlariello-Bondy, Randy McGlynn, Sharyn Rothfuss, Ted Walker, Lori Foote Missing: Earl Burt, Kim Hanchar

Direction and Corporate Affairs



Direction

President and Chief Executive Officer

Douglas Baker

Director, Business Administration

Kim Hanchar

Director, Risk Management

Kim Read

Director, Information Technology

Rahim Somji

Director, Accounting

Hoc Tai Trinh

Executive Assistant

Kelly Bruce

Individual Life Underwriter

Jennifer Burgess

Communications and Marketing Coordinator

Beth Milner

Policy Administration, Customer Service Representative

Neha Gupta

General Accounting Administrator

Paola Ipanaque

General Accounting Administrator

Mai Phung

Media & Events Coordinator

Sandra Porfirio

Business Development MSR

Richard Williams

Individual Insurance MSR

Duane Young

Corporate Affairs (2016)

Appointed Actuary

Merv Worden, FSA, FCIA

Worden Actuarial & Benefits Consulting Ltd.

Winnipeg, MB

Consulting Actuary

Kent Lum, ASA

Aon Hewitt

Toronto, ON

External Auditor

H. Steven Frye, MBA, CA, CBV

CW Partners LLP

Toronto, ON

Investment Counsel

Foresters Asset Management

Toronto, ON

General Legal Counsel

Helen Sava

Helen Sava & Associates

Toronto, ON

Medical Director

Chris Stefanovich, MD

Toronto, ON

Our Mission is to safeguard Members for life by providing high-quality products that build a secure future.

> Our commitment to our principles will never waver.



> We lead with product innovation and service.



> You'll always speak to a real person who cares.



> Our Members' needs come first – always.



About Teachers Life

Teachers Life is a federally regulated fraternal life insurance company and North America's largest educator-owned fraternal insurer. Founded in 1939 by educators, Teachers Life offers a full suite of insurance products to address the unique needs of over 30,000 members of the education community. Providing insurance for the whole education community, Teachers Life serves educators, administrators, support staff and their families. Teachers Life is the first insurance provider in Canada to fully underwrite life insurance products online at the time of purchase, often in less than 15 minutes. **As a not-for-profit fraternal insurer, community commitment is a core value for Teachers Life.**

TeachersLife™

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Toronto, Ontario M9B 6K1

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Fax: 416 620-6993

TeachersLife.com

