ECHELON FINANCIAL HOLDINGS INC.

NOTE TO READER

September 10, 2020

Our 2020 second quarter interim financial statements, related MD&A and press release filed on August 20, 2020 with SEDAR contained the following statement:

"Based on outside legal counsel review and Insurance Bureau of Canada guidance, ICPEI does not believe that business interruption claims from pandemic COVID-19 are covered perils."

Although the Insurance Bureau of Canada has made statement that “generally, commercial insurance policies and traditional business interruption policies do not offer coverage for business interruption or supply chain disruption due to a pandemic such as COVID-19”, it has not provided specific coverage guidance to ICPEI. We have amended the above statement without reference to the Insurance of Bureau of Canada guidance as follows:

"Based on outside legal counsel review, ICPEI does not believe that business interruption claims from pandemic COVID-19 are covered perils”.

Attached are the amended versions.

ECHELON FINANCIAL HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2020

TABLE OF CONTENTS

References to "EFH" or "Company" in this Management's Discussion and Analysis refer to Echelon Financial Holdings Inc. on a consolidated basis, both now and in its predecessor forms.

Important Note:

The unaudited condensed consolidated interim financial statements for the quarters ended June 30, 2020, and 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. The policies applied in the unaudited condensed consolidated interim financial statements are based on IFRS and have been consistent with those of the previous financial year.

The following discussion should be read in conjunction with EFH's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020 and 2019, with the notes to the unaudited condensed consolidated interim financial statements, and with management's discussion and analysis (MD&A) and audited annual consolidated financial statements and accompanying notes for 2019. The financial data in this discussion has been prepared in accordance with IFRS and has been derived from the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020 and 2019. The following commentary is current as of August 20, 2020. Additional information relating to EFH is available on SEDAR at www.sedar.com. Certain totals, subtotals and percentages may not reconcile due to rounding.

EFH uses both IFRS and certain non-IFRS measures to assess performance. Securities regulators require that companies caution readers about non-IFRS measures that do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. EFH analyzes performance based on underwriting income and underwriting ratios such as combined, expense and loss ratios, which are non-IFRS measures. Underwriting income is defined as net earned premiums less net claims incurred, net acquisition costs, operating expenses, and excludes any impact of change in discount rate on claims and corporate expenses. Loss ratio is net claims incurred divided by net earned premiums. Expense ratio is net acquisition costs plus operating expenses divided by net earned premiums. Combined ratio is the sum of loss ratio and expense ratio.

The following discussion contains forward-looking information that involves risk and uncertainties based on current expectations. This information includes, but is not limited to, statements about the operations, business, financial condition, priorities, targets, ongoing objectives, strategies and outlook of EFH. These statements, which appear in this MD&A (including the documents incorporated by reference herein), generally can be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "plan", "would", "should", "could", "trend", "predict", "likely", "potential" or "continue" or the negative thereof and similar variations.

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a projection as reflected in the forward-looking information. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific. A variety of material factors, many of which are beyond EFH's control, affect the operations, performance and results of EFH and its business, and could cause actual results to differ materially from the expectations expressed in any of this forward-looking information. Please see the "Risk Factors" set out in EFH's annual information form dated March 23, 2020.

COMPANY OVERVIEW

EFH operates in the property and casualty ("P&C") insurance industry in Canada through The Insurance Company of Prince Edward Island ("ICPEI"), a provincially regulated P&C insurance company.

On November 9, 2018, the Company entered into a definitive agreement to sell Echelon Insurance, its main operating subsidiary, and the unregulated warranty business of Echelon Financial Holdings Inc. ("Discontinued Operations") and the sale was completed on May 31, 2019.

After the sale of Echelon Insurance and the unregulated warranty business of Echelon Financial Holdings Inc., the Company has insurance operations in ICPEI and investments and cash in Echelon Financial Holdings Inc.

BASIS OF PRESENTATION

This MD&A is based on information in the audited consolidated financial statements and accompanying notes there to for the year ended December 31, 2019 and the unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020.

As a result of the Company's sale of Echelon Insurance and the unregulated warranty business of Echelon Financial Holdings Inc., the results of these operations have been presented as discontinued. See the Discontinued Operations section of this MD&A.

IFRS 9 FINANCIAL INSTRUMENTS AND IFRS 17 INSURANCE CONTRACTS

In March of this year, the IASB announced the delay of the implementation date for IFRS 17 to January 1, 2023 with retrospective application. Since the Company has deferred the adoption of IFRS 9 until the adoption of IFRS 17, the implementation date for IFRS 9 with retrospective application will be delayed to January 1, 2023.

COVID-19 PANDEMIC

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken in Canada and globally in response to COVID-19, have significantly disrupted business activities. ICPEI implemented its emergency operational plan which included transitioning most employees to work from home and only a small number of staff in the office to perform functions which could not be performed remotely. Although the office was closed to the public, claim services and support for brokers continued during this time. Since June, 2020, ICPEI has resumed full operations in its office in Charlottetown.

ICPEI has provided a number of accommodations to its policyholders if they experience hardship because of COVID-19 and have adjusted their auto premiums due to reduction of use. ICPEI has only experienced a very minor increase in the number of customer defaults and very few requests to lower monthly premiums based on lower usage of vehicles. These did not have a significant impact on the results of the Company.

The numbers of motor vehicle claims in second quarter and for the six months ended June 30, 2020 were lower compared to the same periods in prior year. The impact is reflected in the lower claims expense. The lower frequency of claims in auto is related to reduced driving and better weather conditions. In the first quarter of 2020, ICPEI recorded a provision of $0.2 million for expenses. While no specific claim losses have been recorded, in the second quarter, provision for unpaid claims was increased by $0.6 million as provision for adverse development ("PFAD") to incorporate uncertainty of COVID 19 impact on claims.

ICPEI has postponed auto rate increase of 25% in New Brunswick which was to be effective June 1, 2020 to be effective September 1, 2020 and at the same time offered a 10% COVID-19 discount to New Brunswick auto rates. ICPEI implemented a slight reduction in auto rates in the Province of Nova Scotia.

The effects on the Company's development of critical estimates during the second quarter of 2020 are described below:

Investment valuation

The Company’s valuation technique and recognition of impairment remain unchanged. The Company’s investments are valued at fair value using Level 1 or Level 2 inputs that are primarily based on quoted market prices. The Company has no Level 3 investments that require more assumptions and judgement in their valuation. For the six months ended June 30, 2020, the Company recorded a loss in investment of $0.3 million in its profit and loss and recorded $0.4 million of unrealized gain in its other comprehensive income.

Provision for unpaid claims

ICPEI does not provide insurance coverage specifically for pandemic risk. However, in its commercial property policies, it offers coverage for business interruption. Based on outside legal counsel review, ICPEI does not believe that business interruption claims from pandemic COVID-19 are covered perils. Provision for Adverse Development (PFAD) margin factors were revised to incorporate uncertainty of the impact of COVID-19 on claims which resulted in increase in IBNR of $0.6 million in the second quarter. ICPEI will continue to monitor all developments in future.

Credit risk

During the second quarter of 2020, the Company’s exposure to credit risk continued to remain high primarily due to the continued potential effects of COVID-19 pandemic on the Company’s reinsurers, insurance contract receivables from customers, and issuers of the Company’s investments in bonds. There were no significant changes used in the second quarter of 2020 to monitor and evaluate credit risks. There was no downgrade of reinsurers’ credit rating and there were no significant delinquent payments from customers. Valuation of investment bonds is based on observable market values which already reflect the associated credit risks associated with the issuers.

SECOND QUARTER HIGHLIGHTS

- Direct written premiums increased in the second quarter by $0.8 million over the same period in 2019. The COVID-19 pandemic did not have a significant impact on direct premiums written for the second quarter of 2020 when compared to the same period in prior year.

- Underwriting income was $0.6 million better than the same period in 2019 as earned premium was $1.0 million higher while net incurred claims was $0.1 million lower; offset by higher net acquisition and operating expenses.

- Investment income was $0.6 million higher in the second quarter compared to same period in 2019, largely due to positive performance of preferred shares portfolio which had positive fair value change of $0.5 million that was recorded to income.

- Closing book value per share of $7.52 compared to $7.29 at end of first quarter; largely due to the impact of gains in other comprehensive income to shareholders.

The financial information below compares three and six months ended June 30, 2020 results with the same periods in 2019.

	3 months ended June 30		6 months ended June 30	
($ THOUSANDS except per share amounts)	**2020**	**2019**	**2020**	**2019**
Direct written and assumed premiums	11,793	10,972	19,830	17,929
Net earned premiums	8,971	7,921	17,430	15,462
Net claims incurred	4,769	4,853	9,155	9,405
Net acquisition costs	2,194	1,701	4,084	3,364
Operating expenses	1,297	1,239	2,634	2,162
Corporate expense	253	201	593	703
Underwriting income (1)	711	128	1,557	531
Investment income (2)	987	430	966	985
Impact of change in discount rate on claims	(131)	(138)	-	(308)
Net income before income taxes	1,314	219	1,930	505
Income tax expense	442	22	610	105
Net income on continued operations	872	197	1,320	400
Net income on discontinued operations	-	55,405	-	46,220
Net Income	872	55,602	1,320	46,620
Net income attributed to:				
Shareholders of the Company – continued operations	624	138	954	220
Shareholders of the Company – discontinued operations	-	55,405	-	46,220
Non-controlling interest – continued operations	248	59	366	180
Earnings per share				
Continued operations				
Basic	$0.05	$0.01	$0.08	$0.02
Diluted	$0.05	$0.01	$0.08	$0.02
Discontinued operations				
Basic	-	$4.62	-	$3.86
Diluted	-	$4.54	-	$3.77

(1) Underwriting income excludes impact of change in claims discount rates and corporate expenses.

(2) Net investment income consists of interest income, dividend income, less investment expense.

Direct Written and Net Earned Premiums

In the second quarter of 2020, direct written premiums increased by $0.8 million compared to the same period in prior year. Net earned premiums increased by $1.0 million in the second quarter of 2020 compared to the same period last year. For the six months ended June 30, 2020 direct written premiums increased by $1.9 million compared to the same period last year while net earned premiums increased by $2.0 million in comparison. The increase was largely due to rate increases in personal auto in PEI and transfer of broker business in New Brunswick.

Claims Incurred

For the quarter ended June 30, 2020, net claims expense was $0.1 million lower than same period in the prior year while for the six months ended June 30, net claims expense was $0.3 million lower than the same period last year. This was the result of lower frequency of claims partially offset by increase in PFAD due to uncertainty of the impact of the COVID-19 pandemic on claims.

Acquisition Costs

Acquisition costs, which consist mainly of commissions, premium taxes and general expenses related to policy acquisitions, increased by $0.5 million in the quarter ended June 30, 2020 compared to same period last year. For the six months ended June 30, acquisition costs in 2020 increased by $0.7 million compared to 2019. This increase was a result of higher premium volume for the Company and accrual for broker profit commission.

Operating Expenses

Operating expenses were relatively constant in the second quarter ended June 30 when compared to the same period last year. However, for the six months ended June 30, operating expenses were $0.5 million higher than the same period last year. This was largely because of higher amortization charges of $0.1 million on new fixed assets acquired and $0.2 million COVID-19 pandemic related expenses.

Underwriting Income

Underwriting Income of $0.7 million was recorded in the second quarter of 2020 compared to $0.1 million in the same period in 2019. For the six months ended June 30, 2020, the underwriting income was $1.6 million while it was $0.5 million in the same period last year. The improvement in results is attributed to higher revenue and lower net claims incurred.

Impact of Change in Discount Rate on Claims

The discount rate used to discount future claims payment is based on the expected yield on investments. The discount rate used in the quarter ended June 30, 2020 was 2.50% which was the same as used for the year ended December 31, 2019.

Investment Income

Investment income was $0.6 million higher in the second quarter as compared to same period last year. This was largely due to $0.5 million gain in fair value change of preferred shares. For the six months ended June 30, investment income was comparable to the same period in prior year.

Net Income before Income Taxes

Net income before taxes was $1.3 million in the second quarter as compared to income of $0.2 million in the second quarter of 2019. For the six months ended June 30, net income before taxes increased to $1.9 million compared to $0.5 million in the same period in 2019. The improvements were largely the result of improvements in underwriting results.

Income Taxes

For the quarter ended June 30, 2020, the total Income tax expense was $0.4 million as compared to nil for the same period last year. For six months ended June 30, the income tax expense was $0.6 million as compared to $0.1 million in the same period last year. See effective tax rates note 10 to unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020.

Discontinued Operations

On November 9, 2018, the Company entered into a definitive agreement to sell Echelon Insurance, its main operating subsidiary, and the unregulated warranty business of Echelon Financial Holdings Inc. and the sale was completed on May 31, 2019.

Net earnings of discontinued operations for the six months ended 2019 includes results of Echelon Insurance and the unregulated warranty business of Echelon Financial Holdings Inc. before their disposal.

Income statement results

$ Thousands	**3 months ended June 30**		**6 months ended June 30**	
Revenues	**2020**	**2019**	**2020**	**2019**
Net earned premiums	-	59,044	-	133,164
Investment Income	-	1,519	-	4,656
Total Revenue	-	60,563	-	137,820
Expenses				
Net incurred claims	-	40,554	-	99,889
Net acquisition costs	-	13,099	-	31,402
Operating costs	-	7,778	-	16,411
Total Expenses	-	61,431	-	147,702
(Loss) before income taxes	-	(868)	-	(9,882)
Income tax (recovery)	-	(46)	-	(2,974)
Net (loss) on discontinued operations	-	(822)	-	(6,908)
Gain on sale, net of expenses	-	56,227		53,128
Net Income on discontinued operations	-	55,405	-	46,220

SEGMENTED FINANCIAL INFORMATION

The segmented results below exclude corporate expenses and the impact of change in discount rate on claims.

Personal Lines

	3 months ended June 30				**6 months ended June 30**			
($THOUSANDS)	***2020***	***2019***	***$ Variance***	***% Variance***	***2020***	***2019***	***$ Variance***	***% Variance***
Direct written premiums	7,845	7,160	685	10%	13,136	11,775	1,361	12%
Net earned premiums	6,220	5,332	888	17%	12,195	10,418	1,777	17%
Total net claims	2,985	3,804	821	22%	5,836	7,120	1,284	18%
Loss ratio	48.0%	71.3%			47.9%	68.3%		
Expense ratio	38.0%	35.2%			37.3%	33.8%		
Combined ratio	86.0%	106.5%			85.1%	102.2%		
Underwriting income (loss)	870	(348)	1,218	350%	1,815	(227)	2,042	899%

Personal Lines recorded an underwriting income of $0.9 million for the 3 months ended June 30, 2020 compared to an underwriting loss of $0.3 million in the same period last year while recording a $1.8 million underwriting income for the six months ended June 30, 2020 compared to an underwriting loss of $0.2 million in the same period of 2019. This was largely due to increase in premiums and lower claims on personal products. Direct written premiums increased by 10% in the three months and 12% for the six months ended June 30, 2020 compared to same periods in prior year. The lower loss ratio was largely due to fewer numbers of claims compared to same period last year.

Commercial Lines

	3 months ended June 30				6 months ended June 30			
($THOUSANDS)	***2020***	***2019***	***$ Variance***	***% Variance***	***2020***	***2019***	***$ Variance***	***% Variance***
Direct written premiums	3,949	3,813	136	4%	6,695	6,154	541	9%
Net earned premiums	2,752	2,589	163	6%	5,235	5,044	191	4%
Total net claims	1,785	1,049	(736)	(70)%	3,320	2,285	(1,035)	(45)%
Loss ratio	64.8%	40.5%			63.4%	45.3%		
Expense ratio	40.9%	41.2%			41.5%	39.7%		
Combined ratio	105.7%	81.6%			104.9%	85.0%		
Underwriting income (loss)	(158)	475	(633)	(133)%	(257)	759	(1,016)	(134)%

Commercial Lines recorded an underwriting loss of $0.2 million for the three months ended June 30, 2020 compared to an underwriting income of $0.5 million in the same period last year. For the six months ended June 30, commercial lines recorded an underwriting loss of $0.3 million compared to $0.8 million of underwriting income in the same period in 2019. This was largely due to higher net claims incurred on commercial products. Direct written premiums increased by 4% in the quarter ended June 30 this year compared to same period last year while for the six months ended June 30, 2020 direct written premiums increased by 9% compared to same period in 2019. Loss ratio for the quarter ended and six months ended June 30, 2020 was higher than same periods in prior year due to a large loss in Nova Scotia.

SUMMARY OF QUARTERLY RESULTS

The following quarterly financial summary has been restated to exclude Discontinued Operations except for investment income, net income, earnings per share, and book value per share information.

A summary of the Company's last eight quarters is as follows:

($ THOUSANDS except per share amounts)

	2020		2019				2018	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Direct written and assumed premiums	11,793	8,037	8,629	10,271	10,972	6,957	7,469	9,284
Net earned premiums	8,971	8,459	8,573	8,362	7,921	7,541	7,660	7,609
Underwriting income (loss)	874	846	(811)	(1,286)	128	405	1,809	(997)
Impact of change in net claims discount rate	(131)	131	(71)	(78)	(138)	(171)	142	69
Investment Income	987	(21)	1,083	874	430	555	280	380
Net Income (Loss)	872	448	(530)	(673)	55,602	(8,984)	(7,426)	170
Earnings (loss) per share								
(a) Basic	$0.05	$0.03	($0.03)	($0.04)	$4.64	($0.76)	($0.65)	$0.02
(b) Diluted	$0.05	$0.03	($0.01)	($0.04)	$4.55	($0.76)	($0.65)	$0.02
Book value per share [(1)]	$7.52	$7.29	$7.45	$7.46	$7.48	$11.74	$12.21	$12.89

[(1)] In Q2 - 2019, the Company paid a dividend of $8.80 per share to shareholders.

The quarterly results reflect the seasonality of the Company's business. Typically, quarter one and quarter four premium written is lower than quarter two and quarter three. However, underwriting results may vary significantly from quarter to quarter.

UPDATE ON QUDOS LITIGATION:

Arbitration Proceedings between New Nordic Advisors Limited and EFH

New Nordic Advisors Limited (NNA) filed a Statement of Claim with the Danish Institute of Arbitration in October 2018. The Claim sought €45.8 million in damages arising from the sale of 100% of EFH's interest in QIC Holdings ApS to New Nordic Odin Denmark Ltd in March of 2017. The Statement of Claim alleged breach of contract and willful misrepresentation. On July 16, 2019 the claim was dismissed with costs (approx. C$365,000) which have been paid to EFH. There is no right to an appeal.

Arbitration Proceedings between New Nordic Odin Denmark ApS and EFH

On August 2, 2019 New Nordic Odin Denmark (NNOD) filed a Statement of Claim with the Danish Institute of Arbitration. The Claim is essentially the same claim made by NNA but with a different plaintiff. The Claim seeks €45.8 million in damages arising from the sale of 100% of EFH's interest in QIC Holdings ApS to NNOD in March of 2017. The Statement of Claim alleges breach of contract and willful misrepresentation with respect to the amount of required reserves for Qudos claim liabilities and the overall value of Qudos. It is alleged that officers of Qudos and EFH were aware of the underfunded reserves and failed to disclose to NNOD. EFH has filed a substantive defence and expects the case will proceed in the 4th quarter of 2020. EFH does not believe there is any merit to the claim.

BALANCE SHEET ANALYSIS

The Balance Sheet analysis that follows should be read in conjunction with the unaudited condensed consolidated interim financial statements for the quarter ended June 30, 2020, and notes therein.

Balance Sheet Highlights

Selected balance sheet highlights and book value per share details are as follows:

($ THOUSANDS except per share amounts)	As at June 30, 2020	As at December 31, 2019
Cash and short-term deposits	72,355	70,932
Investments	48,595	48,019
Total assets	146,081	144,020
Provision for unpaid claims	26,857	26,629
Unearned premiums	19,792	18,749
Total equity attributable to shareholders	90,336	89,475
Book value per share (1)	$7.52	$7.45

(1) Shareholders' equity divided by the number of shares issued and outstanding

Investments

EFH has an investment policy that seeks to provide a stable income base to support EFH's liabilities in line with its risk appetite and tolerance. In addition to this risk-return analysis, the chosen asset mix also considers the amount of regulatory capital that is required.

EFH's investment portfolio is invested in accordance with its investment policy. Fair values for most investments are determined by reference to observable market data.

Fair Value of Investments

The following table sets forth EFH's invested assets as at June 30, 2020 and December 31, 2019.

($ THOUSANDS)	Fair values			
Available for sale	**As at June 30, 2020**	**% of Total**	**As at December 31, 2019**	**% of Total**
Fixed income				
Canadian				
Federal	4,601		5,053	
Provincial	3,059		2,771	
Municipal	110			
Corporate	4,755		4,336	
Total fixed income	12,525	10.4%	12,160	10.2%
Corporate value pooled fund	5,562		5,320	
Money market pooled funds	805		604	
Short-term fixed income and mortgage pooled funds	14,187		13,550	
Total pooled funds	20,554	17.0%	19,474	16.4%
Common shares				
Canadian	1,514		1,798	
Foreign	2,319		2,057	
Global Equity Pooled Fund	8,389		8,784	
Total common shares	12,223	10.1%	12,639	10.6%
Total available for sale	45,303		44,273	
Fair value through profit or loss				
Preferred shares	3,293		3,746	
Total preferred shares	3,293	2.7%	3,746	3.2%
Total investments	48,595	40.2%	48,019	40.4%
Cash and short-term deposits	72,355	59.8%	70,932	59.6%
Total investments including cash and short-term deposits	120,950	100%	118,951	100%

Impairment Assets and Provisions for Losses

EFH has an established policy to write down or make a provision for any investment with objective evidence that the value of the investment is impaired.

A gross unrealized loss of $0.1 million on Available for Sale (AFS) investments at June 30, 2020 (December 31, 2019 – $0.4 million) is recorded, net of tax, in the amount of $0.1 million (December 31, 2019 – $0.3 million) in Accumulated Other Comprehensive Income.

Management has reviewed currently available information regarding those financial assets where estimated fair values are less than amortized cost. For those investments that are considered impaired, the Company records the difference between the amortized cost of the financial assets and its fair value as an impairment which reduces investment income recorded in the year.

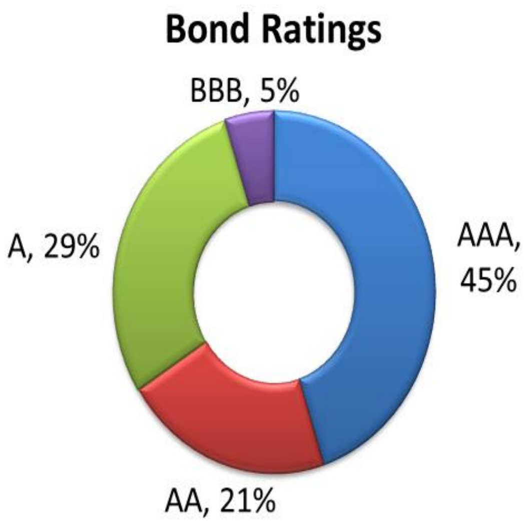
An impairment of $0.1 million on AFS investments was recognized for the 6 month period ended June 30, 2020 (June 30, 2019- Nil).

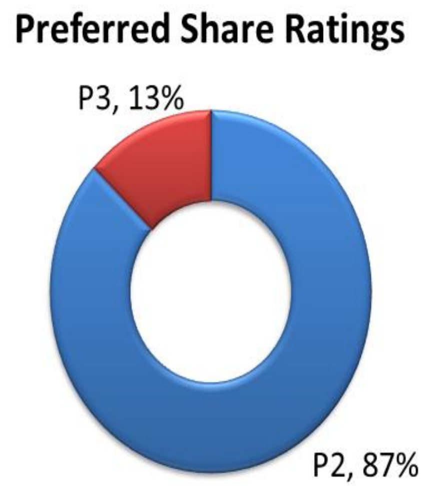
Fixed Income Securities

EFH holds fixed income securities to provide a steady, predictable level of income with reasonable liquidity and minimal risk of loss and a fixed sum at maturity. EFH's portfolio is diversified by selecting various types of government and corporate bonds. Constraints on types of issuers take liquidity, diversification and risk into account by limiting the portfolio mix by issuer.

EFH's bond portfolio has a high overall credit quality with an average rating of AA. The preferred shares have an average rating of P2. The duration of the bond portfolio is 2.9 years.

The charts below show EFH's fixed income and preferred share portfolios by credit quality as at June 30, 2020:





Common Share Portfolio

The Global Equity Pooled Fund is managed by Burgundy Asset Management and the Canadian and Foreign common equities are largely managed by Silver Heights Capital Management Inc.

Recoverable from Reinsurers

($ THOUSANDS)	As at June 30, 2020	As at December 31, 2019
Reinsurers' share of unpaid claims	2,923	3,268
Reinsurers' share of unearned premiums	707	1,031
Total	3,630	4,299

As at June 30, 2020, the amount recoverable from reinsurers decreased by $0.7 million, down to $3.6 million from $4.3 million as at December 31, 2019. Reinsurers' share of unpaid claims decreased by $0.3 million as there was a large claim settled in 2020.All reinsurers, with balances due, have a rating of A– or above as determined by A.M. Best.

Accounts Receivable

($ THOUSANDS)	As at June 30, 2020	As at December 31, 2019
Agents and brokers	10,793	9,918
Other	83	102
Total	10,876	10,020

Provision for Unpaid Claims

EFH establishes loss reserves to provide for future amounts required to pay claims related to insured events that have occurred and been reported but have not yet been settled, and related to events that have occurred but have not yet been reported to EFH. Provision for unpaid claims consists of the aggregate amount of individual case reserves established and management's estimate of claims incurred but not reported and provision for adverse development. Provisions for unpaid claims are discounted to present value. The Company determines the discount rate based on the expected return on its investment portfolio of assets with appropriate assumptions for interest rates relating to reinvestment of maturing investments. The discount rates used for December 31, 2019 and June 30, 2020 for ICPEI are as below:

	As at June 30, 2020	As at December 31, 2019
ICPEI	2.50%	2.50%

Share Capital

As of August 20, 2020, there were 12,006,558 common shares issued and outstanding.

LIQUIDITY AND CAPITAL MANAGEMENT

The purpose of liquidity management is to ensure there is sufficient cash to meet all of EFH's financial commitments and obligations as they come due. EFH believes that it has the flexibility to obtain, from internal sources, the funds needed to fulfill its cash requirements, during the following financial year and to satisfy regulatory capital requirements.

Echelon Financial Holdings Inc. is primarily a holding company and, as such, has limited direct operations of its own. Its principal assets are cash, an investment portfolio and ownership of ICPEI. Selected balance sheet items of Echelon Financial Holdings Inc. as at June 30, 2020 are as follows:

($) Thousand	
Cash and short-term deposits	$65,662
Portfolio investments	$11,914
Investment in Insurance Subsidiary	$12,867
Other assets	$1,433
Liabilities	$1,597

Accordingly, its future cash flows depend on its investment income and the availability of dividends and other statutorily permissible distributions from ICPEI. The ability to pay such dividends and to make such other distributions is limited by applicable laws and regulations of the jurisdictions in which the insurance subsidiary is domiciled, which subject the insurance subsidiary to significant regulatory restrictions. These laws and regulations require, among other things, that the insurance subsidiary maintain minimum solvency requirements and may also limit the amount of dividends that the insurance subsidiary can pay to its parent.

ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS and in compliance with IAS 34 "Interim Financial Reporting." Please refer to note 4 to unaudited condensed consolidated interim financial statements for the quarter ended June 30, 2020.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by EFH is recorded, processed, summarized and reported in a timely manner. This includes controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As of June 30, 2020, an evaluation was carried out, under the supervision of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company’s disclosure controls and procedures as defined under Multilateral Instrument 52-109. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of these disclosure controls and procedures was effective.

Internal Controls over Financial Reporting

As at the quarter ended June 30, 2020, the Chief Executive Officer and the Chief Financial Officer evaluated the design of the Company’s internal control over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of internal controls as at June 30, 2020, was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

For a description of EFH’s accounting policies, which are on an IFRS basis, refer to note 4 to unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020. A description of EFH’s critical accounting estimates and assumptions is also detailed in note 5 to unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020.

ADDITIONAL INFORMATION

Additional information relating to EFH, including the most recent annual information form, the annual financial statements for the year ended December 31, 2019 and accompanying MD&A, is available on the Company’s SEDAR profile at www.sedar.com.