PACICC

Property and Casualty Insurance Compensation Corporation

Insolvency protection for home, automobile and business insurance customers

Annual Report 2012

PACICC Mission

The mission of the Property and Casualty Insurance Compensation Corporation is to protect eligible policyholders from undue financial loss in the event that a member insurer becomes insolvent.

We work to minimize the costs of insurer insolvencies and seek to maintain a high level of consumer and business confidence in Canada's property and casualty insurance industry through the financial protection we provide to policyholders.

PACICC Principles

- In the unlikely event that an insurance company becomes insolvent, policyholders should be protected from undue financial loss through prompt payment of covered claims.
- Financial preparedness is fundamental to PACICC's successful management support of insurance company liquidations, requiring both adequate financial capacity and prudently managed compensation funds.
- Good corporate governance, well-informed stakeholders and cost-effective delivery of member services are foundations for success.
- Frequent and open consultations with members, regulators, liquidators and other stakeholders will strengthen PACICC's performance.
- In-depth P&C insurance industry knowledge – based on applied research and analysis – is essential for effective monitoring of insolvency risk.

Key accomplishments in 2012

- Delivering three member-focused seminars on ERM standards, risk appetite and risk governance in support of work on PACICC's 2012 priority issue.
- Publishing "Lessons learned from the failure of Markham General Insurance Company" – PACICC's sixth *Why insurers fail* study – and distributing the paper to members and other stakeholders.
- Completing seminars on P&C insurance liquidation procedures with solvency supervisors in Alberta and Newfoundland.
- Launching a new PACICC website to support improved communications with members and other stakeholders.

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Message from Maurice Tulloch, *Board Chair*

THE FINANCIAL HEALTH of Canada's P&C insurance industry improved during 2012. From a solvency perspective, our industry is reporting strong capital measures and a continuing reduction in the risk of insolvency. Improved performance was recorded across all major lines of business. The industry managed to trim several percentage points from its combined ratio compared to a year earlier. Industry capital continues to grow at a faster rate than claims. And the P&C insurance industry's return on equity edged into double-digit territory for the first time since 2007.

On a cautionary note, however, it is important to remember that the industry benefitted in 2012 from favourable prior-year development. We still face uncertainty from record catastrophic events, from recent court decisions in Ontario affecting auto insurance accident benefit claims, and from the backlog of Ontario auto claims awaiting Alternative Dispute Resolution. I would also note that the performance of individual insurers differs significantly from the industry trend – some better-than-average, and some worse-than-average. There are several P&C insurers on the watch lists of the Federal and provincial insurance regulators – although the overall number of troubled insurance companies continues to fall.

The financial health of Canada's P&C insurance industry improved during 2012... however, it is important to remember that the industry benefitted from favourable prior-year development.

I want to highlight an important industry development that occurred in 2012. In revising its corporate governance guideline, OSFI has called on federally-regulated insurance companies to strengthen three key management elements related to enterprise risks: by establishing a Board-approved risk appetite framework; by improving risk oversight at the Board level; and by designating a Chief Risk Officer. PACICC views this guidance as a positive development. We are pleased that OSFI has appropriately chosen to adopt a "proportional" approach in implementing the new risk management and risk governance aspects of the guideline. Nonetheless, we strongly recommend that all member insurers work to strengthen their ERM practices to correspond to their individual risk profiles.

To assist members in this respect, PACICC organized an ERM seminar series with assistance from KPMG during the Fall of 2012. Key topics covered included risk appetite and risk tolerance, as well as risk governance. The seminar series was available to members across the country via webinar, and was attended by representatives from more than 100 member companies. Practical insights on ERM implementation were offered in panel discussions involving several member-company Chief Risk Officers. PACICC will be issuing a seminar report to members in early 2013 summarizing important insights on operationalizing ERM. And where appropriate, PACICC plans to stay involved in supporting enhanced industry ERM practices, possibly through further member surveys and educational initiatives.

...we strongly recommend that all member insurers work to strengthen their ERM practices to correspond to their individual risk profiles.

The Board of Directors recently approved an ambitious three-year work plan for PACICC, headed up by activities in 2013 aimed at better managing the risk of a large urban earthquake occurring in Canada. Our CEO Paul Kovacs offers his perspectives on PACICC's 2013-15 work plans in the message that follows.

In closing, I'd like to note some recent changes taking place for PACICC's Board of Directors. During 2012, we welcomed Marc Pontbriand and Fabian Richenberger as new members of the Board. Marc Pontbriand is President, Direct to Consumer Distribution for Intact Insurance, and Fabian Richenberger is President of Northbridge Insurance Company. And in April 2013, Alain Thibault will be retiring from PACICC's Board after more than 10 years of serving the industry. As a former Board Chair, Alain was instrumental several years ago in enhancing PACICC's strategic direction and modernizing its corporate governance – changes that continue to serve the Corporation well. On behalf of the Board and membership, I thank Alain for his outstanding service to PACICC and to our stakeholders.

As PACICC enters its 25th year of serving as the P&C insurance industry's national guarantee fund in Canada, I am pleased to report that the Corporation is as well prepared as ever to meet the needs of policyholders should a member insurer become insolvent.

FOR THE PERIOD 2013 to 2015, PACICC's strategic plan focuses on three key priorities. In 2013, our work will focus on the solvency risk for member insurers from a major urban earthquake. PACICC is very mindful of the serious threat that earthquakes pose to the people and to the economy of Canada. PACICC's work in 2014 will centre on the regulation of actuarial practices. Our research into past failures indicates that deficient pricing and loss reserving is the primary reason why property and casualty (P&C) insurers fail. In 2015, we plan to review PACICC's coverages and benefits to ensure – consistent with our mission statement – that insurance consumers in Canada do not experience undue financial loss in the event that a member insurer becomes insolvent.

Although rare, insurance company failures can and do occur. PACICC is committed to protecting consumer interests and minimizing the costs of any insurer insolvencies. We strive to maintain a high level of consumer and business confidence in Canada's P&C insurance industry through the financial protection we provide to policyholders.

Managing the risk of a major urban earthquake

PACICC's primary focus in 2013 is on managing the risk of insolvency for member insurers from a major urban earthquake. Earthquake risk is the largest potential single-event loss exposure for most PACICC members. A major urban earthquake has the potential to trigger solvency problems for insurance companies, and possibly for the industry as a whole.

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PACICC will identify the maximum earthquake claim loss event that Canada's P&C insurance industry can manage without impairing the solvency of healthy, well-managed insurers. Our research on earthquake implications will complement plans by insurance regulators, the Insurance Bureau of Canada and others seeking to improve Canada's preparedness for a major earthquake. Our goal is to provide a foundation for developing actions to enhance the Corporation's preparedness for a major external shock.

In 2012, OSFI released revisions to its Earthquake Exposure Sound Practices Guideline. Several important changes identified by the regulator, and supported by PACICC, included: a focus on earthquake risk at the national level, rather than on regional perils; clearer direction for P&C insurance company Boards of Directors in their oversight of earthquake risk; and emphasis on data quality.

Promoting best practices for actuarial regulation

PACICC's research into past failures indicates that deficient pricing and loss reserving is the primary reason why P&C insurers fail. The research shows that the professional, management and regulatory expectations of actuaries vary considerably across our member insurers.

The majority of P&C insurance companies that have failed in Canada over the past 20 years have been provincially regulated. OSFI's regulatory framework includes a number of actuarial requirements, including: the requirement for insurers to have an appointed actuary; review of Appointed Actuary Reports by OSFI; peer-review of actuarial reserve estimates; and Dynamic Capital Adequacy Testing. Most provincial solvency supervisors do not require the insurance companies they regulate to follow all of these practices.

PACICC's research into past failures indicates that deficient pricing and loss reserving is the primary reason why P&C insurers fail.

PACICC could advocate that provincial solvency supervisors mandate these practices where feasible, or at least actively recommend them as guidance. We will document provincial regulatory requirements to identify gaps compared to supervisory best practices. PACICC will work with the Canadian Institute of Actuaries and other stakeholders to determine what they recommend as best practices for valuing P&C insurance policy liabilities, setting prices and establishing loss reserves.

Review of PACICC coverage and benefits

In 2015, we will examine the full range of PACICC coverage and benefits, including refunds of unearned premiums. PACICC's last coverage review resulted in limits on personal property coverage being increased, to a maximum of $300,000 per claim. Depending on Board direction and our research findings, we may choose to re-examine whether coverage should continue to be extended to large commercial insureds.

In closing, I want to thank the Corporation's Board of Directors for their guidance over the past year, and my colleagues at PACICC for their continuing high-quality work. PACICC remains focused on the issues that matter most to consumers and to members and we are well-positioned for continuing success in the years ahead.

Since PACICC was established in 1989, it has required funds from members for the failure of a P&C insurance company in 12 of the 24 years of its operation. For member insurers, the likelihood of an insolvency assessment in any given year is significant. Fortunately no P&C insurers became insolvent in 2012, and it has now been a decade since an insurer involuntarily exited the Canadian insurance marketplace. This is a long period of calm. Unfortunately, these periods of calm are sometimes punctuated by periods when clusters of insurers fail.

	1980 to 1986	1990 to 1995	2000 to 2003
Number of P&C insurer insolvencies in Canada	20	9	6
Number of policyholders affected	144,300	111,209	93,200

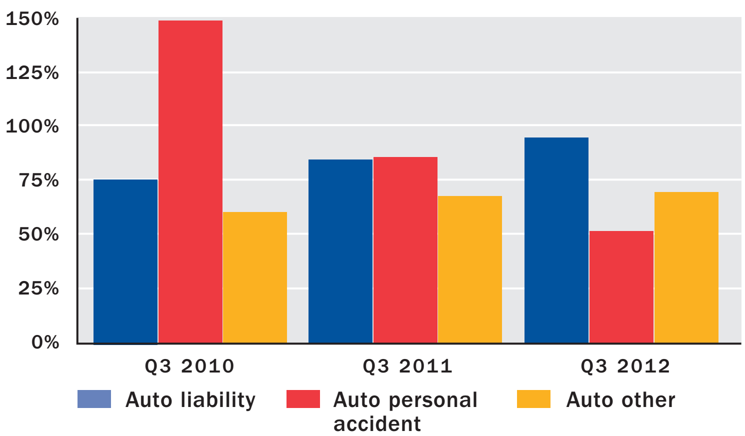
These clusters of insolvency are normally preceded by periods of intense market stress that impairs the financial viability of insurers. This is a key reason why PACICC constantly monitors the business environment of its member insurers.

Uncertainty in Ontario auto insurance

Ontario auto insurance makes up approximately 25 percent of Canada's P&C insurance market. There is uncertainty about whether insurers have legal clarity to price and deliver this product. In 2010, the Ontario government enacted auto insurance reforms that have dramatically changed the product. Early results following these reforms have been positive, with the overall loss ratio for Ontario auto falling to 74.8 percent in the 3rd quarter of 2012 from 96.6 percent in 2010.

Ontario auto remains a concern

Ontario – Direct loss ratios (Q3 YTD)



Source: PACICC, with data from OSFI

The reduction in loss costs was driven by improvements to the province's accident benefit system, as the loss ratio for this portion of the Ontario auto product fell from an unsustainably high 150 percent in 2010 to a modest 55 percent in 2012. Over the same period the loss ratio for the liability portion of the Ontario auto product rose from 75.8 percent in 2010 to an unsustainable 94.3 percent in the 3rd quarter of 2012. The Ontario Court of Appeal's decision to allow claimants to combine psychological and physical injuries when determining catastrophic impairment could increase claims costs. In addition, the Government's decision to prorogue delayed legislation that would have provided greater certainty. Coupled with thousands of cases seeking mediation, this raises questions about whether improved results can be sustained.

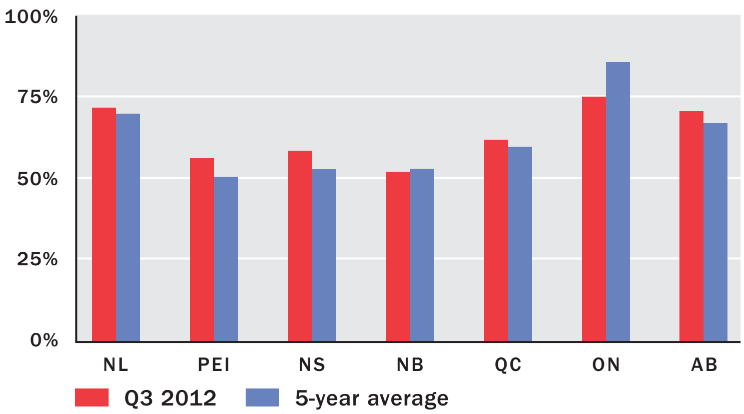
It is also clear that Ontario drivers pay very high premiums for auto insurance and that the government has maintained a strict prior approval system of rate regulation. Given this uncertainty, it is difficult for insurers operating in Ontario to price and reserve the Ontario auto insurance product.

Other auto insurance markets

Most of the other auto insurance markets appear healthy and competitive as 2012 closes, although five of the six markets experienced losses in 2012 that were above the most recent five-year average. In Alberta, the province's regulatory framework imposes industry-wide rate adjustments that remain a concern. On balance, solvency risk in these auto insurance markets will be determined by the pricing and reserving expertise of the member insurance companies.

Auto loss ratios

Q3 Year to date, financial

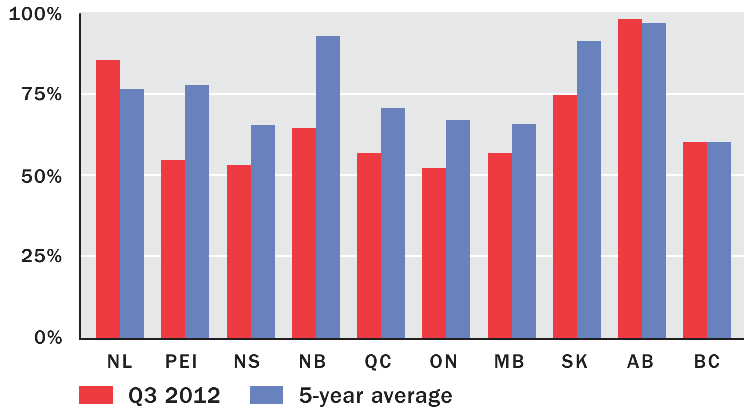


Source: PACICC, with data from OSFI

Strength in property insurance markets

For the past five years, homeowners' insurance in Canada has been a healthy product, with associated solvency risks being low. This remains true in most parts of the country. In seven of the 10 provinces, results for 2012 were stronger than the most recent five-year average.

Personal property loss ratios



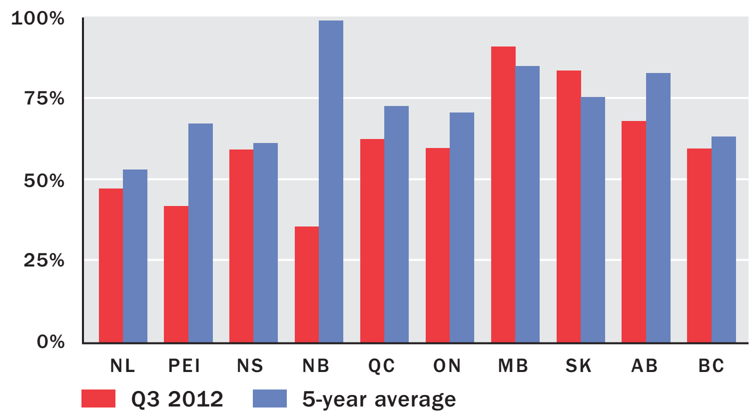
Source: PACICC, with data from OSFI

Interprovincial differences in homeowners claims paid have been driven by more large storms causing damage in the Prairies and in Atlantic Canada. In Alberta, the average loss ratio for homeowners insurance for the past five years has been 96.8 percent. In Saskatchewan, the ratio is 88.6 percent. Sustained high loss ratios would likely erode the capital base of insurers operating primarily in these markets.

Strength in commercial insurance markets

Companies that focus on commercial lines have been more profitable than personal lines insurers for several years. This trend continued in 2012 with loss ratios improving in eight of 10 provinces. As a result, price competition has intensified. Examining loss results over the most recent five-year period shows that the market was weakest in New Brunswick and, to a lesser extent, in Alberta.

Commercial property loss ratios



Source: PACICC, with data from IBC and MSA Research

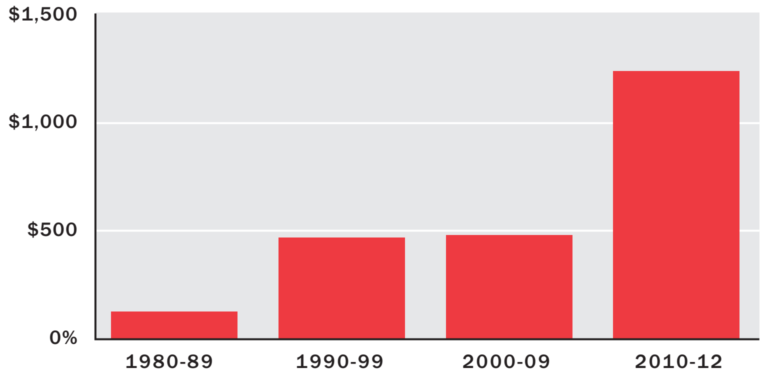
Catastrophe losses

In 2012, Canada experienced a fourth consecutive year of insured, weather-related losses exceeding the $1 billion mark. Average catastrophic losses over the past four years are more than double the average losses of the past 10 years. This highlights the growing importance of good risk management for coping effectively with catastrophe-related losses. Property insurance is changing with weather-related (water and wind) claims costs increasing as a proportion of total property claims.

PACICC believes that the most insurers have the tools and expertise to remain solvent in the face of increasingly frequent and severe weather catastrophes – by using both pricing and reinsurance strategies to manage the risk and to maintain their claims-paying capacity.

Earthquake presents a different risk. The risk of a large earthquake occurring in a major Canadian city poses a solvency threat to P&C insurers operating in Canada. In 2012, the Office of the Superintendent of Financial Institutions (OSFI) required insurers to stress test their financial preparedness for four scenario earthquakes. The complied results of these stress tests were presented to the industry in December 2012. OSFI reported that a large subduction earthquake in British Columbia causing economic damage of 5 percent of Canada's 2011 GDP, would result in insured losses of approximately $30 billion. This earthquake would cause more than half of all Federally-regulated P&C insurers to fall below the regulatory minimum capital test (MCT of less than 150 percent) – before management action. OSFI also reported that approximately 40 percent of these insurers would have negative capital scores. Our analysis finds that, if multiple insurers were to fail at once, PACICC's assessments to pay consumer claims could impair the solvency of insurers that were able to pay the earthquake losses of their own policyholders. These assessments could also impair the financial health of insurance companies not operating in earthquake-prone regions.

Increasing frequency and severity of catastrophic losses
$ millons per year



Source: PACICC, with data MSA Research

Regulatory risk

It has been a decade since a Canadian P&C insurer failed and was put into liquidation by regulators. This means we are coming upon a generation of insurance regulators and bankruptcy professionals that has never managed the unique process of liquidating a P&C insurer.

In 2011, the Canadian Council of Insurance Regulators (CCIR) established a Solvency Working Group that will provide a forum for provincial regulators to discuss solvency issues. PACICC welcomes the opportunity to work with CCIR members to further reduce solvency risks for provincially-regulated insurers.

Looking ahead

From a solvency perspective, the outlook for Canada's P&C insurance sector is healthy. The industry, and most PACICC member insurers, have significantly built up their capital positions over the past several years. While there are important variations in capital strength between companies, industry-wide measures show that Canada's P&C insurers are well-prepared to face future financial challenges.

Enterprise Risk Management report

PACICC's ERM policy has been in place since 2007. The accompanying table summarizes our comments on the Corporation's priority risks, and the chart illustrates progress achieved in mitigating enterprise risks over the past five years.

PACICC groups its enterprise risks in four categories – financial, regulatory, operational and reputation risks. For the period 2012-13, we view the trends in all four risk categories as being *stable*.

We recently added two new risks to the Corporation's risk register: the possibility of increasing inflation in Canada, and the possibility of increased use of unlicensed reinsurance by member insurers. If these risks occur to any large extent, experience indicates they could have adverse impacts on insurer solvency.

For 2013, PACICC's strategic priority focuses on the potential insurer solvency implications of a major earthquake occurring in Canada. This is also a priority financial risk for the Corporation. Due in part to OSFI's revised earthquake exposure guideline (B-9), we have accelerated our analytical work to better understand the impacts that a major earthquake could have on member insurers. Our goal is to identify appropriate risk mitigation actions in the coming year.

Consistent with PACICC's ERM policy, the Audit Committee of the Board of Directors reviewed the Corporation's risk inventory and ratings on two occasions during 2012, and the full Board reviewed and approved the annual ERM Plan.

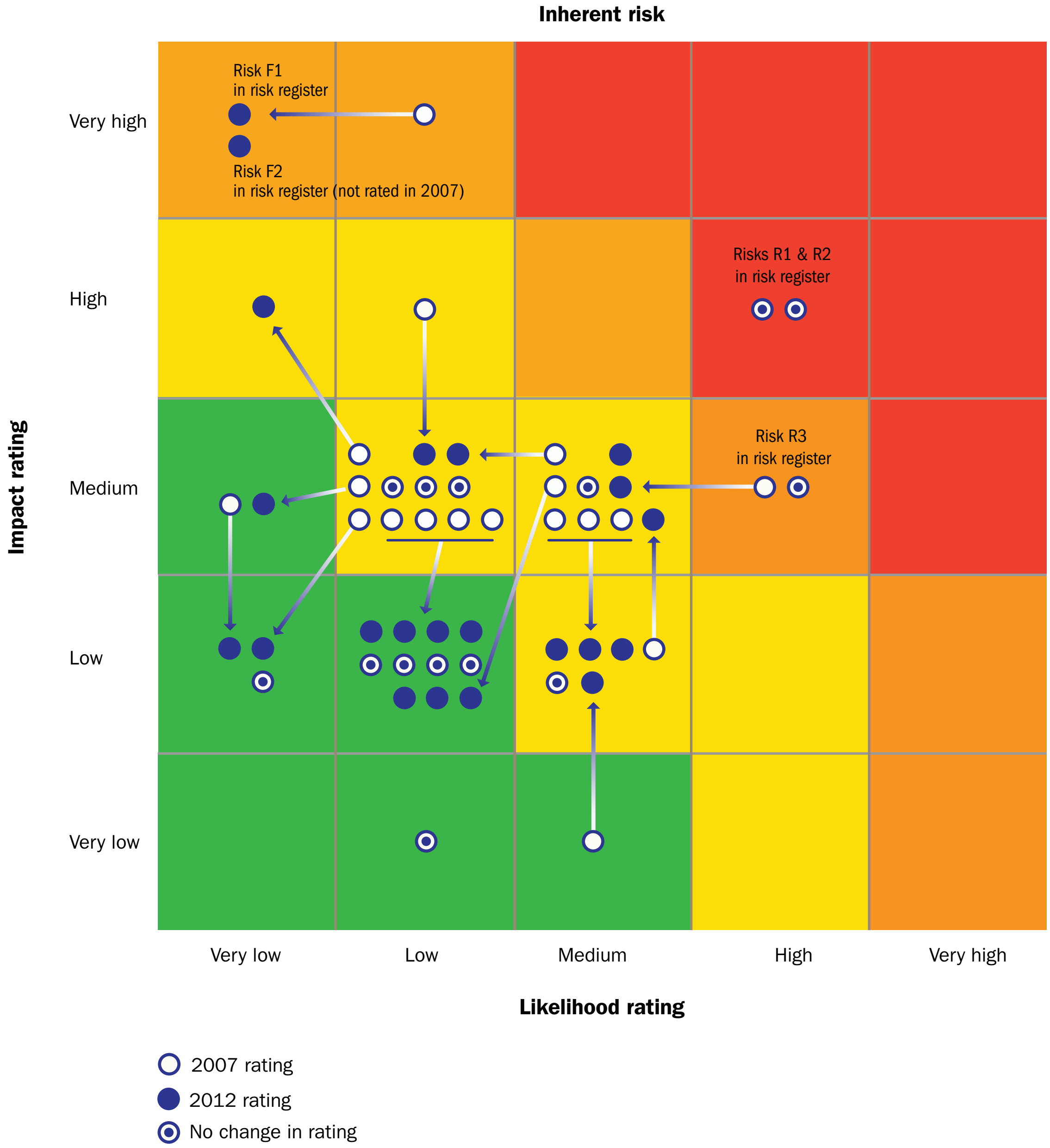
Overview of PACICC risk environment

Risk category and description	Number of risks	Risk trend in 2012-13	Comments on risk mitigation
Financial risks The risk that external financial developments, or PACICC's management of its assets and liabilities, could impair a timely and effective response to a member company failure	8 individual risks, including 2 priority risks and 1 new risk	*Stable*	▸ Board approval to establish the option of an industry liquidity facility reduces the risk of PACICC having insufficient financial capacity to respond to an extraordinary insolvency event (Risk F1* in chart). ▸ PACICC is analyzing the potential for earthquake losses in Canada to impair the solvency of members. We will also examine the implications for PACICC's current financial capacity and coverage limits. This is the Corporation's strategic priority for 2014 (Risk F2 in chart).
Regulatory risks The risk that insurance regulatory practices in Canada could constrain a timely and effective response by PACICC to a member company failure, or increase the cost of responding	8 individual risks, including 3 priority risks and 1 new risk	*Stable*	▸ PACICC is working to ensure that provincial insurance supervisors understand the potential adverse effects that their rate regulation decisions can have on insurer solvency (Risk R1 in chart). ▸ PACICC has undertaken risk-mitigation initiatives to help improve the quality of provincial solvency supervision (relative to IAIS standards). These efforts are continuing (Risk R2 in chart). ▸ PACICC has recommended specific actions to modernize the Winding-Up and Restructuring Act. The Federal Government is examining these regulations (Risk R3 in chart).
Operational risks The risk that PACICC's operations could be disrupted or strained, either by procedural problems, or by a lack of qualified personnel able to respond to a member company failure	9 individual risks	*Stable*	▸ Board approval of a claims-management contingency plan reduces the risk of PACICC having insufficient human resources to respond to an upsurge in claims.
Reputation risks The risk that an event could adversely affect stakeholder views of PACICC, potentially resulting in a loss of trust and confidence in the Corporation	11 individual risks	*Stable*	▸ Development of a crisis-management communications plan provides a framework for effective response by PACICC to potential negative events. The Corporation's other reputation risks are being managed through regular controls and procedures.

** Risk numbers refer to PACICC's risk register and to the complete ERM Plan, a copy of which is posted on the Corporation's website at www.pacicc.ca*

PACICC Enterprise Risks

Change in risk ratings from 2007 to present



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INDEPENDENT AUDITORS' REPORT

To the Members of the Property and Casualty Insurance Compensation Corporation

We have audited the accompanying financial statements of the Property and Casualty Insurance Compensation Corporation, which comprise the statement of financial position as at December 31, 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider internal control relevant to the Corporation'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 Corporation'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 the Property and Casualty Insurance Compensation Corporation as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

March 8, 2013
Toronto, Canada

Statements of Financial Position

December 31, 2012 and December 31, 2011
(In thousands of dollars)

	December 31, 2012	December 31, 2011
Assets		
Cash (note 7)	$17,975	$18,635
Investments (note 7)	47,725	46,411
Accrued interest	326	262
Liquidation dividends receivable	39	–
Assessment receivable	38	16
Other receivables	31	30
Total assets	**$66,134**	**$65,354**
Liabilities and Equity		
Liabilities:		
Trade and other payables	$209	$226
Provisions (note 6)	355	1,063
Total liabilities	564	1,289
Equity:		
Operations surplus	1,520	1,572
Liquidation surplus	16,011	15,775
Compensation Fund	48,039	46,718
Total equity	65,570	64,065
Total liabilities and equity	**$66,134**	**$65,354**

See accompanying notes to statements.

On behalf of the Board:

Maurice Tulloch, *Board Chair*

Bruce Thompson, *Director*

Statement of Comprehensive Income

Years ended December 31, 2012 and December 31, 2011
(In thousands of dollars)

	2012	2011
Revenue from operations:		
Members assessements	$1,251	$1,221
Investment income	20	21
Funding from liquidations and others	197	256
	1,468	1,498
Expenses:		
Salaries and benefits	714	696
Research and other consulting	278	249
Premises	132	133
Investment management	77	74
Board of Directors	71	71
Legal fees	52	71
Corporate secretary and accounting services	45	45
Travel	37	45
Telephone and postage	26	27
Furniture and equipment	19	18
Printing and office supplies	18	19
Insurance	15	15
Bank	2	2
Miscellaneous	34	20
	1,520	1,485
Excess (deficiency) of revenue over expenses – operations	(52)	13
Liquidations: (note 5(b)):		
Assessments	–	4
Liquidation dividends	45	4,344
Investment income	182	235
Claims recoveries (costs)	125	(826)
Expenses	(116)	(249)
Refunds to members	–	(4,951)
Excess (deficiency) of revenue over expenses – liquidations	236	(1,443)
Compensation Fund:		
Investment income	1,321	1,645
Excess of revenue over expenses – Compensation Fund	1,321	1,645
Total comprehensive income	**$1,505**	**$215**

All income is attributable to members.

See accompanying notes to financial statements.

Statement of Changes in Equity

Years ended December 31, 2012 and December 31, 2011
(In thousands of dollars)

	Operations surplus	Liquidation surplus	Compensation Fund	Total
Balance, December 31, 2010	$1,559	$17,218	$45,073	$63,850
Comprehensive income (loss)	13	(1,443)	1,645	215
Balance, December 31, 2011	1,572	15,775	46,718	64,065
Comprehensive income (loss)	(52)	236	1,321	1,505
Balance, December 31, 2012	**$1,520**	**$16,011**	**$48,039**	**$65,570**

See accompanying notes to financial statements.

Statement of Cash Flows

Years ended December 31, 2012 and December 31, 2011
(In thousands of dollars)

	2012	2011
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operations	$(52)	$13
Liquidations	236	(1,443)
Compensation Fund	1,321	1,645
Amortization of bond premium and discount	105	407
Change in accrued interest	(64)	(16)
Change in receivables	(62)	98
Change in trade and other payables	(17)	49
Change in provisions	(708)	(577)
Cash provided by operating activities	759	176
Investing activities:		
Maturity of investments	39,082	39,818
Purchase of investments	(40,501)	(41,792)
Cash used in investing actvities	(1,419)	(1,974)
Decrease in cash	(660)	(1,798)
Cash, beginning of year	18,635	20,433
Cash, end of year	**$17,975**	**$18,635**

See accompanying notes to financial statements.

Year ended December 31, 2012
(Tabular amounts in thousands of dollars)

The Property and Casualty Insurance Compensation Corporation ("PACICC" or the "Corporation") was incorporated under the provisions of the Canada Corporations Act on February 17, 1988 and operates as a non-profit organization. The objective of PACICC is to be available to make payments to insured policyholders in the event that a property and casualty insurer that is a member becomes insolvent. The Corporation's members include all licensed property and casualty insurers (other than farm mutuals) and all government-owned property and casualty insurers (other than those writing automobile insurance only) carrying on business in a participating jurisdiction. For a full description of the protection provided, reference should be made to PACICC's By-Laws and Memorandum of Operation.

The Corporation is domiciled in Canada. The address of the Corporation's registered office is 20 Richmond Street, East, Suite 210, Toronto, Ontario, M5C 2R9.

The financial statements of the Corporation for the year ended December 31, 2012 include the funds of the Corporation.

1. Basis of preparation:

(a) Statement of compliance:
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements for the year ended December 31, 2012 have been approved for issue by the Board of Directors on March 8, 2013.

(b) Funds:
The Corporation is funded by assessments levied on its members. Assessments are recognized on an accrual basis as revenue of the appropriate restricted funds. Investment income earned by the funds is recognized in the respective fund.

(c) Basis of measurement:
The financial statements of the Corporation have been prepared on a historical cost basis except for investments, which are carried at amortized cost.

(d) Functional and presentation currency:
These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. Except as otherwise indicated, all financial information presented in Canadian dollars has been rounded to the nearest thousand.

(e) Use of estimates:
The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised.

(f) Liquidity format:
The Corporation presents its statement of financial position broadly in order of liquidity.

2. Significant accounting policies

(a) Cash and cash equivalents:
Cash and cash equivalents are highly liquid investments composed of bank balances, overnight bank deposits and short-term investments carried at amortized cost.

(b) Bonds:
Bonds are carried at amortized cost. Interest income is recorded on an accrual basis using the effective interest method. Realized gains and losses and impairment losses are recognized immediately in income.

The fair values reported are based on a hierarchy that reflects the significance of the inputs making the measurements:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the assets or liability that are not based on observable market data (unobservable inputs).

(c) Equipment:
Equipment is depreciated over three years on a straight-line basis based on its estimated useful life.

(d) Provisions:
A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

(e) Operating lease:
At inception of an arrangement, the Corporation determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Corporation the right to control the use of the underlying asset.

All of the Corporation's leases are classified as operating leases and are not recognized in the Corporation's statement of financial position.

(f) Income taxes:
The Corporation is registered as a non-profit organization and, accordingly, is currently exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

(g) Revenue recognition:

(i) Member assessments:

Member assessments are recognized as income when due. Assessments for members in liquidation are based on management's best estimate of the ultimate cost of the liquidation and are recorded in full in the year approved by the Board of Directors. The estimated ultimate cost of each liquidation is based upon projected future cash flows from its assets, settlement of its claims and the estimated liquidation expenses. While these estimates are updated as the liquidation progresses, it is possible that changes in future conditions surrounding the estimated assumptions could require a material change in the recognized amount. The liquidation assessment amount that is billed to member companies is the lesser of the assessment limit as set out in the By-Laws of the Corporation and management's estimate of the funding requirements of liquidation.

(ii) Liquidation dividends:

Liquidation dividends are recorded when notification of such is received from the liquidator. Refunds of previous member assessments are considered at this time. Any fund balance remaining will be refunded to members once the liquidator has been formally discharged by the court.

(iii) Interest income:

Interest income from debt securities, including bonds and debentures, is recognized on an accrual basis using the effective interest rate method.

3. New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Corporation.

4. General and designated funds:

The following summarizes the assessment activity in the general funds and the open insolvencies:

(a) Operating Fund:

Administrative assessments are periodically levied against members to cover operating expenses not associated with a particular insolvency.

(b) Compensation Fund:

In 1997, the Board of Directors approved a Compensation Fund to provide for a permanent source of immediate funds in the event of any new insolvencies in the future. Members were assessed in 1998 and the amount was received in equal annual instalments over the three-year period from 1998 to 2000.

(c) Markham General Fund:

On July 24, 2002, a winding-up order was issued. PACICC member assessments for Markham General total $22,891,298 to date, of which nil were recognized in 2012. Claims paid to date by the liquidator total $20,867,566 and liquidation dividends of $13,599,341 have been received to date, of which $39,485 were recognized in 2012. Provisions of $130,000 (2011 - $284,800) have been made for future claim payments.

(d) Canadian Millers' Fund:

On December 13, 2001, a winding-up order was issued. On January 2, 2002, the Board of Directors of PACICC approved and management levied an assessment of $3,000,000 and approved that withdrawals of up to $7,000,000 could be made from the Compensation Fund to pay unearned premiums and claims. Liquidation dividends of $3,334,570 have been received to date, of which $4,818 were recognized in 2012. Claims paid to date by the Corporation total $4,740,480, of which nil was recognized in 2012.

(e) Reliance Fund:

In December of 2009, the liquidator for Reliance received court approval for the estate to pay dividends of 100% to creditors. As a result, the loan and services agreement between PACICC and the liquidator was terminated, along with any reserve on PACICC's general assessment capacity to back the former agreement. PACICC remains an inspector in the Reliance liquidation, but no longer has any financial obligations to the estate.

(f) GISCO Fund:

In 2000, the Board of Directors approved an assessment of $5,000,000 and billed members $3,500,000. The previously approved but unbilled assessment of $1,500,000 was determined not to be required and was reversed in 2004. Claims paid to date by the Corporation total $5,212,189. Liquidation dividends received to date total $5,190,372.

(g) Maplex Fund:

The Board of Directors approved an assessment of $20,000,000 and billed members $10,000,000 in each of 1995 and 1996. Liquidation dividends of $19,024,266 have been received to date, of which nil was received in 2012. The total claims paid to date by the Corporation amount to $23,464,563. Refunds of $5,275,969 were declared in 2008, of which all but $75,148 has been distributed, and a further $3,312,228 was refunded in 2011 (note 8(b) and (c)). In 2012, the 2008 undistributed funds of $75,148 were transferred to the Compensation Fund (note 8(d)).

(h) Hiland Fund:

In 1994, the Board of Directors approved an assessment of $5,000,000. However, in accordance with PACICC By-Laws, $4,289,038 was billed in total to the members to the end of 2000. Liquidation dividends of $4,354,500 have been received to date. The previously approved but unbilled assessment of $710,962 was determined not to be required and, hence, was reversed in 2000. Claims paid to date by the Corporation total $6,600,946.

(i) Beothic Fund:

In 1993, an assessment in the amount of $2,500,000 was authorized by the Board of Directors. However, in accordance with PACICC By-Laws, members were billed $1,011,212 in that year. The $1,488,788 previously approved but unbilled assessment was determined not to be required and, hence, was reversed in 1996. Claims paid to date by the Corporation total $2,309,511. Dividends of $2,070,297 have been received to date.

(j) Canadian Universal Fund:

The Board of Directors approved and billed a $2,000,000 assessment in 1992. PACICC has paid several claims and the liquidator has reimbursed in full. Claims paid to date by the Corporation total $527,085. No further claims are expected by the liquidator.

(k) Ontario General Fund:

In 1990, the Board of Directors approved an assessment of $1,000,000, which was billed to the members. Claims paid to date by the Corporation total $594,210. No further claims are expected by the liquidator.

(Tabular amounts in thousands of dollars)

4. General and designated funds (continued):

(l) Advocate Fund:

In 1989, the Board of Directors approved an assessment of $10,000,000, which was billed to the members. The progress of claims paid and liquidation dividends received resulted in a refund to members of $6,000,000 in 1995 and a further $1,638,758 was refunded in 2011 (note 8(c)). All PACICC claims have been paid and final liquidation dividends of $3,520,934 were received in 1999. Claims paid by the Corporation total $44,037,846. The court approved a discharge of the liquidator for Advocate in June 2007. PACICC has no further obligation to the estate.

5. Operating, compensation and liquidity fund information:

(a) Statement of financial position as at December 31, 2012:

	Operations Fund	Compensation Fund	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Assets													
Cash	$799	$4	$148	$660	$2,592	$34	$681	$244	$824	$289	$14	$11,686	$17,975
Investments	–	47,725	–	–	–	–	–	–	–	–	–	–	47,725
Accrued interest	1	310	–	1	2	–	1	–	1	–	–	10	326
Liquidation dividends receivable	–	–	–	–	–	–	–	–	–	–	–	39	39
Assessment receivable	38	–	–	–	–	–	–	–	–	–	–	–	38
Interfund receivable	860	–	1	128	–	–	–	22	–	–	1	1	1,013
Other receivables	31	–	–	–	–	–	–	–	–	–	–	–	31
Total assets	**$1,729**	**$48,039**	**$149**	**$789**	**$2,594**	**$34**	**$682**	**$266**	**$825**	**$289**	**$15**	**$11,736**	**$67,147**
Liabilities and Equity													
Liabilities:													
Trade and other payables	$209	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$209
Interfund payables	–	–	18	104	323	12	99	–	21	14	9	413	1,013
Provisions	–	–	74	–	21	–	18	–	–	–	–	242	355
Total liabilities	209	–	92	104	344	12	117	–	21	14	9	655	1,577
Equity:													
Operations surplus	1,520	–	–	–	–	–	–	–	–	–	–	–	1,520
Liquidation surplus	–	–	57	685	2,250	22	565	266	804	275	6	11,081	16,011
Compensation surplus	–	48,039	–	–	–	–	–	–	–	–	–	–	48,039
Total equity	1,520	48,039	57	685	2,250	22	565	266	804	275	6	11,081	65,570
Total liabilities and equity	**$1,729**	**$48,039**	**$149**	**$789**	**$2,594**	**$34**	**$682**	**$266**	**$825**	**$289**	**$15**	**$11,736**	**$67,147**

5. Operating, compensation and liquidity fund information (continued):

(b) Revenue and expenses from liquidations for the year ended December 31, 2012:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Revenue (expense):											
Liquidation dividends	$–	$5	$–	$–	$–	$–	$–	$–	$–	$40	$45
Investment	8	8	26	1	7	3	8	3	–	118	182
	8	13	26	1	7	3	8	3	–	158	227
Expenses (income):											
Claims paid	–	–	–	–	–	–	–	–	–	$30	$30
Accrued claims	–	–	–	–	–	–	–	–	–	(155)	(155)
Expenses	10	17	12	–	5	–	–	4	–	68	116
Dividend funding	78	–	–	75	–	–	–	–	–	–	153
Dividend for distribution	(78)	–	–	(75)	–	–	–	–	–	–	(153)
	10	17	12	–	5	–	–	4	–	(57)	(9)
Net results from liquidations	**$(2)**	**$(4)**	**$14**	**$1**	**$2**	**$3**	**$8**	**$(1)**	**$–**	**$215**	**$236**

(c) Changes in liquidation surplus for the year ended December 31, 2012:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total liquidation surplus
Balance, January 1, 2010	$55	$650	$2,297	$3,310	$570	$273	787	$273	$1,638	$7,365	$17,218
Comprehensive income (loss)	4	39	(61)	(3,289)	(7)	(10)	9	3	(1,632)	3,501	(1,443)
Balance, December 31, 2011	59	689	2,236	21	563	263	796	276	6	10,866	15,775
Comprehensive income (loss)	(2)	(4)	14	1	2	3	8	(1)	–	215	236
Balance, December 31, 2012	**$57**	**$685**	**$2,250**	**$22**	**$565**	**$266**	**$804**	**$275**	**$6**	**$11,081**	**$16,011**

6. Provisions:

	Unclaimed refunds	Liquidations				Total
		GISCO	Maplex	Hiland	Markham General	
Balance, December 31, 2010	$554	$21	$75	$18	$972	1,640
Stale-dated cheques	–	–	–	–	(50)	(50)
Claim reserves	–	–	–	–	(240)	(240)
Liquidator expenses	–	–	–	–	(233)	(233)
Refund to members:						
Prior	(96)	–	–	–	–	(96)
Current	42	–	–	–	–	42
Balance, December 31, 2011	500	21	75	18	449	1,063
Stale-dated cheques	77	–	–	–	–	77
Claim reserves	–	–	–	–	(155)	(155)
Liquidator expenses	–	–	–	–	(52)	(52)
Transfer to Unclaimed Refunds	75	–	(75)	–	–	–
Transfer to Compensation Fund	(578)	–	–	–	–	(578)
Balance, December 31, 2012	**$74**	**$21**	**$ –**	**$18**	**$242**	**$355**

Year ended December 31, 2012
(Tabular amounts in thousands of dollars)

7. Financial instruments:

Carrying values and fair values

	December 31, 2012		December 31, 2011	
	Carrying value	Fair value	Carrying value	Fair value
Cash	$17,975	$17,975	$18,635	$18,635
Term deposits	5,645	5,654	5,179	5,194
Bonds	42,080	42,816	41,232	42,318
	$65,700	**$66,445**	**$65,046**	**$66,147**

Cash, term deposits and bonds are recorded at amortized costs.

(a) Term deposits:
These investments have an aggregate carrying value of approximately $5,645,000 (2011 - $5,179,000). Term deposits consist primarily of federal government short-term instruments with a maximum term to maturity of one year in an institutional pool of assets. Included in these amounts are certain term certificates amounting to approximately $169,000 (2011 - $169,000), with maturity terms over a year.

(b) Bonds:

	Remaining term to maturity			December 31, 2012		December 31, 2011	
	Within 1 year	1 to 5 years	Over 5 years	Total carrying amount	Effective rates	Total carrying amount	Effective rates
Government	$1,524	$22,783	$ –	$24,307	1.75% - 10.25%	$23,978	2.62% - 5.01%
Corporate	4,297	13,476	–	17,773	2.28% - 5.42%	17,254	2.55% - 5.35%
	$5,821	**$36,259**	**$ –**	**$42,080**	**1.75% - 10.25%**	**$41,232**	**2.55% - 5.35%**

8. Refund to member companies:

(a) On April 13, 2005, PACICC's Board of Directors authorized a refund from the proceeds of liquidation dividends to contributing members totalling $19,880,520. This amount represented 80% of the total accumulated dividends recovered by PACICC from the estates of the following insolvent insurers: Advocate, Ontario General, Canadian Universal, Beothic, Hiland and Maplex.

As of December 31, 2011, PACICC had paid out $19,516,296 from the total amount authorized for distribution of $19,880,520. Of the residual amount of $268,137, PACICC expects to pay out $16,037 when instructions are received from several member companies on how to allocate the funds; the remaining amount of $252,100 represents unclaimed refunds where PACICC is still in the process of determining ultimate ownership.

(b) On November 1, 2006, PACICC's Board of Directors authorized a refund of $5,275,969 from the proceeds of the Maplex liquidation. The amount distributed to date is $5,200,821. The final $75,148 will be distributed when instructions are received from several member companies on how to allocate the funds.

(c) On November 8, 2011, PACICC's Board of Directors approved an additional refund of $4,950,986 from the estates of Maplex ($3,312,228) and Advocate ($1,638,758) as these liquidations are now closed. Refunds of $4,909,135 were distributed in December. The final $41,851 is undistributed while management determines ultimate ownership.

(d) As of December 31, 2012, the undistributed funds from (a) ($268,137), (b) ($75,148), (c) ($41,851) as well as unclaimed funds from these liquidations ($192,862) totalling $577,998 has been transferred to the Compensation Fund.

9. Assessment capacity:

PACICC has the ability to make a maximum potential annual general assessment of members of 1.5% (2011 - 1.5%) of covered premiums written, which amounted to approximately $731,908,000 in 2012 (2011 - $631,065,000). As a result of the loan arrangement with the liquidators of Canadian Millers', $3,000,000 of this assessment capacity is reserved for any possible obligations of the Canadian Millers' liquidation.

10. Equipment:

As at December 31, 2012, equipment acquired by the Corporation has been fully amortized.

11. Lease commitments:

In 2012, the Corporation renewed its lease for office premises for a period of five years ending December 31, 2017. The annual lease commitment is $62,601.

12. Contingent liabilities:

The Corporation, from time to time, is named in actions for losses, damages and costs allegedly sustained by the plaintiffs. In connection with these actions, management believes that the Corporation will not incur any significant losses or expenses.

13. Fair value disclosure:

(a) The carrying values of financial assets and liabilities, other than bonds, approximate their fair values due to the short-term nature of these financial instruments.

(b) The Corporation uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value. The extent of the Corporation's use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3) in the valuation of bond and equity investments, as well as derivatives, were as follows:

	Total
Level 1	$ –
Level 2	42,816
Level 3	–
Total	$42,816

14. Financial risk management:

(a) Credit risk:

Credit risk refers to the risk of financial loss from the failure of a counter party to honour its obligation to the Corporation. The only assets exposed to this type of risk are the investments held in the Compensation Fund and the funds on deposit with a financial institution. In order to minimize the exposure of risk, a comprehensive investment policy has been developed.

Generally, the Corporation's investment policy is to be as conservative as possible so as to protect its capital against undue financial and market risk while having ready access to the funds and increasing the value of the funds. The investments will be a mix of high quality fixed income securities and cash equivalent instruments. The funds cannot be invested in equities. The policy also includes composition limits, issuer type limits, quality limits, single issuer limits, corporate sector limits and time limits.

The breakdown of the bond portfolio by the higher of the Standard and Poors' and Moody's credit ratings as at December 31 is:

	December 31, 2012		December 31, 2011	
Credit rating	**Carrying value**	**Percentage of portfolio**	Carrying value	Percentage of portfolio
AAA	$24,987	59.4%	$25,070	60.8%
AA	17,093	40.6%	16,162	39.2%
Total	**$42,080**	**100.0%**	**$41,232**	**100.0%**

(b) Interest rate risk:

Interest rate risk is the potential for financial loss arising from changes in interest rates. Generally, the risk exposure for the Corporation is limited to the interest and dividend investment income which will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities mature and the proceeds are reinvested at lower rates.

As at December 31, 2012, management estimates that an immediate hypothetical 1% move in interest rates, with all other variables held constant would impact the market value of bonds by approximately $1,096,090 (2011 - $1,227,222).

(c) Liquidity risk:

Liquidity risk is the risk of having insufficient cash resources to meet financial commitments. Liquidity requirements for the Corporation are met primarily by two sources. Daily operational expenses are met by an annual assessment to members of the Corporation at the beginning of each year as approved by the Board of Directors.

In the event a member company becomes insolvent and it is necessary for the Corporation to make payments to insured policy holders, the Corporation could use funds available in the Compensation Fund. The Corporation also has the ability to make a maximum annual general assessment of its members of 1.5% of covered premiums written, which amounted to approximately $731,908,000 in 2012 (2011 - $631,065,000). As a result of the loan arrangement with the liquidators of Canadian Millers', $3,000,000 of this assessment capacity is reserved for any possible obligations of the Canadian Millers' liquidation.

15. Remuneration:

Key personnel of the Corporation are members of the Board of Directors and senior executives. Remuneration paid to key personnel during the year includes the following expenses:

	2012	**2011**
Directors' fees	$67	$58
Salaries	513	485
Other benefits	67	62
	$647	**$605**

16. Commitments and contingencies:

Legal proceedings:

In the normal course of business, the Corporation may be involved in various legal claims and other matters, the outcome of which is not presently determinable. In management's opinion, the resolution of any such matters would not have a material adverse effect on the financial condition of the Corporation.

PACICC board of directors

2012/13 Board

Maurice Tulloch
Chair
President and CEO,
Aviva Canada Inc.

Lea Algar
Chair,
General Insurance OmbudService

Diane Brickner
President,
Peace Hills General Insurance Company

Paul Kovacs
President and CEO,
PACICC

Marc Pontbriand
President, Direct-to-Consumer Distribution
Intact Insurance

Fabian Richenberger
President,
Northbridge Insurance Company

Lawrie Savage
President,
Lawrie Savage & Associates Inc.

Alain Thibault
Senior Advisor and Past Chairman,
TD Insurance

Bruce Thompson
Program Director,
Toronto Centre

David Woolley
President,
Atlantic Insurance Company Ltd.

Board Committees

Audit

Bruce Thompson (Chair)
Lea Algar
Diane Brickner
Fabian Richenberger
Maurice Tulloch

Governance and Human Resources

Maurice Tulloch (Chair)
Marc Pontbriand
Lawrie Savage
Alain Thibault
David Woolley

PACICC staff and contact information

Paul Kovacs
President and Chief Executive Officer

Full-time staff

Jim Harries
Vice President, Operations

Grant Kelly
Chief Economist
Vice President, Financial Analysis and Regulatory Affairs

Tracy Waddington
Manager, Administration

Contract and part-time staff

John Connor
Manager, Claims

Randy Bundus
Corporate Counsel

Peter Stodolak
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PACICC member companies	Sociétés membres de la SIMA
ACE INA Insurance	Assurance ACE INA
Affiliated FM Insurance Company	Corporation d'Assurances Affiliated FM
Alberta Motor Association Insurance Company	Alberta Motor Association Insurance Company
Allianz Global Risks U.S. Insurance Company	Compagnie d'Assurance Allianz Risques Mondiaux É.-U.
Allstate Insurance Company	Allstate, Compagnie d'Assurance
Allstate Insurance Company of Canada	Allstate du Canada, Compagnie d'Assurance
Alpha, Compagnie d'assurances Inc.	Alpha, Compagnie d'Assurances Inc. (L')
American Bankers Insurance Company of Florida	American Bankers Compagnie d'Assurance Générale de la Floride
American Road Insurance Company	Compagnie d'Assurance American Road
Antigonish Farmers Mutual Insurance Company	Antigonish Farmers Mutual Insurance Company
Arch Insurance Company	Compagnie d'assurance Arch
Ascentus Insurance Ltd.	Assurances Ascentus ltée (Les)
Aspen Insurance U.K. Ltd.	Compagnie d'assurance Aspen UK
Associated Electric & Gas Insurance Services	Services d'assurance associés électricité et gaz
Assurance Mutuelle des Fabriques de Montreal	Assurance Mutuelle des Fabriques de Montréal (L')
Assurance Mutuelle des Fabriques de Quebec	Assurance Mutuelle des Fabriques de Québec (L')
AssurePro Insurance Company Limited	AssurePro Insurance Company Limited
Atlantic Insurance Company Ltd.	Atlantic Insurance Company Limited
Aviva Insurance Company of Canada	Aviva, Compagnie d'Assurance du Canada
Aviva International Insurance Ltd.	Assurance International Aviva Ltée
AXA Art Insurance Corporation	AXA Art Insurance Corporation
AXIS Reinsurance Company (Canadian Branch)	AXIS Compagnie de Réassurance (succursale canadienne)
BCAA Insurance Corporation	BCAA Insurance Corporation
Belair Insurance Company Inc.	Compagnie d'assurance Belair Inc. (La)
Berkley Insurance Company	Compagnie d'Assurance Berkley
Boiler Inspection and Insurance Company of Canada	Compagnie d'Inspection et d'Assurance Chaudières et Machinerie (La)
British Columbia Life & Casualty Company	British Columbia Life & Casualty Company
CAA Insurance Company (Ontario)	CAA Insurance Company (Ontario)
Canadian Direct Insurance Inc.	Canadian Direct Insurance Inc.
Canadian Farm Insurance Corporation	Canadian Farm Insurance Corporation
Canadian Northern Shield Insurance Company	Bouclier du Nord Canadien, Compagnie d'assurance (Le)
Canassurance Compagnie d'Assurance Generales Inc.	Canassurance Compagnie d'Assurance Generales Inc.
La Capitale General Insurance	Capitale Assurances Générales Inc. (La)
Certas Direct Insurance Company	Certas direct, compagnie d'assurances
Certas Home and Auto Insurance Company	Certas, compagnie d'assurances habitation et auto

Chartis Insurance Company of Canada	Compagnie d’Assurance Chartis du Canada
Cherokee Insurance Company	Cherokee Insurance Company
Chubb Insurance Company of Canada	Chubb du Canada Compagnie d’Assurance
Clare Mutual Insurance Company	Clare Mutual Insurance Company
Coachman Insurance Company	Coachman Insurance Company
Commonwealth Insurance Company	Compagnie d’assurances Commonwealth
Constitution Insurance Company of Canada	Constitution du Canada, Compagnie d’Assurance
Continental Casualty Company	Compagnie d’assurance Continental Casualty (La)
Co-operators General Insurance Company	Compagnie d’Assurance Générale Co-operators (La)
Core Pointe Insurance Company	La Compagnie d'Assurance CorePointe
Coseco Insurance Company	Compagnie d’Assurance Coseco
CUMIS General Insurance Company	Compagnie d’Assurance Générale CUMIS (La)
Darwin National Assurance Company	Darwin National Assurance Company
DAS Legal Protection Insurance	DAS Compagnie d'assurance de protection juridique limitée
Desjardins General Insurance Inc.	Desjardins Assurances Générales Inc.
Dominion of Canada General Insurance Company	Compagnie d’assurance générale Dominion du Canada
Ecclesiastical Insurance Office PLC	Société des Assurances Ecclésiastiques
Echelon General Insurance Company	Échelon, Compagnie d’Assurances Générales
Economical Mutual Insurance Company	Economical, Compagnie Mutuelle d’Assurance
Electric Insurance Company	Compagnie d’assurance Electric
Elite Insurance Company	Compagnie d’Assurances Élite (La)
Employers Insurance Company of Wausau	Compagnie d’Assurances des Employeurs de Wausau
Everest Insurance Company of Canada	Compagnie d’Assurance Everest du Canada (La)
Factory Mutual Insurance Company	Factory Mutual Insurance Company
FCT Insurance Company	FCT Insurance Company Limited
Federal Insurance Company	Compagnie d’assurances Fédérale
Federated Insurance Company of Canada	Federated, compagnie d’assurances du Canada (La)
Federation Insurance Company of Canada	Fédération Compagnie d’Assurance du Canada (La)
Fenchurch General Insurance Company	Fenchurch Compagnie d’Assurance Générale
First North American Insurance Company	Nord-Américaine, Première Compagnie d’Assurance (La)
Fortress Insurance Company	Fortress Insurance Company
GCAN Insurance Company	GCAN Compagnie d’Assurances
General Reinsurance Corporation	General Reinsurance Corporation
Germania Mutual Insurance Company	Germania Mutual Insurance Company

PACICC member companies (continued)	Sociétés membres de la SIMA (suite)
Global Reinsurance Company	Global Reinsurance Company
GMS Insurance Inc. (Group Medical Services)	GMS Insurance Inc. (Group Medical Services)
Gore Mutual Insurance Company	Gore Mutual Insurance Company
Grain Insurance and Guarantee Company	Compagnie d’assurance et de garantie Grain (La)
Great American Insurance Company	Compagnie d’Assurance Great American
Gan Eurocourtage	Gan Eurocourtage
Groupe Estrie-Richelieu, compagnie d’assurance	Groupe Estrie-Richelieu, Compagnie d’assurance (Le)
Groupe Ledor	Groupe Ledor
Guarantee Company of North America	Garantie, Compagnie d’Assurance de l’Amérique du Nord (La)
Hanover Insurance Company	Hanover Insurance Company
Hartford Fire Insurance Company Ltd.	Compagnie d’Assurance Incendie Hartford (La)
HDI - Gerling America Insurance Company	HDI - Gerling America Insurance Company
ICAROM Public Limited Company	ICAROM Public Limited Company
Industrial Alliance Insurance	Industrielle Alliance Assurance Inc.
Industrial Alliance Pacific General Insurance Corporation	Industrielle-Alliance Pacifique, Compagnie d’Assurances Générales
Innovassur, assurances générales Inc.	Innovassur, Assurances Générales Inc.
Insurance Company of Prince Edward Island	Insurance Company of Prince Edward Island
Insurance Corporation of British Columbia	Insurance Corporation of British Columbia
Intact Insurance Company	Intact Compagnie d’assurance
International Insurance Company of Hannover Limited	International Insurance Company of Hannover Limited
Jevco Insurance Company	Compagnie d’Assurances Jevco (La)
Jewelers Mutual Insurance Company	Jewelers Mutual Insurance Company
King’s Mutual Insurance Company	King’s Mutual Insurance Company (The)
Legacy General Insurance Company	Compagnie d’assurances générales Legacy
Liberty International Underwriters Canada	Liberty International Underwriters Canada
Lloyd’s Canada	Lloyd’s Canada
Lumbermen’s Underwriting Alliance	Lumbermen’s Underwriting Alliance
Max Canada Insurance Company	Max Canada Insurance Company
Mennonite Mutual Fire Insurance Company	Mennonite Mutual Fire Insurance Company
Mennonite Mutual Insurance Company (Alberta) Ltd.	Mennonite Mutual Insurance Company (Alberta) Ltd.
Metro General Insurance Corporation Ltd.	Metro General Insurance Corporation Ltd.
Millennium Insurance Corporation	Millennium Insurance Corporation

Missisquoi Insurance Company	Compagnie d'Assurance Missisquoi (La)
Mitsui Sumitomo Insurance Company Ltd.	Compagnie d'Assurance Mitsui Sumitomo Limitée
Motors Insurance Corporation	Compagnie d'Assurance Motors (La)
Munich Reinsurance America Inc.	Réassurance Munich Amérique, Inc.
Mutual Fire Insurance Company of British Columbia	Mutual Fire Insurance Company of British Columbia (The)
Mutuelle d'Eglise de l'Inter-Ouest	Mutuelle d'Église de l'Inter-Ouest (La)
National Liability & Fire Insurance Company	National Liability & Fire Insurance Company
NIPPONKOA Insurance Company Ltd.	NIPPONKOA Insurance Company Ltd.
Nordic Insurance Company of Canada	Nordique, Compagnie d'assurance du Canada (La)
Northbridge General Insurance Corporation	Société d'assurance générale Northbridge
Northbridge Indemnity Insurance Corporation	Société d'assurance d'indemnisation Northbridge
Northbridge Commercial Insurance Corporation	Société d'assurance des entreprises Northbridge
Northbridge Personal Insurance Corporation	Société d'assurance des particuliers Northbridge
North Waterloo Farmers Mutual Insurance Company	North Waterloo Farmers Mutual Insurance Company (The)
Novex Insurance Company	Novex Compagnie d'assurance
Old Republic Insurance Company of Canada	Ancienne République, Compagnie d'Assurance du Canada (L')
Omega General Insurance Corporation	Omega Compagnie d'Assurance générale
Optimum Assurance Agricole Inc.	Optimum Assurance Agricole Inc.
Optimum Société d'assurance Inc.	Optimum Société d'Assurance Inc.
Optimum West Insurance Company	Optimum West Insurance Company
PAFCO Insurance Company	PAFCO compagnie d'assurance
Peace Hills General Insurance Company	Peace Hills General Insurance Company
Pembridge Insurance Company	Pembridge, compagnie d'assurance
Personal Insurance Company	Personnelle, Compagnie d'Assurances (La)
Personnelle, assurances générales	Personnelle, assurances générales Inc. (La)
Perth Insurance Company	Perth, Compagnie d'Assurance
Pictou County Farmers' Mutual Fire Insurance Company	Pictou County Farmers' Mutual Fire Insurance Company
Pilot Insurance Company	Compagnie d'Assurance Pilot
Pool Insurance Company	Pool Insurance Company
Portage La Prairie Mutual Insurance Company	Portage La Prairie Mutual Insurance Company (The)
Primmum Insurance Company	Primmum compagnie d'assurance
Prince Edward Island Mutual Insurance Company	Prince Edward Island Mutual Insurance Company
Pro-Demnity Insurance Company	Pro-Demnity Insurance Company
Progressive Insurance Company	Progressive Insurance Company

Promutuel de L'estuaire	Promutuel de L'estuaire
Promutuel Reassurance	Promutuel Réassurance
Protective Insurance Company	Protectrice, société d'assurance (La)
Quebec Assurance Company	Compagnie d'Assurance du Québec
RBC General Insurance Company	Compagnie d'assurance générale RBC
RBC Insurance Company of Canada	Compagnie d'assurance RBC du Canada
RCA Indemnity Corporation	RCA Indemnity Corporation
Red River Valley Mutual Insurance Company	Red River Valley Mutual Insurance Company
Repwest Insurance Company	Compagnie d'assurance Repwest
Royal & SunAlliance Insurance Company of Canada	Royal & Sun Alliance du Canada, société d'assurances
S & Y Insurance Company	S & Y Compagnie d'Assurance
Safety National Casualty Corporation	Safety National Casualty Corporation
Saskatchewan Mutual Insurance Company	Saskatchewan Mutual Insurance Company
Scotia General Insurance Company	Scotia Générale, compagnie d'assurance
Scottish & York Insurance Company Ltd.	Compagnie d'assurance Scottish & York Limitée
Security Insurance Company of Hartford	Compagnie d'Assurance Sécurité de Hartford
Security National Insurance Company	Sécurité Nationale Compagnie d'Assurance
Sentry Insurance, A Mutual Company	Sentry Insurance
SGI Canada	SGI Canada
SGI Canada Insurance Services Ltd.	SGI Canada Insurance Services Ltd.
Shipowners' Mutual Protection & Indemnity Association (Luxembourg)	Entreprise d'assurances Shipowners' Mutual Protection & Indemnity Association (Luxembourg) (L')
Sompo Japan Insurance Inc.	Assurances Sompo du Japon Inc.
Sovereign General Insurance Company	Souveraine, Compagnie d'Assurance Générale (La)
SSQ, Societe d'assurances générales Inc.	SSQ, Société d'Assurances Générales Inc.
State Farm Fire and Casualty Company	State Farm Fire and Casualty Company
State Farm Mutual Automobile Insurance Company	State Farm Mutual Automobile Insurance Company
St. Paul Fire & Marine Insurance Company	Compagnie d'Assurance Saint Paul (La)
Sunderland Marine Mutual Insurance Company	Société d'assurance mutuelle maritime Sunderland Limitée
T.H.E. Insurance Company Ltd.	T.H.E. Insurance Company
TD Direct Insurance Company	TD assurance directe inc.
TD General Insurance Company	Compagnie d'Assurances Générales TD
TD Home and Auto Insurance Company	Compagnie d'assurance habitation et auto TD
Temple Insurance Company	Compagnie d'assurance Temple (La)

TIG Insurance Company	Société d'Assurance TIG
Tokio Marine & Nichido Fire Insurance Company	Tokio Maritime & Nichido Incendie Compagnie d'Assurances Ltée
Traders General Insurance Company	Compagnie d'Assurance Traders Générale
Trafalgar Insurance Company of Canada	Compagnie d'assurance Trafalgar du Canada
Trans Global Insurance Company	Compagnie d'assurances Trans Globale
Travelers Guarantee Company of Canada	Compagnie Travelers Garantie du Canada (La)
Trisura Guarantee Insurance Company	Compagnie d'assurance Trisura Garantie
Triton Insurance Company	Compagnie d'assurance Triton
TTC Insurance Company Limited	TTC Insurance Company Limited
Unica Insurance Inc.	Unica assurances inc.
Unifund Assurance Company	Unifund, Compagnie d'Assurance
Union Canadienne, compagnie d'assurances	Union Canadienne, compagnie d'assurances (L')
Unique, compagnie d'assurances générales	Unique Assurances Générales Inc. (L')
United General Insurance Corporation	United General Insurance Corporation
Utica Mutual Insurance Company	Compagnie d'Assurance Mutuelle Utica
Virginia Surety Company Inc.	Virginia Surety Company Inc.
Waterloo Insurance Company	Waterloo, Compagnie d'Assurance
Wawanesa Mutual Insurance Company	Compagnie Mutuelle d'Assurance Wawanesa (La)
Western Assurance Company	Western Assurance Company
Western Financial Insurance Company	Western Financial, Compagnie d'assurances
Westland Insurance Company	Westland Insurance Company
Westport Insurance Corporation	Société d'assurance Westport
XL Insurance Company Ltd.	Compagnie d'assurance XL Limitée
XL Reinsurance America Inc.	Réassurance XL Amérique
Zenith Insurance Company	Compagnie d'Assurance Zénith
Zurich Insurance Company	Zurich Compagnie d'Assurances SA