PACICC

Property and Casualty Insurance
Compensation Corporation

Insolvency protection for home, automobile
and business insurance customers

2014 Annual Report

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 2014

- Influencing meaningful improvements in actuarial standards for provincially-supervised P&C insurers – in particular, British Columbia's decision to adopt OSFI's Appointed Actuary Guideline.
- Publishing "Lessons learned from the failure of Canadian Millers' Mutual Insurance Company" – the eighth study in PACICC's *Why insurers fail* series – and distributing the paper to members and other stakeholders.
- Delivering a full, annual program for PACICC's Risk Officer's Forum, encompassing three in-person networking meetings and three webinars – supported by a membership of approximately 80 P&C insurance risk professionals.

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FOR THE PERIOD 2015 TO 2017 PACICC's strategic plan focuses on three key priorities. In 2015, our work will focus on development of an extraordinary assessment mechanism to reduce the risk of contagion for PACICC members, should there be an extreme catastrophic event. In 2016, in collaboration with PACICC's stakeholders, we will undertake an examination of the full range of PACICC coverage and benefits, including the current limit on refunds of unearned premiums. In 2017, PACICC will seek to develop liaison protocols with all insurance supervisory authorities in Canada.

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.

Securing an Extraordinary funding mechanism

PACICC's existing funding model has worked as intended for more than 25 years to protect insurance consumers from financial hardship should their property and casualty insurance company become insolvent. However, our recent research shows that PACICC's current funding model could fail to protect consumers if a shock resulted in the failure of a large insurance company, or if multiple insurers were to become insolvent in the same year. In such a scenario, PACICC could be confronted with serious liquidity problems and be unable to pay eligible policyholder claims on a timely basis. Moreover, PACICC's assessments on insurers could inadvertently create liabilities so large that otherwise healthy insurers could fail regulatory solvency tests.

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PACICC's proposed priority for 2015 is thus to develop a funding mechanism for extraordinary situations so as to reduce the risk of contagion for PACICC members following an extreme catastrophic event; to consult with members and other stakeholders to obtain input on the design and operation of the extraordinary funding mechanism; and to obtain regulatory and member approval for the mechanism.

Reviewing PACICC's coverage and benefits

By 2016 we believe it will be time to review PACICC's coverage and benefits. The last review, completed in 2007, resulted in one significant change being made – the limit on personal property coverage was increased to a maximum of $300,000 per claim. (All other PACICC claims limits remained at a maximum of $250,000).

PACICC has conducted research to help benchmark best practices of insurance guarantee funds in other jurisdictions and these studies will be continued during the coming year. The results of the research will inform our planned review of the full range of PACICC's coverage and benefits. Needless to say, consultations with key stakeholders (including insurance consumers, regulators and liquidators) will be part of the coverage and benefits review process.

Developing protocols with Canada's insurance regulators

PACICC will seek to develop protocols with all insurance supervisory authorities in Canada in order to ensure consistency of approach and to minimize potential gaps in the policyholder compensation program. Maintaining clear and effective working relationships with insurance regulators is key to PACICC being able to fulfill its mission to protect insurance policyholders – especially in the event of a member insolvency. While PACICC maintains regular, proactive contact with OSFI and provincial and territorial insurance supervisors, there is additional benefit in documenting roles and responsibilities in the form of protocols.

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In closing, I want to extend my thanks the Corporation's Board of Directors for their counsel over the past year, and to Paul Kovacs and his management team at PACICC for their continuing diligence and high-quality work. PACICC remains focused on the issues that matter most to consumers and to members. We are well-positioned for continuing success in the years ahead.

In the message that follows, President and CEO Paul Kovacs reviews PACICC's performance over the past year.

CANADA'S P&C INSURANCE INDUSTRY recorded a solid, if unspectacular, performance in 2014. Following the record-high severe weather-related losses incurred in 2013 ($1.7 billion in claims from flood damage in southern Alberta alone) it was not surprising to see industry earnings recover this year. Return on equity for 2014, at 10.8 percent, was fully four percentage points higher than a year earlier. The improved performance – most evident in personal and commercial property insurance – was not so much due to better underwriting as it was to recovering from the previous year's heavy catastrophe losses. Nonetheless, the industry's capitalization continued to strengthen – increasing 7.5 percent year-over-year to a total of $44 billion. Correspondingly, the industry's MCT ratio rose 9 percentage points from a year earlier – to 254.4 percent. From a solvency perspective, PACICC welcomes the continued improvement in industry capitalization – which we view as a more sustainable metric, and one that provides a buffer against changing risks and other uncertainties that affect underwriting performance.

PACICC's main focus continues to be on preparedness – on our ability to protect policyholders in the event a member insurer becomes insolvent. Most recently, we have advocated that stronger actuarial standards be adopted by Canadian insurance regulators, consistent with the practices followed by OSFI and recommended by the IAIS. I'm pleased to report there has been material progress in this respect, notably in British Columbia and in Alberta. In the year ahead, PACICC will work toward securing an extraordinary assessment mechanism to help the industry deal with potentially large financial demands that could result from a severe shock, with less risk of contagion.

Most recently, we have advocated that stronger actuarial standards be adopted by Canadian insurance regulators, consistent with the practices followed by OSFI and recommended by the IAIS.

PACICC's financial preparedness reached an important milestone in 2014. The Corporation's Compensation Fund – our chief source of liquidity in the early stages of an insolvency – reached a market value in excess of $50 million. The Compensation Fund is a permanent source of liquidity for PACICC. If money is withdrawn from the Fund – for example, to refund unearned premiums to the policyholders of an insolvent member company – it is repaid within a reasonable period of time (usually from general assessment monies). The Fund is governed by a conservative, Board-approved investment policy – with investments held mainly in highly-rated government and corporate bonds. No equity investments are permitted. The Fund was established in 1997 with initial capitalization of $30 million contributed by member companies.

Just over a year ago, PACICC launched a new initiative, the P&C insurance Risk Officer's Forum in Canada. I'm pleased to say that the Risk Officer's Forum has had a successful first year, attracting approximately 80 members across the industry, including some 45 member insurance company CRO's. Building on this success, PACICC is planning a program of three in-person Forum meetings and three webinars for 2015.

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In closing, I would like to thank our previous Board Chair, Fabian Richenberger, formerly of Northbridge Insurance, for his strong leadership – particularly in helping PACICC better manage significant enterprise risks like the potential impacts on insurer solvency from a severe earthquake. We will miss Fabi's contribution and wish him well in his new role. We were also saddened to learn of the recent death of a former PACICC Board member, David Woolley, Jr. As President of the Atlantic Insurance Company, David served as a PACICC Director from 2006 to 2014.

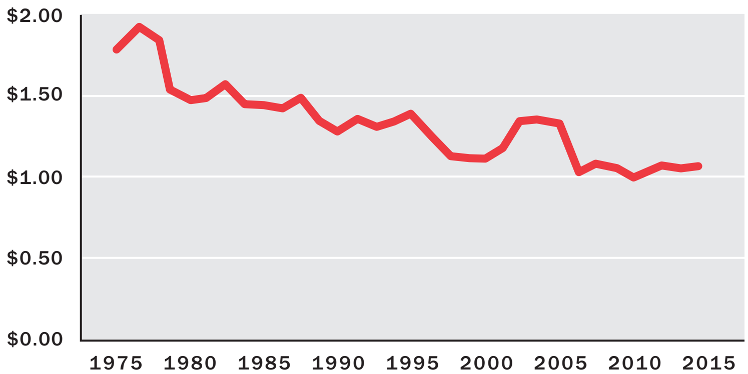
Overall, I am pleased to report that PACICC remains well-prepared to respond to the needs of policyholders in the event that a member insurer becomes insolvent – and we are prudently managing a range of enterprise risks that the Board and management believe could potentially threaten that preparedness.

In *The business environment* section we take a more in-depth look at the P&C insurance industry's recent financial performance, including potential adverse impacts on insurer solvency.

A solid run of moderate profitability

Canada's P&C insurers have benefited from a sustained period of moderate earnings. This is important to PACICC because the majority of earnings have been retained by insurers, allowing companies to strengthen their capital base. In total, Canada's insurance industry has more than $44 billion in capital. This is the most capital the industry has ever reported. A well-capitalized industry provides stability for insurance consumers. It also promotes healthy competition and attracts new entrants.

Ratio of premiums earned to capital



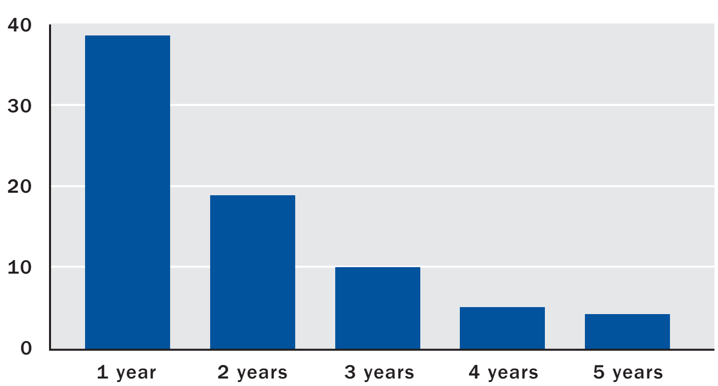
Source: PACICC, based on data from Statistics Canada and MSA Research

Insurers are using their capital base more conservatively than in the past. In 1975, for example, Canadian insurers wrote almost $2 of premiums for each dollar of capital. The long-term trend has seen this ratio decline to approximately $1 of premiums for each dollar of capital held. All things being equal, the risk of an insurance company failing is lower than it was 20 years ago. This is good news for insurance consumers.

Industry averages don't tell the whole story

While the industry as a whole continues to report sustained profitability and capital growth, there are more than 200 insurers actively competing in Canada. There is a great disparity in the financial performance and health of individual insurers. PACICC regularly monitors insurers to assess the likelihood that they could fail. One warning sign of potential failure is sustained operating losses. There are several insurers

Insurers with losses in consecutive years
Number of insurers



Source: PACICC based on data from MSA Research operating in Canada that have reported negative net income over the past three, four or even five years. These companies are eroding their capital base and may not be sustainable. PACICC monitors the financial results of individual insurers and works with regulators to ensure that consumers are protected.

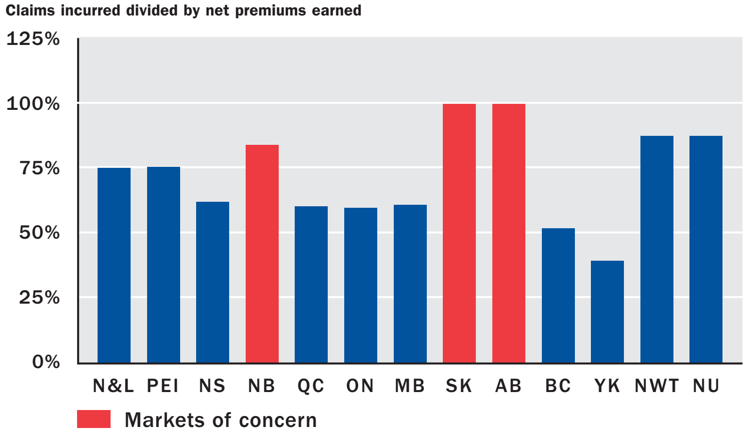
Sustained high loss ratios in some provincial property insurance markets

One of the most important factors influencing differences in individual insurer profitability is the type of insurance they offer, and provinces in which they operate. Canada's insurance market is actually a collection of 10 provinces and three territories, each with its own insurance legislation, courts and regulators.

Traditionally homeowners' and commercial insurance markets in Canada have been healthy markets, with relatively low solvency risks. Property insurance earnings have provided a secure source of capital for insurers. However, there are several homeowners' insurance markets in Canada where claims costs exceed 70 percent of the premiums collected. Claims costs at these levels almost always translate into unprofitable markets for insurers and represent a drain on capital. It is not uncommon for any single province or territory to experience a bad year. However, PACICC's analysis finds that five provinces and two territories have experienced five bad years in a row. This suggests possible deeper problems in the marketplace.

Average personal property insurance loss ratios: 2009 to 2014

Claims incurred divided by net premiums earned



Source: PACICC based on data from MSR Research

Interprovincial differences in homeowners' claims paid have been due mainly to 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 98.9 percent. In Saskatchewan, the ratio averaged 99.3 percent. In New Brunswick, the five-year loss ratio averaged 83.0 percent – better than on the Prairies, but high compared to the other Atlantic provinces.

Results are similar in the commercial property insurance market. In Alberta, the five-year loss ratio for commercial property averaged 83.7 percent. In Saskatchewan, it was 88.0 percent. In Newfoundland and Labrador, it was 76.0 percent. These sustained high loss ratios are eroding the capital base of insurers operating primarily in these markets.

A significant factor in these poor underwriting results is the impact of increasingly frequent and severe natural catastrophes. Between 2009 and 2014, insurance claims resulting from extreme weather totalled more than $8.5 billion in Canada. 2014 was the fifth straight year that catastrophic losses exceeded the $1 billion mark. This is the new normal for Canada's insurance industry.

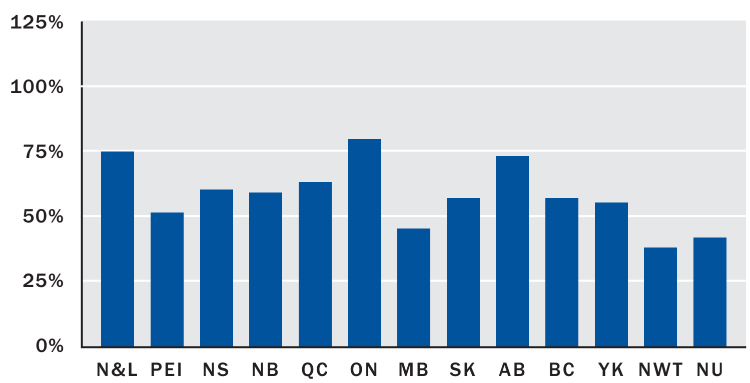
It is clear that property insurance is changing, with weather-related claims costs (water and wind) increasing as a proportion of total property claims. The problem is not so much that catastrophic losses are occurring. Rather, it is that insurers have not been able to accurately assess and measure the costs associated with severe weather risks so as to properly take account of them in pricing their products. PACICC believes that 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.

Continued uncertainty in Ontario and Newfoundland auto insurance markets

Ontario auto insurance accounts for about a quarter of Canada's P&C insurance market. There is uncertainty about whether insurers have legal clarity to accurately price this product, with recent studies showing that, at least in part, fraudulent claim practices and abuses of processes within the system are significantly contributing to the high cost of auto insurance in Ontario. Moreover, government interference in setting insurance prices increases insolvency risk for insurers operating in that market.

Average auto insurance loss ratios: 2009 to 2014

Claims incurred divided by net premiums earned



Source: PACICC based on data from MSA Research

In 2014, the Ontario government mandated a 15 percent reduction in premiums over a two-year period, with little in the way of cost-reducing reforms. Ontario drivers pay very high premiums for auto insurance relative to other provinces. With the strict prior approval system of rate regulation, the Government could force insurers to reduce rates. This continuing uncertainty makes it difficult for insurers operating in Ontario to accurately price and reserve the auto insurance product.

Auto insurance in Newfoundland and Labrador is another source of concern. Claims costs are rising faster than premiums. In 2014, the loss ratio rose to 86.4 percent. Product reforms appear unlikely. This market is currently unprofitable and is eroding the capital base of insurers operating there. Insolvency risk is elevated for insurers selling auto insurance in both Newfoundland and Ontario.

Outside of Ontario and Newfoundland, automobile insurance appears relatively stable – and may even be replacing property insurance as an earnings contributor to the industry's capital base.

Insolvencies come in clusters

Fortunately, no Canadian P&C insurers failed in 2014. It has now been more than a decade since an insurer was ordered to be wound up by a Canadian insurance regulator. While this may seem like a long period of calm, it is not uncommon for the insurance industry. Recent history shows that these periods of calm can be punctuated by clusters of insurer insolvencies.

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

Source: PACICC

Long periods of calm create other risks. Because it has been more than a decade since a Canadian P&C insurer failed and was put into liquidation, we are coming upon a generation of insurance regulators and bankruptcy professionals who have never managed the unique process of liquidating a P&C insurer.

Looking ahead

From a solvency perspective, the outlook for Canada's P&C insurance sector is healthy. Most PACICC member insurers have a strong and healthy capital base supporting their operations. While significant variations in profitability and capital strength exist among companies, industry-wide measures show that the great majority of Canada's P&C insurers are prepared to face future challenges from a position of financial strength.

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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, 2014, 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Profesional Accountants, Licensed Public Accountants

March 10, 2015
Toronto, Canada

Statement of Financial Position

Years ended December 31, 2014 and December 31, 2013
(In thousands of dollars)

	December 31, 2014	December 31, 2013
Assets		
Cash (note 7)	$20,081	$18,899
Investments (note 7)	50,786	49,328
Accrued interest	271	292
Liquidation dividends receivable	54	–
Assessment receivable	153	105
Other receivables	33	32
Total assets	**$71,378**	**$68,656**
Liabilities and Equity		
Liabilities:		
Trade and other payables	$235	$198
Provisions (note 6)	113	598
Total liabilities	348	796
Equity:		
Operations surplus	1,656	1,634
Liquidation surplus	18,290	16,447
Compensation Fund	51,084	49,779
Total equity	71,030	67,860
Total liabilities and equity	**$71,378**	**$68,656**

See accompanying notes to financial statements.

On behalf of the Board:

Lawrie Savage, *Board Chair*

Bruce Thompson, *Director*

Statement of Comprehensive Income

Years ended December 31, 2014 and December 31, 2013
(In thousands of dollars)

	2014	2013
Revenue from operations:		
Members assessments	$1,319	$1,326
Investment income	23	21
Funding from liquidations and others	194	193
	1,536	1,540
Expenses:		
Salaries and benefits	739	702
Research and other consulting	255	194
Premises	141	138
Investment management	80	78
Board of Directors	62	63
Legal fees	42	57
Corporate secretary and accounting services	45	45
Travel	40	40
Telephone and postage	22	25
Furniture and equipment	21	21
Printing and office supplies	21	15
Insurance	16	15
Bank	1	1
Miscellaneous	29	32
	1,514	1,426
Excess (deficiency) of revenue over expenses – operations	22	114
Liquidations: (note 5(b)):		
Liquidation dividends	1,933	709
Investment income	181	175
Reversal of provisions for unclaimed funds from liquidation (note 8(d))	–	578
Claims recoveries (costs)	(308)	(149)
Other	65	(299)
Excess (deficiency) of revenue over expenses – liquidations	1,871	1,014
Compensation Fund:		
Investment income	1,277	1,162
Excess of revenue over expenses – Compensation Fund	1,277	1,162
Total comprehensive income	**$3,170**	**$2,290**

All income is attributable to members.

See accompanying notes to financial statements.

Statement of Changes in Equity

Years ended December 31, 2014, December 31, 2013 and December 31, 2012
(In thousands of dollars)

	Operations surplus	Liquidation surplus	Compensation Fund	Total
Balance, December 31, 2012	$1,520	$16,011	$48,039	$65,570
Comprehensive income (loss)	114	1,014	1,162	2,290
Transfer from liquidation to Compensation Fund	–	(578)	578	–
Balance, December 31, 2013	1,634	16,447	49,779	67,860
Comprehensive income	22	1,871	1,277	3,170
Transfer from liquidation to Compensation Fund (note 8(e))	–	(28)	28	–
Balance, December 31, 2014	**$1,656**	**$18,290**	**$51,084**	**$71,030**

See accompanying notes to financial statements.

Statement of Cash Flows

Years ended December 31, 2014 and December 31, 2013
(In thousands of dollars)

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
Operations	$22	$114
Liquidations	1,871	1,014
Compensation Fund	1,277	1,162
Amortization of bond premium and discount	332	259
Change in accrued interest	21	34
Change in receivables	(103)	(29)
Change in trade and other payables	37	(11)
Change in provisions	(485)	(335)
Cash provided by operating activities	2,972	2,208
Investing activities:		
Maturity of investments	37,116	33,008
Purchase of investments	(38,906)	(34,870)
Cash used in investing actvities	(1,790)	(1,862)
Increase (decrease) in cash	1,182	346
Cash, beginning of year	18,899	18,553
Cash, end of year	**$20,081**	**$18,899**

See accompanying notes to financial statements.

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, 2014 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, 2014 has been approved for issue by the Board of Directors on March 10, 2015.

(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 asset 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:

IFRS 9 – Financial instruments:

In July 2014, an amended version of IFRS 9 *Financial Instruments* ("IFRS 9") was issued, which replaces IAS 39 *Financial Instruments*, and also the previously issued version of IFRS 9 that was adopted by PACCIC. IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. Financial asset classification is based on the cash flow characteristics and the business model in which an asset is held. The classification determines how a financial instrument is accounted for and measured.

IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. A new model for hedge accounting aligns hedge accounting with risk management activities.

The revised IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management does not expect adoption of the revised standard will have a significant impact on PACICC's financial statements.

4. General and designated funds:

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

(a) Operations 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, all of which was recognized prior to 2014. Claims paid to date by the liquidator total $21,176,272 and liquidation dividends of $15,382,309 have been received to date, of which $1,782,968 was recognized in 2014. Provisions of nil (2013 - $179,000) 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, all of which was recognized prior to 2014. Claims paid to date by the Corporation total $4,740,480.

(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 $5,311,793. Liquidation dividends received to date total $5,714,786 of which $150,000 was recognized in 2014.

(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, all of which was received prior to 2014. The total claims paid to date by the Corporation amount to $23,464,659. 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 2013, the 2008 undistributed funds of $75,148 were transferred to the Compensation Fund (note 8(d)).

Year ended December 31, 2014
(Tabular amounts in thousands of dollars)

4. General and designated funds (continued):

(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.

(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 liquidation fund information:

(a) Statement of financial position as at December 31, 2014:

	Operating Fund	Compensation Fund	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Assets													
Cash	$1,023	$44	$145	$823	$2,644	$34	$696	$248	$841	$633	$14	$12,936	$20,081
Investments	–	50,786	–	–	–	–	–	–	–	–	–	–	50,786
Accrued interest	1	254	–	1	2	–	1	–	1	–	–	11	271
Assessment receivable	153	–	–	–	–	–	–	–	–	–	–	–	153
Interfund receivable	681	–	1	–	97	–	–	23	–	–	1	1	804
Other receivables	33	–	–	–	–	–	–	–	–	–	–	54	87
Total assets	**$1,891**	**$51,084**	**$146**	**$824**	**$2,743**	**$34**	**$697**	**$271**	**$842**	**$633**	**$15**	**$13,002**	**$72,182**
Liabilities and Equity													
Liabilities:													
Trade and other payables	$235	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$235
Interfund payables	–	–	18	155	15	34	110	–	22	23	15	412	804
Provisions	–	–	74	–	21	–	18	–	–	–	–	–	113
Total liabilities	235	–	92	155	36	34	128	–	22	23	15	412	1,152
Equity:													
Operations surplus	1,656	–	–	–	–	–	–	–	–	–	–	–	1,656
Liquidation surplus	–	–	54	669	2,707	–	569	271	820	610	–	12,590	18,290
Compensation surplus	–	51,084	–	–	–	–	–	–	–	–	–	–	51,084
Total equity	1,656	51,084	54	669	2,707	–	569	271	820	610	–	12,590	71,030
Total liabilities and equity	**$1,891**	**$51,084**	**$146**	**$824**	**$2,743**	**$34**	**$697**	**$271**	**$842**	**$633**	**$15**	**$13,022**	**$72,182**

5. Operating, Compensation and liquidation fund information (continued):

(b) Revenue and expenses from liquidations for the year ended December 31, 2014:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Revenue:											
Liquidation dividends	$ –	$ –	$150	$ –	$ –	$ –	$ –	$–	$ –	$ 1,783	$1,933
Investment	2	8	27	–	7	2	9	6	–	120	181
Reversal of provisions for unclaimed funds from liquidations	–	–	–	–	–	–	–	–	–	–	–
	2	8	177	–	7	2	9	6	–	1,903	2,114
Expenses:											
Claims paid	–	–	–	–	–	–	–	–	–	511	511
Accrued claims	–	–	–	–	–	–	–	–	–	(203)	(203)
Expenses	3	18	9	–	5	–	1	4	–	(105)	(65)
	3	18	9	–	5	–	1	4	–	203	243
Net results from liqudations	**$(1)**	**$(10)**	**$168**	**$ –**	**$2**	**$2**	**$8**	**$2**	**$ –**	**$1,700**	**$1,871**

(c) Changes in liquidation surplus for the year ended December 31, 2014:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total liquidation surplus
Balance, December 31, 2012	$57	$685	$2,250	$22	$565	$266	804	$275	$6	$11,081	$16,011
Comprehensive income (loss)	576	(6)	289	–	2	3	8	333	–	(191)	1,014
Transfer to Compensation Fund (note 8(d))	(578)	–	–	–	–	–	–	–	–	–	(578)
Balance, December 31, 2013	55	679	2,539	22	567	269	812	608	6	10,890	16,447
Comprehensive income (loss)	(1)	(10)	168	–	2	2	8	2	–	1,700	1,871
Transfer to Compensation Fund (note 8(e))	–	–	–	(22)	–	–	–	–	(6)	–	(28)
Balance, December 31, 2014	**$54**	**$669**	**$2,707**	**$–**	**$569**	**$271**	**$820**	**$610**	**$–**	**$12,590**	**$18,290**

6. Provisions:

	Unclaimed refunds	Liquidations				Total
		GISCO	Maplex	Hiland	Markham General	
Balance, December 31, 2012	$652	$21	$–	$18	$242	$933
Claim reserves	–	–	–	–	49	49
Liquidator expenses	–	–	–	–	194	194
Reversal of provision for unclaimed funds from liquidations	(578)	–	–	–	–	(578)
Balance, December 31, 2013	74	21	–	18	485	598
Claim reserves	–	–	–	–	(203)	(203)
Liquidator expenses	–	–	–	–	(282)	(282)
Reversal of provision for unclaimed funds from liquidations	–	–	–	–	–	–
Balance, December 31, 2014	**$74**	**$21**	**$ –**	**$18**	**$ –**	**$113**

Year ended December 31, 2014
(Tabular amounts in thousands of dollars)

7. Financial instruments:

Carrying values and fair values

	December 31, 2014		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value
Cash	$20,081	$20,081	$18,899	$18,899
Term deposits	5,873	5,891	5,306	5,331
Bonds	44,913	45,551	44,022	44,409
	$70,867	**$71,523**	**$68,227**	**$68,639**

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

(a) Term deposits:
These investments have an aggregate carrying value of approximately $5,873,000 (December 31, 2013 - $5,306,000). 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 (December 31, 2013 - $169,000), with maturity terms over a year.

(b) Bonds:

	Remaining term to maturity			December 31, 2014		December 31, 2013	
	Within 1 year	1 to 5 years	Over 5 years	Total carrying amount	Effective rates	Total carrying amount	Effective rates
Government	$5,069	$22,045	$ 3,474	$30,588	1.70% - 10.25%	$27,515	1.70% - 10.25%
Corporate	301	14,024	–	14,325	2.28% - 4.78%	16,507	2.28% - 4.78%
	$5,370	**$36,069**	**$ 3,474**	**$44,913**	**1.70% - 10.25%**	**$44,022**	**1.70% - 10.25%**

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, 2013, the provisions for 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 were reversed, and transferred to the Compensation Fund.

(e) During 2014, the Board approved the transfer of the remaining funds the Maplex ($22,000) and Advocated ($6,000) liquidations to the Compensation Fund, as these liquidations have been wound-up and the amounts were deemed immaterial to distribute to membership.

9. Assessment capacity:
PACICC has the ability to make a maximum potential annual general assessment of members of 1.5% (2013 - 1.5%) of covered premiums written, which amounted to approximately $770,550,000 in 2014 (2013 - $744,430,000). 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, 2014, any equipment acquired by the Corporation had been fully amortized.

11. Commitments and contingencies:

(a) Legal:

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.

(b) Lease:

In 2013, 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. 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	45,551
Level 3	–
Total	$45,551

13. 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, 2014		December 31, 2013	
Credit rating	**Carrying value**	**Percentage of portfolio**	Carrying value	Percentage of portfolio
AAA	$30,844	68.7%	$28,507	64.8%
AA	14,069	31.3%	15,515	35.2%
Total	**$44,913**	**100.0%**	**$44,022**	**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, 2014, 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 $1,211,656 (2013 - $1,163,516).

(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 $770,550,000 in 2014 (2013 - $744,430,000).

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.

14. 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:

	2014	**2013**
Directors' fees	$61	$63
Salaries	529	525
Other benefits	76	69
	$666	**$657**

PACICC board of directors

2014/15 Board

Lawrie Savage
Chair
President,
Lawrie Savage & Associates Inc.

Lea Algar
Chair,
General Insurance OmbudService

Jean-François Blais
President,
Intact Insurance Company

Robert Katzell
Vice-President and COO,
Alberta Motor Association Insurance Company

Paul Kovacs
President and CEO,
PACICC

Ellen Moore
President,
Chubb Insurance Company of Canada

Bruce Thompson
Program Director,
Toronto Centre

Martin Thompson
Senior Vice-President,
RSA Canada

Board Committees

Audit

Bruce Thompson (Chair)
Jean-François Blais
Lawrie Savage
Martin Thompson

Governance and Human Resources

Lawrie Savage (Chair)
Lea Algar
Robert Katzell
Ellen Moore

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

Ron Bilyk
Governance, Risk Advisor

John Connor
Manager, Claims

Randy Bundus
Corporate Counsel

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Chief Executive Officer
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Fax: (418) 528-2791
www.lautorite.qc.ca

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www.gov.pe.ca

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Fax: (709) 729-4151
www.gov.nf.ca

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ACE INA Insurance	Assurance ACE INA
Affiliated FM Insurance Company	Corporation d'Assurances Affiliated FM
AIG Insurance Company of Canada	Compagnie d'Assurance AIG du Canada
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
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.
Carleton Mutual Insurance Company	Carleton Mutual Insurance Company
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
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
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.
Diamond First Insurance Ltd.	Diamond First Insurance Ltd.
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
Fundy Mutual Insurance Company	Fundy Mutual Insurance Company
General Reinsurance Corporation	General Reinsurance Corporation
Germania Mutual Insurance Company	Germania Mutual Insurance Company
Global Reinsurance Company	Global Reinsurance Company

GMS Insurance Inc.	GMS Insurance Inc.
Gore Mutual Insurance Company	Gore Mutual Insurance Company
Granite Insurance Company	Granite Compagnie d'Assurances
Great American Insurance Company	Compagnie d’Assurance Great American
Groupama S.A.	Groupama S.A.
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)
Hartford Fire Insurance Company Ltd.	Compagnie d’Assurance Incendie Hartford (La)
HDI - Gerling America Insurance Company	HDI - Gerling America Insurance Company
Industrial Alliance Insurance Auto and Home Inc.	Industrielle-Alliance, Assurance auto et habitation 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
Intact Farm Insurance Inc.	Intact Assurance agricole inc.
International Insurance Company of Hannover Limited	International Insurance Company of Hannover Limited
Ironshore Insurance Ltd.	Les Assurances Ironshore
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 Mutual Insurance Company	Liberty Mutual Insurance Company
Lloyd’s Canada	Lloyd’s Canada
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.
Munich Reinsurance Company of Canada	Munich du Canada, Compagnie de Réassurance (La)
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
Nordic Insurance Company of Canada	Nordique, Compagnie d’assurance du Canada (La)
Northbridge General Insurance Corporation	Société d’assurance générale 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
Orion Travel Insurance Company	Compagnie d'Assurance Voyage Orion
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
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 Nipponkoa Insurance Inc.	Assurances Sompo Nipponkoa du Japon Inc.
South Eastern Mutual Insurance Company	South Eastern Mutual Insurance Company
Sovereign General Insurance Company	Souveraine, Compagnie d’Assurance Générale (La)
SSQ, Societe d’assurances générales Inc.	SSQ, Société d’Assurances Générales Inc.
Stanley Mutual Insurance Company	Stanley Mutual Insurance Company
Starr Insurance & Reinsurance Ltd.	Starr Insurance & Reinsurance Ltd.
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
Technology Insurance Company Inc.	Société d'Assurance Technologie
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 Insurance Company of Canada	Compagnie d'Assurance Travelers 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
Wynward Insurance Group	Wynward Insurance Group
XL Insurance Company Ltd.	Compagnie d'assurance XL Limitée
XL Reinsurance America Inc.	Réassurance XL Amérique
XL Specialty Insurance Company	Compagnie d'assurance XL Spécialité
Zenith Insurance Company	Compagnie d'Assurance Zénith
Zurich Insurance Company	Zurich Compagnie d'Assurances SA