PACICC

Property and Casualty Insurance Compensation Corporation

2015 Annual Report

Insolvency protection for home, automobile and business insurance customers

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 2015

- Completing development of a new Extraordinary Assessment Mechanism specifically designed to spread the costs of an extraordinarily large insolvency in a way that reduces the risk of contagion in the industry.
- Establishing a new Board-level Committee (*Pre-insolvency Regulatory Liaison Committee* comprising only the public directors on PACICC's Board) to enhance our ability to work effectively with insurance regulators.
- Publishing "The role of capital in weathering crises" – the ninth study in PACICC's *Why insurers fail* series – and distributing the paper to members and other stakeholders.
- Delivering the second full year of programming of PACICC's Risk Officer's Forum, encompassing three in-person networking meetings and three webinars – supported by a membership of over 300 P&C insurance risk professionals, including a principal contact in every PACICC member company.

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AN IMPROVING TREND OF FINANCIAL PERFORMANCE continued for Canada's P&C insurance industry in 2015. Stronger results were most evident for property insurance, in both personal and commercial lines due to reduced storm damage. Sound underwriting has taken on greater importance for insurers as investment returns have softened in an environment of low interest rates. Most important for PACICC, no new insolvencies occurred in the P&C insurance industry during 2015. The number of vulnerable insurers on PACICC's watchlist is at its lowest level since we began such tracking more than a decade ago.

However, improving performance at the industry level is no guarantee that individual insurers won't be vulnerable to insolvency. For this reason, PACICC maintains a strong focus on preparedness for insurer insolvencies, and on reducing insolvency risk. With this focus in mind, we view 2015 as a successful year. I'd like to highlight four accomplishments:

- First, PACICC completed development of a new Extraordinary Assessment Mechanism. This new mechanism is specifically designed to spread the costs of an extraordinarily large insolvency in a way that reduces the risk of contagion in the industry – the possibility that a large failure could, as a result of the existing assessment mechanism employed by PACICC, cause otherwise healthy insurance companies to fail. We are engaged in consultations about the mechanism, and expect to be ready for implementation in 2017.

...PACICC established a new Board-level Committee in 2015 to enhance our ability to work effectively with insurance regulators.

- Second, PACICC established a new Board-level Committee in 2015 to enhance our ability to work effectively with insurance regulators. The membership of the new *Pre-insolvency Regulatory Liaison Committee* is restricted to the public directors on PACICC's Board – those with no direct affiliation to member insurance companies, along with PACICC CEO Paul Kovacs. The intent is to facilitate exchanges of confidential information between regulators and PACICC in situations where input from the guarantee fund would assist regulators. The first initiative of the Committee has been to prepare a memorandum of understanding with the Autorité des Marchés Financiers outlining key roles and responsibilities of both organizations in pre-insolvency situations. PACICC believes this agreement, once completed, could become a model for similar agreements with other provinces.

- Third, PACICC published the ninth paper in its acclaimed *Why insurers fail* series, "The role of capital in weathering crises." The research put the spotlight on key factors that caused capital depletion and led to insolvency, including overreacting to underwriting crises by selling assets and lowering prices – rather than fixing the primary weakness of poor underwriting.

- Fourth, PACICC's P&C Risk Officer's Forum completed a second, successful full-year of operations. In particular, the Forum has attracted a broad base of membership among Canadian P&C risk professionals and Chief Risk Officers; supported by a robust, well-planned program of in-person meetings and webinars focusing on emerging industry issues and risks. Feedback received from members through evaluations has been positive. From PACICC's viewpoint, the Forum is achieving all of its objectives.

...over the next year, we will be in a position to refund liquidation dividends to members who helped fund the winding-up of Markham General, Canadian Millers', GISCO, Ontario General, and Hiland.

In addition to the above, PACICC made significant progress in 2015 with regard to the imminent closure of several outstanding liquidations. As a result, over the next year, we will be in a position to refund liquidation dividends to members who helped fund the winding-up of Markham General, Canadian Millers', GISCO, Ontario General, and Hiland.

In closing, I extend my thanks to the Corporation's Board of Directors for their counsel over the past year, and to PACICC CEO Paul Kovacs and his management team for their support of the Board and the achievement of solid operating results. On behalf the Board and membership, I also thank Lea Algar, who will step down from the Board in 2016, and Robert Katzell, who stepped down from the Board in 2015, for their service to PACICC; and extend a welcome to Pierre Fromentin of Desjardins General Insurance who joined the Board in April of 2015.

I am confident that PACICC remains focused on the insurer solvency issues that matter most to consumers and to our members. We are well-positioned for continued success.

FOR THE PERIOD 2016 TO 2018, PACICC's strategic plan focuses on three key priorities. In 2016, our work will focus on reducing systemic risk to solvency. PACICC is working with the Insurance Bureau of Canada to secure an industry backstop to reduce the risk of contagion for PACICC members, should there be a catastrophic earthquake event, and is working to enact a mechanism to address the risk of failure of a large insurer. In 2017, PACICC will seek to develop liaison protocols with insurance supervisory authorities in Canada. In 2018, PACICC will undertake an examination of the full range of its coverage and benefits in collaboration with PACICC's stakeholders.

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.

Reducing Systemic Risk to Solvency

For more than 25 years, PACICC's funding model has worked as intended to protect insurance consumers from financial hardship should their property and casualty insurance company become insolvent. Recognizing that it could be confronted with serious liquidity problems if faced with the failure of a large insurer or an extreme event, in 2015 PACICC developed a proposal for an Extraordinary Assessment Mechanism.

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PACICC's priority for 2016 is to assist IBC as it seeks approval for a government-supported financial backstop to address catastrophic earthquake risk. PACICC will undertake various projects, including economic modelling and reinsurance data collection, to assist with the work of IBC as it seeks to secure an earthquake backstop for the industry. PACICC will also seek to obtain regulatory and member approval for the Extraordinary Assessment Mechanism to ensure that it is able to pay eligible policyholder claims on a timely basis if a large insurer fails. This will help to guard against PACICC assessments on insurers inadvertently creating liabilities so large that otherwise healthy insurers could fail.

Developing Protocols with Canada's insurance regulators

In 2017, PACICC will seek to develop protocols with Canada's insurance regulators. Maintaining clear and effective working relationships with insurance regulators has been a key to PACICC's success in fulfilling 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. PACICC has completed a protocol with Ontario, and a draft intervention guideline is being developed with Quebec. To ensure consistency of approach and to minimize any potential gaps in oversight, PACICC proposes to develop similar agreements with other insurance supervisory authorities in Canada.

The protocols could be expected to address: conditions required by regulators to exchange confidential information with PACICC concerning potentially troubled member insurers; roles and responsibilities of PACICC and the Superintendent; a guide to intervention in order to identify areas of concern at an early stage and to ensure effective intervention to minimize policyholder losses; operational features of an Extraordinary Assessment Mechanism that could be embedded in the protocols; and ways to improve the effectiveness, efficiency and clarity of the relationship between PACICC and the Superintendent.

Reviewing PACICC's Coverage and Benefits

In 2018, PACICC will seek to review its coverage and benefits. This was last done in 2006. It is appropriate that a review be conducted approximately once every 10 years. The review would examine the full range of PACICC coverage and benefits, including the current limit on unearned premiums. Stakeholder consultations would include insurance consumers, regulators and liquidators. PACICC has conducted research to help benchmark best practices of insurance guarantee funds in other jurisdictions. The results of this research will inform our planned review of coverage and benefits. Depending on Board direction and our research findings, PACICC may choose to re-examine whether coverage should continue to be extended to large commercial insureds.

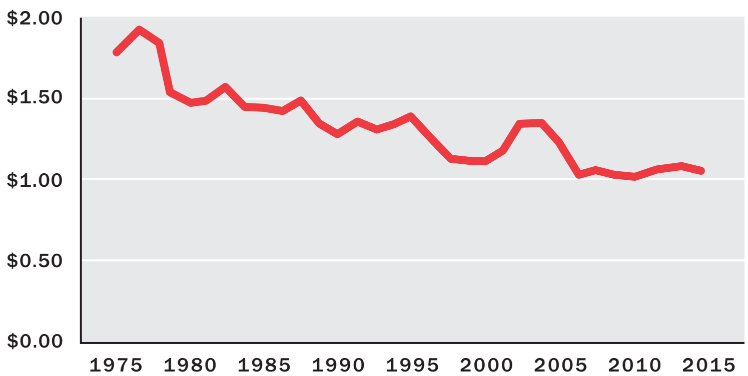
In closing, I want to thank the Corporation's Board of Directors for their guidance over the past year, and my colleagues at PACICC for their continuing high-quality work. I am confident that PACICC remains focused on the issues that matter most to consumers and to members, and is well-positioned for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

A solid run of moderate profitability

Canada's P&C insurers' run of sustained profitability continued in 2015. This is important for insurer solvency risk because retained earnings are the number one source of capital for Canada's P&C insurers. This trend has allowed the average insurer to strengthen its capital base over the year. In total, Canada's insurance industry now has more than $46 billion in capital, the most the industry has ever reported. A well-capitalized industry provides stability for insurance consumers, promotes competition and attracts new entrants to the market.

Insurers are using their capital base more conservatively than in the past. In 1975, for example, Canadian insurers wrote almost $2 of premium for each dollar of capital. The long-term trend has seen this ratio decline to approximately $1 of premium 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.

Premiums earned to capital



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

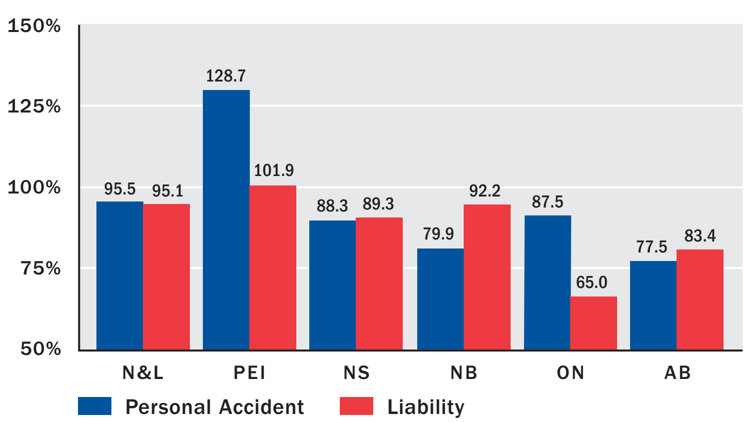
PACICC's *Why insurers fail* research series looks at both practical and academic research with regard to insurance company failures. The research is very clear that the number one cause of insurer insolvency is the failure to manage insurance risk. PACICC's analysis of the 2016-17 Canadian insurance market suggests that insurance risk will increase in the medium term.

Increased solvency risk in auto markets

Ontario auto insurance accounts for about one-quarter of Canada's P&C insurance market. It is a product that has been subject to enormous swings in profitability and subject to constant reforms over the past 15 years. The Ontario auto product currently appears to be profitable and consumers have benefited from some rate relief as insurers deliver on the government's electoral commitment to reduce auto insurance rates. These reforms centre upon containing growth in claims costs in the Accident Benefits portion of the auto insurance product. The solvency question facing consumers and the insurance industry is whether the latest round of reforms is sustainable. The government is requiring insurers to file for additional rate reductions on the assumption that, this time, the reforms will hold. In 2015, there was a substantial backlog of claims files in the province's dispute resolution process. History suggests that the Ontario auto insurance marketplace, even when profitable, can be a single arbitrator's ruling away from falling back into chaos. Given this history, the Ontario auto insurance marketplace remains, even when temporarily profitable, a source of insurance solvency risk for PACICC members.

Solvency risk is also a significant concern for insurers operating in Alberta. For almost a decade, the province's Automobile Insurance Premiums Regulation has required auto insurers to adjust the price that they charge for insurance uniformly once per year. This increases solvency risk for some insurers because cost pressures are not shared equally across the industry. Cost pressures, particularly on the liability portion of the auto insurance product, have increased substantially since a 2011 court decision to weaken the cap on minor injuries. The province's Auto Insurance Rate Board allowed premiums to rise over the past two years. However, it is not clear if these rate increases are in line with the rise in claims costs. There could be premium deficiencies within the Alberta marketplace. Under these conditions, PACICC considers insurers with a substantial book of Alberta auto business to have a higher risk of underwriting losses, which could impact their solvency.

Auto loss ratios
2015, YTD Financial year loss ratios



Source: PACICC based on data from MSA Research

Insurers focused on selling auto insurance across Atlantic Canada might also face underwriting pressures over the next three to five years. When New Brunswick reformed its auto insurance product in 2004 by introducing a cap on pain and suffering awards, drivers in the province experienced a significant reduction in the price they paid for auto insurance. Insurers also reported profitable results. Similar reforms were introduced in Nova Scotia and Prince Edward Island with welcome results. Additional product reforms, and the passage of time, have eroded this stability. In all three markets, there is evidence of growing claims costs in the Bodily Injury portion of the auto insurance product that will put upward pressure on rates moving forward. There will be higher solvency risk if governments do not allow rates to offset this increase in costs, or reform of the system will be needed to once again reduce the cost of auto insurance in these provinces.

Auto insurance in Newfoundland and Labrador is another source of concern. The province did not introduce the same reforms as the other provinces in Atlantic Canada. Claims costs are rising faster than premiums. In the first three-quarters of 2015, the loss ratio rose to 90.1 percent (from 87.3 percent). There are no signs that product reform is in the offing for 2016. This market is currently unprofitable and is eroding the capital base of insurers operating there. Solvency risk may therefore be elevated for insurers selling auto insurance in Newfoundland and Labrador.

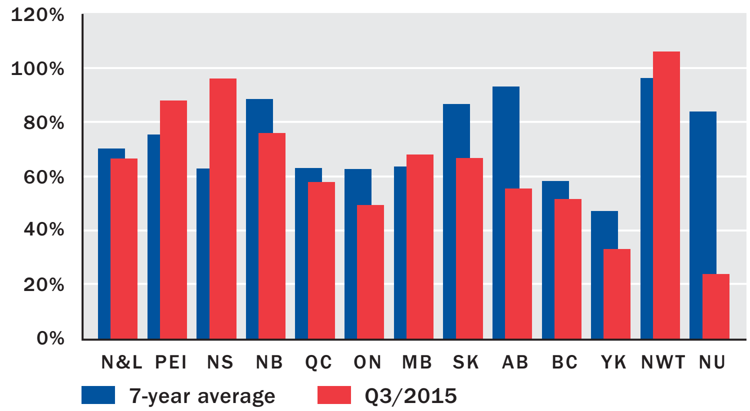
More than 200 PACICC member insurers are actively competing in Canada. While the industry as a whole continues to report sustained profitability and capital growth, there is great disparity in the financial performance and health of individual insurers. PACICC regularly monitors insurers to assess the likelihood that they could fail. One warning sign of potential failure is sustained operating losses. There are several insurers operating in Canada that have reported negative net income in each of the past five years. These companies are eroding their capital bases. PACICC monitors the financial results of individual insurers and liaises with regulators in pursuit of their common objective of protecting insurance consumers.

Lower insurance risks in property insurance markets

Two of the most important factors influencing differences in individual insurer profitability are the type of insurance they offer, and the provinces in which they operate.

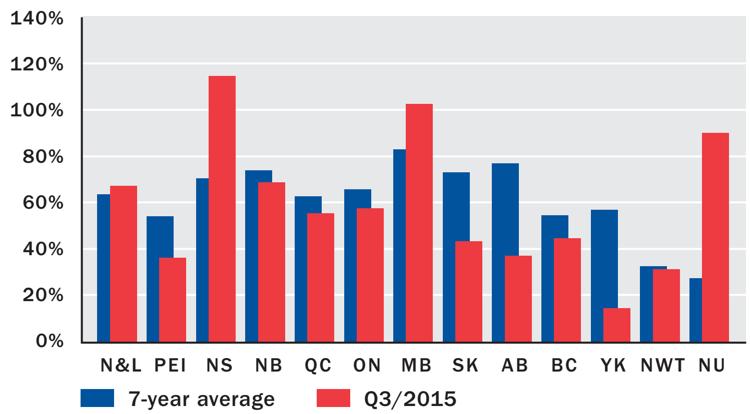
Traditionally, homeowner and commercial insurance markets in Canada have been healthy with relatively low solvency risks. Property insurance earnings have provided a secure source of earnings and capital for insurers. However, there are several homeowner insurance markets in Canada where claims costs in 2015

Personal property loss ratios



Source: PACICC based on data from MSA Research

Commercial property loss ratios



Source: PACICC based on data from MSA Research

exceeded 70 percent of the premiums collected – including the Maritime provinces. Fortunately, after several years of sustained high claims costs, Alberta and Saskatchewan returned to profitability in 2015. 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.

Last year, PACICC's analysis found five provinces and two territories that experienced five bad years in a row. This risk abated somewhat in 2015 as insurers raised rates to allow premiums collected to at least equal claims paid. Results in 10 of 13 commercial property markets across Canada improved in 2015.

The wild card in the property market is the long-run trend of increasingly frequent and severe natural catastrophes. Between 2009 and 2014, insurance claims resulting from extreme weather totaled more than $8.5 billion in Canada. 2015 was the first time in five years that catastrophic losses did not exceed the $1 billion mark. 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 them into account in pricing their products. PACICC believes that the increasingly frequent and severe weather catastrophes represent a year-to-year earnings challenge for the industry. However, these weather-related phenomena are not considered to be a solvency threat as is the case with catastrophic risks such as earthquake.

Insolvencies come in clusters

Fortunately, no Canadian P&C insurer failed in 2015. 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 stability create other risks. Because it has been more than a decade since a Canadian P&C insurer failed and was ordered into liquidation, we are coming upon a generation of insurance regulators and bankruptcy professionals who have never managed the process of liquidating a P&C insurer.

Looking ahead

From a solvency perspective, the outlook for Canada's P&C insurance sector is generally 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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 3, 2016
Toronto, Canada

Statement of Financial Position

December 31, 2015 and December 31, 2014
(In thousands of dollars)

	December 31, 2015	December 31, 2014
Assets		
Cash (note 7)	$20,842	20,081
Investments (note 7)	51,843	50,786
Accrued interest	281	271
Liquidation dividends receivable	–	54
Assessment receivable	–	153
Other receivables	33	33
Total assets	**$72,999**	**$71,378**

Liabilities and Equity

	December 31, 2015	December 31, 2014
Liabilities:		
Trade and other payables	$182	$235
Provisions (note 6)	113	113
Total liabilities	295	348
Equity:		
Operations surplus	1,692	1,656
Liquidation surplus	18,860	18,290
Compensation Fund	52,152	51,084
Total equity	72,704	71,030
Total liabilities and equity	**$72,999**	**$71,378**

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, 2015 and December 31, 2014
(In thousands of dollars)

	2015	2014
Revenue from operations:		
Members assessments	$1,354	$1,319
Investment income	16	23
Funding from liquidations and others	198	194
	1,568	1,536
Expenses:		
Salaries and benefits	867	739
Research and other consulting	160	255
Premises	141	141
Investment management	82	80
Board of Directors	77	62
Legal fees	6	42
Corporate secretary and accounting services	45	45
Travel	57	40
Telephone and postage	22	22
Furniture and equipment	19	21
Printing and office supplies	24	21
Insurance	15	16
Bank	1	1
Miscellaneous	16	29
	1,532	1,514
Excess of revenue over expenses – operations	36	22
Liquidations: (note 5(b)):		
Liquidation dividends	526	1,933
Investment income	152	181
Claims recoveries (costs)	–	(308)
Other	(108)	65
Excess of revenue over expenses – liquidations	570	1,871
Compensation Fund:		
Investment income	1,068	1,277
Excess of revenue over expenses – Compensation Fund	1,068	1,277
Total comprehensive income	**$1,674**	**$3,170**

All income is attributable to members.

See accompanying notes to financial statements.

Statement of Changes in Equity

Years ended December 31, 2015, December 31, 2014 and December 31, 2013
(In thousands of dollars)

	Operations surplus	Liquidation surplus	Compensation Fund	Total
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
Comprehensive income	36	570	1,068	1,674
Balance, December 31, 2015	**$1,692**	**$18,860**	**$52,152**	**$72,704**

See accompanying notes to financial statements.

Statement of Cash Flows

Years ended December 31, 2015 and December 31, 2014
(In thousands of dollars)

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses:		
Operations	$36	$22
Liquidations	570	1,871
Compensation Fund	1,068	1,277
Amortization of bond premium and discount	86	332
Change in accrued interest	(10)	21
Change in receivables	207	(103)
Change in trade and other payables	(53)	37
Change in provisions	–	(485)
Cash provided by operating activities	1,904	2,972
Investing activities:		
Maturity of investments	7,957	37,116
Purchase of investments	(9,100)	(38,906)
Cash used in investing actvities	(1,143)	(1,790)
Increase in cash	761	1,182
Cash, beginning of year	20,081	18,899
Cash, end of year	**$20,842**	**$20,081**

See accompanying notes to financial statements.

Year ended December 31, 2015
(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, 2015 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, 2015 have been approved for issue by the Board of Directors on March 3, 2016.

(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, the International Accounting Standards Board ("IASB") published an amended version of IFRS 9, which replaces IAS 39 Financial Instruments - Recognition and Measurement, and includes guidance on the classification and measurement of financial instruments, impairment of financial assets, and a new general hedge accounting model. 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 a single impairment model for financial instruments not measured at fair value through profit and loss that requires recognition of expected credit losses at initial recognition of a financial instrument and the recognition of full lifetime expected credit losses if certain criteria are met. The new model for hedge accounting aligns hedge accounting with risk management activities. The financial reporting impact of adopting IFRS 9 is being assessed.

While the new standard is generally effective for years beginning on or after January 1, 2018, in December 2015 the IASB published an Exposure Draft Applying IFRS 9 with IFRS 4, Insurance Contracts ("IFRS 4"), which proposes to allow some insurers optional transitional relief until forthcoming insurance accounting standard is available for implementation. The proposed options would allow (a) entities whose predominant activity is issuing insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 to as late as January 1, 2021, which may allow alignment to the implementation of IFRS 9 with the forthcoming insurance accounting standard, or alternatively (b) give entities issuing insurance contracts the option to remove from profit or loss the incremental volatility caused by changes in the measurement of specified financial assets upon application of IFRS 9.

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 $15,485,074 have been received to date, of which $102,765 was recognized in 2015. Provisions of nil (2014 - nil) 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 $3,757,412 have been received to date, of which $422,842 was recognized in 2015. 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 4.

(Tabular amounts in thousands of dollars)

4. General and designated funds (continued)

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)).

(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, 2015:

	Operating Fund	Compensation Fund	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Assets													
Cash	$1,212	$41	$143	$1,253	$2,664	$35	$702	$250	$847	$638	$14	$13,043	$20,842
Investments	–	51,843	–	–	–	–	–	–	–	–	–	–	51,843
Accrued interest	1	268	–	1	2	–	–	–	1	–	–	8	281
Interfund receivable	628	–	1	–	89	–	–	23	–	–	1	–	742
Other receivables	33	–	–	–	–	–	–	–	–	–	–	–	33
Total assets	**$1,874**	**$52,152**	**$144**	**$1,254**	**$2,755**	**$35**	**$702**	**$273**	**$848**	**$638**	**$15**	**$13,051**	**$73,741**
Liabilities and Equity													
Liabilities:													
Trade and other payables	$182	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$182
Interfund payables	–	–	18	170	15	35	120	–	22	28	15	319	742
Provisions	–	–	74	–	21	–	18	–	–	–	–	–	113
Total liabilities	182	–	92	170	36	35	138	–	22	28	15	319	1,037
Equity:													
Operations surplus	1,692	–	–	–	–	–	–	–	–	–	–	–	1,692
Liquidation surplus	–	–	52	1,084	2,719	–	564	273	826	610	–	12,732	18,860
Compensation surplus	–	52,152	–	–	–	–	–	–	–	–	–	–	52,152
Total equity	1,692	52,152	52	1,084	2,719	–	564	273	826	610	–	12,732	72,704
Total liabilities and equity	**$1,874**	**$52,152**	**$144**	**$1,254**	**$2,755**	**$35**	**$702**	**$273**	**$848**	**$638**	**$15**	**$13,051**	**$73,741**

(b) Revenue and expenses from liquidations for the year ended December 31, 2015:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Revenue:											
Liquidation dividends	$ –	$423	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$103	$526
Investment	1	7	22	–	5	2	7	5	–	103	152
	1	430	22	–	5	2	7	5	–	206	678
Expenses:											
Claims paid	–	–	–	–	–	–	–	–	–	–	–
Accrued claims	–	–	–	–	–	–	–	–	–	–	–
Expenses	3	15	10	–	10	–	1	5	–	64	108
	3	15	10	–	10	–	1	5	–	64	108
Net results from liquidations	**$(2)**	**$415**	**$12**	**$ –**	**$(5)**	**$2**	**$6**	**$ –**	**$ –**	**$142**	**$570**

(c) Changes in liquidation surplus for the year ended December 31, 2015:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total liquidation surplus
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
Comprehensive income (loss)	(2)	415	12	–	(5)	2	6	–	–	142	570
Balance, December 31, 2015	**$52**	**$1,084**	**$2,719**	**$ –**	**$564**	**$273**	**$826**	**$610**	**$ –**	**$12,732**	**$18,860**

6. Provisions:

		Liquidations				
	Unclaimed refunds	GISCO	Maplex	Hiland	Markham General	Total
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
Claim reserves	–	–	–	–	–	–
Liquidator expenses	–	–	–	–	–	–
Reversal of provision for unclaimed funds from liquidations	–	–	–	–	–	–
Balance, December 31, 2015	**$74**	**$21**	**$ –**	**$18**	**$ –**	**$113**

Year ended December 31, 2015
(Tabular amounts in thousands of dollars)

7. Financial instruments:

Carrying values and fair values

	2015		2014	
	Carrying value	Fair value	Carrying value	Fair value
Cash	$20,842	$20,842	$20,081	$20,081
Term deposits	5,265	5,249	5,873	5,891
Bonds	46,578	47,525	44,913	45,551
	$72,685	**$73,616**	**$70,867**	**$71,523**

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

(a) Term deposits:
These investments have an aggregate carrying value of approximately $5,265,000 (2014 - $5,873,000). 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 nil (2014 - $169,000), with maturity terms over a year.

(b) Bonds:

	Remaining term to maturity			December 31, 2015		December 31, 2014	
	Within 1 year	1 to 5 years	Over 5 years	Total carrying amount	Effective rates	Total carrying amount	Effective rates
Government	$1,991	$25,962	$ 2,361	$30,314	1.70% - 10.25%	$30,588	1.70% - 10.25%
Corporate	4,209	12,055	–	16,264	2.28% - 4.81%	14,325	2.28% - 4.78%
	$6,200	**$38,017**	**$ 2,361**	**$46,578**	**1.70% - 10.25%**	**$44,913**	**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 Advocate ($6,000) liquidations to the Compensation Fund, as these liquidations have been wound-up and the amounts were deemed immaterial to distribute to the membership.

9. Assessment capacity:
PACICC has the ability to make a maximum potential annual general assessment of members of 1.5% (2014 - 1.5%) of covered premiums written, which amounted to approximately $790,800,000 in 2015 (2014 - $770,550,000). 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, 2015, 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	47,525
Level 3	–
Total	$47,525

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, 2015		December 31, 2014	
Credit rating	Carrying value	Percentage of portfolio	Carrying value	Percentage of portfolio
AAA	$31,356	67.3%	$30,844	68.7%
AA	13,433	28.8%	14,069	31.3%
BBB	1,789	3.9%	–	–
Total	**$46,578**	**100.0%**	**$44,913**	**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, 2015, 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 $1,169,115 (2014 - $1,211,656).

(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 policyholders, 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 $790,800,000 in 2015 (2014 - $770,550,000).

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

	2015	**2014**
Directors' fees	$75	$61
Salaries	537	529
Other benefits	76	76
	$688	**$666**

PACICC board of directors

2015/16 Board

Lawrie Savage
Chair
President,
Lawrie Savage & Associates Inc.

Lea Algar
Former Chair,
General Insurance OmbudService

Jean-François Blais
President,
Intact Insurance Company

Pierre Fromentin*
Senior Vice-President,
Desjardins General Insurance Company

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

Paul Kovacs
President and CEO,
PACICC

Ellen Moore
President and CEO,
Chubb Insurance Company of Canada

Bruce Thompson
Program Director,
Toronto Centre

Martin Thompson
Senior Vice-President,
RSA Canada

* Joined the Board in 2015
** Resigned from the Board in 2015

Board Committees

Audit and Risk

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

Governance and Human Resources

Lawrie Savage (Chair)
Lea Algar
Pierre Fromentin*
Robert Katzell**
Ellen Moore

Pre-Insolvency Regulatory Liaison

Lawrie Savage (Chair)
Lea Algar
Paul Kovacs
Bruce Thompson

PACICC staff and contact information

Paul Kovacs
President and Chief Executive Officer

Full-time staff

Ian Campbell
Vice President

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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PACICC member companies	Sociétés membres de la SIMA
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.
Allied World Specialty Insurance Company	Compagnie d'assurance de spécialité Allied World
Allstate Insurance Company of Canada	Allstate du Canada, Compagnie d'Assurance
Alpha, compagnie d'assurances Inc.	ALPHA, compagnie d'assurances inc. (L')
American Agricultural Insurance Company	American Agricultural Insurance Company
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 Ltd.
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, General Insurance Company Inc.	Canassurance, compagnie d'assurances générales inc.

Capitale General Insurance (La)	Capitale Assurances Générales Inc. (La)
Carleton Mutual Insurance Company	Carleton Mutual Insurance Company
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)
CorePointe Insurance Company	Compagnie d'Assurance CorePointe (La)
Coseco Insurance Company	Compagnie d’Assurance Coseco
CUMIS General Insurance Company	Compagnie d’Assurance Générale CUMIS (La)
DAS Legal Protection Insurance Limited	DAS Compagnie d'assurance de protection juridique limitée
Desjardins General Insurance Inc.	Desjardins Assurances Générales Inc.
Dominion of Canada General Insurance Company (The)	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
Equitable General Insurance Company	L’Équitable, Compagnie d’Assurances Générales
Esurance Insurance Company of Canada	Esurance du Canada, Compagnie d’Assurance
Everest Insurance Company of Canada	Compagnie d’Assurance Everest du Canada (La)
Factory Mutual Insurance Company	Factory Mutual Insurance Company
FCT Insurance Company Ltd.	Compagnie d’assurances FCT Ltée
Federal Insurance Company	Compagnie d’assurances Fédérale
Federated Insurance Company of Canada	Federated, compagnie d’assurances 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 (Le)	Groupe Estrie-Richelieu, Compagnie d’assurance (Le)
Groupe Ledor	Groupe Ledor
Guarantee Company of North America (The)	Garantie, Compagnie d’Assurance de l’Amérique du Nord (La)
Hartford Fire Insurance Company Ltd.	Compagnie d’Assurance Incendie Hartford (La)
HDI Global SE Canada Branch	HDI Global SE (succursale canadienne)
Heartland Farm Mutual Inc.	Heartland Farm Mutual Inc.
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, General Insurance 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 Farm Insurance Inc.	Intact Assurance agricole inc.
Intact Insurance Company	Intact Compagnie d’assurance
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	Compagnie d’Assurance Liberté Mutuelle (La)
Lloyd’s Canada	Lloyd’s Canada

MAX Canada Insurance Company	MAX Canada Insurance Company
Mennonite Mutual Fire Insurance Company of Saskatchewan	Mennonite Mutual Fire Insurance Company of Saskatchewan
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 (The)	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 British Columbia (The)	Mutual Fire Insurance Company British Columbia (The)
Mutuelle d’Eglise de l’Inter-Ouest (La)	Mutuelle d’Église de l’Inter-Ouest (La)
National Liability & Fire Insurance Company	National Liability & Fire Insurance Company
New Home Warranty Insurance Canada Corporation (The)	New Home Warranty Insurance (Canada) Corporation (The)
Nordic Insurance Company of Canada (The)	Nordique, Compagnie d’assurance du Canada (La)
Northbridge Commercial Insurance Corporation	Société d’assurance des entreprises Northbridge
Northbridge General Insurance Corporation	Société d’assurance générale Northbridge
Northbridge Personal Insurance Corporation	Société d’assurance des particuliers Northbridge
Novex Insurance Company	Novex Compagnie d’assurance
Old Republic Insurance Company of Canada	Ancienne République, Compagnie d’Assurance du Canada (L’)
Omega General Insurance Company	Omega Compagnie d’Assurance générale
Optimum Farm Insurance Inc.	Optimum Assurance Agricole Inc.
Optimum Insurance Company 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 General Insurance Inc.	Personnelle, assurances générales Inc. (La)
Personal Insurance Company (The)	Personnelle, Compagnie d’Assurances (La)
Perth Insurance Company	Perth, Compagnie d’Assurance
Pilot Insurance Company	Pilot 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
Promutuel de L'estuaire	Promutuel de L'estuaire
Promutuel Réassurance	Promutuel Réassurance
Protective Insurance Company	Protectrice, société d'assurance (La)
Prysm General Insurance Inc.	Prysm assurances générales inc.
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
Red River Valley Mutual Insurance Company	Red River Valley Mutual Insurance Company
Royal & Sun Alliance 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
St. Paul Fire & Marine Insurance Company	Compagnie d'Assurance Saint Paul
Saskatchewan Mutual Insurance Company	Saskatchewan Mutual Insurance Company
SCOR Canada Reinsurance Company	SCOR Canada Compagnie de Réassurance
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	Société mutuelle d'assurance Sentry (La)
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.
Sonnet Insurance Company	Compagnie d'assurance Sonnet
South Eastern Mutual Insurance Company	South Eastern Mutual Insurance Company
Sovereign General Insurance Company (The)	Souveraine, Compagnie d'Assurance Générale (La)
SSQ, Insurance Company Inc.	SSQ, Société d'assurance inc.
SSQ, Life Insurance Company Inc.	SSQ, Société d'assurance-vie inc.
SSQ, General Insurance Company 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
Sunderland Marine Mutual Insurance Company	Société d'assurance mutuelle maritime Sunderland Limitée

T.H.E. Insurance Company	T.H.E. Insurance Company
TD Direct Insurance Inc.	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 (The)	Compagnie d'assurance Temple (La)
TIG Insurance Company	Société d'Assurance TIG
Tokio Marine & Nichido Fire Insurance Company Ltd.	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
Unique General Insurance Inc. (L')	Unique Assurances Générales Inc. (L')
United General Insurance Corporation	United General Insurance Corporation
Virginia Surety Company Inc.	Virginia Surety Company Inc.
Waterloo Insurance Company	Waterloo, Compagnie d'Assurance
Wawanesa Mutual Insurance Company (The)	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 SE	Compagnie d'assurance XL
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