PACICC

Property and Casualty Insurance Compensation Corporation

2017 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 2017

- Working with the Insurance Bureau of Canada, played a key role in convincing the Federal Department of Finance (in its second consultation paper on the federal financial sector framework) to consider how to limit system-wide risks an extreme earthquake could pose to federal P&C insurers.
- Completed a formal intervention guideline agreement with the Autorité des Marchés Financiers (AMF), formalizing the roles of the regulator and the guarantee fund in responding to financially-distressed insurance companies and protecting policyholders. Work is progressing on similar agreements with OSFI, Alberta and B.C. These agreements will give PACICC earlier notice of financial difficulties facing a member insurer.
- Completed the second full year of operation of PACICC's Pre-Insolvency Regulatory Liaison Committee (comprising public directors on PACICC's Board), enhancing our ability to work effectively with insurance regulators.
- Published the eleventh paper in our *Why insurers fail series* (*"Exit strategies of P&C insurers in Canada"*) – and distributed the paper to members and other stakeholders.
- Delivered the fourth full year of programming of PACICC's Risk Officer's Forum, encompassing three in-person networking meetings and three webinars focusing on current and emerging risk issues – supported by a membership of approximately 400 P&C insurance risk professionals, including a principal contact in each member company.

Contents

DURING 2017, CANADA'S INSURANCE INDUSTRY began to recover from the costliest insured loss ever experienced in this country – the wildfires that devastated Fort McMurray a year earlier. Through the first three quarters of 2017, net income for the industry as a whole increased fivefold, from $0.5 billion to $2.5 billion. The total loss ratio improved by more than seven percentage points.

At PACICC, we continue to caution that periodic large catastrophe losses and accompanying earnings volatility are more the "new normal" for our industry. This underscores the importance of sound risk management for insurers, with the goal of better preparedness for and increased resilience to severe weather loss events.

Mitigating risks to insurer solvency is central to PACICC's mandate as the industry's guarantee fund. Working with the Insurance Bureau of Canada, PACICC's research and analysis played a key role in convincing the Federal Department of Finance to consider "how to limit the system-wide risks an extreme earthquake could pose to federal P&C insurers."[1] While we do not yet know what the Federal government may be prepared to do, it is noteworthy that policymakers are taking seriously a risk that could potentially overwhelm the industry.

"… periodic large catastrophe losses and accompanying earnings volatility are more the "new normal" for our industry."

PACICC worked closely with regulators to develop formal intervention guideline agreements which will give PACICC earlier notice of financial difficulties facing a member insurer. This could potentially reduce costs for the industry and be less disruptive for insurance consumers. An agreement was signed last year with the AMF. Another agreement with OSFI is being finalized. Similar guideline agreements are being discussed between PACICC and insurance regulators in Alberta and B.C. Recent changes made to PACICC's governance ensure that any exchanges of company information under these agreements will remain confidential.

PACICC continues to sponsor and support an active Risk Officer's Forum for Canada's P&C insurance industry. The Forum has become well-established after four years in operation, building a network of close to 400 risk professionals from the industry – including CEOs, Presidents and Chief Agents, Chief Risk Officers, CFOs and other senior finance staff from PACICC member companies. Last year saw an active program of in-person meetings, guest speakers and webinars on emerging risk issues. This will continue in 2018.

In closing, I would like to thank my colleagues on the Board of Directors for their counsel and expertise over the past year. And I extend my thanks to Paul Kovacs and his management team for achieving solid financial operating results in 2017 – and for helping the Board govern PACICC effectively.

[1] From the second consultation paper on the Federal Financial Sector Framework (*Potential Policy Measures to Support a Strong and Growing Economy: Positioning Canada's Financial Sector for the Future*), released on August 11, 2017.

FOR THE PERIOD 2018 to 2020, PACICC's new strategic plan focuses on three key priorities. In 2018, our work will focus on supporting the renewal of Federal financial sector legislation. In 2019, PACICC will review its coverage and benefits. In 2020, PACICC's recommended priority is to develop an early intervention framework for the Corporation.

PACICC strives 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. Developing actions to reduce the risk of an insurer insolvency is a key focus of the Corporation. Recognizing that company failures can and do occur, however, PACICC is equally focused on preparedness, safeguarding consumers' interests and minimizing the costs associated with any insolvency. This preparedness includes regular contact with Canada's provincial insurance regulators to assist in managing the major solvency threats affecting the industry.

"… we will support Finance Canada as it considers how to limit the system-wide risks a ctastrophic earthquake could pose to federal P&C insurers."

Renewing Federal financial sector legislation

PACICC's priority issue for 2018 is active participation in the Federal government's renewal of financial sector legislation. In partnership with the Insurance Bureau of Canada, we will support Finance Canada as it considers how to limit the system-wide risks a catastrophic earthquake could pose to federal P&C insurers. PACICC had numerous discussions with Finance officials and provided written submissions on this issue. We expect the file to stay active in the year ahead. A possible outcome is that PACICC could be authorized to borrow funds from the Federal government to support insurance consumers in the event of an extreme earthquake. If this issue can be successfully addressed, it would help to mitigate a critical risk in PACICC's risk profile – and most important, it would strengthen the soundness and financial stability of Canada's P&C industry.

PACICC's second objective in 2018 is to advance the case for modernizing the Federal *Winding-Up and Restructuring Act* (*WURA*) – the legislation governing the liquidation of failed banks and insurance companies. This has been a longstanding issue for PACICC. Our position advocating reform is well-developed and has been communicated to Federal officials. While modernizing *WURA* is outside the scope of strictly reviewing the Federal *Bank Act* and *Insurance Companies Act*, a compelling argument can be made to include it in the review because of its role as the resolution mechanism for insurance companies (and because it is woefully outdated!). Restructuring and resolution planning for insurance companies is on the Federal government's policy radar, having introduced further policy and regulatory change for banks last year, including a "bail-in" regime for banks.

Reviewing PACICC's coverage and benefits

PACICC's priority for 2019 is to review the Corporation's coverage and benefits. This was last done in 2006. The review will examine the full range of PACICC coverage and benefits. Stakeholder consultations will include member insurers, insurance consumers, regulators and liquidators. The last review 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. The results of this research will inform our review of coverage and benefits.

"Insurance regulators have requested that PACICC review current limits for personal property claims..."

Insurance regulators have requested that PACICC review current limits for personal property claims owing to the significant increase in house prices since the last review and new knowledge about the potential for multiple total loss claims as a result of a wildfire or earthquake.

Developing an early-intervention framework for PACICC

In 2020, PACICC's recommended priority is to develop an early-intervention framework. Recent developments have made it prudent for PACICC to consider when and how the Corporation would use the early-intervention (pre-insolvency) powers specified in Section XI, paragraph 40 of the Memorandum of Operation. This section of the Memorandum permits the Board of Directors to take "reasonable steps" prior to a member being ordered into wind-up if such steps are consistent with the Corporation's objectives. The Memorandum further clarifies that "reasonable steps" include, "without limitation, assisting in the sale, transfer or reinsurance of a book of business written by a member company," and/or "issuing guarantees or otherwise providing financial support."

In closing, I want to thank Lawrie Savage and our other Board members for their guidance and support over the past year. A special thank you to Carlos Rodrigues, Jean-François Blais and Martin Thompson who retired from our Board over the past year. Thank you also to our staff for their continuing high-quality work. PACICC will continue to enhance its ability to protect policyholders in the event of a member insolvency, work to minimize insolvency costs and help to maintain high levels of confidence in our industry. I am confident that we are well-positioned for continued success in the years ahead.

In 2016, in large part due to the unprecedented insured claims from the Fort McMurray wildfire, Canadian P&C insurers recorded their second lowest return on equity in the past 40 years. Thankfully, from the perspective of Canadian insurance policyholders and shareholders, the industry rebounded to a more "normal" level of profitability in 2017.

The return to profitability was driven by improvement in underwriting results. The industry's combined ratio, which measures the industry's cost of paying claims and expenses compared to premiums collected, fell from 104.7% in 2016 to 97.2% in 2017. A combined ratio of less than 100% indicates an underwriting profit.

Sustained profitability is vital to maintaining the solvency of insurers and price stability in the insurance marketplace. Retained earnings are the primary source of capital for Canada's P&C insurers. In total, Canada's insurance industry now has more than $47.5 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.

Industry results rebound

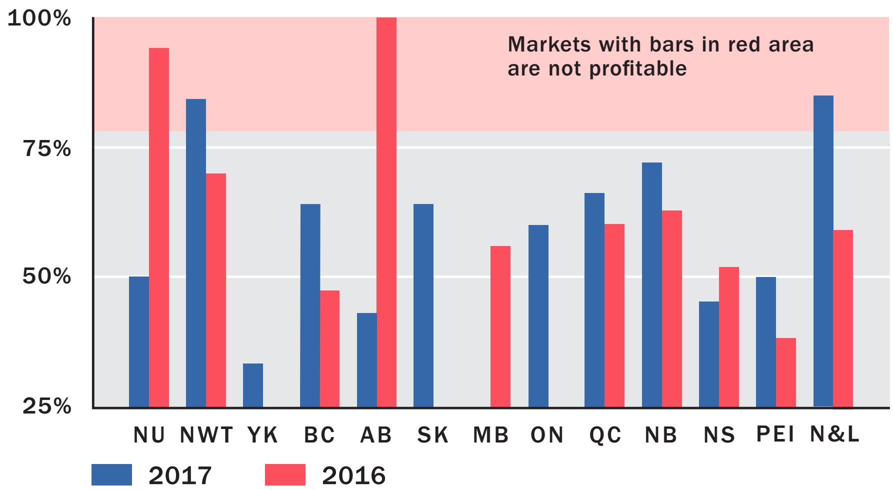
($ Millions)	2017	2016	Change
DPW	33,315	32,424	2.8%
Claims	21,614	23,384	–20.3%
Investment income	2,222	2,315	–4.0%
Net income	2,508	419	498.5%
Capital	47,515	46,746	1.6%
Combined ratio	97.2%	104.7%	
Industry MCT-BAAT	229.1%	249.4%	

Results reflect the first nine months of the year

Property Markets

The 2016 wildfire had its most dramatic impact on Canada's personal property insurance markets. Most of these markets returned to health in 2017 providing a secure source of earnings and capital for insurers. Maintaining a healthy, profitable homeowners' insurance marketplace is important for the Canadian economy.

Property insurance is profitable in most markets



Source: PACICC based on data from MSA Research

There are some homeowners' insurance markets in Canada, however, where claims costs over the past seven years (the length of an average insurance cycle in Canada) exceeded 70-75 percent of the premiums collected. Claims costs at these levels yield unprofitable markets for insurers and represent a drain on capital. When results deteriorate, insurers must raise rates and adjust coverage in order to match premiums collected with expected claims paid. Adjustments like this are required to maintain the long-term stability of these markets.

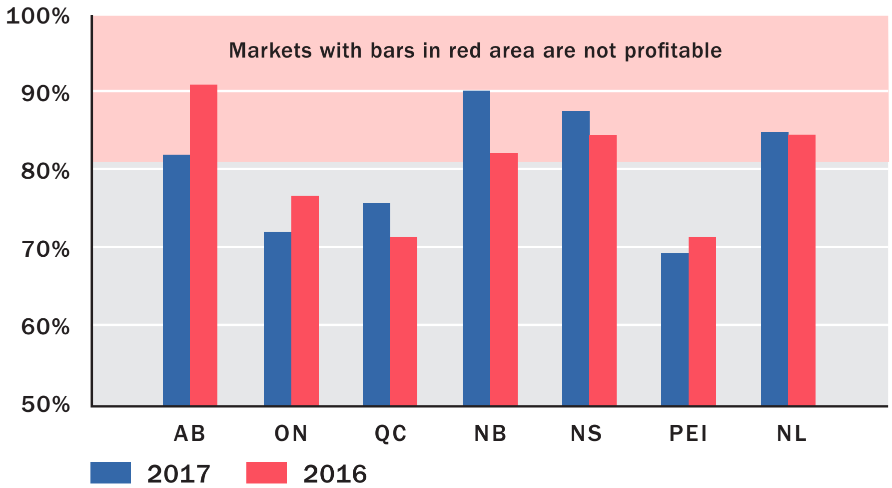
A wild card in the personal property market is the long-run trend of increasingly frequent and severe natural catastrophes. Over the past decade, it has become normal for insurance claims resulting from natural disasters in Canada to exceed $1 billion annually. The problem is not so much that catastrophic losses are occurring. Rather, it is the fact that for insurers the 2016 wildfire was four to five times larger than the industry's expected worst-case wildfire. The magnitude of this loss is a warning that losses from natural disasters can greatly exceed expectations.

Insurers must anticipate the costs associated with urban flooding, wildfire and other severe weather risks to properly factor them into the pricing of their products. While increasingly frequent and severe weather catastrophes present a yearly earnings challenge for the industry, they are not considered to be a threat to industry solvency, which is different from the catastrophic risk of an earthquake.

Automobile insurance markets

Auto insurance accounts for about one-half 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 20 years. The Ontario auto product, which accounts for more that 25 percent of the industry's total premiums, currently appears profitable. The question facing consumers and the insurance industry is whether the latest round of reforms is sustainable and will affect industry solvency.

Increased solvency risk in some auto markets



Source: PACICC based on data from MSA Research

Solvency risk is also a concern for auto insurers operating in Atlantic Canada. 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.

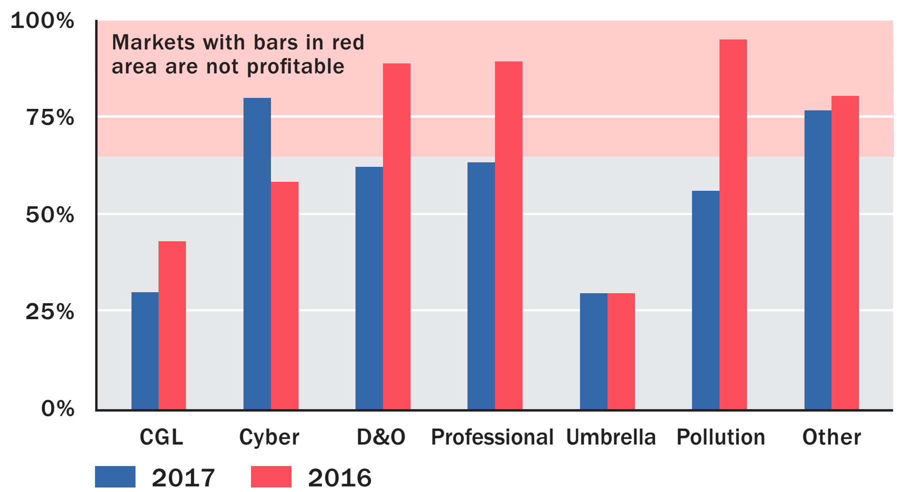
Additional product reform and the passage of time have eroded this stability. In the New Brunswick and Nova Scotia markets, there is evidence of increasing claims costs in the Bodily Injury portion of the auto insurance product which will put upward pressure on rates in the near term. There will be higher solvency risk if governments do not allow rates to offset these increased costs. Reform of the system is needed to reduce long-term costs 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. There are no signs that product reform is being considered in the near term. The Newfoundland and Labrador market is currently unprofitable and is eroding the capital base of insurers. Solvency risk may therefore be elevated for insurers selling auto insurance in Newfoundland and Labrador.

Commercial Lines

Commercial liability markets across Canada were profitable in 2017. This allowed insurers operating in these markets to generate capital. Canada's commercial insurance market is very competitive and, in 2017, appears to be profitable allowing the capital bases of commercial insurers to grow.

Commercial liability insurance is profitable in most markets



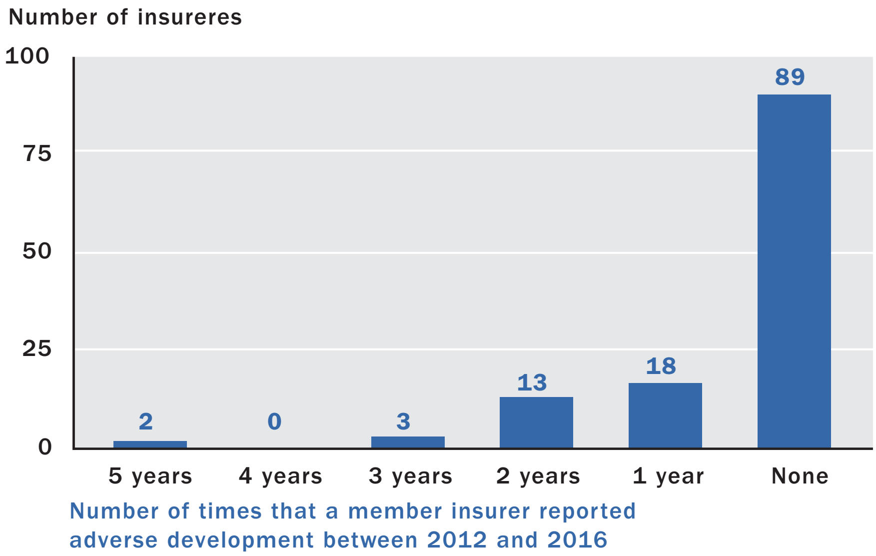
Source: PACICC based on data from MSA Research

The most significant source of solvency risk in the commercial insurance market is the introduction of new insurance products such as cyber and other coverages. PACICC's research into why insurers fail has consistently found that inadequate pricing and reserving is the primary cause of insurance insolvencies.

Significant differences in the financial performance across PACICC's membership

Some 200 PACICC member insurers actively compete 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.

Insurers with consistent adverse claims development



Source: PACICC based on data from MSA Research

One warning sign of potential failure is adverse claims development. There are insurers in Canada that consistently report that they are under-reserved. PACICC's research program consistently finds that the number one reason for insolvency is poor pricing and reserving. PACICC monitors the financial results of individual insurers and liaises with regulators in pursuit of their common objective of protecting insurance consumers.

Insolvencies come in clusters

Fortunately, no Canadian P&C insurer failed in 2017. 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 periods of calm can be punctuated by clusters of insurer insolvencies.

	1980 to 1986	1990 to 1995	2000 to 2003
Number of insolvent 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, there are a number of insurance regulators and bankruptcy professionals who have never managed the complexities involved in the liquidation of a P&C insurer.

Looking ahead

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 well capitalized and prepared to face a challenging future.

PACICC's own risks

PACICC's risk profile – comprising the Corporation's priority risks – is summarized in the grid below (and briefly described in the accompanying text box). At year-end 2017, PACICC judged its risk profile to be stable – with no significant changes for any of the individual risks.

Risk profile Grid (as at October 2017)

Inherent risk

Impact rating \ Likelihood rating	Very low	Low	Medium	High
Very high	**Financial Risk** 1-1 Insolvency costs exceed risk limit-risk appetite			
High		**Regulatory Risks** 1-5 New laws 1-6 Benefits enhanced		
Medium		**Operational Risks** 1-7 Resource demands 1-8 Unexpected insolvency costs	**Regulatory Risks** 1-3 Rate regulation **Operational Risks** 1-9 Lack of liquidator experience	
Low				**Regularatory Risks** 1-2 Solvency supervision 1-4 Outdated wind-up legislation

Likelihood rating

PACICC's priority risks (risk profile)

1-1 A catastrophic earthquake or other factor causes a very large insurer to fail, or leads to multiple, smaller insolvencies; resulting insolvency costs exceed PACICC's risk limit-risk appetite (twice our annual general assessment capacity)

1-2 Supervisory practices below minimum IAIS standards

1-3 Rate regulation causes insolvency

1-4 Outdated winding-up legislation

1-5 Adverse changes in insurance legislation

1-6 PACICC could be forced to increase coverage and benefits

1-7 Risk 1-1 places extraordinary demands on human resources

1-8 Lack of member financial data results in unexpected insolvency costs

1-9 Much of Canada's accumulated P&C liquidation expertise has "retired"

PACICC's Board of Directors has approved a risk limit-risk appetite statement as part of the Corporation's ERM program. We define our risk limit-risk appetite as twice the Corporation's current maximum, annual general assessment capacity (the total $ amount that PACICC could assess the industry in a single year to fund the covered claims of an insolvent member company). As at December 31, 2017, PACICC's risk limit-risk appetite was $1.67 billion (Cdn). Events that could cause PACICC to exceed its risk limit-risk appetite include the insolvency of a large member company or a severe catastrophic loss such as a large urban earthquake. In both cases, there is a high likelihood that the total liabilities coming to PACICC would be greater than the risk limit-risk appetite – resulting potentially in undue delays in policyholder compensation.

More information on PACICC's full risk register can be reviewed as part of the Board-approved Risk Management Report, posted on the Corporation's website at www.pacicc.ca

Risk Officer’s Forum

PACICC’s P&C Risk Officer’s Forum completed its fourth full year of successful operations in 2017. 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 follow-up evaluations has been very positive. From PACICC’s viewpoint, the Forum is achieving all of its objectives.

Risk Officer’s Forum Mandate:

- Discuss and share risk management best practices within industry;
- Review and communicate topical risk management information;
- Serve as a risk management resource for PACICC and for insurance regulators;
- Discuss major existing risks and significant emerging risks within the industry; and
- Provide resources, references and information to facilitate research of risk management and related governance topics.

2017 Event Dates and Discussion Topics

Forum Meetings:

• April 20	OSFI Update on Industry Issues
• September 27	Blockchain Technology
• November 15	CEO Perspective on ERM

Emerging Risks Webinars:

• February 22	On-Demand Insurance
• May 17	The Smart Factory -- Innovative new technologies in the P&C insurance industry
• October 25	Generational and Demographic Change

2018 Event Dates and Discussion Topics

Forum Meetings:

- April 5 — OSFI Update on Industry Issues
- September 5 — IFRS 17 Insurance Contracts
- November* — CEO Perspective on ERM (*date to be announced)

Emerging Risks Webinars:

- February 21 — Climate Change
- May 16 — Legalized Access to Marijuana
- October 24 — Artificial Intelligence and Machine Learning

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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, 2017, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Property and Casualty Insurance Compensation Corporation as at December 31, 2017, 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 1, 2018
Toronto, Canada

Statement of Financial Position

December 31, 2017 and December 31 2016
In thousands of dollars

	December 31, 2017	December 31, 2016
Assets		
Cash (note 7)	$22,637	$23,040
Investments (note 7)	53,870	52,530
Accrued interest	193	254
Assessment receivable	3	5
Other receivables	58	45
Total assets	**$76,761**	**$75,874**

Liabilities and Equity

	December 31, 2017	December 31, 2016
Liabilities:		
Trade and other payables	$138	$198
Provisions (note 6)	39	113
Total liabilities	177	311
Equity:		
Operations surplus	1,657	1,660
Liquidation surplus	20,822	20,758
Compensation Fund	54,105	53,145
Total equity	76,584	75,563
Total liabilities and equity	**$76,761**	**$75,874**

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, 2017 and December 31 2016
In thousands of dollars

	2017	2016
Revenue from operations:		
Members assessments	$1,431	$1,433
Investment income	20	15
Funding from liquidations and others	179	175
	1,630	1,623
Expenses:		
Salaries and benefits	803	898
Research and other consulting	206	205
Premises	153	149
Investment management	85	84
Board of Directors	69	78
Legal fees	34	34
Corporate secretary and accounting services	45	45
Travel	82	50
Telephone and postage	20	17
Furniture and equipment	27	27
Printing and office supplies	26	25
Insurance	15	15
Bank	1	1
Miscellaneous	67	27
	1,633	1,655
Excess of expenses over revenue – operations	(3)	(32)
Liquidations: (note 5(b)):		
Liquidation dividends	–	1,835
Investment income	194	145
Other expense	(130)	(82)
Excess of revenue over expenses – liquidations	64	1,898
Compensation Fund:		
Investment income	960	993
Excess of revenue over expenses – Compensation Fund	960	993
Total comprehensive income	**$1,021**	**$2,859**

All income is attributable to members.

See accompanying notes to financial statements.

Statement of Changes in Equity

Years ended December 31, 2017, December 31, 2016 and December 31, 2015
(In thousands of dollars)

	Operations surplus	Liquidation surplus	Compensation Fund	Total
Balance, December 31, 2015	$1,692	$18,860	$52,152	$72,704
Comprehensive income (loss)	(32)	1,898	993	2,859
Balance, December 31, 2016	1,660	20,758	53,145	75,563
Comprehensive income (loss)	(3)	64	960	1,021
Balance, December 31, 2017	**$1,657**	**$20,822**	**$54,105**	**$76,584**

See accompanying notes to financial statements.

Statement of Cash Flows

Years ended December 31, 2017 and December 31, 2016
(In thousands of dollars)

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses (expenses over revenue):		
Operations	$ (3)	$ (32)
Liquidations	64	1,898
Compensation Fund	960	993
Amortization of bond premium and discount	319	175
Change in accrued interest	61	27
Change in receivables	(11)	(17)
Change in trade and other payables and provisions	(134)	16
Cash provided by operating activities	1,256	3,060
Investing activities:		
Maturity of investments	12,296	7,008
Purchase of investments	(13,955)	(7,870)
Cash used in investing actvities	(1,659)	(862)
Increase (decrease) in cash	(403)	2,198
Cash, beginning of year	23,040	20,842
Cash, end of year	**$22,637**	**$23,040**

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, 2017 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 ("IASB").

The financial statements for the year ended December 31, 2017 have been approved for issue by the Board of Directors on March 1, 2018.

(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 basis of measurement is historical cost except for bonds which are measured at amortized cost using the effective interest rate method.

(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 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:

a) IFRS 9 – Financial instruments ("IFRS 9"):

In July 2014, the IASB published an amended version of IFRS 9, which replaces International Accounting Standard ("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 considered not to be material to the Corporation.

b) IFRS 15, Revenue from Contracts with Customers ("IFRS 15"):

On May 28, 2014, the IASB issued IFRS 15. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 18, Revenue, alongside other standards and interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS. On April 12, 2016, the IASB issued clarifications to IFRS 15, which became effective on the IFRS 15 effective date. The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the standard to licenses of intellectual property. The Corporation intends to adopt IFRS 15 and the clarifications in its financial statements for the annual period beginning on January 1, 2018. The financial reporting impact of adopting IFRS 15 is considered not to be material to the Corporation.

c) IFRS 16, Leases ("IFRS 16"):

On January 13, 2016, the IASB issued IFRS 16. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, Leases ("IAS 17"). This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The financial reporting impact of adopting IFRS 16 is considered not to be material to the Corporation.

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 (2016 - 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. Claims paid to date by the Corporation total $4,740,480. This company has been fully wound up and the court has discharged the liquidator.

(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 $5,731,578 of which nil was received in 2017.

In thousands of dollars

4. General and designated funds (continued)

(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)).

(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 $6,173,061 have been received to date of which nil was received in 2017. 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, 2017:

	Operations	Compensation	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Assets													
Cash	$1,618	$69	$1	$1,089	$2,794	$ –	$2,424	$277	$840	$619	$15	$12,891	$22,637
Investments	–	53,870	–	–	–	–	–	–	–	–	–	–	53,870
Accrued interest	2	166	–	1	3	–	3	–	1	2	–	15	193
Interfund receivable	114	–	–	–	–	–	–	–	–	–	–	–	114
Other receivables	61	–	–	–	–	–	–	–	–	–	–	–	61
Total assets	**$1,795**	**$54,105**	**$1**	**$1,090**	**$2,797**	**$ –**	**$2,427**	**$277**	**$841**	**$621**	**$15**	**$12,906**	**$76,875**
Liabilities and Equity													
Liabilities:													
Trade and other payables	$138	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$138
Interfund payables	–	–	–	–	14	–	10	13	3	3	15	56	114
Provisions	–	–	–	–	21	–	18	–	–	–	–	–	39
Total liabilities	138	–	–	–	35	–	28	13	3	3	15	56	291
Equity:													
Operations surplus	1,657	–	–	–	–	–	–	–	–	–	–	–	1,657
Liquidation surplus	–	–	1	1,090	2,762	–	2,399	264	838	618	–	12,850	20,822
Compensation surplus	–	54,105	–	–	–	–	–	–	–	–	–	–	54,105
Total equity	1,657	54,105	1	1,090	2,762	–	2,399	264	838	618	–	12,850	76,584
Total liabilities and equity	**$1,795**	**$54,105**	**$1**	**$1,090**	**$2,797**	**$ –**	**$2,427**	**$277**	**$841**	**$621**	**$15**	**$12,906**	**$76,875**

(b) Revenue and expenses from liquidations for the year ended December 31, 2017:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total
Revenue:											
Investment	$1	$10	$26	$ –	$22	$3	$9	$6	$ –	$117	$194
Expenses:											
Expenses	50	4	8	–	5	12	–	–	–	51	130
Net results from liquidations	**$(49)**	**$ 6**	**$18**	**$ –**	**$17**	**$(9)**	**$9**	**$6**	**$ –**	**$66**	**$64**

(c) Changes in liquidation surplus for the year ended December 31, 2017:

	Liquidation refund	Canadian Millers'	GISCO	Maplex	Hiland	Beothic	Canadian Universal	Ontario General	Advocate	Markham General	Total liquidation surplus
Balance, December 31, 2015	$52	$1,084	$2,719	$ –	$564	$273	826	$610	$ –	$12,732	$18,860
Comprehensive income (loss)	(2)	–	25	–	1,818	–	3	2	–	52	1,898
Balance, December 31, 2016	50	1,084	2,744	–	2,382	273	829	612	–	12,784	20,758
Comprehensive income (loss)	(49)	6	18	–	17	(9)	9	6	–	66	64
Balance, December 31, 2017	**$1**	**$1,090**	**$2,762**	**$ –**	**$2,399**	**$264**	**$838**	**$618**	**$ –**	**$12,850**	**$20,822**

6. Provisions:

		Liquidations				
	Unclaimed refunds	GISCO	Maplex	Hiland	Markham General	Total
Balance, December 31, 2015 and 2016	$74	$21	$ –	$18	$ –	$113
Reversal of provision for unclaimed funds from transfer to Compensation Fund	(74)	–	–	–	–	(74)
Balance, December 31, 2017	**$ –**	**$21**	**$ –**	**$18**	**$ –**	**$39**

7. Financial instruments:

Carrying values and fair values:

	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
Cash	$22,637	$22,637	23,040	$23,040
Short-term investments	5,467	5,432	5,357	5,346
Bonds	48,403	48,214	47,173	47,711
	$76,507	**$76,283**	**$75,570**	**$76,097**

Cash, short-term investments and bonds are recorded at amortized cost.

(a) Short-term investments:

These investments have an aggregate carrying value of approximately $5,467,000 (2016 - $5,357,000). Short-term investments consist primarily of federal government short-term instruments with a maximum term to maturity of one year in an institutional pool of assets.

In thousands of dollars

7. Financial instruments: (continued)

(b) Bonds:

	Remaining term to maturity			December 31, 2017		December 31, 2016	
	Within 1 year	1 to 5 years	Over 5 years	Total carrying amount	Effective rates	Total carrying amount	Effective rates
Government	$12,702	$18,803	$ –	$31,505	1.60% - 5.45%	$30,681	1.65% - 10.25%
Corporate	1,005	15,893	–	16,898	1.67% - 4.81%	16,492	1.71% - 4.81%
	$13,707	**$34,696**	**$ –**	**48,403**	**1.60% - 5.45%**	**$47,173**	**1.65% - 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 of Directors approved the transfer of the remaining funds of 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 membership.

(f) During 2017, provisions for unclaimed dividends of $74,283 were reversed. This along with undistributed dividends of $47,432 remaining in the Liquidation fund were transferred to the Compensation Fund ($121,715).

9. Assessment capacity:

PACICC has the ability to make a maximum potential annual general assessment of members of 1.5% (2016 - 1.5%) of covered premiums written, which amounted to approximately $848,700,000 in 2017 (2016 - $837,300,000). A loan arrangement with the liquidators of Canadian Millers', $3,000,000 of this assessment capacity was reserved for any possible obligations of the Canadian Millers' liquidation. As the company had been fully wound-up and the liquidator has been discharged by the court, this loan arrangement no longer exists.

10. Equipment:

As at December 31, 2017, 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 2017, the Corporation renewed its lease for office premises commencing January 1, 2018 for a period of five years ending December 31, 2022. The annual lease commitment is $68,563.

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	48,214
Level 3	–
	$48,214

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, 2017		December 31, 2016	
Credit rating	Carrying value	Percentage of portfolio	Carrying value	Percentage of portfolio
AAA	$26,835	55.4%	$29,376	62.2%
AA	8,789	18.2%	6,219	13.2%
A	9,761	20.2%	7,664	16.2%
BAA	481	1.0%	–	–%
BBB	2,537	5.2%	3,914	8.4%
Total	**$48,403**	**100%**	**$47,173**	**100%**

(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, 2017, 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 $1,055,880 (2016 - $1,044,870).

(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 $848,700,000 in 2017 (2016 - $837,500,000).

A previous loan arrangement with the liquidators of Canadian Millers' amounting to $3,000,000 was held in reserve for any possible obligations of the Canadian Millers' liquidation. This arrangement is no longer required as the company has been fully wound up and the courts have discharged the liquidator.

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:

	2017	2016
Directors' fees	$67	$78
Salaries	618	531
Other benefits	76	74
	$761	**$683**

2017/18 Board

Lawrie Savage
Chair
President
Lawrie Savage & Associates Inc.

Jean-François Blais*
President
Intact Insurance Company

Louis Durocher
Chief Risk Officer
Aviva Canada Inc.

Glenn Gibson
President and CEO
The GTG Group

Paul Kovacs
President and CEO
PACICC

Lynn Oldfield
President and CEO
AIG Insurance Company of Canada

Carlos Rodrigues*
President and CEO
Heartland Farm Mutual Inc.

Bruce Thompson
Consultant

Martin Thompson*
President and CEO
RSA Canada

Pete Walker
Global Head of Technical Underwriting and Reinsurance
Zurich Insurance Company Limited

*Resigned from the Board in 2017

Board Committees

Audit and Risk
Bruce Thompson (Chair)
Louis Durocher
Lawrie Savage

Governance and Human Resources
Lawrie Savage (Chair)
Glenn Gibson
Lynn Oldfield
Pete Walker

Pre-Insolvency Regulatory Liaison
Lawrie Savage (Chair)
Glenn Gibson
Paul Kovacs
Bruce Thompson

Paul Kovacs
President and Chief Executive Officer

Full-time staff

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

Ian Campbell
Vice President, Operations

Tracy Waddington
Manager, Administration

Denika Hall
Administrator

Contract and part-time staff

Jim Harries
Special Advisor, Governance and Risk

Randy Bundus
Corporate Counsel

John Connor
Manager, Claims

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Fax: (613) 990-5591
www.osfi-bsif.gc.ca

PACICC member companies	Sociétés membres de la SIMA
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 Québec	Assurance Mutuelle des Fabriques de Québec (L')
AssurePro Insurance Company Limited	AssurePro Insurance Company Limited
Atlantic Insurance Company Ltd.	Atlantic Insurance Company Ltd.
Aviva General Insurance Company	Aviva Compagnie d'Assurance Générale
Aviva Insurance Company of Canada	Aviva, Compagnie d'Assurance du Canada
AXA Art Insurance Corporation	AXA Art Insurance Corporation
AXA Insurance Company	AXA Assurances
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
Compagnie Française d'Assurance pour Commerce Extérieur	Compagnie Française d'Assurance pour le Commerce Extérieur
Compagnie mutuelle d'assurance en Église	Compagnie mutuelle d'assurance en Église
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 Insurance	Échelon Assurance
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
GMS Insurance Inc.	GMS Insurance Inc.
Gore Mutual Insurance Company	Gore Mutual Insurance Company
Great American Insurance Company	Compagnie d'Assurance Great American
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 SE	International Insurance Company of Hannover SE
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 Underwriters	Les Souscripteurs du Lloyd's
MAX Insurance	MAX Insurance
Mennonite Mutual Fire Insurance Company	Mennonite Mutual Fire 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.
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.
Mutual Fire Insurance Company of British Columbia (The)	Mutual Fire Insurance Company of British Columbia (The)
National Bank Life Insurance Company	Assurance-vie Banque Nationale, Compagnie d'assurance-vie
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
Petline Insurance Company	Compagnie d'assurance Petline
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 Insurance Company of Canada	Compagnie d'assurance RBC du Canada
Red River Valley Mutual Insurance Company	Red River Valley Mutual Insurance Company
Royal & SunAlliance Insurance Company of Canada	Royal & SunAlliance 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 UK Company Limited	SCOR UK Company Limited
Scotia General Insurance Company	Scotia Générale, compagnie d'assurance
Scottish & York Insurance Company Ltd.	Compagnie d'assurance Scottish & York Limitée
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	Entreprise d'assurances Shipowners' Mutual Protection & Indemnity
Association (Luxembourg)	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.
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)
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
United States Liability Insurance Company	United States Liability Insurance Company
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
Westland Insurance Company Limited	Westland Insurance Company Limited
Westport Insurance Corporation	Société d’assurance Westport
Wynward Insurance Group	Wynward Insurance Group
XL Specialty Insurance Company	Compagnie d’assurance XL Spécialité
Zenith Insurance Company	Compagnie d’Assurance Zénith
Zurich Insurance Company	Zurich Compagnie d’Assurances SA

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