PACICC

Property and Casualty Insurance Compensation Corporation

Insolvency protection for home, automobile and business insurance customers

2021 Annual Report

PACICC Mission

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

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

PACICC Principles

- In the unlikely event that an insurance company becomes insolvent, policyholders should be protected from undue financial loss through prompt payment of covered claims
- Financial preparedness is fundamental to PACICC's successful 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 2021

- We issued a Consultation Paper and Survey to engage Members regarding the potential benefits of PACICC purchasing reinsurance on behalf of the industry, to help mitigate systemic risk after a natural catastrophe-induced default of a Member Insurer – learnings from this will inform discussion at the Strategic Planning Conference in June 2022
- PACICC remains actively involved in ongoing dialogue with Finance Canada, CCIR, Bank of Canada, OSFI, CDIC, CMHC, FCAC and IBC regarding the development of a Federal backstop mechanism to address systemic contagion risk
- We published an update to our P&C Industry Model on Systemic Risk ("*How Big is Too Big? The Tipping Point for Systemic Failure*"), to ensure that the Corporation can accurately identify the threshold beyond which the P&C industry would not be able to adequately respond – our most impactful publication to date, with very strong industry engagement and a public endorsement from the Insurance Bureau of Canada
- We initiated a comprehensive "desktop" simulation exercise with OSFI as part of our 2021 Priority on Contingency Planning – a full report on lessons learned will be presented to the Board at its April 2022 meeting
- Similar desktop simulation planning was also initiated with AMF (to be completed in 2022) which led to a number of preliminary issues being addressed, including: clarifying the interaction of federal and provincial winding-up legislation, fine-tuning our Memorandum of Operation to ensure that the Corporation can appropriately fund alternatives to liquidation as needed, and developing a comprehensively modernized Model Winding-Up Order with an additional version specifically designed to be consistent with civil law procedures in Quebec

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- As a result of the work on contingency planning, our Board identified a need for an expanded number of non-Insurer Directors to better manage enhanced engagement with industry regulators and to provide additional skill sets and attributes to assist in resolution scenario management. The Board has now approved adding two non-Insurer Directors and one additional Insurer Director. These changes are subject to regulatory and Member approval and are expected to take effect in April of 2022 at our AGM
- New Intervention Guides (including MOUs/NDAs) were developed for both Alberta and Ontario, explicitly involving PACICC in the case of a distressed insurer in those jurisdictions
- Our PIRL Committee conducted comprehensive training for provincial regulators across Canada regarding the analysis of Own Risk and Solvency Assessments (ORSA) and the determination of internal capital targets
- We launched a Cyber Risk Webinar series in partnership with the Global Risk Institute in Financial Services – involving Chief Information Officers and Chief Information Security Officers from leading firms in the P&C insurance industry – to foster information sharing and the circulation of best practice information among all PACICC Member firms regarding means of countering the growing threat of cyber crime
- We hosted three virtual Risk Officer's Forum Meetings in 2021, as well as three Emerging Risks Webinars. Registrations for all events increased significantly in 2021, in this second year of the ongoing COVID-19 pandemic
- The latest issue of our biannual Benchmark Survey on Members' Enterprise Risk Management Practices was shared with Members, with summary results circulated to Members and other stakeholders in the industry
- We published four issues of our popular *Solvency Matters* newsletter in 2021 (with a materially expanded distribution list), and continue to receive extensive trade press coverage and favourable industry feedback on issues profiled in each publication
- Our digital footprint has been enhanced through the use of social media platforms (Twitter and LinkedIn) to engage Members and the public
- We continued to broaden our access to international best practices through a leadership role with the International Forum of Insurance Guarantee Schemes (IFIGS)

This past year was another productive year for PACICC and another year of positive returns for the industry, despite the ongoing challenges of a global pandemic that is now (unfortunately) into its third year.

Through the first three quarters of 2021, the industry's annualized return on equity was an unusually elevated 18 percent. It is important to note that history has shown P&C insurance industry profitability to be quite cyclical. In the past, such high levels of profitability have proven not to be sustainable. Over the past 45 years, P&C insurers have reported return on equity of greater than 15 percent on 10 occasions. The average return on equity over those years of peak profitability was 16.8 percent. However, every time that insurers reported above-average profitability, competitive forces cut the industry's return on equity in half within two years. Favourable returns on equity reported by insurers over the past year are likely to follow this same historical pattern.

"Proper emergency preparedness calls for the road-testing of response procedures to ensure their relevance and readiness when the call for help arrives."

The key reason for the industry's profitable results in 2021 was strong underwriting performance in Auto and Commercial lines. However, the increasing loss ratio for Personal Property (62.7 percent in 2021, up from 55.9 percent in 2020) and lower net investment income in 2021 (down 25.9 percent from 2020) give clear indication that this period of profitability is likely to be short-lived. Obviously, such periods of high profitability have a favourable impact on capital ratios and result in correspondingly lower solvency risk. But it is our role at PACICC to always be prepared for worst-case scenarios.

PACICC made great progress on its Priority Issues over the past year. PACICC's 2021 Priority Issue was to develop Contingency Planning and Desktop Simulation exercises with Regulators. Proper emergency preparedness calls for the road-testing of response procedures to ensure their relevance and readiness when the call for help arrives. A desktop simulation with OSFI is currently underway. The simulation scenario is unfolding and lessons are being learned at each stage – by OSFI and by us. There will be two desktop simulation exercises with the AMF in 2022. In planning for these, AMF and PACICC staff identified several technical roadblocks that needed to be resolved and I am pleased to report that Management and the Board have already been able to fully address them.

As a result of the work on contingency planning, our Board identified a need for an expanded number of non-Insurer Directors to better manage enhanced engagement with industry regulators and to provide additional skill sets and attributes to assist in resolution scenario management. Our Board approved these changes last November and the process of securing regulatory approval is underway as I write this letter. Members will be asked to ratify this change at the AGM in April. Proposed changes to PACICC's Memorandum of Operation were also approved, to ensure that our Board has the full legal authority to both access the Compensation Fund and to levy assessments on Member Insurers, in order to finance alternatives to liquidation that satisfy the Corporation's Resolution Protocol.

"As we look out to the future, it is increasingly clear to our Board that the type of default most likely to require PACICC engagement is changing."

As we look out to the future, it is increasingly clear to our Board that the type of default most likely to require PACICC engagement is changing. Historically, we have primarily seen the failure of smaller, regional insurers. While we remain exposed to the domestic failure of a single, smaller Insurer Member, there are fewer and fewer of these. And we also remain exposed to the failure of a local Branch of a larger global insurer that defaults overseas (as happened in 2004). However, the increased pace of consolidation means that the next failure is more likely to be that of a medium-sized or even larger insurer, which places new pressures on our current operating model. And of course, we are also exposed to serial insurer failure after a major natural catastrophe such as a mega-quake.

It is in this context that we published an industry Consultation Paper last July seeking Member feedback on the merits of PACICC purchasing reinsurance on behalf of Members, as a means of ensuring a more efficient and cost-effective response to future industry insolvencies. PACICC received strong survey response, with more than 100 PACICC Member Insurers representing 88 percent of industry Direct Written Premiums. The Consultation Paper sought Member feedback on:

- Whether the industry was open to the idea of PACICC acquiring reinsurance (on behalf of the industry) to secure funds to help mitigate the impact of a natural catastrophe-triggered default of a Member Insurer
- The specific reinsurance option (coverage/price) marketed by our broker (Guy Carpenter)
- Appropriate methods of payment for such a reinsurance purchase
- The trade-off between the annual purchase of reinsurance vs. payment of capital levies to achieve an increased target level for the PACICC Compensation Fund.

The Member feedback was mixed, but yielded some important insights for PACICC regarding varied industry perspectives on how best to approach the increasingly obvious need for greater financial capacity at PACICC. Our Board asked PACICC staff to review this feedback and explore alternative scenarios – in the context of an increased Compensation Fund target. Staff will evaluate options including reinsurance, a standby line of credit as an alternative to reinsurance and/or options for a combination of capital levy, reinsurance premium and/or line of credit. We plan to review results of this analysis at our Strategic Planning Conference in June.

Over the past year, PACICC continued to work with Finance Canada to address the largest single risk facing the Canadian P&C insurance industry – systemic contagion caused by a large earthquake. Central to this work has been an update to PACICC's P&C Industry Model, to ensure that the Corporation can accurately identify the threshold beyond which the P&C industry would not be able to adequately respond. In May, PACICC published a major update to this Model, entitled "*How Big is Too Big? – The Tipping Point for Systemic Failure*." The update included detailed scenarios for an event in B.C. and Quebec, as well as sensitivity analysis examining the outcomes of five alternative public policy responses. The results illustrate the compelling need for a Federal Government backstop mechanism as Canada's best option to address earthquake risk. PACICC staff remains deeply engaged in work with Finance Canada, IBC and ICLR to finally make material progress in addressing this significant gap in the public infrastructure of our nation.

I want to thank the small Management team at PACICC for the continuing high quality of their work. PACICC continues to benefit from the adjustments that they have made to work routines, to manage a challenging workload and avoid any disruptions as a result of the ongoing pandemic. I also want to thank each of our Board Members for their professionalism and dedication to PACICC's Mission. A heartfelt thank you to Bruce Thompson who retired from our Board over the past year after 10 years of service, and a warm welcome to Penny Lee who joined the Board in 2021. My Board colleagues' guidance regarding key issues facing the Corporation helps to enrich the work of PACICC, and make my role as Chair so rewarding. I am confident that we have the skills and resources in place to ensure PACICC's protection of Canadian consumer interests well into the future.

In spite of the challenges we have all faced corporately and personally as a result of the ongoing COVID-19 pandemic, this past year has been a surprisingly favourable one for PACICC and the industry. In fact, the Members of PACICC – making up 95% of the Canadian property and casualty industry – saw loss ratios at profitable levels in every major line of coverage. From a solvency perspective, this is good news for consumers. With an increasing capital base, Canada's P&C insurers are well-positioned to play a strong supporting role in helping Canadians to recover from the effects of the pandemic and to look ahead with greater confidence to 2022. And from a strict solvency perspective, no Canadian insurers failed for the 18th consecutive year. In this context, I am pleased to report that PACICC has once again been able to comfortably deliver on our mandate to protect consumers, and the reputation of our industry.

From a pure PACICC perspective, 2021 also proved to be a particularly productive year for our small team as we executed well against our strategic and operational priorities.

Permanent Priority – Mitigating Systemic Risk

In 2021, we updated our Systemic Risk Model for the first time since 2016. Findings were published in a major research report ("*How Big is Too Big? The Tipping Point for Systemic Failure*") which clearly demonstrated that there is a threshold – insured losses in excess of $35 billion – beyond which otherwise healthy insurers could fail due to contagion (because of their obligation to absorb the insolvency costs of failed companies). This risk can and must be mitigated. We believe it can best be addressed through a government backstop that is available to the industry – beyond the "tipping point" of a $35 billion loss event. We continue to engage with federal and provincial governments and all of our industry partners to ensure that this vital component of a comprehensive financial services safety net is finally put in place to protect Canada and Canadians from severe tail-risk events.

Priority Issue for 2021 – Contingency Planning and Desktop Simulation

The day-to-day focus of PACICC remains on preparedness – specifically, on our ability to protect policyholders in the unlikely event that a Member Insurer becomes insolvent. The increasing frequency and severity of extreme weather events over the past number of years has placed added emphasis on the need for such preparedness. Now that we have a comprehensive resolution "toolkit" in place, our Board-mandated #1 Priority this year was Contingency Planning and Desktop Simulation exercises with Regulators. We have now embarked on a comprehensive simulation exercise with OSFI, and plan several such exercises with the AMF in 2022. Our work so far has already provided us with invaluable learnings – some of which require some technical adjustments to our By-Law and Memorandum of Operation, which have been tabled for approval by regulators and will hopefully be ratified by our Members at our AGM in 2022. And as we learn from the collaborations with federal and provincial supervisors, we will continue to modernize elements of our Insolvency Contingency Plan.

"As we learn from the collaborations with federal and provincial supervisors, we will continue to modernize elements of our Insolvency Contingency Plan."

Preparedness is easier with more preparation time. Over the last few years, we secured published Intervention Guides – ensuring that PACICC is at the table prior to any Liquidation – with the AMF, OSFI and the BCFSA. I am pleased to confirm that in 2021 we made further progress in this regard, securing similar Guides (and signed MOUs/NDAs) with Finance Alberta and FSRA. And we worked closely with the AMF as they updated their pioneering original framework. We also signed pre-negotiated standing agreements with panels of expert third-party service providers to assist with future insolvency management, and successfully completed a comprehensive modernization of our Model Winding-Up Order (with suitably amended Quebec version) to ensure that we are well positioned to cost-effectively manage the next insolvency in our industry.

Follow-up on 2019 Priority Issue – Industry Consultation Paper and Survey on PACICC Purchase of Reinsurance

We recognize that periodic large catastrophe losses and accompanying earnings volatility represent a "new normal" for the industry, signaling the need for everyone to strengthen their resilience to fluctuations in underwriting results and earnings. It is for this reason that we consulted with all Member companies on the possibility of PACICC purchasing reinsurance on behalf of the industry, so that under certain defined circumstances, the Board would have access to an additional pool of funds to quickly address policyholder claims – without having to resort to a Special Member Assessment. We were thrilled with the degree of engagement from the industry on this topic – with 100 companies representing more than 88% of the industry providing responses.

While industry feedback to our Consultation Paper and Survey was mixed (as was expected), we received comprehensive and detailed Member feedback on all our questions. This means that our Board is now in possession of extremely useful indicative guidance from the industry on how best to proceed regarding the Review of the Scope, Scale and Uses of our Compensation Fund – our Board-mandated Priority Issue for 2022. We have already begun modelling, research and benchmarking work on this critical issue, and will be engaging more broadly with the industry on this significant topic early this year.

Ongoing Stakeholder Engagement – Risk Management

PACICC has undertaken numerous other initiatives which we hope will help our industry to better prepare for, and mitigate, emerging risks. We had the highest-ever response rate to our Enterprise Risk Management Benchmark Survey this year. The summary report (all Risk Officer's Forum information is available on our website) contains a wealth of risk management insights from all 31 questions posed. And industry engagement and attendance remains at record levels at all of our Risk Officer's Forum meetings and Emerging Risks Webinars over the past year. These events feature subject-matter experts addressing current and emerging risks in the P&C insurance industry. The strong support shown in follow-up satisfaction surveys demonstrates the high perceived value of this outreach initiative in keeping Members up to date on current and emerging risk issues and industry best practice.

PACICC initiated a Cyber Risk Webinar series, in partnership with the Global Risk Institute in Financial Services, to provide a forum for CIOs and CISOs from the largest firms in the industry to explore possible opportunities for greater collaboration, to address this growing industry risk. PACICC will be communicating key learnings to all Member companies, and will be issuing industry cyber crime alerts as situations warrant.

Enhanced stakeholder communication

We continued to broaden our reach through publications and via international engagement. Beyond the research publications we have long been known for, we have also continued to expand our quarterly newsletter – *Solvency Matters/Parlons Solvabilité* – both in terms of quality content and scope of distribution. These publications are now further promoted via social media – on LinkedIn and Twitter – and we continue to see increased traffic to our website.

From an international perspective, I have been honoured to serve as Vice Chair and Chair of the International Forum of Insurance Guarantee Schemes for the last three years and will continue to serve as Chair of that organization's Profile Enhancement Working Group in 2022, where we have the opportunity to engage directly with regulators at EIOPA and IAIS on developing best practices in policyholder protection.

"In 2022, our Board will be holding a special Strategic Planning Conference to map out our future priorities. We will review the founding rationale for PACICC and stress-test the current model against the probable insolvencies of the future."

Preparing for the Next Last Resort

In 2022, our Board will be holding a special Strategic Planning Conference to map out our future priorities. We will review the founding rationale for PACICC and stress-test the current model against the probable insolvencies of the future. Out of this exercise may well come some significant new developments for the PACICC of the future. I look forward to sharing these outcomes with our Members later in 2022.

Operational Effectiveness and Efficiency

I am pleased to report that we were able to deliver against all of our Strategic and Operational Priorities, while remaining on budget and successfully delivering against our target to fully replenish our Operating Surplus. As a result, our Board was in a position to approve a 2022 Budget for PACICC which will allow us to properly fund our expanding scope of stakeholder engagement, while at the same time ensuring that total spending is unchanged and the required annual Administrative Assessment is fixed for a third consecutive year.

Conclusion

2021 was my third year in the role as President & CEO of PACICC, and once again I can honestly say that I have enjoyed every minute of it. I continue to be pleased at the way our small team has executed on our very ambitious plans, despite the challenges of a global pandemic. I also continue to benefit from the active coaching and support of our Board Chair Glenn Gibson, and all of the engaged members of our Board Directors. PACICC and our industry are well served by their active and informed oversight of our work, and I thank them for it.

The year ahead will no doubt present challenges for all of us. At PACICC, we will continue to work hard to ensure that if, and when, the worst-case scenario becomes a reality, our industry, our country and, most importantly, Canadian policyholders, will be properly protected from the consequences of insurer failure.

PACICC closely monitors the business environment of Canada's P&C insurance industry for two important reasons:

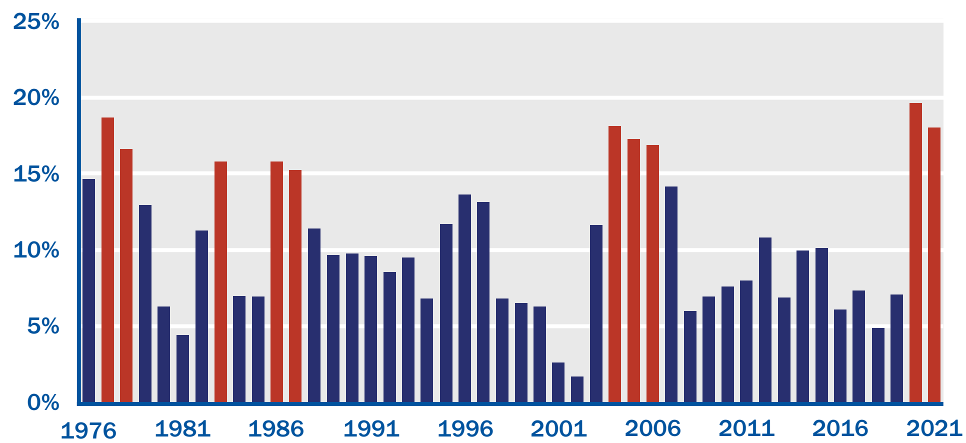
1) To determine the level of solvency risk facing PACICC Member Insurers, and

2) To ensure that PACICC is prepared to play its role in future insolvencies.

Strong profits in 2021 reduce solvency risk

The industry's annualized return on equity for the first nine months of 2021 was 18.0 percent. This level of profitability is a significant outlier when you contrast it with average Canadian P&C industry returns – over the past 40 years – of less than 10 percent. These high profits have reduced solvency risk for most, but not all insurers. PACICC's focus is on assessing the solvency of Canada's P&C insurers, which dictates that its analysis will bias toward caution. However, it is very difficult to find anything but sunshine and rainbows in the industry's financial results in 2021.

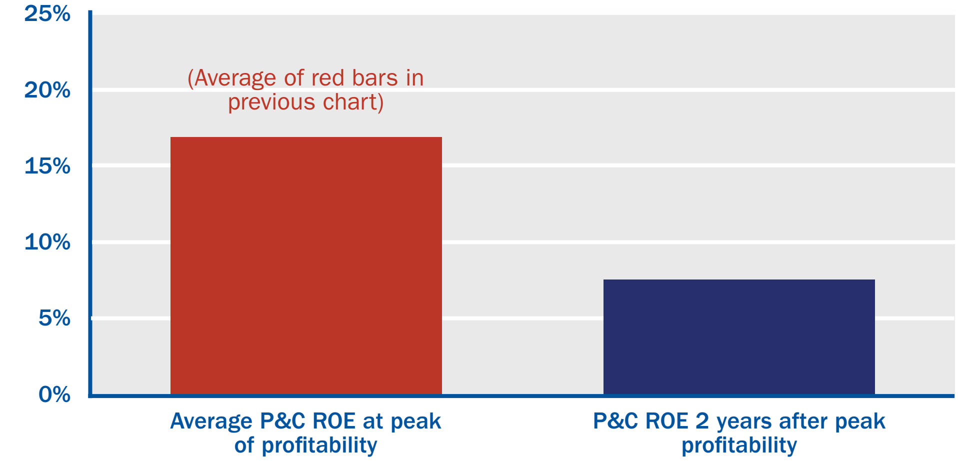
P&C Return on Equity (1976-2021)



Source: PACICC based on data from MSA Research

It is important, when looking at such positive returns, to remember our industry history…which shows that P&C insurance profitability has been widely cyclical. In the past, high levels of profitability have never proven to be sustainable for P&C insurers. Over the past 45 years, P&C insurers have reported returns on equity greater than 15 percent on 10 occasions. These years of high profitability generally appear in clusters (1977 to 1978; 1986 to 1987; and 2004 to 2006). The average return on equity in these years of peak profitability was 16.8 percent. But, every single time that insurers have reported such above-average profits, competitive forces have quickly acted to cut the industry's return on equity in half – to an average of 7.4 percent – within two years. The high returns on equity reported by insurers in 2020 and 2021 are likely to follow this same historical pattern.

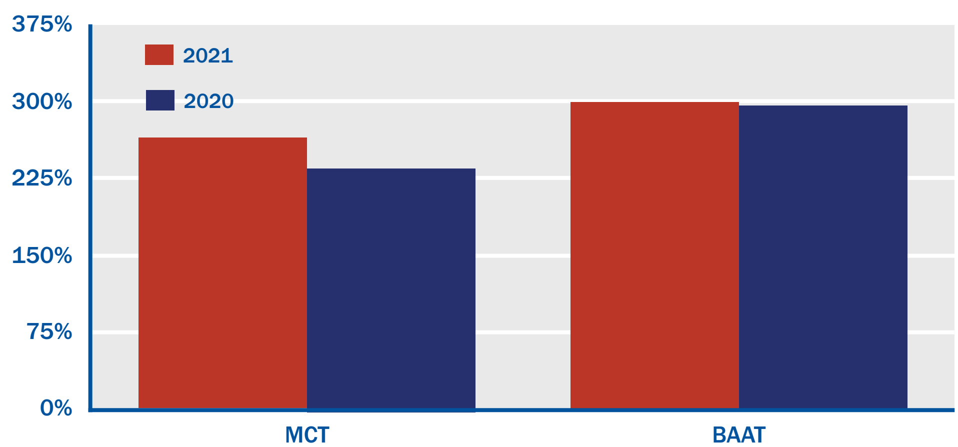
Good times don't last (1976-2021)



Source: PACICC based on data from MSA Research

There is obviously good news in these short-term returns with the promise of favourable impact on the long-term, sustainable solvency of Canada's insurance industry. Why? Because, these profits have resulted in improving capital test scores for most insurers. The average Minimum Capital Test (MCT) figure increased – from 234.2% in 2020 to 264.4% in 2021. The Branch Adequacy of Assets Test (BAAT) figure also increased marginally – from an average of 297.3% to 298.9%. This increasing capital base of Canada's P&C insurers means that the insurance industry is well-positioned to play a positive and productive role in helping to facilitate Canada's economic rebound in 2022 and beyond.

Solvency ratios are rising



Source: PACICC based on data from MSA Research

Assessing PACICC's preparedness

Thankfully, no Canadian P&C insurer failed in 2021. In fact, it is now approaching 20 years since an insurer was ordered to be wound up by a Canadian insurance regulator. A long period of calm is not uncommon in the insurance industry. But, in this "time of peace," PACICC has taken three important steps to enhance the Corporation's preparedness for a future insolvency.

Unencumbered assessment capacity

All Member Insurers that were put into wind-up by their regulator (and required PACICC involvement to assess remaining insurers) have now been resolved. There are no outstanding or unresolved claims. This is the first time in PACICC's history that its assessment capacity is completely unencumbered. PACICC estimates that in 2021, the total annual assessment capacity available to protect policyholders is $1,073.0 million.

Adjusted benefit levels and coverage

In 2019, as part of its review of Coverage and Benefit levels, PACICC undertook a comprehensive survey of industry claims patterns. Based on a sample of 400,000 claims provided by Member Insurers, we were able to estimate the percentage of claims that would be covered by PACICC if a Member Insurer were to fail for the first time. The level of protection varies by line of business. If a PACICC Member Insurer was to fail in 2019, the survey data indicated that 98.2 percent of open Auto claims, 94.2 percent of open Commercial Liability claims, and 98.0 percent of open Commercial Property claims would be fully covered by PACICC's new claims limit of $400,000. The same data indicated that 99.1 percent of open Personal Property claims would fall below PACICC's new $500,000 policy limit. In 2021, PACICC's Board of Directors approved a Hardship Policy that details the process which will be followed to address possible claims above these claim limits.

PACICC's Resolution Protocol

PACICC's research program has confirmed that liquidation of a very large Member Insurer and the substantial resulting PACICC assessments(s) could have significant and unintended adverse consequences on other Member Insurers, and thus potentially leave PACICC unable to fulfill its mission to protect consumers. To help mitigate this risk, PACICC's Board of Directors approved a Resolution Protocol in 2020 – to guide PACICC at the moment of crisis, when an Insurer Member is on the verge of default. The Protocol outlines alterative options which we and our regulatory partners might explore, and which could potentially avert a Court-ordered liquidation.

Looking ahead

Overall, going into 2022, the Canadian P&C industry is well capitalized and has demonstrated reassuring resilience in a very challenging period. PACICC Member Insurers have a 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 more than adequately prepared to face a challenging future – a future which history indicates will likely come with declining returns and increased solvency risk.

Enterprise Risk Management

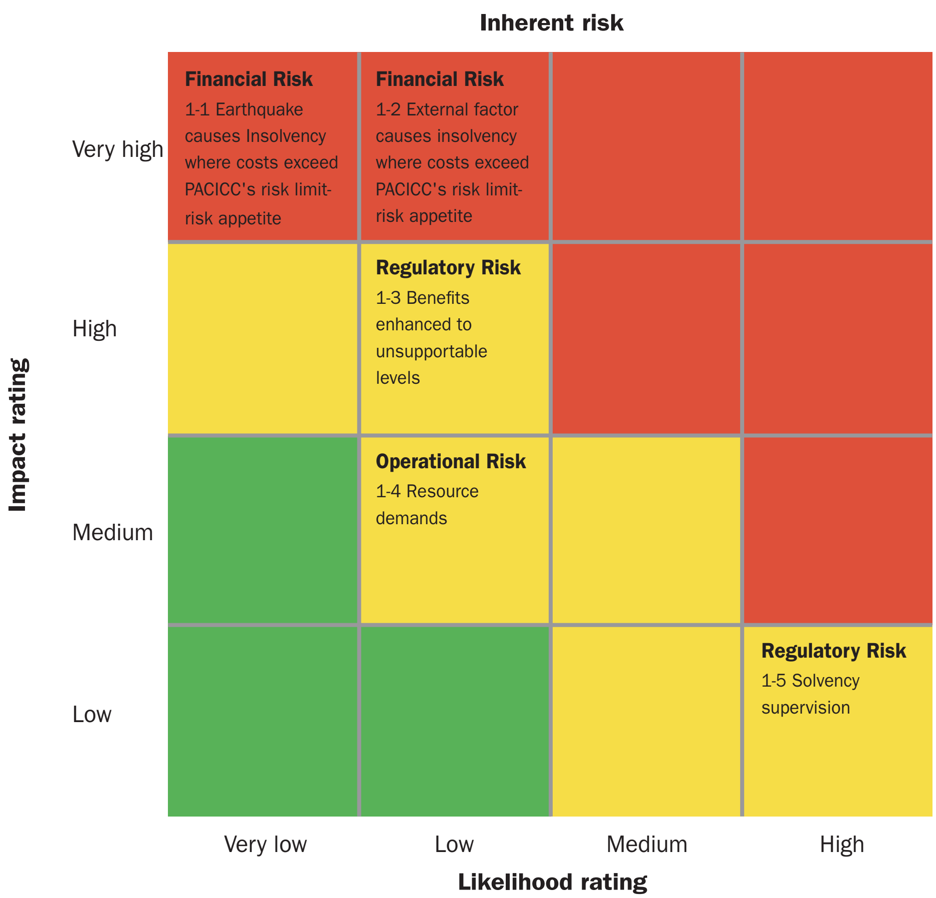
At the request of the Audit & Risk Committee of our Board, PACICC undertook a review of its Risk Management Report in 2021, focusing more narrowly on those risks that would cause the Corporation to fail to deliver on its three-part Mission:

1. Protecting eligible policyholders from undue financial loss in the event that a Member Insurer becomes insolvent
2. Working to minimize the costs of insurer insolvencies
3. Seeking to maintain a high level of consumer and business confidence in Canada's property and casualty (P&C) insurance industry through the financial protection that PACICC provides to policyholders.

As a result of this review, the number of risks being actively monitored in PACICC's Risk Management Report has decreased from 37 to 22, as follows:

- Section 1 (Major Risks) – Now identifies five Major Risks, down from eight.
- Section 2 (Risks to be Monitored) – Now identifies 14 Risks to be Monitored, down from 18
- Section 3 (Emerging Risks) – Now identifies three Emerging Risks, down from 11.

Risk Profile Grid (as at October 2021)



There are two risks which PACICC considers to be severe enough to prevent the Corporation from fulfilling its obligations to policyholders, should they materialize. One is the risk that a catastrophic earthquake (or other major disruptive event) causes a large Member Insurer to fail, or leads to a series of multiple, smaller insurer insolvencies (see Risk 1-1). The second is the risk of a major external factor (e.g. cyber attack) causing a very large insurer to fail, or leading to multiple, smaller insolvencies. The result of these risks could be that estimated insolvency costs exceed PACICC's risk limit-risk appetite (as set by the Board of Directors at twice PACICC's annual general assessment capacity – currently $2.15 billion). This inability to fulfill obligations to policyholders in a timely manner could damage not only the reputation of PACICC, but that of the P&C insurance industry. It is for this reason that mitigation of these particular risks remains a top priority for PACICC.

PACICC's priority risks (risk profile)

1-1 Financial Risk

A catastrophic earthquake 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 Financial Risk

A major external factor (e g cyber attack) 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)

1-3 Regulatory Risk

PACICC could be compelled to increase coverage and benefits beyond levels that its Members would support

1-4 Operational Risk

The insolvency of a larger Member, group, or concurrent multiple Member failures, or another event, places extraordinary demands on human resources

1-5 Regulatory Risk

Supervisory practices are below minimum IAIS standards

The Government of Canada continues to consider “how to limit the system-wide risks an extreme earthquake could pose to federal P&C insurers.” PACICC is partnering with the Insurance Bureau of Canada (IBC) to address this risk, specifically advocating for some form of a “backstop” facility – provided by the Federal Government – following a catastrophic earthquake. Such a mechanism would enable the industry to pay eligible claims of policyholders of any Member Insurers that failed due to the earthquake, rather than having PACICC respond via its General Assessment mechanism – which could possibly cause financial contagion in the industry.

PACICC’s complete *Risk Management Report* – including its entire Risk Register – is posted on the Corporation’s website at www.pacicc.ca.

Risk Officer's Forum

PACICC plays an important role in raising industry awareness about Enterprise Risk Management best practices through the ongoing work of its Risk Officer's Forum. Forum operations are overseen by an Advisory Committee that provides PACICC's Board with technical expertise and advice regarding current and emerging risk management issues. The Advisory Committee comprises senior risk officers from across the industry and is supported by a PACICC Administrator.

Risk Officer's Forum Mandate:

The Forum seeks to enhance risk management within the P&C insurance industry by:

- Discussing and sharing risk management best practices within the industry
- Reviewing and communicating topical risk management information
- Serving as a risk management resource for PACICC and for insurance regulators
- Discussing major existing risks and significant emerging risks within the industry
- Providing resources, references and information to facilitate research of risk management and related governance topics.

2021 Event Dates and Discussion Topics

Forum Meetings:

• April 1	OSFI Update on Current Industry Issues Risk of Civil/Social Unrest – Coverage, Exclusions and Implications Risk of Long-Term Low Interest Rates
• September 15	CEO Perspective on Flood Resiliency Efforts in Canada Reinsurance Update – Exclusions and Capacity Results of PACICC Benchmark Survey on ERM Practices
• November 17	CEO Perspective on Climate Change COVID-19 Update Risks of Space Weather Phenomena

Emerging Risks Webinars:

• February 24	Risk Identification & Risk Assessment
• May 19	ESG Scores – Implications for Investments and Underwriting
• October 20	Threats to Our Grid Systems (Internet, Electrical)

2022 Event Dates and Discussion Topics

Forum Meetings:

• April 14	OSFI Update on Current Industry Issues Model Risk Operational Resilience / Operational Risk
• September 15	CEO Perspective on the Risk Function: Finding Balance with Regulatory Risk Inflation Risk Human Resources / Talent Management
• November*	PACICC Board Chair Review of PACICC's Strategic Planning Conference Class Action Status / Update Supply Chain Risk (*date to be announced)

Emerging Risks Webinars:

• February 24	A Conversation with Insurers Regarding Risk Identification and Risk Assessment
• May 19	Climate Change Modelling
• October 20	Privacy (Managing Compliance and Reputational Risks)

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INDEPENDENT AUDITORS' REPORT

To the Members of the Property and Casualty Insurance Compensation Corporation

Opinion

We have audited the financial statements of the Property and Casualty Insurance Compensation Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 3, 2022
Toronto, Canada

Statement of Financial Position

December 31, 2021, with comparative information for 2020
In thousands of dollars

	2021	2020
Assets		
Cash (note 7)	$2,115	$1,944
Short-term investments (note 7)	6,361	6,345
Bonds (note 7)	52,129	50,869
Accrued interest	184	191
Prepaid assets and other receivables	30	58
Property - right-of-use asset (note 10)	63	126
Total assets	**$60,882**	**$59,533**

Liabilities and Equity

Liabilities:		
Trade and other payables (note 8)	$159	$225
Unclaimed liquidation refunds (note 6)	–	41
Finance lease liability (note 11)	67	132
Total liabilities	226	398
Equity:		
Operations surplus	1,978	1,655
Liquidation surplus	0	60
Compensation Fund	58,678	57,420
Total equity	60,656	59,135
Total liabilities and equity	**$60,882**	**$59,533**

See accompanying notes to financial statements.

On behalf of the Board:

Glenn Gibson, *Board Chair*

Dave Oakden, *Director*

Statement of Comprehensive Income

Year ended December 31, 2021, with comparative information for 2020
In thousands of dollars

	2021	2020
Revenue from operations:		
Members assessments	$1,923	$1,917
Investment income	16	18
Institute for Catastrophic Loss Reduction cost recovery	124	112
	2,063	2,047
Expenses:		
Personnel costs	976	969
Research and professional fees	114	129
Premises	103	114
Investment management and service charges	79	85
Board of Directors	125	105
Legal fees	77	61
Corporate secretary and accounting services	51	51
Travel	5	15
Telephone and courier	19	22
Furniture and equipment maintenance	72	65
Communications and advertising	16	29
Interest expense financial lease liability (note 11)	4	7
Amortization of right-of-use asset (note 10)	63	63
Insurance	25	17
Miscellaneous	11	26
	1,740	1,758
Comprehensive income (loss) – Operations	323	289
Liquidations:		
Investment income	1	2
Other expense (claims paid/distribution expenses)	41	–
Comprehensive income (loss) – Liquidations	42	2
Compensation Fund:		
Net Investment income	1,156	1,131
Comprehensive income (loss) – Compensation Fund	1,156	1,131
Net income (loss) and comprehensive income (loss)	**$1,521**	**$1,422**

All income is attributable to Members

See accompanying notes to financial statements

Statement of Changes in Equity

Year ended December 31, 2021, with comparative information for 2020
(In thousands of dollars)

	Operations surplus	Liquidation surplus	Compensation Fund	Total
Balance, December 31, 2019	$1,366	$58	$56,289	$57,713
Comprehensive income	289	2	1,131	1,422
Balance, December 31, 2020	1,655	60	57,420	59,135
Comprehensive income	323	42	1,156	1,521
Transfers (notes 4(c) and 6)	–	(102)	102	–
Balance, December 31, 2021	**$1,978**	**$0**	**$58,678**	**$60,656**

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020
(In thousands of dollars)

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses:		
Operations	$323	$289
Liquidations	42	2
Compensation Fund	1,156	1,131
Amortization of bond premium/discount/impairment	(331)	69
Change in accrued interest	7	(21)
Change in prepaid assets other receivables	(28)	6
Change in trade and other payables and provisions	(107)	2
Cash provided by (used in) operating activities	1,062	1,478
Investing activities:		
Maturity of investments	9,149	6,224
Purchase of investments	(10,040)	(7,421)
Cash provided by (used in) investing activities	(891)	(1,197)
Increase in cash	171	281
Cash, beginning of year	1,944	1,663
Cash, end of year	**$2,115**	**$1,944**

See accompanying notes to financial statements.

Notes to Financial statements

(Tabular amounts in thousands of dollars)
Year ended December 31, 2021

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 (P&C) insurer that is a Member becomes insolvent. PACICC works to minimize the costs of insurer insolvencies and seeks to maintain a high level of consumer confidence in Canada's P&C industry through the financial protection they provide to policyholders. The Corporation's Members include all licensed property and casualty insurers (other than Farm Mutuals) and all government-owned P&C 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, 2021 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, 2021 have been approved for issue by the Board of Directors on March 3, 2022.

(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. Investment income is received in the Liquidation fund on the assets held within that Fund. From time to time, liquidation dividends are received into that Fund when liquidators have excess cash upon winding down of a liquidation of an insurance entity.

(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 net of impairment and short-term investments which are measured at fair value through profit and loss ("FVTPL").

(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 fair value.

(b) Financial instruments:
Effective January 1, 2018, the Corporation has adopted IFRS 9, Financial Instruments ("IFRS 9"), standard. IFRS 9 includes three principal classification categories for financial assets - amortized cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 *Financial Instruments* eliminates the previous IAS 39 *Financial Instruments* categories of held to maturity investments, loans and receivables and available for sale.

IFRS 9 *Financial Instruments* replaces the incurred loss model in IAS 39 *Financial Instruments* with a forward looking expected credit loss model. The new impairment model applies to financial assets measured at amortized cost, FVOCI and lease receivables.

The Corporation measures its bond portfolio at amortized cost. The financial assets are initially recognized at the fair value at inception and subsequently measured at amortized cost using the effective interest rate method. This classification has been selected based on the nature of the business model of the bond portfolio and assessing the cash flow characteristics of the securities within the portfolio.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets and to collect contractual cash flows; and
- Its contractual terms give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Corporation has assessed the business model and in doing so has considered:

- The stated policies and objectives of the Corporation which is not for profit in nature;
- The performance of the portfolio and how the performance is evaluated; and
- The frequency, volume and timing of sale of the bonds in the prior periods.

The Corporation has concluded that the financial assets are held to collect contract cash flows with no intention to carry out regular trading of such assets.

(i) Assessment of whether cash flows are solely payments of principal and interest:
For the purposes of this assessment principal is defined as the fair value of the financial assets on initial recognition. However, this principal may change over time e.g. if there are repayments of the principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks.

2. Significant accounting policies (continued):

In assessing whether the contractual cash flows are solely payments of principal and interest the Corporation considered the contractual terms of the instrument. In making this assessment the Corporation considered:

- Contingent events that could change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that may limit the Corporation's claim to the cash flows; and
- Features that modify consideration of the time value of money.

Taking the above factors into account, the Corporation has concluded that the financial assets all meet the solely payments of principal and interest criteria.

(ii) Impairment:

From January 1, 2018, the Corporation assesses on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments measured at amortized cost. IFRS 9 requires that the ECL is based on assessing the probability of default and the loss given the default has occurred.

Financial assets held at amortized cost or being measured through FVOCI are required to be assessed for impairment. IFRS 9 requires the impairment to be divided into two broad buckets being the 12-month expected credit loss and the life time expected credit loss. Entities are generally required to recognize impairment in the 12-month expected credit loss category unless there is a significant increase in credit risk in which case they are required to recognize the lifetime expected credit loss amount for the particular asset.

The Corporation has evaluated its bond portfolio and adopted the low credit risk exception for financial assets permitted by IFRS 9 which exempts recognition of the lifetime expected credit loss (impairment).

The credit risk can be deemed low if:

- The instrument has a low risk of default;
- The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic business conditions in the longer term may, but will not necessarily reduce the borrower's ability to fulfil its obligations.

As can be seen in note 14(a), the Corporation invests in investment grade securities and these are externally rated.

The Corporation had adopted the simplification permitted for trade receivables which permits recognition of expected lifetime credit loss to be recognized from initial recognition. The trade receivables in this set of financial statements do not contain any significant financing component.

(iii) 12-month expected credit losses:

The 12-month expected credit loss is defined as the portion of lifetime expected credit loss that represents the expected credit loss that result from default events on the financial instrument that are possible within the 12 months after the reporting date.

The Corporation has defined default events as the failure to make contractual coupon and principal payments.

(iv) Financial liabilities:

Financial liabilities are initially recognized at fair value at inception and subsequently recognized at amortized cost using the effective interest rate method. There is no significant financing component and, therefore, there is no impact of time value of money.

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) 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.

(d) Leases:

IFRS 16, Leases ("IFRS 16"), is effective from January 1, 2019 which has changed the manner of accounting for lease contracts. Such contracts are brought on to the statement of financial position in the form of a lease liability and a right-of-use ("ROU") asset.

The Corporation has entered into a lease agreement for real estate that is used for office space in the ordinary course of business. At the effective date of IFRS 16, the Corporation recognizes an asset representing the right to use the underlying asset during the remaining lease term and recognizes a liability to make lease payments.

The ROU is initially measured at cost which is the initial amount of the lease liability. The useful life of the ROU asset is selected as 4 years by the Corporation which is the lease term remaining at the date of initial application.

The lease liability is initially measured at the present value of the lease payments that are not paid at the effective date, discounted using the interest rate implicit in the lease or, if that rate is not readily available, the Corporation's incremental secured borrowing rate commensurate with the term of the underlying lease.

The Corporation has used the incremental secured borrowing rates as its method of arriving at the relevant discount rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rates at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and

(Tabular amounts in thousands of dollars)
Year ended December 31, 2021

2. Significant accounting policies (continued):

- The exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an option renewal period if the Corporation is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

The current lease agreement only has fixed payments of basic rent included in the measurement of the lease liability. No other components of lease payments are present within the contractual agreement.

The lease liability is measured by the amortized cost using the effective interest rate method. Leases under the standard require the remeasurement of the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in the interest rate used to determine those payments). The Corporation recognizes the amount of remeasurement, if there are any, as an adjustment to the ROU.

The Corporation has presented its ROU in a separate financial statement caption called Property. Right-of-use asset and its lease liability in a caption called Finance lease liability.

(e) 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.

(f) Revenue recognition:
(i) Member assessments:
All provinces and territories have enacted legislation or passed regulation, making it a condition for being licensed that P&C insurers enters into a contract of membership with the Corporation. This membership cannot be cancelled by either the P&C insurer or PACICC and will only lapse 6 months after the license for insurance is revoked or cancelled for the insurer by the relevant authority. This membership is the contract with the various P&C insurers for the Corporation. As part of this membership, assessment fees are issued annually and recognized as income when due.

PACICC introduced a risk-based Administrative Assessment Framework on January 1, 2020 that resulted in an Administrative Assessment for each PACICC Member that is the larger of a Base Assessment (set at $10,000, as recommended by management) or a PACICC Budget allocation, based on that Member's share of the Minimum Required Capital for all Members, as measured by MCT/BAAT. This new risk-based framework, which follows OSFI's risk-based assessment model, removes PACICC's reliance on Direct Written Premiums (an accounting concept that is being phased out with new International Financial Reporting Standards).

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:
In certain instances, post liquidation, dividends are received when excess funds remain from the liquidation process. 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. Changes in accounting and reporting policies

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

In May 2020, the IASB issued an amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendment clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling the contract. The provisions of this amendment will apply on a modified retrospective basis to financial statements beginning on or after January 1, 2022.

The Corporation is currently assessing the impact the adoption of this amendment will have on its financial statements.

Annual Improvements to IFRSs 2018-2020 Cycle

In May 2020, the IASB issued Annual Improvements 2018-2020 Cycle as part of its ongoing process to efficiently deal with non-urgent narrow scope amendments to IFRS. Two amendments were included in this issue that are applicable for the Corporation relating to IFRS 9, Financial Instruments and IFRS 16, Leases. The amendments are effective January 1, 2022. The Corporation is currently assessing the impact the adoption of these amendments will have on its financial statements.

4. General and designated funds:

(a) Operations Fund:
Administrative assessments are levied annually 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) Liquidation Funds:
Separate funds are maintained for each active Member insolvency in the process of liquidation. In 2020, the Corporation engaged external consultants to calculate the final distributions of surplus net liquidation funds associated with seven member insolvencies which were resolved. The administration of each of the insolvencies is complete and the Corporation has distributed the final payments as liquidation dividends to Members who had made the payments at the time of the insolvencies. After extensive public notifications and attempts to locate Members to refund these residual funds, the Liquidation Fund surplus was transferred and reinvested in the PACICC Compensation Fund on November 2, 2021.

5. Operating, Compensation and Liquidation Fund information:

(a) Statement of financial position as at December 31, 2021:

Assets	Operations	Compensation	Liquidation	Total
Cash	$2,110	$5	$0	$2,115
Investments	–	58,490	–	58,490
Accrued interest	1	183	–	184
Assessment receivable	–	–	–	–
Other receivavles	30	–	–	30
Property - right-of-use asset	63	–	–	63
Total assets	**$2,204**	**$58,678**	**$0**	**$60,882**
Liabilities and Equity				
Liabilities:				
Trade and other payables	$159	$ –	$ –	$159
Provisions	–	–	–	–
Deferred revenue	–	–	–	–
Financial lease	67	–	–	67
Total liabilities	226	–	–	226
Equity:				
Operations surplus	1,978	–	–	1,978
Compensation surplus	–	58,678	–	58,678
Liquidation surplus	–	–	–	–
Total equity	1,978	58,678	–	60,656
Total liabilities and equity	**$2,204**	**$58,678**	**$0**	**$60,882**

6. Unclaimed liquidation refunds to member companies:

On November 8, 2018, PACICC's Board of Directors approved the refunding of final liquidation dividends from the estates of the following insolvent insurers: Miller, GISCO, Hiland, Beothic, Canadian Universal, Ontario General and Markham General liquidations all of which have been discharged and there are no further claims to be paid.

PACICC is obligated to refund dividends from liquidation funds to Member companies when they are no longer needed to support specific insolvencies. During 2019, PACICC recovered funds of $21,100,257 upon the closure of liquidation activities in these estates. PACICC retained a third party to assist in determining the distribution to each Member to ensure transparency. As of December 31, 2020, PACICC had paid out $21,059,674 in liquidation dividends from the total amount authorized for distribution of $21,100,257. Despite a residual unclaimed amount of $40,583 at the end of 2020, PACICC has continued to be actively engaged in the process of determining ultimate ownership via public notifications and locating Members to disburse the residual surplus liquidation funds. There were no further distributions to Members in 2021.

The residual liquidation dividends that remained unclaimed, were transferred on November 2, 2021 for reinvestment together with the residual surplus in the liquidation fund to the PACICC Compensation Fund.

	Unclaimed refunds	Total
Balance, January 1, 2021	$41	$41
Funds available for distribution	–	–
Distributions made during the year	–	–
Liquidation expenses payable	–	–
Transfer to the Compensation Fund	(41)	(41)
Balance, December 31, 2021	**$0**	**$0**

(Tabular amounts in thousands of dollars)
Year ended December 31, 2021

7. Financial instruments:
(a) Carrying values and fiar values:

	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
Cash	$2,115	$2,115	$1,944	$1,944
Short-term investments	6,361	6,361	6,345	6,345
Bonds	52,129	52,574	50,869	52,794
	$60,605	**$61,050**	**$59,158**	**$61,083**

Cash and bonds are recorded at amortized cost. Short-term investments are recorded at FVTPL. The 12-month expected credit loss recognized is $66,032 (2020 - $177,364).

There have been no changes in classification from amortized cost to FVOCI or FVPTL

As noted in the accounting policy, the Corporation uses the exception permitted in IFRS 9 in relation to recognizing 12-month expected credit loss for its financial assets as they are deemed to be low credit risk. Please refer to note 14(a).

(b) Short-term investments:
These investments have an aggregate carrying value of approximately $6,360,819 (2020 - $6,345,396). 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.

(c) Bonds:

	Remaining term to maturity			December 31, 2021		December 31, 2020	
	Within 1 year	1 to 5 years	Over 5 years	Total carrying amount	Effective rates	Total carrying amount	Effective rates
Government	$8,742	$26,757	$ –	$35,499	0.35% - 2.77%	$35,137	0.30% - 4.48%
Corporate	4,850	11,780	–	16,630	1.20% - 3.37%	15,732	0.13% - 4.12%
	$13,592	**$38,538**	**$ –**	**$52,129**	**0.35% - 3.37%**	**$50,869**	**0.13% - 4.48%**

8. Due to the Insurance Bureau of Canada
During 2020, certain operating costs were initially incurred by the Insurance Bureau of Canada ("IBC") on behalf of PACICC and these costs have been charged to PACICC at cost. This includes Finance and Legal servicing fees of $50,850 (2020 - $50,850) reflected in Corporate secretary and accounting services expenses. Starting in April 2020, with the pandemic situation, operating expenses in the amount of $599,935 ($424,099 – 2020) were initially paid by IBC via electronic funds transfer and later reimbursed by PACICC. At December 31, 2021 PACICC had a payable balance with IBC in respect of these costs of $27,996 (2020 - $65,331).

9. Assessment capacity:
PACICC has the ability to make a maximum potential annual general assessment of Members of 1.5% (2020 - 1.5%) of covered premiums written, which amounts to approximately $1.07 billion in 2021 (2020 - $1.02 billion).

10. Property - right-of-use asset:

Cost	
January 1, 2021 - recongnition of right-of-use asset	$ 253
Additions	–
Disposals	–
December 31, 2021	$253
Accumulated amortization	
January 1, 2021 - accumulated amortization	$(127)
Amorization	(63)
Disposals	–
December 31, 2021	$(190)
Net book value	
December 31, 2020	**$126**
December 31, 2021	**$63**

11. Leases

Amounts recognized in statement of comprehensive income:

Amortization of property - right-of-use asset	$63
Interest on financial liability	4

The weighted average incremental borrowing rate applied to lease liabilities is 3.35%. The following table presents the contractual maturities of the Corporation's undiscounted lease liabilities at December 31, 2021:

	Financial lease liability
One year or less	$69
One to five years	69
Total undiscounted lease liabilities	69
Discounted adjustment	(2)
Lease liabilities	**$67**

12. 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 base lease commitment is $68,563.

13. Fair value disclosure:

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

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

	Total
Level 1	$ –
Level 2	52,574
Level 3	–
	$ –

14. Financial risk management:

(a) Credit risk:

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:

	2021		2020	
Credit rating	Carrying value	Percentage of portfolio	Carrying value	Percentage of portfolio
AAA	$29,442	56.5%	$26,019	51.1%
AA	11,254	21.6%	13,012	25.6%
A	7,749	14.8%	8,542	16.8%
BAA	449	0.9%	456	0.9%
BBB	3,235	6.2%	2,840	5.6%
Total	**$52,129**	**100%**	**$50,869**	**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, 2021, 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 $1,130,330 (2020 - $1,240,665).

(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 has the ability to make a maximum potential annual general assessment of Members of 1.5% (2020 - 1.5%) of covered premiums written, which amounts to approximately $1.07 billion in 2021 (2020 - $1.02 billion)

15. Remuneration:

Remuneration paid to key personnel during the year includes the following expenses:

	2021	2020
Directors' fees	$125	$105
Salaries	805	793
Other benefits	82	96
	$1,012	**$994**

16. Potential implications of COVID-19:

In first quarter of 2020, the viral outbreak of COVID-19 rapidly developed into a global pandemic. In response, worldwide emergency measures were taken, and continue to be taken, to combat the spread of the virus, including the imposition of travel restrictions, business closure orders, and physical distancing requirements. Governments have also implemented unprecedented monetary and fiscal policy changes aimed to help stabilize economies and financial markets. At this time, we are unable to predict future legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business.

(Tabular amounts in thousands of dollars)
Year ended December 31, 2021

17. Comparative Figures:

Certain comparative balances have been restated to conform with the presentation adopted for the current reporting period

2021/22 Board

Glenn Gibson
Chair
President and CEO
The GTG Group

Alister Campbell
President and CEO
PACICC

Andrew Cartmell
President and CEO
Saskatchewan Government Insurance

Brian Esau
President and CEO
Red River Mutual Insurance Company

Christian Fournier
Executive Vice-President and Leader, Property and Casualty Insurance
Beneva

Penny Lee
Consultant

David MacNaughton
President
Palantir Canada

Heather Masterson
President and CEO
Travelers Canada

Dave Oakden
Consultant

Lynn Oldfield
President and CEO
AIG Insurance Company of Canada

Jason Storah
CEO
Aviva Canada Inc.

Mark Tullis
Vice Chair
Intact Financial Corporation

Board Committees

Audit and Risk

Dave Oakden (Chair)
Brian Esau
Glenn Gibson
Penny Lee
Heather Masterson

Governance and Human Resources

Glenn Gibson (Chair)
Andrew Cartmell
Christian Fournier
Lynn Oldfield
Jason Storah
Mark Tullis

Pre-Insolvency Regulatory Liaison

Glenn Gibson (Chair)
Alister Campbell
Penny Lee
David MacNaughton
Dave Oakden

2021/2022 Staff

Full-time staff

Alister Campbell
President and Chief Executive Office

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

Ian Campbell
Vice President, Operations

Denika Hall
Manager, Operations

Contract and part-time staff

Randy Bundus
Consultant

Olga Kanj
Research Associate

Zhe (Judy) Peng
Research Associate

Address

20 Richmond Street East
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Phone (416) 364-8677
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Provincial regulators

British Columbia
Chris Carter
Vice President Financial Institutions and Mortgage Brokers Market Conduct
B.C. Financial Services Authority
555 West Hastings Street, Suite 2800
Box 12116
Vancouver, British Columbia V6B 4N6
Tel: (604) 653-7495
www.bcfsa.ca

Alberta
Sherri Wilson
Superintendent of Insurance
Alberta Treasury Board and Finance
Financial Sector Regulation and Policy (FSRP)
402 Terrace Building
9515 – 107 Street
Edmonton, Alberta T5K 2C3
Tel: (780) 427-8322
www.alberta.ca/insurance.aspx

Saskatchewan
Roger Sobotkiewicz
Superintendent of Insurance
Financial and Consumer Affairs Authority of Saskatchewan
1919 Saskatchewan Drive, Suite 601
Regina, Saskatchewan S4P 4H2
Tel: (306) 787-6700
www.fcaa.gov.sk.ca

Manitoba
J. Scott Moore
Superintendent of Financial Institutions
Financial Institutions
Regulation Branch
207 – 404 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Tel: (204) 945-2542
www.mbfinancialinstitutions.ca

Ontario
Mark E. White
Chief Executive Officer
Financial Services Regulatory Authority of Ontario
5160 Yonge Street, 17th Floor, Box 85
Toronto, Ontario M2N 6L9
Tel: (416) 250-7250
www.fsrao.ca

Québec
Patrick Déry
Superintendent of Solvency
Autorité des marchés financiers
2640, boulevard Laurier 6e étage
Québec, Québec G1V 5C1
Tel: (418) 525-0337
www.lautorite.qc.ca

Nova Scotia
David McCarron
Sperintendent of Insurance,
Nova Scotia Department of Finance and Treasury Board, Financial Institutions Division
Office of the Superintendent of Insurance
P.O. Box 2271
Halifax, Nova Scotia B3J 3C8
Tel: (902) 424-7552
www.novascotia.ca

Prince Edward Island
Robert Bradley
Superintendent of Insurance
Department of Justice and Public Safety
105 Rochford Street
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Charlottetown, PEI C1A 7N8
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www.princeedwardisland.ca

New Brunswick
Angela Mazerolle
Superintendent of Insurance
Financial and Consumer Services Commission
225 King Street, Suite 200
Fredericton, New Brunswick E3B 1E1
Tel: (886) 993-2222
www.fcnb.ca

Newfoundland and Labrador
Jean Bishop
Superintendent of Insurance
Financial Services Regulation Division
Service NL
Government of Newfoundland and Labrador
Confederation Building, 2nd Floor, West Block, P.O. Box 870
St. John's, Newfoundland A1B 4J6
Tel: (709) 729-4909
www.gov.nl.ca/dgsnl/department/branches/divisions/fsr/

Northwest Territories
Chervahun Emilien
Assistant Comptroller General
Accounting Services Management
Government of Northwest Territories
3rd Floor, YK Centre Bldg.
4822-48th Street. P.O. Box 1320, YK-3
Yellowknife, NT X1A 2L9
Tel: (867) 767-9171
www.fin.gov.nt.ca

Yukon
Bradley Rowett
Deputy Superintendent of Insurance
Department of Community Services
2130 Second Avenue, 3rd Floor
P.O. Box 2703 (C-5)
Whitehorse, Yukon Y1A 2C6
Tel: (867) 667-5111
www.community.gov.yk.ca

Nunavut
Sean Clark
Superintendent of Insurance
Department of Finance
Government of Nunavut
P.O. Box 2260
Iqaluit, Nunavut X0A 0H0
Tel: 1 (800) 316-3324
www.gov.nu.ca

Federal regulator

OSFI
Peter Routledge
Superintendent
Office of the Superintendent of Financial Institutions
255 Albert Street, 12th Floor
Ottawa, Ontario K1A 0H2
Tel: (613) 990-7788
www.osfi-bsif.gc.ca

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 Ltd.	Compagnie d'assurance Arch ltée
Ascentus Insurance Ltd.	Assurances Ascentus ltée (Les)
Aspen Insurance U.K. Ltd.	Compagnie d'assurance Aspen UK
Associated Electric & Gas Insurance Services Ltd.	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
AXIS Reinsurance Company (Canadian Branch)	AXIS Compagnie de Réassurance (succursale canadienne)
BCAA Insurance Corporation	BCAA Insurance Corporation
(Beneva) Capitale assurances générales inc. (La)	(Beneva) Capitale assurances générales inc. (La)
(Beneva) SSQ, Life Insurance Company Inc.	(Beneva) SSQ, Société d'assurance-vie inc.
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)
CAA Insurance Company (Ontario)	CAA Insurance Company (Ontario)
Canadian Farm Insurance Corporation	Canadian Farm Insurance Corporation
Canadian Northern Shield Insurance Company	Bouclier du Nord Canadien, Compagnie d'assurance (Le)
Canadian Premier General Insurance Company	Compagnie d'assurances générales Première du Canada (La
Canassurance, General Insurance Company Inc.	Canassurance, compagnie d'assurances générales inc.
Carleton-Fundy Mutual Insurance Company	Carleton-Fundy 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)
CUMIS General Insurance Company	Compagnie d'Assurance Générale CUMIS (La)
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
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
Four Points Insurance Company Ltd.	Four Points Insurance Company Ltd.
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)

Hartford Fire Insurance Company Ltd.	Compagnie d'Assurance Incendie Hartford (La)
Hudson Insurance Company	Hudson Insurance Company
HDI Global SE Canada Branch	HDI Global SE (succursale canadienne)
HDI Global Speciality SE	HDI GlobalAssurance Spécialités SE
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
Insurance Company of Prince Edward Island	Insurance Company of Prince Edward Island
Insurance Corporation of British Columbia	Insurance Corporation of British Columbia
Intact Insurance Company	Intact Compagnie d'assurance
Jevco Insurance Company	Compagnie d'Assurances Jevco (La)
Jewelers Mutual Insurance Company, SI	Jewelers, Compagnie d'Assurance Mutuelle par actions
Liberty Mutual Insurance Company	Compagnie d'Assurance Liberté Mutuelle (La)
Lloyd's Underwriters	Les Souscripteurs du Lloyd's
MAX Insurance	MAX Insurance
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)
Mutuelle d'Église	Mutuelle d'Église
My Mutual Insurance Limited	My Mutual Insurance Limited
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 General Insurance Corporation	Société d'assurance générale 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 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 Mutual Insurance Company	Red River 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
Saskatchewan Mutual Insurance Company	Saskatchewan Mutual Insurance Company
SCOR UK Company Limited (Canadian Branch)	SCOR UK Company Limited (succursale canadianne)
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 Insurance Services Ltd.	SGI Canada Insurance Services Ltd.

Sompo Japan Insurance Inc.	Assurances Sompo 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)
Stanley Mutual Insurance Company	Stanley Mutual Insurance Company
Starr Insurance & Reinsurance Ltd.	Starr Insurance & Reinsurance Ltd.
St. Paul Fire & Marine Insurance Company	Compagnie d'Assurance Saint Paul
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
Tokio Marine Canada Ltd.	Tokio Maritime Canada 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
Verassure Insurance Company	Compagnie d'assurance Verassure
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