



Property and Casualty Insurance
Compensation Corporation

Insolvency protection for home,
automobile and business insurance customers



2025
Annual Report

PACICC Mission

The mission of the Property and Casualty Insurance Compensation Corporation (PACICC) 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

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- **Enhanced Resolution Capabilities (2025 Key Priority #1)** – PACICC received signed Letters Patent for its Bridge Insurer (PACICC-SIMA General Insurance Company, PGIC) in July. Having finalized an application to OSFI for the issuance of shares in consideration for property, PACICC secured formal OSFI approval for PGIC to commence and carry on business, effective January 1, 2026. We will now seek to secure licences for PGIC to operate in all Canadian provinces and territories. We also initiated work with OSFI and Assuris to develop an approach to resolution planning for Internationally Active Insurance Groups (IAIGs) in Canada, to enhance crisis management preparedness for our largest Members.
- **Expanded Financial Capacity (2025 Key Priority #2)** – Our standby Line of Credit (LoC) with Canada’s top-six banks was renewed with improved pricing for standby fees (down 5bps) and up-front fees (down 1bp), and broadened utilization options (flow-through of funds to our bridge insurer if/as required). A two-year facility is now in place through to the beginning of Q2 2027, and will likely continue to be subject to annual extension going forward. We also renewed our recently secured, high investment-grade credit ratings for PACICC with two major rating agencies. In 2026, we will review with our financial advisors the steps required to operationalize any future debt issuance (e.g. accounting treatment, debt structure, etc.).
- **Mitigating Systemic Risk (Permanent Priority Issue)** – Work is continuing on a series of incremental measures to mitigate systemic risk, including:
 - **Compensation association designation** – We reminded Finance Canada of our previous request that it designate PACICC as a “compensation association” under the *Insurance Companies Act*, to enable us to serve as a trusted counterparty in crisis scenarios.
 - **New desktop exercise** – We teamed with OSFI and a range of senior federal and provincial decision-makers on a follow-up desktop exercise held in Ottawa and designed to test the outer limits of policyholder protection following a major Nat-Cat event.
 - **Access to Loss exposure data** – A By-Law amendment was approved which requires Members to provide PACICC with access to redacted loss exposure data, for solvency monitoring purposes. The data is protected by a comprehensive Data Governance Policy, to ensure safe acquisition, processing, storage and handling.

- **Proposed MCT/BAAT Amendment** – PACICC proposed to OSFI that it incorporate a specific line in both the Minimum Capital Test (MCT) and the Branch Adequacy of Assets Test (BAAT) to reflect any multi-year PACICC Assessment obligations of PACICC Member Insurers (PACICC Assessment Liabilities), allowing OSFI to adjust the capital treatment of these obligations.
- **Unearned Premium Review** – PACICC undertook an Unearned Premium Review in 2025. Insights from the Review will inform the “best estimate” of required Assessments in future insolvency scenarios, including that of a major quake.
- **Global Failed Insurer Catalogue (GFIC)** – We released the Third Edition of our Global Failed Insurer Catalogue (GFIC). The new edition revealed an astonishing 965 insurers that have failed in 71 different jurisdictions, since the year 2000. This landmark research initiative provides clear evidence that insurer failure can occur, anywhere and anytime.
- **Claims Limit Inflation Adjustment** – The first implementation of PACICC’s new compounding inflation adjustment index and second implementation of its new claims limit rounding policy took effect on July 1. Personal Property claims limits are now \$530,000 (up from \$520,000) and Auto claims limits are now \$425,000 (up from \$415,000). A review of Commercial benefit limits is scheduled in 2027.
- **Risk Officer’s Forum** – We hosted three virtual Risk Officer’s Forum Meetings in 2025, and three Emerging Risks Webinars. Online registrations for all events continued at peak levels, right across Canada.
- **Regulator Training** – For the past four years, PACICC has hosted complimentary training workshops for provincial insurance regulators, to enhance their oversight skills and capabilities. In 2025, the workshop examined IFRS 17 performance metrics.
- **Benchmark ERM Survey** – PACICC surveys its Members bi-annually on their ERM practices, seeking to encourage Member dialogue on industry best practices and highlight practical elements that underpin a robust risk management program. Key 2025 Survey findings were presented at the September Risk Officer’s Forum meeting.

- **Standing Offers** – PACICC updated its pre-approved pool of qualified firms that can be called upon to provide professional service support to the Corporation (or a third party) in the management of a Member Insurer insolvency over the next five years (2026-2030). New standby Agreements were signed with 22 firms over four work streams (Legal; Advisory and Restructuring; Actuarial Consulting; and Claims Management).
- **Solvency Matters Newsletter** – Four issues of PACICC’s popular *Solvency Matters* newsletter were distributed in 2025. The newsletter receives extensive trade press coverage and favourable industry feedback on the topical issues profiled in each publication.
- **Communications Planning** – A leading communications firm was retained to help to update PACICC’s Insolvency Communications Plan, with special focus on social media elements.
- **IFIGS** – We continued our active involvement with the International Forum of Insurance Guarantee Schemes (IFIGS), providing PACICC with direct exposure to international best practice. PACICC continues to co-chair the IFIGS Policy and Profile Working Group.
- **IMF Engagement** – We provided input into the International Monetary Fund’s 2025 Financial Services Assessment Program Report, examining the stability and soundness of Canada’s financial sector. The Report reaffirmed (among other things) that Canada must move to modernize and/or replace the *Winding-up and Restructuring Act (WURA)*.



Reflecting on my second year as Board Chair of PACICC, I note that 2025 was both a productive year for PACICC and a positive year for the industry.

Canada's property and casualty insurers delivered strong profitability over the first nine months of this past year, posting a Return on Equity (ROE) of 15.7%. This is a notable improvement over the 13.3% ROE recorded during the same period in 2024, and exceeds the industry's 50-year average by approximately 5.5 percentage points. The industry delivered strong underwriting results, with a \$2.5 billion increase in the Net Insurance Services Result (up 37.4%) compared to the same period in 2024. In addition, there was a sharp

“**Canada's property and casualty insurers delivered strong profitability over the first nine months of this past year, posting a Return on Equity (ROE) of 15.7%.**”

decline in catastrophic losses (from over \$9 billion in Q3'24 to just above \$2.1 billion in Q3'25). As a result, there was a \$4 billion shift in reinsurance cash flows.

Underwriting performance in Canada's Private Passenger Auto insurance market remains weak. The Net Comprehensive Combined Ratio (NCCR), a key measure of underwriting profitability, exceeded 100% in every province and territory except Quebec, Ontario and the Northwest Territories. A ratio above 100% represents an underwriting loss. While this marks a 5% improvement over 2024, the negative results represent an unsustainable trend.

A prolonged and widespread wildfire season in Canada significantly impacted Personal Property insurance results across Newfoundland and Labrador, Ontario, Manitoba and Saskatchewan. These provinces reported NCCRs above 100%, with Newfoundland and Saskatchewan experiencing the most pronounced deterioration (above 130%).

Commercial Property and Liability insurance remain the most profitable segments for Member Insurers, with year-to-date NCCRs of 90% and 88.5%, respectively. The only regions reporting NCCRs above 100% are Newfoundland and Labrador (Commercial Property) and the Yukon (Commercial Property and Commercial Liability). However, the sustained profitability is fueling a softening market, as competitive pressures and available capacity drive rate reductions. For this reason, longer-term results in Commercial lines will bear close watching.

In spite of the excellent results I just mentioned earlier, profitability among PACICC's 160 Member Insurers varied significantly. Approximately 10% reported losses during the first nine months of 2025. Each case stems from unique circumstances, often linked to unfavourable underwriting in certain product lines or specific regions. PACICC is continuing to closely monitor, Member-specific financial performance.

Our Board and our team remain very concerned about the lack of progress on our Permanent Priority Issue (Mitigating Systemic Risk). While significant efforts have been made by the industry and PACICC, a federal liquidity backstop mechanism is still urgently needed to address existential earthquake risk.

In its November Budget, Canada's new government said that it is committed to strengthening the country in the face of unexpected external threats. Under the chapter heading "Improving Insurance Resiliency Against Natural Disasters," it was noted, "Budget 2025 announces the government's intention to consult federally regulated property and casualty insurers and other interested stakeholders on ways to ensure the stability

“I am confident that PACICC is well positioned for further progress in the coming year and look forward to working with the team on the challenges that lie ahead.”

of Canada's insurance sector in an extreme earthquake event.”

This “*Building Canada Strong*” commitment provides hope that action will finally be taken to address Canada's earthquake exposure.

PACICC's systemic risk modelling has clearly framed the issue and illustrated a “Tipping Point” beyond which our funding mechanism would be overwhelmed. Ongoing government inaction leaves Canada's insurance guarantee system exposed to failure in scenarios that, while unlikely in any single year, represent a significant risk over the next 50 years. It is inexcusable for a G7 nation like Canada to have a protection gap like this.

I am pleased to note that PACICC made significant progress on the remaining priority issues in 2025. Our CEO Alister Campbell and his small team have demonstrated a capacity to deliver on almost all elements of our ambitious modernization agenda – especially those that are under our control.

In closing, and on behalf of my Board colleagues, I want to extend my thanks to the Management team at PACICC for the continuing high quality of their work. They deftly managed a challenging workload with ambition and determination. Over the course of the year, we said goodbye to retiring Board members Tracy Garrad, Tim Hodgson and Christian Fournier, and we welcomed new Board members Dougal Macdonald and Susan Penwarden.

I am grateful to all of my Board colleagues for their support in my role as Board Chair, and for their commitment and dedication to PACICC's Mission and Strategic Direction. Their guidance and input on key issues is greatly appreciated. Our Board's active engagement on issues continues to underscore the effective work of the Corporation.

I am confident that PACICC is well positioned for further progress in the coming year and look forward to working with the team on the challenges that lie ahead. 🍁



Introduction

I am pleased to begin this letter by affirming that no PACICC Member Insurer experienced financial distress in 2025, and no Canadian policyholders were forced to call upon PACICC for the protections that we stand ready to provide.

Over the past year, we continued our work on a number of important initiatives to modernize PACICC and ensure that we have the capacity to respond effectively to new challenges faced by an evolving industry. Working closely with our engaged Board members, we made meaningful progress on an ambitious modernization agenda. The results of this ongoing work will help to enhance the effectiveness of our operating model, and ensure that we are prepared for the types of challenges that lie ahead.

2025 Key Priority #1 – Enhancing our Resolution Capabilities

Our comprehensive consultations with Members in 2020 regarding an expanded “Resolution Toolkit” for PACICC led to a proposal that we incorporate an OSFI-chartered “Bridge Insurer.” This new tool would enhance our ability to respond to a range of distress/crisis scenarios. We worked closely with OSFI throughout 2024 and 2025 on an application covering governance, capitalization, information sharing and operationalization. In July, PACICC received signed Letters Patent for its Bridge Insurer (PACICC-SIMA General Insurance Company, PGIC). Later in the year, PACICC secured formal OSFI approval for PGIC to commence and carry on business, effective January 1, 2026. PACICC is now seeking to secure licences for PGIC to operate in all Canadian provinces and territories. PGIC will remain a dormant shell entity unless and until called upon to assist with the resolution of a PACICC Member Insurer.

In parallel, we initiated a workstream with OSFI and Assuris to develop an approach for Internationally Active Insurance Groups (IAIGs) in Canada. OSFI already requires IAIGs to engage in recovery planning. This will soon be expanded to include resolution planning and the establishment of Crisis Management Groups for these IAIGs. OSFI has established a Crisis Readiness Team in Supervision, as a centre of excellence on Recovery and Resolution. We will be actively engaging with OSFI and Assuris this year to upgrade our approach to both resolution planning and effective crisis management.

2025 Key Priority #2 – Expanding our Financial Capacity

A second Key Priority Issue for us in 2025 concerned expanding financial capacity. We successfully renewed PACICC’s standby Line of Credit (LoC) facility with improved pricing on both standby and up-front fees, as well as broadened utilization options (e.g. flow-through of funds to our bridge insurer if/as required), and the facility is now in place through to the beginning of Q2 2027. The LoC complements our existing emergency financial capacity (\$64.7M in our Compensation Fund) and can be used in resolution and/or liquidation scenarios. Our expanded capacity is now adequate to address short-term emergency funding needs in all but the most extreme scenarios.

We successfully renewed our high investment-grade credit ratings with two major rating agencies. Maintaining these ratings (subject to annual review) is inexpensive and consistent with our “low-cost optionality”

“**The LoC complements our existing emergency financial capacity (\$64.7M in our Compensation Fund) and can be used in resolution and/or liquidation scenarios.**”

strategy. These ratings could allow us to secure larger, longer-term liquidity solutions for the industry – enabling PACICC to respond to larger insolvency situations, without contributing to systemic stress in a period of crisis. Over the course of the coming year, we will conduct a review of the adequacy of our short-term liquidity in the context of our new insights into industry loss exposure and reinsurance data. We will also

review with our financial advisors the steps required to operationalize any future debt issuance (e.g. accounting treatment, debt structure, etc.).

Permanent Priority Issue – Mitigating Systemic Risk

Our Board has established “Mitigating Systemic Risk” as a Permanent Priority Issue for PACICC, until such time as some form of federal liquidity backstop mechanism is finally put in place. In its most recent Federal Budget (November 2025), the new Federal Government affirmed its commitment to a formal consultation exercise with our industry around how best to manage our earthquake risk exposure as a country. We will actively engage in this consultation exercise in 2026. In the interim, we continued to work on a series of incremental measures to mitigate systemic risk, including:

- **Designation of PACICC as a “Compensation Association” under the Federal Insurance Companies Act** – We have requested formal designation from Canada’s Finance Minister. This would make it easier for PACICC to share information with regulators and to engage as a trusted counterparty in crisis scenarios. We will continue to push for action on this item from Finance Canada in the coming year.
- **Desktop Insolvency Simulation Exercise** – In December 2025, we partnered with OSFI and a range of senior federal and provincial decision-makers on a desktop exercise to test the limits of industry capacity following a major Nat-Cat event. The scenarios in the exercise amplified the simple fact that Canada is exposed to a major earthquake which could cause significant systemic stress, without some form of liquidity backstop mechanism in place.
- **Access to Loss Exposure Data** – PACICC’s Board approved a By-Law amendment (subsequently approved by regulators) requiring Members to provide PACICC with access to redacted loss exposure data, for solvency monitoring purposes. This commercially sensitive information is protected by a comprehensive Data Governance Policy, to ensure safe acquisition, processing, storage and handling. Enhanced access to industry loss exposure data ensures granular line of sight into each Member’s earthquake risk exposure and contingent capital positions. This new information has allowed us to improve the accuracy of PACICC’s Systemic Risk Model and enhance its credibility in the eyes of key government decision-makers working on the design of a liquidity backstop above our “tipping point” threshold.
- **Proposed MCT/BAAT Amendment** – PACICC has proposed to OSFI that it incorporate a specific line in both the Minimum Capital Test (MCT) and the Branch Adequacy of Assets Test (BAAT) to reflect any multi-year PACICC Assessment obligations of PACICC Member Insurers (PACICC Assessment Liabilities). In a period of systemic crisis, OSFI would then be in a position to adjust the capital treatment of such specific obligations, thereby reducing the potential for systemic risk. We have received a formal response from OSFI on this item and will seek to continue dialogue on our proposal in 2026.

Risk Management and Research

PACICC continued work on other initiatives, intended to assist our industry with embedding best practices in enterprise risk management. Our Risk Officer's Forum meetings and Emerging Risks Webinars showed strong industry engagement with record attendance over the past year.

In October, we released the Third Edition of our *Global Failed Insurer Catalogue (GFIC)*. The new edition revealed an astonishing 965 insurers that have failed in 71 different jurisdictions, since the year 2000. This landmark research initiative provides compelling evidence regarding the continued risk of insurer failure, in both developing and developed economies. Notwithstanding significant improvements in supervisory regimes overseeing insurance sectors around the world, the updated Catalogue provides clear and certain evidence that insurer failure can occur, anywhere and anytime.

Operations

We completed work on several PACICC operational priorities throughout 2025, including; implementation of our annual inflation adjustment to benefit limits; completion of an Unearned Premium Review; development of watchlist management reporting; bi-annual Enterprise Risk Management Member Survey; contingency planning review; third-party

“**Our Board's vision to modernize PACICC will be reshaped by the Strategic Planning Meeting that is planned for June of the coming year. This session will help to ensure that we are well positioned to respond to changing risks in future and establish a new three-year plan with key priorities for management action.**”

standby Agreements with specialized service providers; updated “*Who Does What/When*” planning; enhanced communications planning; and an IFRS 17 performance metrics training workshop held for 80+ provincial regulators.

Conclusion

PACICC has made great progress over the past year on issues that matter to our industry. This would not have been possible without the dedication and support of our talented staff members, to whom I extend

my personal thanks. This progress would also not have been possible without the active engagement of our Member Insurers which continue to be very supportive of our efforts. I thank them for their continuing interest in the work that we do on their behalf. Finally, this progress would not have been achieved without the strong coaching and guidance

that I continue to receive from our Board Chair Dave Oakden and the entire Board of Directors.

Our Board's vision to modernize PACICC will be reshaped by the Strategic Planning Meeting that is planned for June of the coming year. This session will help to ensure that we are well positioned to respond to changing risks in future and establish a new three-year plan with key priorities for management action.

I have greatly enjoyed my work in overseeing this active agenda over the past year, and look forward to working with our Board and continuing to deliver strong results for our Member Insurers in 2026. 🍁

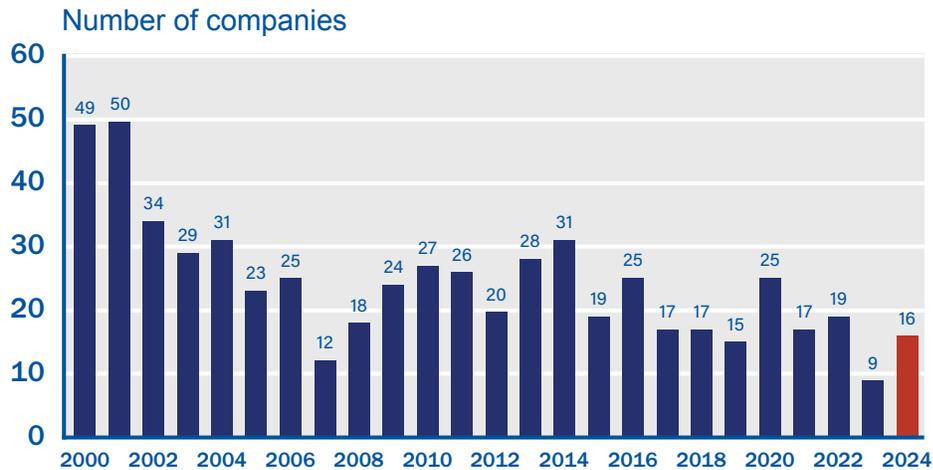
Insurance Failures are still happening around the world

Two decades have passed since a property and casualty (P&C) insurer failed in Canada – back in 2004 – and so it can be very tempting to conclude that insurer failures are a thing of the past. Unfortunately, this is not true.

PACICC’s latest edition of our Global Failed Insurer Catalogue found that P&C and Life insurers are still failing every year, elsewhere in the world. The Catalogue now includes 606 P&C insurers known to have failed since 2000. The research shows that, on average over the study period, 24 P&C insurers failed annually. These failures occurred in 58 different jurisdictions. The highest number of failures occurred in 2001, when 50 P&C insurers failed. The lowest number was quite recent. Just nine P&C insurers failed in 2023.

Of course, each of the jurisdictions which experienced insurer failure over the study period is unique, differing in size, population, political oversight, rule of law and regulatory framework governing financial services. However, the large number of failures identified in so many different countries, in both developed and developing economies, suggests that few, if any, countries are fully immune to the risk of insurer failure.

Global P&C Insurer Failures



PACICC has catalogued 606 P&C insurer failures over the study period. An average of 24.2 P&C insurers fail each year.

Source: PACICC based on data from MSA Research

The international experience matches Canada’s experience with insurance company failures. It is common to have long periods of calm (lasting years) between periods with clusters of failure.

This is exactly why PACICC, and all engaged industry participants, must remain ever-vigilant about the financial health of our P&C insurers in Canada. Failures can and will continue to happen.

Golden era of P&C profitability continues

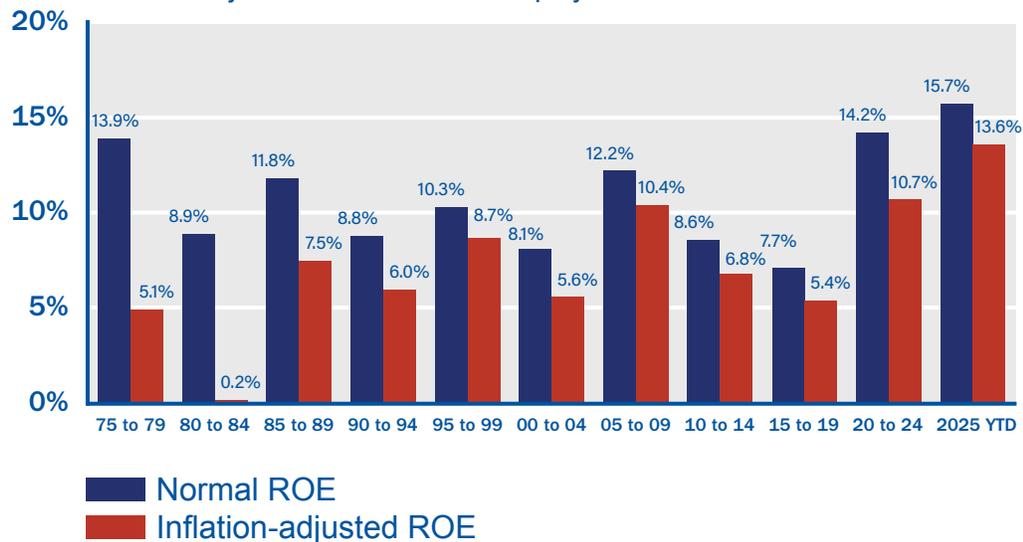
PACICC closely monitors the business environment of Canada’s P&C insurance industry for two important reasons:

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.

And reflecting on the industry’s recent financial performance and comparing it to the historical record, it would be accurate to say that Canada’s P&C insurers are experiencing a “golden era,” with significantly higher levels of profitability (even after adjusting for the impact of inflation) than the industry’s long-run real return on equity (ROE).

Living in a "Golden Era"

Inflation-adjusted P&C return on equity



Since 2020, P&C insurers have delivered ROE above the historical 10% benchmark, reflecting underwriting strength and favourable market conditions.

Source: PACICC based on data from MSA Research

Since 2020, the industry's real returns are collectively higher than in the other 40 years in PACICC's database. During this time, the industry's average ROE has been 14.2%. This is the highest sustained level in our experience. This remains true even after adjusting for the impact of inflation. The P&C industry's inflation-adjusted ROE between 2000 and 2024 is 10.7%. This is above than the previous high of 10.4% – recorded between 2005-2009.

Of course, this industry-level profitability does not show the widespread variation in the financial results of individual insurers. The overall level of high ROE is flattered by a handful of high-performing outliers. Stripping these high-performers out shows that average Member Insurer performance is closer to the historical mean. It is also important from a PACICC perspective to note that more than a dozen PACICC Member Insurers have reported cumulative losses over the period of this “golden era.”

This strong overall industry profitability comes as Canada prepares to weather major economic uncertainty – tariffs, lower productivity rates than the United States and increased geopolitical risk. The global economy is riskier than it has been since the 1930s. In that context, maintaining a strong capital buffer for the P&C sector will prove to be of significant benefit to Canada.

Personal lines insurance underwriting conditions are difficult

The underwriting business of P&C insurers is likely to become more difficult over the medium term. A positive benefit of the new IFRS 17 reporting is that insurers now break down Insurance Service Results for each line of business. And in the most recent reporting periods, there is a significant difference in the underwriting results both by insurer and by type of coverage. Insurers that provided Commercial Property and Commercial Liability insurance reported strong profitable underwriting results across the country. In contrast, insurers specializing in Auto and Personal Property insurance are experiencing much more challenging times.

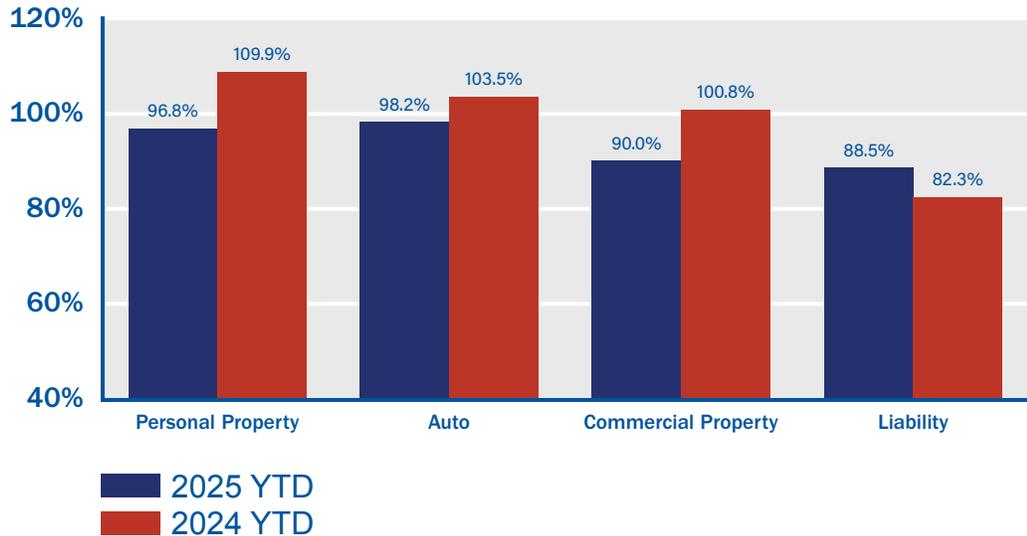
Canada's Auto insurance markets are tightly regulated. Provincial governments regulate both the prices and contents of Auto insurance policies. This leaves insurers with very few tools to improve results when claims costs grow more quickly than premiums. Through the first three quarters of 2025, the Net Insurance Service Ratios (NISR) for Auto insurance markets in 10 of Canada's 13 provinces and territories exceeded 100%. Markets with a NISR greater than 100% are unprofitable,

and providing this coverage is eroding the capital base of the insurer. Auto insurance NISRs in two other provinces (Ontario and Quebec) were slightly lower, but also quite high. In the current economic environment with cost-of-living challenges for many consumers, there is likely limited scope for policyholders to pay higher premiums. Governments may need to intervene with product reforms in these markets to restore stability.

NISRs in Personal Property coverage also exceeded 100% in Newfoundland and Labrador, Ontario, Manitoba and Saskatchewan. Part of the reason that claims were high in these provinces was due to catastrophic storm losses across the country. While the overall cost of catastrophic losses was significantly lower than the \$9.4 billion reported in 2024, the overall trend of increasingly frequent and severe catastrophic losses remains a significant challenge for insurers that provide Personal Property homeowners insurance.

Personal line underwriters continue to face very tough market conditions

All values from MSA as of November 28, 2025. Values exclude mortgage insurers.



In 2025, profitability improved across all major P&C lines, with liability remaining the exception due to social inflation (higher legal/settlement costs) and persistent global trends such as tariffs, inflation and conflicts.

Source: PACICC based on data from MSA Research

Unencumbered Assessment capacity

All Member Insurers that have previously been put into wind-up by their regulator and required PACICC involvement to assess other Member

Insurers have now been resolved. There are no outstanding or unresolved claims, meaning that PACICC's \$1.4 billion total assessment capacity is unencumbered. While this strong long-term capacity position is comforting, ensuring that we are in a position to respond rapidly to a new instance of Member Insurer financial distress means that we also need to have appropriate short-term financing capacity.

To cover the critical short-term period between the announcement of an insolvency and the collection of an Assessment, PACICC has two available sources of liquidity. First is our Compensation Fund, which as of December 2025 held \$64.7 million in highly-liquid invested assets that the Corporation should be able to access within 48 hours. Second, is our \$250M standby line of credit (LoC) facility supported by a syndicate of Canada's big-six banks. With the introduction of the LoC, PACICC can now rapidly access the funds that we estimate would be required to reimburse unearned premiums in the unlikely event of a Member Insolvency...for all but the 15-largest PACICC Members. We estimate that PACICC now also has the financial capacity to reimburse unearned premiums and pay up to six months of expected claims for 135 of PACICC's 160 Member Insurers.

Three scenarios that would challenge PACICC's capacity

PACICC's enterprise risk management program has identified three scenarios that could challenge its mission to protect policyholders from undue losses in the unlikely event that their insurer becomes insolvent. They are:

1. Failure of one of Canada's 15-largest insurers
2. A cluster of failures of PACICC Member Insurers where total claim obligations exceed our annual assessment capacity in any given year
3. A catastrophic earthquake in a Canadian urban centre with insured losses exceeding \$35 billion

PACICC is actively working on mitigation strategies for each of these scenarios that would allow it to fulfil its mission to protect Canadian policyholders. The most significant of these is the recent securing of high investment-grade ratings from two bond rating agencies. This has created the potential for PACICC to issue bonds on behalf of the industry, in order to secure larger sums in the short-term while spreading out the timing of any required Assessments to fund these obligations.

Looking ahead

Most 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 well capitalized and more than adequately prepared to face a challenging future. 🇨🇦

Enterprise Risk Management

PACICC’s Risk Management Report focuses narrowly on those risks that could 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.

There are 10 risks that are being actively monitored in PACICC’s Risk Management Report. They include:

- Section 1 (Major Risks) – 2 Major Risks
- Section 2 (Significant Risks) – 4 Significant Risks
- Section 3 (Moderate Risks) – 4 Moderate Risks

Residual Risk Profile Grid (as at November 2025)

■ Major risks (2)
 ■ Significant risks (4)
 ■ Moderate risks (4)

Inherent Risk Rating	High	2-3 Regulatory Risk Supervisory practices are below minimum IAIS standards	1-1 Financial Risk A catastrophic earthquake leads to serial Member failure, where resulting insolvency cost exceed PACICC’s risk appetite limit (twice its annual General Assessment capacity) 1-2 Financial Risk A major external event (e.g. cyber-attack, wildfire, flood, geopolitical risk) causes the failure of one or more large companies, resulting in insolvency costs that exceed PACICC’s risk appetite limit (twice its annual General Assessment capacity)	
	Medium	3-3 Financial Risk Key PACICC stakeholders lose confidence in PACICC’s ability to fulfill its mandate 3-4 Regulatory Risk Benefits unilaterally enhanced by government regulators beyond levels that PACICC Members would support	2-1 Operational Risk The insolvency of a Large Member, group or concurrent multiple Member failures, or another event (e.g. COVID-19), places extraordinary demands on human resources 2-2 Financial Risk Faulty risk modelling fails to fully anticipate the impacts of climate change and exposes smaller regional companies to greater risk of failure 2-4 Operational Risk Reliance on outsourced IT operations	
	Low	3-1 Regulatory Risk Regulators seek to exert inappropriate influence over PACICC governance, with adverse consequences 3-2 Operational Risk Ineffective governance		
		Satisfactory	Generally Satisfactory	Partially Satisfactory
		Mitigation/Control Risk Rating		

There are two risks which PACICC considers to be severe enough to prevent the Corporation from fulfilling its obligations to policyholders, should it 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, wildfire, flood, geopolitical risk) 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 appetite limit (as set by the Board of Directors at twice PACICC's Annual General Assessment capacity – currently \$2.8 billion). This inability to fulfill obligations to policyholders in a timely manner could damage not only the reputation of PACICC, but that of the entire Canadian P&C insurance industry. It is for this reason that mitigation of these particular major risks remains a top priority for PACICC.

PACICC's priority risks (risk profile)

Major Risks:

1-1 Financial Risk

A catastrophic earthquake leads to serial Member failure, where resulting insolvency costs exceed PACICC's risk limit-risk appetite (twice its Annual General Assessment capacity)

1-2 Financial Risk

A major external event (e.g. cyber attack, wildfire, flood, geopolitical risk) causes the failure of one or more large companies, resulting in insolvency costs that exceed PACICC's risk limit-risk appetite (twice our Annual General Assessment capacity)

Significant Risks:

2-1 Operational Risk

The insolvency of a larger Member, group, or concurrent multiple Member failures, or another event (e.g. COVID-19), places extraordinary demands on human resources

2-2 Financial Risk

Faulty risk modelling fails to fully anticipate the impacts of climate change and exposes smaller regional companies to greater risk of failure

2-3 Regulatory Risk

Supervisory practices are below minimum IAIS standards

2-4 Operational Risk

Reliance on outsourced IT operations

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” liquidity facility – provided by the Federal Government – following a catastrophic earthquake.

PACICC’s complete Risk Management Report – including its entire Risk Register – is posted on the Corporation’s website and can be found within the Publications section at www.pacicc.ca. 

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.

2025 Risk Management Advisory Committee Members:

- 1. Sonia Kundi**, Zurich Cover-More (Advisory Committee Chair)
- 2. Morgan Abafor-Grimsons**, SGI Canada
- 3. Sanjeev Agarwal**, AIG Insurance Company of Canada
- 4. Max Cooper**, Lloyd's Canada Inc.
- 5. Jean-Philippe Daigle**, Desjardins General Insurance Group
- 6. Michele Falkins**, Heartland Farm Mutual Inc.
- 7. Ejaz Malik**, Aviva Canada Inc.
- 8. Tracy Mann**, Definity Financial Corporation
- 9. Amir Rahmani**, Beneva
- 10. Sharon Sproxton**, Intact Financial Corporation
- 11. Phil Traicus**, The Wawanesa Mutual Insurance Company

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

2025 Event Dates and Discussion Topics

Forum Meetings:

- March 31 Managing Canada's Geopolitical Risk
 An Overview of IBC Priority Issues
 Increasing Regulatory Demands
- September 11 Geopolitical Risk – Foreign Affairs and
 National Security
 Compliance with OSFI's B-15 Guideline
 Results of the 2025 PACICC Benchmark
 Survey on ERM Practices
- November 27 OSFI Update on Current P&C Insurance Industry
 Issues (Top Risks; Regulatory Burden; and
 Criticality of Good Governance)
 The 2025 Reinsurance Environment
 How is Canada's Economy Holding Up?
 How are Canadians Holding Up?

Emerging Risks Webinars:

- February 27 A Conversation with Insurers Regarding Risk
 Identification and Risk Assessment
- May 22 Climate-Induced Catastrophes and the
 Protection Gap
- October 23 Impact of Electric Vehicles on Automobile Safety
 and Automobile Insurance



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INDEPENDENT AUDITOR'S 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, 2025
- 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 material accounting policy information

(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, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 International IFRS Accounting Standards as issued by the International Accounting

Standards Board, 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 5, 2026
Toronto, Canada

Financial statements (continued)

Statement of Financial Position

December 31, 2025, with comparative information for 2024
(In thousands of dollars)

	2025	2024
Assets		
Cash (note 6)	\$3,219	\$3,036
Short-term investments (note 6)	6,483	6,305
Bonds (note 6)	58,562	56,713
Accrued interest	318	308
Prepaid assets and other receivables	126	139
Deferred financing costs (note 7)	151	177
Property - right-of-use asset (note 10)	133	187
Total assets	\$68,992	\$66,865
Liabilities and Equity		
Liabilities:		
Trade and other payables	\$342	\$404
Deferred Revenue	\$2	–
Finance lease liability (note 10)	160	219
Total liabilities	504	623
Equity:		
Retained earnings	3,117	2,896
Liquidation Fund	2	–
Compensation Fund	65,369	63,346
Total equity	68,488	66,242
Total liabilities and equity	\$68,992	\$66,865

See accompanying notes to financial statements.

On behalf of the Board:

Dave Oakden, Board Chair



Andy Taylor, Director



Financial statements (continued)

Statement of Comprehensive Income

Year ended December 31, 2025, with comparative information for 2024
(In thousands of dollars)

	2025	2024
Revenue from operations:		
Members assessments	\$3,718	\$3,754
Interest earned on cash balances	130	198
Cost recovery for shared services	42	37
	3,890	3,989
Expenses:		
Personnel costs and Board of directors	1,675	1,412
Research and professional fees	258	289
Standby line of credit facility (note 7)	978	1,197
Bridge Insurer operating expenses (note 11)	181	62
Legal fees	34	35
Corporate secretary and accounting services (note 8)	107	107
Travel	141	104
Furniture and equipment maintenance	121	98
Premises-lease and amortization (note10)	87	82
Insurance	41	40
Other operating expenses	46	39
	3,669	3,465
Comprehensive income – Operations	221	524
Liquidation Fund:		
Net liquidation income (note 4c)	2	–
Comprehensive income - Liquidation Fund	2	–
Compensation Fund:		
Net investment income (note 6)	2,023	1,941
Comprehensive income – Compensation Fund	2,023	1,941
Net income and comprehensive income	\$2,246	\$2,465

All net income is attributable to members.

See accompanying notes to financial statements.

Financial statements (continued)

Statement of Changes in Equity

Year ended December 31, 2025, with comparative information for 2024
(In thousands of dollars)

	Retained Earnings Total	Compensation Fund	Liquidation Fund	Total
Balance, December 31, 2023	\$2,372	\$61,405	\$ –	\$63,777
Comprehensive income	524	1,941	–	2,465
Balance, December 31, 2024	2,896	63,346	–	66,242
Comprehensive income	221	2,023	2	2,246
Balance, December 31, 2025	\$ 3,117	\$65,369	\$2	\$68,488

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024
(In thousands of dollars)

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses:		
Operations	\$221	\$524
Liquidation Fund	2	–
Compensation Fund	2,023	1,941
Amortization of bond premium/discount/impairment	(657)	(219)
Net realized gain on sale of short-term investment	(1)	(2)
Net change in unrealized depreciation (appreciation) of short term investment	1	4
Change in accrued interest	(10)	(19)
Change in prepaid assets other receivables	68	(29)
Change in trade and other payables and provisions	(119)	12
Cash provided by operating activities	1,528	2,212
Financing activities:		
Deferred financing costs	26	118
Cash used in financing activities	26	118
Investing activities:		
Maturity of investments	15,055	6,706
Purchase of investments	(16,443)	(9,264)
Sale of short term investment	17	860
Cash used in investing activities	(1,371)	(1,698)
Increase in cash	183	632
Cash, beginning of year	3,036	2,404
Cash, end of year	\$3,219	\$3,036

See accompanying notes to financial statements.

Notes to Financial statements

(Tabular amounts in thousands of dollars)

Year ended December 31, 2025

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 80 Richmond Street West, Suite 607, Toronto, Ontario, M5H 2A4.

The financial statements of the Corporation for the year ended December 31, 2025 include the funds of the Corporation (see note 1(b)).

1. Basis of preparation:

(a) Statement of compliance:

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements for the year ended December 31, 2025 have been approved for issue by the Board of Directors on March 5, 2026.

(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. Material 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 includes a forward-looking expected credit loss model applicable 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 contracted 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.

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:

2. Material accounting policies (continued):

- 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:

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 lifetime 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.

2. Material accounting policies (continued):

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) Deferred financing costs:

On February 17, 2023, PACICC entered into a 2-year agreement to establish a \$250M revolving line of credit ("LoC") facility.

This facility is "co-led" by CIBC and RBC (with CIBC acting as Administrative Agent) and has received support from all six major Canadian banks. The facility enhances PACICC's short-term liquidity capacity and enables the Corporation to efficiently respond to resolution and/or insolvency scenarios.

Initial setup costs have been amortized over the two-year term of the facility. (see note 7).

During 2025, the facility was renewed for another 2 years, effective April 11, 2025.

(e) Leases:

In 2022, the Corporation entered into a new lease agreement for real estate that is used for office space in the ordinary course of business. The Corporation recognizes an asset representing the right-of-use ("ROU") the underlying asset during the remaining lease term and recognizes a liability to make lease payments as required under IFRS 16, Leases ("IFRS 16").

The ROU is initially measured at cost which is the initial amount of the lease liability. The useful life of the ROU asset is based on the lease term.

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
- 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.

2. Material accounting policies (continued):

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 at the amortized cost using the effective interest rate method. Leases under the standard require the re-measurement 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 re-measurement, 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.

(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:

All provinces and territories have enacted legislation or passed regulation, making it a condition for being licensed that P&C insurers enter 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 \$12,000, 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 follows OSFI's risk-based assessment model. In addition, Line of Credit Assessments are levied on a pro-rated basis among Members whose Minimum Required Capital yields an Assessment greater than the Base Assessment based on their respective Direct Written Premiums.

Assessments for Members in liquidation are based on the Board approved 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 the Board approved 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:

The Corporation has determined that there are no material implications for its financial statements arising from the following changes to the IFRS Accounting Standards issued during the current accounting period.

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current - Amendments to IAS 1;
- Lease Liability in a Sales and Leaseback - Amendments to IFRS 16; and
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

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. Starting January 2024, the Board of Directors approved the direct deduction of investment management fees for the Compensation Fund from the portfolio balance.

(c) Liquidation Fund:

Separate funds are maintained for each active member insolvency in the process of liquidation. On April 3, 2025, PACICC received a communication from Deloitte, the Liquidator for Markham General Insurance Company, regarding the return of surplus funds that it had previously retained as a contingency to cover any remaining costs of closing the Estate. Deloitte indicated that, given the final completion of the liquidation, it was now in a position to return the residual funds. Deloitte's final calculation resulted in PACICC receiving \$37,996.63. Upon Board direction, refunds were distributed to Members in June, in proportion to the General Assessment that each Member originally contributed to fund the costs of the insolvency. As of December 31, 2025, two cheques remained uncashed, leaving a small balance to be carried forward into 2026. If these cheques remain uncashed after one year, the remaining funds will be transferred to PACICC's Compensation Fund.

Financial statements (continued)

(Tabular amounts in thousands of dollars)

Year ended December 31, 2025

5. Operating, Compensation and Liquidation Fund information:

(a) Statement of financial position as at December 31, 2025:

Assets	Operations	Compensation	Liquidation	Total
Cash	\$3,204	\$13	\$ 2	\$3,219
Investments	-	65,045	-	65,045
Accrued interest	7	311	-	318
Prepaid assets and other receivables	126	-	-	126
Deferred financing costs	151	-	-	151
Property - right-of-use asset	133	-	-	133
Total assets	\$3,621	\$65,369	\$2	\$68,992
Liabilities and Equity				
Liabilities:				
Trade and other payables	\$342	\$ -	\$ -	\$342
Deferred revenue	2	-	-	2
Financial lease liability	160	-	-	160
Total liabilities	504	-	-	504
Equity:				
Retained Earnings	3,117	-	-	3,117
Compensation Fund	-	65,369	-	65,369
Liquidation Fund	-	-	2	2
Total equity	3,117	65,369	2	68,488
Total liabilities and equity	\$3,621	\$65,369	\$2	\$68,992

(b) Statement of financial position as at December 31, 2024:

Assets	Operations	Compensation	Liquidation	Total
Cash	\$3,005	\$31	\$ -	\$3,036
Investments	-	63,018	-	63,018
Accrued interest	11	297	-	308
Prepaid assets and other receivables	139	-	-	139
Deferred financing costs	177	-	-	177
Property - right-of-use asset	187	-	-	187
Total assets	\$3,519	\$63,346	\$ -	\$66,865
Liabilities and Equity				
Liabilities:				
Trade and other payables	\$404	\$ -	\$ -	\$404
Financial lease liability	219	-	-	219
Total liabilities	623	-	-	623

Financial statements (continued)

(Tabular amounts in thousands of dollars)

Year ended December 31, 2025

5. Operating, Compensation and Liquidation Fund information continued):

(b) Statement of financial position as at December 31, 2024 (continued):

Assets	Operations	Compensation	Liquidation	Total
Equity:				
Retained Earnings	2,896	-	-	2,896
Compensation Fund	-	63,346	-	63,346
Total equity	2,896	63,346	-	66,242
Total liabilities and equity	\$3,519	\$63,346	\$ -	\$66,865

6. Financial instruments:

(a) Carrying values and fair values:

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Cash	\$3,219	\$3,219	\$3,036	\$3,036
Short-term investments	6,483	6,483	6,305	6,305
Bonds	58,638	59,440	56,787	57,442
Fund Expenses	(76)	(76)	(74)	(74)
	\$68,264	\$69,066	\$66,054	\$66,709

Cash and bonds are recorded at amortized cost. Short-term investments are recorded at FVT-PL. The 12-month expected credit loss recognized is \$ 172,381 (2024 - \$181,073).

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 \$ 6,482,967 (2024 - \$6,304,643). 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			2025		2024	
	Within 1 year	1 to 5 years	Over 5 years	Total carrying amount	Effective rates	Total carrying amount	Effective rates
Government	\$5,520	\$38,923	\$ -	\$44,443	1.04% - 4.18%	\$40,418	0.35% - 4.34%
Corporate	2,956	11,239	-	14,195	1.39% - 5.88%	16,369	1.20% - 5.88%
	\$8,476	\$50,162	\$ -	\$58,638	1.04% - 5.88%	\$56,787	0.25% - 5.68%

Financial statements (continued)

(Tabular amounts in thousands of dollars)

Year ended December 31, 2025

6. Financial instruments (continued)

(d) Net investment income (Compensation Fund):

	2025	2024
Dividend income	\$196	\$326
Realized gain on short term investments	-	2
Unrealized (loss)/gain on short term investments	(1)	(4)
Interest income - bonds	1,641	1,594
Amortization on bonds	187	23
Total	\$2,023	\$1,941

7. Standby line of credit facility:

	2025		2024	
	Expensed	Deferred	Expensed	Deferred
Initial setup costs	\$34	\$ -	\$271	34
Renewal costs	110	152	-	143
Recurring costs	834	-	926	-
Total	\$978	\$177	\$1,197	\$177

8. Transactions with Insurance Bureau of Canada ('IBC'):

During 2025, PACICC compensated IBC for Finance and Legal servicing fees in the amount of \$107,350 (2024 - \$107,350) reflected in corporate secretary and accounting services expenses.

9. Assessment capacity:

PACICC has the ability to make a maximum potential annual general assessment of Members of 1.5% (2024 - 1.5%) of covered premiums written, which amounts to approximately \$1.4 billion in 2025 (2024 - \$1.31 billion).

10. Property - right-of-use asset:

On November 22, 2022, PACICC entered into a new lease for 80 Richmond Street West, effective January 1, 2023, with a duration of five years. The lease has resulted in a right-of-use asset of \$297 (2024 - \$297).

Cost

	2025	2024
January 1, 2025 - recognition of right-of-use asset	\$297	\$ 297
Additions	-	-
Disposals	-	-
December 31, 2025	\$297	\$297
Accumulated amortization		
January 1, 2025 - accumulated amortization	\$110	\$55
Additions	55	55
Disposals	-	-
December 31, 2025	\$165	\$110
Net book value		
December 31, 2025	\$133	\$187

Financial statements (continued)

(Tabular amounts in thousands of dollars)

Year ended December 31, 2025

10. Property - right-of-use asset (continued):

Leases:

Amounts recognized in statement of comprehensive income:

	2025	2024
Amortization of property - right-of-use asset	\$55	\$55
Interest on financial liability	13	17
Premises	19	10
	\$87	\$82

The weighted average incremental borrowing rate applied to lease liabilities is 6.7%. The following table presents the contractual maturities of the Corporation's undiscounted lease liabilities at December 31, 2025:

	2025	2024
One year or less	\$72	\$72
One to five years	102	174
Total undiscounted lease liabilities	174	246
Discounted adjustment	(14)	(27)
Lease liabilities	\$160	\$219

11. Bridge Insurer operating expenses:

PACICC-SIMA General Insurance Company (PGIC) is a PACICC-owned and OSFI-regulated P&C insurer whose objective is to enhance PACICC's resolution toolkit. PGIC will only be activated as a "bridge" insurer if the PACICC Board and OSFI expect its use to produce better outcomes versus the alternative liquidation process, including but not limited to minimizing costs to Members and protecting eligible policyholders from undue financial loss. The Canadian Minister of Finance signed Letters Patent for incorporation of PGIC on July 21, 2025 and the OSFI Superintendent issued an Order to Commence and Carry on Business on December 10, 2025 (to be effective on January 1, 2026).

Expenses incurred in 2025 related to the establishment and operationalization of PGIC have been itemized below:

	2025	2024
Legal fees	\$93	\$62
Licensing fees	38	-
Other professional fees	50	-
Bridge Insurer operating expenses	\$181	\$62

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:

On November 22, 2022, the Corporation signed a new lease for office premises commencing June 1, 2023 for a period of five years ending May 31, 2028. The annual base lease commitment is \$35,371.

Financial statements (continued)

(Tabular amounts in thousands of dollars)

Year ended December 31, 2025

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:

	2025	2024
Level 1	\$ -	\$ -
Level 2	59,440	57,442
Level 3	-	-
	\$59,440	\$57,442

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:

Credit rating	2025		2024	
	Carrying value	Percentage of portfolio	Carrying value	Percentage of portfolio
AAA	\$34,067	58.0%	\$30,002	52.9%
AA	15,870	27.1%	17,172	30.2%
A	5,023	8.6%	4,475	7.9%
BAA	-	-	303	0.5%
BBB	3,678	6.3%	4,835	8.5%
Total	\$58,638	100%	\$56,787	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, 2025, 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 \$1,428,751 (2024 - \$1,284,437).

Financial statements (continued)

(Tabular amounts in thousands of dollars)

Year ended December 31, 2025

14. Financial risk management (continued):

(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.

15. Remuneration:

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

	2025	2024
Salaries	\$1,386	\$1,152
Other benefits	141	113
	\$1,527	\$1,265

2025/26 Board

Dave Oakden

Chair

Consultant

Penny Lee

Deputy Chair

Consultant

Anne-Marie Beaudoin

Consultant

Alister Campbell

President and CEO

PACICC

Frédéric Cotnoir

Executive Vice President & Chief

Legal Officer

Intact Financial Corporation

Christian Fournier*

Executive Vice-President and

Leader, Property and Casualty

Insurance

Beneva

Lisa Guglietti

Executive Vice-President, Chief

Operating Officer, P&C Insurance

Solutions

Co-operators General Insurance

Company

**Retired from the PACICC Board in
January 2026*

Marc Lipman

President Lloyd's Americas and

Attorney in Fact in Canada for

Lloyd's Underwriters

Lloyd's Underwriters

Dougal Macdonald

Consultant

David MacNaughton

Consultant

Susan Penwarden

Managing Director, Personal

Insurance

Aviva Canada Inc.

Andy Taylor

Executive Vice President and

Leader, P&C Ontario West

Beneva

Kathleen Thomas

Vice President, Integration

Management, Operational Planning

and Execution

Definity Insurance Company

Tamara Vrooman

President and CEO

Vancouver International Airport

Silvy Wright

President and CEO

Northbridge Financial Corporation

Board Committees

Audit and Risk

Andy Taylor (Chair)
Lisa Guglietti
Penny Lee
Susan Penwarden
Kathleen Thomas
Silvy Wright

***Governance
and Human Resources***

Dave Oakden (Chair)
Anne-Marie Beaudoin
Frédéric Cotnoir
Christian Fournier
Penny Lee
Marc Lipman

Pre-Insolvency Regulatory Liaison

Penny Lee (Chair)
Anne-Marie Beaudoin
Alister Campbell
Dougal Macdonald
David MacNaughton
Dave Oakden
Tamara Vrooman

**Retired from the PACICC Board
in 2025**

Tracy Garrad (President and CEO, Aviva
Canada Inc.

Timothy Hodgson (Consultant)

2025/2026 Staff

Full-time staff

Alister Campbell

*President and Chief Executive
Officer*

Ian Campbell

Vice President, Operations

Denika Hall

Manager, Operations

Grant Kelly

*Chief Economist
Vice President, Financial Analysis
and Regulatory Affairs*

Jeff Stewart

Vice President, Finance

Contract and part-time staff

Mario Fiorino

Counsel and Corporate Secretary

Zhe (Judy) Peng

Research Associate

Address

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Phone (416) 364-8677
www.pacicc.ca

Provincial regulators

British Columbia

Tolga Yalkin

*CEO and Superintendent of
Financial Services*
B.C. Financial Services Authority
600-750 West Pender Street
Vancouver, British Columbia
V6C 2T8
Tel: (604) 660-3555
www.bcfsa.ca

Alberta

Erin O'Neill

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

Saskatchewan

Janette Seibel

*Deputy 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
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Tel: (204) 945-2542
www.mbfinancialinstitutions.ca

Ontario

Dexter John

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

Superintendent of Credit Unions
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

Steve Dowling

*Director, Financial and Consumer
Services*
Department of Justice and
Public Safety
105 Rochford Street
P.O. Box 2000
Charlottetown, PEI C1A 7N8
Tel: (902) 368-4550
www.princeedwardisland.ca

New Brunswick

Angela Mazerolle

*Vice-President, Regulatory
Operations and 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

Jennifer Crummey

Superintendent of Insurance
Financial Services Regulation
Division Service NL
Government of Newfoundland
and Labrador
Confederation Building, 2nd Floor,
West Block, P.O. Box 8700
St. John's, Newfoundland A1B 4J6
Tel: (709) 729-4909
www.gov.nl.ca/dgsnl/insurance

Northwest Territories

Tegwen Jones

Superintendent of Insurance
Department of Finance
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

Kathryne Janz

*Policy Officer, 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

Brian Moyo

*Director of Fiscal and Economic
Policy*
Department of Finance
Government of Nunavut
P.O. Box 2260
Iqaluit, Nunavut X0A 0H0
Tel: (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

Accelerant Insurance Company of Canada	Accelerant Compagnie d'Assurance du Canada
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 Itée
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
Belair Insurance Company Inc.	Compagnie d'assurance Belair Inc. (La)
Beneva	Beneva
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

PACICC Member companies (continued)

Cherokee Insurance Company	Cherokee Insurance Company
Chubb Insurance Company of Canada	Chubb du Canada Compagnie d'Assurance
Citelle mutuelle d'assurance	Citelle mutuelle 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)
CUMIS General Insurance Company	Compagnie d'Assurance Générale CUMIS (La)
Definity Insurance Company	Société financière Definity
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
Employers Insurance Company of Wausau	Compagnie d'Assurances des Employeurs de Wausau
Endurance Specialty Insurance Ltd.	Assurances spécialisées Endurance Itée
Esurance Insurance Company of Canada	Esurance du Canada, Compagnie d'Assurance
Europ Assistance S.A.	Europ Assistance S.A.
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 Insurance Company	Gore Insurance Company
GPIC Insurance Company	Compagnie d'assurance GPIC
Great American Insurance Company	Compagnie d'Assurance Great American
Groupe Estrie-Richelieu, Compagnie d'assurance (Le)	Groupe Estrie-Richelieu, Compagnie d'assurance (Le)

PACICC Member companies (continued)

Hartford Fire Insurance Company Ltd.	Compagnie d'Assurance Incendie Hartford (La)
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.
Hudson Insurance Company	Hudson Insurance Company
Indemnity National Insurance Company	Indemnity National Insurance Company
Industrial-Alliance Insurance Auto and Home Inc.	Industrielle-Alliance, Assurance auto et habitation inc.
Industrial-Alliance Pacific General Insurance Corporation	Industrielle-Alliance Pacifique, Compagnie d'Assurances Générales
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
Markel International Insurance Company) Limited (Canada Branch)	Markel compagnie d'assurance internationale limitée (succursale canadienne)
MAX Insurance	MAX Insurance
Mennonite Mutual Insurance Company (Alberta) Ltd.	Mennonite Mutual Insurance Company (Alberta) Ltd.
Millennium Insurance Corporation	La Corporation d'assurance Millenium
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)
My Mutual Insurance Limited	My Mutual Insurance Limited
N.V. Hagelunie	N.V. Hagelunie
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

PACICC Member companies (continued)

Old Republic Insurance Company of Canada	Ancienne République, Compagnie d'Assurance du Canada (L')
Optimum Insurance Company Inc.	Optimum Société d'Assurance Inc.
Optimum West Insurance Company	Optimum West Insurance Company
PAFCO Insurance Company	PAFCO compagnie d'assurance
Peace Hills General Insurance Company	Peace Hills General Insurance Company
Pembridge Insurance Company	Pembridge, compagnie d'assurance
Personal General Insurance Inc.	Personnelle, assurances générales Inc. (La)
Personal Insurance Company (The)	Personnelle, Compagnie d'Assurances (La)
Petline Insurance Company	Compagnie d'assurance Petline
Portage La Prairie Mutual Insurance Company	Portage La Prairie Mutual Insurance Company (The)
Primum Insurance Company	Primum 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
Riverstone International Insurance Inc.	Assurance Internationale RiverStone
S & Y Insurance Company	S & Y Compagnie d'Assurance
Sandbox Mutual Insurance	Sandbox Mutual Insurance
SCOR UK Company Limited (Canadian Branch)	SCOR UK Company Limited (succursale canadienne)
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)
SGL Canada Insurance Services Ltd.	SGL 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)
St. Paul Fire & Marine Insurance Company	Compagnie d'Assurance Saint Paul
Stanley Mutual Insurance Company	Stanley Mutual Insurance Company
Starr Insurance & Reinsurance Ltd.	Starr Insurance & Reinsurance Ltd.
Swiss Re Corporation Solutions America Insurance Corporation	Swiss Re Corporation Solutions America Insurance Corporation

PACICC Member companies (continued)

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 Itée
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
Wawanesa Mutual Insurance Company (The)	Compagnie Mutuelle d'Assurance Wawanesa (La)
Westland Insurance Company Limited	Westland Insurance Company Limited
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