

FACTS 2008

of the general insurance industry in Canada





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In my first full year as President & CEO of Insurance Bureau of Canada (IBC), I am delighted to present to you *Facts Book 2008*.

You will note that in addition to being an extensive compendium of facts and figures about property and casualty (P&C) insurance in Canada, *Facts Book 2008* also provides more information than did past editions about the various strategic issues on which the industry and IBC are focused.

I am very pleased, for example, that IBC is now playing an important leadership role in broadening the discussion around climate change. IBC, on behalf of its member home, car and business insurers, is working hard to get the message out to Canadians that we all need to adapt to climatic changes in order to protect our quality of life. The substance of our work is contained within this Facts Book text. You'll see that we're funding high-level research into preparing communities for severe weather, and urging governments to invest in critical infrastructure at the municipal, provincial and federal levels and to introduce building codes designed to mitigate losses resulting from future storms.

Because the threat posed by earthquakes is comparable to the perils associated with climate change, IBC is in discussions with governments to promote preparedness in that arena as well. This includes collaborating with regulatory bodies to create insurance products consumers can easily understand, so that they know the extent – and limits – of their coverage where earthquake-related damage is concerned.

IBC is also working very intently with governments across the country to promote smart regulation of the auto insurance industry in order to make the insurance market in Canada more competitive and responsive to consumers' needs.

Consumers' needs are at the centre of every initiative that IBC undertakes on behalf of its members. Our latest initiative is no exception. We have launched a new consumer education campaign, which is based on survey results indicating what Canadians know and don't know about insurance. The goal of this multimedia campaign is to draw consumers to our website, ibc.ca, where they can find answers to common insurance-related questions.

Similarly, the goal of *Facts Book 2008* is to provide you with a glimpse of how the P&C insurance industry works and what impacts it has not only on consumers but also on Canadians in general. I hope it meets your needs.



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Facts about

PROPERTY AND CASUALTY INSURANCE in Canada



PROPERTY AND CASUALTY INSURANCE IN CANADA

The private property and casualty (P&C or “general”) insurance industry in Canada provides insurance protection for most homes, motor vehicles and commercial enterprises throughout the country.

At least 215 private P&C insurance companies actively compete in Canada. In addition to these private companies, there are government-owned auto insurers in British Columbia, Manitoba and Saskatchewan that are the exclusive providers of the compulsory component of auto insurance in those provinces. The bodily-injury portion of automobile insurance in Quebec is also provided by a government-owned insurer.

General insurance underpins much of the country’s economy by assuming part of the financial risk inherent in running a business, driving a car or owning a home. While the basic theory is simple – the premiums of many policyholders pay a

proportion of the compensation to the unfortunate few who suffer insured losses – some of the practicalities of measuring risk fairly and paying claims promptly are quite complicated. It is surprising to many, for example, that payouts by P&C insurers can often exceed the premiums they take in.

The Canadian property and casualty insurance industry includes the people and resources involved in providing all types of insurance other than life and health insurance. Automobile insurance, insurance for homeowners and tenants, as well as a variety of commercial or business-oriented lines of insurance, such as liability or business interruption, account for most of the P&C insurance sold in Canada.

Automobile insurance continues to be the largest single class of property and casualty insurance in Canada; it accounted for almost half of all premiums paid by consumers to non-government insurers in 2006. Property

insurance ranks second. The third-largest class of P&C insurance, liability insurance, provides protection in the event that the insured causes bodily injury or property damage to others and becomes legally obligated to pay damages. Liability insurance includes product liability, which protects the public for injury suffered due to defective goods and services.

General insurance companies operating in Canada are supervised by the federal or provincial governments. About 100 of these companies, both Canadian and foreign-owned, provide most of the general insurance purchased in this country. Some of the companies belong to international financial conglomerates. There are mutual and stock companies operating alone or as part of a large group. Canada’s private P&C insurers employ – directly or indirectly – more than 100,000 people, including independent brokers, adjusters and actuaries. Of course, many others derive income from the payment of insurance claims, including thousands of people working in a wide range of trades and professions, such as car repair, construction, medicine, law and accounting.

With registered sales of \$36.9 billion in 2006, and controlling assets of \$110.1 billion, the industry is a major part of the social and economic fabric of Canada. P&C insurers in Canada invest mainly in domestic government and corporate bonds and in preferred and common stocks. These investments are secure financial instruments that produce a steady flow of income. Government regulations require these investments to be prudent.

Some enterprises participate in various forms of self-insurance arrangements. Some risks are so difficult to insure that governments decree, in effect, that all taxpayers must share in such risks. The Nuclear Liability Act, for example, was passed in 1976 to limit the liability of operators of Canadian nuclear installations (including universities and hospitals using radioactive material and equipment) to \$75 million. Parliament may, however, provide additional funding if losses exceed that figure.

INSURANCE BUREAU OF CANADA

Established in 1964, Insurance Bureau of Canada (IBC) is the voice of companies that insure the homes, cars and businesses of Canadians. Membership is voluntary. IBC member companies provide nearly 95% of the non-government P&C insurance sold in Canada. In addition, a large number of IBC associate members provide services to the industry. Government auto insurers also participate with private insurers in IBC's vehicle information programs.

As the property and casualty insurance industry's trade association, IBC advocates industry positions with consumers, government, members and other stakeholders. It identifies and monitors issues, develops policy positions and responds to legal developments. In addition, the association stays on top of issues of strategic importance to the industry. In 2007, these included auto insurance, home insurance, regulatory reform, consumer trust, road safety and insurance crime.

While it is the voice of many of Canada's P&C insurers, IBC also holds consumer interests and needs at the centre of its operations. Availability, accessibility and affordability of insurance are priority indicators of the industry's success. Consistency of these indicators makes for a healthier business and consumer climate.

IBC lobbies the federal and provincial governments to secure changes in public policy and improvements in the business-operating environment that will benefit P&C insurers and their customers. It campaigns on a range of issues to reduce member companies' losses and increase public understanding of P&C insurance. Public understanding is also fostered in IBC's five regional consumer centres, where trained personnel with many years of industry and government relations experience answer tens of thousands of consumer inquiries each year.

IBC formulates industry positions on a wide range of insurance-related issues, including health care funding, taxation and disaster mitigation. Controlling costs

is a major concern of insurers, as well as of regulators, so IBC identifies the key factors that contribute to increased premiums – e.g., increased costs of health care, legal services and vehicle repair, poor returns on investments, and insurance crime – and develops strategies and programs to address them. For instance, IBC is Canada's leading provider of investigative services to the insurance industry, detecting and preventing insurance crime (particularly in the areas of organized auto theft and Accident Benefits/Bodily Injury fraud) and recovering losses on behalf of its members.

IBC develops model policy wordings and helps design fair and efficient claims-handling protocols. IBC is a recognized leader in providing automobile insurance rating information that helps insurers set fair rates.

IBC also commissions research into topics ranging from consumers' attitudes toward insurance-related matters and the effectiveness of communications programs in influencing these attitudes, to graduated licensing programs and the outcomes of these and other road safety initiatives, to name but a few examples. IBC also stays up to date on the latest developments in case law and proposed federal, provincial and territorial legislation that may be relevant to member companies.

On behalf of members, IBC collects, validates, stores and analyzes a vast amount of information in a variety of formats. IBC's information stores are put to work for three purposes. One purpose is to support IBC's lobbying and communications efforts, some of which have been outlined above. The second purpose is to support insurance regulators' objective of monitoring the industry. IBC is the service supplier to the General Insurance Statistical Agency (GISA). GISA carries out activities on behalf of insurance regulatory authorities across Canada. Finally, IBC uses its data to support individual companies' business decisions by offering members a variety of insurance crime and vehicle information programs.

IBC continues to work with a wide range of stakeholders, including regulators and

industry committees, to ensure the right data is collected to address industry priorities in the most cost-effective manner possible. This data will serve the lobbying, communications, regulatory and individual business needs of member P&C insurers.

OTHER TYPES OF INSURANCE

A few of IBC's member companies sell a limited amount of health or sickness and accident insurance (i.e., \$765 million in net premiums written, or roughly 2.2% of private P&C insurers' business in 2006).

The Canadian Life and Health Insurance Association Inc. (CLHIA) represents, as its name implies, life and health insurers. The Surety Association of Canada represents insurers who guarantee that their clients will perform an expressed obligation, such as completing a construction project on time. While many IBC member companies do provide surety, they do not underwrite a significant amount of aviation or ocean marine insurance, subjects that are not addressed in this publication.

WHY INSURE?

Insurance is a mechanism for spreading risk, for sharing the losses of the few among the many. Property and casualty insurance premiums are unlike bank deposits or whole-life insurance premiums in that they do not produce a direct financial return to the policyholder. General insurance makes the life of an individual enterprise more stable by allowing people and businesses to engage in many ventures without having to set aside reserves to meet the financial requirements that may arise from certain types of losses. Insurance also facilitates the granting of credit by protecting the investments of both lenders and borrowers.

Insurance can be considered as a large pool into which policyholders place their premiums. This pool has to provide for payment of the losses suffered by those who have claims and for the cost of running the business. Because total premiums are usually insufficient to pay claims and operating expenses, insurers also use investment earnings to pay

claims and keep premiums lower than they might otherwise be.

Insurance allows the policyholder to substitute a small, defined expenditure (the premium) for a large, but uncertain, future loss. Policyholders who escape losses help to compensate those who are directly and adversely affected by loss. The anxiety and worry about the unknown future are eased for all contributors, who can now more easily prepare personal, family or business budgets. Even though the possibility or probability of a loss does not change, the uncertainty connected with it is removed.

The general insurance industry, in addition to paying for losses, works to prevent them. In this respect, the industry, government and consumers are natural loss-prevention allies. For decades, P&C insurers and their trade association, Insurance Bureau of Canada, have worked in partnership with communities and officials on road safety, fire prevention, anti-theft campaigns and many other projects, including a nationwide campaign to fight insurance crime.

FEDERAL AND PROVINCIAL SUPERVISION

The conduct of the P&C insurance business in Canada is supervised and regulated by both the federal and provincial governments. The federal Office of the Superintendent of Financial Institutions is concerned primarily with the solvency and stability of insurance companies that are registered under federal statutes. The key statutes governing the activities of P&C insurers are the Office of the Superintendent of Financial Institutions Act and the Insurance Companies Act. Financial supervision by provincial superintendents of insurance is limited mainly to insurers operating under provincial charters. However, the provincial authorities predominate in the supervision of the terms and conditions of insurance contracts and the licensing of companies, agents, brokers and adjusters.

Unlike home or business insurance, automobile insurance is compulsory; that's one reason it is closely regulated, particularly in provinces where car

insurance is sold by private companies. In 2006, insurers owned by provincial governments in British Columbia, Saskatchewan, Manitoba and Quebec sold about 24.2% of the total automobile insurance in Canada. Private auto insurers provide a small amount of optional coverage in British Columbia, Saskatchewan and Manitoba, and all of the property damage coverage in Quebec. Personal injury coverage in Quebec is provided by the government-owned insurer.

IBC member companies comply with privacy legislation that applies to the collection, possession, protection, use, disclosure, verification and correction of personal information. Laws and regulations ensure that insurance companies will be financially competent to discharge their obligations, that insurance contracts are fair and that business is being conducted for the general public good.

INSURANCE PRICES

To establish premiums, insurance actuaries (with mathematical training in the principle of large numbers and the theory of probability) estimate the number and cost of current and future claims and the amount of investment income that the insurance company may earn between the receipt of premiums and payment of claims. Insurers must predict their adjustment expenses, overhead, commission payments or selling costs, industry taxes and reserve funds for coping with catastrophes.

Of course, policies that are sold toward the end of the year will be in force through much of the year following; also, some claims may take years to settle (as in the case of a slow-to-stabilize injury).

Rate setting will never be an exact science. In the highly competitive field of P&C insurance, prices are determined by the interplay of market forces, government regulations and taxes at many levels (see Appendix E). In a 1997 study for IBC, management consultants Ernst & Young found that Canadian P&C insurers, and their customers, pay more than three times the average tax rate paid by banks, trusts and credit

unions. They also pay almost two times more than life insurers and their clients. The gaps continue to widen.

Another factor that affects premiums is the availability and cost of reinsurance (see "Insurance for insurers" in this section). P&C insurance prices can change, too, when new information becomes available about the types of risks to which consumers and insurance companies are exposed. Unlike the prices of other goods and services, P&C insurance premiums do not necessarily keep pace with the general rate of inflation. In theory, an insurance premium reflects the current value of the claims that a pool of policyholders can be expected to make in the future, as well as the costs of administering those potential claims. In most other businesses, the costs of producing and selling a product are known before the price is determined; but P&C insurance is priced before the costs are known. Companies do not know ahead of time how much it may cost to repair a house or a car; nor do they know definitely that they will be called upon to do so. While pricing is based on the latest available information, insurers sometimes still find that claims payouts exceed what they have collected in premiums. Most recently, this premium shortfall has become evident for some types of commercial insurance, particularly for damage to the environment.

Shortfalls have also been evident in the realm of liability insurance. In the late 1980s, notably in the United States, courts began to award judgments in liability cases differently and more generously than in the past. Suddenly, insurance companies were responsible for settling much larger claims on their liability policies than had been anticipated at the time of sale.

INSURANCE FOR INSURERS

Reinsurance is insurance for insurers. Reinsurers, which are generally international organizations, spread their risks by supporting "primary" insurers in several countries and in many regions around the world. Insurance companies pay premiums to reinsurers in exchange for an agreement to have a proportion of

their claims paid for them, particularly in the event of a major loss or catastrophe. Reinsurance is one of many tools used by insurers to guarantee that they will meet every obligation to pay legitimate claims.

In recent years, reinsurers have helped insurance companies pay the claims from several major events. Among these were the September 11, 2001 terrorist attacks and the destructive 2005 hurricane season in the United States and, in Canada, the ice storms in eastern Ontario and southern Quebec in January 1998 and Hurricane Juan in 2003. These and other disasters around the world have led to a decline in the amount of reinsurance available to insurers. As a result, Canadian

insurance companies have had to pay higher prices for reinsurance.

EXTRA PROTECTION FOR POLICYHOLDERS

What would happen in the unlikely event of the failure of a property and casualty insurance company? The Property and Casualty Insurance Compensation Corporation (PACICC) was formed in 1988 to protect policyholders and claimants under most policies issued by P&C insurance companies in Canada.

The maximum recovery from PACICC is \$250,000 in respect of all claims arising from each covered policy issued by the insolvent insurer, and arising from a

single occurrence. Policyholders may also claim 70% of unused ("unearned") covered premiums they have paid, to a maximum of \$700.

Membership in PACICC is compulsory for most P&C insurers in Canada. Member insurers provide funds as required to pay the covered claims of an insolvent insurer. PACICC's financial capacity available to pay indemnity claims was substantially increased in 2005 and now totals more than \$500 million per year.

For more information, contact PACICC at the address shown in Appendix H or visit the corporation's website at www.pacicc.ca.

Do you *Know Your Stuff*?

A home inventory can help!

95% of Canadians think it's a good idea to have an inventory of their belongings.

But only **35%** have one.

An up-to-date home inventory can help you get the proper insurance coverage to replace the things you own, and get your insurance claims settled faster.

Visit ibc.ca to download a copy of Insurance Bureau of Canada's *Know Your Stuff* home inventory software.

It's free, and it's easy. Try it today, because protecting your stuff starts with knowing your stuff.

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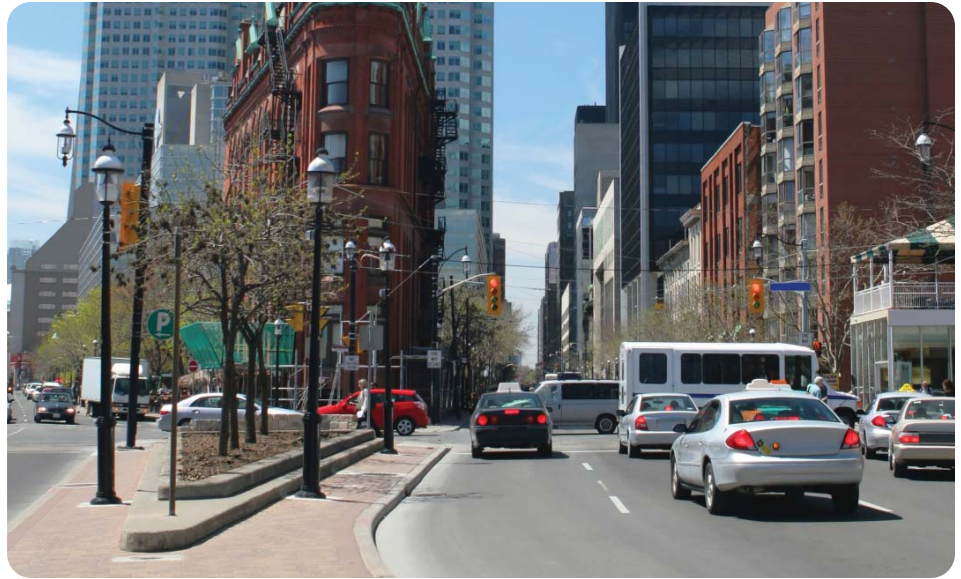
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Questions about insurance?
If you want to know, here's where to go. ibc.ca



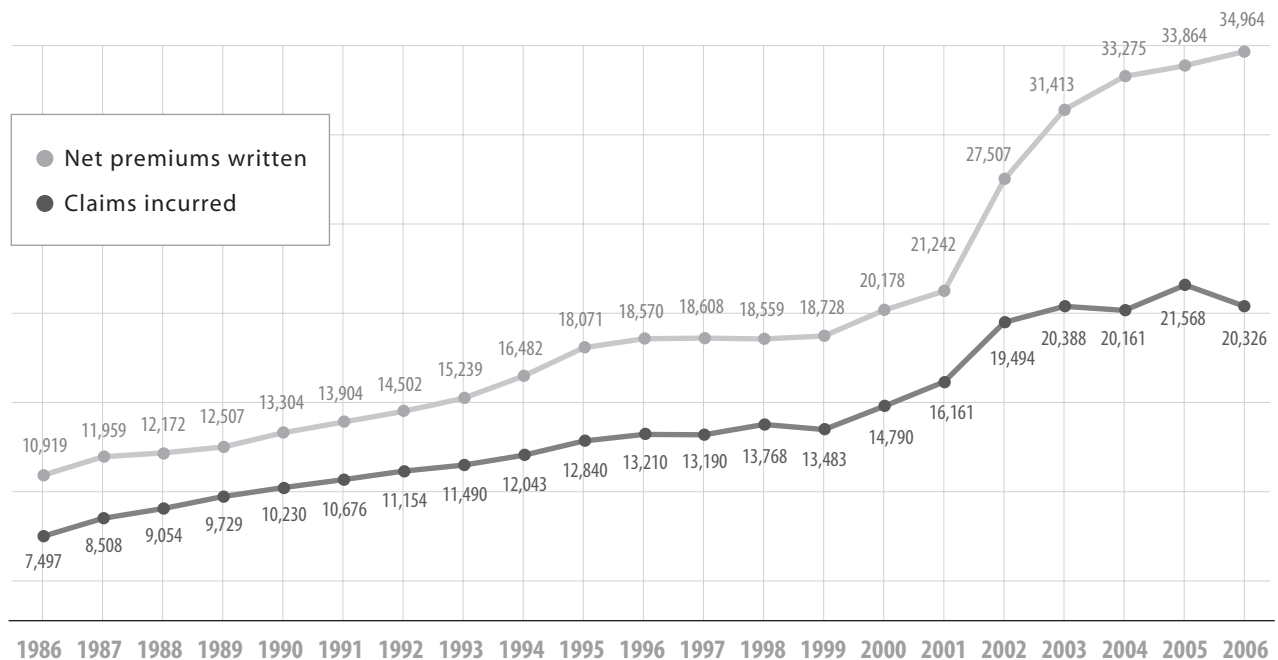
PREMIUMS and CLAIMS

“Claims incurred” are estimates of total claims and claims expenses outstanding at the end of a term, plus all claims paid during the period, minus the total of outstanding claims estimates at the beginning of the term. The accompanying chart of private sector P&C insurance shows that a large proportion of premium dollars is paid out in claims. Rising claims costs tend to drive up premiums, but competition, investment income and more efficient company operation can help to restrain prices.



Net premiums and claims (\$'000,000)

Source: IBC, based on data from Statistics Canada, OSFI, A.M. Best Canada's Statement File, MSA Researcher and Canadian Insurance.



Underwriting and investment income (\$'000,000)

Source: IBC, based on data from Statistics Canada, OSFI, A.M. Best Canada's *Statement File*, MSA Researcher and *Canadian Insurance*.

Year	Underwriting Loss/Gain	Investment Income	Underwriting Loss as a Proportion of Investment Income
1986	(498)	1,500	(33.2%)
1987	(486)	1,696	(28.6%)
1988	(751)	1,933	(38.9%)
1989	(1,364)	2,310	(59.0%)
1990	(1,234)	2,363	(52.2%)
1991	(1,421)	2,548	(55.8%)
1992	(1,375)	2,505	(54.9%)
1993	(1,351)	2,671	(50.6%)
1994	(1,027)	2,061	(49.9%)
1995	(631)	2,508	(25.2%)
1996	(517)	3,111	(16.6%)
1997	(421)	3,324	(12.7%)
1998	(1,366)	2,864	(47.7%)
1999	(1,027)	2,543	(40.4%)
2000	(1,614)	3,251	(49.6%)
2001	(2,155)	2,762	(78.0%)
2002	(1,390)	2,248	(61.8%)
2003	559	3,020	18.5%
2004	3,072	3,182	96.5%
2005	2,350	3,887	60.5%
2006	3,848	4,302	89.4%

NOTES ABOUT INSURANCE

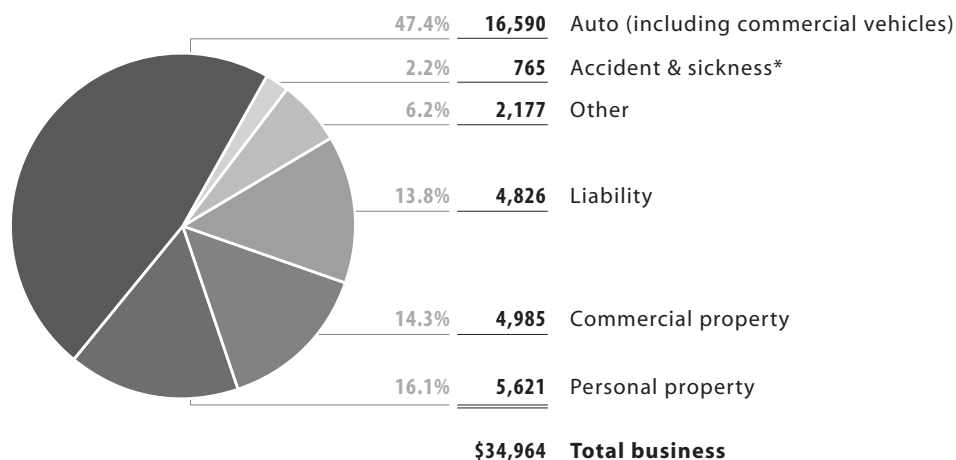
Number of claims – In 2006, theft accounted for 19% of all homeowners' claims. Other causes, including hail and wind, accounted for about 40% of all claims. Water damage to homes accounted for 30% of claims, followed by fires, which accounted for 11%.

Premiums, by type/class/line –

Almost half of the premiums paid by consumers in 2006 to non-government insurers were for automobile and commercial vehicle insurance. The next largest category was property insurance for homeowners, tenants and commercial enterprises. This was followed by liability insurance (product liability, directors' liability, etc.). Other types of insurance include boiler and machinery insurance, marine and aircraft insurance, surety and fidelity, and other, more specialized lines.

Net premiums written, by line of business, 2006 (\$'000,000)

Source: IBC, based on data from MSA Researcher, OSFI and *Canadian Insurance*.



* A few general insurance companies sell a small amount of accident and sickness insurance; the majority of such insurance, however, is sold by life and health insurers.

AUTOMOBILE INSURANCE



Automobile liability insurance for private passenger and commercial vehicles is mandatory throughout Canada. This system provides financial protection for policyholders held liable for injury or loss sustained by others arising from the operation of policyholders' vehicles. Many provinces have implemented so-called "no-fault" schemes, whereby accident victims, regardless of fault, may claim compensation from their own insurers for injuries. These plans range from "pure no-fault" in Quebec and Manitoba to "threshold no-fault" in Ontario, "modified pure no-fault" with a tort option in Saskatchewan and more rudimentary plans elsewhere.

Generally, the higher the "no-fault" threshold, the less involved the courts will be. Thresholds can be monetary (e.g., a specified dollar amount of insured medical expenses) or verbal (a description of severely debilitating injuries, or loss or impairment of bodily functions, etc.). Lawsuits may be permitted for cases where expenses or injuries meet or exceed these thresholds. In Ontario, for example, seriously injured claimants (and the personal representatives of persons killed in collisions) may sue for pain and suffering, provided that the threshold is met.

Outside of Manitoba and Saskatchewan, insurance against damage to a vehicle is available on a voluntary basis. If this insurance is not purchased and the driver is totally at fault in an accident, there will be no recovery at all for vehicle damage.

Private insurers in Canada wrote \$16.6 billion in auto insurance net premiums in 2006, with government insurers accounting for an additional \$5.3 billion combined in Quebec, Manitoba, Saskatchewan and British Columbia.

INSURANCE CLAIMS COMPARISONS BY CAR MAKE, MODEL, BODY STYLE

IBC analyzes the costs associated with insuring virtually all private passenger vehicles, the exception being vehicles that are more than 30 years old. To assist insurers in estimating future car insurance claims costs more accurately and fairly, IBC developed the Canadian Loss Experience Automobile Rating (CLEAR) system. By analyzing vehicle claim histories to estimate future losses, CLEAR allows insurers to reward policyholders who drive vehicles that are likely to incur lower insurance losses. To help car buyers, IBC publishes lists of safety features and anti-theft devices for all new models, as well as summaries of the insurance claims experience of the most popular models.

This year's edition of *How Cars Measure Up*, an annual IBC report, highlights the Canadian insurance claims experience of 1994 through 2006 model year vehicles. To ensure that the summaries would be sufficiently credible, vehicle models were included only if they had amassed at least 18,000 months of experience between 2002 and 2006. This year's edition shows the relative cost per insured vehicle (i.e., loss cost) for Collision, Direct Compensation Property Damage and Comprehensive coverages, the relative claim frequencies for Accident Benefits (personal injury) coverage, and both the relative claim frequencies and relative loss costs of theft claims. The report is available on IBC's website at http://www.ibc.ca/en/Car_Insurance/Buying_a_New_Car/HCMU.asp.

Overall, the cost per insured vehicle for Collision claims showed an increase of 5.0% as compared to the cost evidenced last year. Sport specialty vehicles, two-door models and sport utility vehicles (SUVs) had the highest costs per insured vehicle, while cargo vans and passenger vans had the lowest costs.

The cost per insured vehicle for Comprehensive claims (for non-collision damage, such as theft, fire and flying objects) evidenced a 0.46% increase as compared to the cost for the previous year. Cargo vans, passenger vans and

four-door models continued to have the lowest costs per insured vehicle, while sport specialty vehicles, sport utility vehicles (SUVs) and trucks had the highest costs.

Overall, the frequency of Accident Benefits (personal injury) claims increased by 1.6%, as compared to the frequency evidenced last year. Trucks continued to have the lowest claim frequency, which, though it had increased by 3.0%, remained under 1.0 claim per 100 insured vehicles. Two- and four-door models continued to have the highest claim frequencies, at 2.1 and 2.0 claims per 100 insured vehicles, respectively, and every body style except for four-door models, sport utility vehicles (SUVs) and trucks evidenced a decrease in claim frequency.

PROVINCIAL GOVERNMENT AND PRIVATE AUTO INSURANCE AND MINIMUM STANDARDS

In British Columbia, Saskatchewan and Manitoba, government insurers provide the basic/required minimum auto insurance policy, and both private and government insurers sell enhancements or top-ups to the basic policy. In Quebec, the system is mixed. Bodily injury claims are covered by a government plan administered by the Société de l'assurance automobile du Québec (SAAQ). Damage to property is covered by private insurers. Quebec residents are covered by SAAQ for bodily injury claims from motor vehicle accidents anywhere in the world. In the provinces and territories served by private insurance companies, all automobile insurance policies contain standard terms and conditions. Each provincial or territorial government, however, sets its own standards and its own minimum limits for the amount of liability coverage that owners must buy (see pages 12 to 15 for limits).

ROAD SAFETY

The numbers of traffic deaths and injuries across Canada have declined substantially over the past several decades, although a slight increase in traffic deaths was reported this year. In 1986, for instance, 4,063 people were killed in collisions on Canadian roads and highways. By 2005, the latest year

with complete collision statistics from Transport Canada, that number had dropped to 2,923. The decline in injuries has been less dramatic, with 265,160 people injured in 1986 and 210,629 injured in 2005. There were 35,832 fewer collisions involving injuries or fatalities in 2005 than there were in 1986.

These results are a measure of improvements in vehicle design, the road network and driver behaviour.

Vehicle design

Cars are generally safer now, from the point of view of self-protection, than ever before. Over the past 30 years, hundreds of improvements, such as airbags, energy-absorbing car frames, anti-lock braking systems (ABS) and electronic stability control (ESC), have made cars safer for the driving public. These improvements were brought about by a combination of regulatory initiatives and consumer-grade testing of safety performance in excess of regulatory standards. The testing has served to differentiate vehicle models and has resulted in a strong awareness of safety performance in the minds of consumers. Emerging technology, such as stability control systems, drive-by-wire controls and sensing systems that extend beyond the vehicle, will continue to help drivers avoid collisions and increase their chances of survival should a collision occur. In addition, on-vehicle event data recorders (EDRs) are an emerging technology with the potential to enhance road safety.

A remaining challenge is to ensure that the collision repair industry maintains its ability to service increasingly sophisticated vehicles that are characterized by great variety in terms of vehicle weight, height and frame stiffness.

Road network

The Canadian road network is used beyond capacity, particularly in major urban centres. The number of vehicles on our roads has increased by over 6 million in the past 20 years. Today, more than 20 million vehicles must figure into road safety considerations, including the design of new roads. While the high volume of vehicles increases the potential for collisions, several improvements can

significantly reduce their frequency and severity. For example, urban and highway lighting structures are designed to yield to impact to protect vehicle occupants. Roadside barriers are now better at absorbing shock and preventing cars from rolling in a collision. Intersections and highway exits are better lit, while snow removal and de-icing protocols ensure roads are as safe as possible in winter conditions.

Driver behaviour

No matter how protective the car or well maintained the road, the weakest link in road safety is usually the driver. Human behaviour on the road is typically the determining factor in collision and fatality rates.

Several driver initiatives have improved Canada's road safety record. Anti-drinking-and-driving campaigns can be credited for making impaired driving not only socially unacceptable, but also a criminal offence. Strict enforcement through police spot checks is an effective deterrent, but more efforts are needed to address the behaviour of repeat offenders. Many provincial jurisdictions have legislated vehicle impoundment, as well as interlock programs through which special equipment is installed to prevent the vehicle from starting if a Breathalyzer test indicates that the driver has been drinking.

The introduction of graduated licensing in most jurisdictions, advocated by Insurance Bureau of Canada, has reduced the number of fatalities and serious injuries by as much as 30% for new drivers. As more research results become available, enhanced graduated licensing programs will be considered.

In spite of these successes, many challenges still need to be addressed. These include driver distractions (such as cellular phones and other devices), medically-at-risk drivers (i.e., how medical conditions and medications can affect driving abilities), and the effectiveness of electronic enforcement (red-light cameras and photo radar).

Insurance Bureau of Canada will continue to be an active participant in helping to make this country's roads the safest in the world.

AUTO THEFT

Today, vehicle theft accounts for more than 13% of all property crime in Canada. While the national property crime rate has dropped 32% in the past ten years, the rate of car thefts has only seen a 20% decline. Much of this is attributable to the rise of organized auto theft rings in Canada. In an August 18, 2007 article, “Tracking the techie mobster,” the Toronto Star revealed Criminal Intelligence Services Canada’s recent finding that organized crime outfits in Canada are involved primarily in illicit drugs, financial crime, intellectual property theft and vehicle theft.

In accident year 2006, the frequency of theft claims across Canada decreased by 10.0% as compared to the previous year, remaining lower than one theft per 100 insured vehicles (5.8 thefts per 1000 insured vehicles). The highest theft frequencies were observed in British Columbia, the western region and Quebec. The cost per insured vehicle for theft was lower in 2006 than in 2005, having decreased 6.0% to below \$34 (\$33.63). However, the total cost of theft claims in Canada for accident year 2006 was \$567.7 million, 3.4% higher than the previous year’s costs.

Some car models are more prone to theft than others because they are easier to steal, more desirable, or both. Of the most popular vehicles manufactured between 1994 and 2006, the 1999 two-door Honda Civic SiR was the most frequently stolen vehicle, according to IBC’s report *How Cars Measure Up*. Runners-up (in descending order) were: the 2000 two-door Honda Civic SiR, the 2004 four-door, all-wheel drive Subaru Impreza WRX/WRX STi, the 1999 two-door Acura Integra, the 1994 Dodge/Plymouth Grand Caravan/Voyager, the 1994 Dodge/Plymouth all-wheel drive Grand Caravan/Voyager, the 1994 Dodge/Plymouth Caravan/Voyager, the 1998 two-door Acura Integra, the 2000 two-door Audi TT Quattro coupe, and the 1994 Dodge/Plymouth Shadow/Sundance two-door hatchback. Of particular note is the fact that none of the most stolen vehicles had an anti-theft immobilizer meeting the National Standard of Canada (CAN/ULC-S338-98) as standard equipment.

The 2004 four-door, all-wheel drive Subaru Impreza WRX/WRX STi suffered the highest cost per insured vehicle for theft claims, more than 37 times the average for all vehicles nationally. The nine runners-up for this dubious honour included the 2000 two-door Audi TT Quattro coupe, the 2000 two-door Honda Civic SiR, the 2001 Audi TT Quattro Roadster, the 1999 two-door Honda Civic SiR, the 2001 four-door Audi S4 Quattro, the 2000 four-door Audi S4 Quattro, the 2003 four-door, four-wheel drive Cadillac Escalade, the 2005 four-door, four-wheel drive Toyota Rav4, and the 2004 four-door, four-wheel drive Toyota Rav4.

Theft deterrent systems

IBC has worked with carmakers, after-market manufacturers, consumer representatives, police, and insurers to develop the National Standard of Canada for automobile theft deterrent systems. Underwriters’ Laboratories of Canada (ULC) standard 338 (CAN/ULC-S338-98) now provides Canadian insurers with a benchmark to measure consistently the effectiveness of theft deterrent systems when considering premium discounts. Studies suggest that passive electronic immobilizers meeting the National Standard (which arm automatically, requiring no driver intervention) have reduced the average cost of theft to insurers by more than 57%.

In September, 2007, Canada’s Motor Vehicle Safety Standards began to require that all new light-duty, non-emergency vehicles (cars, vans, light trucks and SUVs) be equipped with an electronic immobilization system that meets the specifications defined in the regulation. The standards were amended in December 2007 to allow vehicles without immobilization systems and purchased in the United States to be imported into Canada, on the condition that these vehicles be fitted with an after-market immobilization system that conforms to the National Standard of Canada (CAN/ULC-S338-98).

As of July, 2007, the following Canadian vehicle manufacturers had announced their plans to equip 2008 model vehicles in Canada with immobilizers meeting the requirements of the National Standard of Canada (CAN/ULC-S338-98):

Audi	Land Rover
DaimlerChrysler	Mercedes-Benz
Ford	Nissan
General Motors	Saab
Hyundai	Subaru
Jaguar	Volkswagen
Kia	Volvo

A list of vehicle models with immobilizers that meet the National Standard of Canada is posted on IBC’s website at http://www.ibc.ca/en/Insurance_Crime/documents/immobilizers/TDS_APPROVED_E.pdf. The Canadian Loss Experience Automobile Rating (CLEAR) system used by most insurers takes into account the presence of a National Standard of Canada–compliant system in a given vehicle model.

Additionally, four after-market theft deterrent systems, the PFK Autowatch 329Ti, the PFK Autowatch 573 PPI, the Mastergard M6000 and the Powerlock-Canada, meet the National Standard of Canada. Because the best security system can be seriously compromised by poor installation, IBC recommends that after-market theft deterrent systems be installed in accordance with a second protocol, ULC ORD 275.1. This document requires installers to solder all connections and vary the details of each installation from vehicle to vehicle.

Support for the effectiveness of modern attempts to reduce vehicle theft was documented in the 2002 IBC report *Theft Trends by Vehicle Age*. Since 1996 (the year that immobilizing theft deterrent systems meeting the National Standard of Canada first began to enter the private passenger fleet), vehicle theft has been shifting toward older vehicles. Specifically, by accident year 2001, theft claims for vehicles older than six years were greater in terms of both frequency and number than theft claims for vehicles six years old or newer.

ReVINing and branding

IBC now offers reVINing services in both Ontario and Alberta for vehicles with damaged, stolen or switched vehicle identification number (VIN) plates. IBC inspects these vehicles to verify their true identities and then creates new VIN

plates once the numbers are confirmed. IBC has access to manufacturers' and police databases as well as its own confidential sources for reVINing purposes. IBC's Stolen and Salvage Vehicle Program ("branding") allows insurers, self-insurers, adjusting companies and salvage companies to place a classification of "salvage," "irreparable" or "stolen" on all total-loss vehicles. A brand designation makes it more difficult for thieves to register stolen vehicles, because it prevents them from reintroducing VINs of wrecks into the system by applying them to stolen cars.

Vehicle recovery

AutoFind is a joint project between Insurance Bureau of Canada and police services in Toronto, Hamilton and Edmonton. The AutoFind program uses AutoVu Technologies Inc.'s mobile licence plate recognition system (MLPR) to scan up to 1,000 plates an hour and compare their numbers to those on a list of vehicles reported missing or stolen throughout Canada. When a scanned plate matches a plate on the uploaded

list, the vehicle's status as stolen or missing is confirmed and recovery procedures are initiated. IBC was instrumental in the recovery of \$19.3 million in stolen vehicles last year, \$6.9 million due to AutoFind.

Export of stolen vehicles

Insurance Bureau of Canada and the National Insurance Crime Bureau in the United States have spearheaded the North American Export Committee (NAEC) initiative. Representatives from the private insurance industry, the police community, and others are addressing the export of stolen vehicles on a North-America-wide basis. IBC is working to prevent stolen vehicles from leaving Canada. When a stolen vehicle is located outside Canadian borders, IBC works with the local customs, government and law enforcement officials to secure the vehicle and return it to Canada. Recently, IBC's training of customs officials led to the return of 32 high-end vehicles from Ghana.

IBC is encouraging Canada Border Services Agency (CBSA) to partner with

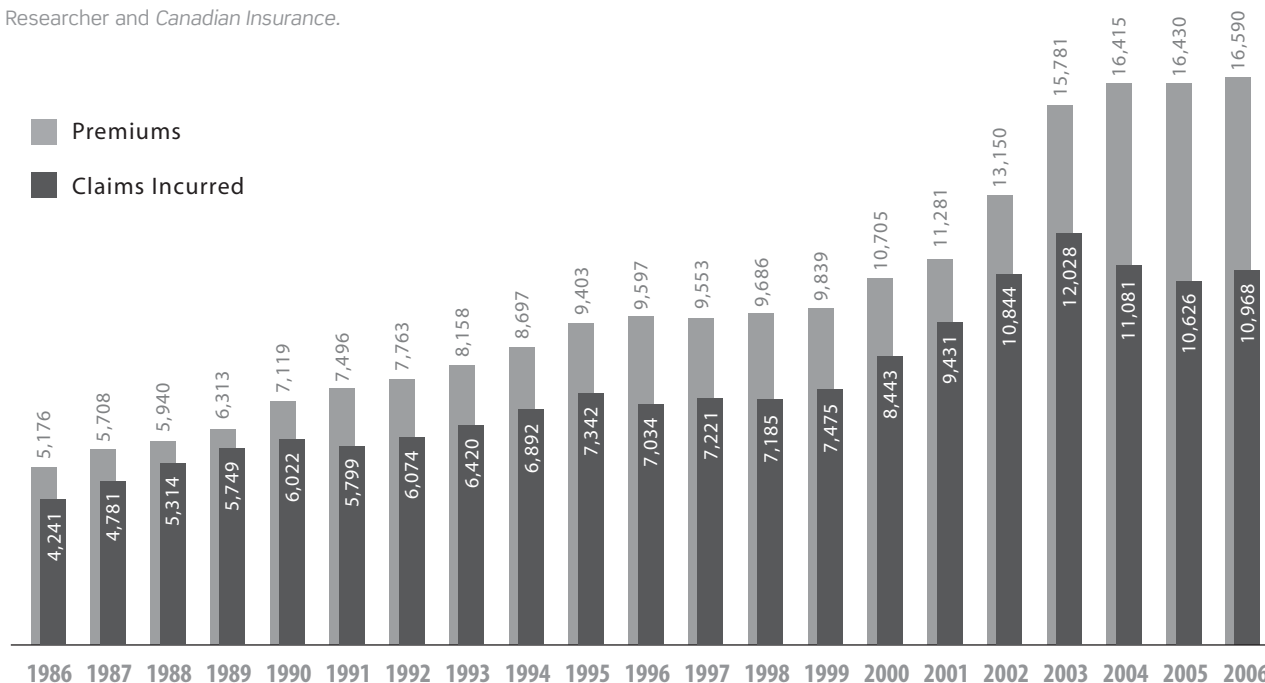
law enforcement to improve efforts to identify and seize stolen vehicles at all major Canadian ports.

IBC is also involved in tracking information about exported vehicles. This information is also available to foreign jurisdictions that use the Interpol network to confirm vehicle status. The goal is to identify stolen vehicles from among the large volume of legitimate exports before the stolen vehicles are exported.

There are many successes. IBC has created a Mutual Legal Assistance Treaty (MLAT) with mainland China for the safe return of stolen Canadian vehicles. For China, this is the first treaty of its kind with any country in the western world. China assisted IBC in 2003 with the return of 17 Audi vehicles valued at almost \$1 million, and again in 2007 in the recovery, from Hong Kong, of eight high-end vehicles with a total value of \$500,000. IBC has also worked with Lithuania, Mexico and Jamaica to initiate the recovery of stolen vehicles.

Automobile insurance net premiums written and net claims (\$'000,000)

Source: IBC, based on data from Statistics Canada, OSFI, A.M. Best Canada's *Statement File*, MSA Researcher and *Canadian Insurance*.





COMPULSORY MINIMUM insurance coverage for private passenger vehicles

Accident Benefits coverage is compulsory everywhere in Canada except in Newfoundland and Labrador, and uninsured automobile protection is universal. Otherwise, automobile insurance coverage and the range of benefits available to those injured in collisions vary widely from one province or territory to another.

The chart on the following pages outlines what the compulsory minimum coverage is across Canada.¹ The notes below provide additional information about auto insurance.

ACCIDENT BENEFITS

This coverage provides compensation, regardless of fault, if you, your passengers, or pedestrians suffer injury or death in an automobile collision. Accident Benefits coverage is compulsory in all provinces except Newfoundland and Labrador.

BODILY INJURY CAUSED BY UNINSURED OR UNIDENTIFIED AUTOMOBILE

This coverage provides up to \$200,000 (\$500,000 in Nova Scotia) if you are injured or killed through the fault of a motorist who has no insurance, or by an unidentified vehicle. You receive payment under this protection through the Uninsured Automobile coverage in your policy, unless the Canadian province, territory or U.S. state where you were injured has a special fund from which to claim. You will be reimbursed for the money you would otherwise be entitled to recover from the uninsured/unidentified motorist.

DIRECT COMPENSATION - PROPERTY DAMAGE

In Quebec, Ontario and New Brunswick, your own insurer compensates you for the share of the loss of use of your vehicle and the damage caused to your vehicle for which another driver would be responsible. You deal with your own insurer, not the other person's; this speeds up the payment process. If an identified insured motorist is responsible for the collision, you can collect from your own insurer regardless of whether or not you have purchased optional physical damage coverage for your own car. There are rules, however, for Direct Compensation to apply. If these conditions can't be fulfilled, then you may have to rely on your collision insurance (if you have it).

QUEBEC - OVERVIEW

The automobile insurance system in Quebec has two main parts: bodily injury, which is covered by a public plan administered by the Société de l'assurance automobile du Québec (SAAQ), and damage to property, which is covered by private insurers. SAAQ will compensate Quebec residents for bodily injury arising from an automobile accident anywhere in the world, regardless of fault, just as if the accident had happened in Quebec. Such an accident may involve any vehicle. After six months' absence from Quebec, however, other coverage is required. The SAAQ plan also covers non-residents injured in Quebec to the extent they were not at fault. Private insurers in Quebec offer "Endorsement 34" to supplement the SAAQ no-fault, bodily injury compensation plan; it covers, to varying degrees, the named insured and his or her spouse and dependent children. Under certain conditions, SAAQ compensates victims for bodily injury or property damage caused by an unidentified third party.

¹ All information in this section is current as of December 31, 2007.

	NEWFOUNDLAND & LABRADOR	NOVA SCOTIA	NEW BRUNSWICK
Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$20,000	\$500,000 is available for any one accident	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$20,000
Medical payments:	(OPTIONAL) \$25,000/person, including rehabilitation, excluding health insurance plans; time limit is four years	\$25,000/person, including rehabilitation, excluding health insurance plans; time limit is four years	\$50,000/person, including rehabilitation, excluding health insurance plans; time limit is four years
Funeral expense benefits:	(OPTIONAL) \$1,000	\$1,000	\$2,500
Disability income benefits:	(OPTIONAL) 104 weeks partial disability; lifetime if totally disabled; maximum \$140/week; seven-day wait; unpaid housekeeper \$70/week, maximum 12 weeks	104 weeks partial disability; lifetime if totally disabled; maximum \$140/week; seven-day wait; unpaid housekeeper \$70/week, maximum 12 weeks	104 weeks partial disability; lifetime if totally disabled; maximum \$250/week; seven-day wait; unpaid housekeeper \$100/week, maximum 52 weeks
Death benefits:	(OPTIONAL) Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$10,000, plus \$1,000 for each dependant after first; death of spouse \$10,000; death of dependant \$2,000	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$10,000, plus \$1,000 for each dependant after first; death of spouse \$10,000; death of dependent child \$2,000	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$50,000, plus \$1,000 for each dependant after first; death of spouse \$25,000; death of dependent child \$5,000
Impairment benefits:	N/A	N/A	N/A
Right to sue for pain and suffering?	Yes, but awards are subject to \$2,500 deductible	Yes, but if injury a "minor injury," maximum award is \$2,500	Yes, but if injury a "minor injury," maximum award is \$2,500
Right to sue for economic loss in excess of no-fault benefits?	Yes	Yes	Yes
Administration:	Private insurers	Private insurers	Private insurers
Notes:		<i>Optional Section B benefits, which increase the accident benefits limits, can be purchased.</i>	<i>A "No Frills" policy with accident benefits limits at 1/2 standard policy limits is also available.</i>

	PRINCE EDWARD ISLAND	QUEBEC	
Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$10,000	\$50,000; liability limits relate to property damage claims within Quebec and to personal injury and property damage claims outside Quebec	<i>Notes for Quebec</i>
Medical payments:	\$25,000/person, including rehabilitation, excluding health insurance plans; time limit is four years	No time or amount limit; includes rehabilitation	Lawsuits are not permitted with respect to injuries sustained in automobile accidents in Quebec. Victims and their dependants resident in Quebec are compensated by their government insurer for their injuries whether or not the accident occurs in Quebec. Accident victims who do not reside in Quebec are entitled to compensation only to the extent that they are not responsible for the accident, unless otherwise agreed between the Société de l'assurance automobile du Québec and authorities of the victims' place of residence; additional compensation may be available from their own insurers.
Funeral expense benefits:	\$1,000	\$4,399	
Disability income benefits:	104 weeks partial disability; lifetime if totally disabled; maximum \$140/week; seven-day wait; unpaid housekeeper \$70/week, maximum 12 weeks	90% of net wages; maximum income gross \$59,000/year; temporary, three years; permanent, lifetime; seven-day wait; indexed	
Death benefits:	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$10,000, plus \$1,000 for each dependant after first; death of spouse \$10,000; death of dependent child \$2,000	Death anytime; depends on wage and age; \$58,864 minimum, \$295,000 maximum; plus \$27,873–\$51,350 to dependants according to age; plus \$24,207 if disabled; if no surviving spouse or dependants \$47,035 to parents	
Impairment benefits:	N/A	Scheduled up to \$205,775	
Right to sue for pain and suffering?	Yes, but if injury a "minor injury," maximum award is \$2,500	No	
Right to sue for economic loss in excess of no-fault benefits?	Yes	No	
Administration:	Private insurers	Bodily injury: government; property damage: private insurers	

All information in this section is current as of December 31, 2007.

ONTARIO

Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$10,000
Medical payments:	\$100,000/person (\$1 million if injury "catastrophic"), including rehabilitation, excluding health insurance plans; attendant care \$72,000 (\$1 million if injury "catastrophic")
Funeral expense benefits:	\$7,651
Disability income benefits:	Income Replacement Benefit 80% of net wages up to \$400/week, minimum \$185/week; benefit payable for 104 weeks maximum (longer if victim is unable to pursue any suitable occupation); capped at 12 weeks for Whiplash Associated Disorder I (WAD I) injuries and 16 weeks for WAD II injuries; seven-day wait. Non-Earner Benefit (for those not employed and completely unable to carry on a normal life) \$185/week for 104 weeks, \$320/week thereafter if student or recent student at time of accident and the disability remains; 26-week wait
Death benefits:	Death within 180 days (or three years if continuously disabled prior to death); \$63,766 minimum to spouse; \$12,753 to surviving dependant; death of dependant \$12,753
Impairment benefits:	N/A
Right to sue for pain and suffering?	Yes, if injury meets verbal threshold; deductible applies. Lawsuit allowed only if injured person dies or sustains "permanent and serious" disfigurement and/or impairment of important physical, mental or psychological function; the court is directed to assess damages and then to deduct \$30,000 (\$15,000 if Family Law Act claim)
Right to sue for economic loss in excess of no-fault benefits?	Yes. Injured person may sue for 80% of net income loss before trial, 100% of gross after trial; also for medical, rehabilitation and related costs when injury meets verbal threshold for pain and suffering claims
Administration:	Private insurers
Notes:	Ontario "insureds" involved in accidents in Quebec can choose to receive, from their own insurer, the Ontario benefits or the equivalent to the benefits available to Quebec residents from the Société de l'assurance automobile du Québec. Policyholders may purchase coverage for economic loss greater than the standard accident benefits.

MANITOBA

Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$20,000
Medical payments:	No time or amount limit; includes rehabilitation
Funeral expense benefits:	\$7,113
Disability income benefits:	90% of net wages; maximum income gross \$71,000/year; seven-day wait; indexed
Death benefits:	Death anytime; benefits depend on wage and age of deceased; minimum \$52,197, maximum \$355,000; plus \$24,793–\$45,673 (total) to dependants according to age
Impairment benefits:	Scheduled up to \$130,489
Right to sue for pain and suffering?	No
Right to sue for economic loss in excess of no-fault benefits?	No
Administration:	Government (government and private insurers compete for optional and excess coverage)

Notes: Residents of Manitoba involved in accidents in Quebec can receive from their own insurer the equivalent to the benefits available to Quebec residents from the Société de l'assurance automobile du Québec. First-party all perils* insurance is compulsory in Manitoba (deductibles vary according to type of vehicle). Policyholders may purchase coverage for economic loss greater than maximum accident benefits. Lawsuits are not permitted with respect to injuries sustained in automobile accidents in Manitoba. Victims and their dependants who reside in Manitoba are compensated by the government insurer for their injuries whether or not the accident occurs in Manitoba.

SASKATCHEWAN

\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$10,000	
If PIPP/no-fault option selected:	If tort option selected:
\$5,612,734/person; includes rehabilitation	\$21,940/person, unless catastrophically injured, then up to \$164,596
\$8,419	\$5,486
90% of net wages; maximum income gross \$65,834/year; seven-day wait; indexed	\$17,160/year for total disability from employment; \$8,580 for partial disability from employment for up to 104 weeks
\$57,902 to spouse/dependants; if no spouse, \$12,867/person to a maximum of \$57,902 for five or more dependants; educational benefit \$38,602	50% of deceased's net income to spouse; 5% of calculated death benefits to each dependent child
Maximum \$160,841 for non-catastrophic, \$196,446 for catastrophic injury	Scheduled up to \$10,973, unless catastrophic, then up to \$142,650
No	Yes; deductible of \$5,000
Yes. Injured persons may sue for economic losses that exceed no-fault benefits. However, award above no-fault benefit based on net income after deductions for income tax, Canada Pension Plan and employment insurance	Yes. Any benefit amounts received from other insurance plans to be deducted from the court award or settlement
Government (government and private insurers compete for optional and excess coverage)	Government (government and private insurers compete for optional and excess coverage)

Saskatchewan is a no-fault province where residents can opt out of the Personal Injury Protection Plan (PIPP) in favour of a tort plan.

First-party all perils* insurance is compulsory in Saskatchewan (deductibles vary according to type of vehicle).

* "Collision" and "comprehensive" insurance for the policyholder's vehicle

ALBERTA

Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$10,000
Medical payments:	\$50,000/person for surgical, chiropractic, dental, hospital, psychological, physical therapy, occupational therapy, massage therapy, acupuncture, professional nursing, ambulance and other necessary services; chiropractic maximum \$750; massage therapy \$250; acupuncture \$250; all limits are per person, per accident
Funeral expense benefits:	\$5,000
Disability income benefits:	80% gross wages; maximum \$400/week; 104 weeks total disability; seven-day wait; unpaid housekeeper \$135/week, maximum 26 weeks
Death benefits:	Death anytime; death of head of household \$10,000, plus 20% (\$2,000) to each survivor after first; to spouse/adult interdependent partner or dependent relative living in household, increased by \$15,000 for the first survivor and \$4,000 for each remaining; death of spouse/interdependent partner \$10,000; death of dependent relative according to age, maximum \$3,000; grief counseling \$400/family
Impairment benefits:	N/A
Right to sue for pain and suffering?	Yes. Maximum amount recoverable as damages for the non-pecuniary loss for all minor personal injuries \$4,144 ("minor" means sprains, strains and Whiplash Associated Disorder – WAD I and II)
Right to sue for economic loss in excess of no-fault benefits?	Yes
Administration:	Private insurers
Notes:	Alberta residents involved in accidents in Quebec can receive from their own insurer the equivalent to the benefits available to Quebec residents from the Société de l'assurance automobile du Québec. Similar arrangements are in place for accidents involving Alberta residents in Saskatchewan and Manitoba.

BRITISH COLUMBIA

Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$20,000
Medical payments:	\$150,000/person, rehabilitation included; excludes amounts payable under surgical, dental, hospital plan or other insurer
Funeral expense benefits:	\$2,500
Disability income benefits:	75% gross wages; maximum \$300/week; 104 weeks, temporary disability; lifetime, total and permanent disability; seven-day wait; homemaker up to \$145/week, maximum 104 weeks
Death benefits:	Death anytime; death of head of household \$5,000 and \$145/week for 104 weeks to first survivor, plus \$1,000 and \$35/week for 104 weeks to each survivor after first; death of spouse \$2,500; death of dependent child according to age, maximum \$1,500
Impairment benefits:	N/A
Right to sue for pain and suffering?	Yes
Right to sue for economic loss in excess of no-fault benefits?	Yes
Administration:	Government (government and private insurers compete for optional and excess coverage)

NORTHWEST TERRITORIES & NUNAVUT

Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$10,000
Medical payments:	\$25,000/person, excluding medical and hospital plans; time limit is four years
Funeral expense benefits:	\$1,000
Disability income benefits:	80% gross wages; maximum \$140/week; 104 weeks temporary disability; lifetime if totally disabled; seven-day wait; unpaid housekeeper \$100/week, maximum 12 weeks
Death benefits:	Death within two years; death of head of household \$10,000; death of spouse \$10,000; to each survivor after first \$2,500; if only one survivor, spouse or dependant, principal sum (\$10,000) increased by \$1,500
Impairment benefits:	N/A
Right to sue for pain and suffering?	Yes
Right to sue for economic loss in excess of no-fault benefits?	Yes
Administration:	Private insurers

YUKON

Compulsory minimum third-party liability:	\$200,000 is available for any one accident; however, if a claim involving both bodily injury and property damage reaches this figure, payment for property damage will be capped at \$10,000
Medical payments:	\$10,000/person, rehabilitation included, amounts from medical and hospital plans excluded; time limit is two years
Funeral expense benefits:	\$2,000
Disability income benefits:	80% gross wages; maximum \$300/week; 104 weeks temporary or total disability; seven-day wait; unpaid housekeeper \$100/week, maximum 26 weeks
Death benefits:	Death anytime; death of head of household \$10,000, plus \$2,000 to each dependant after first, and 1% of total principal sum for 104 weeks, no limit; death of spouse \$10,000; death of dependent child according to age, maximum \$3,000
Impairment benefits:	N/A
Right to sue for pain and suffering?	Yes
Right to sue for economic loss in excess of no-fault benefits?	Yes
Administration:	Private insurers

All information in this section is current as of December 31, 2007.



Personal and commercial PROPERTY INSURANCE

premiums and claims

Property insurance provides protection for losses to buildings and contents. A number of related types of protection are often purchased together with property insurance; these include personal liability for homeowners and tenants, business interruption insurance and temporary accommodation costs.¹

LIABILITY INSURANCE (EXCLUDING AUTO)

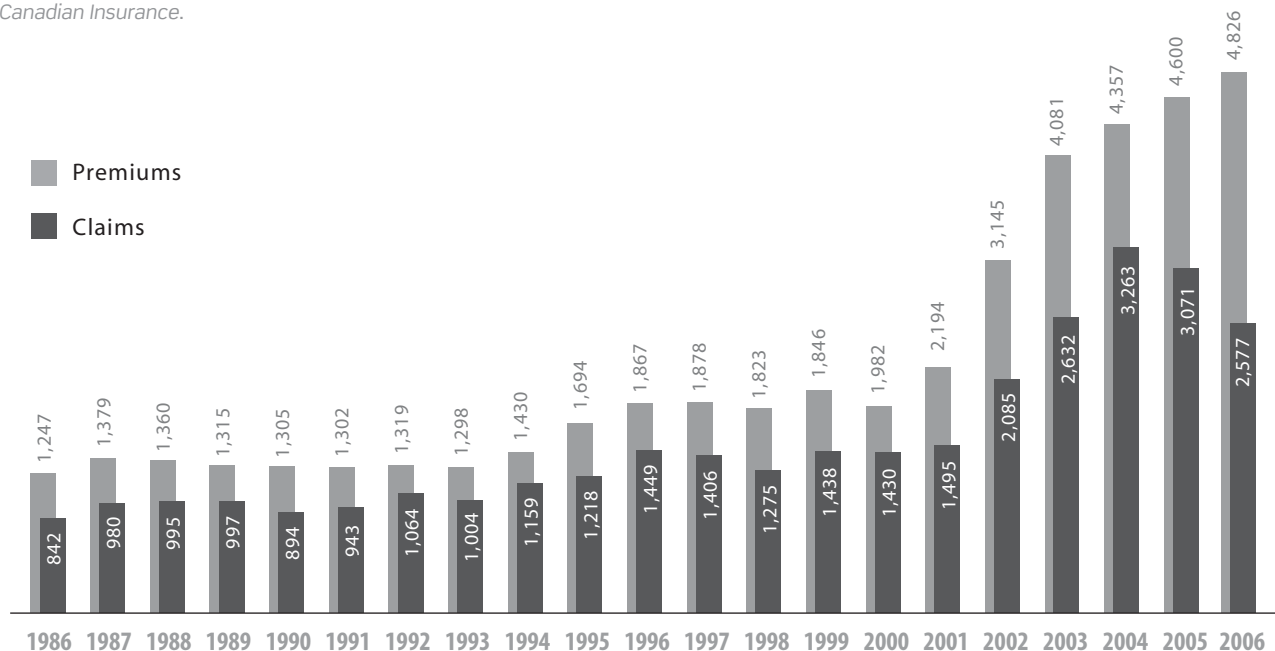
Liability insurance protects the purchaser for legal liability to others for injury, death or damage to property that may arise in the course of carrying out occupational or personal activities.

It includes product liability, which compensates consumers for injury suffered in the use of goods or services.

¹ *Note: Readers may wish to examine the Report of the Fire Commissioner of Canada. The fire loss statistics in the report, however, refer to estimated losses for both insured and uninsured fire-damaged property and do not include the cost of temporary accommodation, business interruption and similar, less tangible, items. Those estimates are not necessarily a good indicator of the effect of fire on the property and casualty insurance industry.*

Liability insurance net written premiums and claims (\$'000,000)

Source: IBC, based on data from Statistics Canada, OSFI, A.M. Best Canada's Statement File, MSA Researcher and Canadian Insurance.



OTHER TYPES OF P&C INSURANCE

There are many specialty types of P&C insurance in addition to automobile, property and liability. Some of these are boiler and machinery insurance, surety and fidelity, and marine and aircraft insurance. A number of P&C insurance companies also sell some accident and sickness insurance.

Boiler and machinery insurance protects companies from losses resulting from

faulty or malfunctioning machinery, including damage to the insured equipment, as well as surrounding buildings and equipment. Because of the great potential for serious loss, insurance companies generally provide high levels of inspection and loss prevention service to their customers.

Surety insurance guarantees that an individual or company will complete work that it has promised to do. For example, a construction company may purchase a surety bond to guarantee to

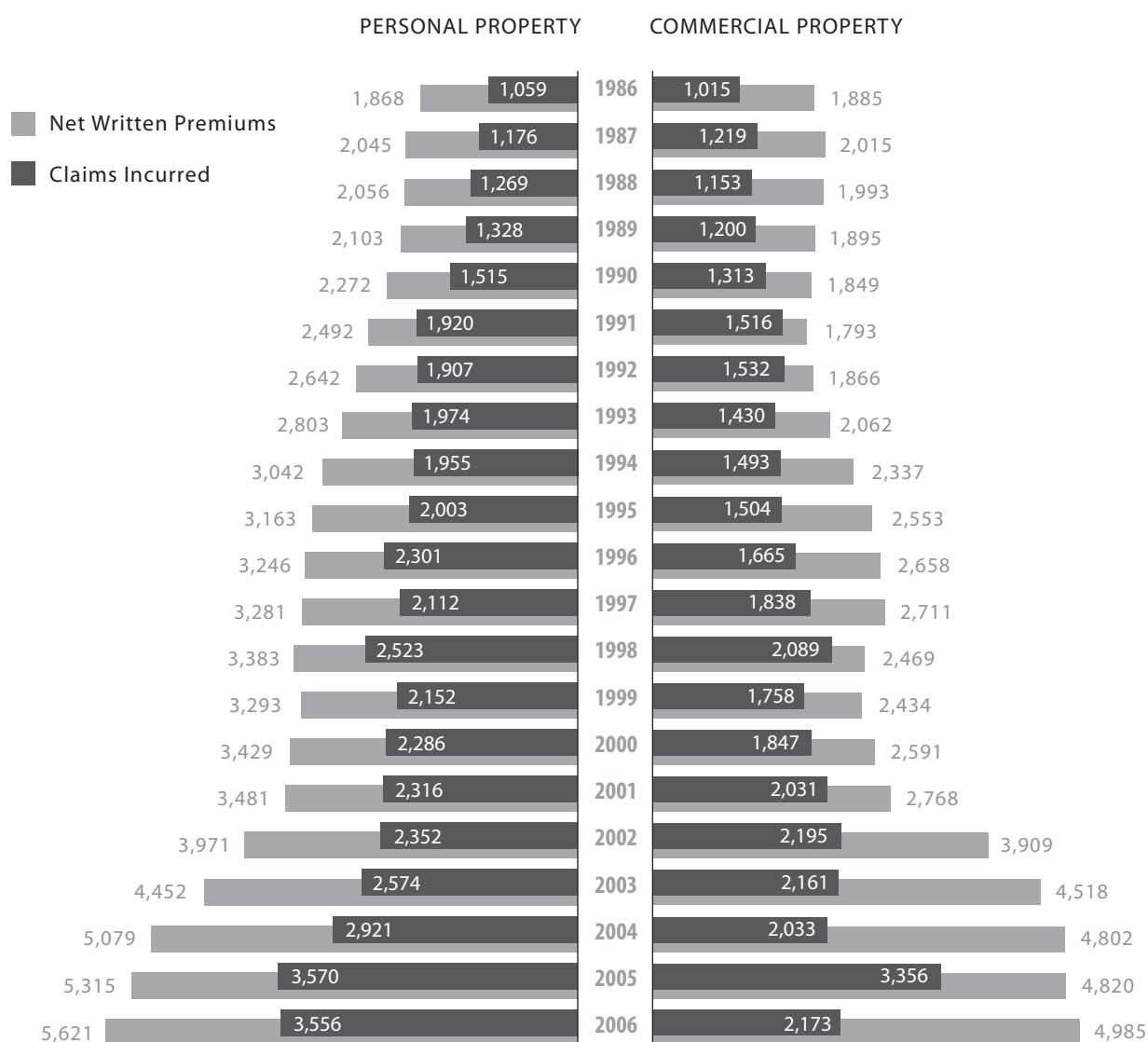
its customers that it will complete the work it was contracted to do. If the company then fails to complete the work, its customers would be indemnified by the insurance company.

Fidelity insurance or fidelity bonds are purchased by organizations to protect them against the dishonest or fraudulent acts of their employees.

Marine and aircraft insurance includes protection for losses to vessels and cargo, and liability to passengers.

Personal and commercial property insurance premiums and claims (\$'000,000)

Source: IBC, based on data from Statistics Canada, OSFI, A.M. Best Canada's *Statement File*, MSA Researcher and *Canadian Insurance*.



Key

INDUSTRY ACTIVITIES



Insurance Bureau of Canada uses its government relations and public affairs expertise to assist the property and casualty insurance industry in realizing its vision: “Consumers and governments trust, value and support the private property and casualty insurance industry and its products and services.” This vision statement was a primary outcome of the renewal process undertaken by IBC in 2005 and 2006, a process which also led IBC to refocus its strategy in support of the new industry vision.

IBC continues to advocate industry positions with consumers, governments, members and other stakeholders and identifies and monitors issues, develops policy positions and responds to legal developments that affect property and casualty insurers. IBC also provides support to other related organizations, such as Facility Association.

STRATEGIC ISSUES

IBC’s focus for 2008 is divided across seven strategic issues:

- **auto insurance**
- **consumer education**
- **climate change**
- **injury prevention**
- **home and business insurance**
- **insurance crime**
- **regulatory reform**

Auto insurance

Automobile insurance is mandatory for anyone who drives a car. Therefore, it is the largest market serviced by the P&C insurance industry. As a result, interest in the auto insurance product, its benefits and the associated costs is high among consumers who pay premiums for it, governments who regulate it and companies who provide it.

The cost of auto insurance is directly related to the cost of settling claims. The most expensive part of the auto insurance

system involves assisting those injured in a car crash. These costs vary significantly by province. In some jurisdictions, the majority of claims involve legal actions. In others, the systems are designed to encourage those injured to receive medical attention. Canadian insurers help Canadians recover from car crashes in a wide array of systems.

The other part of settling claims involves repairing cars and repairing other physical damage caused by car crashes.

In addition to its involvement in insurance-related health care matters, IBC continues to work on behalf of its members to raise awareness of the need for choice in auto insurance across the country and is supporting the work of Facility Association in improving residual markets for auto insurance.

Consumer education

Canadians accept information from sources they trust. Consumers’ trust in the insurance industry has eroded in recent years, but efforts are underway to earn this trust back. When information comes from a trusted source, consumers find it easier to be open to this information and, thus, make better-informed choices. If consumers do not have confidence in the industry, industry-provided information about insurance choices, the value of products and the assessment of risks is more likely to be questioned.

Insurers are committed to helping consumers become insurance-savvy. In March of 2008, IBC launched a multi-phase consumer education campaign, entitled, “If you want to know, here’s where to go. ibc.ca,” to help Canadians learn more about their insurance. Because the first step to being a smart insurance consumer is knowing what you have to protect, IBC is offering visitors to its website free, downloadable home-inventory software called “Know Your Stuff.” In addition to being the access point for this software, IBC’s website is also the focal point of the entire campaign; television and radio ads direct people there for answers to common questions about insurance.

Climate change

Severe weather is hitting us harder and more frequently now than in the past. There is an almost unanimous scientific consensus that human activity is contributing to this situation.

Insurers acknowledge that each individual and industry must do its part to change society's way of life and lessen our collective dependence on fossil fuels and reduce our carbon footprint. But what the property and casualty insurance industry sees as the most immediate challenge facing Canada is the need to *adapt* to climate change before the calamities associated with it become totally unmanageable.

Canadians across this country depend on Canada's home, car and business insurers to protect them against unexpected disasters large and small. The industry is on the front lines to face virtually every kind of threat out there in today's world. And severe weather has become a formidable foe; insurance claim payments stemming from natural disasters, even when adjusted for inflation, have doubled every five to ten years since the 1950s.

That is why IBC funds high-level research into preparing for severe weather and is involved in discussions with governments about the need to invest in critical infrastructure at the municipal, provincial and federal levels, as well as the need to introduce building codes designed to mitigate losses in future storms.

Injury prevention

With the introduction of safety measures such as mandatory seatbelt use, airbags, anti-drinking-and-driving campaigns, graduated licensing and so on, the number of traffic deaths across Canada has declined significantly over the past two decades. However, the decline in injuries has been less dramatic. More than 195,000 people were injured on our roads and highways in 2006.¹

Driver distraction is a growing road safety concern. Through a multi-faceted campaign launched in 2007, IBC has been asking Canadians, "What are you doing behind the wheel?" The purpose is to communicate to Canadian drivers that distractions caused by the radio, passengers, snacks and cellphones (to name just a few examples) impair a person's ability to drive. To emphasize the point, IBC has taken its distraction-laden driving simulator, labelled the D.U.M.B. Car (Distractions Undermining Motorist Behaviour), to various communities in Ontario and Atlantic Canada, as part of the industry's "D.U.M.B. Struck Tour." The tour continues in the spring and summer of 2008, making an appearance, for the first time, in Alberta.

In its ongoing effort to promote injury prevention, the P&C insurance industry is providing further support to several safety-related organizations. By supporting Operation Red Nose, IBC is helping to prevent injuries by reducing the incidence of drinking and driving. IBC is also focused on another form of driver impairment – fatigue impairment. Fatigue is a factor in about 15% of motor vehicle collisions, resulting in approximately 400 deaths and 2,100 serious injuries every year. The insurance industry is a partner in the Highway Safety Roundtable, working to raise the profile of the dangers of driving while tired.

In addition, the industry continues to advocate for reforms to enhance graduated licensing systems across the country.

Home and business insurance

The insurance industry works to ensure that consumers purchasing property and commercial insurance have timely access to a variety of products that meet their needs at appropriate prices.

To help achieve this, industry representatives consult with governments and consumers about issues related to the availability and affordability of insurance, including the need to educate consumers about the types of coverage they require and steps they can take to mitigate the risks that their homes or businesses might represent to insurers.

For example, IBC works to ensure that Canadians are informed about what to do when disaster strikes and how they can prepare to cope with the effects of wind, floods and storms on their homes and/or businesses. IBC also participates in consultations with government to improve insurance regulation across the country, in particular, on issues related to coverage for earthquake and terrorism. IBC actively engages with small business, non-profit and voluntary organizations at the national and regional levels by providing funding and technical expertise for workshops on risk management and insurance practices.

Insurance crime

Insurance crime continues to be a destructive and costly offence. Insurance fraud and auto theft cost insurers and policyholders billions of dollars each year. Auto theft alone costs insurers and policyholders more than \$500 million per year; once related costs for health care,

police, emergency services and the courts are factored in, the annual cost of auto theft to Canadians amounts to well over \$1 billion.

IBC is advocating for:

- changes to the Criminal Code and Youth Criminal Justice Act to deter potential and re-offending auto thieves;
- increased recovery of stolen vehicles at major Canadian ports; and
- a government commitment to address organized insurance crime through legislative changes and resource allocation, which may range from dedicated prosecutors to a comprehensive office of insurance crime.

IBC also continues its work to investigate organized insurance crime, including auto theft and injury rings.

Regulatory reform

The insurance industry acknowledges the important role of government regulators and remains committed to advancing a more efficient and effective regulatory framework that delivers good value to both the industry and its consumers. To this end, insurers expect to progress toward a lighter market-conduct regulatory burden by developing and advocating risk-based approaches to new regulatory concerns. This includes demonstrating the value of the Standards of Sound Marketplace Practice as a regulatory tool and a key element of a new approach to insurance oversight, an approach that includes a combination of system stewardship and risk-based regulation as an alternative to rules-based regulation.

IBC is working with the Office of the Superintendent of Financial Institutions (OSFI) and the Canadian Council of Insurance Regulators (CCIR) to change investment factors in the current Minimum Capital Test. The goal is to bring the property and casualty insurance test into line with the system used for life insurers.

IBC is also working to examine the industry's financial readiness in case of a major earthquake and is proposing recommendations to improve earthquake solvency oversight. OSFI has expressed specific interest in this exercise.

¹ Source: <http://www.tc.gc.ca/roadsafety/tp/tp3322/2006/pdf/stats2006.pdf>, p. 2; accessed March 27, 2008.

NATURAL DISASTERS – major multiple-payment occurrences

Date and place	Event	PROPERTY				AUTOMOBILE				TOTAL		
		# of claims	Loss (\$000)	Average paid (\$)	# of claims	Loss (\$000)	Average paid (\$)	# of claims	Loss (\$000)	# of claims	Loss (\$000)	Adjusted for inflation 2006 \$000
1993 March 13-14 Quebec	Storm	6,280	11,814	1,881	3,440	6,633	1,928	9,720	18,447	9,720	18,447	23,511
1993 July 25-Aug. 14 Winnipeg	Flooding	21,264	184,837	8,692	-----	not available	-----	-----	184,837	-----	184,837	235,581
1993 July 29-30 Alberta	Hailstorm	759	7,078	9,322	673	1,038	1,542	1,432	8,116	1,432	8,116	10,344
1993 July 29 Saskatchewan	Flooding	2,741	5,383	1,964	-----	not available	-----	-----	5,383	-----	5,383	6,861
1993 July 29-30 Quebec	Flooding	1,366	7,624	5,581	-----	not available	-----	-----	7,624	-----	7,624	9,717
1994 Jan. 16-17 southern Ontario	Flooding	3,289	11,759	3,576	1,042	1,386	1,330	4,331	13,145	4,331	13,145	16,734
1994 Jan. 28 southern Ontario	Storms	1,781	5,470	3,072	579	780	1,346	2,360	6,250	2,360	6,250	7,957
1994 May 18 southern Manitoba	Storms	2,141	8,260	3,859	-----	not available	-----	-----	8,260	-----	8,260	10,515
1994 May 22 Saskatchewan	Storms	5,048	8,666	1,717	-----	not available	-----	-----	8,666	-----	8,666	11,032
1994 June 18 southern Alberta	Hailstorm	1,653	4,284	2,592	2,032	3,979	1,958	3,685	8,263	3,685	8,263	10,519
1994 Aug. 4 Salmon Arm, BC	Storm	2,026	10,225	5,048	-----	not available	-----	-----	10,225	-----	10,225	13,017
1994 Aug. 4 Aylmer, Quebec	Tornado	484	6,730	13,904	81	181	2,235	565	6,911	565	6,911	8,798
1994 Aug. 27 southern Manitoba	Hailstorm	1,908	4,845	2,540	1,559	3,267	2,096	3,467	8,112	3,467	8,112	10,327
1994 Aug. 28 southern Ontario	Storms	1,236	6,772	5,479	366	448	1,223	1,602	7,219	1,602	7,219	9,190
1995 June 6-9 Calgary	Flooding	1,596	20,292	12,714	298	472	1,584	1,894	20,764	1,894	20,764	25,860
1995 July 4 Edmonton	Hailstorm	1,785	14,083	7,890	424	615	1,450	2,209	14,698	2,209	14,698	18,305
1995 July 10 southern Alberta	Hailstorm	3,093	17,997	5,819	3,634	8,392	2,309	6,727	26,389	6,727	26,389	32,866
1995 July 13-15 southern Ontario	Storms	12,762	36,448	2,856	11,074	16,991	1,534	23,836	53,439	23,836	53,439	66,555
1995 July 17 Calgary	Hailstorm	9,843	32,887	3,341	8,996	19,417	2,158	18,839	52,304	18,839	52,304	65,141
1995 July 30 southern Manitoba	Storm	1,582	4,971	3,142	1,645	3,497	2,126	3,227	8,468	3,227	8,468	10,546
1995 Aug. 26 Regina	Storm	3,309	12,294	3,715	-----	not available	-----	-----	12,294	-----	12,294	15,311
1995 Oct. 5-6 Hamilton, Ontario	Storm	5,141	15,916	3,096	262	409	1,560	5,403	16,325	5,403	16,325	20,332
1996 July 16 Winnipeg	Flood/hailstorm	21,027	94,250	4,482	24,444	52,575	2,151	45,471	146,825	45,471	146,825	180,187
1996 July 16-18 Calgary	Hailstorm	15,845	91,981	5,805	10,778	27,110	2,515	26,623	119,091	26,623	119,091	146,151
1996 July 24-25 Calgary	Hailstorm	15,742	71,400	4,536	6,005	13,822	2,302	21,747	85,222	21,747	85,222	104,586
1996 July 19-20 Saguenay, Quebec	Flooding	5,289	203,579*	[*]	1,172	3,580	3,054	6,461	207,159	6,461	207,159	254,230
1996 July 23 Outaouais, Quebec	Wind/hailstorm	330	1,257	3,809	192	314	1,639	522	1,571	522	1,571	1,928
1996 Aug. 8 Ottawa	Flooding	2,341	19,705	8,417	246	552	2,243	2,587	20,257	2,587	20,257	24,860
1996 Aug. 8 Outaouais, Estrie, Quebec	Flooding	1,459	7,729	5,297	65	153	2,353	3,207	7,882	3,207	7,882	9,673
1996 Nov. 9 Montreal and Quebec City	Flooding	9,813	75,684	7,713	131	356	2,721	9,944	76,040	9,944	76,040	93,318
1997 Feb. 27 Niagara Peninsula, Ontario	Wind	13,080	22,130	1,692	1,194	1,646	1,378	14,274	23,776	14,274	23,776	28,694
1997 April 6-7 Sudbury, Ontario	Flooding	2,553	20,426	8,000	65	132	2,042	2,618	20,558	2,618	20,558	24,811
1997 July 14-15 Chambly, Quebec	Flooding	3,118	29,865	9,579	-----	not available	-----	-----	29,865	-----	29,865	36,043
1998 Jan. southern Quebec	Icestorm	658,575	1,376,945	2,090	71,594	99,101	1,384	730,169	1,476,046	730,169	1,476,046	1,763,818
1998 Jan. eastern Ontario	Icestorm	59,351	161,558	2,722	2,994	4,004	1,337	62,345	165,562	62,345	165,562	197,840
1998 July 4-9 Calgary	Hailstorm	10,582	46,645	4,408	7,999	23,097	2,887	18,581	69,742	18,581	69,742	83,339
1998 Sept. 26-27 Niagara Peninsula, ON	Wind	7,294	26,184	3,590	19,013	37,219	1,958	26,307	63,403	26,307	63,403	75,764

Date and place	Event	PROPERTY				AUTOMOBILE				TOTAL		
		# of claims	Loss (\$000)	Average paid (\$)	# of claims	Loss (\$000)	Average paid (\$)	# of claims	Loss (\$000)	# of claims	Loss (\$000)	Adjusted for inflation 2006 \$000
1999 Jan. southern Ontario	Snowstorms	28,608	99,821	3,489	10,736	20,200	1,881	39,344	120,021		120,021	140,951
1999 June 5 Drummondville, Quebec	Hailstorm	2,315	14,225	6,145	2,921	6,330	2,167	5,236	20,555		20,555	24,140
1999 July 5-6 Quebec	Wind	20,680	38,289	1,851	2,726	5,032	1,846	23,406	43,321		43,321	50,875
1999 July 28 Atlantic provinces	Flooding	1,661	15,251	9,181	858	505	589	2,519	15,756		15,756	18,504
1999 Sept. 22 Atlantic provinces	Flooding	1,912	14,391	7,527	1,566	1,257	803	3,478	15,648		15,648	18,376
2000 May 12 southern Ontario	Storm	14,653	123,773	8,447	1,676	4,348	2,594	16,329	128,121		128,121	146,520
2000 July 7 southern Manitoba	Storm	2,389	18,559	7,768	----	not available	----	2,389	18,559		18,559	21,225
2000 July 14 Pine Lake, Alberta	Tornado	1,907	12,617	6,616	1,248	5,299	4,246	3,155	17,916		17,916	20,488
2000 Aug. 9 Calgary	Storm	4,624	21,229	4,591	2,681	6,829	2,547	7,305	28,058		28,058	32,087
2000 Oct. 30 Sydney, NS	Flooding	346	3,909	11,303	86	101	1,174	432	4,010		4,010	4,586
2000 Dec. 17 Atlantic provinces	Windstorm	5,478	18,149	11,267	1,773	1,607	906	7,251	19,756		19,756	22,594
2001 Feb. 1 Atlantic provinces	Snowstorm	2,584	12,321	9,432	2,140	1,425	666	4,724	13,746		13,746	15,334
2001 Feb. 8 southern Ontario	Storm	12,606	52,135	4,136	1,865	1,943	1,042	14,471	54,078		54,078	60,326
2001 Feb. 8 Quebec	Storm	19,077	53,843	2,822	----	not available	----	19,077	53,843		53,843	61,064
2001 July 13 Alberta	Storm	5,000	16,964	3,393	2,582	8,549	3,311	7,582	25,513		25,513	28,461
2001 July 28 Edmonton	Storm	2,424	22,068	9,104	606	1,834	3,026	3,030	23,902		23,902	26,663
2001 Sept. 19 Atlantic provinces	Flooding	701	6,201	8,848	64	161	2,523	765	6,362		6,362	7,098
2001 Dec. 14 southwestern BC	Windstorm	4,658	27,035	5,804	----	not available	----	4,658	27,035		27,035	30,159
2002 Jan. 31 southern Ontario	Windstorm	6,837	31,972	4,676	1,842	2,536	1,377	8,679	34,508		34,508	37,648
2002 March 9 Ontario	Windstorm	26,466	107,774	4,072	2,078	3,215	1,547	28,544	110,989		110,989	121,089
2002 June 8 southern Alberta	Flooding	3,502	42,828	12,229	----	not available	----	3,502	42,828		42,828	46,726
2002 June 10 southern Ontario	Storm	5,311	53,377	10,049	467	566	1,211	5,778	53,943		53,943	58,851
2002 July 26 southwestern Ontario	Storm	4,253	59,220	13,925	733	839	1,145	4,986	60,060		60,060	65,525
2003 March 30-April 1 New Brunswick	Flooding	663	4,695	7,083	----	not available	----	663	4,695		4,695	4,983
2003 March 30-April 1 Newfoundland	Flooding	118	711	6,021	----	not available	----	118	711		711	755
2003 March 30-April 1 Prince Edward Island	Flooding	81	628	7,713	----	not available	----	81	628		628	667
2003 March 30-April 1 Nova Scotia	Flooding	1,865	18,557	9,952	----	not available	----	1,865	18,557		18,557	19,695
2003 Aug. 11-12 Alberta	Wind/hailstorm	4,013	24,180	6,026	2,401	9,385	3,909	6,414	33,565		33,565	35,622
2003 Aug. 11-12 Saskatchewan	Wind/hailstorm	5,702	29,055	5,095	----	not available	----	5,702	29,055		29,055	30,836
2003 Summer British Columbia	Forest fires	3,385	200,000	59,084	----	not available	----	3,385	200,000		200,000	212,257
2003 Sept. 28-29 Prince Edward Island	Hurricane	1,251	6,665	5,327	----	not available	----	1,251	6,665		6,665	7,073
2003 Sept. 28-29 Nova Scotia	Hurricane	23,077	132,671	5,749	----	not available	----	23,077	132,671		132,671	140,802
2004 July 2-11 Edmonton	Hailstorm	12,955	166,000	12,814	----	not available	----	12,955	166,000		166,000	172,976
2004 July 15 Calgary	Hailstorm	4,200	21,500	5,119	----	not available	----	4,200	21,500		21,500	22,404
2004 July 15 Peterborough, Ontario	Flood	5,154	87,303	16,939	----	not available	----	5,154	87,303		87,303	90,972
2004 Sept. 9 eastern Ontario	Rainstorm	5,587	57,600	10,310	----	not available	----	5,587	57,600		57,600	60,020
2005 June 6-8 & June 17-19 Alberta	Flooding	----	300,000	----	----	not available	----	----	300,000		300,000	305,888
2005 June 20-30 & July 1-2 Manitoba	Flooding	----	60,000	----	----	not available	----	----	60,000		60,000	61,178
2005 July 5 & Sept. 26 Quebec	Rainstorms	----	57,000	----	----	not available	----	----	57,000		57,000	58,119
2005 Aug. 19 Ontario	Wind/rainstorm	----	500,000	----	----	not available	----	----	500,000		500,000	509,813
2006 Feb. 6 British Columbia	Storm	1,106	6,406	5,792	----	not available	----	1,106	6,406		6,406	6,406
2006 Aug. 10 Alberta	Hailstorm	859	13,593	15,825	----	not available	----	859	13,593		13,593	13,593
2006 Sept. 24 GTA, Oshawa, Whitby, ON	Windstorm/hail	750	4,628	6,170	----	not available	----	750	4,628		4,628	4,628
2006 Nov. 15-Dec. 15 British Columbia	Storm	14,437	133,086	9,218	----	not available	----	14,437	133,086		133,086	133,086

*One company reported three commercial property claims totalling \$108 million.

Appendices

APPENDIX A

Number and amount of claims for private and commercial motor vehicles paid by non-government insurers in 2006¹

	Third-Party Liability	Accident Benefits	Collision	Comprehensive
INSURED VEHICLES (NUMBER/TYPE)				
Private passenger ²	10,253,590	10,167,277	6,584,330	7,680,424
Commercial	854,927	831,921	355,787	462,224
NUMBER OF CLAIMS				
Private passenger ²	304,229	100,309	244,232	218,370
Commercial	19,283	2,606	9,266	10,212
TOTAL CLAIMS (\$000)				
Private passenger ²	3,728,638	2,286,836	1,102,339	553,523
Commercial	391,727	76,466	86,414	53,476

¹ Excludes British Columbia, Saskatchewan, Manitoba and Quebec; includes Yukon, Northwest Territories and Nunavut; excludes self-insured fleets

² Includes motorcycles, snow vehicles and farmers' private passenger vehicles and all-terrain vehicles

Source: Automobile Insurance Experience, compiled by Insurance Bureau of Canada

Note: Each year automobile insurers contribute lump-sum payments (according to market share) to the governments of Alberta, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador to compensate them for health care costs arising from automobile accidents. In 2006 these payments totaled \$225.4 million.

APPENDIX B

Loss costs for insured private passenger vehicles

Insurance loss cost is calculated by multiplying the average cost per claim by the frequency of claims. Average loss cost shows the average amount of money required per insured car to pay the losses on those cars in accidents. These figures do not include taxes, administrative expense or selling expense. Accident benefits, a form of no-fault insurance, tends to reduce the amount paid for bodily injury claims by limiting the right to sue. Amounts received through accident benefits are deducted from any subsequent liability claim.

AVERAGE LOSS COST PER PRIVATE AUTOMOBILE INSURED (\$)

Alberta, Ontario, Atlantic provinces, Yukon, Northwest Territories & Nunavut	2002	2003	2004	2005	2006
Property damage (PD) & bodily injury (BI) (3rd-party liability)	437.78	415.05	374.72	369.28	390.72
Accident benefits (AB)	257.30	242.32	204.79	224.39	233.82
(PD & BI) + AB	695.08	657.37	579.51	593.67	624.54
Collision (\$250 deductible)	135.59	131.74	121.92	125.93	138.05
Collision (\$300 deductible), Ontario only	165.47	151.67	135.05	149.66	126.66

Source: Automobile Insurance Experience, compiled by Insurance Bureau of Canada with data from GISA

AVERAGE COST PER CLAIM FOR INSURED PRIVATE PASSENGER VEHICLES (\$)

Alberta, Ontario, Atlantic provinces, Yukon, Northwest Territories & Nunavut	2002	2003	2004	2005	2006
Property damage (3rd-party liability)	4,013	4,263	4,297	4,329	4,384
Collision (\$100 deductible)	3,039	3,191	3,155	2,964	3,132
Collision (\$250 deductible)	3,370	3,776	3,266	3,317	3,446
Collision (\$300 deductible), Ontario only	4,153	4,511	4,378	4,078	4,140

Source: Automobile Insurance Experience, compiled by Insurance Bureau of Canada with data from GISA

APPENDIX C

Financial responsibility and compulsory auto insurance laws – United States

This chart shows the minimum financial responsibility or compulsory liability insurance limits for all American states, the District of Columbia and Puerto Rico. Liability insurance is compulsory in 48 states and the District of Columbia. Only New Hampshire and Wisconsin do not have compulsory auto insurance liability laws.

The first two numbers refer to bodily injury liability limits and the third number to property liability. For example, 20/40/10 means coverage up to \$40,000 for all persons injured in an accident, subject to a limit of \$20,000 for one individual, and \$10,000 coverage for property damage.

ALABAMA	20 / 40 / 10
ALASKA	50 / 100 / 25
ARIZONA	15 / 30 / 10
ARKANSAS	25 / 50 / 25
CALIFORNIA	15 / 30 / 5 ⁽¹⁾
COLORADO	25 / 50 / 15
CONNECTICUT	20 / 40 / 10
DELAWARE	15 / 30 / 10
DISTRICT OF COLUMBIA	25 / 50 / 10
FLORIDA	10 / 20 / 10 ⁽²⁾
GEORGIA	25 / 50 / 25
HAWAII	20 / 40 / 10
IDAHO	25 / 50 / 15
ILLINOIS	20 / 40 / 15
INDIANA	25 / 50 / 10
IOWA	20 / 40 / 15
KANSAS	25 / 50 / 10
KENTUCKY	25 / 50 / 10
LOUISIANA	10 / 20 / 10
MAINE	50 / 100 / 25 ⁽³⁾
MARYLAND	20 / 40 / 15
MASSACHUSETTS	20 / 40 / 5
MICHIGAN	20 / 40 / 10
MINNESOTA	30 / 60 / 10
MISSISSIPPI	25 / 50 / 25
MISSOURI	25 / 50 / 10
MONTANA	25 / 50 / 10
NEBRASKA	25 / 50 / 25
NEVADA	15 / 30 / 10
NEW HAMPSHIRE	25 / 50 / 25
NEW JERSEY	15 / 30 / 5 ⁽⁴⁾
NEW MEXICO	25 / 50 / 10
NEW YORK	25 / 50 / 10 ⁽⁵⁾
NORTH CAROLINA	30 / 60 / 25
NORTH DAKOTA	25 / 50 / 25
OHIO	12.5 / 25 / 7.5
OKLAHOMA	25 / 50 / 25
OREGON	25 / 50 / 10
PENNSYLVANIA	15 / 30 / 5

PUERTO RICO	(no financial responsibility requirement)
RHODE ISLAND	25 / 50 / 25 ⁽²⁾
SOUTH CAROLINA	25 / 50 / 25
SOUTH DAKOTA	25 / 50 / 25
TENNESSEE	25 / 50 / 10 ⁽²⁾
TEXAS	20 / 40 / 15 ⁽⁶⁾
UTAH	25 / 50 / 15 ⁽²⁾
VERMONT	25 / 50 / 10
VIRGINIA	25 / 50 / 20
VIRGIN ISLANDS	(no financial responsibility requirement)
WASHINGTON	25 / 50 / 10
WEST VIRGINIA	20 / 40 / 10
WISCONSIN	25 / 50 / 10
WYOMING	25 / 50 / 20

(1) California: Low-cost policy limits for low-income drivers in the California Automobile Assigned Risk Plan are 10/20/3.

(2) Florida, Rhode Island, Tennessee, Utah: Instead of policy limits, policyholders can satisfy the requirement with a combined, single-limit policy. Amounts vary by state.

(3) Maine: In addition, policyholders must carry at least \$1,000 in coverage for medical payments.

(4) New Jersey: Basic policy (optional) limits are 10/10/5. Uninsured and underinsured motorist coverage is not available under the basic policy, but uninsured motorist coverage is required under the standard policy.

(5) New York: In addition, policyholders must have 50/100 for wrongful death coverage.

(6) Texas: Minimum coverage requirements will increase to 25/50/25 on April 1, 2008 and to 30/60/30 on January 1, 2011.

Source: Property Casualty Insurers Association of America, and the state departments of insurance and motor vehicles

APPENDIX D

Industry claims agreements

Insurance companies, like people, sometimes disagree about who is responsible for what. Claimants should not be greatly inconvenienced in these situations, and should be able to have a claim resolved and paid expeditiously. Therefore, insurance companies are parties to five voluntary agreements designed to facilitate settlements and reduce or eliminate legal and court costs. These agreements, which are administered by Insurance Bureau of Canada, provide insurers with an inexpensive mechanism to determine which insurer is ultimately responsible for paying the claim:

- Agreement Respecting Standardization of Claim Forms and Practices, and Guidelines for the Settlement of Claims
- Property/Boiler Disputed Loss Agreement
- Agreement of Guiding Principles (Property Insurance)
- Agreement of Guiding Principles Between Primary and Excess Liability Insurers Respecting Claims
- Owned and Non-owned Contents Agreement (Quebec)

Many insurers have signed an Insurance Industry Alternative Dispute Resolution (ADR) Commitment in order to avoid unnecessary expense, lengthy delays and misallocation of resources, and to improve communication and understanding among insurers.

If ADR doesn't do the job, most automobile and general liability insurers have agreed to settle claim disputes through binding arbitration under the Canadian Inter-Company Arbitration Agreement. The Canadian Insurance Claims Managers' Association supervises the operation of the agreement and any amendments to it.

Because policyholders and third-party claimants are not parties to these agreements, they are not bound by them and may seek other avenues to resolution.

APPENDIX E

P&C insurance industry taxes

The property and casualty (P&C) insurance industry pays a disproportionate amount of government taxation compared to other industries in Canada's financial services sector (banks, life insurers, credit unions, caisses populaires and securities firms). P&C insurance is also taxed more heavily than non-financial service industries. Premium-based transaction taxes (premium taxes and sales taxes) are the main cause of the industry's heavy tax burden.

While an efficient tax system taxes only once, P&C insurance is rife with layers of transaction taxes. As a result, Canadians' purchases of insurance and financial securities are among the most heavily and inefficiently taxed transactions in Canada. Transaction taxes add substantially to the cost of insurance for consumers.

No other financial service in Canada is taxed at the retail level. In 2006, P&C insurers paid \$6.3 billion to federal, provincial and municipal governments. Over the last decade the industry's average tax burden, as a percentage of its production (value added), was more than three times the average tax burden of Canada's other financial services industries.

In 2006, transaction taxes on P&C insurance totalled \$3.9 billion: \$890.1 million went to pay the goods and services tax (GST) on operations and claims; \$730.9 million paid provincial sales tax (PST) on operations and claims; \$1,108.3 million was spent on PST applied to premiums in Ontario, Quebec, and Newfoundland and Labrador; and \$1,166.9 million was paid in premium taxes.

Newfoundland and Labrador continues to have the highest premium tax rate in North America. The sales tax on premiums was increased in the province to 15% (from 12%) in 1997. Combined with the province's 4% premium tax, this results in the highest cascading premium tax rate in North America of 19.6%.

In 2002, IBC commissioned a study comparing the tax treatment of P&C insurers internationally. This study found that the Canadian tax structure is most burdensome. Most other G-7 countries have fewer taxes imposed on the P&C insurance industry, no cascading transactional taxes and no significant capital-based taxes.

Specifically, the U.S. and Japan levy premium taxes, solely or partly, in lieu of income taxes payable. No other G-7 country imposes a capital tax on insurers or sales tax on premiums. Canada's P&C insurance consumers pay all of these taxes when they purchase insurance coverage.

PREMIUM, SALES AND FIRE TAX RATES, 2006

	Insurance premium tax rate %	Insurance premium sales tax rate %	Fire tax rate %
Newfoundland and Labrador	4.00	15.00	
Prince Edward Island	3.50		1.00
Nova Scotia	4.00		1.25
New Brunswick	3.00		1.00
Quebec (excluding auto)	3.35 ¹	9.00	
Quebec (auto insurance)	3.35 ¹	5.00	
Ontario (excluding auto)	3.00	8.00	0.50
Ontario (auto insurance)	3.00		
Manitoba	3.00		1.25
Saskatchewan (excluding auto)	4.00		1.00
Saskatchewan (auto insurance)	5.00		
Alberta	3.00		
British Columbia	4.40		
Yukon	2.00		1.00
Northwest Territories	3.00		1.00
Nunavut	3.00		1.00

¹ Comprised of 3% premium tax and 0.35% compensation tax for financial institutions.

Source: Insurance Bureau of Canada

FEDERAL AND PROVINCIAL TAXES PAYABLE, 2006 (\$000,000)	
Income taxes	2,128.2
Capital taxes	2.2
Payroll taxes	253.7
Realty and business taxes	31.2
Transaction taxes:	
GST on operations and claims	890.1
PST on operations and claims	730.9
PST on premiums (ON, QC, NL)	1,108.3
Premium taxes	1,166.9
Transaction taxes subtotal	3,896.3
TOTAL	6,311.5
Source: Insurance Bureau of Canada	

APPENDIX F

Insurance education

Education continues to play a critical role in the growth and development of people in this complex and technical industry.

The Insurance Institute of Canada is the educational arm of the property and casualty insurance industry in Canada. It is a professional, not-for-profit association of more than 35,000 individual members employed in the general insurance business with insurance and reinsurance companies, brokerages, agencies, adjusting firms, employers of risk managers, and others. This number includes some 18,000 active students and 15,000 graduates of Institute programs.

For more than 100 years, the Insurance Institute's network of provincial institutes and chapters across Canada has provided its members a broad base of professional development. The Institute's goal is to prepare members for careers in property and casualty insurance and keep them current with industry trends and developments.

The Chartered Insurance Professional (CIP) Program provides property and casualty insurance professionals with solid technical expertise and a distinct professional advantage within their industry. Chartered Insurance Professionals have worked at least one year in the insurance industry, taken a ten-course program and passed national exams. The Fellow Chartered Insurance Professional (FCIP) Program is for insurance professionals who aspire to be the very best in their field. This ten-course program draws from courses offered by universities across Canada in partnership with the Insurance Institute. To enrol in the FCIP Program, students must first complete the CIP Program.

The Insurance Institute offers a wide variety of in-class courses, including seminars and workshops. As well, the Institute's program courses are available by distance-learning supported by interactive, on-line tutorials to aid the learning process.

The CIP Society represents graduates of the Insurance Institute's FCIP and CIP programs. As the professionals' division of the Insurance Institute, the CIP Society enhances the education, experience and ethics of its members by offering continuing professional development, information services, networking opportunities, and recognition and promotion of the designations.

As it is in many industries, securing capable, experienced staff is a challenge in the insurance industry. To address this issue, the Insurance Institute's Career Connections Program promotes careers in the industry to secondary and post-secondary school students and graduates. Promotional activities include high school classroom presentations by insurance industry professionals and participation in career fairs.

As part of this initiative, the Insurance Institute produces resource materials to help educators teach students about fundamental insurance concepts such as risk, ethics, and personal and social responsibility, as well as home and auto coverages, liability issues, and property exposures. Teacher resources include "Know Your Risk," "Risk Responsibility Reality," and "You're In Business." Each resource achieves provincial curriculum outcomes and provides teachers with easy-to-follow lesson plans.

Through its Career Connections Program, the Insurance Institute maintains an on-line job site (www.career-connections.info) where insurance professionals can post resumés and search for jobs, and employers can post jobs, search resumés, and find new talent.

For more information on the Insurance Institute visit www.insuranceinstitute.ca.

INSURANCE INSTITUTES

THE INSURANCE INSTITUTE OF CANADA

18 King Street East, 6th Floor
Toronto, Ontario M5C 1C4
(416) 362-8586
fax: (416) 362-4239
e-mail: IICmail@
insuranceinstitute.ca
www.insuranceinstitute.ca

THE INSURANCE INSTITUTE OF BRITISH COLUMBIA

800 West Pender Street,
Suite 1110
Vancouver, British Columbia
V6C 2V6
(604) 681-5491
fax: (604) 681-5479
e-mail: IIBCmail@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF NORTHERN ALBERTA

1104 Oxford Tower
10235 - 101 Street
Edmonton, Alberta T5J 3G1
(780) 424-1268
fax: (780) 420-1940
e-mail: IINAmail@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF SOUTHERN ALBERTA

833 4th Avenue SW, Suite 1110
Calgary, Alberta T2P 3T5
(403) 266-3427
fax: (403) 269-3199
e-mail: ksager@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF SASKATCHEWAN

310 - 2631 28th Avenue
Regina, Saskatchewan S4S 6X3
(306) 525-9799
fax: (306) 569-3018
e-mail: IIS@ibas.sk.ca

THE INSURANCE INSTITUTE OF MANITOBA

533 - 167 Lombard Avenue
Winnipeg, Manitoba R3B 0V3
(204) 956-1702
fax: (204) 956-0758
e-mail: IIMmail@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF ONTARIO (TORONTO)

18 King Street East, 16th Floor
Toronto, Ontario M5C 1C4
(416) 362-8586
fax: (416) 362-8081
e-mail: IIOmail@
insuranceinstitute.ca

Cambrian Shield Chapter

c/o 18 King Street East,
16th Floor
Toronto, Ontario M5C 1C4
(886) 362-8585 x 2296
fax: (416) 362-8081
e-mail: CambrianShieldmail@
insuranceinstitute.ca

Conestoga Chapter

40 Weber Street East, Suite 104
Kitchener, Ontario N2H 6R3
(519) 579-0184
fax: (519) 579-1692
e-mail: Conestogamail@
insuranceinstitute.ca

Hamilton/Niagara Chapter

1439 Upper Ottawa Street,
Units 4 & 5
Hamilton, Ontario L8W 3J6
(905) 574-1820
fax: (905) 574-8457
e-mail: HamiltonNiagaramail@
insuranceinstitute.ca

Kawartha Chapter

c/o 18 King Street East,
16th Floor
Toronto, Ontario M5C 1C4
(866) 362-8585 x 2296 or
(416) 865-2704
fax: (416) 362-8081
e-mail: Kawarthamail@
insuranceinstitute.ca

Northwestern Chapter

c/o 18 King Street East,
16th Floor
Toronto, Ontario M5C 1C4
(866) 362-8585 x 2296
fax: (416) 362-8081
e-mail: Northwesternmail@
insuranceinstitute.ca

Georgian Bay Chapter

c/o 18 King Street East,
16th Floor
Toronto, Ontario M5C 1C4
(866) 362-8585 x 2296 or
(416) 865-2704
fax: (416) 362-8081
e-mail: GeorgianBaymail@
insuranceinstitute.ca

Southwestern Ontario Chapter

200 Queens Avenue, Suite 101
London, Ontario N6A 1J3
(519) 432-3666
fax: (519) 432-5919
e-mail: Southwesternmail@
insuranceinstitute.ca

Ottawa Chapter

1335 Carling Avenue, Suite 608
Ottawa, Ontario K1Z 8N8
(613) 722-7870
fax: (613) 722-3544
e-mail: Ottawamail@
insuranceinstitute.ca

L'INSTITUT D'ASSURANCE DE DOMMAGES DU QUÉBEC (MONTRÉAL)

1200, avenue McGill College,
bureau 2230
Montréal, Québec H3B 4G7
(514) 393-8156
fax: (514) 393-9222
e-mail: montrealcourriel@
insuranceinstitute.ca

L'INSTITUT D'ASSURANCE DE DOMMAGES DU QUÉBEC (QUÉBEC)

Edifice Le Delta 1
2875 boulevard Laurier,
bureau 1300
Sainte-Foy, Québec G1V 2M2
(418) 623-3688
fax: (418) 623-6935
e-mail: quebeccourriel@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF NEW BRUNSWICK

25 Hedgewood Drive
Moncton, New Brunswick
E1E 2W4
(506) 386-5896
fax: (506) 386-1130
e-mail: IINBmail@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF NOVA SCOTIA

503-73 Tacoma Drive
Dartmouth, Nova Scotia
B2W 3Y6
(902) 433-0070
fax: (902) 433-0072
e-mail: IINSmail@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF PRINCE EDWARD ISLAND

51 University Avenue
Charlottetown,
Prince Edward Island C1A 4K8
(902) 892-1692
fax: (902) 368-7305
e-mail: IIPEmail@
insuranceinstitute.ca

THE INSURANCE INSTITUTE OF NEWFOUNDLAND & LABRADOR INC.

151 Crosbie Road
Level 3, Chimo Building
St. John's, Newfoundland &
Labrador A1B 4B4
(709) 754-4398
fax: (709) 754-4399
e-mail: IINLmail@
insuranceinstitute.ca

APPENDIX G

Superintendents of Insurance

CANADA

Julie Dickson
Superintendent
Office of the Superintendent of
Financial Institutions Canada
255 Albert Street
Ottawa, Ontario K1A 0H2
(613) 990-7788; fax: (613) 952-8219
www.osfi-bsif.gc.ca

ALBERTA

Dennis Gartner
*Assistant Deputy Minister of Pensions,
Insurance and Financial Institutions and
Superintendent of Financial Institutions*
Arthur Hagan
*Deputy Superintendent Insurance
Regulations and Market Conduct*
Alberta Finance
Room 402, Terrace Building, 9515-107 Street
Edmonton, Alberta T5K 2C3
(780) 422-1592; fax: (780) 420-0752
www.finance.gov.ab.ca

BRITISH COLUMBIA

Alan Clark
*Superintendent and Chief Executive Officer
of the Financial Institutions Commission
of British Columbia*
Ministry of Finance
13450 - 102 Avenue, Suite 1200
Surrey, British Columbia V3T 5X3
(604) 953-5300; fax: (604) 953-5301
e-mail: alan.clark@ficombc.ca
www.fic.gov.bc.ca

MANITOBA

Jim Scalena
Superintendent of Financial Institutions
Department of Finance
405 Broadway Avenue, Suite 1115
Winnipeg, Manitoba R3C 3L6
(204) 945-2542; fax: (204) 948-2268
e-mail: jim.scalena@gov.mb.ca
www.gov.mb.ca/finance

NEW BRUNSWICK

Deborah McQuade
Superintendent of Insurance
Department of Justice & Consumer Affairs
P.O. Box 6000
440 King Street, Suite 635

Fredericton, New Brunswick E3B 5H8
(506) 453-2512; fax: (506) 453-7435
e-mail: deborah.mcquade@gnb.ca
www.gnb.ca

NEWFOUNDLAND AND LABRADOR

Winston Morris
*Assistant Deputy Minister
Superintendent of Insurance*
Department of Government Services
Confederation Building,
West Block, 2nd floor
P.O. Box 8700
St. John's, Newfoundland and Labrador A1B 4J6
(709) 729-2570; fax: (709) 729-4151
e-mail: wmmorris@mail.gov.nl.ca
www.gov.nl.ca

NORTHWEST TERRITORIES/NUNAVUT

Douglas Doak
Superintendent of Insurance
Department of Finance
Treasury Division
4922 - 48th Street,
YK Centre Building, 3rd floor
Yellowknife, Northwest Territories X1A 1N2
(867) 920-3423; fax: (867) 873-0325
e-mail: doug_doak@gov.nt.ca
www.fin.gov.nt.ca

NOVA SCOTIA

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Superintendent of Insurance
Department of Finance
Financial Institutions Division
1723 Hollis Street, 4th Floor
Halifax, Nova Scotia B3J 1V9
(902) 424-6331; fax: (902) 424-1298
e-mail: fininst@gov.ns.ca
www.gov.ns.ca/finance/insurance

ONTARIO

Robert Christie
CEO & Superintendent of Financial Services
Financial Services Commission of Ontario
5160 Yonge Street, 17th floor, Box 85
North York, Ontario M2N 6L9
(416) 250-7250; fax: (416) 590-7070
toll-free: 1-800-668-0128
www.fsco.gov.on.ca

PRINCE EDWARD ISLAND

Robert Bradley
Superintendent of Insurance
Office of the Attorney General
P.O. Box 2000
95 Rochford Street, Shaw Building, 4th floor
Charlottetown, Prince Edward Island C1A 7N8
(902) 368-6478; fax: (902) 368-5283
e-mail: rabradley@gov.pe.ca
www.gov.pe.ca

QUEBEC

Danielle Boulet
Surintendante de l'encadrement de la solvabilité
Autorité des marchés financiers
Direction de l'encadrement de la solvabilité
Place de la Cité-Tour Cominar
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Bureau 300 poste 4502
Québec, Québec G1V 5C1
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e-mail: renseignements-
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SASKATCHEWAN

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Saskatchewan Financial Services
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www.sfsc.gov.sk.ca

YUKON

Fiona Charbonneau
*Superintendent of Insurance,
Community Services*
P.O. Box 2703 C-5
Whitehorse, Yukon Y1A 2C6
(867) 667-5111; fax: (867) 667-3609
toll-free (in Yukon only): 1-800-661-0408,
local 5111
e-mail: consumer@gov.yk.ca
www.gov.yk.ca

APPENDIX H

Insurance-related organizations

ADR INSTITUTE OF CANADA, INC.

(ADRIC) (formerly Arbitration and Mediation Institute of Canada, Inc. [AMIC] and Canadian Foundation for Dispute Resolution [CFDR])
234 Eglinton Avenue East, Suite 500
Toronto, Ontario M4P 1K5
(416) 487-4733; fax: (416) 487-4429
toll-free: 1-877-475-4353
e-mail: admin@adrcanada.ca
www.adrcanada.ca

Mary Anne Harnick, Executive Director

Helps public, industry and business resolve disputes; promotes research, education and dissemination of information; provides panels of arbitrators to disputants.

CANADA SAFETY COUNCIL

1020 Thomas Spratt Place
Ottawa, Ontario K1G 5L5
(613) 739-1535; fax: (613) 739-1566
e-mail: canadasafetycouncil@
safety-council.org
www.safety-council.org

Jack Smith, President

Deals with traffic, occupational and public safety; aims to reduce avoidable death, injury and damage to property by recognizing problems and promoting safety.

CANADIAN ASSOCIATION OF DIRECT RESPONSE INSURERS

250 Consumers Road, Suite 301
Toronto, Ontario M2J 4V6
(416) 773-0101; fax: (416) 495-8723
e-mail: cadri@cadri.com
www.cadri.com

Ruth Abrahamson, Executive Director

Association of insurers selling and servicing property and casualty insurance products in Canada through direct-response marketing and distribution.

CANADIAN ASSOCIATION OF FINANCIAL INSTITUTIONS IN INSURANCE

55 St. Clair Avenue West, Suite 255
Toronto, Ontario M4V 2Y7
(416) 494-9224; fax: (416) 967-6320
e-mail: info@cafii.com
www.cafii.com

Reena Vohra, Account Manager

CAFII represents, supports and advances the interests of financial institutions in insurance and affiliated organizations. Its express goal is the development of an open and flexible marketplace that is efficient and effective and allows consumers choice in the purchase of insurance products and services.

CANADIAN ASSOCIATION OF INSURANCE WOMEN

www.caiw-acfa.com

Linda Lacroix, President

Enhances education and fellowship within the insurance industry.

CANADIAN ASSOCIATION OF MUTUAL INSURANCE COMPANIES

311 McArthur Avenue, Suite 205
Ottawa, Ontario K1L 6P1
(613) 789-6851; fax: (613) 789-7665
e-mail: nlafreniere@camic.ca
www.camic.ca

Normand Lafrenière, President

Promotes Canadian mutual insurance throughout the country.

CANADIAN BOARD OF MARINE UNDERWRITERS

6835 Century Avenue, 2nd floor
Mississauga, Ontario L5N 2L2
(905) 826-4768; fax: (905) 826-4873
e-mail: info@cbmu.com
www.cbmum.com

Amanda Curtis, Executive Director

A trade association representing the interests of marine insurers in Canada.

CANADIAN COUNCIL OF INSURANCE REGULATORS

c/o Deputy Superintendent of Insurance
Financial Institutions Commission
Suite 1200, 13450 102nd Avenue
Surrey, British Columbia V3T 5X3
(604) 953-5300; fax: (604) 953-5301
e-mail: C.Michael.Grist@ficombc.ca
www.ccir-ccrra.org

Michael Grist, Chair

Promotes uniformity in regulation of insurance matters; provides a forum for consultation.

CANADIAN FIRE SAFETY ASSOCIATION

2175 Sheppard Avenue East, Suite 310
Toronto, Ontario M2J 1W8
(416) 492-9417; fax: (416) 491-1670
e-mail: cfsa@taylorenterprises.com
www.canadianfiresafety.com

Janet O'Carroll, President

Supported by a cross-section of businesses; promotes fire safety and improvements to fire safety standards; comments on codes; organizes educational programs and scholarships.

CANADIAN INDEPENDENT ADJUSTERS' ASSOCIATION

Centennial Centre
5401 Eglinton Avenue West, Suite 100
Etobicoke, Ontario M9C 5K6
(416) 621-6222; fax: (416) 621-7776
toll-free: 1-877-255-5589
e-mail: info@ciao-adjusters.ca
www.ciao-adjusters.ca

Patricia Battle, Executive Director

Professional association.

Appendix H - Insurance-related organizations

CANADIAN INSTITUTE OF ACTUARIES

150 Metcalfe Street, Suite 800
Ottawa, Ontario K2P 1P1
(613) 236-8196; fax: (613) 233-4552
e-mail: secretariat@actuaries.ca
www.actuaries.ca

Daniel Lapointe, *Executive Director*
Professional association.

CANADIAN INSURANCE ACCOUNTANTS ASSOCIATION

2175 Sheppard Avenue East, Suite 310
Toronto, Ontario M2J 1W8
(416) 971-7800; fax: (416) 491-1670
e-mail: ciaa@ciaa.org
www.ciaa.org

Catherine Fleming,
Executive Assistant
Professional association.

CANADIAN INSURANCE CLAIMS MANAGERS' ASSOCIATION

c/o Insurance Bureau of Canada
777 Bay Street, Suite 2400
P.O. Box 121
Toronto, Ontario M5G 2C8
(416) 362-2031; fax: (416) 361-5952

Vita Bulovas, *Secretary*
Professional association.

CANADIAN LIFE & HEALTH INSURANCE ASSOCIATION INC.

1 Queen Street East, Suite 1700
Toronto, Ontario M5C 2X9
(416) 777-2221; fax: (416) 777-1895
e-mail: info@clhia.ca
www.clhia.ca

Frank Swedlove, *President*
Founded more than a century ago, this voluntary trade association represents life and health insurers in Canada.

CGI INSURANCE BUSINESS SERVICES

150 Commerce Valley Drive West
Markham, Ontario L3T 7Z3
Lock Box #200
(905) 882-6300; fax: (905) 695-6669
toll-free: 1-800-268-8080
www.cgi.com

Malcolm Scott, *Senior Vice-President Insurance Business Services*
Amalgamated with Insurers' Advisory Organization Inc.

CSA INTERNATIONAL

178 Rexdale Boulevard
Etobicoke, Ontario M9W 1R3
(416) 747-4000; fax: (416) 747-4149
toll-free: 1-866-797-4272
www.csa-international.org

Robert Griffin, *President and Chief Executive Officer*

Develops standards and codes for acceptable levels of safety, quality and performance for a wide range of products used by industry and consumers; assesses conformity of products and services to accepted standards.

CENTRE FOR STUDY OF INSURANCE OPERATIONS

110 Yonge Street, Suite 500
Toronto, Ontario M5C 1T4
(416) 360-1773; fax: (416) 364-1482
www.csio.com

Steve Kaukinen, *Chief Executive Officer*
Funded by member independent broker insurance companies, the Insurance Brokers Association of Canada and system/service vendors to research and publicize improved policy delivery methods.

FACILITY ASSOCIATION

777 Bay Street, Suite 2400
P.O. Box 121
Toronto, Ontario M5G 2C8
(416) 863-1750; fax: (416) 868-0894
e-mail: mail@facilityassoc.com
www.facilityassociation.com

David Simpson, *President and Chief Executive Officer*
Unincorporated service association supported by all insurers licensed to write automobile insurance; ensures the availability of automobile insurance for owners and licensed drivers of motor vehicles who might otherwise have difficulty obtaining such insurance.

FIRE PREVENTION CANADA

Box 47037
Ottawa, Ontario K1B 5P9
(613) 749-3844; fax: (613) 749-0109
e-mail: sgallant@fiprecan.ca
www.fiprecan.ca

David Hodgins, *President*

Co-sponsored by the Council of Canadian Fire Marshals and Fire Commissioners and the Canadian Association of Fire Chiefs; develops and distributes information regarding fire prevention and fire loss reduction.

FIRE UNDERWRITERS' SURVEY C/O CGI INSURANCE BUSINESS SERVICES

150 Commerce Valley Drive West
Markham, Ontario L3T 7Z3
(905) 882-6300; fax: (905) 695-6669
www.cgi.com

Gillies Proulx, *Vice-President, Ontario Region, CGI Risk Management Services*

The survey uses technical staff of Insurers' Advisory Organization (1989) Inc. (a commercial provider of technical services related to loss prevention and control, rating, actuarial and other support services). It surveys public fire-protection conditions across Canada and provides data and advisory services to fire insurance underwriters and appropriate public officials.

GENERAL INSURANCE OMBUDSERVICE

10 Milner Business Court, Suite 701
Toronto, Ontario M1B 3C6
(416) 299-6931; fax: (416) 299-4261
toll-free: 1-877-225-0446
e-mail: pr@lma.net
www.giocanada.org

Maureen Wright, *Media Contact*

General Insurance OmbudService (GIO) provides third-party, independent, dispute resolution of conflicts between insurance customers and their insurance companies.

GROUPEMENT DES ASSUREURS AUTOMOBILES (GAA)

800, Place-Victoria, bureau 2410
Montréal, Québec H4Z 0A2
(514) 288-4321; fax: (514) 288-0753
www.gaa.qc.ca

Daniel Demers, *General Manager*

Coordinates programs to simplify the settling of automobile accident claims (appraisals, tasks related to the direct compensation agreement, joint accident reports) and acts as a statistical agency for the province of Quebec; GAA manages mandatory access to third-party liability coverage.

Appendix H - Insurance-related organizations

INSTITUTE FOR CATASTROPHIC LOSS REDUCTION (ICLR)

20 Richmond Street East, Suite 210
Toronto, Ontario M5C 2R9
(416) 364-8677; fax: (416) 364-5889
e-mail: pkovacs@iclr.org
www.iclr.org

Paul Kovacs, *Executive Director*

ICLR is an insurance industry initiative to reduce the human and financial cost of natural disasters. ICLR encourages the building of resilient communities through cost-effective techniques that enable new and existing structures to withstand severe weather and earthquakes. It promotes effective insurance risk management practices and consumer loss-prevention measures.

INSURANCE BROKERS ASSOCIATION OF CANADA

155 University Avenue, Suite 1230
Toronto, Ontario M5H 3B7
(416) 367-1831; fax: (416) 367-3687
e-mail: ibac@ibac.ca
www.ibac.ca

Danny Craig, *President*

National trade association of independent insurance agents and brokers; authorized by provincial superintendents of insurance to administer exams for licensing of "intermediaries."

INSURANCE BUREAU OF CANADA (see page XX)

THE INSURANCE INSTITUTE OF CANADA

18 King Street East, 6th floor
Toronto, Ontario M5C 1C4
(416) 362-8586; fax: (416) 362-4239
e-mail: iicmail@insuranceinstitute.ca
www.insuranceinstitute.ca

Peter Hohman, *President and Chief Executive Officer*

Offers courses through correspondence, community colleges and universities across Canada.

NUCLEAR INSURANCE ASSOCIATION OF CANADA C/O CGI INSURANCE BUSINESS SERVICES

150 Commerce Valley Drive West
Lock Box 200
Markham, Ontario L3T 7Z3
(905) 695-6657; fax: (905) 771-5312
www.cgi-ibs.com

Dermot Murphy, *Manager*

Provides property and liability insurance for risks in Canada involving nuclear reaction, radiation or radioactive contamination.

PROPERTY AND CASUALTY INSURANCE COMPENSATION CORPORATION (PACICC)

20 Richmond Street East, Suite 210
Toronto, Ontario M5C 2R9
(416) 364-8677; fax: (416) 364-5889
e-mail: pkovacs@pacicc.com
www.pacicc.ca

Paul Kovacs, *President and Chief Executive Officer*

PACICC administers an industry-funded program to protect claimants in the event of the bankruptcy of a property and casualty insurer.

REINSURANCE RESEARCH COUNCIL

c/o Funnel Communications Inc.
296 Jarvis Street, Unit 7
Toronto, Ontario, M5B 2C5
(416) 968-7979; fax: (416) 968-6818
e-mail: mail@rrccanada.org
www.rrccanada.org

Anthony Laycock, *General Manager*

Association of professional (non-life) reinsurers in Canada.

RISK AND INSURANCE MANAGEMENT SOCIETY

42 Arlstan Drive
Toronto, Ontario M3H 4V9
(416) 636-2324
e-mail: bwasser@sympatico.ca
www.rimscanada.org

Bonnie Wasser, *Canadian Consultant*

Professional association for corporate risk managers.

SURETY ASSOCIATION OF CANADA

6299 Airport Road, Suite 709
Mississauga, Ontario L4V 1N3
(905) 677-1353; fax: (905) 677-3345
e-mail: sness@suretycanada.com
www.surety-canada.com

Steven Ness, *President*

Industry association that coordinates industry communication and promotion, particularly toward the private sector; provides a forum for resolving problems; monitors regulatory and judicial developments; and promotes standards for bond forms.

TRAFFIC INJURY RESEARCH FOUNDATION

171 Nepean Street, Suite 200
Ottawa, Ontario K2P 0B4
(613) 238-5235; fax: (613) 238-5292
toll-free: 1-877-238-5235
e-mail: deanm@trafficinjuryresearch.com
www.trafficinjuryresearch.com

Robyn D. Robertson, *President and CEO*

Registered charity that researches behavioural and medical aspects of road safety and assists in the development and implementation of prevention programs and policies.

TREASURY MANAGEMENT ASSOCIATION OF CANADA

8 King Street East, Suite 1010
Toronto, Ontario M5C 1B5
(416) 367-8500; fax: (416) 367-3240
toll-free: 1-800-449-8622
e-mail: info@tmac.ca
www.tmac.ca

Mike Whiston, *Executive Director*

Provides a forum for discussing cash and treasury management practices, problems and issues pertaining to insurers operating in Canada.

UNDERWRITERS' LABORATORIES OF CANADA

7 Underwriters Road
Toronto, Ontario M1R 3B4
(416) 757-3611; fax: (416) 757-8727
toll-free: 1-866-937-3852
e-mail: customerservice@ulc.ca
www.ulc.ca

Operates labs and a certification service for examining testing devices, construction materials and services, to determine their bearing on fire, accident and property hazards.

APPENDIX I

Insurance Bureau of Canada

CORPORATE DIRECTORY

777 Bay Street, Suite 2400, P.O. Box 121, Toronto, Ontario M5G 2C8

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Office of the President	Mark Yakabuski	<i>President & CEO</i>
Policy Development	Barb Sulzenko-Laurie	<i>Vice-President, Policy</i>
Public Affairs & Marketing	Mary Lou O'Reilly	<i>Vice-President, Public Affairs & Marketing, Chief of Staff</i>
Legal	Randy Bundus	<i>Vice-President, General Counsel & Corporate Secretary</i>

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Information Services	Ron Noiles	<i>Vice-President, Information Technology, Research & Analysis</i>
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Human Resources	Gilles Calmels	<i>Vice-President, Human Resources & Administration</i>
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IBC ISSUES MANAGEMENT

Regional offices

OTTAWA

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MEMBER COMPANIES OF INSURANCE BUREAU OF CANADA

subscribe to the following services (as of January 1, 2008)

PRIVATE INSURER / REINSURER MEMBERS

A = Issues Management
B = Investigative Services
***** = Vehicle Information suite

Issues Management: Includes Policy Development; Public Affairs and Marketing; Legal; and Regional Offices.

Investigative Services: Includes ring investigations; auto theft and loss recovery services; information exchange; and Public Affairs and Marketing, and Legal as they pertain to Investigative Services.

COMPANY AND GROUP	SERVICES		
Alberta Motor Association Insurance Company	A	B	*
Allianz Global Risks (US) Insurance Company	A		*
Allstate Canada Group			
Allstate Insurance Company of Canada	A	B	*
Pafco Insurance Company	A	B	*
Pembroke Insurance Company	A	B	*
L'Alpha, compagnie d'assurance inc.		B	*
The American Road Insurance Company		B	
Atlantic Insurance Company Limited	A	B	
Atradius Credit Insurance N.V.	A		
Aviva Canada Inc.			
Aviva Insurance Company of Canada	A		*
Elite Insurance Company	A		*
Pilot Insurance Company	A		*
S & Y Insurance Company	A		*
Scottish and York Insurance Company Limited	A		*
Traders General Insurance Company	A		*
AXA Canada Inc.			
AXA Assurances Agricoles	A	B	*
AXA Canada	A	B	*
AXA General Insurance	A	B	*
AXA Insurance (Canada)	A	B	*
AXA Pacific Insurance Company	A	B	*
InnovAssur assurances générales inc.	A	B	*
BCAA Insurance Corporation	A	B	
The Boiler Inspection and Insurance Company of Canada	A	B	
CAA Insurance Company (Ontario)	A	B	*
Caisse Centrale de réassurance	A		
Canadian Direct Insurance Inc.		B	*
La Capitale Financial Group			
La Capitale assurances générales inc.	A	B	*
L'Unique compagnie d'assurances générales	A	B	*
Chubb Insurance Group of Companies			
Chubb Insurance Company of Canada	A	B	*
Federal Insurance Company of Canada	A	B	
Mitsui Sumitomo Insurance Company Limited	A	B	*

Continental Casualty Company	A	B	
The Co-operators Group Limited			
Colonial Fire and General Insurance Company		B	
Co-operators General Insurance Company		B	*
COSECO Insurance Company		B	*
L'Union Canadienne compagnie d'assurances		B	*
The Sovereign General Insurance Company		B	*
CUMIS General Insurance Company		B	*
DaimlerChrysler Insurance Company		B	*
Desjardins General Insurance Group			
Certas Direct Insurance Company	A	B	*
Desjardins Assurances générales inc.	A	B	*
The Personal Insurance Company	A	B	*
The Dominion of Canada General Insurance Company	A	B	*
Ecclesiastical Insurance Office PLC		B	
Echelon General Insurance Company		B	*
The Economical Insurance Group			
Economical Mutual Insurance Company	A	B	*
Federation Insurance Company of Canada	A	B	*
Missisquoi Insurance Company	A	B	*
Perth Insurance Company	A	B	*
Waterloo Insurance Company	A	B	*
Electric Insurance Company	A		
Euler Hermes American Credit Indemnity Company	A		
Everest Reinsurance Company	A		
Farm Mutual Reinsurance Plan Inc.			
Algoma Mutual Insurance Company		B	*
Brant Mutual Insurance Company		B	*
Fundy Mutual Fire Insurance Company		B	*
Halwell Mutual Insurance Company		B	*
Hamilton Township Mutual Insurance Company		B	*
Howick Mutual Insurance Company		B	*
North Kent Mutual Fire Insurance Company		B	*
North Waterloo Farmers Mutual Insurance Company	A		*
Oxford Mutual Insurance Company		B	*
Trillium Mutual Insurance Company		B	*

Member companies of Insurance Bureau of Canada

COMPANY AND GROUP

SERVICES

Federated Insurance Company of Canada	B		
Folksamerica Reinsurance Company	A		
General Reinsurance Corporation	A		
Gore Mutual Insurance Company	A	B	*
Grain Insurance and Guarantee Company	B		
Le Groupe Estrie Richelieu compagnie d'assurance	A	B	*
Groupe Promutuel			
Promutuel Charlevoix-Montmorency	B		*
Promutuel Coaticook-Sherbrooke	B		*
Promutuel de l'Est	B		*
Promutuel du Lac au Fjord	B		*
Promutuel Haut St-Laurent	B		*
Promutuel La Vallée	B		*
Promutuel L'Abitibienne	B		*
Promutuel Les Prairies	B		*
Promutuel L'Islet	B		*
Promutuel Lotbinière	B		*
Promutuel L'Outaouais	B		*
Promutuel Vaudreuil	B		*
The Guarantee Company of North America	A	B	*
Hartford Fire Insurance Company Limited	A	B	*
L'Industrielle Alliance, compagnie d'assurances générales	B		*
ING Canada			
Allianz Insurance Company of Canada	A	B	*
BELAIRdirect Insurance Company	A	B	*
BELAIRdirect/The Nordic Insurance Company of Canada	A	B	*
ING Insurance	A	B	
ING Insurance Company of Canada	A	B	*
ING Novex Insurance Company of Canada	A	B	*
Nordic Insurance Company of Canada	A	B	*
Trafalgar Insurance Company of Canada	A	B	*
Kingsway Financial Services Inc.			
Jevco Insurance Company	B		*
Kingsway General Insurance Company	B		*
York Fire & Casualty Insurance Company	B		*
Liberty Mutual Insurance Company	A	B	*
Lloyd's Underwriters	A		*
Lombard Canada Limited			
Lombard General Insurance Company of Canada	A	B	*
Lombard Insurance Company	A	B	*
Tokio Marine & Nichido Fire Insurance Company Ltd.	A	B	*
Zenith Insurance Company	A	B	*
London & Midland General Insurance Company	A		

Markel Insurance Company of Canada	B		*
Meloche Monnex Inc.			
Primum Insurance Company	B		*
Security National Insurance Company	B		*
TD General Insurance Company	B		*
TD Home & Auto Insurance Company	B		*
Metro General Insurance Corporation Ltd.	A		*
Millennium Insurance Corporation	A	B	*
Motors Insurance Corporation	B		*
Munich Reinsurance America, Inc.	A	B	
Odyssey America Reinsurance Corporation (Canadian Branch)	A		
Old Republic Insurance Company of Canada	A	B	
Omega General Insurance Company	A		
Optimum Insurance Company Inc.	B		*
Paris Re	A		*
Partner Reinsurance Europe Limited	A	B	
Peace Hills General Insurance Company	A	B	*
Portage la Prairie Mutual Insurance Company	B		*
RBC General Insurance Company	A	B	*
Royal & SunAlliance Insurance Group			
Ascentus Insurance Ltd.	A	B	*
Québec Assurance Company	A	B	*
Royal & SunAlliance Insurance Company of Canada	A	B	*
Western Assurance Company	A	B	*
Sentry Insurance A Mutual Company	A		
SSQ, Société d'assurances générales inc.	A	B	*
State Farm Insurance Companies			
State Farm Fire & Casualty Company	A	B	
State Farm Mutual Automobile Insurance Company	A	B	*
Swiss Re Canada			
North American Specialty Insurance Company	A		
Swiss Reinsurance Company Canada	A		
Westport Insurance Corporation	A	B	
The TOA Reinsurance Company	A		
Unifund Assurance Company	A	B	*
The Wawanesa Mutual Insurance Company	A	B	*
Zurich Insurance Company	A		

APPENDIX J

Estimated employment in the private property and casualty insurance industry in Canada

Property and casualty insurance requires a high level of service to consumers. That's why the service workforce is spread across Canada. Although the head offices of many insurance companies are located in Toronto or Montreal, almost every Canadian province is home to the head office of at least one major insurance company.

Province/Territory	Employees of insurance companies	Brokers and employees	Independent adjusters and appraisers	TOTAL
Newfoundland & Labrador	110	1,396	210	1,716
Prince Edward Island	26	167	43	236
Nova Scotia	1,266	2,199	111	3,576
New Brunswick	909	1,279	512	2,700
Quebec	10,248	10,509	2,464	23,221
Ontario	23,842	16,673	1,174	41,689
Manitoba	855	2,753	83	3,691
Saskatchewan	100	2,574	95	2,769
Alberta	4,760	8,955	645	14,360
British Columbia	1,412	10,230	435	12,077
Yukon, NWT & Nunavut	-	22	24	46
Sub-total	43,528	56,757	5,796	106,081
Employers of reinsurers throughout Canada				1,500
TOTAL 2006-2007				107,581

Note to readers: In 2005, the methodology for calculating the number of employees of insurance companies was modified to account better for direct writers and agencies.

Sources:

1. The numbers of employees of primary insurers and reinsurers are estimated as of December 2006, and are based on IBC's survey of insurance companies representing 50% of private-sector property and casualty insurance direct written premiums.
2. The numbers of brokers are provided by provincial insurance brokers' associations and provincial governments. Figures are as of December 2006.
3. The numbers of independent adjusters and appraisers are provided by provincial governments. Figures are as of December 2006.

The OXYGEN of the ECONOMY



Homebuilders depend on it. Banks who lend money for mortgages need it. Without it, entrepreneurs would be prohibitively vulnerable. And so would thousands of others in businesses and professions throughout our modern society.

Insurance is the oxygen of our economy. Without oxygen, nothing thrives. But, even though oxygen is a vital part of our world, we tend to take it for granted – just like insurance. Without insurance, life as we know it would be impossible. Yet we tend to pay insurance very little attention, thinking it will always be there to protect against damaging events that most people believe will never happen to them.

The fact is, many of the things people think of as exciting and worthwhile would not be possible if it weren't for insurance. Insurance is an essential part of a thriving economy that fosters progress. It makes innovation possible and, in so doing, adds to the economic well-being of each and every one of us. Insurance provides the shelter we need to build our economy and the security we need to be able to move forward and progress as a society.

TAKING RISKS

The history of insurance is the story of social development. As agriculture gave way to industrial growth, it became clear that expansion depended on capital – money that would be risked for the profit it offered. For those risk-takers, insurance provided a guarantee that all would not be lost through error, faulty judgment or bad luck.

The principles of risk pooling and risk management, the principles upon which modern insurance is built, date back some 4,000 years to the banks of the Yangtze River in China. River boat traders would congregate at a particular point in the Yangtze before taking on the river's most serious rapids. They would exchange a portion of each other's cargo before heading down the rest of the river. The idea was that if one river boat were consumed by the rapids, no one trader would lose a full cargo. Even back then, people understood that by sharing risk, everyone would prosper.

As the idea of sharing risk grew in popularity, business continued to prosper. In 1063, merchants in the trading port of Amalfi, Italy, introduced what became known as the Amalfi Sea Code. Under this code, any merchant whose ship was lost was reimbursed from a pool of money to which the merchants contributed. The code held sway throughout the Mediterranean for over 500 years. In 1574, Elizabeth I granted permission to Richard Candaler to establish a "Chamber of Insurance" to register all insurance transactions in London. By 1688, Edward Lloyd's coffee shop on Tower Street had become the informal site of a thriving marine insurance centre where merchants, bankers, seafarers and underwriters came together to do business.

All these activities meant that entrepreneurs and merchants were free to broaden their scope, even to finance several ships, secure in the knowledge that a single loss at sea would not wipe them out. And so the scope of business grew.

DEADLY SCOURGE OF FIRE

While marine insurance played a pioneering role, it was the deadly scourge of fire, and one disaster in particular, that triggered the early growth of insurance. That event was the Great Fire of London in 1666, which began, ironically, in the house of the King's baker. Before long, it swept through four-fifths of the largely wooden city, destroying more than 13,000 homes and 100 churches, including St. Paul's Cathedral.

MORE ACCURATE PREDICTIONS

From the ashes of London a new brick and stone city rose. With it came demands for better protection, for insurance against the financial consequences of such calamity. A year after the Great Fire, a local dentist, Dr. Nicholas Barbon, operating under a charter granted by Charles II, opened an office to transact fire insurance on selected dwellings in London. More accurate predictions of losses began to evolve, and with these the beginnings of precise insurance rates. In those days insurance premiums were calculated on the assumption that one house in 200 would burn down every 15 years. One early fire insurance office in 1680 set its premiums at 2.5% of the annual rent for a brick house and 5% for a wooden one.

Insurance's foundations were sound. The idea took hold and, as the need for protection grew, insurance became more versatile. By 1706, the Sun Fire Office in London was offering coverage on contents as well as on the dwellings themselves. Insurance companies opened for business in Germany by 1750, in the United States by 1752, and in Canada by 1804.

Even in those early days, not only were insurers encouraging economic growth, but they also quietly began to play an important role in public safety. By allowing discounts for soundly built and suitably protected property and by increasing premiums and/or reducing coverage for dangerous ones, insurance companies slowly raised awareness of fire's dangers and encouraged the construction of safer buildings.

19TH CENTURY CANADA

In the early 1800s, Canada's storehouse of natural riches was largely untapped, but cities were growing steadily in size, and trade with Europe and the United States was expanding. The need for insurance protection was obvious. The Phoenix Assurance Company opened an office in Montreal in 1804. Five years later, a group of Halifax businessmen, priding themselves on local knowledge and a concern for the citizens of Nova Scotia, formed the Halifax Fire Insurance Association. It would become the Halifax Insurance Company in 1819, the same year that Quebec's first domestic insurer, the Quebec Fire Insurance Company, was formed.

Some years later, in 1836, came another development in the expanding versatility of insurance. The colony of Upper Canada authorized the creation of mutual insurance companies – owned by the holders of the company's policies. Three years later, the Gore District Mutual Fire Insurance Company was formed, and today it is Canada's oldest continuously operating fire insurer.

At that time, fire remained the major peril in an era of mostly wood construction. The old city of Quebec was particularly hard hit during the 19th century. Much of the city was destroyed in 1815, then twice again in 1845; more than 2,000 buildings were lost and 60 residents were killed. Such was the ever-present danger of fire that many insurance companies owned and operated fire brigades until that responsibility was assumed by local government in 1866.

INSURANCE ALWAYS NEEDED

According to the 1905 Report of the Superintendent of Insurance, 40 companies offered fire insurance in Canada that year. Of these, 17 were British, 13 Canadian and 10 American. Total premium income for that year for all companies combined amounted to \$14.3 million. Losses paid were \$6 million – a far cry from the multi-billion-dollar losses that the industry now routinely pays. For instance, the terrorist attacks of September 11, 2001,

cost the industry nearly \$25 billion. And in 2005, hurricanes Katrina, Rita and Wilma wiped out over \$90 billion of the industry's capital.

In these turbulent modern times, Canadians often take property and casualty insurance for granted, expecting that coverage will always be there, but concerning themselves very little with how important insurance is in managing risks that otherwise could seriously impair our economic well-being and social cohesion. It's true, insurance is really nothing more than a promise – a promise that insurers will be there to help you when you need them. Yet that promise, though it seems intangible, represents a fundamental element of our society and our economy.

Insurance helps people build their dreams, and helps companies build their businesses, while protecting themselves and their property from unforeseen risks. By providing this protection against risk, insurers provide the invisible underpinning – the oxygen – of the entire Canadian economy.

Notes



REPORT INSURANCE CRIME. *Take the time.*

Call toll-free 1-877-IBC-TIPS (422-8477) or submit a tip on-line at www.ibc.ca.



Know how to *recognize* insurance crime

Most of us know it's a crime to steal a car, but it can also be a crime when:

- Someone knowingly lies on an insurance application...
- damage that existed before a collision is claimed...
- an "advisor" tells you to claim for injuries that don't exist after a collision...
- a health care provider offers you additional treatments after you already feel fine...
- someone makes a claim for a collision that never happened...

For the record, whether planned or not, insurance fraud and auto theft are serious crimes with serious consequences.

FACTS

33rd Edition, 2008. ISSN 1197 3404

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INSURANCE
BUREAU
OF CANADA



BUREAU
D'ASSURANCE
DU CANADA