

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

Annual Report 2017-2018

Table of Contents

- [Message from the Chair](#)
- [Message from the CEO](#)
- [About the Financial Services Commission of Ontario](#)
- [Enabling Innovation](#)
- [Treating Consumers Fairly](#)
- [FSCO on the National Stage](#)
- [Report of the Financial Services Tribunal](#)
- [Financial statements: Financial Services Commission of Ontario](#)
- [Financial statements: Pension Benefits Guarantee Fund](#)
- [Financial statements: Motor Vehicle Accident Claims Fund](#)
- [Superintendent's Report on Insurance 2017](#)

Message from the Chair



On behalf of the Commission, I am pleased to provide the Financial Service Commission of Ontario's (FSCO) Annual Report for 2017-18. This report provides details about our key activities and achievements over the year.

FSCO and the Financial Services Tribunal (FST), through their separate roles, exist to protect the public interest and promote public confidence in the regulated financial services sectors. This continues to be our focus as the Financial Services Regulatory Authority, Ontario's new financial services regulatory body, prepares to become operational in 2019.

FSCO's priorities this year included reinforcing the importance of treating consumers and pension plan members fairly and enabling innovation in the face of an increasingly creative digital and technologically advanced society.

As I hope you will see from this report, we have made significant achievements in these areas, including drafting a FSCO guideline for financial services sectors on treating financial services consumers fairly and supporting innovative insurance solutions.

This year, the FST began a review of its forms and rules with a view to ensuring they accurately reflect current practices. The FST also continued to recruit adjudicators with broad expertise in the sectors regulated by FSCO to ensure that everyone who requests a hearing or appeal receives timely, accessible and impartial judgements. In addition, the FST will soon be issuing a new guide designed to assist self-represented parties when they appear before the tribunal.

We recognize that sound regulation and diligent oversight is critical. It is a significant responsibility – one that I know our staff take very seriously – and the accomplishments outlined in this report show FSCO is dedicated to this goal.

The results we have achieved would not have been possible without the commitment and dedication of our people. To FSCO's skilled and professional leadership and staff, and the FST members who work tirelessly to support the success of our organizations, the financial services industries, and the people of Ontario, I extend my sincere thanks.

A handwritten signature in black ink, appearing to be 'I. McSweeney', with a large, stylized 'I' and a cursive 'McSweeney'.

Ian McSweeney

Message from the CEO



I am pleased to provide the Financial Services Commission of Ontario's (FSCO) Annual Report for 2017-18. This report provides details about the key activities and achievements our organization had this year.

We know Ontarians care about protecting their financial assets, especially when planning for the future for themselves and their families.

FSCO's core mandate is to regulate the financial services sector to ensure consumers and pension plan members are protected when they make those key financial decisions throughout their lives.


Whether we are taking action against entities who act against the best interests of consumers, enabling innovative products and services, or engaging in the development of national policies and initiatives, we always act with Ontarians in mind.

THE YEAR IN REVIEW

Our Annual Report for 2017-18 highlights some of the many things our organization achieved throughout the past fiscal year. These highlights include:

- Issuing licence revocations and our largest-ever order for administrative monetary penalties – \$1.1 million – for illicit activities related to syndicated mortgage investments.
- Expanding our oversight activities by enhancing desk reviews in the life insurance and service provider sectors, and targeted reviews on specific processes in the pension sector.
- Holding an inaugural market conduct symposium for service providers to build a culture of compliance and align with other regulated sectors.
- Working to protect pension plan members during Sears Canada's insolvency and also promoting a smooth transition during Stelco's change in ownership and restructuring.
- FSCO staff and other government employees were recognized with an Amethyst Award – the Ontario government's highest recognition for employee excellence – for the role they played in protecting Stelco pension plan members.
- Being recognized on a national and international level for our public education work by the International Association of Business Communicators (IABC). FSCO won awards for our Financial Literacy Month campaign targeted at millennials about how to save, shop and apply for a mortgage, and how to work with brokers and agents.
- Enabling innovative and first-of-its-kind opportunities in the financial services sector for product and service delivery to reflect consumer preferences, such as working closely with Canadian Automobile Association (CAA) Insurance to approve a pay-as-you go auto insurance product.
- Leading and supporting significant national initiatives as part of our role in several national regulatory organizations, including the opportunity to host a pilot secretariat for the Canadian Insurance Services Regulatory Organizations.

LOOKING AHEAD

On June 29, 2017, the [Financial Services Regulatory Authority of Ontario Act, 2016](#) , came into force. The Act, many sections of which have yet to be proclaimed in force, establishes FSRA's role, including its basic governance and accountability structure, in regulating the sectors under its jurisdiction.

FSCO will continue to actively support FSRA's efforts to prepare for the future and ensure a smooth transfer of current operations. However, until FSRA is operational, FSCO remains the financial services and pension plan regulator in Ontario.

I speak on behalf of everyone at FSCO when I say that it is a privilege to serve the people of Ontario. I am proud of what FSCO has accomplished this year, as exemplified in this report.

Thank you to all the staff at FSCO for your continued integrity, hard work and determination. Our efforts make an important contribution to the strength of Ontario's financial services sector and the confidence that consumers and pension plan members have as they make important financial decisions.

A handwritten signature in black ink, appearing to read 'Brian Mills', with a stylized, cursive script.

Brian Mills

[Return to top](#)

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

Annual Report 2017-2018

[Table of contents](#)

About the Financial Services Commission of Ontario

FSCO BY THE NUMBERS

- **93,712** Regulated entities
- **12** Statutes
- **1,418** Sector complaints handled by FSCO
- **53,479** Inquiries to the Contact Centre
- **285** Enforcement actions against licensed entities
- **\$1,402,481** In administrative monetary penalties imposed
- **1,014,285** Unique visitors to FSCO's website

WHO WE ARE

The Financial Services Commission of Ontario (FSCO) is a regulatory agency accountable to the Minister of Finance, established by the Financial Services Commission of Ontario Act, 1997 (FSCO Act). FSCO oversees the insurance sector, pension plans, mortgage brokering, credit unions and caisses populaires, co-operative corporations, loan and trust companies in Ontario, and the business and billing practices of health service providers that electronically invoice auto insurers for statutory accident benefits claims.

As a provincial regulator, FSCO enforces legislation, protects the public interest and supports a strong financial services industry.

OUR MANDATE

To provide regulatory services that protect the public interest and enhance public confidence in the regulated sectors.

OUR VISION

To be an effective regulatory supervisor that protects the public interest in the financial services marketplace.

OUR STRUCTURE

- **The Commission:** meets quarterly and provides oversight, including the review and approval of key FSCO planning, strategic and accountability documents.
- **The Superintendent of Financial Services:** administers and enforces the FSCO Act and all other acts that confer powers or assign duties to the Superintendent.
- **The Financial Services Tribunal (FST):** acts as an expert, independent adjudicative body. The Chair and Vice-Chairs of the FST are also the Chair and Vice-Chairs of the Commission.

OUR PRIORITIES

Each year, FSCO develops its strategic priorities. These priorities are available for consultation with the public and industry stakeholders, and are then published online as FSCO's Statement of Priorities. In 2017-18, FSCO focused on the themes of enabling innovation, treating consumers fairly and supporting initiatives at the national level. FSCO had seven priority areas for the fiscal year:

1. Ensure financial services industry compliance with laws and regulations
2. Disclose adequate information to enable informed decisions by consumers
3. Create awareness of FSCO's actions in the financial services marketplace
4. Create common and integrated processes enabled by integrated technology solutions
5. Enhance the collection, use and sharing of market intelligence
6. Be an agile and adaptable organization
7. Influence the development of provincial, national, and international regulatory policy

OUR COMMISSIONERS

FSCO is governed by a four-member Commission, consisting of the Superintendent of Financial Services, a part-time Chair and two part-time Vice-Chairs. Each member is appointed for a fixed term by the Lieutenant Governor in Council. Appointments to the commission are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

In 2017-18, the Commission saw the appointment of a new chair after the tenure of the former chair, Florence A. Holden, ended in September 2017.

Name	Position	Tenure in current role
Ian McSweeney	Chair	September 13, 2017 to September 12, 2019
	Vice-Chair	March 11, 2016 to September 12, 2017
Denis Boivin	Chair (Acting)	September 6, 2017 to September 12, 2017
	Vice Chair (Acting)	October 18, 2017 to October 17, 2019
Florence Holden	Chair (Acting)	August 8, 2014 to September 5, 2017
Bethune Whiston	Vice Chair	April 11, 2018 to April 10, 2020

Brian Mills	CEO and Superintendent of Financial Services	October 18, 2014 to Present
--------------------	--	-----------------------------

OUR EXPENDITURES

FSCO recovers most of its costs from the sectors it regulates through a combination of assessments and fees. Under the FSCO Act, the Lieutenant Governor in Council may assess all businesses, individuals and pension plans that form part of a regulated sector with respect to expenditures incurred by the Ministry of Finance, the Commission and the FST. The Minister of Finance is authorized to establish fees related to the regulated services provided by FSCO.

The government supports co-operative corporations by providing an allocation of \$500,000 to help cover the costs of administering the sector.

As a government agency, FSCO receives an annual spending authority through the government planning process, based on needs and government priorities. FSCO files quarterly reports on its spending. The Office of the Auditor General of Ontario audits FSCO's annual financial statements.

In 2017-18, FSCO's expenditures totaled \$56.5 million, down \$23.8 million or 29.6 per cent from the previous year. This is primarily due to the April 2016 transfer of its dispute resolution services activities to the Licence Appeal Tribunal of the Ministry of the Attorney General.

FSCO maintained responsibility for mediation, neutral evaluation and arbitration applications received before the transfer date, and continues to be responsible for all files remaining open as of March 31, 2016. FSCO continues to accept applications for appeal and variation/revocation of decisions arising out of arbitrations filed at FSCO, prior to the transfer date.

The number of open files has been decreasing steadily since the transfer date and all mediation files have been closed. As such, fewer arbitration services have been required. FSCO spent approximately \$23 million on arbitration services contracts in 2016-17, compared with approximately \$1 million in 2017-18.

More information about FSCO's expenditures can be found in the financial statements and notes later in this report.

OUR AGENCY MANDATE LETTER

Per the Agencies and Appointments Directive, ministers are not required to provide a mandate letter to an agency in a fiscal year during which the agency has a mandate review. While FSCO

has not received a mandate letter, it is responsible for or directly supports a number of priorities outlined in the Minister of Finance's mandate letter.

OUR PEOPLE

FSCO's staff all report directly or indirectly to the Superintendent of Financial Services, who is also FSCO's Chief Executive Officer. On March 31, 2018, FSCO had 382 full-time staff, including two staff at the FST and 25 staff at the Motor Vehicle Accident Claims Fund (MVACF). This total does not include legal services staff, who are employees of the Ministry of the Attorney General.

OUR LEADERSHIP

Brian Mills, Chief Executive Officer and Superintendent of Financial Services

Marco Ciavatta, Sr. Manager & Special Advisor (Acting), Office of the CEO and Superintendent of Financial Services

Richard Tillmann, Sr. Manager & Special Advisor (Acting), FSRA Transition, Office of the CEO and Superintendent of Financial Services

Michael Doi, Director, Legal Services Branch

Lester Wong, Deputy Superintendent (Acting), Pension Division

Anatol Monid, Executive Director, Licensing and Market Conduct Division

Tom Golfetto, Executive Director and Director of Arbitrations, Automobile Insurance Division

Peter Burston, Director, Regulatory Coordination Branch

Carolyn Hamilton, Director, Corporate Services Branch

Kathleen Graver, Director (Acting), Strategic Communications Branch

John Avgeris, Director (Acting), Enterprise Business Solutions Branch

OUR REGULATED SECTORS

As of March 31, 2018, FSCO regulated or registered:

- **311** insurance companies
- **81** credit unions and caisses populaires
- **1,152** mortgage brokerages
- **12,432** mortgage agents
- **4,770** accident benefit service providers
- **55,401** insurance agents
- **1,762** insurance adjusters
- **6,962** pension plans
- **51** loan and trust corporations
- **2,825** mortgage brokers
- **202** mortgage administrators
- **1,732** co-operative corporations
- **6,031** corporate insurance agencies

[Return to top](#)

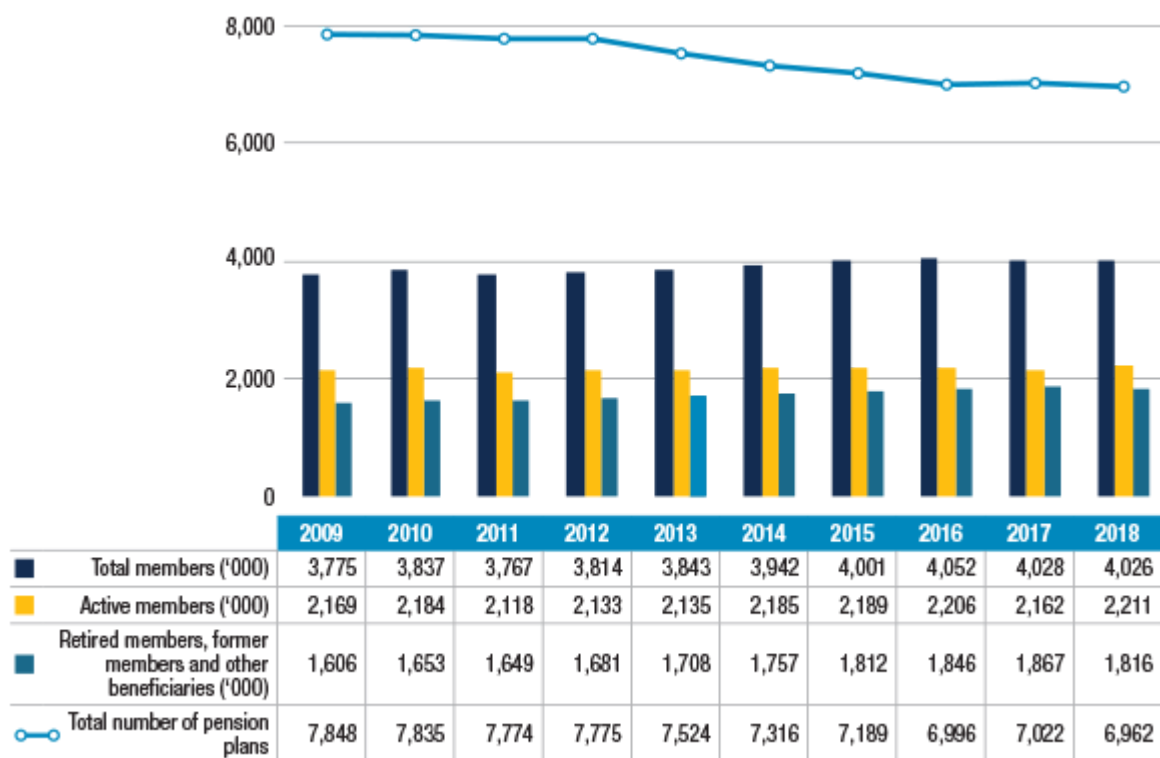
Sectors at a glance

ONTARIO'S PENSION PLAN LANDSCAPE

FSCO administers and enforces the Pension Benefits Act and its regulations to protect the rights of pension plan members and regulate pension plans in an effective, responsive manner.

The chart below shows how the number of pension plans has been steadily decreasing over the last 10 years, although the number of total Ontario pension plan members has remained relatively steady.

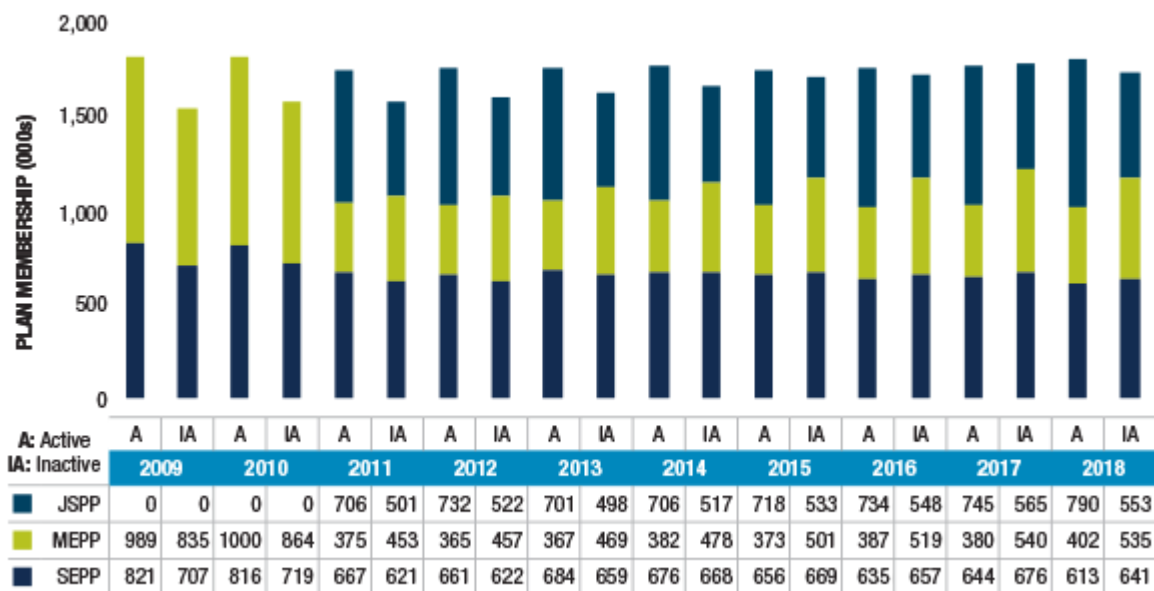
Ontario Pension Plans and Membership from 2009-2018, as at March 31



[Description of Ontario pension plans and membership image](#) 

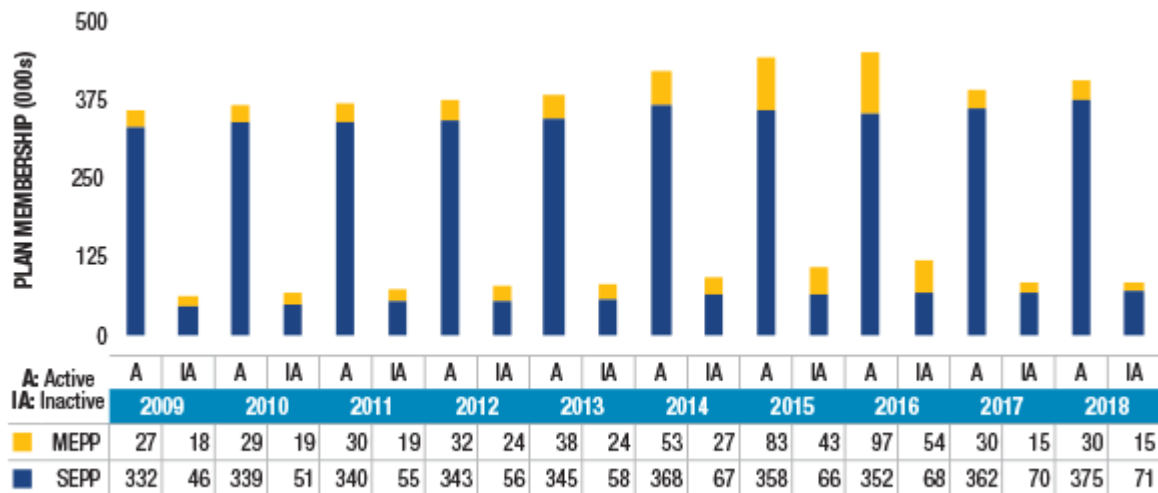
Since 2009, there has been a decrease in membership in single employer and multi- employer defined benefit (DB) pension plans and an increase in membership of jointly sponsored DB pension plans. In defined contribution (DC) pension plans, there has been a net increase in membership over the past 10 years.

Defined benefit (DB) plans – membership by plan type 2009-2018, as at March 31



[Description of Ontario Defined Benefits Plans \(DB\) and membership by plan type image](#)

Defined contribution (DC) plans – membership by plan type 2009-2018, as at March 31



[Description of Defined Contribution \(DC\) plans – membership by plan type image](#)

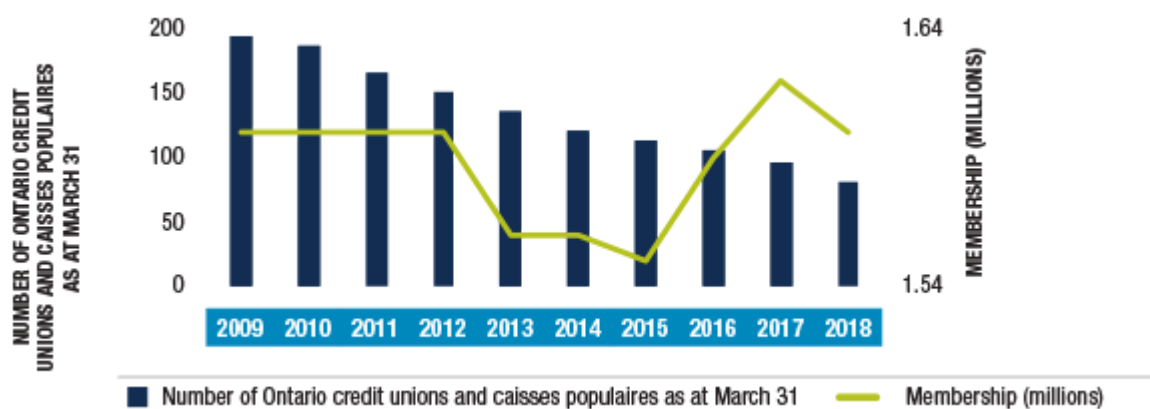
Pension plan administrators are required to file a number of statutory filings throughout the year. The filing deadline varies for each plan, depending on when each plan's year ends.

Statutory filing	Filing rate as at March 31, 2018
Annual Information Return (AIR) - Defined Benefit Pension Plans	98.9%
Annual Information Return (AIR) - Defined Contribution Pension Plans	97.8%
Pension Benefits Guarantee Fund (PBGF) Certificate - Defined Benefit Pension Plans	96.0%
Financial Statements (FS) - Defined Benefit Pension Plans	98.7%
Investment Information Summary (IIS) - Defined Benefit Pension Plans	98.2%
Financial Statements (FS) - Defined Contribution Pension Plans	95.4%
Actuarial Reports (AR) accompanied by an Actuarial Information Summary (AIS)- Defined Benefit Pension Plans	92.9%
Statement of Investment Policies and Procedures (SIPP) accompanied by a SIPP Information Summary - Defined Benefit Pension Plans	96.1%
Statement of Investment Policies and Procedures (SIPP) accompanied by a SIPP Information Summary - Defined Contribution Pension Plans	95.5%

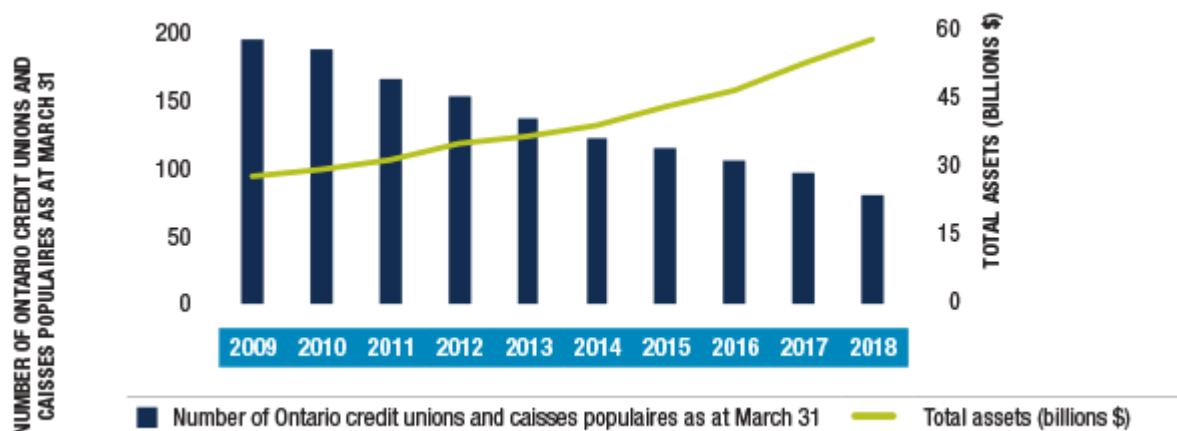
ONTARIO'S CREDIT UNIONS AND CAISSES POPULAIRES

Credit unions and caisses populaires provide deposit-taking and loan arrangement services for members in communities across Ontario. FSCO works with the Deposit Insurance Corporation of Ontario (DICO) to regulate the credit union and caisse populaire sector. FSCO's role includes enforcing the market conduct provisions in the Credit Unions and Caisses Populaires Act, 1994 (CUCPA), incorporating credit unions and reviewing offering statements, amongst other things. The sector continues to see mergers and acquisitions, ultimately leading to fewer, larger and more complex organizations.

Ontario credit unions and caisses populaires and membership 2009-2018, as at March 31



Ontario credit unions and caisses populaires and total assets 2009-2018, as at March 31



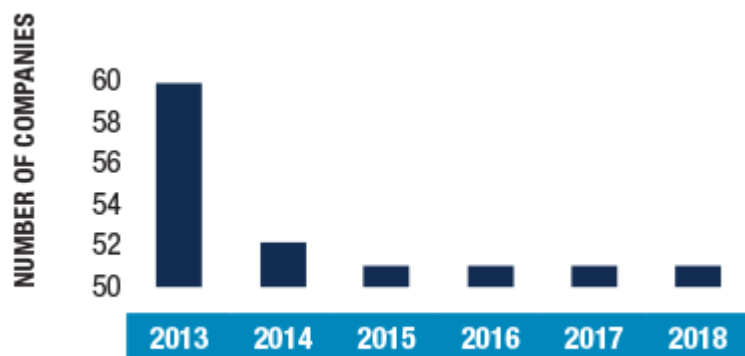
LOAN AND TRUST COMPANIES IN ONTARIO

FSCO is responsible for registering loan and trust companies operating in Ontario, and taking action against unlicensed deposit-takers. Loan and trust companies are either:

- established to serve unique or niche markets
- subsidiaries of banks supporting trust activities related to savings or accumulation accounts registered with the Canada Revenue Agency

As at March 31, 2018, there were 51 federally-incorporated loan and trust companies registered to operate in Ontario. This number has remained steady since 2015.

Loan and trust companies registered with FSCO 2013-2018, as at March 31



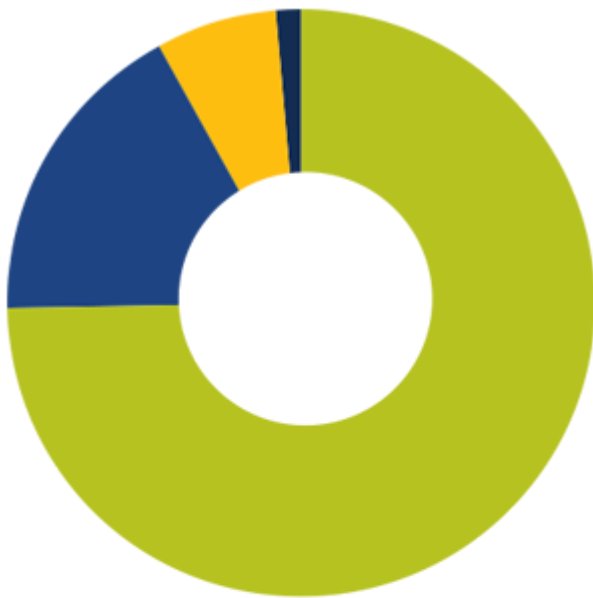
[Description of Loan and trust companies registered with FSCO image](#) 

ONTARIO'S MORTGAGE BROKERING SECTOR

In Ontario, mortgage agents, brokers, brokerages and administrators must be licensed with FSCO in order to conduct mortgage brokering business in the province. As at March 31, 2018, FSCO licensed:

- 12,432 mortgage agents
- 2,825 mortgage brokers
- 1,152 mortgage brokerages
- 202 mortgage administrators

Ontario's mortgage brokering sector



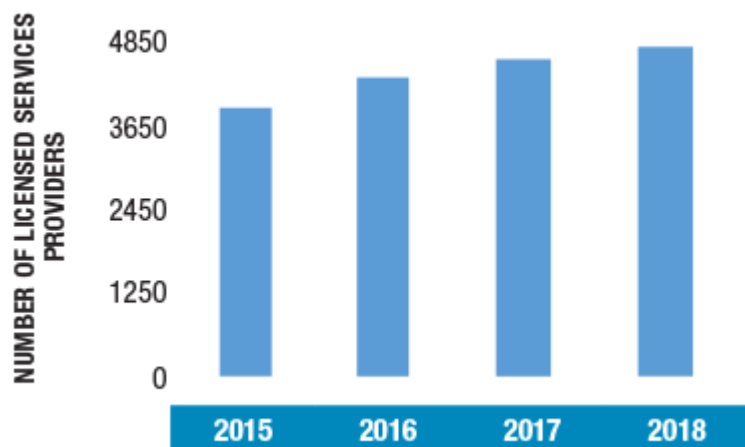
[Description of Ontario's brokerages and administrators licensed with FSCO image](#) 

SERVICE PROVIDERS IN ONTARIO

In December 2014, FSCO began licensing service providers who bill auto insurers directly for medical and rehabilitation services they provide to injured auto accident benefit claimants, and regulating the billing practices related to those services.

As at March 31, 2018, there were 4,770 licensed service providers in Ontario. The chart below shows the number of licensed service providers as at March 31 since FSCO began licensing service providers.

Number of licensed service providers as at March 31



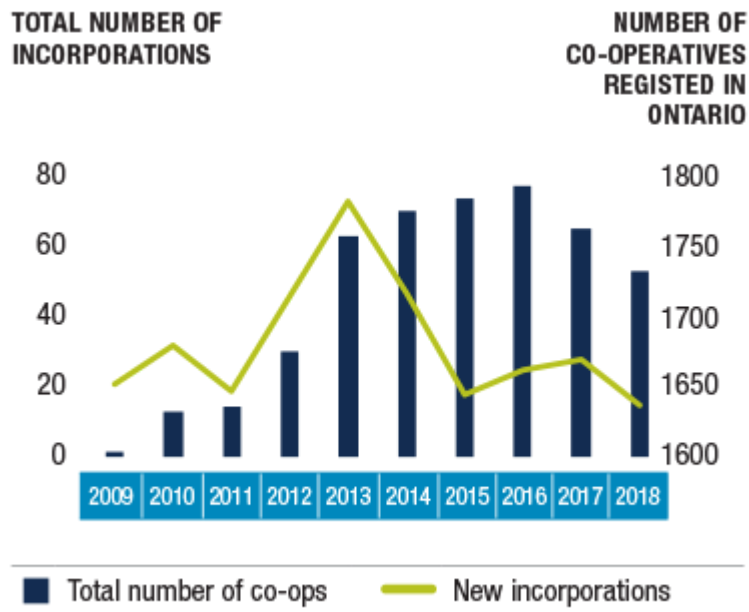
[Description of licensed service providers with FSCO image](#) 

CO-OPS IN ONTARIO

Co-ops, or co-operative corporations, are run by their own members. They support the communities in which they operate and are funded by government or their members. As at March 31, 2018, co-ops must register with FSCO.

In 2017-18, FSCO registered 15 new co-ops.

Co-operatives registered in Ontario 2009-2018, as at March 31



[Description of Co-operatives registered in Ontario 2009-2018 image](#) 

ONTARIO'S INSURANCE SECTOR

FSCO licenses and regulates insurance companies, insurance agents and agencies, and insurance adjusters in Ontario. FSCO's main focus is overseeing the market conduct of companies and individuals who provide protection for Ontarians and their belongings through the life and health insurance sector and the property and casualty insurance sector.

More information about Ontario's insurance sector can be found in the Superintendent's Report on Insurance 2017 at the end of this report.

How we regulate

FSCO regulates using a risk-based approach to enforce legislation. Our [regulatory framework](#) describes what we do, how we do it and why. It outlines how FSCO fulfills its legislative mandate by achieving regulatory outcomes, our core regulatory activities and the principles we follow when conducting regulatory activities. It also summarizes what FSCO expects from the businesses and individuals it licenses and registers, and what they can expect from FSCO in the regulatory process.

Our role is to provide balanced and transparent regulation to help ensure consumers are treated fairly, pension plans are effectively managed on behalf of beneficiaries, and financial products and services satisfy the needs of the public.

FSCO'S RELEVANT STATUTES

- Financial Services Commission of Ontario Act, 1997
- Automobile Insurance Rate Stabilization Act, 2003
- Insurance Act
- Compulsory Automobile Insurance Act
- Prepaid Hospital and Medical Services Act
- Registered Insurance Brokers Act
- Motor Vehicle Accident Claims Act
- Co-operative Corporations Act
- Credit Unions and Caisses Populaires Act, 1994
- Loan and Trust Corporations Act
- Mortgage Brokerages, Lenders and Administrators Act, 2006
- Pension Benefits Act

[Return to top](#)

Performance standards and mitigation strategies

FSCO's performance standards are an established set of targets, developed in consultation with stakeholders. FSCO monitors its performance regularly against these standards and reports the results annually on its website. Where targets have not been met, FSCO reviews its processes to improve service delivery and develops mitigation strategies as appropriate. Mitigation strategies are developed for targets that have been missed by five per cent or more.

FSCO also has key service standards related to its regulatory and corporate functions to ensure it is providing high quality, cost-effective services.

FSCO's performance standards can be categorized as regulatory or enabling functions:

- **Regulatory functions:**
 - Applications and filings
 - Licensing and registration
 - Monitoring and compliance

- **Enabling functions:**

- General services
- Communications

APPLICATIONS AND FILINGS: Automobile insurance performance results

Service	Standard	2017-18 Target (%)	2017-18 Results (%)	2016-17 Results (%)
Applications for Private Passenger Automobile (PPA) Insurance Rate and Risk Classification Filings (Approved)	Simplified Filings (changes proposed are in accordance with Simplified Filing Guidelines and CLEAR Simplified Filing Guidelines) that are complete based on documentation requirements set out in FSCO Filing Guidelines , will be reviewed and approved within 30 days , excluding timeout periods .	90	87	100
	Simplified Filings (changes proposed are in accordance with Simplified Filing Guidelines and CLEAR Simplified Filing Guidelines) that are complete based on documentation requirements set out in FSCO Filing Guidelines , will be reviewed and approved within 30 days , excluding timeout periods .	90	74	59
	Comprehensive Filings (changes proposed include non-uniform base rate changes, changes to differentials and risk classification system changes using company existing modeling techniques) that are complete based on documentation requirements set out in the PPA Major Filing Guidelines , will be reviewed and approved within 60 days , excluding timeout periods .	90	81	100
	Complex Filings (changes proposed consists of introduction of predictive modeling) that are complete based on documentation requirements set out in the PPA Major Filing Guidelines , will be reviewed and approved within 90 days , excluding timeout periods .	90	88	100

FSCO experienced a surge of PPA filings in the third and fourth quarters beyond its processing capacity. FSCO also received increasingly complex filings compared with previous years, including filings related to new innovative products and company mergers, that required more analytical and actuarial resources. As a result, the approvals of some filings were delayed. FSCO will work to anticipate and address potential resource issues in the future, and is taking steps to identify and leverage opportunities to reduce reviewing times.

APPLICATIONS AND FILINGS: Motor Vehicle Accident Claims Fund performance results

Service	Standard	2017-18 Target (%)	2017-18 Results (%)	2016-17 Results (%)
Applications for Third Party Liability Claims	Accurately completed Form 1 (Payment under Section 7) applications will be reviewed and processed within 20 days.	85	100	100

This year, the Motor Vehicle Accident Claims Fund (MVACF) implemented an automated workflow to streamline Form 1 processing. Applications were reviewed and processed more efficiently due to this modernized process.

APPLICATIONS AND FILINGS: Pension plans performance results

Service	Standard	2017-18 Target (%)	2017-18 Results (%)	2016-17 Results (%)
Applications for Defined Benefit Pension Plans	Complete and compliant Surplus Applications will be reviewed and approved within 150 business days.	95	N/A	N/A
	Complete and compliant Wind-up Applications will be reviewed and approved within 120 business days.	95	100	100
	Complete and compliant Transfer of Assets Applications will be reviewed and approved within 120 business days	95	N/A	100
	Complete and compliant Refund of Employer Overpayment Applications will be reviewed and approved within 90 business days.	95	N/A	100
	Complete and compliant Refund of Member Contribution Applications will be reviewed and approved within 60 business days.	95	N/A	N/A
Applications for Defined Contribution Pension Plans	Complete and compliant Refund of Employer Overpayment Applications will be reviewed and approved within 60 business days.	95	N/A	N/A
	Complete and compliant Refund of Member Contribution Applications will be reviewed and approved within 30 business days.	95	N/A	N/A
	Complete and compliant Transfer of Assets Applications will be reviewed and	95	100	100

	approved within 60 business days.			
	Complete and compliant Wind-up (full and partial) Applications will be reviewed and approved within 60 business days.	95	100	100
	Complete and compliant Surplus Withdrawal (wind-up and ongoing) Applications will be reviewed and approved within 120 business days.	95	N/A	N/A

APPLICATIONS AND FILINGS: Licensing and market conduct regulation performance results

Service	Standard	2017-18 Target (%)	2017-18 Results (%)	2016-17 Results (%)
Application for Insurance Agent Licences	Electronic applications for new and renewal Insurance Agent licences that are complete and meet all requirements will be reviewed and approved within 5 business days.	100	77	86
Insurance Companies IVIC Submission	Approval of an Independent Variable Insurance Contract (IVIC) submission within 30 days of receipt.	100	97	100

FSCO's improved risk identification practices for insurance agent applications has led to an increase in files being selected for in-depth screening. FSCO is taking steps to review business systems and practices so that insurance agent licensing timelines are not impacted by the detailed assessment of these applications.

MONITORING AND COMPLIANCE: Licensing and market conduct regulation performance results

Service	Standard	2017-18 Target (%)	2017-18 Results (%)	2016-17 Results (%)
Examinations	Final examination reports will be issued within 30 business days of the completion of routine onsite examinations.	95	91	92

Service	Standard	2017-18 Target (%)	2017-18 Results (%)	2016-17 Results (%)
---------	----------	--------------------------	---------------------------	---------------------------

Sectoral complaints	Complaints regarding one of the sectors that FSCO regulates will be acknowledged within 5 business days.	100	92	100
	Complaints regarding one of the sectors that FSCO regulates will be concluded within 150 days.	90	N/A	88
	Complaints regarding one of the sectors that FSCO regulates will be concluded within 365 days.	98	N/A	98
Telephone	All calls will be answered by the third ring during core business hours or directed to voicemail.	100	98	100
	All calls will be returned by the next business day.	100	67	71
Correspondence	Correspondence will be answered within 15 business days of receipt.	100	100	100
	If a conclusive response is not possible within the standard time, an interim acknowledgement will be provided within 5 business days of receipt.	100	99	100
Quality Service Complaints	Complaints received in writing or through our website where a reply is requested and contact information has been provided will be acknowledged within 5 business days.	100	100	100
	Complaints received in person or by telephone where a reply is requested and contact information has been provided will be acknowledged within 2 business days.	100	100	N/A
	Complaints will be concluded within 15 business days of receipt.	100	100	100

FSCO continues to be committed to delivering high quality customer service. Going forward, FSCO will make efforts to review the tools and supports required to achieve its performance standards. Sectoral complaints data will be available in the second quarter of 2019-20.

COMMUNICATIONS PERFORMANCE RESULTS

Service	Standard	2017-18 Target (%)	2017-18 Results (%)	2016-17 Results (%)
Accessible formats ¹	FSCO will respond within 5 business days to a requestor of web content in accessible format. Following discussions with the requestor, FSCO will provide agreed-upon web content (excluding online applications) in an accessible format within 5 business days.	100	N/A	N/A
	FSCO will respond within 5 business days to a requestor of print publication in an accessible format. Following discussions with the requestor, FSCO will	100	N/A	N/A

	provide agreed-upon publication material in an accessible format within 5 business days.			
Website Response	All inquiries directed to the Web Manager e-mail account will be concluded and/or responded to within 5 business days.	100	100	88

1 Data listed as unavailable are because no inquiries requesting accessible web content or print publications were received in the specified timeframe.

Update on FSCO projects

Each year, FSCO's Agency Business Plan outlines the organization's strategic direction and provides details about major initiatives planned or underway to help achieve FSCO's goals.

The following table lists the status of the projects or initiatives in FSCO's 2017-2020 Agency Business Plan as at March 31, 2018 that remain under FSCO's jurisdiction or, for multi-jurisdictional initiatives, where FSCO's leadership or participation is significant. For 2017-18, a number of projects were on hold pending implementation decisions related to the establishment of the Financial Services Regulatory Authority.

FSCO may begin new projects and initiatives throughout the year that may not be reflected in its Agency Business Plan. These projects are usually in response to emerging issues or government direction.

Project name	Status as at March 31, 2018	Projected fiscal year of completion
Ridesharing/Sharing Economy – Long-Term Strategy	On hold	n/a
Common Traffic Injuries (previously listed as Minor Injury Treatment Protocol Project Implementation)	In progress	2018-19
Report on the Three Year Review of Automobile Insurance, 2017	Complete	
Work with Stakeholders to Reduce Auto Insurance Fraud: Auto Insurance Anti-Fraud Task Force	Complete	
Implement Value-for-Money Audit Recommendations: Pension Division	In progress	2018-19
Enterprise Business Architecture	Complete	
Enterprise Development Program	On hold	n/a

Information Management Project Phase II	Complete	
Risk-Based Regulation: Pension Division	In progress	2018-19
Strategic Professional Development Program	Completed	
CAPSA Multi-Lateral Agreement Implementation	In progress	2018-19
CAPSA Longevity Risk Initiative	Complete	
CCIR Market Conduct Co-operative Supervisory Framework Initiative	Complete	
CCIR Property Insurance Review Initiative	Complete	
CCIR Segregated Funds Review Initiative	Complete	
CCIR Travel Insurance Review Initiative	Complete	
MBRCC Release of Licensing Course Design, Delivery and Accreditation Standards	Complete	
MBRCC Anti-Fraud Messaging for Consumers and Industry	In progress	2018-19
MBRCC Continuing/re-licensing education models	In progress	2019-20
MBRCC Implementation of disciplinary information database for licensed mortgage brokers	Complete	
Minister's Advisor on Auto Insurance and Pensions (Marshall Report)	Complete	
Life Insurer Accountability Project	Complete	
Self-Assessment against the International Association of insurance Supervisors' Insurance Core Principles (ICPs)	In progress	2018-19

[Return to top](#)

Annual Report 2017-2018

[Table of contents](#)

Enabling Innovation

Ontario's thriving financial marketplace is constantly creating new and innovative products, services and delivery models that better meet the needs of consumers. This brings both opportunities and challenges. FSCO recognizes the need to achieve a balance between being nimble in its response to support product and service innovation, while working within its legislative and regulatory frameworks to protect Ontario consumers.

Over the past year, FSCO supported a variety of innovative products and business practices to ensure it remains a modern, responsive and efficient regulator.

PAY-AS-YOU-DRIVE AUTO INSURANCE

This year, FSCO approved the Canadian Automobile Association (CAA) MyPace program, an innovative auto insurance product aimed at Ontario drivers who drive fewer than 9,000 kilometers annually. Expected to launch in 2018-19, this is the first pay-as-you-drive auto insurance product in Canada, allowing drivers to purchase insurance for a predetermined kilometer range. The product uses a telematics device installed in the car to measure distance driven, and drivers pay for coverage in 1,000-kilometer increments.

"The choice and control that Ontario consumers can now access through CAA MyPace was made possible through our collaboration with FSCO. We worked with the regulator to look at innovative solutions for the insurance industry, and they played a key role in facilitating that request while protecting the public interest."

Matthew Turack, President, CAA Insurance Company

SUPPORTING THE SHARING ECONOMY

In response to the rise of the sharing economy, and a gap in insurance coverage, FSCO, industry and regulatory partners worked to develop an insurance solution for ridesharing. New ridesharing and carsharing services continued to enter the marketplace throughout the year, underscoring the importance of having an adaptable solution in place. FSCO approved auto insurance products for an additional six ridesharing companies and one carsharing company in

2017-2018, bringing the total number of ridesharing and car sharing companies with approved auto insurance coverage in Ontario to nine. This ensures consumers have adequate protection when using innovative ridesharing and carsharing services in Ontario.

FINTECH

Ontario is home to many innovative financial technology (Fintech) companies. Many of them operate in FSCO's regulated sectors and require help and guidance navigating Ontario's regulatory landscape. FSCO established a working group in 2016-17 to help identify and support those companies. In 2017-2018, the group worked on creating an intake process to create a collaborative dialogue between FSCO and Fintech companies that are already operating, or are about to start operation, in a regulated sector.

ADDRESSING 'MISSING' PENSION PLAN MEMBERS

Since 2017, pension plan administrators have been required to provide biennial statements to all retired and former members. Experience has shown that this requirement has helped plan administrators identify and resolve contact data issues with many plan members.

Moving forward, administrators' contact data for their members will be more up-to-date since they will be in regular contact through the biennial statement. However, currently it can be very challenging for administrators to find many members who do not provide up-to-date contact information.

To address this, the Pension Benefits Act (PBA) was amended to give FSCO's Superintendent the ability to waive the requirement to provide biennial statements to missing pension plan members if reasonable efforts have been made to attempt to locate those members.

FSCO published two new policies in September 2017 to provide guidance to pension plan administrators regarding missing pension plan members:

- Searching for Plan Beneficiaries (A300-900) determines the steps administrators should consider when searching for missing members.
- Waiver of Biennial Statements for Former and Retired Members (A300-901) outlines FSCO's expectations when administrators request a waiver for sending biennial statements to missing members.

These changes are expected to reduce the numerous inquiries from both pension plan administrators looking for missing beneficiaries and plan members searching for their pensions, as well as improve both the operational efficiency of pension plans and plan sustainability.

SUPPORTING DEFINED BENEFIT PENSION PLAN MEMBERS

In 2017-18, FSCO continued to work with defined benefit pension plan sponsors and representatives to explore merger opportunities between Single Employer Pension Plans and

Jointly Sponsored Pension Plans that strike a balance between plan sustainability and member protection. These types of mergers can strengthen the security and sustainability of defined benefit pension plans and promote increased pension coverage.

EVOLVING FSCO'S BUSINESS PRACTICES

FSCO continuously looks to modernize its business practices, streamline processes and create efficiencies to be a more effective regulator.

Automating treatment plan approvals

This year, the Motor Vehicle Accident Claims Fund (MVACF) reviewed its claims handling processes and identified an opportunity to modernize its processes to be more efficient. MVACF opted into using the Health Claims for Auto Insurance (HCAI) database. This provided MVACF with the ability to automate treatment plan approvals and denials while remaining compliant with applicable laws and regulations. The result has been an improved delivery of health care benefits to Ontarians injured in car accidents involving uninsured drivers, and has allowed MVACF to assess the effectiveness of treatment type and duration for specific injuries.

Maintaining complex technology systems

FSCO currently uses several specialized technology platforms that are not integrated and are costly to maintain. In 2016-17, FSCO created the Enterprise Development Program (EDP), a new internal structure for process and operations within FSCO supported by new technology systems. The EDP would replace all of these individual systems with a common one that is easier to use, facilitating efficient communication between FSCO, regulated entities and consumers.

The project was placed on hold after the government passed legislation to enable the Financial Services Regulatory Authority of Ontario (FSRA), a new, independent regulatory agency that will be responsible for regulating pensions and the financial services sectors. FSCO continues to maintain existing technology systems to ensure the interests of consumers and pension plan members in Ontario remain protected.

[Return to top](#)

Annual Report 2017-2018

[Table of contents](#)

Treating Consumers Fairly

FSCO is committed to protecting consumers in all of its regulated sectors. In 2017-18, FSCO placed a strong emphasis on industry compliance with laws and regulations specifically relating to disclosure of risk and responsibility for consumers. FSCO also leveraged the variety of processes, procedures, and tools at its disposal to ensure consumers and pension plan members are treated fairly.

Protecting consumers through enhanced oversight

SETTING EXPECTATIONS FOR FINANCIAL SERVICES SECTORS

In today's complex and inter-connected financial services marketplace, treating consumers fairly is fundamental to the strength and stability of the sectors FSCO regulates. Treating consumers fairly means putting the interests of consumers first so that they can make the most informed financial decisions possible.

This concept is not new and FSCO already expects that its licensees treat consumers fairly. However, in 2017-18, FSCO began developing a Treating Financial Services Consumers Fairly Guideline as a tool to develop a common understanding of what it means to treat consumers fairly throughout a financial product's life cycle.

In consultation with industry stakeholders, FSCO developed a draft Guideline that aligns with international standards as well as similar national supervisory efforts. The final Guideline is expected to be released in 2018-19.

FORMALIZING DESK REVIEWS FOR LIFE INSURANCE AGENTS AND SERVICE PROVIDERS

To ensure a consistent approach to monitoring activities across regulated sectors, FSCO formally enhanced its oversight of the life insurance and service provider sectors by expanding desk reviews.

Desk reviews are examinations that are done over the phone or via email. They are used to maximize FSCO's resources while at the same time expanding compliance and oversight

activities.

FSCO is analyzing the results from those desk reviews, and expects to share them in 2018-19.

INCREASING OVERSIGHT OF THE CREDIT UNION AND CAISSE POPULAIRE SECTOR

FSCO was aware of consumer concerns about potential mis-selling of financial products and services through credit unions, caisses populaires and banks. To better understand the problem, credit unions and caisses populaires were required to complete a questionnaire. The questionnaire gathered information from all Ontario credit unions and caisses populaires about market conduct principles, policies and procedures, emphasizing sales practices. Not only did the questionnaire provide FSCO with an important tool to identify red flags and monitor sector compliance with the law, but it also provided an opportunity to share key findings and best practices with the sector. FSCO will publish a summary report in 2018-19, allowing organizations to benchmark their own policies and procedures against the industry.

SUPPORTING THE CREATION OF THE CAISSE POPULAIRE ALLIANCE LIMITÉ

Caisses populaires are an integral part of Ontario's financial services sector, providing deposit and loan arrangements for members in Francophone communities. These community-focused institutions often provide financial services in underserved areas such as Northern Ontario.

In November 2017, the members of 12 caisses populaires from Northern Ontario voted to amalgamate to form a new singular entity called the Caisse Populaire Alliance Limité. FSCO supported the merger by reviewing, approving and processing the creation of the new entity. FSCO also processed the cancellation of the 12 caisses' individual licenses.

The merger came into effect on January 1, 2018. By joining forces, the merged network provides Northern Ontarians with more flexibility and choice with 29 locations.

SERVICE PROVIDERS: CONTINUING TO BUILD A CULTURE OF COMPLIANCE

The service provider sector is unique among those FSCO regulates because it relates directly to people's health. It is important that Ontarians who are injured in car accidents can trust the

service providers that treat their injuries and liaise on their behalf with auto insurance companies.

Education is the first step towards compliance, and that is why FSCO held an inaugural market conduct symposium for the service provider sector. The half-day event provided information about the importance of compliance to combat fraud, including proper billing and business practices, strong policies and procedures, and complete record-keeping. Of those who completed a post-event survey, more than 90 per cent found the event informative and relevant, and 84 per cent left with ideas to help improve consumer protection in their organization.

FSCO also met with seven insurers and three service provider stakeholder associations between January and March 2018. This provided an additional opportunity for all parties to share feedback with FSCO about billings, licensing and roles.

While education is important to compliance, FSCO continues to focus on enforcement activities. This year, non-compliant service providers were subject to:

- 124 licence suspensions – an all-time high
- 3 licence revocations
- \$24,250 in administrative monetary penalties

MONITORING PENSION PLANS

This year, FSCO implemented targeted reviews to expand its efforts to proactively monitor pension plans, improve their management and better protect the interests of pension plan members.

Targeted reviews focus on specific regulatory requirements and processes, and provide FSCO with the information needed to ensure that legislated requirements are being followed. In 2017-18, there were two targeted reviews.

The first focused on the Form 7 Non-Remittance reporting process. The second looked at whether termination option statements met legal requirements for statement content and prescribed timelines, including whether the pension entitlements were calculated correctly.

In addition to targeted reviews, FSCO also performs on-site examinations and Tier 1 desk reviews, which are comprehensive pension plan risk assessments. In 2017-18, FSCO undertook 60 on-site pension plan examinations – the most examinations it has ever done in a year – and 59 Tier 1 desk reviews.

“Targeted reviews are important because they allow us to focus on a specific area to see whether pension plans are complying with the law. The findings then help us improve our monitoring activities and guide our outreach education to the sector so that they are better able to continue delivering pension benefits to Ontarians.”

Gino Marandola, Director, Pension Plans Branch

INCREASING CONTINUING EDUCATION REQUIREMENTS FOR THE MORTGAGE BROKERING SECTOR

Every two years, principal brokers must renew their licence with FSCO in order to lawfully conduct mortgage brokering activities in Ontario. In order to renew their licence, principal brokers must complete a mandatory continuing education course and ensure that their agents and/or brokers completed their mandatory continuing education course. In 2018, their continuing education requirements increased from five to seven hours. The education requirements also incorporated training on disclosures and ensuring product suitability for borrowers and investors/lenders.

[Return to top](#)

Protecting consumers through auto insurance regulation

All motorists in Ontario are legally required to have auto insurance coverage. While all auto insurance policies have mandatory third party liability, uninsured automobile, direct compensation-property damage and accident benefits coverages, Ontarians have flexibility to choose to purchase additional or increased benefits and coverages.

FSCO is responsible for ensuring that an insurer’s rate changes are reasonable and justified, and that the rates insurers charge are balanced with their ability to meet their future claims costs.

FSCO also administers the Motor Vehicle Accident Claims Fund (MVACF), which provides compensation to people in auto accidents when no auto insurance exists to cover the claim or where an insurer’s insolvency prevents a response to a claim.

REGULATING AUTO RATES

FSCO sets the requirements for the prescriptive rules about rates and risk classification systems that insurers must follow under the Insurance Act and the Automobile Insurance Rate Stabilization Act, 2003. Insurers must file an application to increase or decrease rates with

FSCO. FSCO then reviews the application to determine if the proposed rates are reasonable based on actuarial data.

As a part of this process, FSCO also evaluates the company's rate-setting criteria and underwriting rules. If the application does not meet statutory standards or the data does not support the request, the Superintendent may refuse part or all of the application.

This year, FSCO approved more than 500 requests for rates and risk classification changes. From the review and approval of rates proposed by insurers, FSCO requested amendments that resulted in an estimated \$276 million in premium savings for Ontario drivers. The average approved rate change for 2017-2018 was an increase of 3.92 per cent compared with an increase of 2.93 per cent in 2016-2017.

Fiscal year	Estimated average approved rate change*	Number of approved filings	Number of filings amended downwards by Superintendent through rate review / approval process	Percent of filings amended downwards by Superintendent through rate review / approval process	Estimated premium savings from Superintendent-directed amendments** (millions)
2017-18	3.92%	102	27	26%	\$276M
2016-17	2.93%	107	18	17%	\$169M
2015-16	(3.11%)	151	33	22%	\$251M
2014-15	(1.38%)	79	13	17%	\$225M
2013-14	(5.78%)	116	45	39%	\$335M

*Auto Quarterly Rate Approvals – FSCO Website

**Difference between rate changes as originally filed by insurers and those finally approved by the Superintendent

OTHER AUTOMOBILE INSURANCE FILINGS

Filing type	2017-18	2016-17
Non-private passenger auto rate filings	80	70
Underwriting rule filings	53	112
Endorsement filings	78	54
Form filings	72	114

The cost of claims plays an integral role in determining the insurance rates charged to consumers. FSCO is tracking the following trends – reported anecdotally by insurers – and monitoring their impact on insurance rates:

- an increase in claims costs related to property damage, due in part to the rising costs of repairing modern technologically advanced vehicles
- an increase in the number of accidents due to inattentive or distracted driving, which could be driving up the costs associated with direct compensation and collision claims

ENABLING INCLUSIVE PRACTICES

As of March 2017, Ontario drivers can choose to display an “X” gender option on their driver’s licence to advance gender inclusivity. Gender “X” includes transgender, non-binary, two-spirit and binary people, and people who do not want to disclose their gender identity.

FSCO has allowed insurers to use the simplified filing process to modify rates and risk classification systems to accommodate Ontario drivers who identify as gender “X.” As at March 31, 2018, FSCO approved modified risk classification systems for six insurers to accommodate those who identify as gender “X.”

SUPPORTING A REVIEW OF THE AUTO INSURANCE SYSTEM

On April 11, 2017, David Marshall’s report, *Fair Benefits Fairly Delivered: A Review of the Auto Insurance System in Ontario*, was released. FSCO supported Mr. Marshall’s review by providing data and information about auto insurance regulation, administrative support and regulatory insights. His report included recommendations such as adopting mandatory programs of care for common injuries and introducing independent examination centres at hospitals to provide medical assessments for insurance claims.

HELPING PEOPLE INJURED IN AUTO ACCIDENTS WHEN NO INSURANCE EXISTS

The Motor Vehicle Accident Claims Fund (MVACF) is a “payer of last resort,” providing compensation to people in auto accidents when no auto insurance exists to cover the claim or where an insurer’s insolvency prevents a response to a claim. For example, MVACF compensates victims of accidents involving uninsured or unidentified drivers of vehicles, such as a “hit and run.”

When applicable, MVACF makes statutory payments for accident benefits and third-party liability claims. MVACF is responsible for recovering all judgment amounts for third party liability claims paid out on behalf of an uninsured motorist.

Victim claims and claims administration	2017-18	2016-17
New claims	544	528
Statutory accident benefits claims paid	572	540

Payments for statutory accident benefits	\$18.0 million	\$21.2 million
Third party liability claims paid	106	89
Payments for third-party liability, bodily injury and property damage	\$7.3 million	\$4.3 million

Protecting pension plan members

When a company is under financial distress (filing for creditor protection or bankruptcy), it can cause anxiety and uncertainty for pension plan members. As Ontario's pension plan regulator, FSCO played an important role during Sears Canada's insolvency and Stelco's restructuring and change in ownership.

PENSION BENEFITS GUARANTEE FUND (PBGF)

FSCO is responsible for administering the Pension Benefit Guarantee Fund (PBGF), which guarantees pensions up to \$1,500 per month for pensioners in Ontario (in the case of wind-ups on or after May 19, 2017). It is funded through annual assessments paid by pension plan sponsors with covered benefits.

SEARS CANADA

The Sears Canada pension plan was registered in Ontario because the majority of its plan members were employed in the province. When Sears Canada was granted court protection under the Companies' Creditors Arrangement Act in June 2017, FSCO took quick action to minimize potential losses to plan members.

FSCO selected Morneau Shepell Ltd. through a competitive tendering process to ensure a pension administrator would take over the administration of the pension plan if needed.

In October 2017, the court approved the liquidation of all remaining stores and assets. The Superintendent determined that the Sears Canada pension plan's wind-up was inevitable. On October 17, 2017, FSCO appointed Morneau Shepell Ltd. to take over the administration of the Sears Canada pension plan.

On March 29, 2018, FSCO issued the final order to wind-up the Sears Canada pension plan effective October 1, 2017.

STELCO (FORMERLY KNOWN AS U.S. STEEL)

In late 2014, U.S. Steel Canada Inc. applied for court protection from its creditors. At this time, there were nine registered Stelco pension plans: four smaller plans, three of which had funding surpluses, and five plans with funding deficits of almost \$840 million. Had the five plans wound up, many plan members could have seen significant reductions to their pensions. The PBGF could have faced claims of over \$450 million.

Throughout the past year, FSCO helped develop and negotiate a solution that revitalized the company under new ownership, saved 2,200 jobs and preserved the pensions and post-retirement health benefits of almost 20,000 pension plan members. On June 30, 2017, the restructuring was complete with approval by the court. The solution included:

- creating an entity to leverage value from Stelco lands not being used for operations, which provided additional funding to five underfunded pension plans and post-employment benefits
- introducing legislative and regulatory changes to support the restructuring process, including requiring various funding streams and assets to contribute to the pension plans in order to improve their funded status and enhance the security of benefits to the plan members
- creating Employee Life and Health trusts to fund health benefit entitlements

On November 15, 2017, FSCO appointed Morneau Shepell Ltd. as the administrator of the five Stelco pension plans, effective January 1, 2018. FSCO managed the complex procurement process for an administrator, using its expertise and agility under tight timelines. Between November 15, 2017 and March 31, 2018, FSCO worked with stakeholders to ensure the smooth transition of pension administrators and to protect plan members against benefit reductions.

This work was recognized with a 2017 Amethyst Award for staff's work on this initiative. The Amethyst Awards are the Ontario government's highest recognition for employee excellence.

DEFINED BENEFIT PENSION PLAN FUNDING FRAMEWORK

The 2008 financial crisis highlighted the ongoing issue of balancing defined benefit pension plan funding with enabling businesses to grow and be more competitive, as falling asset values and interest rates combined with increased member longevity to create significant financial challenges for pension plans and pension sponsors. This year, FSCO hosted a forum for the Pension Advisory Committee (PAC) to facilitate discussion around a proposed new funding framework that would address this issue. This forum supported the Ministry of Finance's initiative to review the funding framework for defined benefit pension plans.

[Return to top](#)

FSCO recognizes that consumers and pension plan members are more empowered when they are more knowledgeable about their financial situation. In 2017-18, FSCO delivered public education campaigns to promote fraud prevention and address key gaps in financial literacy knowledge, and provided the public with information about scams and other unacceptable behaviour from the sectors it regulates.

FSCO was recognized nationally and internationally by the International Association of Business Communicators (IABC) with five Silver Leaf Awards and five Gold Quill Awards for its 2016 Financial Literacy Month campaign. The campaign provided millennials with information and tips about how to save, shop and apply for a mortgage, and how to work with brokers and agents.

OVERCOMING BIASES KEY TO FINANCIAL LITERACY

The challenge facing FSCO to educate millennials (25-34 year-olds) about life and health insurance was identified in the 2013 Organisation for Economic Co-operation and Development (OECD) report "*Improving Financial Education Effectiveness Through Behavioural Economics*." The report stated that "even with knowledge and adequate information, consumers still act in a way that is not in their own best interest." Inherent biases, such as the optimism bias, leads people to believe they are invincible to illness and financial hardship. In addition, the peer bias leads to making financial decisions based on what peers do.

The report went on to recommend that financial education needs to address the fact that in addition to information, consumers require tools to help them act in a way that improves their financial well-being.

That is why FSCO's public education campaign for Financial Literacy Month in November 2017 included a self-awareness quiz on life and health insurance, and YouTube videos produced by peers that millennials follow. FSCO used behavioural insights to help increase the impact of the campaign's message: that millennials should consider life and health insurance while going through life's milestone events like having children, getting married and purchasing a home to protect themselves, their loved ones and their investments. The campaign's social and digital activities had more than 13 million impressions.

YES, IT IS MORTGAGE FRAUD IF...

In March 2018, FSCO conducted a Fraud Prevention Month campaign providing information about mortgage fraud, and how and where to report it. The campaign also reminded stakeholders in the mortgage brokering sector of their fraud reporting obligations and the best practices to protect consumers.

Why mortgage fraud? While gathering potential topics for the campaign, FSCO found Equifax research where 13 per cent of Canadians said it was okay to tell "little white lies" on their

mortgage applications. This, coupled with the new federal “stress test” rules that would affect those renewing mortgages as well as new home buyers, made it appropriate timing to focus on mortgage fraud.

FSCO’s campaign was very successful in educating about consumer rights and responsibilities when obtaining a mortgage. It also covered the simple “red flags” to be aware of and highlighted fraudulent activities such as inflating salary on an application form. The campaign used social media posts and advertising, blog posts, videos, an online quiz and two Twitter chats to direct consumers to content on the FSCO website. The campaign drove almost 35,000 website page views, more than 1,300 video views and more than 3.4 million impressions from two Twitter chats about financial crime.

SCAMS AND WARNING NOTICES

FSCO maintains information on its website about potential scams relating to the sectors it regulates as a service for consumers. FSCO also issues warning notices about specific entities that FSCO believes may be of concern to consumers and the business community.

In 2017-18, FSCO issued six warning notices to inform consumers and businesses about:

- two entities not licensed or registered to conduct syndicated mortgage business in Ontario that appeared to solicit syndicated mortgage investments
- two entities not licensed to conduct mortgage business in Ontario that appeared to solicit mortgage business and related services
- one entity not licensed to do insurance business in Ontario that appeared to issue false proof of auto insurance to a consumer
- one scam from an organization that appeared to be soliciting mortgage businesses despite not being licensed to do so in Ontario

Ensuring access to government services

Ontarians expect to experience seamless access to government services, regardless of which organization is responsible for delivering a program or service. Throughout 2017-18, FSCO continued work towards the transition of various responsibilities to other government bodies.

TRANSFER OF INCORPORATION SERVICES FOR CO-OPERATIVE CORPORATIONS (CO-OPS)

In 2017-18, FSCO supported the Ontario government’s work to post proposed regulatory amendments to the Co-operative Corporations Act. The amendments include the transfer of incorporation to the Ministry of Government and Consumer Services (MGCS), the ministry that is also responsible for the incorporation of all other businesses and not-for-profits in Ontario.

Ontario's co-ops span a number of sectors, including farming, retail, renewable energy, child care and, mostly, housing. FSCO is responsible for co-op regulation under the Co-operative Corporations Act, including incorporation. Transferring incorporation services to MGCS would consolidate all Ontario business incorporation services in one organization.

Until the regulatory changes come into effect, FSCO continues to regulate and incorporate co-ops in Ontario, and provide support to the government on this initiative.

DISPUTE RESOLUTION SERVICES

In April 2016, FSCO transferred its dispute resolution services activities to the Licence Appeal Tribunal of the Ministry of the Attorney General. FSCO maintained responsibility for mediation, neutral evaluation and arbitration applications received before that date, and continues to be responsible for all files remaining open as of March 31, 2016.

As of March 31, 2018, FSCO had 93 open arbitration files, and continued to use ADR Chambers to help reduce the number of arbitration files.

FSCO also had 78 open appeal files as of March 31, 2018. FSCO continues to accept applications for appeal and variation/revocation of decisions arising out of arbitration applications filed at FSCO prior to April 1, 2016.

[Return to top](#)

Addressing inquiries and complaints

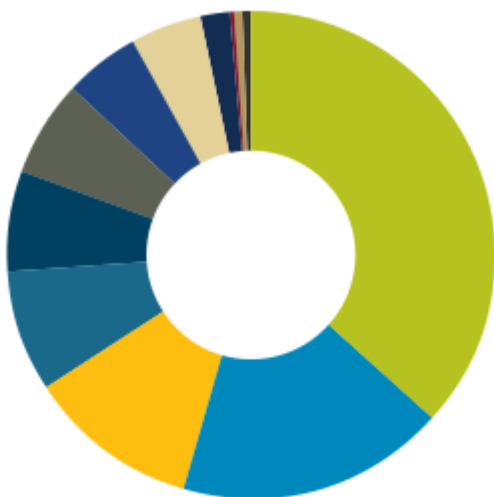
FSCO responds to public inquiries for information and reviews stakeholder and consumer complaints about the sectors it regulates.













FSCO monitors the types of inquiries and complaints it receives to identify practices that may be harmful to consumers and the marketplace or that may violate legislation, regulations or FSCO's rules and procedures. Tracking also helps FSCO identify issues or trends where consumer or stakeholder education may be required.

INQUIRIES

The number and type of inquiries to which FSCO responds each year varies, depending on the social and economic environment and changes to legislative and regulatory requirements.

Inquiries to FSCO's Contact Centre in 2017-18



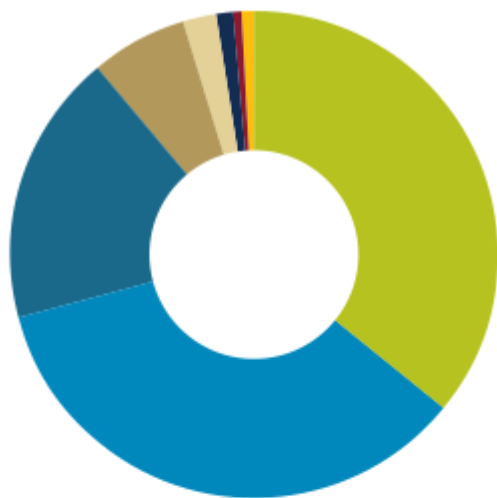
INQUIRY TYPE		NUMBER	%
	Licensing	19,663	36.8
	Mortgage Brokering	9,558	17.9
	Pensions	6,022	11.3
	Service Providers	4,415	8.3
	Insurance - Automobile	3,550	6.6
	Locked-in Accounts	3,322	6.2
	Non-FSCO	2,662	5.0
	FSCO - Other	2,517	4.7
	Insurance - Other	1,037	1.9
	Credit Unions/Caisses Populaires	253	0.5
	Co-operatives	241	0.5
	Loan & Trust	239	0.4
Total		53,479	









[Description of Inquiries to FSCO's contact centre image](#) 

FSCO's contact centre is often consumers' and stakeholders' first point of contact with the organization. The contact centre provides information and support by responding to telephone inquiries and correspondence.

For more complex or specific issues related to licensing, market conduct or pensions, FSCO staff work directly with industry to help people get the information they need.

Market Conduct Inquiries in 2017-18

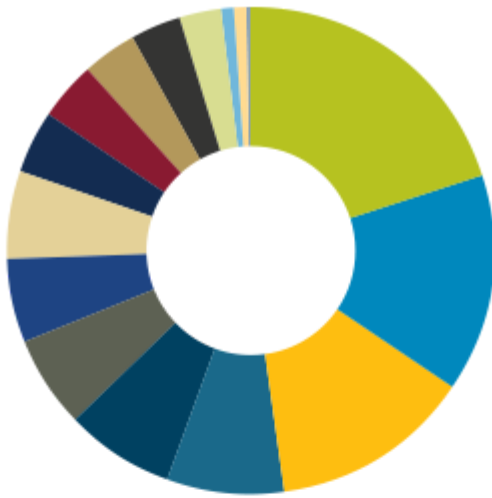


INQUIRY TYPE		NUMBER	%
	Insurance – Property and Casualty**	541	35.9
	Mortgage Brokers	529	35.1
	Insurance – Life and Health	270	17.9
	Non-Jurisdictional	98	6.5
	Credit Unions	32	2.1
	Co-operatives	18	1.2
	Insurance - Investments	10	0.7
	Loan & Trust	9	0.6
Total		1,507	

***Includes service provider and auto insurance inquiries*

Description of market conduct inquiries image 

Pension Inquiries in 2017-18



INQUIRY TYPE	NUMBER	%
Access to Information from FSCO	1,027	20.1
Pension Services Portal (PSP) Inquiry	745	14.6
Details on Filings (AIR,FS,IS,PBGF,AVR,AIS and SIPP)	682	13.3
Interpretation (Admin/Legs/Policy)	391	7.6
Marriage Breakdown (FLA)	378	7.4
Information on LIRA/LIF/LRIF	312	6.1
Member Rights Under PBA	287	5.6
Lost or Missing Benefits	286	5.6
Administrative Inquiries and Updates	222	4.3
Pension Assessments	190	3.7
Unlocking/Financial Hardship	190	3.7
Matter Outside FSCO Jurisdiction	173	3.4
Deadlines for Submissions/Filings	134	2.6
Request for Forms/Publications	55	1.1
CCAA/Bankruptcy Explanation	35	0.7
Other	8	0.2
Total	5,115	

**Percentages may not add to 100 due to rounding*

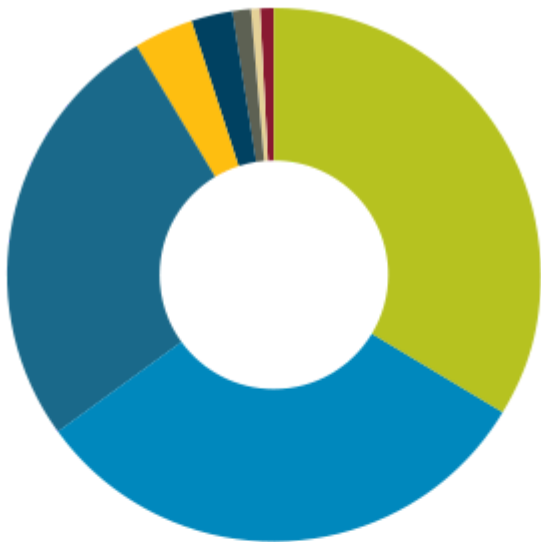
Description of pension inquiries image 









COMPLAINTS

In general, market conduct complaints relate to the actions or behaviours of regulated entities. These complaints are an important part of FSCO's risk-based approach to market conduct oversight.

FSCO reviews complaints that allege non-compliance with legislation or regulations in any of the sectors it regulates. Where there is a contravention, FSCO takes appropriate enforcement action. It is important to note that not all complaints result in a finding of contravention of the law.

Market Conduct Complaints in 2017-18







INQUIRY TYPE		NUMBER	%
	Insurance – Property and Casualty**	416	33.8
	Mortgage Brokers	383	31.2
	Insurance – Life and Health	326	26.5
	Insurance - Investments	44	3.6
	Credit Unions	30	2.4
	Non-Jurisdictional	16	1.3
	Co-operatives	7	0.6
	Loan & Trust	7	0.6
Total		1,229	

* Percentages may not add to 100 due to rounding
** Includes health service provider and auto insurance complaints

Pension Complaints in 2017-18



INQUIRY TYPE		NUMBER	%
	Commuted Value/Benefit Entitlement	73	38.6
	Non-Compliance with Legislation/Policy	60	31.7
	Non-Compliance with Plan Provisions	52	27.5
	Reciprocal Transfer Agreement	4	2.1
Total		189	

** Percentages may not add to 100 due to rounding*

Description of Pension complaints image 

In 2017-18, FSCO saw an increase in the number of pension-related complaints due to member concerns in two particular pension plans. FSCO worked with complainants to address their concerns.

Enforcing the law

FSCO monitors, investigates and, where warranted, takes appropriate enforcement action within its regulated sectors in order to enhance public confidence and protect consumers and pension plan members against non-compliant individuals and businesses, including those that may be conducting unlicensed activities.

FSCO's monitoring activities include reviewing complaints; analyzing statutory filings, information returns and questionnaires; undertaking compliance audits for continuing education and errors and omissions insurance requirements; and conducting on-site examinations. Depending on review results, FSCO may decide to investigate further.

FSCO also uses this information to assess an entity's risk level. Depending on the risk level and the sector, a licensee or registrant may be subject to a targeted review, an on-site examination and/or a desk review.

Should there be a finding of non-compliance with legislation and regulation, FSCO generally takes a progressive approach to discipline. Enforcement action and tools can vary based on the contravention, findings, risk factors and any past issues.

Enforcement actions and tools include:

- education
- remediation
- intervention
- licence suspension and/or revocation
- administrative monetary penalties

The following table shows the enforcement actions FSCO took against non-compliant licensees in 2017-18.

Sector	Number of caution letters	Number of warning letters	Number of licence suspensions*	Number of licence revocations	Number of licence refusal/denials	Total administrative monetary penalties (\$)
Service providers	0	1	124	3	0	\$24,250
Mortgage brokering	43	45	3	19	5	\$1,201,225
Insurance sector (life insurance agents; property and casualty; life and health)	5	25	1	4	7	\$177,006

*Includes interim suspensions

The Motor Vehicle Accident Claims Fund (MVACF), which provides accident benefits and third party liability payments to victims of accidents involving uninsured or unidentified vehicles, also has the ability to take enforcement action against uninsured motorists by suspending driver's licences for unpaid judgments.

Enforcement actions	2017-18	2016-17
Suspended driver's licences	228	210
Repayments processed	3,816	4,072
Debtors making payments	473	488
Collection of repayments	\$968,255.36	\$1.0 million

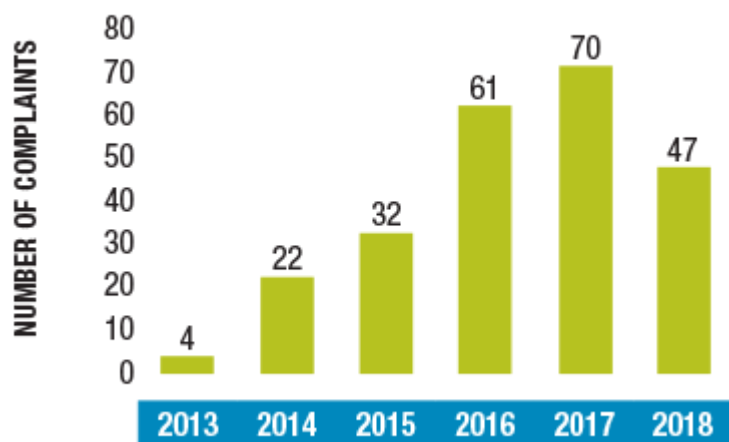
Syndicated mortgage investments: protecting consumers

A syndicated mortgage is a mortgage loan that has more than one lender or investor who makes an investment in a mortgage. In Ontario, syndicated mortgage transactions that are governed by the Mortgage Brokerages, Lenders and Administrators Act, 2016 (MBLAA) are under FSCO's purview.

FSCO considers syndicated mortgage investments (SMIs) to be high risk and notes they may not be suitable for the average lender or investor.

During 2017-18, FSCO registered 47 complaints about syndicated mortgage investments. The following graph shows the number of complaints about syndicated mortgage investments over the past six fiscal years.

Syndicated Mortgage Investment Complaints as at March 31



[Description of Syndicated Mortgage Investments Complaints image](#) 

In January and February 2018, the Superintendent of Financial Services issued orders for \$1.1 million in administrative monetary penalties following a complex and detailed investigation by FSCO.

The orders were issued, pursuant to a settlement, against eight parties that were involved with syndicated mortgage investments for real estate development projects in Ontario and elsewhere in Canada for which Fortress Real Developments Inc. was a developer or development consultant. Fortress Real Developments Inc. was not a mortgage brokerage or administrator and was not a party to the settlement or the subject of any of the orders.

The orders also provided that one mortgage brokerage licence and four mortgage broker licences be revoked on consent, requiring them to stop all mortgage brokering business immediately. One additional principal broker also surrendered their broker licence, requiring her to cease all mortgage brokering activities.

The mortgage administrator for these syndicated mortgage investments was Building Development and Mortgages Canada Inc. (BDMC). BDMC voluntarily agreed that its mortgage administration functions for existing syndicated mortgage investments in real estate development projects for which Fortress Real Development Inc. was a developer or development consultant would be managed by a new arms-length administrator. The administrator named to conduct business in BDMC's name is FAAN Mortgage Administrators Inc.

FSCO also issued two compliance orders and five other licence revocations in 2017-18 related to syndicated mortgage activity.

Getting ready for pension administrator fines

The Administrative Penalties regulation under the Pension Benefits Act (PBA) came into effect on January 1, 2018, giving FSCO the power to impose administrative penalties on persons, including pension plan administrators, who contravene the PBA and its regulations. FSCO expects that administrative penalties will be an effective additional tool to promote compliance in the pension sector.

FSCO is working to develop the policies and procedures to govern how those penalties are assessed and administered.

[Return to top](#)

Annual Report 2017-2018

[Table of contents](#)

FSCO on the National Stage

In 2017-18, FSCO further enhanced its reputation as a leader on the national stage. Over the past year, FSCO has influenced the development of provincial, national and international regulatory policy, been recognized as a first class regulator, and taken the lead on important cross-jurisdictional initiatives.

FSCO'S PARTICIPATION IN NATIONAL ORGANIZATION

FSCO remained steadfast in its commitment to supporting discussions, policies and projects at the national level through its participation in the following organizations:

- Canadian Association of Pension Supervisory Authorities (CAPSA)
- Canadian Automobile Insurance Rate Regulators Association (CARR)
- Canadian Council of Insurance Regulators (CCIR)
- Canadian Insurance Services Regulatory Organizations (CISRO)
- General Insurance Statistical Agency (GISA)
- Mortgage Broker Regulators' Council of Canada (MBRCC)

FSCO serves as Chair or Vice Chair of these groups, representing the province. In 2017-18, FSCO's CEO was Chair of GISA, and Vice Chair of CAPSA, CCIR and MBRCC. FSCO also provides secretariat services to CAPSA, CCIR, MBRCC, GISA and, on a pilot basis, CISRO. These services include policy research; governance, project and operational support; and coordinating quarterly meetings.

FSCO's participation in national organizations provides opportunities to strengthen relationships with other regulators, have input and influence at the national level, and affect positive change for consumers and pension plan members.

HARMONIZING CROSS-JURISDICTIONAL STANDARDS FOR MORTGAGE BROKER LICENSING EDUCATION

For years, Canada's mortgage sector had varying licensing education requirements across the country. To address this, MBRCC spearheaded a FSCO-led initiative to harmonize mortgage brokering education standards.

In March 2018, the MBRCC launched a new Mortgage Education and Accreditation Standards User Guide, which outlines consistent accreditation standards to help course providers in the mortgage brokering industry achieve consistency in licensing education across the country. This will help ensure industry licensees across all jurisdictions are equipped with the required level of skills and knowledge to protect consumers' interests and strengthen industry integrity.

ENABLING EXTRA-PROVINCIAL CREDIT UNION PARTICIPATION IN SYNDICATED LOANS

Syndicated loans are loans that are funded through multiple investors and provided to a single borrower. In order to improve risk management and increase access to funding to meet consumer demand, a regulatory change came into effect on January 1, 2018, allowing credit unions from outside of Ontario to participate in syndicated loans in Ontario if they are registered with FSCO. This stemmed from the 2014-2015 mandatory five-year review of the legislation and regulations governing credit unions and caisses populaires (the Credit Unions and Caisses Populaires Act, 1994).

FSCO prepared for this regulatory change by implementing a review and approval process to handle applications from extra-provincial credit unions. Information for extra-provincial credit unions, including registration forms, is now available on FSCO's website. Borrowers may now be able to access additional lenders through syndicated loans by their local credit unions.

HOSTING CISRO'S PILOT SECRETARIAT

In the fall of 2017, FSCO was selected to establish and host an 18-month pilot secretariat for CISRO. As an inter-jurisdictional association of regulatory authorities responsible for insurance intermediaries across Canada, CISRO is dedicated to developing consistent standards of qualifications and practice for insurance intermediaries. FSCO is providing a formal structure, resources, and dedicated policy and administrative staff to support the delivery of CISRO's objectives through 2018-19.

"Achieving a higher degree of harmonization, supervisory cooperation, and jurisdictional participation is a strategic priority for FSCO. Our reputation for delivering highly professional secretariat services is leading to greater opportunities to deliver on this important priority."

Peter Burston, Director, Regulatory Coordination Branch

In 2017-18, FSCO supported CISRO priorities, including the establishment of a committee to review licensing qualification requirements for general insurance across jurisdictions in Canada.

IMPROVING SEGREGATED FUND STATEMENTS

Segregated funds are financial investments offered by insurance companies because they contain an insurance component. FSCO is the chair of CCIR's segregated funds working group, which has been developing a model investment statement that will help segregated fund contract holders better understand the costs associated with their investments.

With support from FSCO, the working group procured a market research specialist and held focus group sessions to obtain investor feedback on the ease and usability of the statement. The working group also consulted extensively with stakeholders and released a position paper in December 2017. CCIR will release the prototype statement and recommendations to the industry in 2018-19.

[Return to top](#)

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

Annual Report 2017-2018

[Table of contents](#)


Report of the Financial Services Tribunal

Established by the FSCO Act, the Financial Services Tribunal (FST) is an expert, independent adjudicative body. The FST conducts hearings and hears certain appeals on regulatory and disciplinary matters under statutes covering the sectors regulated by FSCO, including the:

- Pension Benefits Act
- Insurance Act
- Mortgage Brokerages, Lenders and Administrators Act, 2006
- Credit Unions and Caisses Populaires Act, 1994
- Loan and Trust Corporations Act
- Prepaid Hospital and Medical Services Act

The FST has exclusive jurisdiction to exercise the powers conferred on it by legislation and to determine all questions of fact or law that arise in its hearings.

The FST is composed of nine to 15 members, including the Chair and two Vice-Chairs, all appointed by the Lieutenant Governor in Council. The Chair and Vice-Chairs of the FST are also the Chair and Vice-Chairs of the Commission.


Appointments to the FST and FSCO are made in accordance with the guidelines established by Ontario's [Public Appointments Secretariat](#) .

NAME	POSITION	TENURE (From/To)	
Florence Holden	Chair (Acting)	August 11, 2004	September 6, 2017
Denis Boivin	Chair (Acting)	September 6, 2017	September 12, 2017
Ian McSweeney*	Chair	September 13, 2017	September 12, 2019
Ian McSweeney	Vice-Chair	March 11, 2015	May 10, 2020

Denis Boivin*	Vice-Chair	December 1, 2004	October 17, 2019
Craig Brown	Member	August 17, 2017	August 16, 2019
Paul Farley	Member	January 5, 2015	March 4, 2020
Caroline (Cally) Hunt	Member	February 8, 2018	February 7, 2020
Patrick Longhurst	Member	August 9, 2009	August 7, 2017
Julie Maciura	Member	November 2, 2016	November 1, 2018
Audrey Mak	Member	November 2, 2016	November 1, 2018
Christopher Portner	Member	August 17, 2017	August 16, 2019
Jeffrey Richardson	Member	August 12, 2008	August 9, 2019
Mohammad Faisal Siddiqi	Member	March 1, 2017	February 28, 2019
John Solursh	Member	August 11, 2004	August 7, 2017
Jill Wagman	Member	December 17, 2013	December 16, 2018
Bethune Whiston	Member	December 17, 2013	December 16, 2018

*Current role

The FST is committed to providing an expert impartial hearing process that is accessible, prompt and fair. It has established its own Rules of Practice and Procedure (rules) – including practice directions recently consolidated therein – to guide the conduct of its hearings. The Statutory Powers Procedure Act also governs FST proceedings.

For hearing participants' convenience, the FST's hearing schedule, decisions and rules are posted on the [FST website](#) , along with biographical sketches of current FST members.

During 2017-18, the FST began a comprehensive review of its rules and forms to ensure they best reflect current practices. The FST also started reviewing its practices for self-represented parties, and hopes to introduce an online guide to help self-represented parties better understand the hearing process.

The FST also continued to recruit new adjudicators to ensure a roster of members who have experience and expertise in the regulated sectors.

Throughout 2017-18, the FST worked closely with the Ministry of Finance and the Financial Services Regulatory Authority to plan for the implementation of the Financial Services Tribunal Act, once proclaimed.

FST public service standards and activities

The FST has established published service standards and a tracking mechanism to facilitate public reporting on services. The table below summarizes how the FST performed against its standards:

	Total Fiscal Year (April 1, 2017 – March 31, 2018)				
	# of Cases / Decisions	Target # of Cases	# that met standard	# that did not meet standard	% that met standard
Letter to acknowledge hearing request (Standard = 5 days in 100% of cases)	66	66	66	0	100%
Confirm PHC date (Standard = 35 days in 90% of cases)	58	52	55	3	100%
Issue decision with reasons (Standard = 90 days in 90% of cases)	23	21	22	1	100%

The Financial Services Tribunal Activities table below summarizes the FST's activities in 2017-18:

Activity	Pension Matters (Excluding Financial Hardship)	Pension Matters (Financial Hardship)	Mortgage Matters	Insurance Matters	Credit Union Matters	Loan & Trust Matters	Total 2017-18	Total 2016-17
Cases Pending at Beginning of Year	2	-	13	13	-	-	28	27

New Cases Received	1	-	16	48	1	-	66	49
Files Closed	3	-	17	25	-	-	45	48
Cases Pending at End of Year	-	-	12	36	1	-	49	28
Oral Hearing Days	2	-	3	8	-	-	13	25
Written Hearings	-	-	7	7	-	-	14	8
Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions	2	-	29	54	-	-	85	73
Total Hearing (Oral and Written) and Activity Days before FST	4	-	39	69	-	-	112	106

Notes:

1. Table does not include FST quarterly meetings, days for deliberation or decision writing. Total member days were 435.5 for the period.
2. Numbers may reflect activity in respect of files opened prior to 2017-18 fiscal year.
3. Written hearings may relate to financial hardship matters, motions, requests for costs or requests for a review of a decision.

[Return to top](#)

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

Annual Report 2017-2018

[Table of contents](#)

Financial Statements

Financial Services Commission of Ontario



Financial Services Commission of Ontario

Chief Executive Officer and Superintendent of Financial Services

5160 Yonge Street
Box 85, 17th Floor
Toronto ON M2N 6L9

Telephone: (416) 590-7000

Facsimile: (416) 590-7078

Commission des services financiers de l'Ontario

Directeur général et surintendant des services financiers

5160, rue Yonge
boîte 85, 17e étage
Toronto ON M2N 6L9

Téléphone : (416) 590-7000

Télécopieur : (416) 590-7078

October 18, 2018

Management's Responsibility for Financial Information

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. Under the Act the Superintendent is responsible for the financial and administrative affairs of the Commission.

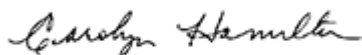
Under the direction of the Superintendent, Management of the Commission is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations. The preparation of financial statements involves the use of management's judgment and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

Management of the Commission is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations. They have been approved by the Commission's Audit and Risk Committee. The Auditor's report follows.



Brian Mills
Chief Executive Officer and
Superintendent of Financial
Services



Carolyn Hamilton
Director, Corporate Services
Branch



Office of the Auditor General of Ontario

20 Dundas Street West

Suite 1530

Toronto, Ontario

M5G 2C2

416-327-2381

fax 416-327-9862

tty 416-327-6123

Bureau du vérificateur général de l'Ontario

20, rue Dundas ouest

suite 1530

Toronto (Ontario)

M5G 2C2

416-327-2381

télécopieur 416-327-9862

ats 416-327-6123

www.auditor.on.ca 

INDEPENDENT AUDITOR'S REPORT

To the Financial Services Commission of Ontario and to the Minister of Finance

I have audited the accompanying financial statements of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Financial Services Commission of Ontario as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
October 18, 2018



Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

Statement of Financial Position

As at March 31, 2018

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
ASSETS		
Current		
Cash	1	1
Accounts receivable	353	37
Prepaid expenses	236	12
	<hr/> 590	<hr/> 50
Due from the Province (Note 7b)	40,555	37,049
Capital assets, net (Note 3)	8,593	8,947
	<hr/> 49,738	<hr/> 46,046
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	12,384	16,044
	<hr/> 12,384	<hr/> 16,044
Employee future benefits obligation (Note 7a)	4,549	5,067
Deferred revenue (Note 4)	23,224	15,093
Deferred lease inducements (Note 5)	261	426
Net assets		
Invested in capital assets	8,593	8,947
Internally restricted (Note 11)	727	469
	<hr/> 49,738	<hr/> 46,046

Commitment, significant contract and contingencies (Note 9)

See accompanying notes to financial statements

Approved by:



Brian Mills

Chief Executive Officer and Superintendent of
Financial Services Commission of Ontario

Statement of Operations

For the Year Ended March 31, 2018

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
Revenue (Note 6)		
Assessments	38,402	63,386
Fees, licenses, registrations and other	17,172	15,272
	<u>55,574</u>	<u>78,658</u>
Expenses		
Salaries and wages	31,152	32,040
Employee benefits (Note 7a)	7,991	8,826
Transportation and communication	525	544
Services	19,590	41,842
Supplies and equipment	338	331
Amortization	1,353	1,639
Bad debt expense	185	134
	<u>61,134</u>	<u>85,356</u>
Less: Recoveries (Note 8)	4,628	5,096
	<u>56,506</u>	<u>80,260</u>
Deficiency of revenue over expenses from operations	(932)	(1,602)
Contribution by the province (Note 7b)	1,190	2,071
Excess of revenue over expenses (Note 7b and 11)	<u>258</u>	<u>469</u>

See accompanying notes to financial statements

Statement of Cash Flows

For the Year Ended March 31, 2018

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess of revenue over expenses	258	469
Items not affecting cash		
Amortization of capital assets	1,353	1,639
Amortization of deferred lease inducements	(165)	(165)
Employee future benefits (Note 7a)	(518)	(4,177)
Bad debt expense	185	134
Changes in non-cash working capital		
Accounts receivable	(501)	1,361
Prepaid expenses	(224)	11
Accounts payable and accrued liabilities	(3,660)	1,468
Due from the Province	(3,506)	2,698
Deferred Revenue	8,131	(1,799)
	<u>1,353</u>	<u>1,639</u>
Cash flows from capital activity		
Purchase of capital assets	(999)	(1,128)
	<u>(999)</u>	<u>(1,128)</u>
Cash flows from financing activity		
Investment in capital assets by the Province	(354)	(511)
	<u>(354)</u>	<u>(511)</u>
Net change in cash position	-	-
Cash, beginning of year	<u>1</u>	<u>1</u>
Cash, end of year	<u>1</u>	<u>1</u>

See accompanying notes to financial statements

Statement of Changes in Net Assets

For the Year Ended March 31, 2018

	Invested in Capital Assets	Internally Restricted	Unrestricted Net Assets	March 31, 2018 (\$ '000) Total	March 31, 2017 (\$ '000) Total
Balance, beginning of year	8,947	469	–	9,416	9,458
Excess/(deficiency) of revenues over expenses	–	258	(1,190)	(932)	(1,602)
Contribution by the Province	–	–	1,190	1,190	2,071
Investment in capital assets	(354)	–	–	(354)	(511)
Balance, end of year	8,593	727	–	9,320	9,416

See accompanying notes to financial statements

Notes to the Financial Statements

March 31, 2018

1. OPERATIONS OF THE COMMISSION

The Financial Services Commission of Ontario (Commission) was established under the *Financial Services Commission of Ontario Act, 1997*. The Commission's mandate through its regulated activities is to protect the public interest and enhance public confidence in insurance, pensions, credit unions, trust companies, caisses populaires, co-operatives and mortgage brokers, and also to make recommendations to the Minister of Finance on matters affecting the regulated sectors. The Commission administers the following legislation: *Insurance Act, Pension Benefits Act, Credit Unions and Caisses Populaires Act, Loan and Trust Corporations Act, Mortgage Brokerages, Lenders and Administrators Act* and *Co-operative Corporations Act*. As a regulatory agency of the Province of Ontario, the Commission is exempt from income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by the management of the Commission in accordance with Public Sector Accounting Standards for government not-for-profit organizations

(PSA-GNFPO) as issued by the Public Sector Accounting Board (PSAB). The significant accounting policies used to prepare these statements are summarized below.

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated on a straight-line basis over their estimated useful life. The useful life of the Commission's capital assets has been estimated as follows:

- Custom developed software: 5-10 years
- Office furniture and equipment: 5 years
- Computer hardware: 3-6 years
- Leasehold improvements: over the term of the lease

(b) Revenue Recognition

Assessment revenues from the insurance, pension, credit union, caisses populaires and the loan and trust sectors are recognized when the recoverable costs to administer the various Acts governing these sectors are incurred.

Revenues from fees, licenses and registrations are recognized in the year to which they pertain.

(c) Financial Instruments

The Commission follows PSA-GNFPO pertaining to financial instruments. Under these standards, all financial instruments are included on the statement of financial position and are measured either at fair value or at cost or amortized cost. The Commission's Accounts receivable, and the Accounts payable and accrued liabilities are recorded at cost in the financial statements.

(d) Use of Estimates

The preparation of financial statements in accordance with PSA-GNFPO requires that management make estimates and assumptions that affect the reported amount of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual amounts could differ from these estimates. Significant items subject to such estimates and assumptions include the amortization expense, accrued liabilities, employee future benefits and allocation of costs between industry sectors.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
		((\$'000))		
Custom developed software	14,274	(10,498)	3,776	4,636
Custom software under development	3,306	(0)	3,306	3,304
Leasehold improvements	7,352	(7,278)	74	103
Computer hardware	3,819	(2,382)	1,437	904
Office furniture and equipment	2,209	(2,209)	0	0
	30,960	(22,367)	8,593	8,947

4. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The changes in the deferred revenue balances during fiscal 2017-18 are summarized as follows:

	Balance, beginning of year	Received during year	Recognized during year	Balance, end of year
		((\$'000))		
Insurance Agents	4,512	4,224	(4,443)	4,293
Insurance Adjusters	24	134	(128)	30
Mortgage Brokers	5,913	14,621	(6,965)	13,569
Insurance Corporations	1,250	1,152	(1,231)	1,171
Health Service Providers	3,099	3,532	(3,099)	3,532
Other	295	1,227	(893)	629
	15,093	24,890	(16,759)	23,224

5. DEFERRED LEASE INDUCEMENTS

In April 2008, the Commission's office accommodation lease was extended from October 31, 2008 to October 31, 2015. The lease extension included a leasehold improvement allowance in the amount of \$2.005 million for renovations in the first two years and no base rent payable in the amount of \$0.64 million for the first ten months of the lease extension. The Commission has utilized the entire allowance.

In July 2014, the Commission's office accommodation lease was extended from October 31, 2015 to October 31, 2020. The lease extension included no base rent payable in the amount of \$0.82 million for the first four months of the lease extension.

The deferred lease inducement is made up of the portion of future lease payments attributed to the rent-free period and the leasehold improvements allowance and is recognized as reduced rent expense over the term of the lease on a straight line basis.

	2018	2017
	(\$'000)	(\$'000)
Balance, beginning of year	591	756
Less: Lease Inducements Amortization	(165)	(165)
Deferred Lease Inducements	426	591
Less: current portion	(165)	(165)
Balance, end of year	261	426

6. REVENUE

Under *The Financial Services Commission of Ontario Act*, the Commission may recover all of its costs through revenue assessments and fees charged to all entities that form part of the regulated sectors. For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

	2018	2017
	(\$'000)	(\$'000)
INSURANCE ACT		
Insurer assessment	21,773	47,975
Fees, licenses and other	6,129	6,273
Health Service Provider fees and licences	3,783	3,480

	2018	2017
PENSION BENEFITS ACT		
Pension plan assessment	16,072	14,842
Registration fees and other	74	114
CREDIT UNIONS AND CAISSES POPULAIRES ACT		
Credit Union assessment	398	485
Fees and other	109	102
LOAN AND TRUST COMPANIES ACT		
Loan and Trust assessment	159	84
Fees, licenses and registrations	2	7
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT		
Fees, Licenses, Registrations and other	7,063	5,282
CO-OPERATIVE CORPORATIONS ACT		
Fees and other	12	14
	55,574	78,658

7. RELATED PARTY TRANSACTIONS

(a) Employee Benefits

The Commission's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees. The future liability for benefits earned by the Commission's employees is recognized in the Province's consolidated financial statements. These benefits are accounted for by the Commission as follows:

i. Pension Benefits

The Commission's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Commission's annual payments to the funds. Since the Commission is not a sponsor of these funds, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Commission, as the sponsors are responsible for ensuring that the pension funds are financially viable. The Commission's annual payments of \$2.76 million (2017 - \$2.65 million) are included in employee benefits in the Statement of Operations.

ii. Employee Future Benefits Obligation

Employee future benefits include accrued severance entitlements, unused vacation, additional severance for those employees expected to be declared surplus, and other future compensation

entitlements earned. The total costs for the year for all termination benefits amount to \$0.77 million (2017 - \$1.23 million) and are included in employee benefits and salaries and wages in the Statement of Operations. During the year, the accrued employee future benefits obligation was reduced by \$1.36 million (2017 - \$1.35 million) due to a curtailment resulting from changes under the Public Service Act of Ontario. The total liability for these costs is reflected in the employee future benefits obligation, less any amounts payable within one year, which are included in accounts payable and accrued liabilities, as follows:

	2018	2017
	(\$'000)	(\$'000)
Total liability for employee future benefits	7,964	9,406
Less:		
Due within one year and included in accounts payable and accrued liabilities	(3,415)	(4,339)
Employee benefits obligation	4,549	5,067

The legislative severance portion of the employee future benefits obligation was calculated based on the following assumptions: discount rate of 2.9% (2017 - 2.55%); and estimated average years to retirement of 10.4 years (2017 - 10.4 years). Due to the curtailment of the plan during the year no assumption of wage and salary escalation was used (2017 - 0%). These assumptions are management's best estimates.

iii. Other Non-Pension Post-Employment Benefits

The cost of other non-pension post-retirement benefits is determined and funded on an ongoing basis by the Province and accordingly is not included in these financial statements.

(b) Amounts due from the Province

The due from the Province balance reflected in the financial statements is the difference between the cash receipts submitted to the Province and the Commission's expenses paid, owing or absorbed by the Province.

The Commission's deficit, which is absorbed by the Province, and its surplus for the year by sector are as follows:

Deficit by Sector	2018	2017
	(\$'000)	(\$'000)
Mortgage Brokers sector	(834)	(1,742)
Co-op sector	(356)	(329)

Deficit by Sector	2018	2017
	(1,190)	(2,071)
Surplus by Sector	2018	2017
	(\$'000)	(\$'000)
Health Service Providers sector	258	469
	258	469

(c) Other administrative expenses

The Ontario Ministry of Government and Consumer Services and the Ministry of Finance has charged for administrative costs including pay and benefits services, information technology services and office accommodation. The Ministry of Attorney General has charged for legal staff provided to the Commission based on the Ministry's actual costs. Total related party expenses paid by the Commission were \$14.51 million (2017 - \$15.22 million).

8. RECOVERIES

The Commission provides administrative and other support services to a number of organizations and recovers the costs of providing these services from the organizations in accordance with the memorandum of understanding or agreement signed with the respective organizations. Details of these recoveries are as follows:

	2018	2017
	(\$'000)	(\$'000)
Motor Vehicle Accident Claims Fund (Related Party)	2,493	2,547
Pension Benefits Guarantee Fund (Related Party)	758	577
General Insurance Statistical Agency	484	808
Canadian Association of Pension Supervisory Authorities	232	288
Canadian Council of Insurance Regulators	433	542
Mortgage Broker Regulators' Council of Canada	228	334
	4,628	5,096

9. COMMITMENTS, SIGNIFICANT CONTRACTS AND CONTINGENCIES

(a) Office Accommodation Lease

The Commission's office accommodation lease expires October 31, 2020 with two further options to extend the term for five years each and the one time right to terminate up to 40,000 square feet on October 31, 2018. As a result the Commission is committed to minimum lease payments for office space as follows if it does not exercise its termination right:

	(\$'000)
2018/2019	5,265
2019/2020	5,341
2020/2021	3,116
	13,722

The Commission's future commitment will be impacted by the creation of the Financial Services Regulatory Authority (Note 9 c and 12).

(b) Dispute Resolution Services Contract

As of April 1, 2016, the Automobile Accident Benefits Service (AABS) at the Safety, Licensing Appeals and Standards Tribunal of Ontario assumed all new applications for Dispute Resolution Services. FSCO no longer accepts applications for mediation, neutral evaluation and arbitration, but continues to be responsible for files remaining open as of March 31, 2016. FSCO continues to wind down arbitration files related to applications received March 31, 2016 or earlier. All mediation files were closed as of July 26, 2016.

In August 2012, the Commission entered into a contract with an outside service provider for mediation and arbitration services related to disputes over auto insurance accident benefits. No files were assigned under this contract after May 2014. In June 2014, another contract was signed with the service provider for arbitration services until May 2018. The expenditures for the year for these contracts amount to \$1.1 million (2017 - \$23.0 million) which are included in services expenses. These costs are charged back to the insurance companies that utilize the services. The contract concluded on May 31, 2018.

(c) Mandate Review

On June 29, 2017, the Financial Services Regulatory Authority of Ontario Act, 2016, came into force. The Financial Services Regulatory Authority of Ontario (FSRA), a new, independent regulatory agency will be responsible for regulating pensions and the financial services sectors. The Act, many sections of which have yet to be proclaimed, establishes FSRA's role, including its basic governance and accountability structure, in regulating the sectors under its jurisdiction.

FSCO will continue to actively support FSRA's efforts to prepare for the future and ensure a smooth transfer of current operations. However, until FSRA is operational, FSCO remains the

financial services and pension plan regulator in Ontario.

(d) Contingencies

The Commission is involved in various legal actions arising out of the ordinary course of business. Settlements paid by the Commission, if any, will be accounted for in the period in which the settlement occurs. The outcome and ultimate disposition of these actions are not determinable at this time.

10. FINANCIAL INSTRUMENTS

Interest rate risk:

The Commission's financial assets and liabilities are not exposed to interest rate risk.

Currency risk:

The Commission's exposure to currency risk is minimal as few transactions are in currencies other than Canadian dollars.

Credit risk:

The Commission is exposed to low credit risk in its financial instruments from accounts receivable owing from industry due to high historical collection rates. Over 90% of the accounts receivables are current as they are less than 30 days old.

Liquidity risk:

The Commission's exposure to liquidity risk is minimal as the Commission may recover all of its costs through revenue assessments and fees charged to all entities that form part of the regulated sectors. As well any deficiency of revenue over expenses is absorbed by the Province and is reflected in the Due from the Province on the Statement of Financial Position.

11. INTERNALLY RESTRICTED NET ASSETS

The Commission internally restricted \$0.73 million (2017- \$0.47) surplus derived from the Health service providers sector (Note 7b) to be used in the Health service providers sector in the future.

12. SUBSEQUENT EVENT

Effective July 1, 2018, the Commission's office accommodation lease was assigned to the FSRA. The Commission will continue to cover the office accommodation lease costs until FSRA becomes operational.

[Return to top](#)

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

Annual Report 2017-2018

[Table of contents](#)

Financial Statements

Pension Benefits Guarantee Fund

For the Year Ended March 31, 2018



Financial Services Commission of Ontario

Deputy Superintendent
Pension Division

5160 Yonge Street
16th Floor
Toronto ON M2N 6L9

Telephone: (416) 226-7784
Facsimile: (416) 226-7777
Toll free: 1 (800) 668-0128

Commission des services financiers de l'Ontario

Surintendant adjoint
Direction des régimes de retraite

5160, rue Yonge
16e étage
Toronto (Ontario) M2N 6L9

Téléphone : (416) 226-7784
Télécopieur : (416) 226-7777
Sans frais : 1 (800) 668-0128

July 5, 2018

Pension Benefits Guarantee Fund
Management's Responsibility for Financial Information

The CEO and Superintendent of Financial Services of the Financial Services Commission of Ontario ("FSCO") pursuant to the *Financial Services Commission of Ontario Act, 1997* and specifically, subsection 82(2) of the *Pension Benefits Act*, is responsible for the administration of the Pension Benefits Guarantee Fund.

Under the direction of the Superintendent, FSCO Management (Management) is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Standards. The preparation of financial statements involves the use of Management's judgment and best estimates particularly when transactions affecting the current period cannot be determined with certainty until future periods.

In the administration of the Pension Benefits Guarantee Fund, Management is dedicated to the highest standards of integrity in provision of its services and has developed and maintains financial controls, information systems and practices to provide reasonable assurances on the reliability of financial information and safeguarding of its assets.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian Public Sector Accounting Standards for Government Not-For-Profit organizations. They have been approved by the Commission's Audit & Risk Committee. The Auditor's report follows.



Lester J. Wong
Deputy Superintendent,
Pensions

Kwan Lee, MAcc, CPA, CA
Chief Accountant



Office of the Auditor General of Ontario

20 Dundas Street West

Suite 1530

Toronto, Ontario

M5G 2C2

416-327-2381

fax 416-327-9862

tty: 416-327-6123

Bureau du vérificateur général de l'Ontario

20, rue Dundas ouest

suite 1530

Toronto (Ontario)

M5G 2C2

416-327-2381

télécopieur 416-327-9862

ats 416-327-6123

www.auditor.on.ca 

INDEPENDENT AUDITOR'S REPORT

To the Financial Services Commission of Ontario

I have audited the accompanying financial statements of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and fund surplus, cash flows and re-measurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission's Pension Benefits Guarantee Fund as at March 31, 2018, and the results of its operations, its cash flows and its re-measurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario

July 5, 2018



Bonnie Lysyk, MBA, FCPA, FCA, LPA

Auditor General

Pension Benefits Guarantee Fund

Statement of Financial Position

As at March 31, 2018

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
ASSETS		
Current		
Cash	6	–
Accounts receivable	194,055	308,385
Investments (Note 4)	773,695	567,896
	<u>967,756</u>	<u>876,281</u>
LIABILITIES AND FUND SURPLUS		
Current		
Accounts payable and accrued liabilities	7,407	6,539
Current portion of loan payable (Note 5)	11,000	11,000
Claims payable	15,945	4,670
	<u>34,352</u>	<u>22,209</u>
Claim payable - Long term	96,600	–
Loan payable - Long term (Note 5)	107,904	112,674
	<u>238,856</u>	<u>134,883</u>
Fund surplus from operation	736,570	743,150
Accumulated remeasurement gains (losses)	(7,670)	(1,752)
Fund surplus	<u>728,900</u>	<u>741,398</u>
	<u>967,756</u>	<u>876,281</u>

See accompanying notes to financial statements

Approved by:



Brian Mills

Chief Executive Officer and Superintendent
of
Financial Services Commission of Ontario

***Pension Benefits Guarantee Fund
Statement of Operations and Fund Surplus***

For the year ended March 31, 2018

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
Revenue		
Premium revenue	89,011	70,510
Pension plan recoveries (Note 7)	8,125	245,311
Investment income (Note 4)	10,618	5,010
Pension consulting service recoveries (Note 9)	5,135	–
	<u>112,889</u>	<u>320,831</u>
Expenses		
Claims	108,999	10,717
Amortization of loan discount (Note 5)	6,229	6,458
Pension consulting services (Note 8)	3,266	2,416
Administration fee (Note 10)	758	577
Investment management fees (Note 10)	217	184
	<u>119,469</u>	<u>20,352</u>
Excess/(deficit) of revenue over expenses	<u>(6,580)</u>	<u>300,479</u>
Fund surplus, beginning of year	<u>743,150</u>	<u>442,671</u>
Fund surplus, end of year	<u>736,570</u>	<u>743,150</u>

See accompanying notes to financial statements

***Pension Benefits Guarantee Fund
Statement of Cash Flows***

For the year ended March 31, 2018

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess/(deficit) of revenue over expenses	(6,580)	300,479
Items not affecting cash		
Amortization of loan discount (Note 5)	6,229	6,458
Losses on disposal of investments	642	989
	<u>291</u>	<u>307,926</u>
Changes in non cash working capital		
Accounts receivable	114,331	(236,142)
Claims payable	107,875	(19,806)
Accounts payable and accrued liabilities	868	599
	<u>223,365</u>	<u>52,577</u>
Cash flows from investing activities		
Purchases of investments	(2,781,807)	(2,603,550)
Proceeds from sale of investments	2,569,448	2,561,973
	<u>(212,359)</u>	<u>(41,577)</u>
Cash flows from financing activities		
Loan repayments	(11,000)	(11,000)
	<u>(11,000)</u>	<u>(11,000)</u>
Change in cash position	6	–
Cash position, beginning of year	–	–
Cash position, end of year	<u>6</u>	<u>–</u>

See accompanying notes to financial statements

Pension Benefits Guarantee Fund

Statement of Re-measurement Gains and Losses

For the year ended March 31, 2018

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
Accumulated re-measurement gains (losses), beginning of year		
	(1,752)	(944)
Unrealized losses attributed to portfolio investments	(6,560)	(1,797)

	March 31, 2018 (\$ '000)	March 31, 2017 (\$ '000)
Realized losses reclassified to the statement of operations	642	989
Accumulated re-measurement (losses), end of year	(7,670)	(1,752)

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 2018

1. STATUTORY AUTHORITY

The Pension Benefits Guarantee Fund (the "Fund" or "PBGF") is continued under the *Pension Benefits Act, R.S.O. 1990, c. P.8* (the "Act").

2. FUND OPERATIONS

The purpose of the Fund is to guarantee payment of pension benefits of certain defined benefit pension plans that are wound up under conditions specified in the Act and regulations thereto. The regulations also prescribe an assessment payable into the Fund by plan registrants.

The Act provides that if the assets of the Fund are insufficient to meet payments for claims, the Lieutenant Governor in Council may authorize the Minister of Finance of Ontario to make loans or grants on such terms and conditions as the Lieutenant Governor in Council directs. The total liability of the Fund to guarantee pension benefits is limited to the assets of the Fund including any loans or grants received from the Province.

The CEO and Superintendent of Financial Services of the Financial Services Commission of Ontario ("FSCO") pursuant to the *Financial Services Commission of Ontario Act, 1997* and specifically, subsection 82(2) of the *Pension Benefits Act*, is responsible for the administration of the Fund, and the Fund reimburses FSCO for the costs of the services provided to the Fund. The investments of the Fund are managed by the Ontario Financing Authority, on a fee-for-service basis which is paid by the Fund.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared by the management of FSCO in accordance with Public Sector Accounting Standards for Government Not-For-Profit organizations (PSA-GNFPO) as issued by the Public Sector Accounting Board (PSAB). Accordingly, management has used the following significant accounting policies in their preparation.

(a) Financial Instruments

The Fund follows PSA-GNFPO accounting standards relating to financial instruments. Under these standards, all financial instruments are included on the balance sheet and are measured either at fair value or at cost or amortized cost as follows:

- Cash and investments are recorded at fair value, with changes in fair value during the period recognized in the statement of re-measurement gains and losses until realized. Fair value is determined from quoted prices for similar investments.
- Accounts receivable, account payable and accrued liabilities are valued at cost which approximate fair value given their short term maturities.
- The non-interest bearing loan payable is reflected at amortized cost using the effective interest rate method due to the concessionary nature of the loan. The initial valuation was determined by discounting future cash flows using the provincial cost of borrowing. The resulting benefit (the difference between the face value of the loan and the net present value) was accounted for as a grant in the year received and is amortized to loan discount expense over the term of the loan.

(b) Claims Payable

Claims payable are estimates of the liabilities in respect of those defined benefit pension plans prescribed by the Act that are wound up or in the process of being ordered wound up under conditions specified in the Act, and the claim amounts can be reasonably estimated. Liabilities are also recognized when there is a high probability that a company will not emerge from creditor protection and the pension plan will be wound up on a specified date and the claim can be reasonably estimated. Claims payable are based on information provided by appointed pension plan administrators from estimates provided by actuarial consultants. These estimates represent the present value of future payments to settle claims for benefits and expenses by pension plans.

Differences in the liabilities, if any, between the amounts recognized based on estimates and the actual claims made, will be charged or credited to claims expense in the year when the actual amounts are determined.

(c) Premium Revenue

An estimate of the premium revenue due from defined benefit pension plans at rates prescribed by the Act is recorded until receipt of the annual assessment certificate nine months after the plan's fiscal year end.

Differences in premium revenue, if any, between the estimated amounts recognized and the actual revenues due are charged or credited to premium revenue in the year.

	2018	2017
	(\$	(\$
	'000)	'000)
Estimated revenue	69,300	64,000
Actual revenue related to current and prior years received in current year	83,711	67,810
Less: prior year's estimated revenue	(64,000)	(61,300)
	<u>89,011</u>	<u>70,510</u>

(d) Use of Estimates

The preparation of financial statements in accordance with PSA-GNFPO accounting standards requires that FSCO's management make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses for the period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates and the differences could be material. Areas where significant estimates must be made include premium revenue, claims payable and pension plan recoveries receivable.

4. INVESTMENTS

As the administrator, investing the assets of the Fund, FSCO has established a Pension Benefits Guarantee Fund Management Committee. The Committee has developed a Statement of Investment Policies and Guidelines which is reviewed regularly and provides operational objectives, investment principles, policies and guidelines for the management of the investments.

Investments consist of:

	2018 (\$'000)		2017 (\$'000)	
	Fair Value	Cost	Fair Value	Cost
Discounted notes	360,207	360,207	338,945	338,945
Government bonds	413,488	421,160	228,951	230,703
	773,695	781,367	567,896	569,648

Investment income includes interest earned from interest bearing securities and realized gains and losses from the sale of securities.

The Fund's investment portfolio is exposed to various risks, which are mitigated by the type of investment and therefore risk is low.

The market value sensitivity of the Money Market Portfolio at the end of the last quarter was \$0.80M for a 1.00% change in rates. The market value sensitivity of the Government Bond Laddered Portfolio at the end of the last quarter was \$6.15M for a 1.00% change in rates.

Discounted notes with maturities between April 2018 and September 2018 have yields in the range of 0.770% to 1.670% (2017 – maturities between April 2017 and June 2017 had yields in the range of 0.513% to 0.900%).

The government bonds maturing between June 2018 and June 2021 have yields in the range of 0.938% to 2.254% (2017 – maturing between June 2017 and December 2019 have yields in the range of 1.009 to 1.433%).

5. LOAN PAYABLE TO THE PROVINCE

Non-interest Bearing Loan

On March 31, 2004, the Fund obtained a \$330M loan from the Province, a related party. The loan is non-interest bearing and repayable to the Province in thirty equal annual installments of \$11M. The loan agreement provides for the Minister of Finance to advance any installment payment date depending on the cash position of the Fund. Repayments over the next five years total \$55M.

The face value of this non-interest bearing loan has been discounted at an effective interest rate of 5.0368% to reflect its amortized cost outstanding as of March 31, 2018 as follows:

	2018 (\$'000)	2017 (\$'000)
Face value	176,000	187,000
Less: Discount	(57,096)	(63,326)
Amortized cost	118,904	123,674
Classified as:		
Current position	11,000	11,000
Long term portion	107,904	112,674
Balance	118,904	123,674

The discount of \$57.1M is amortized to loan discount expense over the remaining term of the loan, based on the effective interest rate method. The amortization schedule for the subsequent five fiscal years is as follows:

Fiscal Year	(\$'000)
2019	5,989
2020	5,737
2021	5,471
2022	5,193
2023	4,901

6. FINANCIAL INSTRUMENTS

The main risks that the Fund's financial instruments are exposed to are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation or commitment that it has entered into. The Fund is exposed to credit risk relating to the collection of receivables. The Fund considers this risk to be low.

The Fund's accounts receivable consists of premium revenue receivable of \$82.1M, RST receivable of \$6.6M, investment income receivable of \$4.1M, the HST receivable of \$0.2M and pension plan recoveries receivable of \$101M.

The premium revenue receivable recorded is based on an assessment formula set out in section 37 of Regulation 909 of the Act and is calculated as follows:

- Base assessment of \$5 per Ontario plan beneficiary plus specified percentages of the plans PBGF assessment base;
- Maximum assessment of \$300 per Ontario plan beneficiary; and
- Minimum assessment of \$250 for each plan.

The probability for a pension plan to become insolvent and not pay the premium within a year is very low. In addition, in the event that a pension plan would become insolvent within a year, there are legal options for the Fund that can be exercised to collect the premiums. Historically, the Fund has been able to collect the amounts estimated as premium receivable.

The risk of not collecting the investment income and the HST receivable is considered to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its cash flow obligations as they fall due. The Fund's exposure to liquidity risk is minimal as the Fund has sufficient funds in its investment portfolio to settle all current liabilities and the Fund's exposure is limited to the assets of the Fund including any loans or grants received from the Province.

As at March 31, 2018, the Fund has an investment balance of \$774M (2017 - \$568M) to settle current liabilities of \$34M (2017 - \$22M). In addition, the Fund has the ability to meet sudden and unexpected claims by converting the investment holdings to cash without delay or significant transaction costs.

Market risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Fund. Short-term financial instruments (receivables, accounts payable) are not subject to significant market risk. The Fund manages its market risk by investing assets in low-risk and liquid securities. The Fund's market risk is considered to be low.

7. PENSION PLAN RECOVERIES

Following the settlement of all benefits, payment of expenses and the submission of the final wind up report, any remaining funds are recovered by the Fund. During fiscal 2018, the Fund had \$8.1M (2017 – \$245.3M) in recoveries.

8. PENSION CONSULTING SERVICES

The Fund periodically engages the services of external experts to represent the Fund's interests in insolvency proceedings respecting employers who are unable to meet their funding obligations under the *Pension Benefits Act*. For fiscal 2018, \$3.3M was paid to such external experts (2017 - \$2.4M paid).

9, PENSION CONSULTING SERVICES RECOVERIES

The PBGF was reimbursed for certain legal and consulting costs, which it incurred in respect of the Stelco restructuring, by the Ministry of the Environment and Climate Change which also participated in the restructuring. The costs reimbursed totalled \$5.1 million.

10. RELATED PARTY TRANSACTIONS

For fiscal 2018, an administration fee of \$0.8M (2017 - \$0.6M) was incurred and has been paid to FSCO for management salaries and benefits, accounting, information technology, legal, pension and other services. The Fund and FSCO are related parties.

Investment Management fees consist mainly of fees paid to the Ontario Financing Authority, a related party.

The costs of processing premium revenue transactions are absorbed by FSCO without charge to the Fund.

Other related party transactions during the year have been disclosed in note 5 and 9.

11. SUBSEQUENT EVENT

The Province's spring budget Bill 31 received Royal Assent on May 8, 2018, resulting in a change to the Pension Benefit Act. The maximum pension benefits to be paid increased from \$1000 to \$1500 per month in relation to any pension plan wind ups with a wind up date of May 19, 2017 or later.

[Return to top](#)

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

Annual Report 2017-2018

[Table of contents](#)

Financial Statements

Motor Vehicle Accidents Claim Fund

(Established under the Motor Vehicle Accidents Claims Act)

for the year ended March 31, 2018



Financial Services Commission of Ontario

5160 Yonge Street

16th Floor

Toronto ON M2N 6L9

Telephone: (416) 250-7250

Facsimile: (416) 590-7070

Toll free: 1 (800) 668-0128

Commission des services financiers de l'Ontario

5160, rue Yonge

16e étage

Toronto (Ontario) M2N 6L9

Téléphone : (416) 250-7250

Télécopieur : (416) 590-7070

July 5, 2018

Motor Vehicle Accident Claims Fund

Management Responsibility for Financial Information

Management is responsible for the financial statements and all other information presented in the financial statements. Management, in accordance with Canadian public sector accounting standards, has prepared the financial statements and, where appropriate, included amounts based on Management's best estimates and judgements.

Management agrees with the specialists' work in evaluating the Unpaid Claims amount and has adequately considered the specialists' qualifications in determining amounts and disclosures used in the notes to financial statements. Management did not give any, nor cause any, instructions to be given to specialists with respect to values or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impacted the specialists' independence or objectivity.

The Motor Vehicle Accident Claims Fund is dedicated to the highest standards of integrity in provision of its services. Management has developed and maintains financial controls, information systems, and practices to provide reasonable assurances that the financial information is reliable and that the assets were safeguarded. Internal audits are conducted to assess management systems and practices and reports are issued to the CEO and Superintendent of Financial Services of the Financial Services Commission of Ontario (the "FSCO") and the FSCO Audit and Risk Committee.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's report outlines the scope of the auditor's examination and report.

A stylized handwritten signature in black ink, consisting of a large, sweeping 'A' shape with a horizontal line extending to the right.A handwritten signature in black ink, appearing to be 'Kwan Lee', written in a cursive style.

Kwan Lee, MAcc, CPA, CA

Tammi Nom
Senior Manager
Motor Vehicle Accident
Claims Fund

Chief Accountant
Financial Services
Commission of Ontario



Office of the Auditor General of Ontario

20 Dundas Street West
Suite 1530
Toronto, Ontario
M5G 2C2
416-327-2381
fax 416-327-9862
tty 416-327-6123

Bureau du vérificateur général de l'Ontario

20, rue Dundas ouest
suite 1530
Toronto (Ontario)
M5G 2C2
416-327-2381
télécopieur 416-327-9862
ats 416-327-6123

www.auditor.on.ca 

INDEPENDENT AUDITOR'S REPORT

To the Motor Vehicle Accident Claims Fund

I have audited the accompanying financial statements of the Motor Vehicle Accident Claims Fund, which comprise the statement of financial position as at March 31, 2018, the statements of operations and MVACF deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Vehicle Accident Claims Fund as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
July 5, 2018



Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

Motor Vehicle Accident Claims Fund
(Established under the Motor Vehicle Accident Claims Act)
Statement of Financial Position

As at March 31, 2018

	2018	2017
ASSETS		
Current		
Funds on deposit with the Ministry of Finance	\$ 50,873,187	\$ 50,369,203
Accounts receivable – driver’s licence fee (note 3b)	674,278	636,064
	<hr/>	<hr/>
Accounts receivable – debtors (note 3c)	44,227,614	42,053,656
Less: allowance for doubtful accounts	34,168,022	32,232,020
	<hr/>	<hr/>
	10,059,592	9,821,636
	<hr/>	<hr/>
Total current assets	61,607,057	60,826,903
Capital assets (note 4)	553,975	553,975
Less: accumulated amortization	553,975	553,975
	<hr/>	<hr/>
	–	–
Unpaid claims recoverable (note 5)	–	263,168
	<hr/>	<hr/>
Total assets	\$61,607,057	\$61,090,071
	<hr/>	<hr/>
LIABILITIES AND MVACF DEFICIT		
Current		
Accounts payable and accrued expenses	\$2,644,220	\$1,345,332
Unpaid claims and adjustment expenses - current (note 5)	26,756,331	30,563,586
	<hr/>	<hr/>
Total current liabilities	29,400,551	31,908,918
Employee future benefits obligation (note 3g)	430,805	491,598

	2018	2017
Deferred revenue	75,821,513	74,812,114
Unpaid claims and adjustment expenses - long term (note 5)	121,660,478	120,897,539
Total liabilities	<u>227,313,347</u>	<u>228,110,169</u>
MVACF deficit (note 3)	(165,706,290)	(167,020,098)
Total liabilities and MVACF deficit	<u>\$61,607,057</u>	<u>\$61,090,071</u>

See accompanying notes.

Approved:



Brian Mills

Chief Executive Officer and Superintendent of
Financial Services Commission of Ontario

Motor Vehicle Accident Claims Fund
(Established under the Motor Vehicle Accident Claims Act)
Statement of Operations and MVACF Deficit

For the year ended March 31, 2018

	2018	2017
REVENUE		
Fees on issue or renewal of driver's licences	\$30,452,704	\$29,986,421
Prior year recoveries	2,138,323	1,736,929
Other revenue	9,097	5,997
Total revenue	<u>32,600,124</u>	<u>31,729,347</u>
EXPENSES		
Change in net unpaid claims and adjustment expenses	(2,781,148)	(3,198,144)
Accident benefit claims payments	17,964,250	21,200,572
Administrative expenses		

	2018	2017
Salaries and wages	1,905,234	1,887,374
Employees' benefits	227,972	304,368
Transportation and communication	18,614	18,983
Claims (solicitors' fees, etc.)	3,098,696	2,855,703
Accident benefit claims expense	3,024,629	2,768,963
Other services	2,150,193	2,048,679
Bad debts expense	5,669,254	4,337,891
Supplies and equipment	8,622	5,175
Total expenses	31,286,316	32,229,564
Excess (deficit) of revenue over expenses	1,313,808	(500,217)
MVACF deficit, beginning of year	167,020,098	166,519,881
MVACF deficit, end of year	<u>\$165,706,290</u>	<u>\$167,020,098</u>

See accompanying notes.

Motor Vehicle Accident Claims Fund

(Established under the Motor Vehicle Accident Claims Act)

Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Cash inflows		
Fees on issue or renewal of driver's licences	\$31,423,890	\$30,571,285
Repayment by debtors	988,738	1,046,000
Prior year recoveries	2,138,323	1,736,929
Other revenue	9,098	5,997
	<u>34,560,049</u>	<u>33,360,211</u>
Cash outflows		
Statutory payments	(25,230,779)	(25,531,740)
Payments to employees	(2,191,247)	(2,171,487)
Administrative expenses	(6,634,039)	(7,365,068)
	<u>(34,056,065)</u>	<u>(35,068,295)</u>
Net cash provided (used) in operating activities	503,984	(1,708,084)

	2018	2017
Funds on deposit with the Ministry of Finance, beginning of year	50,369,203	52,077,287
Funds on deposit with the Ministry of Finance, end of year	<u>\$50,873,187</u>	<u>\$50,369,203</u>

See accompanying notes.

Notes to Financial Statements

March 31, 2018

1. STATUTORY AUTHORITY

The Motor Vehicle Accident Claims Fund (MVACF) operates under the authority of the *Motor Vehicle Accident Claims Act* (the *Act*), R.S.O. 1990, Chapter M.41 as amended.

2. MVACF OPERATIONS

MVACF is a program that was created on July 1, 1947 as the Unsatisfied Judgment Fund. Initially, MVACF was required to respond to victims of uninsured motorists and hit-and-run drivers who could not recover damages awarded by the courts from an automobile insurance company. MVACF legislation was amended in the early 1960s, in 1979 with the *Compulsory Automobile Insurance Act*, and in 1990 by the *Insurance Statute Law Amendment Act* which required MVACF to include in its statutory payments, accident benefits on a no-fault basis for the first time. Currently, MVACF responds to claims in the same fashion and with the same exclusions as automobile insurers in Ontario, and provides for two types of coverage: third-party bodily injury and property damage liability (collectively referred to as TPL), and statutory accident benefits or SABS in accordance with legislated requirements. MVACF provides compensation for these types of coverage in claims resulting from automobile accidents involving uninsured or unidentified drivers, when there is no available policy of insurance.

The coverage provided by MVACF is analogous to the minimum required coverage under the standard automobile policy (OAP 1) approved by the provincial regulator. Unlike insurance companies, MVACF does not cover claims where the accidents occur outside of Ontario, except in the case of accident benefits where the Ontario insurer is insolvent. In the cases of insurance company insolvencies where MVACF pays claims for accident benefits, MVACF has powers to

assess the industry to recover for claims and adjustment expenses and also has claimant rights against the estate of the insolvent insurer.

MVACF operates administratively under the direction of the Financial Services Commission of Ontario (FSCO) and reimburses FSCO for the costs of the services it provides to MVACF.

The Lieutenant Governor in Council, having regard to the condition of MVACF and the amount paid out of MVACF during any period, may direct payment out of the Province's Consolidated Revenue Fund of such an amount as may be considered necessary or advisable to subsidize and fund MVACF's operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements in accordance with Canadian Public Sector Accounting Standards for government not-for-profit organizations (PSA-GNFPO) as issued by the Public Sector Accounting Board (PSAB) are summarized as follows:

a) Driver's Licence Fees and Deferred Revenue

MVACF earns a fee of \$15.00 on the issuance or renewal of each driver's five-year licence. The income is earned on a pro-rata basis over the five-year term of the licence and the unearned portion is reflected as deferred revenue.

b) Accounts Receivable — Driver's Licence Fees

Under the Act, MVACF receives from the Ministry of Transportation and Plenary a monthly internal transfer and payment representing the driver's licence fee prescribed by *Ontario Regulation 800*. Accordingly, unremitted licence fees are reported as accounts receivable.

c) Accounts Receivable — Debtors

MVACF maintains an accounts receivable portfolio, accumulated over the years as a result of judgments and claims assigned to the Minister of Finance. MVACF will pay damages to injured, not-at-fault victims who have no recourse to liability insurance, on behalf of defendant uninsured motorists. In accordance with the *Act*, these amounts are recoverable from the uninsured motorists. Expected recoverable amounts of \$6.9 million (2017 - \$4.6 million) increase the accounts receivable – debtors accordingly.

The allowance for doubtful accounts is determined through a process that considers: the age of defendant/debtor, the defendant/debtor's current monthly installment required under the regulations, the amount paid out of MVACF, the activity on the account since the date of the judgment, and the financial status of the defendant/debtor.

The write-off process depends on established criteria that parallel the criteria established by the Ministry of Finance. Criteria would include writing off amounts related to unidentified drivers, uninsured motorists killed at the time of the accident or deceased subsequent to accident, debtor that declared bankruptcy, debts with balances under \$50, accounts with no repayments after 3 years with collections efforts exhausted/debtor deported, etc. These criteria are used to select a block of accounts that is reviewed annually by the enforcement and collections staff. The Ministry of Finance, Internal Audit Section audits the identified accounts for potential write-off and provides a certificate of assurance verifying that the established criteria for the write-off have been met. The write-off transaction is authorized by an Order-In-Council (OIC) under the authority set out in the *Financial Administration Act*.

For March 31, 2018, a write-off of \$5.9 million was submitted to the Ministry of Finance but has not yet been approved. A write-off of \$4.3 million for March 31, 2017 was approved during the year, through an OIC. This write-off is recorded in the current year's financial statements and represents a reduction of the accounts receivable debtors and allowance for doubtful accounts. There is no impact in the current year statement of operations.

Accounts receivables-debtors and the allowance for doubtful accounts are adjusted on receipt of the OIC approving the write off.

d) Prior Year Recoveries

Prior year recoveries are generated from three main sources: insurance recoveries, reversionary interest (note 6) and recoveries of court costs. MVACF is required under the Statutory Accident Benefits Schedule (SABS) to satisfy the payment of accident benefits claims within specified periods. The timeframe does not allow for a complete investigation into available insurance coverage and in some instances information is withheld by police because of criminal investigations. Accordingly, when new information is available, MVACF may be required to pursue private insurers for recoveries.

From time to time MVACF may also be involved in the defense of uninsured motorists or the Superintendent of the FSCO, where the legal proceedings are deemed frivolous and MVACF is awarded costs by the courts.

Prior year recoveries are recorded in the period they are determined. In the current year, \$2.1 million (2017 - \$1.7 million) recoveries were recorded but related to prior year claims.

e) Unpaid Claims and Adjustment Expenses

Unpaid claims and adjustment expenses represents the estimated amounts required to settle all unpaid claims, including an amount for unreported claims and claim expenses, and is gross of estimated recoveries and subrogation. Claim liabilities are established according to accepted actuarial practice in Canada as applied to public personal injury compensation plans. They do not reflect the time value of money, because MVACF reports no investment income.

The provision for unpaid claims and adjustment expenses consists of estimates that are necessarily subject to uncertainty, and the variability could be material in the near term. The estimates are selected from a range of possible outcomes and are adjusted up or down, as additional information becomes known during the course of loss settlement proceedings. The estimates are principally based on historical experience but variability can be caused by changes in judicial interpretations of contracts or significant changes in severity and frequency of claims from historical trends. All changes in estimates are recorded in the current period.

MVACF has obligations to pay certain fixed amounts to claimants on a recurring basis and has purchased annuities from life insurers to provide for those payments in the form of structured settlements. Note 6 contains additional analysis related to structured settlements.

Settlements occur when there is an irrevocable direction from MVACF to the life insurer to make all payments directly to the claimants. There are no rights under the non-commutable, non-assignable, non-transferable contract that would provide any current or future benefit to MVACF. MVACF remains liable to make payments only in the event that the life insurer fails and only to the extent that Assuris, the life insurance industry's insolvency compensation fund, will not cover payments due. The net risk to MVACF is any credit risk related to the life insurers. This credit risk is deemed nil at March 31, 2018 (2017 – nil) as all insurers are rated AA- or above by Standard & Poor's Rating. There exists the possibility of contingent gains based on the fact that MVACF has purchased insurance on some of the measured lives. Such amounts are described in note 6 – Contingent Gains.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian PSA-GNFPO requires that MVACF's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent

developments occur. Actual results could differ from these estimates. The most significant estimates relate to the provision for unpaid claims and adjustment expenses, unpaid claims recoverable, contingent liabilities, allowance for doubtful accounts and employee future benefits.

g) Employee Future Benefits Obligation

MVACF's employees are entitled to benefits that have been negotiated centrally for Ontario Public Service employees or required by the Management Board of Cabinet's Compensation Directive. The future liability for benefits earned by MVACF's employees is recognized in the Province of Ontario's (the Province) consolidated financial statements.

While the Province continues to accrue for these costs each year and fund them annually when due, MVACF also recognizes the liabilities pertaining to a basic severance entitlement and compensated absences components of its employee future benefits costs in these financial statements. When these costs are funded by the Province when due, MVACF derecognizes these liabilities in the year.

The cost of other non-pension post-employment benefits is determined and funded on an ongoing basis by the Province and accordingly is not included in these financial statements.

h) Financial Instruments

MVACF follows PSA-GNFPO pertaining to financial instruments. Under these standards, all financial instruments are included on the statement of financial position and are measured either at fair value or at cost or amortized cost. MVACF's accounts receivable, and the accounts payable and accrued liabilities are recorded at cost in the financial statements.

4. CAPITAL ASSETS

Leasehold improvements, computer equipment, furniture and fixtures, and office equipment are carried at cost less accumulated amortization. MVACF provides for amortization on a straight-line basis over the term of the lease (for leasehold improvements) or over the useful life of the asset. Accordingly, leasehold improvements and furniture and fixtures are amortized over 5 years, while computer equipment and office equipment are amortized over 3 years.

(in dollars)

2018

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 30,153	\$ 30,153	–
Office equipment	7,406	7,406	–
Furniture and fixtures	16,416	16,416	–
Leasehold improvements	500,000	500,000	–
	\$ 553,975	\$ 553,975	–

(in dollars)

2017

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 30,153	\$ 30,153	–
Office equipment	7,406	7,406	–
Furniture and fixtures	16,416	16,416	–
Leasehold improvements	500,000	500,000	–
	\$ 553,975	\$ 553,975	–

5. UNPAID CLAIMS AND ADJUSTMENT EXPENSES

a) MVACF's unpaid claims and adjustment expenses and unpaid claims recoverable consist of the following:

	2018		2017	
(in thousands of dollars)	Gross	Recoverable	Gross	Recoverable
ACCIDENT BENEFITS				
Statutory accident benefits	\$ 110,525	–	\$114,954	–
THIRD-PARTY LIABILITY (TPL)				
Property damage	357	–	697	4
Bodily injury	37,535	–	35,810	259
Total TPL	37,892	–	36,507	263
Totals	\$148,417	–	\$151,461	263

b) The change in gross provision for unpaid claims and adjustment expenses is as follows:

<i>(in thousands of dollars)</i>	2018	2017
Balance, beginning of year	\$ 151,461	\$ 154,682
Increase in provision for losses that occurred in prior years	681	535
Amounts paid during the year on claims of prior years		
Statutory payments	(22,537)	(23,690)
Claims expenses	(8,105)	(8,365)
Amounts paid during the year on claims of the current year		
Statutory payments	(585)	(481)
Claims expenses	(210)	(170)
Provision for losses on claims that occurred in the current year	27,712	28,950
Balance, end of year	\$148,417	\$151,461

6. CONTINGENT GAINS AND LIABILITIES

a) Contingent Gains

Some payments out of MVACF are in the form of structured settlements for accident benefit claims. These claims have guarantee periods ranging from 10 to 30 years and during this period the reversionary interest will be payable to Her Majesty the Queen in right of Ontario, as represented by the Minister of Finance, should the claimant die.

Even though the range of probability that the claimant may die during the guarantee period is slight, MVACF nevertheless has calculated the approximate reversionary interest represented by insurance on the claimant lives as at March 31, 2018 for information purposes.

As at March 31, 2018, the amount paid out of MVACF for accident benefit claims in the form of structured settlements was approximately \$72.0 million (2017 - \$68.0 million) with applicable reversionary interest of approximately \$53.9 million (2017 - \$51.6 million).

b) Contingent Liabilities

In accordance with PSA-GNFPO, MVACF makes a provision for a liability when it's both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed annually and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Litigation is inherently unpredictable and it is possible that MVACF's financial position, cash flows or results of operations could be negatively affected by an unfavorable resolution to court decisions.

7. ROLE OF THE ACTUARY AND AUDITOR

FSCO retains an independent actuary who acts as MVACF's actuary. The actuary's responsibility is to carry out an annual valuation of MVACF's liabilities, which include the provision for unpaid claims and adjustment expenses in accordance with accepted actuarial practice in Canada. In performing the valuation, the actuary makes assumptions as to the future rates of claims frequency and severity, inflation, recoveries, and expenses, taking into consideration the circumstances of MVACF. The actuary's report outlines the scope of his work and opinion.

The Auditor General of Ontario is appointed as the external auditor of the MVACF with the responsibility to conduct an independent and objective audit of the financial statements in accordance with Canadian generally accepted auditing standards and report thereon to the Audit and Risk Committee of the FSCO. In carrying out her audit, the Auditor General also considers the work of the actuary and his report on the provision for unpaid claims and adjustment expenses. The auditor's report outlines the scope of the audit and her opinion.

8. FINANCIAL INSTRUMENT RISK

Credit risk is the risk that other parties fail to perform as contracted. MVACF is exposed to credit risk in its financial instruments from accounts receivable – debtors. Credit risk on balances receivable arises from the possibility that the entities which owe money to the Funds may not fulfill their obligation. Collectability is reviewed regularly and an allowance for doubtful accounts, if necessary, is established to recognize the impairment risks identified.

Liquidity risk is the risk that MVACF will not be able to meet its cash flow obligations as they fall due. Liquidity risk arises from accounts payable and accrued expenses, employee future benefits obligation, and unpaid claims and adjustment expenses. The risk is mitigated since the Lieutenant Governor in Council, having regard to the condition of MVACF and the amount paid out of MVACF during any period, may direct payment out of the Province's Consolidated Revenue Fund of such an amount as may be considered necessary or advisable to subsidize and fund MVACF's operations.






[Return to top](#)

Content on this page has been transferred from the Financial Services Commission of Ontario (FSCO) site as a PDF for reference. Links that appear as related content have also been transferred and can be found at the end of this document.

Superintendent's Report on Insurance 2017

Summary of Year Ending December 31, 2017

TABLE OF CONTENTS

- [Letter to Minister of Finance](#)
- [Summary of Financial Information](#)
- [Premium Statistics](#)
- [Property and Casualty Companies](#) 
- [Life Insurance Companies](#) 
- [Reinsurance Companies](#) 
- [Fraternal Societies](#) 
- [Reciprocal or Interinsurance Exchanges](#) 
- [Financial Summary Notes](#)

LETTER TO MINISTER OF FINANCE

The Honourable Vic Fedeli

Minister of Finance

7 Queen's Park Crescent

Toronto ON M7A 1Y7

Dear Minister:

I am pleased to present the 139th annual report under section 36 of the Insurance Act for the year ended December 31, 2017. Prior to the creation of the Financial Services Commission of Ontario, this report was issued by the Superintendent of Insurance.

In addition to the information contained in this report, a listing of all licensed insurers is published each July in *The Ontario Gazette*. This list contains the names of the insurers, their addresses, telephone numbers, chief agents, and the classes for which they are licensed. During the year, information concerning newly licensed insurers and changes to existing licences is also published in Bulletins issued by the Financial Services Commission of Ontario. Any broker or member of the public can verify whether a particular insurer is licensed by calling our offices at 416-250-7250 or checking our website at www.fsco.gov.on.ca.

News releases and warning notices containing other information of public interest are made throughout the year. These announcements effectively reach a large number of Ontario residents. Information is also supplied to industry trade associations for inclusion in their publications to reach more specialized audiences. The Financial Services Commission of Ontario issues Bulletins as required to provide information to Insurers and other individuals interested in the insurance industry.

Yours sincerely,



Brian Mills

Chief Executive Officer and
Superintendent of Financial Services

[Return to top](#)

SUMMARY FINANCIAL INFORMATION

Summary of Companies Licensed by Type of Business Activity

As of December 31, 2017

Business Type	ANALYSIS OF 2017 TOTAL						
	Total 2016	Additions	Withdrawals	Total 2017	Ontario	Extra Provincial	Federal
Property and Casualty Companies	194	0	0	194	47	15	132
Life Insurance Companies	66	0	0	66	0	14	52
Reinsurance Companies	33	1	0	34	1	1	32
Reciprocal Exchanges	10	0	0	10	7	3	0
Fraternal Societies	14	0	0	14	1	0	13
Totals	317	1	0	318	56	33	229

Notes:

1. Companies writing both property & casualty and life business are listed under Life in the above summary. Their financial performance is shown separately by business type in the following report.

2. Branch operations are included in the Federal totals.

3. The Superintendent's Report 2017 records figures as of the end of the calendar year (December 31, 2017), based on the companies' annual filings. The Financial Services Commission of Ontario Annual Report 2017-2018 records figures as of the end of the fiscal year (March 31, 2018).

PREMIUM STATISTICS

Insurance is a \$49 billion business in Ontario. In 2017, of the total premium dollar volume, 50.3 per cent went to the property and casualty (including automobile) insurance industry and 49.0 per cent went to the life insurance industry.

Of the \$24.3 billion spent on premiums to the life insurers, 42.1 per cent went to the purchase of accident & sickness coverage, 42.1 per cent also to the purchase of individual and group life coverages and 15.8 per cent went to annuities.

2017 Direct Written Premium Volume in Ontario




Total \$49,491 (in millions)




2017 DIRECT WRITTEN PREMIUM VOLUME IN ONTARIO

Total \$49,491 (in millions)



COMPANY		PREMIUM DOLLAR VOLUME	%
	Property & casualty insurance companies	\$24,881	50.3
	Life insurance companies	\$24,259	49.0
	Other	\$351	0.7

Description of 2017 Direct Written Premium Volume in Ontario image 







2017 Life Companies - Direct Written Premiums in Ontario

Total Premiums Written \$24,259 (million)



2017 LIFE COMPANIES - DIRECT
WRITTEN PREMIUMS IN ONTARIO
TOTAL PREMIUMS WRITTEN
\$24,259 (million)



COMPANY		PREMIUM DOLLAR VOLUME	%
	Life-Individual	\$7,817	32.2
	Annuities-Individual	\$1,086	4.5
	Accident & Sickness-Individual	\$1,279	5.3
	Life-Group	\$2,404	9.9
	Annuities-Group	\$2,752	11.3
	Accident & Sickness-Group	\$8,922	36.8

[Description of 2017 Life Companies – Direct Written Premiums in Ontario](#) 

[Return to top](#)

[Property and Casualty Companies](#) 

[Life Insurance Companies](#) 

Reinsurance Companies 

Fraternal Societies 

Reciprocal or Interinsurance Exchanges 

FINANCIAL SUMMARY NOTES

1. The former name of MAX Insurance was MAX Canada Insurance Company.
2. The company's licence is limited to automobile risks of Toronto Transit Commission.
3. No financial information was received from Canadian Farm Insurance Corporation in 2017.
4. No financial information was reported for Alta Surety Company in 2017. The company has cancelled their licence.
5. The former name of Atradious Credito Y Cauccion S.A. De Seguros Y Reassigueros was Atradious Credito Y Cauccion, S.A. De Seguros Y Reassigueros.
6. The former name of Petline Insurance Company was Western Financial Insurance Company.
7. The former name of Veressure Insurance Company was Northbridge Personal Insurance Corporation.
8. Condition in licence that Reliance Insurance Company shall not undertake or renew insurance contracts in Ontario from August 2001.
9. No financial information was reported for State Farm Fire and Casualty Company in 2017. The company has cancelled their licence.
10. No financial information was reported for State Farm Mutual Automobile Insurance Company in 2017. The company has cancelled their licence.
11. The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)'s licence is limited to the servicing of existing policies.
12. No financial information was reported for XL Insurance Company SE in 2017. The company has cancelled their licence.
13. No financial information was reported for The Union Life Mutual Assurance Company in 2017.
14. No financial information was reported for La Capitale Financial Security Insurance Company in 2017.
15. No financial information was reported for Phoenix Life Insurance Company in 2017.
16. No financial information was reported for Principal Life Insurance Company in 2017. The company has cancelled their licence.
17. No financial information was reported for State Farm International Life Insurance Company Ltd. in 2017. The company has cancelled their licence.
18. The former name of Partnerre Life Reinsurance Company Of Canada was Aurigen Reinsurance Company.
19. No financial information was reported for Caisse Cetrale De Reassurance in 2017. The company has cancelled their licence.
20. No financial information was received from Wilton Re (Canada) Limited in 2017.

[Return to top](#)

PROPERTY AND CASUALTY COMPANIES

		ONTARIO BUSINESS			TOTAL COMPANY			
	FINANCIAL SUMMARY Year ended December 31, 2017 (in thousands)	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets over Liabilities	Claims Incurred to Earned Premium	Net Income/ Loss
notes	Name	\$	\$	\$	\$	\$	%	\$
		ONTARIO						
	ALGOMA MUTUAL INSURANCE COMPANY	9,427	5,323	19,088	11,812	7,276	58%	139
	AMHERST ISLAND MUTUAL INSURANCE COMPANY	1,049	203	4,091	756	3,335	25%	242
	AYR FARMERS' MUTUAL INSURANCE COMPANY	29,606	16,198	94,682	38,663	56,019	55%	4,943
	BAY OF QUINTE MUTUAL INSURANCE CO.	24,441	13,289	64,779	26,220	38,559	50%	2,572
	BERTIE AND CLINTON MUTUAL INSURANCE COMPANY	14,838	5,679	72,391	26,086	46,305	51%	2,618
	BRANT MUTUAL INSURANCE COMPANY	6,375	3,620	15,535	9,528	6,007	63%	(72)
	CAA INSURANCE COMPANY	198,499	97,478	548,110	364,147	183,963	54%	17,443
	CARADOC DELAWARE MUTUAL INSURANCE COMPANY	1,891	1,122	9,468	2,466	7,002	61%	(53)
	CAYUGA MUTUAL INSURANCE COMPANY	8,320	5,178	33,130	15,127	18,003	64%	1,126
	COACHMAN INSURANCE COMPANY	69,999	66,486	260,405	189,179	71,226	87%	(5,919)
	DUFFERIN MUTUAL	5,001	3,049	18,184	11,086	7,098	60%	(341)

INSURANCE COMPANY							
DUMFRIES MUTUAL INSURANCE COMPANY	12,223	7,433	63,535	24,998	38,537	62%	1,829
EDGE MUTUAL INSURANCE COMPANY	25,621	9,604	55,127	30,051	25,076	60%	554
ERIE MUTUAL FIRE INSURANCE COMPANY	7,185	5,962	27,471	9,629	17,842	77%	(712)
FENCHURCH GENERAL INSURANCE COMPANY	13,881	13,612	35,902	28,625	7,277	53%	1,539
GERMANIA MUTUAL INSURANCE COMPANY	18,048	11,217	52,438	30,142	22,296	65%	140
GRENVILLE MUTUAL INSURANCE COMPANY	25,238	22,132	71,911	37,906	34,005	74%	(1,282)
HALWELL MUTUAL INSURANCE COMPANY	21,965	16,641	62,813	31,913	30,900	73%	(472)
HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY	26,359	13,276	72,932	41,740	31,192	59%	1,084
HAY MUTUAL INSURANCE COMPANY	9,822	4,272	50,551	14,059	36,492	48%	1,492
HOWARD MUTUAL INSURANCE COMPANY	11,758	8,197	53,234	19,327	33,907	76%	3
HOWICK MUTUAL INSURANCE COMPANY	19,297	13,239	45,397	27,988	17,409	66%	535
KENT & ESSEX MUTUAL INSURANCE COMPANY	32,863	26,389	102,477	54,179	48,298	75%	936
L&A MUTUAL INSURANCE COMPANY	9,665	4,342	21,805	13,754	8,051	60%	259
LAMBTON MUTUAL	20,776	11,913	73,756	37,478	36,278	74%	2,740

	INSURANCE COMPANY							
	LAWYERS' PROFESSIONAL INDEMNITY COMPANY	115,505	102,016	743,449	489,771	253,678	98%	616
1	MAX INSURANCE	4,483	2,596	32,507	22,316	10,191	53%	(713)
	MCKILLOP MUTUAL INSURANCE COMPANY	10,502	9,082	30,706	17,414	13,292	97%	(1,560)
	MIDDLESEX MUTUAL INSURANCE CO.	10,589	9,322	44,231	16,173	28,058	70%	310
	NORFOLK MUTUAL INSURANCE COMPANY	11,559	5,905	26,463	12,498	13,965	65%	(242)
	NORTH BLENHEIM MUTUAL INSURANCE COMPANY	10,589	5,830	33,902	12,908	20,994	65%	561
	NORTH KENT MUTUAL FIRE INSURANCE COMPANY	9,045	9,498	42,237	19,553	22,684	91%	(1,273)
	PEEL MUTUAL INSURANCE COMPANY	42,661	27,318	117,749	71,791	45,958	70%	(187)
	PRO-DEMUNITY INSURANCE COMPANY	26,252	11,400	99,335	67,287	32,048	86%	62
	SOUTH EASTHOPE MUTUAL INSURANCE COMPANY	16,433	9,512	60,473	23,205	37,268	66%	1,298
	THE COMMONWELL MUTUAL INSURANCE GROUP	146,001	112,877	451,052	243,159	207,893	71%	2,074
	THE WEST WAWANOSH MUTUAL INSURANCE COMPANY	16,694	10,418	51,912	21,551	30,361	63%	1,154
	THE WESTMINSTER MUTUAL INSURANCE COMPANY	9,785	4,255	26,495	16,901	9,594	49%	926

	TOWN & COUNTRY MUTUAL INSURANCE COMPANY	15,077	11,432	52,434	32,409	20,025	79%	(838)
	TOWNSEND MUTUAL INSURANCE COMPANY	10,424	4,813	21,759	11,417	10,342	63%	(178)
	TRADITION MUTUAL INSURANCE COMPANY	13,860	6,025	45,407	17,785	27,622	46%	2,182
	TRILLIUM MUTUAL INSURANCE COMPANY	55,090	31,453	132,294	73,005	59,289	59%	2,644
2	TTC INSURANCE COMPANY LIMITED	0	0	144,620	144,520	100	n/a	0
	USBORNE AND HIBBERT MUTUAL FIRE INSURANCE COMPANY	7,570	4,342	43,169	8,204	34,965	57%	185
	WABISA MUTUAL INSURANCE COMPANY	6,890	4,205	27,395	17,474	9,921	33%	738
	WEST ELGIN MUTUAL INSURANCE COMPANY	12,975	8,357	50,378	24,080	26,298	73%	21
	YARMOUTH MUTUAL INSURANCE COMPANY	10,822	6,584	28,769	16,506	12,263	59%	587
		1,186,953	783,094	4,235,948	2,476,786	1,759,162		39,710
		EXTRA PROVINCIAL						
	ALBERTA MOTOR ASSOCIATION INSURANCE COMPANY	0	0	667,118	489,018	178,100	90%	(19,198)
	BELAIR INSURANCE COMPANY INC.	427,800	135,231	2,790,941	2,258,707	532,234	68%	34,231
3	CANADIAN FARM INSURANCE CORP.	0	0	0	0	0	n/a	0
	GMS INSURANCE INC.	11,527	6,125	28,808	11,469	17,339	60%	480
	INDUSTRIAL ALLIANCE PACIFIC GENERAL	0	0	0	0	0	n/a	0

	INSURANCE CORPORATION						
	LA MUTUELLE D'ÉGLISE DE L'INTER-OUEST	0	0	0	0	0	n/a 0
	L'UNIQUE GENERAL INSURANCE INC.	97	154	438,733	337,513	101,220	67% 11,287
	MILLENNIUM INSURANCE CORPORATION	22,951	5,304	718,373	454,024	264,349	53% 31,071
	OPTIMUM INSURANCE COMPANY INC.	46,118	29,705	235,661	170,536	65,125	58% 2,564
	ORION TRAVEL INSURANCE COMPANY	42,198	26,159	75,947	46,823	29,124	51% (140)
	RED RIVER VALLEY MUTUAL INSURANCE COMPANY	1,589	342	196,246	112,146	84,100	46% 11,675
	SGI CANADA INSURANCE SERVICES LTD.	10,439	1,505	587,585	458,548	129,037	79% 17,253
	THE MUTUAL FIRE INSURANCE COMPANY OF BRITISH COLUMBIA	11,942	5,954	139,876	93,653	46,223	59% 2,676
	TRANS GLOBAL INSURANCE COMPANY	2,509	24	9,605	5,032	4,573	3% 560
	UNICA INSURANCE INC.	126,949	88,787	395,657	261,355	134,302	68% 8,894
		704,119	299,290	6,284,550	4,698,824	1,585,726	101,353
				FEDERAL			
	AIG INSURANCE COMPANY OF CANADA	413,342	349,592	4,287,800	3,500,023	787,777	81% 37,088
	ALLSTATE INSURANCE COMPANY OF CANADA	828,423	535,198	3,730,809	2,881,244	849,565	66% 220,280
4	ALTA SURETY COMPANY	0	0	0	0	0	n/a 0
	ARCH INSURANCE CANADA LTD.	39,176	12,589	371,545	290,228	81,317	39% 203
	ASCENTUS INSURANCE LTD.	0	(288)	4,938	1,114	3,824	n/a 78
5	ATRADIUS CRÉDITO Y	4,690	4,467	42,172	27,603	14,569	59% (1,122)

CAUCION S.A. DE SEGUROS Y REASEGUROS AVIVA GENERAL INSURANCE COMPANY	732,775	599,614	2,386,983	2,108,513	278,470	60%	(27,550)
AVIVA INSURANCE COMPANY OF CANADA	1,763,139	1,199,454	7,800,591	6,742,294	1,058,297	93%	(13,697)
AXA INSURANCE COMPANY	1,473	664	10,692	3,560	7,132	35%	250
CANADA GUARANTY MORTGAGE INSURANCE COMPANY	123,301	1,514	2,023,803	992,970	1,030,833	6%	133,612
CANADIAN NORTHERN SHIELD INSURANCE COMPANY	60	(238)	351,480	251,833	99,647	49%	18,510
CERTAS DIRECT INSURANCE COMPANY	376,042	267,884	1,438,907	1,258,639	180,268	86%	15,435
CERTAS HOME AND AUTO INSURANCE COMPANY	1,445,612	734,757	7,130,064	5,758,365	1,371,699	51%	28,177
CHUBB INSURANCE COMPANY OF CANADA	493,300	293,663	3,999,975	3,034,831	965,144	55%	83,102
CO-OPERATORS GENERAL INSURANCE COMPANY	1,006,931	668,759	5,959,348	4,428,323	1,531,025	69%	121,135
COSECO INSURANCE COMPANY	197,708	116,508	1,065,831	915,147	150,684	69%	8,465
CUMIS GENERAL INSURANCE COMPANY	160,489	74,236	437,300	341,610	95,690	54%	13,655
DAS LEGAL PROTECTION INSURANCE COMPANY LIMITED	10,772	11,099	91,118	68,704	22,414	47%	(1,353)
ECHELON INSURANCE	117,996	64,310	481,417	395,870	85,547	69%	605
ECONOMICAL MUTUAL INSURANCE COMPANY	1,006,127	655,150	5,629,807	3,899,429	1,730,378	75%	(92,678)

ELITE INSURANCE COMPANY	94,942	58,960	883,916	769,621	114,295	75%	(3,581)
ESURANCE INSURANCE COMPANY OF CANADA	762	264	26,520	3,696	22,824	105%	(573)
EVEREST INSURANCE COMPANY OF CANADA	51,531	89,725	367,067	315,561	51,506	69%	340
FCT INSURANCE COMPANY LTD.	111,063	29,874	300,601	209,301	91,300	27%	26,240
FEDERATED INSURANCE COMPANY OF CANADA	97,448	104,641	603,866	433,148	170,718	85%	(10,767)
FIRST NORTH AMERICAN INSURANCE COMPANY	7,416	836	12,500	3,614	8,886	15%	1,357
GENWORTH FINANCIAL MORTGAGE INSURANCE COMPANY CANADA	262,052	(209)	6,767,353	2,567,000	4,200,353	10%	552,293
GORE MUTUAL INSURANCE COMPANY	344,200	253,618	1,026,029	722,879	303,150	77%	(7,137)
HEARTLAND FARM MUTUAL INC.	120,037	76,769	269,678	176,484	93,194	65%	(6,232)
INTACT INSURANCE COMPANY	2,436,901	1,185,617	16,727,502	13,279,567	3,447,935	82%	300,930
INTERNATIONAL INSURANCE COMPANY OF HANNOVER SE	30,885	21,221	202,308	179,517	22,791	69%	1,547
JEVCO INSURANCE COMPANY	86,256	25,797	1,327,760	1,155,230	172,530	68%	28,482
LEGACY GENERAL INSURANCE COMPANY	3,759	418	12,941	2,710	10,231	23%	1,518
MIC INSURANCE COMPANY CANADA	0	0	40,587	41	40,546	n/a	412
NORTHBRIDGE COMMERCIAL INSURANCE CORPORATION	0	0	0	0	0	n/a	0

	NORTHBRIDGE GENERAL INSURANCE CORPORATION	352,715	128,754	4,337,108	2,993,908	1,343,200	62%	196,077
	NOVEX INSURANCE COMPANY	206,548	134,984	1,509,149	1,312,218	196,931	68%	21,696
	OLD REPUBLIC INSURANCE COMPANY OF CANADA	125,502	79,076	365,026	292,055	72,971	61%	4,266
	OMEGA GENERAL INSURANCE COMPANY	37,996	16,841	72,907	63,799	9,108	125%	(1,273)
	PAFCO INSURANCE COMPANY	41,032	26,062	271,351	201,868	69,483	57%	16,542
	PEMBRIDGE INSURANCE COMPANY	198,106	109,280	684,311	519,278	165,033	61%	40,592
	PERTH INSURANCE COMPANY	101,946	73,149	477,511	392,435	85,076	75%	(2,816)
6	PETLINE INSURANCE COMPANY	23,425	15,556	26,671	9,078	17,593	61%	3,064
	PILOT INSURANCE COMPANY	102,892	(4,354)	360,868	310,541	50,327	75%	(1,740)
	PRIMUM INSURANCE COMPANY	243,962	167,873	2,544,418	2,255,193	289,225	39%	27,118
	QUEBEC ASSURANCE COMPANY	0	2	129,436	97,945	31,491	64%	2,370
	RBC INSURANCE COMPANY OF CANADA	48,334	29,348	106,035	52,375	53,660	55%	8,058
	ROYAL & SUN ALLIANCE INSURANCE COMPANY OF CANADA	586,465	363,050	4,461,441	3,575,717	885,724	64%	55,822
	S&Y INSURANCE COMPANY	33,151	3,385	209,129	189,323	19,806	75%	(619)
	SAFETY NATIONAL CASUALTY CORPORATION	0	(354)	53,127	20,657	32,470	n/a	(57)
	SCOTIA GENERAL INSURANCE COMPANY	0	0	7,033	54	6,979	n/a	(44)

SCOTTISH & YORK INSURANCE CO. LIMITED	168,910	117,065	643,546	563,150	80,396	75%	(2,767)
SECURITY NATIONAL INSURANCE COMPANY	1,077,573	766,768	8,341,189	7,157,687	1,183,502	55%	113,968
SONNET INSURANCE COMPANY	54,338	45,094	491,502	345,059	146,443	75%	(5,176)
TD DIRECT INSURANCE INC.	0	0	16,438	3	16,435	n/a	182
TD GENERAL INSURANCE COMPANY	316,329	229,239	1,277,063	1,121,307	155,756	53%	88
TD HOME AND AUTO INSURANCE COMPANY	8,101	(78,293)	1,117,873	841,268	276,605	170%	39,305
TEMPLE INSURANCE COMPANY	57,693	16,236	921,052	736,147	184,905	67%	5,820
THE BOILER INSPECTION AND INSURANCE COMPANY OF CANADA	15,424	12,312	239,094	151,774	87,320	31%	16,414
THE DOMINION OF CANADA GENERAL INSURANCE COMPANY	902,519	483,709	3,351,060	2,393,311	957,749	58%	99,560
THE GUARANTEE COMPANY OF NORTH AMERICA	280,396	180,506	1,628,586	1,007,056	621,530	61%	42,494
THE MISSISQUOI INSURANCE COMPANY	186	3,421	551,186	402,161	149,025	75%	(4,428)
THE NORDIC INSURANCE COMPANY OF CANADA	252,848	425,655	2,032,432	1,851,913	180,519	68%	70,490
THE PERSONAL INSURANCE COMPANY	630,405	441,770	2,845,014	2,378,529	466,485	72%	47,861
THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY	35,882	25,816	442,634	288,733	153,901	59%	13,393
THE SOVEREIGN GENERAL	102,041	70,966	1,449,158	1,240,079	209,079	69%	11,912

7	INSURANCE COMPANY							
	THE WAWANESA MUTUAL INSURANCE COMPANY	623,856	498,728	8,196,235	4,912,468	3,283,767	77%	200,658
	TRADERS GENERAL INSURANCE COMPANY	279,155	175,360	1,199,692	1,020,273	179,419	75%	(5,196)
	TRAFALGAR INSURANCE COMPANY OF CANADA	(7)	(9,126)	1,054,298	881,834	172,464	68%	30,562
	TRAVELERS INSURANCE COMPANY OF CANADA	105,501	64,518	953,286	556,124	397,162	56%	20,447
	TRISURA GUARANTEE INSURANCE COMPANY	61,880	17,413	316,795	243,810	72,985	24%	9,639
	UNIFUND ASSURANCE COMPANY	451,446	299,574	1,917,471	1,641,262	276,209	-114%	51,027
	VERASSURE INSURANCE COMPANY	115,384	40,367	795,131	448,211	346,920	38%	44,136
	WATERLOO INSURANCE COMPANY	192,763	142,682	606,407	519,766	86,641	75%	(2,841)
	WESTERN ASSURANCE COMPANY	164,061	108,917	951,630	815,113	136,517	64%	10,309
	WESTERN SURETY COMPANY	4,724	252	65,136	37,110	28,026	21%	776
	WYNWARD INSURANCE GROUP	25,602	10,356	215,762	142,905	72,857	51%	5,787
	ZENITH INSURANCE COMPANY	63,845	36,461	246,299	140,028	106,271	65%	4,731
		20,461,537	12,704,881	133,294,698	100,842,194	32,452,504		2,617,231
				BRANCH				
	AFFILIATED FM INSURANCE COMPANY	39,283	26,994	354,083	142,829	211,254	88%	3,862
	ALLIANZ GLOBAL RISKS US INSURANCE COMPANY	124,466	66,631	1,320,540	1,006,377	314,163	65%	7,900

ALLIED WORLD SPECIALTY INSURANCE COMPANY	14,366	5,213	93,808	59,487	34,321	44%	111
AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA	198,591	49,145	491,153	303,974	187,179	48%	1,735
ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	6,615	2,816	282,661	185,462	97,199	109%	(10,543)
AXA ART INSURANCE CORPORATION	515	1	5,760	40	5,720	6%	21
BERKLEY INSURANCE COMPANY	47,992	16,481	332,174	211,681	120,493	43%	4,641
CHEROKEE INSURANCE COMPANY	4,258	4,463	28,169	14,277	13,892	63%	1,238
CHICAGO TITLE INSURANCE COMPANY	28,018	7,899	78,821	34,351	44,470	25%	5,016
COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR	9,501	(905)	80,832	47,283	33,549	45%	(244)
CONTINENTAL CASUALTY COMPANY	109,435	88,453	1,293,064	680,567	612,497	45%	67,113
COREPOINTE INSURANCE COMPANY	33	(71)	12,838	1,673	11,165	-130%	64
ECCLESIASTICAL INSURANCE OFFICE PUBLIC LIMITED COMPANY	31,895	19,994	215,925	154,021	61,904	72%	(6,468)
ELECTRIC INSURANCE COMPANY	2,394	2,214	89,847	20,149	69,698	52%	1,272
EMPLOYERS INSURANCE COMPANY OF WAUSAU	0	(46)	11,371	1,723	9,648	n/a	204
EULER HERMES NORTH AMERICA INSURANCE COMPANY	23,644	5,207	114,451	59,030	55,421	27%	7,882

FACTORY MUTUAL INSURANCE COMPANY	88,396	59,043	1,205,901	552,057	653,844	84%	33,742
FEDERAL INSURANCE COMPANY	747	(2,180)	151,640	66,558	85,082	-35%	14,729
FIRST AMERICAN TITLE INSURANCE COMPANY	150	(606)	72,768	18,610	54,158	60%	3,951
GENERAL REINSURANCE CORPORATION	0	0	418,880	209,037	209,843	37%	28,477
GREAT AMERICAN INSURANCE COMPANY	20,180	7,344	211,668	94,917	116,751	58%	2,435
HARTFORD FIRE INSURANCE COMPANY	6,534	1,890	169,657	46,682	122,975	16%	9,203
HDI GLOBAL SE CANADA	22,150	10,682	202,279	152,158	50,121	41%	2,154
IRONSHORE INSURANCE LTD.	7,184	7,047	134,950	68,501	66,449	67%	2,909
JEWELERS MUTUAL INSURANCE COMPANY	5,134	1,435	22,659	6,988	15,671	45%	1,712
LIBERTY MUTUAL INSURANCE COMPANY	100,148	71,037	1,725,598	947,525	778,073	67%	18,713
LLOYD'S UNDERWRITERS	908,444	544,497	11,301,578	8,184,055	3,117,523	55%	356,698
MITSUI SUMITOMO INSURANCE COMPANY, LIMITED	13,180	1,225	118,687	63,416	55,271	11%	9,696
MOTORS INSURANCE CORPORATION	82,611	24,178	457,478	307,253	150,225	32%	22,950
MUNICH REINSURANCE AMERICA, INC.	0	(54)	201,150	61,693	139,457	-71%	6,779
NATIONAL LIABILITY & FIRE INSURANCE COMPANY	31,659	14,828	451,591	197,285	254,306	95%	(10,685)
PROTECTIVE INSURANCE COMPANY	1,887	3,777	26,196	17,271	8,925	273%	(2,729)

8	RELIANCE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	SCOR UK COMPANY LIMITED	1,450	618	46,135	38,539	7,596	154%	(368)
	SENTRY INSURANCE A MUTUAL COMPANY	947	799	41,264	5,323	35,941	13%	545
	SOMPO JAPAN NIPPONKOA INSURANCE INC.	3,729	1,149	97,292	11,145	86,147	69%	724
	ST. PAUL FIRE AND MARINE INSURANCE COMPANY	37,791	(2,228)	739,778	461,182	278,596	66%	9,912
	STARR INSURANCE & REINSURANCE LIMITED	10,776	5,927	185,089	139,479	45,610	95%	864
9	STATE FARM FIRE AND CASUALTY COMPANY	0	0	0	0	0	n/a	0
10	STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	0	0	0	0	0	n/a	0
	STEWART TITLE GUARANTY COMPANY	102,438	44,377	286,532	151,384	135,148	43%	12,070
	SUNDERLAND MARINE INSURANCE COMPANY LIMITED (CANADA BRANCH)	(2)	5	32,138	17,669	14,469	39%	(1,874)
	T.H.E. INSURANCE COMPANY	555	(34)	5,648	1,731	3,917	-3%	191
	TECHNOLOGY INSURANCE COMPANY INC.	5,791	7,339	49,041	30,986	18,055	78%	945
	THE AMERICAN ROAD INSURANCE COMPANY	3,741	1,750	20,652	619	20,033	69%	2,915
11	THE SHIPOWNERS' MUTUAL PROTECTION	0	(26)	30,643	6,285	24,358	n/a	2,903

12	AND INDEMNITY ASSOCIATION (LUXEMBOUR TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	18,444	6,903	156,192	87,326	68,866	46%	5,023
	TRITON INSURANCE COMPANY	19,401	4,057	187,671	87,344	100,327	35%	8,005
	VIRGINIA SURETY COMPANY, INC.	1,861	7,979	85,860	63,098	22,762	67%	(254)
	WESTPORT INSURANCE CORPORATION	35,011	28,372	682,044	608,047	73,997	75%	4,754
	XL INSURANCE COMPANY SE	0	0	0	0	0	n/a	0
	XL REINSURANCE AMERICA INC.	9,149	3,305	415,187	244,338	170,849	45%	7,341
	XL SPECIALTY INSURANCE COMPANY	94,589	68,720	1,218,841	705,492	513,349	65%	2,532
	ZURICH INSURANCE COMPANY LTD	253,561	105,579	3,747,168	2,707,752	1,039,416	61%	62,878
		2,528,642	1,323,223	29,705,352	19,284,669	10,420,683		703,644
	TOTAL	24,881,251	15,110,488	173,520,548	127,302,473	46,218,075		3,461,938

LIFE INSURANCE COMPANIES

notes	FINANCIAL SUMMARY Year ended December 31, 2017 (in thousands) Name	ONTARIO BUSINESS			TOTAL COMPANY		
		Direct Written Premiums	Benefits and Payments to Policyholders	Total Assets	Total Liabilities	Excess of Assets over Liabilities	Net Income / Loss
		\$	\$	\$	\$	\$	\$
		EXTRA PROVINCIAL					
	ACADIA LIFE	28	2	219,070	174,161	44,909	6,780
	ASSUMPTION MUTUAL LIFE INSURANCE COMPANY	40,533	15,894	1,777,660	1,648,565	129,095	7,749
	CANASSURANCE INSURANCE COMPANY	4,732	3,037	159,589	142,417	17,172	(3,416)
	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	946,770	676,843	40,010,187	36,854,221	3,155,966	610,534
	EXCELLENCE LIFE INSURANCE COMPANY, THE	9,048	1,486	265,540	209,182	56,358	7,815
	FIRST CANADIAN INSURANCE CORPORATION	29,033	0	697,125	440,757	256,368	12,970
	HUMANIA ASSURANCE INC.	4,886	1,788	595,383	517,697	77,686	4,963
	INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.	1,486,785	1,029,472	61,906,374	56,770,408	5,135,966	531,524
	LA CAPITALE INSURANCE AND FINANCIAL SERVICES INC.	192,228	97,664	1,963,287	1,749,010	214,277	23,866
	LS-TRAVEL INSURANCE COMPANY	7,982	4,579	21,621	12,965	8,656	235
	NATIONAL BANK LIFE INSURANCE COMPANY	12,270	3,230	198,918	86,500	112,418	49,446
	SSQ, LIFE INSURANCE COMPANY INC.	47,077	21,777	2,135,198	1,873,101	262,097	16,061

13	TRANS GLOBAL LIFE INSURANCE COMPANY	2,056	28	8,021	2,219	5,802	435
	UNION LIFE MUTUAL ASSURANCE COMPANY, THE	0	0	0	0	0	0
		2,783,428	1,855,800	109,957,973	100,481,203	9,476,770	1,268,962
				FEDERAL			
	ALLSTATE LIFE INSURANCE COMPANY OF CANADA	0	0	3,689	14	3,675	(8)
	ASSURANT LIFE OF CANADA	136,214	65,948	1,959,520	1,823,263	136,257	20,706
	BLUE CROSS LIFE INSURANCE COMPANY OF CANADA	32,448	45,460	1,186,843	1,027,889	158,954	8,811
	BMO LIFE ASSURANCE COMPANY	574,985	309,733	9,809,897	8,669,076	1,140,821	229,136
	BMO LIFE INSURANCE COMPANY	49,143	4,848	9,838,013	8,764,114	1,073,899	236,796
	CANADIAN PREMIER LIFE INSURANCE COMPANY	85,205	14,639	223,350	148,871	74,479	1,668
	CHUBB LIFE INSURANCE COMPANY OF CANADA	123,248	40,365	168,880	120,564	48,316	9,955
	CIBC LIFE INSURANCE COMPANY LIMITED	19,600	3,720	135,221	(88,516)	223,737	11,324
	CIGNA LIFE INSURANCE COMPANY OF CANADA	26,095	25,506	132,011	43,627	88,384	4,904
	COMPCORP LIFE INSURANCE COMPANY	0	0	10,000	825	9,175	(70)
	CO-OPERATORS LIFE INSURANCE COMPANY	262,760	156,626	7,846,605	6,578,141	1,268,464	59,538
	CUMIS LIFE INSURANCE COMPANY	58,850	24,355	1,352,858	1,052,130	300,728	27,597
	FORESTERS LIFE INSURANCE COMPANY	88,947	86,839	1,602,669	1,334,136	268,533	36,362
	IVARI	318,025	197,061	12,169,006	10,934,788	1,234,218	65,780

14	LA CAPITALE FINANCIAL SECURITY INSURANCE COMPANY	0	0	0	0	0	0
	LONDON LIFE INSURANCE COMPANY	1,642,400	930,393	98,478,125	94,431,753	4,046,372	391,156
	MD LIFE INSURANCE COMPANY	0	0	3,081,150	3,071,925	9,225	2,575
	PRIMERICA LIFE INSURANCE COMPANY OF CANADA	151,431	67,507	3,808,269	3,365,226	443,043	81,775
	RBC LIFE INSURANCE COMPANY	803,319	412,354	14,061,861	12,049,641	2,012,220	164,024
	RELIABLE LIFE INSURANCE COMPANY	6,912	5,533	25,864	17,536	8,328	244
	SCOTIA LIFE INSURANCE COMPANY	23,753	4,329	187,827	(16,423)	204,250	28,103
	SUN LIFE ASSURANCE COMPANY OF CANADA	5,659,036	3,822,251	265,922,150	248,984,021	16,938,129	1,578,514
	SUN LIFE INSURANCE (CANADA) LIMITED	19,184	22,609	20,227,687	18,348,246	1,879,441	175,403
	TD LIFE INSURANCE COMPANY	61,186	20,930	209,198	143,002	66,196	3,843
	THE CANADA LIFE ASSURANCE COMPANY	2,251,579	1,456,058	212,683,729	200,727,251	11,956,478	1,660,125
	THE EMPIRE LIFE INSURANCE COMPANY	450,624	319,719	16,746,749	15,026,168	1,720,581	178,505
	THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA	402,173	208,570	4,107,583	3,421,841	685,742	106,093
	THE GREAT-WEST LIFE ASSURANCE COMPANY	3,101,603	2,291,255	341,365,250	318,810,996	22,554,254	2,473,965
	THE MANUFACTURERS LIFE INSURANCE COMPANY	4,747,146	4,107,980	729,677,722	680,183,356	49,494,366	2,661,515
	THE WAWANESA LIFE INSURANCE	27,012	27,257	1,530,302	1,258,520	271,782	(639)

COMPANY						
VSP CANADA						
VISION CARE	0	2	9,471	637	8,834	(43)
INSURANCE						
WESTERN LIFE						
ASSURANCE	55,014	12,540	279,708	216,326	63,382	(5,292)
COMPANY						
	21,177,892	14,684,387	1,758,841,207	1,640,448,944	118,392,263	10,212,365
			BRANCH			
AETNA LIFE						
INSURANCE	125	493	81,968	14,869	67,099	3,994
COMPANY						
ALLIANZ LIFE						
INSURANCE	13	102	47,030	25,637	21,393	290
COMPANY OF						
NORTH AMERICA						
AMERICAN						
BANKERS LIFE						
ASSURANCE	133,893	15,329	217,126	112,648	104,478	6,190
COMPANY OF						
FLORIDA						
AMERICAN						
HEALTH AND LIFE	4,690	1,029	38,404	11,852	26,552	2,976
INSURANCE						
COMPANY						
AMERICAN						
INCOME LIFE	39,408	8,121	393,278	107,254	286,024	64,490
INSURANCE						
COMPANY						
AXA EQUITABLE						
LIFE INSURANCE	32	48	73,955	19,486	54,469	653
COMPANY						
COMBINED						
INSURANCE	43,661	18,981	841,439	230,043	611,396	76,554
COMPANY OF						
AMERICA						
CONNECTICUT						
GENERAL LIFE	2,097	1,039	157,613	105,904	51,709	(2,082)
INSURANCE						
COMPANY						
GERBER LIFE						
INSURANCE	1,576	363	50,343	35,504	14,839	(1,185)
COMPANY						
HARTFORD LIFE						
INSURANCE	0	0	6,647	1,019	5,628	644
COMPANY						
JACKSON						
NATIONAL LIFE	2	13	9,260	6,556	2,704	77
INSURANCE						
COMPANY						
LIBERTY LIFE						
ASSURANCE	485	602	14,626	4,553	10,073	(1,081)
COMPANY OF						
BOSTON						

	LIFE INSURANCE COMPANY OF NORTH AMERICA	32,555	12,520	203,588	109,319	94,269	(13,616)
	METROPOLITAN LIFE INSURANCE COMPANY	0	0	108,516	1,802	106,714	407
	NEW YORK LIFE INSURANCE COMPANY	36,451	9,513	496,982	143,221	353,761	(2,086)
	PAVONIA LIFE INSURANCE COMPANY OF MICHIGAN	2,324	866	58,006	17,928	40,078	2,748
15	PHOENIX LIFE INSURANCE COMPANY	0	0	0	0	0	0
16	PRINCIPAL LIFE INSURANCE COMPANY	0	0	0	0	0	0
17	STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD	0	0	0	0	0	0
	UNITED AMERICAN INSURANCE COMPANY	128	218	14,082	3,443	10,639	248
		297,440	69,237	2,812,863	951,038	1,861,825	139,221
	TOTAL	24,258,760	16,609,424	1,871,612,043	1,741,881,185	129,730,858	11,620,548

REINSURANCE COMPANIES

This table lists only those companies which are licensed solely for the business of reinsurance.

notes	FINANCIAL SUMMARY Year ended December 31, 2017 (in thousands) Name	ONTARIO BUSINESS		TOTAL COMPANY			
		Premiums Assumed	Net Losses Incurred	Total Assets	Total Liabilities	Excess of Assets over Liabilities	Claims Incurred to Earned Premium Net Income/ Loss
		\$	\$	\$	\$	\$	%
		ONTARIO					
	FARM MUTUAL REINSURANCE PLAN INC.	127,389	76,600	828,727	410,205	418,522	75%
		127,389	76,600	828,727	410,205	418,522	25,682
		EXTRA PROVINCIAL					
	OPTIMUM REASSURANCE INC.	54,983	12,204	2,411,330	2,306,187	105,143	n/a
		54,983	12,204	2,411,330	2,306,187	105,143	14,828
		FEDERAL					
	ARCH REINSURANCE COMPANY	7,797	5,399	114,164	82,685	31,479	98%
	ASPEN INSURANCE UK LIMITED	16,787	(14,235)	323,598	235,654	87,944	102%
	MUNICH REINSURANCE COMPANY OF CANADA	79,504	116,458	1,216,612	931,567	285,045	47%
	PACIFIC LIFE RE LIMITED	1,621	535	80,157	(3,578)	83,735	n/a
	PARTNER REINSURANCE COMPANY OF THE U.S.	22,519	2,732	476,036	258,147	217,889	13%
18	PARTNERRE LIFE REINSURANCE COMPANY OF CANADA.	62,703	20,891	404,856	348,454	56,402	n/a
	RGA LIFE REINSURANCE COMPANY OF CANADA	473,031	106,878	8,446,284	7,181,432	1,264,852	n/a

	SCOR CANADA REINSURANCE COMPANY	43,994	10,795	550,276	407,767	142,509	52%	13,380
	SUECIA REINSURANCE COMPANY	0	(845)	7,158	1,822	5,336	n/a	505
	THE CANADA LIFE INSURANCE COMPANY OF CANADA	916,767	402,350	13,929,996	12,731,767	1,198,229	n/a	176,438
		1,624,723	650,958	25,549,137	22,175,717	3,373,420		317,676
				BRANCH				
	AMERICAN AGRICULTURAL INSURANCE COMPANY	5,661	(4,780)	85,680	27,945	57,735	-54%	20,038
	AXIS REINSURANCE COMPANY	8,430	8,793	412,707	325,894	86,813	42%	10,735
	BRITISH INSURANCE COMPANY OF CAYMAN	42,571	38,165	498,147	205,941	292,206	n/a	2,801
19	CAISSE CENTRALE DE RÉASSURANCE	0	0	0	0	0	n/a	0
	CATALINA GENERAL INSURANCE LTD.	31	64	15,148	4,448	10,700	325%	212
	CCR RE EMPLOYERS REASSURANCE CORPORATION	15,889	8,395	257,065	151,358	105,707	45%	8,299
	EVEREST REINSURANCE COMPANY	70,306	57,849	722,348	(368,938)	1,091,286	n/a	243,703
	GENERAL AMERICAN LIFE INSURANCE COMPANY	82,641	8,187	1,081,529	566,797	514,732	38%	25,173
	GENERAL RE LIFE CORPORATION	113,058	74,010	2,592,924	1,070,778	1,522,146	n/a	74,677
	HANNOVER RÜCK SE MUNICH REINSURANCE COMPANY	606	128	17,667	2,652	15,015	n/a	1,503
		172,602	76,681	1,553,291	899,242	654,049	61%	51,164
		3,426,298	2,432,560	6,502,481	2,587,725	3,914,756	n/a	207,235

20	NATIONWIDE MUTUAL INSURANCE COMPANY	0	0	6,459	810	5,649	n/a	(202)
	ODYSSEY REINSURANCE COMPANY	29,776	3,800	465,255	258,437	206,818	52%	21,884
	PARTNER REINSURANCE COMPANY LTD.	11,381	2,880	367,757	304,851	62,906	n/a	5,523
	RELIASTAR LIFE INSURANCE COMPANY	0	0	51,178	9,261	41,917	n/a	(1,684)
	SCOR GLOBAL LIFE	131,117	110,628	523,019	135,249	387,770	n/a	70,009
	SIRIUS AMERICA INSURANCE COMPANY	3,121	(517)	107,786	44,637	63,149	-114%	6,797
	SWISS REINSURANCE COMPANY LTD	121,112	2,774	1,884,687	1,489,275	395,412	66%	6,294
	THE TOA REINSURANCE COMPANY OF AMERICA	14,100	3,198	239,269	175,350	63,919	30%	11,507
	TRANSATLANTIC REINSURANCE COMPANY	30,385	(1,935)	667,740	258,541	409,199	12%	47,572
	WILTON RE (CANADA) LIMITED	0	0	0	0	0	n/a	0
		4,279,085	2,820,880	18,052,137	8,150,253	9,901,884		813,240
	TOTAL	6,086,180	3,560,642	46,841,331	33,042,362	13,798,969		1,171,426

FRATERNAL SOCIETIES

	FINANCIAL SUMMARY Year ended December 31, 2017 (in thousands)	ONTARIO BUSINESS			TOTAL COMPANY		
		Direct Written Premiums	Benefits and Payments to Policyholders	Total Assets	Total Liabilities	Excess of Assets over Liabilities	Net Income / Loss
notes	Name	\$	\$	\$	\$	\$	\$
				ONTARIO			
	GUARANTEED FUNERAL DEPOSITS OF CANADA (FRATERNAL)	0	0	660,826	657,883	2,943	662
				FEDERAL			
	ACTRA FRATERNAL BENEFIT SOCIETY	10,739	6,647	766,490	742,574	23,916	0
	FAITHLIFE FINANCIAL	11,553	11,254	411,332	372,848	38,484	595
	SONS OF SCOTLAND BENEVOLENT ASSOCIATION	877	673	12,389	10,921	1,468	(448)
	TEACHERS LIFE INSURANCE SOCIETY (FRATERNAL)	15,298	7,152	78,271	59,214	19,057	(252)
	THE GRAND ORANGE LODGE OF BRITISH AMERICA	1,427	985	29,319	23,134	6,185	1,086
	THE INDEPENDENT ORDER OF FORESTERS	25,148	12,098	17,683,559	15,652,981	2,030,578	38,077
	TORONTO POLICE WIDOWS AND ORPHANS FUND	0	0	0	0	0	0

UKRAINIAN FRATERNAL SOCIETY OF CANADA	4	38	9,414	7,995	1,419	(84)
	65,046	38,847	18,990,774	16,869,667	2,121,107	38,974
			BRANCH			
CROATIAN FRATERNAL UNION OF AMERICA	304	427	14,167	11,818	2,349	(245)
KNIGHTS OF COLUMBUS	85,750	35,572	3,812,066	2,913,854	898,212	15,570
THE ROYAL ARCANUM, SUPREME COUNCIL OF	83	76	12,420	8,966	3,454	(292)
UKRAINIAN NATIONAL ASSOCIATION	24	72	9,148	5,101	4,047	80
UNITED COMMERCIAL TRAVELERS OF AMERICA, ORDER OF	67	104	4,748	3,030	1,718	(28)
	86,228	36,251	3,852,549	2,942,769	909,780	15,085
TOTAL	151,274	75,098	23,504,149	20,470,319	3,033,830	54,721

RECIPROCAL OR INTERINSURANCE EXCHANGES

		ONTARIO BUSINESS		TOTAL COMPANY				
FINANCIAL SUMMARY Year ended December 31, 2017 (in thousands)		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets over Liabilities	Claims Incurred to Earned Premium	Net Income / Loss
notes	Name	\$	\$	\$	\$	\$	%	\$
		ONTARIO						
	CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE	11,473	6,201	171,618	90,386	81,232	109%	(890)
	COMMUNITY NEWSPAPERS RECIPROCAL INSURANCE EXCHANGE	92	2	612	155	457	27%	(27)
	HEALTHCARE INSURANCE RECIPROCAL OF CANADA	135,179	119,799	1,466,396	932,206	534,190	87%	52,321
	MUNICIPAL ELECTRIC ASSOCIATION RECIPROCAL INSURANCE EXCHANGE	13,834	7,747	113,836	38,986	74,850	50%	4,233
	ONTARIO MUNICIPAL INSURANCE EXCHANGE	24	(14,534)	188,312	158,686	29,626	-23367%	6,138
	ONTARIO SCHOOL BOARDS' INSURANCE EXCHANGE	31,585	14,727	239,972	116,903	123,069	53%	16,990
	POULTRY INSURANCE EXCHANGE RECIPROCAL OF CANADA	2,992	308	15,224	3,982	11,242	18%	2,189

	195,179	134,250	2,195,970	1,341,304	854,666		80,954
	EXTRA PROVINCIAL						
CANADIAN AIRPORTS RECIPROCAL INSURANCE EXCHANGE (CARIE)	223	5	7,762	3,746	4,016	45%	212
CANADIAN EGG INDUSTRY RECIPROCAL ALLIANCE	0	0	16,149	2,579	13,570	23%	2,564
CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY	4,650	4,224	121,749	110,202	11,547	64%	(1,321)
	4,873	4,229	145,660	116,527	29,133		1,455
TOTAL	200,052	138,479	2,341,630	1,457,831	883,799		82,409