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Annual Report 2015-2016

Table of Contents

- [Message from the Chair and the Chief Executive Officer](#)
- [About the Financial Services Commission of Ontario](#)
- [Executive Overview](#)
- [The Regulated Sectors in Profile](#)
 - [Pension Plans](#)
 - [Insurance](#)
 - [Auto Insurance](#)
 - [Credit Unions and Caisses Populaires](#)
 - [Loan and Trust Companies](#)
 - [Mortgage Brokering](#)
 - [Co-operative Corporations](#)
- [Licensing, Monitoring and Enforcement Activity](#)
 - [Across the Sectors: Statistics](#)
 - [Regulatory Oversight and Enforcement Activities](#)
 - [Public and Stakeholder Inquiries and Complaints Reporting](#)
- [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](#)

Message from the Chair and the Chief Executive Officer

We are pleased to present the 2015-2016 annual report of the Financial Services Commission of Ontario (FSCO), which reports on FSCO's activities over the 12 months ending March 31, 2016.

People across Ontario depend on FSCO to effectively regulate the sectors we oversee. Families and businesses spend \$45 billion a year on insurance to help manage risk. Pension plans hold over \$574 billion in assets to provide for pension benefits payments for more than four million beneficiaries, including retirees. Millions of Ontarians receive savings, loans and other financial services through deposit-taking institutions; credit unions and caisses populaires alone hold assets totalling \$47.6 billion. Across the province, Ontarians purchase properties with the support of licensed mortgage agents, brokers and brokerages. The more than 76,000 individuals and corporations FSCO licenses across these sectors form part of the engine of economic growth and financial stability in Ontario and nationally.

Assessing the Environment

The financial services sector is rapidly evolving in the face of significant disruptors, adding complexity and new risks. New and less traditional market entrants and products are altering market dynamics in response to changing financial technologies and consumer needs.

Since the 2008 financial crisis caused equity market values to fall, an extended period of low interest rates has reduced investment returns well below historic levels. This has had a significant impact on the value of pension assets and insurance company funds. Tightened rules for federal mortgage lending across Canada have also led more Ontarians to seek out non-traditional mortgage providers. In response, consumers and pension plan beneficiaries are expecting more from their financial services intermediaries and the regulators who protect their interests and ensure market integrity.

FSCO's strategic priorities are informed by the need for effective and integrated regulatory frameworks that foster a strong financial services sector while protecting the public interest; markets are more interconnected, with fewer distinctions between participants who operate across multi-product lines. This need is compounded by the increase in multi-jurisdictional entities, product innovation and the trend toward market consolidation.

We apply a risk-based approach to our work and remain committed to continually reviewing our systems and processes to ensure Ontario has a strong, flexible and integrated regulator that can keep pace with change, adapt to the environment, embrace modernization and identify and address emerging risks.

Reviewing FSCO's Mandate

In fiscal 2015-16, the Ontario Minister of Finance appointed an Expert Advisory Panel to review the mandates of FSCO, the Financial Services Tribunal (FST) and the Deposit Insurance Corporation of Ontario (DICO), to modernize the regulation of financial services and pension plans while increasing accountability. The panel undertook consultations and reporting over the course of the fiscal year, and is in the process of completing its final report. FSCO continues to make priority-driven decisions to strengthen our regulatory capabilities.

Implementing Reform

In the 2015 Ontario Budget, the government announced auto insurance reforms to strengthen consumer protection, improve affordability, and give Ontario consumers more choice when buying coverage to suit their needs. FSCO supported the Ministry of Finance with the development of reforms and worked with industry partners to revise 23 claims and policy forms. FSCO also communicated with consumers to aid in their understanding of the auto insurance product changes that will be implemented June 1, 2016.

As a part of these reforms, FSCO also prepared for the transition of the Automobile Insurance Dispute Resolution Services from FSCO to the Ministry of the Attorney General's Licence Appeal Tribunal as of April 1, 2016. FSCO will continue to complete mediation, neutral evaluation and arbitration for applications received before March 31, 2016. More information on the transition appears later in this report.

Embracing Innovation

FSCO has partnered with industry to find regulatory approaches that support financial services product and service innovations while protecting consumer interests. FSCO has continued to work with insurers to monitor and improve conditionally approved usage-based auto insurance (UBI) programs while they gain statistically relevant data and experience. These programs give consumers a new tool to reduce their auto insurance cost, as driving patterns can directly

influence their rates. As of March 2016, FSCO has approved usage-based auto insurance programs for 17 insurers representing 56% of the Ontario private passenger auto market.

As the sharing economy continues to grow in Ontario, ridesharing services have presented new challenges. The 2016 Ontario Budget noted, “there continues to be a significant insurance coverage gap for thousands of Ontarians driving and using ride-sharing services every day.”

FSCO is proactively working with the insurance industry and other groups to cover this gap in consumer and driver protection. One ridesharing insurance product has been approved on an interim basis, and work has begun to explore a flexible approach to approve others.

Regulating Service Providers

FSCO completed its first full fiscal year licensing health service providers that provide medical and rehabilitation services to injured auto accident benefit claimants. While licensing is voluntary, adoption rates have been high – FSCO has already issued more than 4,300 licences, and 99% of all billings for these expenses occur through licensed health service providers.

The first year of licensing was an opportunity for FSCO to engage and educate health service providers about their obligations under the law. FSCO completed over 600 examinations in the sector, and is building relationships with health services associations, enhancing awareness of emerging issues in the sector, and working to ensure service providers fully understand FSCO’s compliance expectations. Going forward, FSCO will shift its focus from activities aimed at building awareness of regulatory requirements to examination-based compliance activities.

Enhancing Market Intelligence

FSCO collects market intelligence from entities in the sectors it regulates by working with industry partners through advisory committees, information returns, on-site examinations and inquiries to identify changes that may be affecting consumers and pension plan beneficiaries and may require greater regulatory focus.

FSCO also continues to pursue information-sharing agreements with industry organizations and other regulators. In March 2016, FSCO signed an agreement with the Investment Industry Regulatory Organization of Canada (IIROC) through which the regulators will share the decisions and sanctions of their respective disciplinary processes.

Strengthening Pension Regulation

In fiscal 2015-16, FSCO strengthened pension regulation capacity, shared information with pension plan administrators on regulatory changes and their impact, and educated Ontarians on the importance of planning for retirement.

FSCO supported the Ministry of Finance in its development of new regulations under the Pension Benefits Act. FSCO also provided data on the pension sector to the Ontario Retirement Pension Plan Implementation Secretariat and informed pension plan administrators about key legislative and regulatory changes, including multi-jurisdictional pension plans, asset transfers and solvency funding relief. As well, FSCO launched a series of educational videos on its website to help Ontarians prepare for and make informed decisions about financing their retirement.

Recommendations of the Auditor General’s Report

FSCO made progress in 2015-16 on commitments to strengthen its regulatory oversight in response to recommendations in the 2014 Annual Report of the Office of the Auditor General of Ontario (OAGO).

In 2015, FSCO launched a mandatory Information Return for co-operatives, designed to obtain and compile data on the sector in Ontario to support policy-making in this area. FSCO also upgraded its online licensing system to make it easier for agents to comply with errors and omissions (E&O) requirements in the Insurance Act.

In addition, FSCO strengthened procedures around delinquent pension filings, revised its pension examination processes, and increased the number and scope of examinations of defined contribution pension plans. FSCO's quarterly estimates of the overall funded status of defined benefit pension plans also give plan members a benchmark against which they can measure the performance of their own pension plan.

Fostering National Regulatory Coordination

By working collaboratively with other regulatory bodies across the country, FSCO strives to play a leadership role in the development of national regulatory standards.

This year, FSCO and insurance regulators across Canada implemented a streamlined and updated entry-level qualification program for new life insurance agents and new accident and sickness insurance agents. The updated Life Licence Qualification Program (LLQP) aligns provincial educational standards with one harmonized standard.

The Canadian Insurance Services Regulatory Organization (CISRO) led the program development, supported by members of the Canadian Council of Insurance Regulators (CCIR), as part of a coordinated national approach to regulation. All new life insurance agents in Canada will now be measured against one common proficiency standard, which sets a minimum level of understanding for life agents in each area in which their licence allows them to operate, supporting FSCO's efforts to protect the public interest.

FSCO also led research and analysis on regulatory requirements governing mortgage broker activities in other countries to better understand practices related to product suitability and identify potential consumer protection gaps. As well, FSCO supported the Mortgage Broker Regulators' Council of Canada (MBRCC) to conduct a survey to identify brokerage practices in certain MBRCC member jurisdictions. MBRCC used the survey results to develop consumer education materials that describe what processes and practices they can expect from a mortgage brokerage.

Through the Canadian Association of Pension Supervisory Authorities (CAPSA), FSCO and pension regulators across Canada began work to develop a new inter-governmental agreement for the regulation of pension plans that operate in multiple Canadian jurisdictions. FSCO also actively contributed to delivering initiatives undertaken by other national organizations, including the General Insurance Statistical Agency (GISA).

Serving the Best Interests of Ontarians

FSCO works to create opportunities to get input from Ontario consumers and pension plan beneficiaries as well as industry stakeholders on key issues affecting the sectors we regulate. This helps FSCO better understand changes affecting the marketplace, identify risks and deliver on its mandate to protect the public interest and enhance confidence in the sectors it regulates. its mandate to protect the public interest and enhance confidence in the sectors it regulates.

While this report reflects only a glimpse of the scope and depth of the work FSCO does to serve Ontarians, it highlights the strategic guidance of FSCO's executive committee, the solid

leadership of management, and the expertise and dedication of employees who deliver FSCO's regulatory services.



Florence A. Holden

Chair, Financial
Services Commission of
Ontario

Chair, Financial Services
Tribunal



Brian Mills

Chief Executive Officer and
Superintendent of Financial
Services

Financial Services
Commission of Ontario

[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 2015-2016

[Table of contents](#)

About the Financial Services Commission of Ontario

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 insurance, 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.

FSCO is committed to being a progressive and fair regulator, working with stakeholders to enhance public confidence in the regulated sectors, and protecting the interests of consumers and pension plan beneficiaries.

Who We Regulate

As of March 31, 2016, FSCO regulated or registered:

- 322 insurance companies
- 6,996 pension plans
- 106 credit unions and caisses populaires
- 51 loan and trust corporations
- 1,199 mortgage brokerages
- 2,489 mortgage brokers
- 9,954 mortgage agents
- 154 mortgage administrators
- 1,794 co-operative corporations
- 51,994 insurance agents
- 4,992 corporate insurance agencies
- 1,678 insurance adjusters
- 4,344 health service providers

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

Governance and Accountability

FSCO is comprised of a three-part structure: the Commission, the Superintendent of Financial Services and staff, and the Financial Services Tribunal.

Commission Membership and Purposes

Appointments to the Commission are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

Members of the Commission

Name	Position	Tenure	
Florence A. Holden	Chair (Acting)	August 8, 2014	September 5, 2017
Denis Boivin	Vice Chair (Acting)	December 1, 2014	July 22, 2017
Vacant	Vice Chair	N/A	N/A
Tom Golfetto	Director of Arbitrations	May 4, 2009	May 3, 2017
Brian Mills	CEO and Superintendent of Financial Services (Interim)	October 18, 2014	N/A

The Commission meets quarterly and reviews and approves key planning, strategic and accountability documents, including FSCO's:

- Agency Business Plan;
- Statement of Priorities; and
- Annual Report.

Commission members are also invited to attend FSCO's Audit and Risk Committee meetings.

FSCO has a well established series of ongoing internal committees on various policy and operational issues, which play a key role in day-to-day activities. Internal steering committees also guide key projects that involve different units or affect a number of areas within FSCO.

Superintendent and Staff

The Superintendent of Financial Services (Superintendent) administers and enforces the FSCO Act and all other acts that confer powers on or assign duties to the Superintendent. All FSCO

staff report directly or indirectly to the Superintendent. FSCO staff, who are public servants under the Public Service of Ontario Act, 2006, perform FSCO's day-to-day work.

Under the FSCO Act, the powers and duties of the Superintendent include:

- Generally supervising the regulated sectors;
- Administering and enforcing the FSCO Act and every other act that confers powers on or assigns duties to the Superintendent; and
- Being responsible for FSCO's financial and administrative affairs.

Financial Services Tribunal

The Financial Services Tribunal (FST) is an expert, independent adjudicative body. The chair and vice- chairs of the FST are also the chairs and vice-chairs of the Commission. More information on the FST appears later in this report.

Governance and Management Processes

The foundation for FSCO's corporate governance is provided by the Management Board of Cabinet's Agencies and Appointments Directive (AAD) and the Memorandum of Understanding (MOU) among the Minister of Finance, the Chair of the Commission, and the Superintendent of Financial Services/Chief Executive Officer.

The AAD sets out the process for establishing a new agency classified under the directive, and the accountability framework governing agencies and ministries in the operation of agencies. It uses a risk-based approach in managing agency accountability.

The MOU outlines the accountability framework between the Minister and FSCO, establishes tools for governance and accountability, and explains roles, relationships and mutual expectations.

Performance Measurement Framework

FSCO's [Performance Measurement Framework](#) ensures greater transparency, accountability and value for money. It also ensures that FSCO measures performance, focuses on meaningful results, and reports on outcomes.

Financial Reporting

As an Ontario 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.

Fiscal and Human Resources

In 2015-16, FSCO's expenditures totaled \$94.2 million, up \$700,000 or 0.7 percent, from the previous year.

More information on FSCO's 2015-16 expenditures can be found in the financial statements and notes later in this report.

On March 31, 2016, FSCO had 435 full-time staff. This total does not include legal services staff who are employees of the Ministry of the Attorney General.

Recovering FSCO's Costs

Most of FSCO's costs are recovered from the regulated sectors 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 with respect to the regulated services provided by FSCO. The Minister of Finance is authorized to establish fees with respect to the regulated services provided by FSCO. The Minister of Finance is authorized to establish fees with respect to the regulated services provided by FSCO. The Minister of Finance is authorized to establish fees with respect to the regulated services provided by FSCO.

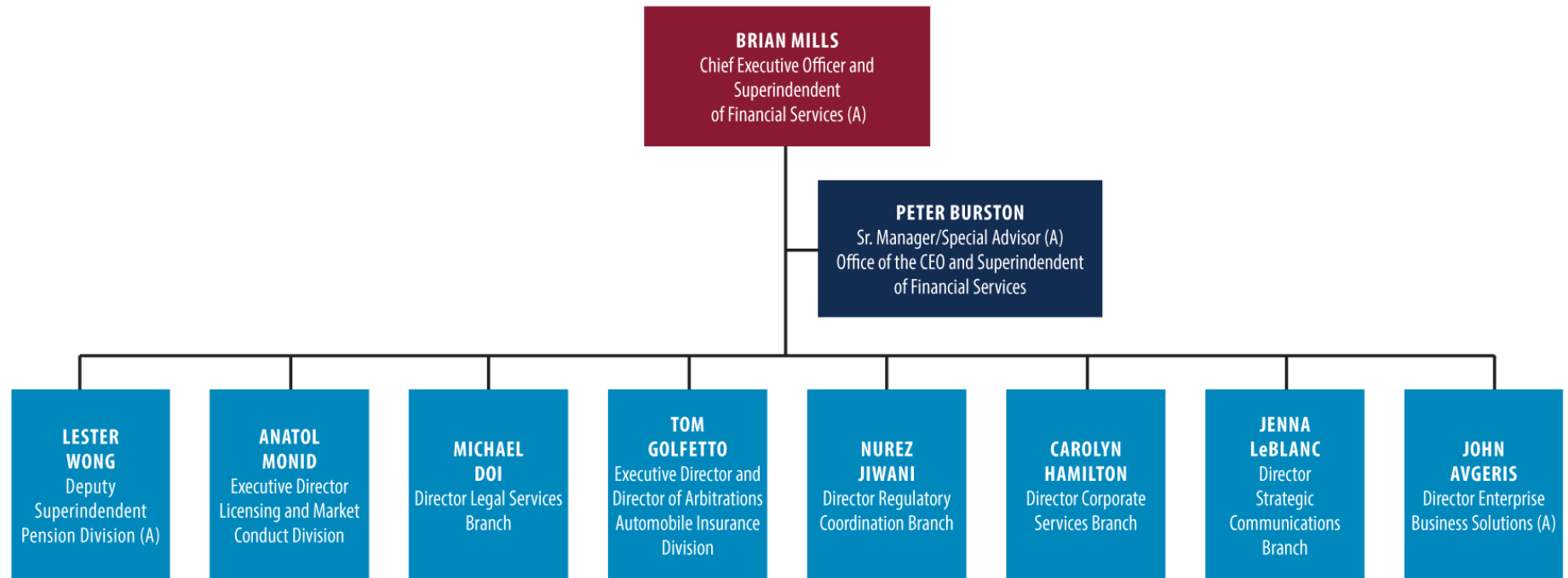
The government supports co-operative corporations by providing an allocation of \$500,000 to help cover the costs of administering the sector.

Executive Overview

[View a full-size version of the Executive Committee chart image.](#) 

[Description of the Executive Committee chart image.](#) 

EXECUTIVE OVERVIEW



Executive Overview

Financial Services Commission of Ontario's Executive Committee
Effective March 31, 2016

Brian Mills, Chief Executive Officer and Superintendent of Financial Services (Interim)

Peter Burston, Senior Manager/Special Advisor (Acting), Office of the CEO and Superintendent of Financial Services

Lester Wong, Deputy Superintendent (Acting), Pension Division

Anatol Monid, Executive Director, Licensing and Market Conduct Division

Michael Doi, Director, Legal Services Branch

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

Nurez Jiwani, Director, Regulatory Coordination Branch

Carolyn Hamilton, Director, Corporate Services Branch

Jenna LeBlanc, Director, Strategic Communications Branch

John Avgeris, Director (Acting), Enterprise Business Solutions

Annual Report 2015-2016

[Table of contents](#)

The Regulated Sectors in Profile

[Pension Plans](#)

[Insurance](#)

[Auto Insurance](#)

[Credit Unions and Caisses Populaires](#)

[Loan and Trust Companies](#)

[Mortgage Brokering](#)

[Co-operative Corporations](#)

The financial services sectors FSCO regulates represent a large, dynamic industry that underpins our provincial economy and Ontarians' quality of life. The industry delivers products and services that help individuals and families build financial security while also supporting financial stability for businesses and other organizations.

Pension Plans

FSCO regulates the following types of pension plans registered in Ontario:

- Defined benefit plans, which provide a predetermined level of benefits during retirement.
- Defined contribution plans, which provide benefit payments based on the amount of pension that can be purchased with the accumulated contributions, plus investment returns.
- Multi-employer pension plans (MEPPs), which allow two or more unrelated employers to contribute to a single pension fund and recognize a member's service with all participating employers when determining benefits. MEPPs are usually established in industries or trades where workers change employers frequently but have a common union affiliation (for example, carpenters or painters). The benefits provided under a MEPP can be either defined benefit or defined contribution. While most MEPPs are created through collective agreements, some are established by statute or municipal by-law. In MEPPs created through collective agreements that provide defined benefits, those benefits may be reduced if there are funding shortfalls.

- Jointly sponsored pension plans (JSPPs) are pension plans where the employer (or employers) and members jointly share responsibility for the plan, including plan governance and the funding of any deficits as they arise. Currently, most JSPPs are very large public sector plans, such as those for teachers or municipal workers.

Some defined benefit plans are hybrid plans that combine defined benefit and defined contribution provisions, provide the greater of a defined benefit or defined contribution provision.

Employment pension plans registered in Ontario must meet minimum standards for administration and funding under the Pension Benefits Act and regulations. FSCO monitors and enforces compliance with the legislation and regulations and supports the government on pension issues. FSCO also administers the Pension Benefits Guarantee Fund that protects a minimum level of benefits in most single employer defined benefit plans if the employer is insolvent.

Ontario-Registered Active Pension Plans and Membership

Pension Plan Type	As of March 31, 2016		As of March 31, 2015	
	Number	Percentage of Total*	Number	Percentage of Total*
Single Employer Plans	6,865	98	7,060	98
Defined Benefit Plans	3,859	55	4,012	56
Members	1,291,730	32	1,325,373	33
– Active Members	634,989	29	656,194	30
– Retired Members, Deferred Members and Other Beneficiaries	656,741	36	669,179	37
Defined Contribution Plans	3,006	43	3,048	42
Members	420,052	10	424,750	11
– Active Members	352,456	16	358,460	16
– Retired Members, Deferred Members and Other Beneficiaries	67,596	4	66,290	4
Multi-Employer Plans	121	2	119	2
Defined Benefit Plans	76	1	77	1
Members	906,723	22	873,732	22
– Active Members	387,414	18	373,210	17
– Retired Members, Deferred Members and Other Beneficiaries	519,309	28	500,522	28
Defined Contribution Plans	45	1	42	1

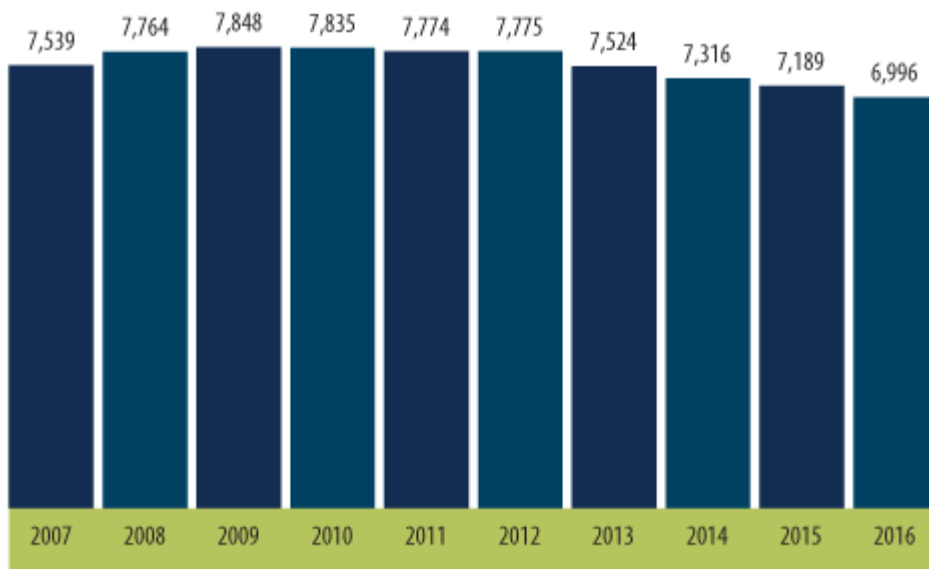
Pension Plan Type	As of March 31, 2016		As of March 31, 2015	
	Number	Percentage of Total*	Number	Percentage of Total*
Members	150,806	4	126,459	3
– Active Members	96,994	4	83,399	4
– Retired Members, Deferred Members and Other Beneficiaries	53,812	3	43,060	2
Jointly Sponsored Plans	10	0	10	0
Defined Benefit Plans	10	0	10	0
Members	1,282,277	32	1,250,869	31
– Active Members	734,051	33	717,736	33
– Retired Members, Deferred Members and Other Beneficiaries	548,226	30	533,133	29
Total Pension Plans	6,996	100	7,189	100
Total Members	4,051,588	100	4,001,183	100
– Active Members	2,205,904	100	2,188,999	100
– Retired Members, Deferred Members and Other Beneficiaries	1,845,684	100	1,812,184	100

* Percentages are expressed as a percentage of the total number of plans, or as a percentage of the total number of members, active members or retired members, deferred members and other beneficiaries in all plans.

Notes:

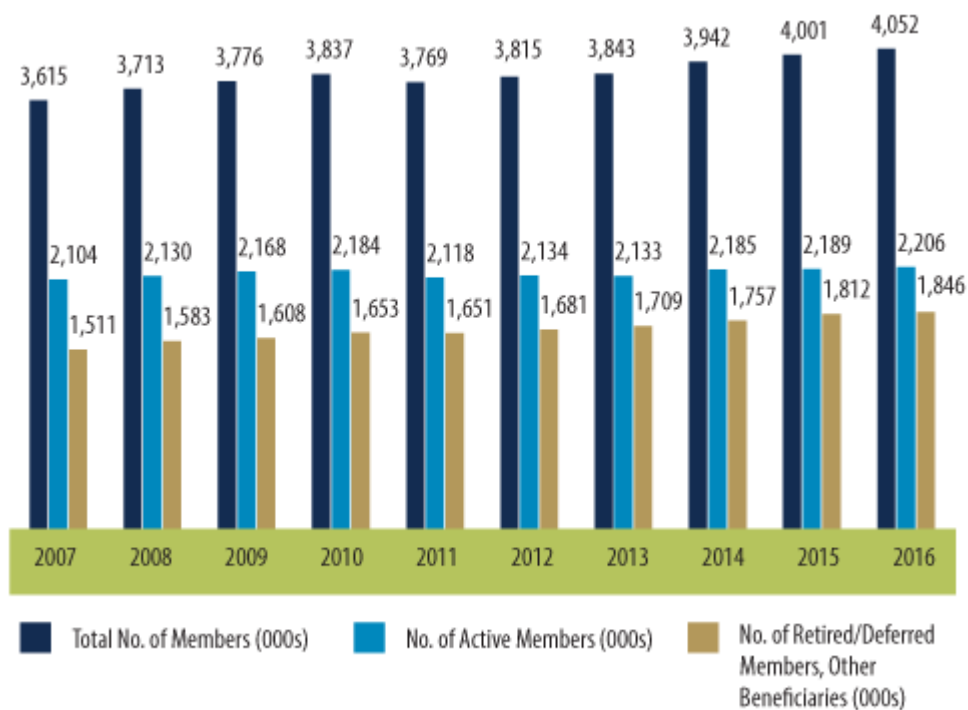
1. Percentages may not add up due to rounding.
2. Data on defined benefit plans includes hybrid/combination plans with both defined benefit and defined contribution components.
3. Percentages for jointly sponsored plans are reported as zero as they represent less than 0.14%.

Total Number of Ontario Pension Plans, 2007–2016



Description of total number of Ontario Pension Plans image 

Ontario Pension Plan Membership, 2007–2016



Description of Ontario Plan Membership image 

Ontario-Registered Active Pension Plan Assets

Plan Type	Market Value of Assets at March 31, 2016		Market Value of Assets at March 31, 2015	
	\$ Billion	%	\$ Billion	%
Single-Employer Plans				
Defined Benefit	206.00	35.8%	191.84	36.7%
Defined Contribution	18.31	3.2%	17.35	3.3%
Jointly Sponsored Plans				
Defined Benefit	318.71	55.6%	285.77	54.7%
Multi-Employer Plans				
Defined Benefit	28.73	5.0%	25.19	4.8%
Defined Contribution	2.31	0.4%	1.99	0.5%
Total	574.09	100%	522.15	100%

* Total dollar figures may not add up due to rounding.

Pension Plan Transactions Processed by FSCO

Under the Pension Benefits Act, the Superintendent of Financial Services makes regulatory decisions on various pension plan transactions, from initial registration to full wind-up. The following table lists key plan transactions dealt with by FSCO.

Transaction Type	2015-16	2014-15
New Plans Registered		
<i>Single Employer Plans</i>		
- Defined Benefit	28	79
- Defined Contribution	32	73
<i>Multi-Employer Plans</i>		
- Defined Benefit	0	0
- Defined Contribution	1	3
Total	61	155
Plan Amendments Registered	2,376	2,324
Full Wind-Ups Processed		
<i>Single Employer Plans</i>		
- Defined Benefit	241	202
- Defined Contribution	118	104
<i>Multi-Employer Plans</i>		

Transaction Type	2015-16	2014-15
- Defined Benefit	1	-
- Defined Contribution	1	-
Total	361	306

Partial Wind-Ups Processed

Single Employer Plans

- Defined Benefit	26	12
- Defined Contribution	-	-

Multi-Employer Plans

- Defined Benefit	-	1
- Defined Contribution	-	-

Total	26	13
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Plan Mergers/Asset Transfers Processed

Single Employer Plans

- Defined Benefit	75	9
- Defined Contribution	34	18

Multi-Employer Plans

- Defined Benefit	-	1
- Defined Contribution	-	2

Jointly Sponsored Plans

- Defined Benefit	1	-
- Defined Contribution	-	-

Total	110	30
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Surplus Refunds to Employers on Full Wind-Up Applications Processed

Single Employer Plans

- Defined Benefit	1	5
- Defined Contribution	-	-

Total	1	5
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Surplus Refunds to Employers on Partial Wind-Up Applications Processed

Single Employer Plans

- Defined Benefit	4	8
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Total	4	8
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On-site Examination Program

FSCO performs on-site examinations of pension plans selected through the risk-based funding and investment monitoring programs as well as on the basis of risk profiles in FSCO's pension plans database.

In addition to identifying areas of non-compliance, FSCO commonly issues recommendations at the conclusion of an examination to strengthen the alignment of plans' administrative and governance practices with generally accepted industry best practices. This year, FSCO undertook 55 examinations – the largest number since the program's inception. The results are summarized in the tables below.

Pension Plans Examined	2015–16	2014–15
<i>Single Employer Plans</i>		
Defined Benefit	12	23
Defined Contribution	11	5
Defined Benefit/Defined Contribution Hybrid	22	20
<i>Multi-Employer Plans</i>		
Defined Benefit	5	2
Defined Contribution	4	–
Defined Benefit/Defined Contribution Hybrid	1	–
Total	55	50

	2015–16		2014–15	
Common Examination Compliance Findings	Number of Plans	% of Plans Examined	Number of Plans	% of Plans Examined
Issues with disclosure on member benefit statements	44	80	32	64
Member benefit statements issued late	18	33	20	40
Plan member information booklet out of date	10	18	20	40
Statement of Investment Policy and Procedures out of date	16	29	18	36
Regulatory filing deadlines not met	14	25	13	26
Incorrect information reported in statutory filings	10	18	11	22
Plan amendment not registered with FSCO	3	5	8	16
Contributions remitted late/incorrectly	7	13	5	10

2015-16

2014-15

Common Examination Compliance Findings	Number of Plans	% of Plans Examined	Number of Plans	% of Plans Examined
Current trust agreement not registered with FSCO*	-	-	4	8
Statement of Investment Policy and Procedures not compliant	7	13	3	6

*Not reported; findings were no longer common across plans and did not meet the threshold for reporting purposes.

Pension Benefits Guarantee Fund

The Pension Benefits Guarantee Fund (PBGF) was established under the Pension Benefits Act. It protects a minimum level of benefits for Ontario members and beneficiaries of most single employer defined benefit pension plans, should the plan sponsor become insolvent. The Superintendent of Financial Services is responsible for the administration of the PBGF.

Pension plans with guaranteed benefits pay an assessment into the PBGF. The total liability of the PBGF is limited to the assets of the fund, including any loans or grants received from the province. The Office of the Auditor General of Ontario audits the PBGF's annual financial statements.

Pension Benefits Guarantee Fund Claims Paid by FSCO

	2015-16	2014-15
Number of Pension Plan Claims	17	14
Total Amount Paid	\$17,854,666	\$21,036,758

[Return to top](#)

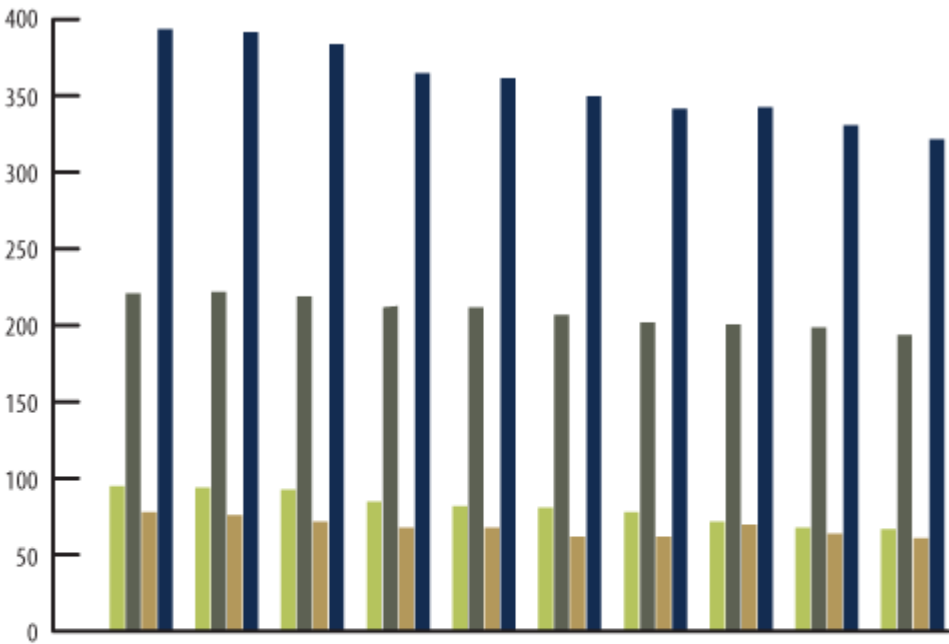
Insurance

Most insurance business in Ontario is conducted by federally incorporated companies subject to prudential regulation by the federal Office of the Superintendent of Financial Institutions (OSFI).

Prudential regulation of provincially-incorporated insurance companies licensed to conduct business in Ontario is overseen by FSCO. The number of insurance companies incorporated in Ontario has been steadily declining, in part due to market consolidation. Over the past few years, a number of Ontario-incorporated insurers have also ceased operations or continued

under federal or Quebec law for operational or strategic reasons. FSCO’s focus in regulating insurance companies is on market conduct reviews.

**Insurance Companies in Ontario, 2007–2016
as of March 31, 2016**

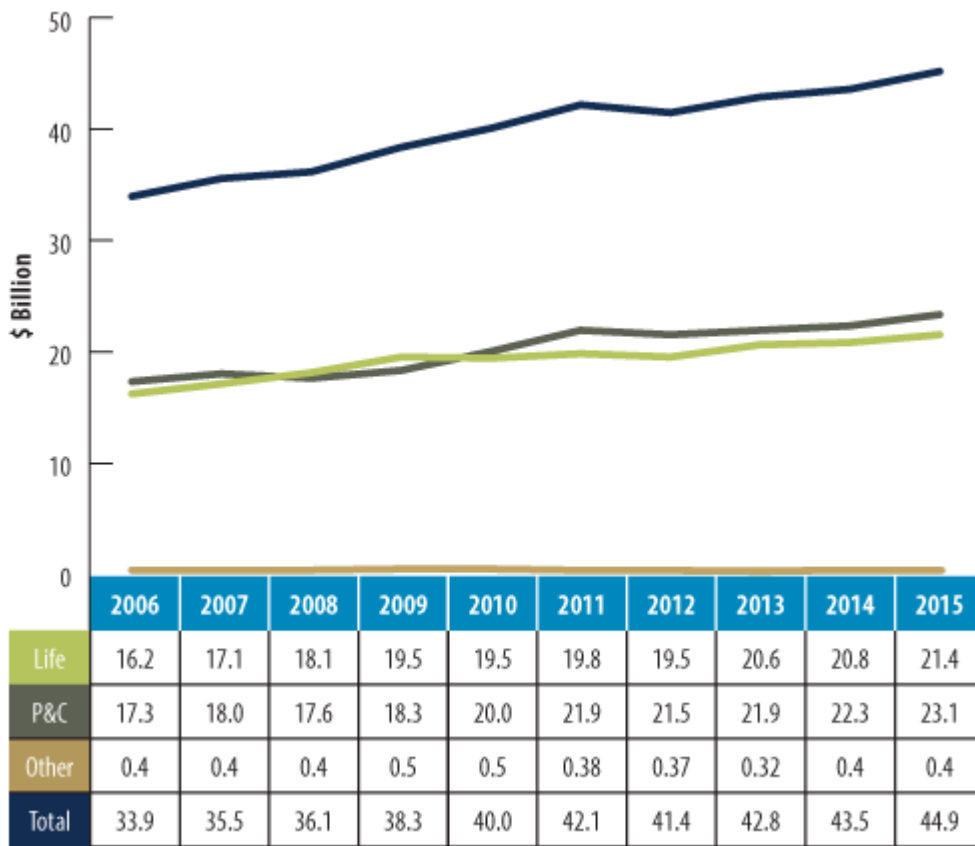


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Life	95	94	93	85	82	81	78	72	68	67
P&C	221	222	219	212	212	207	202	201	199	194
Other	78	76	72	68	68	62	62	70	64	61
Total	394	392	384	365	362	350	342	343	331	322

Description of Insurance Companies in Ontario image 

Note: includes reciprocal insurance exchanges.

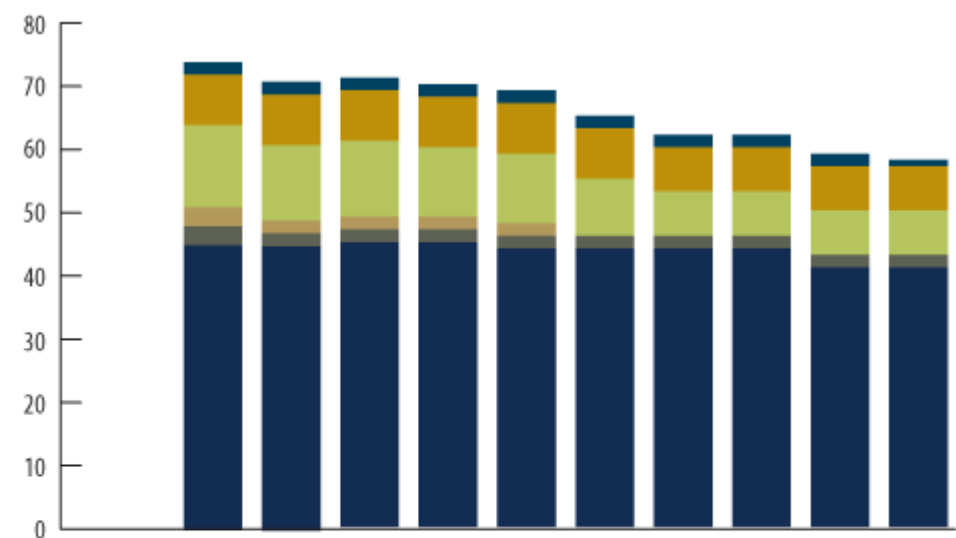
Direct Written Insurance Premiums in Ontario, 2006-2017




Description of Direct Written Insurance Premiums in Ontario image

Insurance companies incorporated or formed under Ontario law are subject to solvency regulation by FSCO. Those that incorporate federally are subject to solvency regulation by the Office of the Superintendent of Financial Institutions (OSFI). Most insurers incorporate federally.

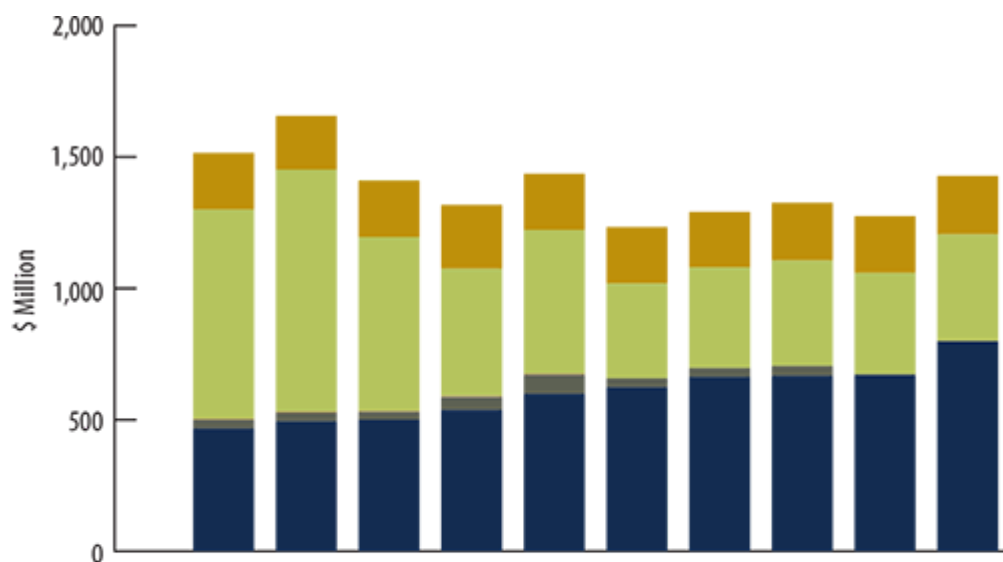
**Insurers Incorporated or Formed under Ontario Law, 2007-2016
as of March 31, 2016**



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Farm Mutuals	45	45	45	45	44	44	44	44	41	41
Fraternal	3	2	2	2	2	2	2	2	2	2
Life	3	2	2	2	2	0	0	0	0	0
P&C	13	12	12	11	11	9	7	7	7	7
Reciprocals	8	8	8	8	8	8	7	7	7	7
Reinsurers	2	2	2	2	2	2	2	2	2	1

Description of Insurers Incorporated or Formed under Ontario Law image 

**Insurance Companies Incorporated or Formed under Ontario Law
Direct Written Insurance Premiums, 2006–2015**



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Farm Mutuals	466.9	493.9	499.9	537	598.6	623.7	663.1	667.1	670.8	798.1
Fraternal	32.4	33.1	29.6	49.4	72.4	33.7	33.2	37.1	1.8	1.8
Life	4.9	4.6	4.3	4.1	4.5	0	0	0	0	0
P&C	795.8	920.2	662.1	484.6	546.6	361.1	383.8	402.1	386.5	405.7
Reciprocal	215.3	204.5	215.1	242.7	214.2	241.8	211	219.4	215.8	222.4

Description of Insurance Companies Incorporated or Formed under Ontario Law Direct Written Insurance Premiums
[image](#)

The Registered Insurance Brokers of Ontario

The Registered Insurance Brokers of Ontario (RIBO) is a self-governing, self-supporting organization of general insurance brokers in Ontario that administers the Registered Insurance Brokers Act. It regulates the licensing, professional competence, ethical conduct and insurance-related financial obligations of all general insurance brokers in the province of Ontario. In Ontario, FSCO licenses general insurance agents and corporate agencies, while RIBO licenses insurance brokers and brokerages. FSCO's Superintendent is responsible to ensure RIBO is fulfilling its regulatory responsibilities. The Superintendent also conducts an annual examination of RIBO's affairs and reports the results to the Minister of Finance.

[Return to top](#)

Auto Insurance

Automobile insurance is compulsory for Ontario drivers. FSCO reviews and the Superintendent approves automobile insurance rates, risk classification systems and underwriting rules, as well as policy endorsements, forms and rate manuals. FSCO also advises the government on the need for changes to auto insurance legislation and regulations, and works with stakeholders to improve system operation.

Automobile Insurance Filings Processed

In order to implement auto insurance reforms announced by the Ontario government in the 2015 budget, insurers were required to submit filings for all types of auto insurance written. This resulted in a significant increase in filings between October 2015 and March 2016.

Type	2015-16	2014-15
Private Passenger Auto Rate Filings		
Major	35	31
Simplified*	47	15
CLEAR**	18	33
Fees***	0	0
Auto Reform	56	-
Total	156	79
Non-Private Passenger Auto Rate Filings (including reform) ****	377	71
Underwriting Rule Filings	48	56
Endorsement Filings	44	44
Form Filings	127	67
Rate Manual Filings	128	103

* Insurers may submit a simplified filing where certain criteria, including a rate reduction proposal, are met. Only summary information is required in a simplified filing, whereas a major filing requires detailed actuarial information.

** The Canadian Loss Experience Automobile Rating (CLEAR) system groups vehicles according to their actual claims experience.

*** Fee Filings are submitted when the company is proposing to make changes to fees or add new ones.

Dispute Resolution Services Activities

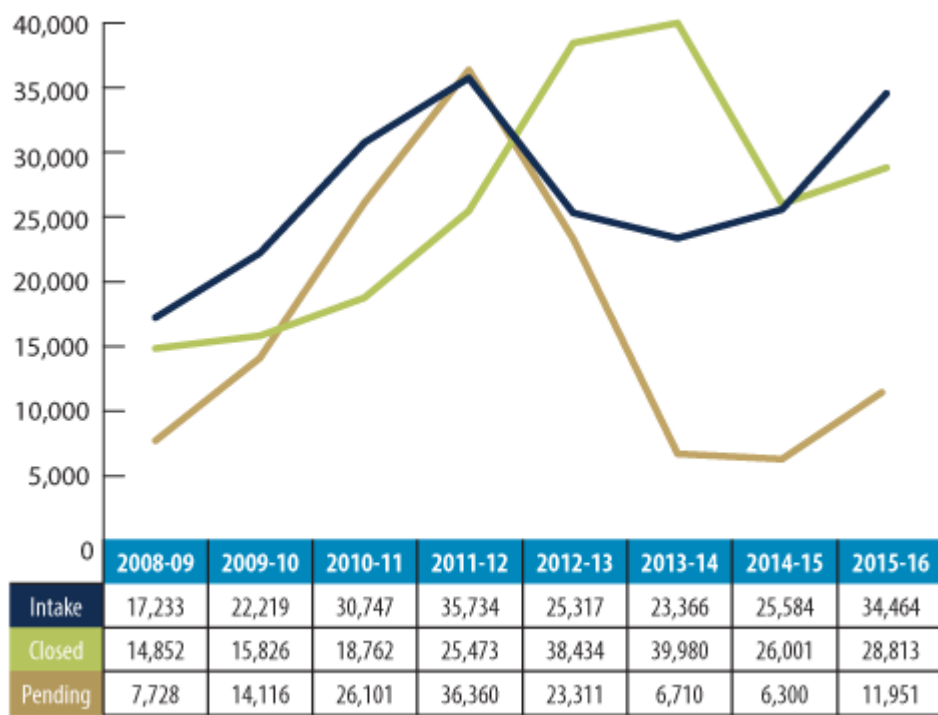
FSCO's dispute resolution services activities have been an integral part of Ontario's no-fault automobile insurance system when a claimant and insurer disagree about entitlement to or the amount of statutory accident benefits. Mediation at FSCO is mandatory before proceeding to arbitration or commencing a court proceeding. If mediation fails, the claimant can apply for arbitration at FSCO or take the matter to court. FSCO also offers neutral evaluation, appeal of arbitration orders on a point of law, and variation or revocation of an arbitration order under a defined set of circumstances.


Bill 15, the *Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014*, S.O. 2014, c. 9, amended the Insurance Act to provide for the transition of the Automobile Insurance Dispute Resolution system from FSCO to the Licence Appeal Tribunal (LAT). As a result, FSCO stopped accepting applications for mediation, neutral evaluation and arbitration as of March 31, 2016, but will continue to be responsible for all remaining open files as of that date. LAT will assume all new applications for dispute resolution services as of April 1, 2016.

With the impending deadline for arbitration applications at FSCO, March 2016 represented a record monthly intake of 3,275 files, up from only 818 applications in March 2015. In the last quarter of fiscal 2015, FSCO received 11,040 applications, up from 7,431 in the previous quarter. This increase drove up the open pending cases significantly. FSCO is addressing the increased workload through various approaches, including the continued use of a private dispute resolution service provider. Strategies are also in place to ensure mediations are concluded within 60 days of filing or within the time extended by agreement of the parties, as required by legislation.

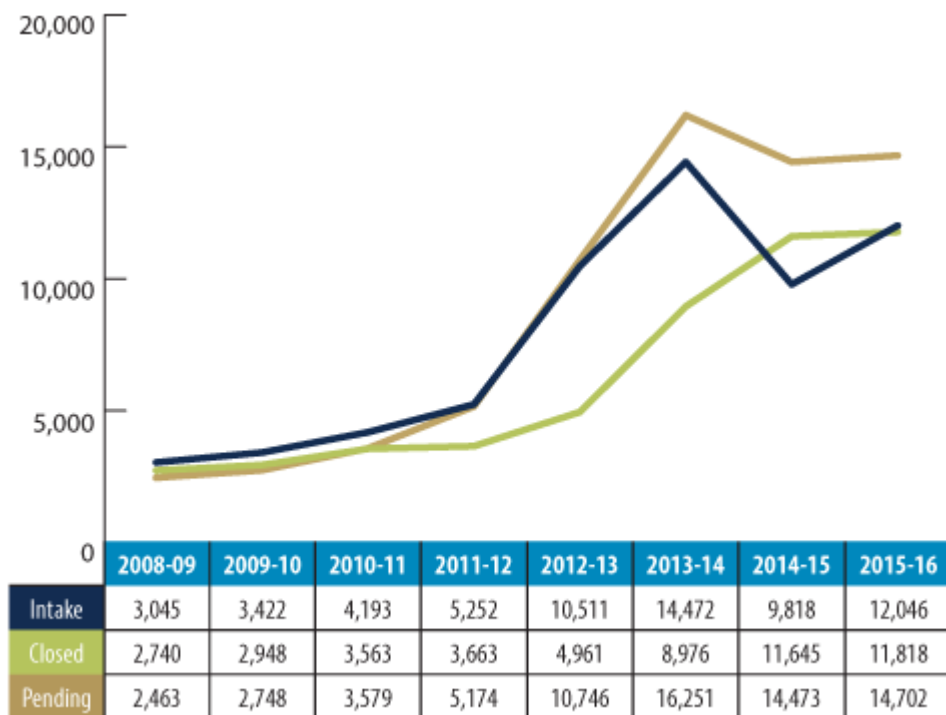
Dispute Resolution Services Activity	2015-16	2014-15
Mediation		
New Applications Received	34,547	25,584
Cases Closed	28,811	26,001
Settlement Rate – Full	26%	31%
Settlement Rate – Partial	9%	11%
Arbitration		
New Applications Received	12,053	9,818
Cases Closed	11,810	11,645
Settled	10,892	10,828
Decisions Issued	448	359
Appeals		
New Applications Received	79	64
Cases Closed	70	45
Settled	13	12
Decisions Issued	61	29

Mediation – Intake, Closed and Pending 2009-2016



Description of Mediation - Intake, Closed and Pending image 

Arbitration – Intake, Closed and Pending, 2008/09–2015/16



Description of Arbitration - Intake, closed and Pending image 

Motor Vehicle Accident Claims Fund

FSCO administers the [Motor Vehicle Accident Claims Fund](#) for victims of accidents involving uninsured or unidentified vehicles. Claims payouts typically fluctuate from year to year, but have averaged approximately \$24 million annually over the last five years. The majority of the 2015-16 increase in payouts from a year earlier was due to a larger volume of file settlements.

Measure	2015-16	2014-15
New Claims Reported (#)	554	528
Total Cash Payouts	\$26.1 million	\$17.1 million
Total Statutory Accident Benefits Claims Paid (#)	484	463
Total Statutory Accident Benefits Payments	\$21.3 million	\$13 million
Total Third Party Liability Claims Paid (#)	96	75
Total Third-Party Liability Payments for Bodily Injury and Property Damage	\$4.8 million	\$3.9 million
Collection of Repayments	\$900,000	\$1.2 million
Suspended Driver's Licences (#)	215	224
Reinstated Driver's Licences (#)	160	203
Repayments Processed (#)	4,338	4,743
Debtors Making Payments (#)	519	556
Active Accounts Receivable (#)	813	872

[Return to top](#)

Credit Unions and Caisses Populaires

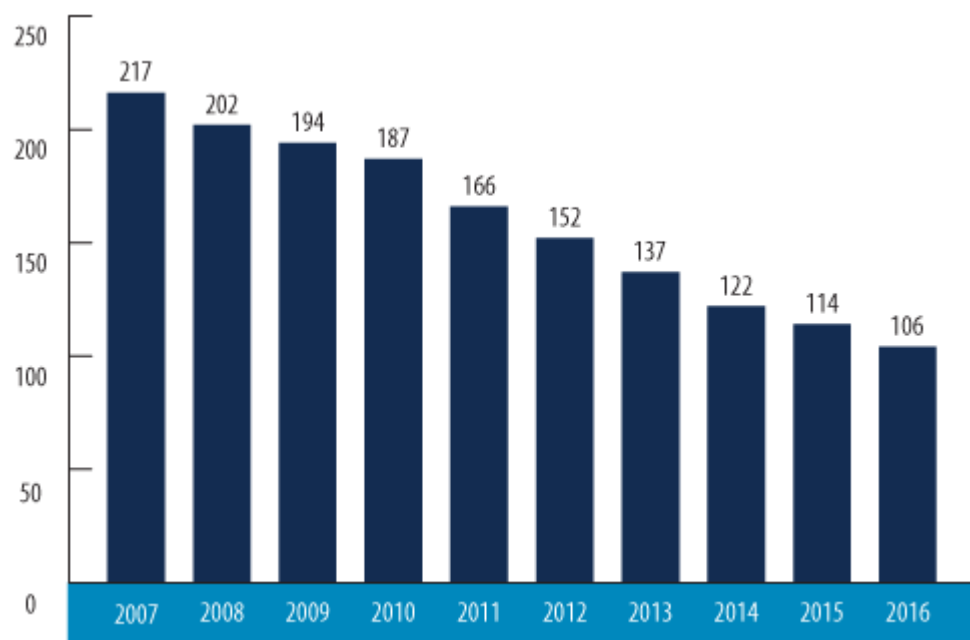
As of March 31, 2016, Ontario's credit unions and caisses populaires held total assets of \$47.6 billion. The sector continues to undergo significant consolidation and transformation.

Amalgamations continued in 2015-16, with the number of credit unions and caisses populaires decreasing by almost seven percent.

Measure	As of March 31, 2016	As of March 31, 2015
Institutions with Assets over \$50 Million		
Number	72	76
Assets	\$46.8 billion	\$42.5 billion
Membership	1,531,045	1,473,342
Institutions with Assets under \$50 Million		
Number	34	38
Assets	\$853 million	\$982 million

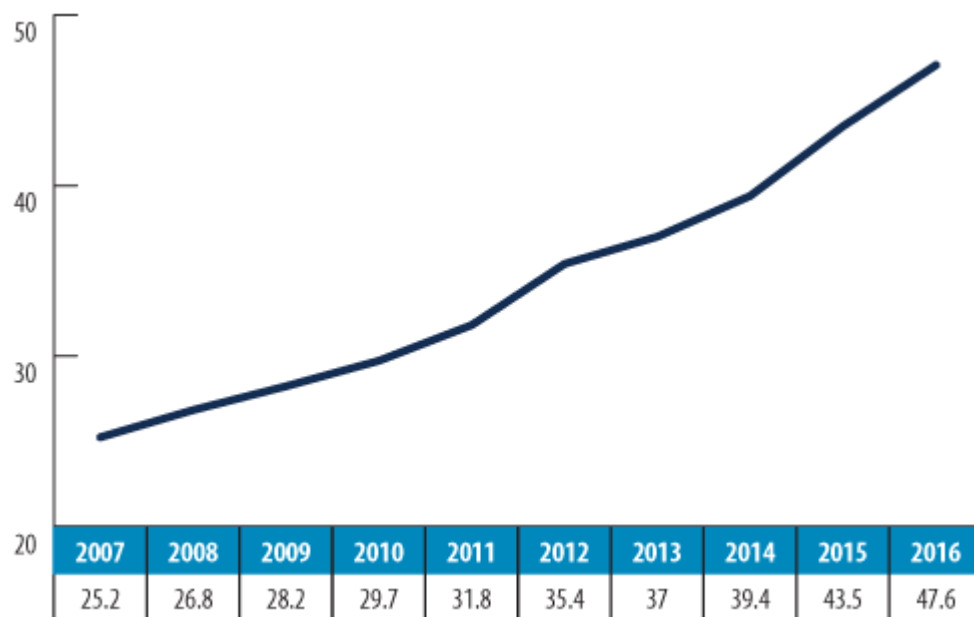
Measure	As of March 31, 2016	As of March 31, 2015
Membership	68,427	77,055
All Institutions		
Number	106	114
Assets	\$47.6 billion	\$43.5 billion
Membership	1,599,472	1,550,397

Ontario Credit Unions. 2007-2016, as of March 31, 2016



Description of Ontario Credit Unions image 

Ontario Credit Unions, Total Assets, 2007–2016, as of March 31, 2016



Total assets (billion \$)

[Description of Ontario Credit Unions, Total Assets image](#) 

The Deposit Insurance Corporation of Ontario

The Deposit Insurance Corporation of Ontario (DICO) is a provincial government agency that protects depositors of Ontario credit unions and caisses populaires from loss of their deposits.

FSCO and DICO share responsibility for both regulating credit unions and caisses populaires under the Credit Unions and Caisses Populaires Act, 1994, and for ensuring compliance with its provisions. The statute establishes solvency requirements, including rules related to capital, liquidity and exposure to interest rate risk. DICO is also responsible for enforcing those provisions.

FSCO is responsible for enforcing the market conduct provisions in the act, including those related to consumer protection and governance.

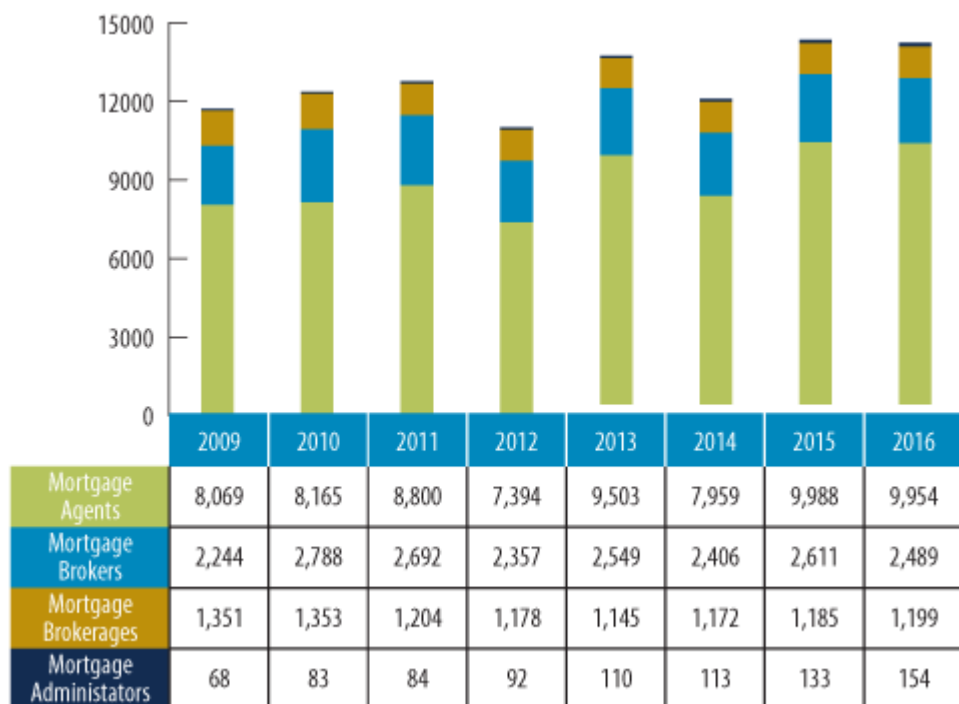
Loan and Trust Companies

FSCO's role in the regulation of loan and trust companies is limited to registration of companies operating in Ontario and taking action against unlicensed deposit takers. Fifty-one loan and trust companies were registered to operate in Ontario as of March 31, 2016. All were federally incorporated, a registration requirement.

Mortgage Brokering

All mortgage brokerages, administrators, brokers and agents conducting mortgage brokering business in Ontario are required to be licensed by FSCO. Mortgage broker and agent licences are issued for a two-year term.

Mortgage Brokerages, Administrators, Brokers and Agents, 2009–2016 as of March 31, 2016

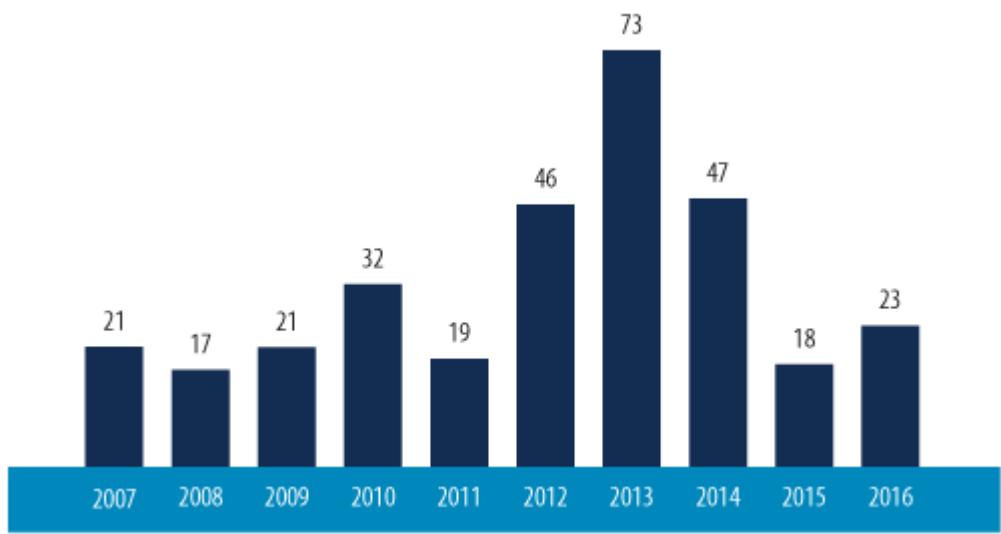


[Description of Mortgage Brokerages, Administrators, Brokers and Agents image](#) 

Co-operative Corporations

FSCO registers organizations conducting business as cooperatives under the Co-operative Corporations Act. As of March 31, 2016, there are 1,794 co-operatives incorporated in Ontario, including 23 new incorporations in 2015-16.

Ontario Co-operatives, Number of New Incorporations, 2007–2016



Description of Ontario Co-operatives - Number of New Incorporations image 

[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 2015-2016

[Table of contents](#)

Licensing, Monitoring and Enforcement Activity

[Across the Sectors: Statistics](#)

[Regulatory Oversight and Enforcement Activities](#)

[Public and Stakeholder Inquiries and Complaints Reporting](#)

Across the Sectors: Statistics

FSCO licenses or registers individuals and businesses to provide financial services in Ontario, as well as health service providers who invoice automobile insurers through the Health Claims for Auto Insurance system for medical and rehabilitation services provided to injured auto accident benefits claimants. FSCO has conducted over 16,000 police checks in relation to licensee applications for suitability background checks and investigations.

FSCO monitors compliance with legislation and regulations and follows up with enforcement action where necessary.

The notable drop in licensing activity in the health service provider categories is a result of high registration rates by service providers in 2014-15 following legislation that came into effect December 1, 2014, requiring health service providers to be licensed to receive direct payment from insurers for listed expenses.

Activity	2015-16	2014-15
Individuals		
<i>New Licences Issued</i>		
Life Insurance Agents	6,444	5,368
General Insurance Agents	1,221	1,000
Accident and Sickness Insurance Agents	569	461
Insurance Adjusters	138	203

Activity	2015-16	2014-15
Mortgage Brokers	84	140
Mortgage Agents	2,888	2,961
Service Providers, Sole Proprietors	274	1,641
<i>Licences Renewed</i>		
Life Insurance Agents	14,688	19,497
General Insurance Agents	2,904	2,995
Accident and Sickness Insurance Agents	341	300
Insurance Adjusters	1,468	1,461
Mortgage Brokers*	1,424	5
Mortgage Agents*	9,190	8
Service Providers, Sole Proprietors	n/a	n/a
Corporations		
<i>New Licences Issued</i>		
Life and General Insurance Agencies	497	490
Corporate Insurance Adjusters	2	11
Insurance Companies	3	4
Mortgage Brokerages	90	106
Mortgage Administrators	31	26
Health Service Providers, Corporations	339	1,988
Health Service Providers, Partnerships	22	189
<i>New Registrations Issued</i>		
Loan and Trust Companies	-	-
<i>Licences Renewed</i>		
Life and General Insurance Agencies	1,992	2,624
Corporate Insurance Adjusters	115	112
Health Service Providers, Corporations	n/a	n/a
Health Service Providers, Partnerships	n/a	n/a
Co-operatives		
Offering Statements	22	24
Material Change Relating to Offering	-	-
New Incorporations	23	18

Activity	2015-16	2014-15
Amendments Relating to Incorporation	9	18
Dissolutions/Cancellations	15	4
Conversion to Corporation	–	–
Amalgamation	1	2
Credit Unions/Caisses Populaires		
New Incorporations	–	–
Applications Required for Approval/Filing (including applications for articles of amendment, name changes, by-law amendments, offering statements, etc.)	60	45
Amalgamations	5	5
Dissolutions	39	15

* Mortgage brokers and agents are licensed for two-year periods with a common expiry date. The last common expiry date was March 31, 2016.

[Return to top](#)

Regulatory Oversight and Enforcement Activities

Monitoring Activities

FSCO undertakes a number of monitoring activities as part of its regulatory functions. It conducts compliance audits and examinations, and reviews complaints in the sectors it regulates.

Activity	2015-16	2014-15
Audits		
Insurance agent risk-based CE audit	–	–
Errors and Omissions Insurance		
– Life Insurance Agents	–	656
– Mortgage Brokerages	–	–
Complaint Reviews		
Insurance Companies	219	253
Insurance Agents	145	257
Mortgage Brokerages/Administrators	109	68
Mortgage Brokers	123	74
Mortgage Agents	150	114
Credit Unions	76	25
Loan and Trust Companies	9	6

Activity	2015-16	2014-15
Health Care Providers	16	7
Pension Plans	186	159
Total	1,033	963

On-site Examinations

Health Service Providers	434	296
Insurance Companies	13	8
Mortgage Brokerages and/or Administrators	35	166
Pension Plans*	55	50

* See On-site Examination Program in Pension Plans section for more information.

Enforcement Actions

To protect consumers and enhance public confidence, FSCO monitors, investigates and, where there is non-compliance with legislation and regulations, appropriate enforcement action.

Actions Related to Insurance Sector

Type	2015-16	2014-15
Insurance Agents		
Licence Refusals	17	5
Licences Revoked	16	6
Licences Suspended	8	5
Letters of Caution	1	4
Letters of Warning	18	22
Compliance Order	2	–
 Administrative Monetary Penalties (AMP)		
Total AMP Orders Issued	54	49
Total AMP Amount Ordered	\$68,467	\$64,923
Corporate Insurance Agencies		
Administrative Monetary Penalties		
Total AMP Orders Issued	1	–
Total AMP Amount Ordered	\$2,250	–
Automobile Insurance Companies		

Type	2015-16	2014-15
Letters of Caution	–	10
Administrative Monetary Penalties		
Total AMP Orders Issued	1	–
Total AMP Amount Ordered	\$19,000	–
Health Service Providers		
Licence Refusals	6	2
Licence Revocations	12	–
Administrative Monetary Penalties		
Orders Issued	–	5
Amount Ordered	–	\$600,000
Dispute Resolution Penalties		
Special awards against Insurers	10	8
Expense orders against representatives	–	–

Actions Related to Mortgage Brokering Sector

Type	2015-16	2014-15
Mortgage Brokerages and Administrators		
Licence Refusals	–	–
Licence Suspensions	3	2
Licence Revocations	1	36
Compliance Orders	4	–
Mortgage Brokers		
Licence Refusals	–	1
Licence Suspensions	2	2
Licence Revocations	2	4
Letters of Caution	7	5
Compliance Orders	3	–
Mortgage Agents		
Licence Refusals	3	3
Licence Suspensions	2	2

Type	2015-16	2014-15
Licence Revocations	5	2
Letters of Caution	13	16
Administrative Monetary Penalties		
<i>Annual Information Return</i>		
Orders Issued	–	–
Amount Ordered	–	–
<i>Errors & Omissions Insurance</i>		
Orders Issued	–	2
Amount Ordered	–	\$4,600
<i>Unlicensed Activity</i>		
Orders Issued	1	2
Amount Ordered	\$5,000	\$1,000
<i>False Information to Superintendent</i>		
Orders Issued	–	1
Amount Ordered	–	\$3,000
<i>Other Standards of Practice Violations</i>		
Orders Issued	16	6
Amount Ordered	\$25,250	\$6,500
<i>Disclosure</i>		
Orders Issued	14	–
Amount Ordered	\$18,000	–
Total AMP Orders Issued	31	11
Total AMP Amount Ordered	\$48,250	\$15,100

Cease and Desist Orders and Prosecutions by Statute

Type	2015-16	2014-15
Cease and Desist Orders		
Insurance Act	3	3
Mortgage Brokerages, Lenders and Administrators Act, 2006	3	1
Loan and Trust Corporations Act	–	–

Type	2015-16	2014-15
Completed Prosecutions		
Insurance Act	7	10
Mortgage Brokerages, Lenders and Administrators Act, 2006	–	1
Loan and Trust Corporations Act	–	–
Pension Benefits Act	–	–

[Return to top](#)

Public and Stakeholder Inquiries and Complaints Reporting

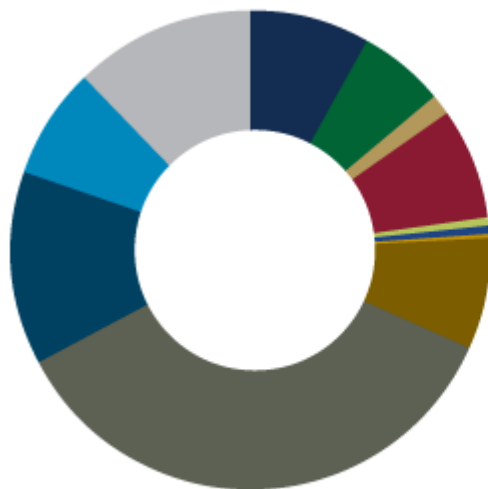
Beyond its oversight activities, FSCO undertakes consumer inquiry and complaint processes to answer consumer and stakeholder questions. These processes help identify practices that may be harmful to consumers and the marketplace or that may violate legislation, regulations or FSCO's rules and procedures. Inquiry and complaint data also alert FSCO to potential problems that may require consumer education efforts or other regulatory intervention.

FSCO provides accurate, up-to-date information to consumers to help them make informed choices about products and services available in the marketplace. The following data shows the number of inquiries and complaints handled by FSCO in fiscal 2015-16.

Public and Stakeholder Inquiries

FSCO staff respond to telephone inquiries and correspondence from both the public and stakeholders, providing information about legislation and regulations FSCO administers as well as FSCO's processes.

2015–2016

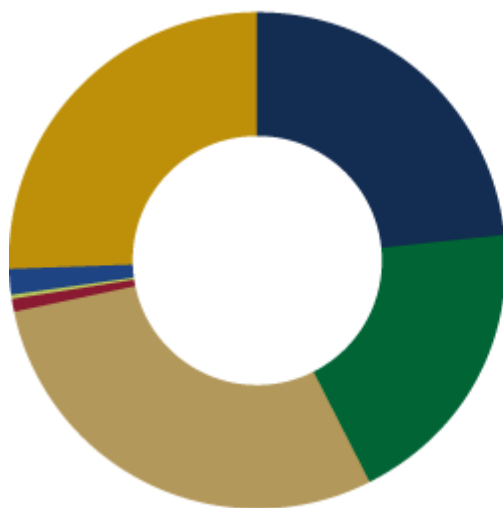


		No. of inquiries
FSCO – Other	8%	5,329
Non FSCO	5%	3,270
Insurance-Other	1%	870
Service Providers	8%	4,797
Co-operatives	1%	338
Credit Unions/Caisses Populaires	0%	304
Loan and Trust	0%	163
Locked-in Accounts	8%	4,886
Licensing	36%	22,787
Mortgage Brokering	13%	8,425
Insurance – Automobile	8%	4,765
Pensions	12%	7,764
Total		63,698

Description of Public and Stakeholder Inquiries image 

* Note: Non-FSCO refers to inquiries that do not pertain to FSCO’s mandate and have to be redirected.

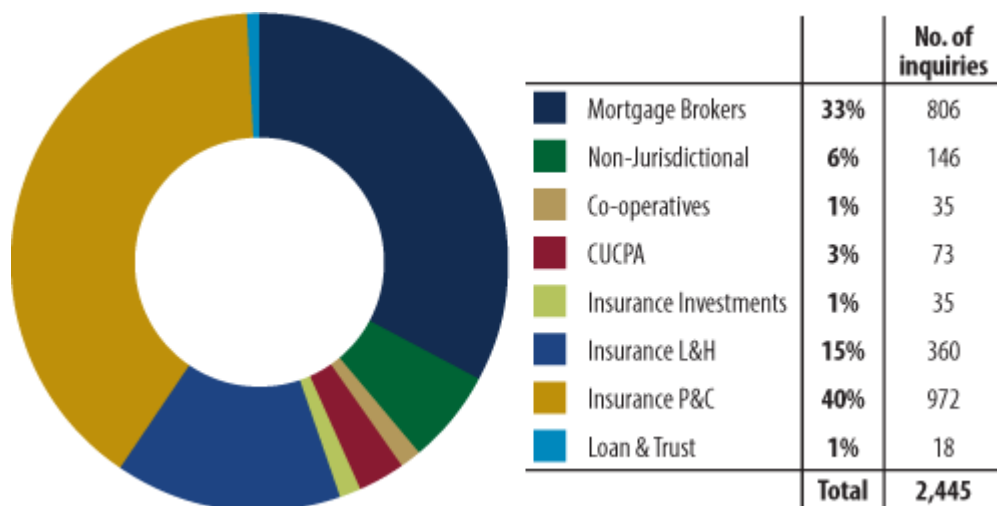
Licensing Compliance Inquiries



		No. of inquiries
Application Status	23%	2,410
LL IT Issue	19%	1,985
Application & Qualification Inquiries	29%	3,011
PDF Licence Request	1%	78
AIR	0%	32
LOS Request	2%	157
Other	26%	2,634
Total		10,307

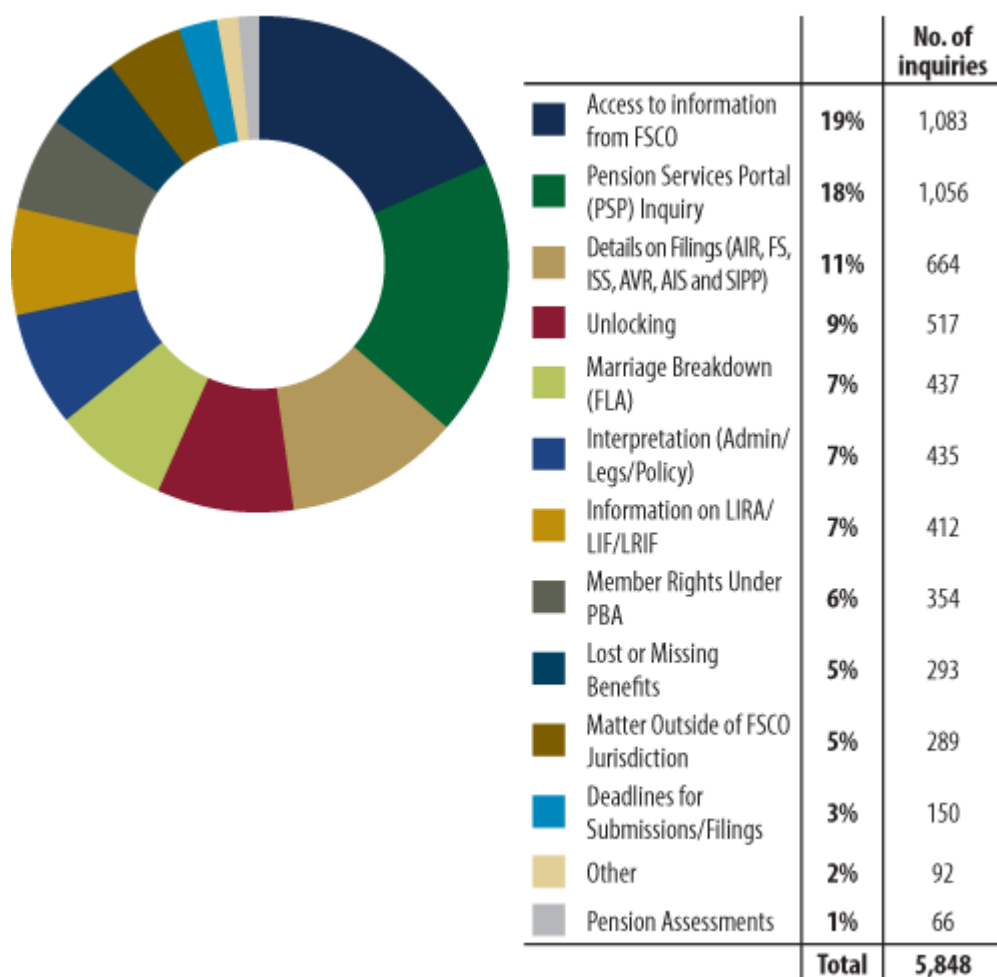
Description of Licensing Compliance Inquiries image 

Market Conduct Inquiries



Description of Market Conduct Inquiries image 

Pension Inquiries



Description of Pension Inquiries image 

Complaints

As evidence of consumer dissatisfaction, complaints represent a crucial market conduct signal for both the industry and regulators. Reviewing complaints is an important component of FSCO's risk-based approach to market conduct oversight.

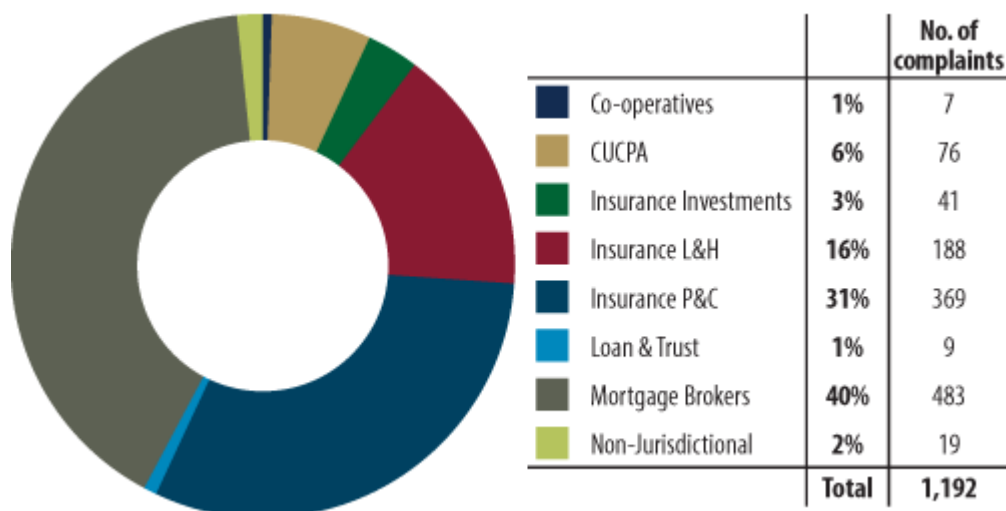
Insurance companies in Ontario are required to designate a complaints officer to receive consumer complaints about business practices, and to refer unresolved complaints to an independent third party for review. Most insurance companies are members of a national industry ombudservice. Where this is not the case, FSCO generally acts as the independent third party.

All mortgage brokerages, mortgage administrators, credit unions and caisses populaires are also required to designate an individual to receive and attempt to resolve complaints. They must also keep a record of written complaints and responses. Parties making a complaint must also be advised to contact FSCO if they believe there has been a violation of the legislation or regulations.

FSCO inquires into complaints that allege non-compliance with legislation or regulations in any of the regulated sectors. Visit FSCO's [web site](#) for complaint procedures and contact information.

Most complaints do not result in a finding of contravention of the law. However, access to a review process is important to maintain consumer confidence in the financial services marketplace. FSCO does take enforcement action where there has been a contravention.

Market Conduct Complaints



Pension Complaints



		No. of inquiries
Non-Compliance Plan Provisions	16%	29
Non-Compliance with Legislation/Policy	35%	65
Commuted Value/Benefit Entitlement	44%	82
Reciprocal Transfer Agreement	5%	10
Total		186

Description of Pension Complaints image




[Return to top](#)

Annual Report 2015-2016


[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 regulated sectors including:

- [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 the Financial Services Commission of Ontario are made in accordance with the guidelines established by Ontario's [Public Appointments Secretariat](#) .

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 and issued Practice Directions to guide the conduct of its hearings. The Statutory Powers Procedure Act also governs proceedings.

For the convenience of hearing participants, the FST's hearing schedule, decisions, Rules of Practice and Procedure, and Practice Directions are posted on the FST website, as well as biographical sketches of current FST members.

The Tribunal has established published service standards and a tracking mechanism to facilitate public reporting on services.

Financial Services Tribunal Members

Name	Position	Tenure	
Florence A. Holden	Chair (Acting)	August 11, 2004	September 5, 2017
Denis W. Boivin	Vice-Chair (Acting)	December 1, 2004	July 22, 2017
John M. Solursh	Member	August 11, 2004	August 7, 2017
Paul Farley	Member	January 5, 2015	March 4, 2017
Ian McSweeney	Member	March 11, 2015	May 10, 2017
Patrick William Longhurst	Member	August 9, 2009	August 7, 2017
Jeffrey Richardson	Member	August 12, 2008	August 7, 2017
Jennifer Lynne Brown	Member	July 8, 2010	July 6, 2015
Jill Wagman	Member	December 17, 2013	December 16, 2016
Bethune Whiston	Member	December 17, 2013	December 16, 2016

Total Fiscal Year (04/01/15 - 03/31/16)

	# 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)	54	54	53	1	98%
Confirm PHC date (Standard = 35 days in 90% of cases)	53	48	51	2	100%
Issue decision with reasons (Standard = 90 days in 90% of cases)	41	37	41	0	100%

The Financial Services Tribunal Activities table below summarizes the FST's activities in 2015-16.

Financial Services Tribunal Activities

Activity	Pension Matters (Excluding Financial Hardship)	Pension Matters (Financial Hardship)	Mortgage Matters	Insurance Matters	Credit Union Matters	Loan & Trust Matters	Total 2015-16	Total 2014-15
Cases Pending at Beginning of Year	7	–	8	39	–	–	54	19
New Cases Received	6	–	29	19	–	–	54	85
Files Closed	11	–	19	52	–	–	82	50
Cases Pending at End of Year	2	–	18	6	–	–	26	54
Oral Hearing Days	3	–	1	18	–	–	22	34
Written Hearings	–	–	–	2	–	–	2	–
Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions	14	–	37	47	–	–	98	87
Total Hearing (Oral and Written) and Activity Days before FST	17	–	38	67	–	–	122	121

Notes:

1. Table does not include FST quarterly meetings, days for deliberation or decision writing. Total member days were 373.5 for the period.

2. Numbers may reflect activity in respect of files opened prior to 2015-16 fiscal year.

3. Written hearings may relate to financial hardship matters, motions, requests for costs or requests for a review of a decision.

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 2015-2016

[Table of contents](#)

Financial Statements

Financial Services Commission of Ontario

For the Year Ended March 31, 2016



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 13, 2016

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.

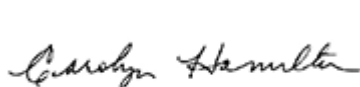
Under the direction of the Superintendent, Management of the Commission is responsible for the integrity and fair presentation of all information in the financial statements and notes. The financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Standards 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 notfor- 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

Auditor's Statement



Office of the Auditor General of Ontario

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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 comprises the statement of financial position as at March 31, 2016, 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 opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Financial Services Commission of Ontario as at March 31, 2016 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 13, 2016



Bonnie Lysyk, MBA, CPA, CA, LPA
Auditor General

Statement of Financial Position

As at March 31, 2016

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
ASSETS		
Current	1	1
Accounts receivable	1,532	2,956
Prepaid expenses	23	39
	<hr/> 1,556	<hr/> 2,996
Due from the Province (Note 7b)	39,747	31,540
Capital assets, net (Note 3)	9,458	12,117
	<hr/> 50,761	<hr/> 46,653
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	14,576	8,346
	<hr/> 14,576	<hr/> 8,346
Employee future benefits obligation (Note 7a)	9,244	13,090
Deferred revenue (Note 4)	16,892	13,100
Deferred lease inducements (Note 5)	591	0
Net assets		
Invested in capital assets	9,458	12,117
	<hr/> 50,761	<hr/> 46,653
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

Financial Services Commission of Ontario

Statement of Operations

For the Year Ended March 31, 2016

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
Revenue (Note 6)		
Assessments	76,878	78,887
Fees, licenses, registrations and other	16,379	13,624
	<u>93,257</u>	<u>92,511</u>
Expenses		
Salaries and wages	37,053	36,188
Employee benefits (Note 7a)	9,510	13,432
Transportation and communication	614	629
Services	47,653	42,584
Supplies and equipment	419	445
Amortization	2,872	3,537
Bad debt expense	68	31
	<u>98,189</u>	<u>96,846</u>
Less: Recoveries (Note 8)	4,025	3,303
	<u>94,164</u>	<u>93,543</u>
Deficiency of revenue over expenses absorbed by the Province (Note 7)	<u>(907)</u>	<u>(1,032)</u>

See accompanying notes to financial statements

Statement of Cash Flows

For the Year Ended March 31, 2016

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Deficiency of revenue over expenses absorbed by the Province	(907)	(1,032)
Items not affecting cash:		
Amortization of capital assets	2,872	3,537
Amortization of deferred lease inducements	(379)	(532)
Employee future benefits	(3,846)	4,280
Bad debt expense	68	31
Changes in non-cash working capital		
Accounts receivable	1,356	(2,092)
Prepaid expenses	16	(33)
Accounts payable and accrued liabilities	6,376	(10,782)
Due from the Province	(9,959)	9,215
Deferred Revenue	3,792	420
Deferred Lease Inducement	824	—
	<u>213</u>	<u>3,012</u>
Cash flows from capital activity		
Purchase of capital assets	<u>(213)</u>	<u>(3,012)</u>
	(213)	(3,012)
Net change in cash position	—	—
Cash position, beginning of year	<u>1</u>	<u>1</u>
Cash position, end of year	<u><u>1</u></u>	<u><u>1</u></u>

See accompanying notes to financial statements

Statement of Changes in Assets

For the Year Ended March 31, 2016

	Invested in Capital Assets (\$ '000)	Invested by the Province (\$ '000)	March 31, 2016 (\$ '000) Total	March 31, 2015 (\$ '000) Total
Balance, beginning of year	12,117	–	12,117	12,642
Excess/(deficiency) of revenues over expenses	(2,872)	1,965	(907)	(1,032)
Invested in assets during the year	213	–	213	3,012
Excess of revenue over expenses absorbed by the Province	–	(1,965)	(1,965)	(2,505)
Balance, end of year	<u>9,458</u>	<u>–</u>	<u>9,458</u>	<u>12,117</u>

See accompanying notes to financial statements

Notes to the Financial Statements

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	2016 Net Book Value	2015 Net Book Value
	(\$'000)			
Custom developed software	14,994	9,199	5,795	7,445
Custom software under development	3,058	0	3,058	2,945
Leasehold improvements	7,352	7,221	131	982
Computer hardware	2,375	2,001	374	483
Office furniture and equipment	2,209	2,109	100	262
	29,988	20,530	9,458	12,117

4. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licenses 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 2015-16 are summarized as follows:

	Balance, beginning of year	Received during year	Recognized during year	Balance, end of year
	(\$'000)			
Insurance Agents	4,306	3,822	4,082	4,046
Insurance Adjusters	25	121	123	23
Mortgage Brokers	5,193	9,156	6,005	8,344
Insurance Corporations	1,116	1,046	1,116	1,046
Health Service Providers	1,994	3,805	3,120	2,679
Other	466	1,128	840	754
	13,100	19,078	15,286	16,892

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.

	2016	2015
	(\$'000)	(\$'000)
Balance, beginning of year	311	843
Add: New Lease Inducement	824	-
Less: Lease Inducements Amortization	(379)	(532)
Deferred Lease Inducements	756	311
Less: current portion	(165)	(311)
Balance, end of year	591	0

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. The Commission's deficiency of \$0.9 million (2015 \$1.0 million) resulted mostly from the deficiency from the Co-operatives sector, the Mortgage brokers sector and the Health service providers sector. The deficiency has been absorbed by the Province and is reflected in the Due from the Province on the statement of financial position. For the fiscal year, revenue from the following Acts and regulations made under the Acts administered by the Commission are:

2016	2015
(\$'000)	(\$'000)

	2016	2015
INSURANCE ACT		
Insurer assessment	60,285	62,952
Fees, licenses and other	6,958	6,630
Health Service provider fees and licences	3,120	2,250
PENSION BENEFITS ACT		
Pension plan assessment	15,826	15,258
Registration fees and other	49	74
CREDIT UNIONS AND CAISSES POPULAIRES ACT		
Credit Union assessment	640	515
Fees and other	185	115
LOAN AND TRUST COMPANIES ACT		
Loan and Trust assessment	127	162
Fees, licenses and registrations	2	1
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT		
Fees, Licenses, Registrations and other	6,052	4,543
CO-OPERATIVE CORPORATIONS ACT		
Fees and other	13	11
	<u>93,257</u>	<u>92,511</u>

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 \$3.22 million (2015 - \$3.03 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 \$1.26 million (2015 - \$5.17 million) and are included in employee benefits and salaries and wages in the Statement of Operations. During the year, the accrued employee benefits obligation was reduced by \$1.93 million (2015 - nil) due to a curtailment resulting from changes under the Public Service Act of Ontario. Prior to the curtailment, the increase in the obligation was \$0.02 million (2015 - decrease of 0.28 million). The total liability for these costs is reflected in the accrued employee benefits obligation, less amounts payable within one year totaling \$5.06 million (2015 - \$2.74 million), which are included in accounts payable and accrued liabilities in the Statement of Financial Position.

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.

(c) Other administrative expenses

The Ontario Ministry of Government Services absorbs the costs of certain administrative expenses. The Ministry of Finance has charged for other administrative costs including costs related to information technology and office accommodation, and 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 were \$17.97 million (2015 - \$11.18 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:

2016	2015
(\$'000)	(\$'000)

	2016	2015
Motor Vehicle Accident Claims Fund (Related Party)	1,767	1,407
Pension Benefits Guarantee Fund (Related Party)	597	486
General Insurance Statistical Agency	821	807
Joint Forum of Financial Market Regulators	0	6
Canadian Association of Pension Supervisory Authorities	215	177
Canadian Council of Insurance Regulators	424	207
Mortgage Broker Regulators' Council of Canada	201	213
	4,025	3,303

9. COMMITMENTS, SIGNIFICANT CONTRACT AND CONTINGENCIES

(a) Office Accommodation Lease

In July 2014, the Commission's office accommodation lease was extended from October 31, 2015 to 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)
2016/2017	5,135
2017/2018	5,211
2018/2019	5,265
2019/2020	5,341
2020/2021	3,116
	24,068

(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 responsibility for all new applications for dispute resolution services. FSCO stopped accepting applications for mediation, neutral evaluation and arbitration effective March 31, 2016. FSCO continues to be responsible for the 11,951 mediation files and 14,702 arbitration files remaining open as of that date. All mediation files were closed by mid-July 2016. It will likely take another one to two years for all arbitration and appeal files to be closed. FSCO continues to accept applications for appeals and variation/revocation where the Application for Arbitration was received by March 31, 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 \$26.8 million (2015 - \$25.4 million) which are included in services expenses and it is anticipated that annual cost will be \$22.2 million in 2016- 17 and \$2.1 million in 2017-18. These costs are charged back to the insurance companies that utilize the services.

(c) Mandate Review

On March 3, 2015, the government announced an Expert Advisory Panel ("Panel") to conduct the review of the mandates of the Financial Services Commission of Ontario, Financial Services Tribunal and the Deposit Insurance Corporation of Ontario. The Panel conducted a public consultation on the issues being examined and issued a Preliminary Position Paper on November 4, 2015, inviting further stakeholder comment. The Panel's Final Report was completed on March 31, 2016. The government is in the process of considering the report and its recommendations. No decisions have been communicated and the impact on the Commission cannot be assessed at this time.

(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.

[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 2015-2016

[Table of contents](#)

Financial Statements

Pension Benefits Guarantee Fund

For the Year Ended March 31, 2016



Financial Services Commission of Ontario

Deputy Superintendent Pensions Division

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Commission des services financiers de l'Ontario

Surintendant adjoint Division des régimes de retraite

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Toronto ON M2N 6L9

Téléphone : (416) 226-7784
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June 28, 2016

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 judgement 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
Chief Accountant



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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 Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2016, 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 audits. 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 judgement, 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, 2016, 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
June 28, 2016



***Pension Benefits Guarantee Fund
Statement of Financial Position***

As at March 31, 2016

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
ASSETS		
Current		
Cash (overdraft)	–	(123)
Accounts receivable	72,243	62,014
Investments (Note 4)	528,116	480,768
	<u>600,359</u>	<u>542,659</u>
LIABILITIES AND FUND SURPLUS		
Current		
Accounts payable and accrued liabilities	5,940	4,449
Current portion of loan payable (Note 5)	11,000	11,000
Claims payable	24,476	33,840
	<u>41,416</u>	<u>49,289</u>
Loan payable (Note 5)	<u>117,216</u>	<u>121,540</u>
	158,632	170,829
Fund surplus from operation	442,671	371,687
Accumulated remeasurement gains (losses)	(944)	143
Fund surplus	<u>441,727</u>	<u>371,830</u>
	<u>600,359</u>	<u>542,659</u>

See accompanying notes to financial statements

Approved by:



Brian Mills
Chief Executive Officer and Superintendent

Pension Benefits Guarantee Fund
Statement of Operations and Fund Surplus

For the year ended March 31, 2016

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
Revenue		
Premium revenue	70,944	(536)
Pension plan recoveries (Note 7)	16,534	6,463
Investment income (Note 4)	4,881	5,283
	<u>92,359</u>	<u>11,210</u>
Expenses		
Claims	8,491	3,960
Amortization of loan discount (Note 5)	6,676	6,883
Pension consulting services (Note 8)	5,446	3,756
Administration fee (Note 9)	597	485
Investment management fees (Note 9)	165	155
	<u>21,375</u>	<u>15,239</u>
Excess (deficit) of revenue over expenses	70,984	(4,029)
Fund surplus, beginning of year	371,687	375,717
Fund surplus, end of year	<u>442,671</u>	<u>371,687</u>

See accompanying notes to financial statements

Pension Benefits Guarantee Fund
Statement of Cash Flows

For the year ended March 31, 2016

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess (deficit) of revenue over expenses	70,984	(4,029)
Items not affecting cash:		
Amortization of loan discount (Note 5)	6,676	6,883

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
Loss on disposal of investments	333	492
	<u>77,993</u>	<u>3,346</u>
Changes in non cash working capital		
Accounts receivable	(10,229)	62,074
Claims payable	(9,364)	(17,076)
Accounts payable and accrued liabilities	1,491	(6,595)
	<u>59,891</u>	<u>41,749</u>
Cash flows from investing activities		
Purchases of investments	(2,973,205)	(3,258,352)
Proceeds from sale of investments	2,924,437	3,227,479
	<u>(48,768)</u>	<u>(30,873)</u>
Cash flows from financing activities		
Loan repayments	(11,000)	(11,000)
	<u>(11,000)</u>	<u>(11,000)</u>
Change in cash position	123	(124)
Cash position, beginning of year	(123)	1
Cash (overdraft) position, end of year	<u>-</u>	<u>(123)</u>

Pension Benefits Guarantee Fund

Statement of Re-measurement Gains and Losses

For the year ended March 31, 2016

	March 31, 2016 (\$ '000)	March 31, 2015 (\$ '000)
Accumulated re-measurement gains (losses), beginning of year	143	(8)
Unrealized gains attributed to portfolio investments	(1,420)	(341)
Realized losses reclassified to the statement of operations	333	492
Accumulated re-measurement gains (losses), end of year	<u>(944)</u>	<u>143</u>

See accompanying notes to financial statements.

Notes to Financial Statements

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.

The negative revenue for fiscal 2015 is due to an overestimation of premium revenue made during fiscal 2014. Better than estimated plan funding positions of these plans resulted in an overestimation of premium revenue.

	2016 (\$ '000)	2015 (\$ '000)
Estimated revenue	61,300	59,500
Actual revenue related to current and prior years received in current year	69,144	61,364
Less: prior year's estimated revenue	(59,500)	(121,400)
	<u>70,944</u>	<u>(536)</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 and claims payable.

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:

	2016 (\$'000)		2015 (\$'000)	
	Fair Value	Cost	Fair Value	Cost
Discounted notes	291,607	291,607	273,097	273,097

	2016 (\$'000)		2015 (\$'000)	
	Fair Value	Cost	Fair Value	Cost
Government bonds	236,509	237,453	207,671	207,528
	528,116	529,060	480,768	480,625

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 \$0.81M 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 \$0.83M for a 1.00% change in rates.

Discounted notes with maturities between April 2016 and June 2016 have yields in the range of 0.462% to 0.830% (2015 – maturities between April 2015 and July 2015 had yields in the range of 0.528% to 1.230%).

The government bonds maturing between April 2016 and December 2018 have yields in the range of 0.884 to 1.433% (2015 – maturing between December 2015 and December 2017 have yields in the range of 1.084 to 1.492%).

5. LOAN PAYABLE

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, 2016 as follows:

	2016 (\$'000)	2015 (\$'000)
Face Value	198,000	209,000
Less: Discount	(69,784)	(76,460)
Amortized Cost	128,216	132,540
Classified as:		
Current Portion	11,000	11,000
Long Term Portion	117,216	121,540
Balance	128,216	132,540

The discount of \$69.78M 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)
2017	6,458
2018	6,229
2019	5,989
2020	5,737
2021	5,471

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 \$71.2M, investment income receivable of \$0.8M and the HST receivable of \$0.2M.

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, 2016, the Fund has an investment balance of \$528M (2015 - 481M) to settle current liabilities of \$41M (2015 - \$49M). 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 2016, the Fund

had \$16.5M (2015 – \$6.5M) in recoveries. Approximately \$5.3M in recoveries is expected in the fiscal year 2017.

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 2016, \$5.4M was paid to such external experts (2015 - \$3.8M paid).

9. RELATED PARTY TRANSACTIONS

For fiscal 2016, an administration fee of \$0.6M (2015 - \$0.5M) 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.

10. CONTINGENT LIABILITIES

There is currently a company operating under Companies' Creditors Arrangement Act protection whose pension plans could make significant claims on the Fund. As these potential claims remain at an early stage, an estimate of the claims which might be incurred, if any, cannot be determined.

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 2015-2016

[Table of contents](#)

Financial Statements

Motor Vehicle Accidents Claim Fund

(Established under the Motor Vehicle Accidents Claim Act)

March 31, 2016

Table of Contents

- [Management Responsibility for Financial Information](#)
- [Independent Auditor's Report](#)
- [Financial Statements](#)
 - [Statement of Financial Position](#)
 - [Statement of Operations and MVACF Deficit](#)
 - [Statement of Cash Flows](#)
 - [Notes to the Financial Statements](#)



Financial Services Commission of Ontario

Commission des services financiers de l'Ontario

June 28, 2017

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 work of the specialists in evaluating the Unpaid Claims amount and has adequately considered the qualifications of the specialist 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 independence or objectivity of the specialists.

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 on the reliability of financial information 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.



Javier Aramayo
Senior Manager, Motor
Vehicle Accident Claims Fund



Kwan Lee
Chief Accountant, Financial
Services Commission of
Ontario



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Independent Auditor's Report

To the Motor Vehicle Accident Claims Fund
and the Minister of Finance

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, 2016, 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, 2016 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

June 28, 2016



Bonnie Lysyk, MBA, CPA, CA, LPA
Auditor General

Statement of Financial Position

As at March 31, 2016

	2016	2015
ASSETS		
Current		
Funds on deposit with the Ministry of Finance	\$ 52,077,287	\$ 53,707,214
Accounts receivable – driver's licence fee (note 3b)	573,162	581,359
Accounts receivable – debtors (note 3c)	42,719,666	44,723,740
Less: allowance for doubtful accounts	32,124,897	32,644,086
	<u>10,594,769</u>	<u>12,079,654</u>
Total current assets	63,245,218	66,368,227
Capital assets (note 4)	553,975	553,975
Less: accumulated amortization	553,975	552,483
	<u>-</u>	<u>1,492</u>
Unpaid claims recoverable (note 5)	286,076	664,200
Total assets	<u>\$ 63,531,294</u>	<u>\$ 67,033,919</u>
LIABILITIES AND MVACF DEFICIT		
Current		
Accounts payable and accrued expenses	\$ 719,194	\$ 501,596
Unpaid claims and adjustment expenses - current (note 5)	29,046,151	27,493,718
Total current liabilities	<u>29,765,345</u>	<u>27,995,314</u>
Employee future benefits obligation (note 3g)	485,456	477,428
Deferred revenue	74,164,348	73,398,454
Unpaid claims and adjustment expenses - long term (note 5)	125,636,026	126,040,662
Total liabilities	<u>230,051,175</u>	<u>227,911,858</u>
MVACF deficit (note 3)	(166,519,881)	(160,877,939)
Total liabilities and MVACF deficit	<u>\$ 63,531,294</u>	<u>\$ 67,033,919</u>

See accompanying notes.

Approved:



Brian Mills

Chief Executive Officer and Superintendent of Financial Services
Financial Services Commission of Ontario

Statement of Operations and MVACF Deficit

For the year ended March 31, 2016

	2016	2015
REVENUE		
Fees on issue or renewal of driver's licences	\$ 29,584,357	\$ 29,168,194
Prior year recoveries	1,455,682	1,171,141
Other revenue	26,842	15,938
Total revenue	<u>31,066,881</u>	<u>30,355,273</u>
EXPENSES		
Change in net unpaid claims and adjustment expenses	1,525,921	11,103,609
Accident benefit claims payments	21,283,351	13,112,330
Administrative expenses		
Salaries and wages	1,761,823	1,655,614
Employees' benefits	298,550	290,775
Transportation and communication	21,053	16,349
Claims (solicitors' fees, etc.)	2,520,550	2,275,094
Accident benefit claims expense	2,496,296	2,272,840
Other services	1,312,908	1,021,701
Bad debts expense	5,467,028	3,745,047
Supplies and equipment	19,851	17,083
Amortization expense	1,492	1,746
Total expenses	<u>36,708,823</u>	<u>35,512,188</u>
Deficit of revenue over expenses	(5,641,942)	(5,156,914)
MVACF deficit, beginning of year (note 3)	<u>(160,877,939)</u>	<u>(155,721,025)</u>

	2016	2015
	\$	\$
MVACF deficit, end of year	(166,519,881)	(160,877,939)

See accompanying notes.

Statement of Cash Flows

For the year ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Cash inflows		
Fees on issue or renewal of driver's licences	\$ 30,358,448	\$ 32,013,042
Repayment by debtors	845,788	1,173,031
Prior year recoveries	1,455,682	1,171,141
Other revenue	26,842	15,938
	<u>32,686,760</u>	<u>34,373,152</u>
Cash outflows		
Statutory payments	(26,073,126)	(18,160,323)
Payments to employees	(2,031,240)	(1,934,390)
Administrative expenses	(6,212,321)	(5,567,585)
	<u>(34,316,687)</u>	<u>(25,662,298)</u>
Net cash provided by (used in) operating activities	(1,629,927)	8,710,854
Funds on deposit with the Ministry of Finance, beginning of year	53,707,214	44,996,360
Funds on deposit with the Ministry of Finance, end of year	\$ 52,077,287	\$ 53,707,214

See accompanying notes.

Notes to Financial Statements

March 31, 2016

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 \$4.8 million (2015 - \$4.4 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 driver, 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 three 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, 2016, a write-off of \$4.4 million was submitted to the Ministry of Finance but has not yet been approved. A write-off of \$6.4 million for March 31, 2015 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 account 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 \$1.5 million (2015 - \$1.2 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 noncommutable, 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, 2016 (2015 – nil) as all insurers are rated A+ or above. 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 of 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 five years, while computer equipment and office equipment are amortized over three years.

(in dollars)

	2016		
	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)

	2015		
Computer equipment	\$ 30,153	\$ 28,661	\$ 1,492
Office equipment	7,406	7,406	–
Furniture and fixtures	16,416	16,416	–
Leasehold improvements	500,000	500,000	–
	\$ 553,975	\$ 552,483	\$ 1,492

5. UNPAID CLAIMS AND ADJUSTMENT EXPENSES

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

<i>(in thousands of dollars)</i>	2016		2015	
	Gross	Recoverable	Gross	Recoverable
ACCIDENT BENEFITS				
Statutory accident benefits	\$ 116,323	–	\$ 108,735	–
THIRD-PARTY LIABILITY (TPL)				
Property damage	631	4	800	9
Bodily injury	37,728	282	43,999	655
Total TPL	38,359	286	\$ 44,799	664
Totals	\$ 154,682	286	\$ 153,534	664

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

<i>(in thousands of dollars)</i>	2016	2015
Balance, beginning of year	\$ 153,534	\$ 142,136
Increase in provision for losses that occurred in prior years	2,727	3,789
Amounts paid during the year on claims of prior years		
Statutory payments	(24,537)	(15,721)
Claims expenses	(7,291)	(6,378)
Amounts paid during the year on claims of the current year		
Statutory payments	(494)	(592)
Claims expenses	(147)	(240)
Provision for losses on claims that occurred in the current year	30,890	30,540
Balance, end of year	\$ 154,682	\$ 153,534

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, 2016 for information purposes.

As at March 31, 2016, the amount paid out of MVACF for accident benefit claims in the form of structured settlements was approximately \$64.9 million (2015 - \$51.2 million) with applicable reversionary interest of approximately \$47.0 million (2015 - \$35.8 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 in his verification of the underlying data used in the valuation may use the work of the external auditor. 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.

9. COMPARATIVE FIGURES

Certain prior year's figures have been reclassified to conform with the current year's presentation.

[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 2015-2016

Superintendent's Report on Insurance 2015

TABLE OF CONTENTS

- [Letter to Minister of Finance](#)
- [Summary Financial Information](#)
- [Insurer Statistics](#)
- [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 Charles Souza
Minister of Finance
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Dear Minister:

I am pleased to present the 137th annual report under section 36 of the Insurance Act for the year ended December 31, 2015. 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 (Interim)

[Return to top](#)

SUMMARY FINANCIAL INFORMATION

Summary of Companies Licensed by Type of Business Activity

As of December 31, 2015

Analysis of 2015 total

Business Type	Total 2015	Additions	Withdrawals	Total	Ontario	Extra Provincial	Federal
Property & Casualty Companies	201	4	3	202	48	15	139
Life Insurance Companies	67	1	1	67	0	13	54
Reinsurance Companies	35	1	3	33	1	1	31
Reciprocal Exchanges	11	0	0	11	7	3	1
Fraternal Societies	15	0	1	14	2	0	12
Totals	329	6	8	327	58	32	237

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 2015 records figures as of the end of the calendar year (December 31, 2015), based on the companies' annual filings. The Financial Services Commission of Ontario Annual Report 2015-16 records figures as of

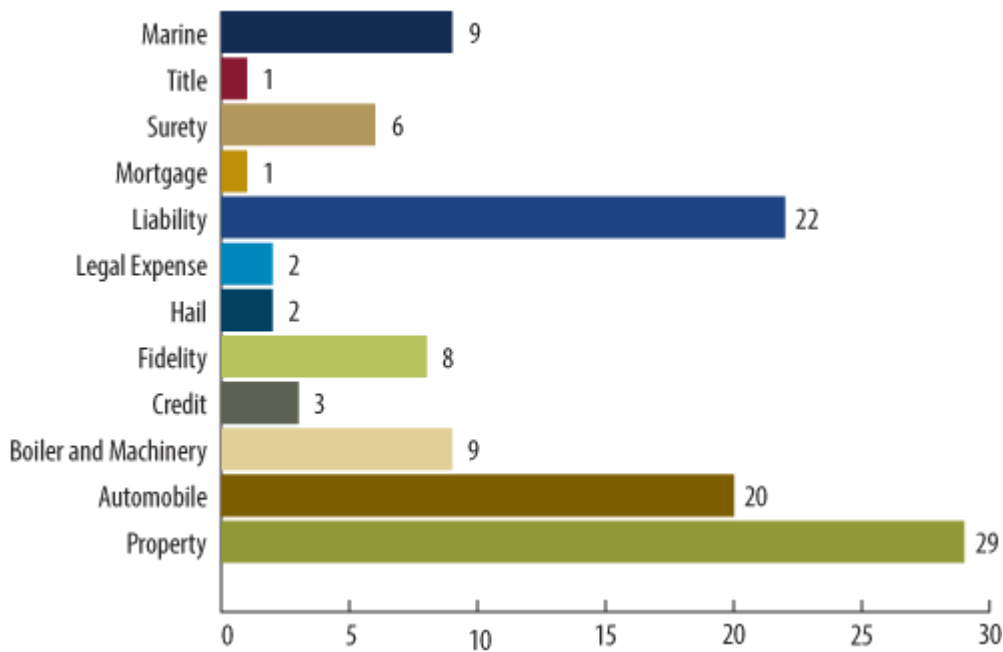
the end of the fiscal year (March 31, 2016).


INSURER STATISTICS

To guage the level of competition, FSCO calculates how many companies represent 80 percent of the market for key products. These figures are based on individual companies rather than groups of affiliated companies.

2015 Property and Casualty Insurers

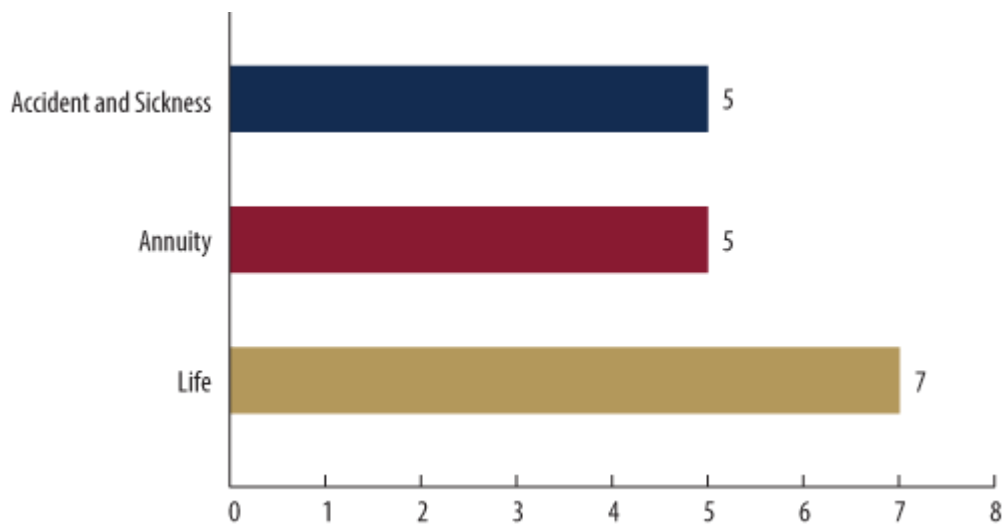
Number of companies representing 80% of the Ontario market share



[Description of 2015 Property and Casualty Insurers - Number of companies representing 80% of the Ontario market share](#) 

2015 Life Insurers

Number of companies representing 80% of the Ontario market share



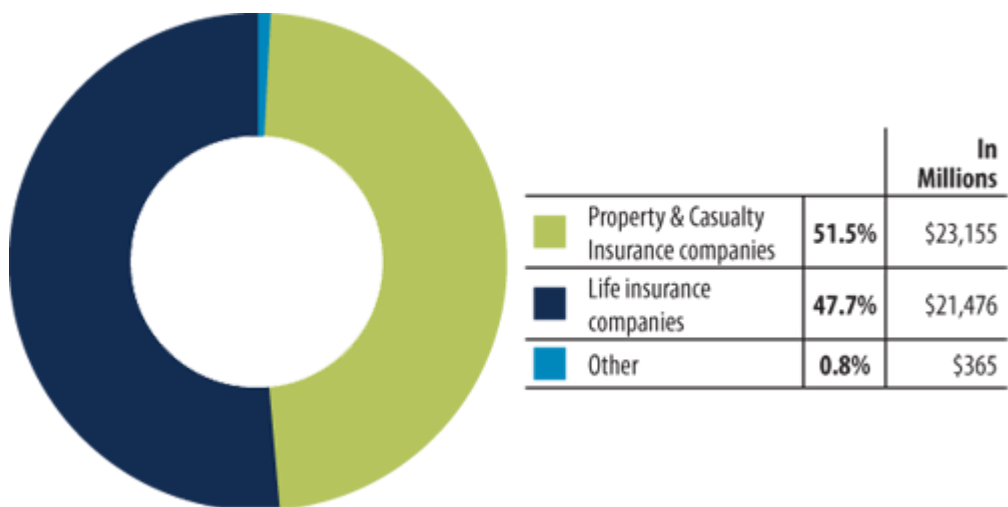
Description of 2015 Life Insurers - Number of companies representing 80% of the Ontario market share image 

Insurance is a \$45 billion business in Ontario. In 2015, of the total premium dollar volume, 51.5 percent went to the property and casualty (including automobile) insurance industry, and 47.7 percent went to the life insurance industry.

PREMIUM STATISTICS

2015 Direct Written Premium Volume in Ontario

Total \$44,996 (in millions)

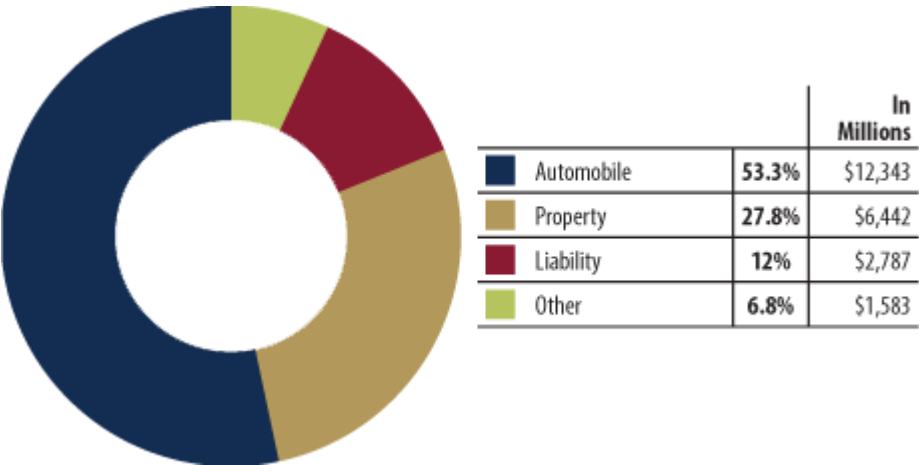


Description of 2015 Direct Premium Volume in Ontario image 

P&C insurers received \$23.2 billion in premiums in 2015. The split among automobile, property and liability insurance remained constant compared to 2014.

2015 Property & Casualty Companies - Direct Written Premiums in Ontario

Total \$23,155 (in millions)

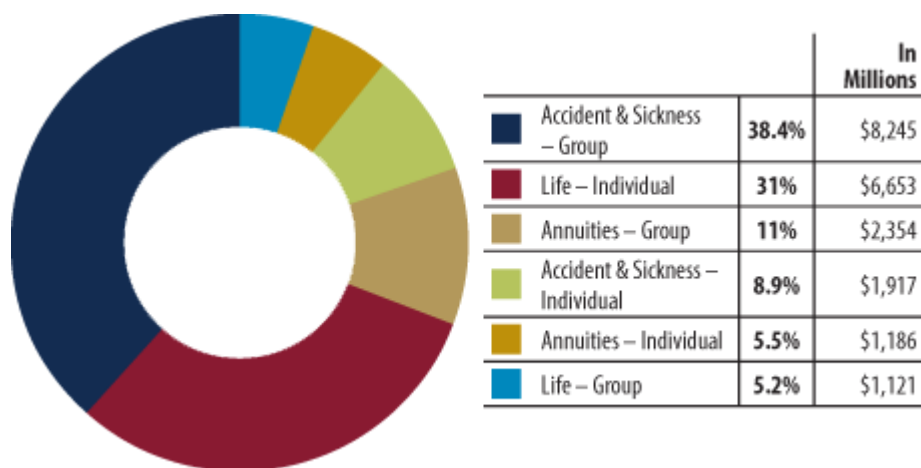


Description of 2015 Property and Casualty Companies – Direct Written Premiums in Ontario image

The broad pattern among life insurance companies likewise remained constant. Of the \$21.5 billion spent on premiums to the life insurers, 47.3 percent went to the purchase of accident & sickness coverage, 36.2 percent to the purchase of individual and group life coverages (although group life coverage saw a significant drop) and 16.5 percent went to annuities.

2015 Life Companies - Direct Written Premiums in Ontario

Total \$21,476 (in millions)



Description of 2015 Life Companies – Direct Written Premiums in Ontario image 

[Return to top](#)

PROPERTY AND CASUALTY COMPANIES

FINANCIAL SUMMARY Year ended December 31, 2015	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ Loss
	\$	\$	\$	\$	\$	%	\$
(in thousands)							
ONTARIO							
ALGOMA MUTUAL INSURANCE COMPANY	8,989	4,618	19,016	12,401	6,612	66%	-232
AMHERST ISLAND MUTUAL INSURANCE COMPANY	964	354	3,539	879	2,660	12%	208
AYR FARMERS' MUTUAL INSURANCE COMPANY	25,573	13,522	83,379	36,078	47,301	59%	2,468
BAY OF QUINTE MUTUAL INSURANCE CO.	23,773	16,094	60,688	26,801	33,887	58%	962

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
BERTIE AND CLINTON MUTUAL INSURANCE COMPANY	13,037	2,703	66,160	25,076	41,084	39%	2,133
BRANT MUTUAL INSURANCE COMPANY	6,459	4,660	15,745	9,428	6,317	71%	-603
CAA INSURANCE COMPANY	175,435	84,098	513,762	366,516	147,246	53%	23,387
CARADOC DELAWARE MUTUAL FIRE INSURANCE COMPANY	2,063	2,282	9,113	2,451	6,662	90%	-665
CAYUGA MUTUAL INSURANCE COMPANY	8,270	5,810	31,226	14,563	16,663	78%	-45
COACHMAN INSURANCE COMPANY	64,502	35,568	239,216	166,148	73,068	62%	8,485
DUFFERIN MUTUAL INSURANCE COMPANY	5,793	2,291	17,225	10,436	6,789	51%	38
DUMFRIES MUTUAL INSURANCE COMPANY	14,068	5,013	59,367	24,120	35,247	46%	2,518
EDGE MUTUAL INSURANCE COMPANY ¹	23,453	12,538	66,691	43,342	23,349	59%	541
ERIE MUTUAL FIRE INSURANCE COMPANY	6,472	4,224	26,380	8,764	17,616	60%	283

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
FENCHURCH GENERAL INSURANCE COMPANY	12,099	7,528	27,680	20,879	6,801	44%	102
GERMANIA MUTUAL INSURANCE COMPANY	18,370	10,259	49,506	26,824	22,682	58%	771
GRENVILLE MUTUAL INSURANCE COMPANY	22,485	18,317	64,631	28,826	35,805	75%	-2651
HALWELL MUTUAL INSURANCE COMPANY	19,095	6,218	59,014	28,557	30,457	46%	2,272
HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY	23,518	7,472	65,485	37,609	27,876	58%	878
HAY MUTUAL INSURANCE COMPANY	9,414	5,304	46,945	12,678	34,267	52%	1,131
HEARTLAND FARM MUTUAL INC. ²	100,656	57,552	214,929	144,959	69,970	54%	7,081
HOWARD MUTUAL INSURANCE COMPANY	10,847	5,310	49,840	17,288	32,552	53%	1,237
HOWICK MUTUAL INSURANCE COMPANY	18,328	13,196	42,572	26,823	15,749	65%	635
KENT & ESSEX MUTUAL	27,918	14,902	92,359	46,325	46,034	56%	2,405

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
INSURANCE COMPANY							
L&A MUTUAL INSURANCE COMPANY	9,350	4,680	19,177	11,095	8,082	58%	752
LAMBTON MUTUAL INSURANCE COMPANY	19,108	10,971	66,146	32,987	33,159	56%	1,286
LAWYERS' PROFESSIONAL INDEMNITY COMPANY	127,624	80,128	702,982	464,929	238,053	67%	28,444
MARKHAM GENERAL INSURANCE COMPANY (IN LIQUIDATION) ³	0	0	0	0	0	n/a	0
MAX CANADA INSURANCE COMPANY	4,787	2,509	25,542	18,775	6,767	62%	-477
MCKILLOP MUTUAL INSURANCE COMPANY	9,243	5,099	24,959	10,457	14,499	65%	466
MIDDLESEX MUTUAL INSURANCE CO.	10,258	3,798	42,164	17,145	25,019	49%	1,704
NORFOLK MUTUAL INSURANCE COMPANY	8,442	3,078	23,769	10,627	13,142	43%	1,069
NORTH BLENHEIM MUTUAL INSURANCE COMPANY	9,419	4,414	31,139	11,227	19,912	43%	1,408

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
NORTH KENT MUTUAL FIRE INSURANCE COMPANY	8,128	5,562	38,349	15,169	23,180	58%	639
OXFORD MUTUAL INSURANCE COMPANY	11,560	5,731	32,468	14,070	18,398	55%	572
PEEL MUTUAL INSURANCE COMPANY	37,018	21,565	114,511	69,178	45,333	57%	2,983
PRO-DEMUNITY INSURANCE COMPANY	21,246	11,405	87,170	59,541	27,629	85%	262
SOUTH EASTHOPE MUTUAL INSURANCE COMPANY	15,128	7,657	59,394	25,697	33,697	54%	1,006
THE COMMONWELL MUTUAL INSURANCE GROUP	130,842	80,962	413,257	220,380	192,877	56%	11,143
THE WEST WAWANOSH MUTUAL INSURANCE COMPANY	15,175	10,604	49,507	21,849	27,658	62%	227
THE WESTMINSTER MUTUAL INSURANCE COMPANY	8,771	4,933	23,478	14,702	8,776	56%	581
TOWN & COUNTRY MUTUAL INSURANCE COMPANY	13,093	8,745	45,368	25,261	20,107	55%	1,256

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
TOWNSEND MUTUAL FIRE INSURANCE COMPANY	8,991	7,258	22,880	13,081	9,799	71%	-180
TRADITION MUTUAL INSURANCE COMPANY	13,320	3,432	42,430	18,241	24,180	38%	2,194
TRILLIUM MUTUAL INSURANCE COMPANY	44,998	20,609	114,202	58,761	55,441	46%	4,466
TTC INSURANCE COMPANY LIMITED ⁴	0	0	185,114	185,014	100	n/a	0
USBORNE AND HIBBERT MUTUAL FIRE INSURANCE COMPANY	6,823	3,098	41,137	7,273	33,864	44%	872
WABISA MUTUAL INSURANCE COMPANY	6,650	4,740	24,257	15,215	9,042	65%	40
WEST ELGIN MUTUAL INSURANCE COMPANY	12,027	3,807	44,162	19,138	25,024	53%	726
YARMOUTH MUTUAL INSURANCE COMPANY	9,278	6,810	26,687	15,737	10,950	66%	77
	1,203,760	661,428	4,224,714	2,513,320	1,711,394		114,855
EXTRA PROVINCIAL							
ALBERTA MOTOR ASSOCIATION INSURANCE COMPANY	0	0	641,913	492,434	149,479	78%	-4139

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
AXA INSURANCE INC. ⁵	0	0	0	0	0	n/a	0
BELAIR INSURANCE COMPANY INC.	96,864	31,266	1,766,884	1,455,039	311,845	63%	81,647
CANADIAN FARM INSURANCE CORP.	42	2	18,056	4,808	13,248	38%	3,013
CANASSURANCE INSURANCE COMPANY	0	0	0	0	0	n/a	0
GMS INSURANCE INC.	0	0	0	0	0	n/a	0
INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION	29,329	6,888	403,786	329,244	74,542	30%	10,368
LA MUTUELLE D'ÉGLISE DE L'INTER-OUEST	6	0	5,535	566	4,969	63%	-175
L'UNIQUE GENERAL INSURANCE INC.	1	382	353,802	275,939	77,863	62%	9,878
MILLENNIUM INSURANCE CORPORATION	20,658	4,655	547,399	370,046	177,353	53%	33,192
OPTIMUM INSURANCE COMPANY INC.	45,751	27,285	235,052	171,980	63,072	51%	7,740
ORION TRAVEL INSURANCE COMPANY	37,863	19,428	67,233	39,148	28,085	45%	7,053
SGI CANADA INSURANCE	288	158	474,566	330,440	144,126	72%	9,987

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct	Direct	Total Assets	Total	Excess of	Claims	Net
Year ended December 31, 2015	Written Premiums	Claims Incurred		Liabilities	assets over liabilities	to earned premium	Income/ Loss
(in thousands)	\$	\$	\$	\$	\$	%	\$
SERVICES LTD.							
THE MUTUAL FIRE INSURANCE COMPANY OF BRITISH COLUMBIA	4,696	4,362	132,551	94,133	38,418	67%	1,026
TRANS GLOBAL INSURANCE COMPANY	2,396	41	7,154	2,805	4,349	2%	13
UNICA INSURANCE INC.	125,801	86,810	366,165	252,376	113,789	65%	9,370
	363,695	181,277	5,020,096	3,818,958	1,201,138		168,973
FEDERAL							
ACE INA INSURANCE	132,196	86,960	1,499,135	1,159,234	339,901	65%	51,991
AIG INSURANCE COMPANY OF CANADA	413,001	234,089	4,383,654	3,216,018	1,167,363	59%	223,595
ALLSTATE INSURANCE COMPANY OF CANADA	778,972	524,389	3,301,822	2,581,106	720,716	70%	103,361
ALTA SURETY COMPANY ⁶	0	0	0	0	0	n/a	0
ARCH INSURANCE CANADA LTD.	32,525	35,061	427,348	325,934	101,414	117%	-1405
ASCENTUS INSURANCE LTD.	188	-316	6,508	2,706	3,802	-53%	186
AVIVA GENERAL INSURANCE COMPANY ⁷	635,637	420,371	1,666,454	1,340,900	325,554	72%	47,140
AVIVA INSURANCE	1,667,716	1,087,661	7,129,354	5,977,492	1,151,862	65%	134,340

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ Loss
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
COMPANY OF CANADA							
AXA INSURANCE (CANADA)							
AXA ASSURANCES (CANADA) ⁸	0	0	0	0	0	n/a	0
AXA PACIFIC INSURANCE COMPANY ⁹	0	0	0	0	0	n/a	0
CANADA GUARANTY MORTGAGE INSURANCE COMPANY	119,373	1,323	1,431,931	666,618	765,313	13%	74,782
CANADIAN NORTHERN SHIELD INSURANCE COMPANY	27	149	391,772	281,849	109,923	53%	15,272
CERTAS DIRECT INSURANCE COMPANY	330,475	233,335	1,457,674	1,299,113	158,561	64%	23,308
CERTAS HOME AND AUTO INSURANCE COMPANY	1,448,893	1,030,140	8,061,192	6,687,363	1,373,829	45%	179,646
CHUBB INSURANCE COMPANY OF CANADA	373,416	203,726	2,458,926	1,640,958	817,968	52%	84,465
CO-OPERATORS GENERAL INSURANCE COMPANY	861,381	488,856	5,309,054	3,850,445	1,458,609	68%	162,268
COSECO INSURANCE COMPANY	175,526	70,644	612,714	439,243	173,471	51%	56,964

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ Loss
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
CUMIS GENERAL INSURANCE COMPANY	132,251	58,391	381,042	299,662	81,380	61%	5,676
DAS LEGAL PROTECTION INSURANCE COMPANY LIMITED	9,516	4,401	43,423	35,910	7,513	80%	-5672
ECHELON INSURANCE	89,755	57,967	441,889	335,705	106,184	62%	7,988
ECONOMICAL MUTUAL INSURANCE COMPANY	907,176	534,274	5,353,026	3,574,041	1,778,985	64%	175,954
ELITE INSURANCE COMPANY	94,096	39,722	852,196	727,388	124,808	65%	15,347
EVEREST INSURANCE COMPANY OF CANADA	30,984	16,895	191,663	137,293	54,370	63%	1,779
FCT INSURANCE COMPANY LTD.	93,844	29,827	256,445	175,130	81,315	32%	16,608
FEDERATED INSURANCE COMPANY OF CANADA	83,808	44,108	493,776	355,620	138,156	57%	24,611
FIRST NORTH AMERICAN INSURANCE COMPANY	5,278	767	12,950	4,347	8,603	13%	1,331
GENWORTH FINANCIAL MORTGAGE INSURANCE COMPANY CANADA	329,905	16,959	6,119,513	2,428,986	3,690,527	21%	413,868

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ Loss
						%	
(in thousands)	\$	\$	\$	\$	\$	%	\$
GORE MUTUAL INSURANCE COMPANY	306,839	198,381	955,755	675,514	280,241	61%	22,493
GRANITE INSURANCE COMPANY ¹⁰	0	0	0	0	0	n/a	0
INTACT INSURANCE COMPANY	2,369,428	1,366,154	16,281,366	12,331,742	3,949,624	63%	385,551
INTERNATIONAL INSURANCE COMPANY OF HANNOVER SE	15,269	7,784	103,972	88,150	15,822	71%	1,586
JEVCO INSURANCE COMPANY	70,929	40,467	1,373,038	1,161,077	211,961	63%	28,490
LEGACY GENERAL INSURANCE COMPANY	4,867	726	15,283	1,873	13,410	34%	321
MIC INSURANCE COMPANY CANADA	0	-35	41,187	1,246	39,941	-3%	1,578
NORTHBRIDGE COMMERCIAL INSURANCE CORPORATION	67,478	51,876	626,249	436,605	189,644	88%	13,754
NORTHBRIDGE GENERAL INSURANCE CORPORATION	214,038	57,756	3,775,122	2,723,868	1,051,254	55%	134,040
NORTHBRIDGE PERSONAL INSURANCE CORPORATION	104,382	46,829	794,871	543,934	250,937	55%	5,653
NOVEX INSURANCE	190,215	114,706	1,323,094	1,113,150	209,944	63%	25,586

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
COMPANY							
OLD REPUBLIC INSURANCE COMPANY OF CANADA	84,512	40,729	298,416	227,921	70,495	54%	11,010
OMEGA GENERAL INSURANCE COMPANY	14,043	11,449	43,953	33,074	10,879	50%	379
PAFCO INSURANCE COMPANY	73,971	51,066	290,672	220,365	70,307	67%	8,143
PEMBRIDGE INSURANCE COMPANY	183,129	132,694	620,359	469,301	151,058	72%	4,965
PERTH INSURANCE COMPANY	107,449	57,106	472,363	387,741	84,622	64%	7,529
PILOT INSURANCE COMPANY	682	-30,366	431,372	372,270	59,102	65%	7,091
PRIMUM INSURANCE COMPANY	284,822	286,343	2,405,670	2,106,822	298,848	77%	1,756
QUEBEC ASSURANCE COMPANY	0	0	124,365	93,113	31,252	63%	1,345
RBC INSURANCE COMPANY OF CANADA	60,596	19,933	257,415	167,808	89,607	42%	17,662
ROYAL & SUN ALLIANCE INSURANCE COMPANY OF CANADA	552,357	423,349	4,413,638	3,502,993	910,645	63%	45,406
S&Y INSURANCE COMPANY	-3	-1,121	210,932	188,160	22,772	65%	2,648

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
SAFETY NATIONAL CASUALTY CORPORATION	0	-1,136	52,609	24,184	28,425	n/a	4,349
SCOTIA GENERAL INSURANCE COMPANY	0	0	7,126	55	7,071	n/a	-35
SCOTTISH & YORK INSURANCE CO. LIMITED	152,453	78,507	686,285	594,423	91,862	65%	10,918
SECURITY NATIONAL INSURANCE COMPANY	1,095,526	747,108	8,182,361	6,741,403	1,440,958	77%	-18,406
SONNET INSURANCE COMPANY ¹¹	-163	-3,764	449,662	303,484	146,178	64%	13,451
TD DIRECT INSURANCE INC. ¹²	0	0	16,317	4	16,313	n/a	246
TD GENERAL INSURANCE COMPANY	223,101	143,467	1,074,913	914,685	160,228	78%	7,173
TD HOME AND AUTO INSURANCE COMPANY	198,106	237,548	1,647,755	1,416,890	230,865	80%	3,983
TEMPLE INSURANCE COMPANY	65,029	47,942	878,411	742,270	136,141	72%	3,838
THE BOILER INSPECTION AND INSURANCE COMPANY OF CANADA	14,019	3,110	217,485	135,024	82,461	30%	23,397

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
THE DOMINION OF CANADA GENERAL INSURANCE COMPANY	843,620	539,320	3,514,066	2,617,063	897,003	65%	36,633
THE GUARANTEE COMPANY OF NORTH AMERICA	247,448	126,622	1,427,791	916,596	511,195	47%	58,071
THE MISSISQUOI INSURANCE COMPANY	57	56	519,399	370,924	148,475	64%	13,319
THE NORDIC INSURANCE COMPANY OF CANADA	449,120	264,350	1,889,086	1,675,404	213,682	63%	25,426
THE PERSONAL INSURANCE COMPANY	552,092	390,670	2,800,963	2,405,894	395,069	66%	44,058
THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY	41,464	25,417	435,935	307,927	128,008	63%	7,270
THE SOVEREIGN GENERAL INSURANCE COMPANY	92,763	50,570	787,590	563,758	223,832	64%	7,404
THE WAWANESA MUTUAL INSURANCE COMPANY	598,976	423,269	7,775,300	4,570,439	3,204,861	76%	287,383
TRADERS GENERAL INSURANCE COMPANY	273,533	138,905	1,257,360	1,058,682	198,678	65%	22,170
TRAFALGAR INSURANCE	50,831	59,004	1,016,176	828,905	187,271	63%	78,185

	ONTARIO BUSINESS			TOTAL COMPANY			
FINANCIAL SUMMARY						Claims Incurred	
Year ended December 31, 2015	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	to earned premium	Net Income/ Loss
(in thousands)	\$	\$	\$	\$	\$	%	\$
COMPANY OF CANADA							
TRAVELERS INSURANCE COMPANY OF CANADA	82,247	10,217	878,505	510,689	367,816	32%	32,576
TRISURA GUARANTEE INSURANCE COMPANY	41,395	8,415	208,091	145,054	63,037	20%	9,025
UNIFUND ASSURANCE COMPANY	466,955	247,955	2,204,567	1,695,877	508,690	63%	110,081
WATERLOO INSURANCE COMPANY	137,313	80,828	494,530	408,197	86,333	64%	7,593
WESTERN ASSURANCE COMPANY	143,983	96,931	879,110	739,924	139,186	63%	5,883
WESTERN FINANCIAL INSURANCE COMPANY	21,956	14,017	57,670	37,648	20,022	59%	3,381
WESTERN SURETY COMPANY	4,352	-136	61,581	37,165	24,416	-2%	3,038
WYNWARD INSURANCE GROUP	21,174	10,788	163,169	108,488	54,681	55%	-125
ZENITH INSURANCE COMPANY	47,418	14,678	229,559	149,710	79,849	42%	4,847
	19,315,620	11,849,183	126,955,925	94,410,554	32,545,371		3,345,521
BRANCH							
AFFILIATED FM INSURANCE COMPANY	34,935	24,508	327,864	138,088	189,776	54%	29,314

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
ALLIANZ GLOBAL RISKS US INSURANCE COMPANY	124,126	96,811	1,196,550	895,174	301,376	78%	-6,711
ALLIED WORLD SPECIALTY INSURANCE COMPANY	5,622	3,781	55,632	36,684	18,948	69%	-3,682
ALLSTATE INSURANCE COMPANY	0	0	0	0	0	n/a	0
AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA	164,965	43,749	531,229	352,940	178,289	48%	14,293
ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	7,859	20,018	308,940	191,705	117,235	67%	18,006
ATRADIUS CREDIT INSURANCE N.V.	3,899	1,601	30,376	24,096	6,280	52%	-2,509
AXA ART INSURANCE CORPORATION	1,796	301	9,833	4,269	5,564	33%	66
BERKLEY INSURANCE COMPANY	34,164	20,719	290,011	198,787	91,224	61%	-1,642
CHEROKEE INSURANCE COMPANY	3,945	4,096	21,092	10,432	10,660	77%	683
CHICAGO TITLE INSURANCE COMPANY	15,793	2,127	67,663	31,815	35,848	20%	4,325
COMPAGNIE FRANCAISE	9,997	6,302	70,817	33,369	37,448	79%	-5,153

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct	Direct	Total Assets	Total	Excess of	Claims	Net
Year ended December 31, 2015	Written Premiums	Claims Incurred				to earned premium	
Income/ Loss							
(in thousands)	\$	\$	\$	\$	\$	%	\$
D'ASSURANCE POUR LE COMMERCE EXTERIEUR							
CONTINENTAL CASUALTY COMPANY	90,949	33,803	1,252,353	725,807	526,546	49%	59,760
COREPOINTE INSURANCE COMPANY	19	-126	13,416	2,115	11,301	111%	195
ECCLESIASTICAL INSURANCE OFFICE PUBLIC LIMITED COMPANY	28,701	12,818	186,024	117,971	68,053	56%	2,362
ELECTRIC INSURANCE COMPANY	4,883	1,079	92,044	24,338	67,706	-46%	3,235
EMPLOYERS INSURANCE COMPANY OF WAUSAU	0	-40	35,363	2,424	32,939	n/a	471
EULER HERMES NORTH AMERICA INSURANCE COMPANY	25,551	36,992	116,020	71,290	44,730	98%	658
FACTORY MUTUAL INSURANCE COMPANY	84,749	24,065	1,088,533	556,391	532,142	114%	-18,055
FEDERAL INSURANCE COMPANY	518	1,847	161,604	83,515	78,089	73%	-2,820
FIRST AMERICAN TITLE INSURANCE COMPANY	280	-807	75,771	23,542	52,229	-222%	3,919

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
GENERAL REINSURANCE CORPORATION	0	0	377,611	205,373	172,238	35%	11,883
GREAT AMERICAN INSURANCE COMPANY	16,978	6,782	256,770	101,906	154,864	52%	3,679
GROUPAMA S.A.	0	0	10,414	49	10,365	n/a	7
HARTFORD FIRE INSURANCE COMPANY	5,363	13,867	178,351	39,316	139,035	85%	409
HDI GLOBAL SE CANADA ¹³	22,189	4,203	174,252	128,060	46,192	35%	2,550
IRONSHORE INSURANCE LTD.	6,295	1,695	77,111	38,632	38,479	140%	-757
JEWELERS MUTUAL INSURANCE COMPANY	4,359	4,023	19,449	7,074	12,375	97%	-1,873
LIBERTY MUTUAL INSURANCE COMPANY	84,119	57,512	1,736,478	939,879	796,599	61%	86,108
LLOYD'S UNDERWRITERS	722,410	456,980	8,943,285	6,491,371	2,451,914	57%	842,525
MITSUI SUMITOMO INSURANCE COMPANY, LIMITED	0	0	0	0	0	n/a	0
MOTORS INSURANCE CORPORATION	72,161	28,357	521,866	309,680	212,186	34%	29,018
MUNICH REINSURANCE AMERICA, INC.	0	-1,895	203,998	77,423	126,575	-40%	13,875

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
NATIONAL LIABILITY & FIRE INSURANCE COMPANY	15,444	-15,707	392,378	129,991	262,387	-12%	9,257
PROGRESSIVE CASUALTY INSURANCE COMPANY ¹⁴	0	0	0	0	0	n/a	0
PROTECTIVE INSURANCE COMPANY	1,254	3,071	28,944	17,144	11,800	217%	-685
RELIANCE INSURANCE COMPANY ¹⁵	0	0	0	0	0	n/a	0
SCOR UK COMPANY LIMITED	0	0	7,603	63	7,540	n/a	-67
SECURITY INSURANCE COMPANY OF HARTFORD	0	0	0	0	0	n/a	0
SENTRY INSURANCE A MUTUAL COMPANY	825	248	41,733	6,384	35,349	18%	1,361
SOMPO JAPAN NIPPONKOA INSURANCE INC.	3,804	1,236	92,335	10,042	82,293	21%	2,842
ST. PAUL FIRE AND MARINE INSURANCE COMPANY	39,185	34,069	852,854	491,871	360,983	54%	27,435
STARR INSURANCE & REINSURANCE LIMITED	5,817	2,263	75,986	59,492	16,494	102%	-1,186

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ Loss
						%	
(in thousands)	\$	\$	\$	\$	\$	%	\$
STATE FARM FIRE AND CASUALTY COMPANY ¹⁶	0	0	219,277	23,425	195,852	n/a	73,953
STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY ¹⁷	0	0	358,650	44,362	314,288	n/a	320,437
STEWART TITLE GUARANTY COMPANY	83,700	21,927	216,072	111,886	104,186	26%	16,250
SUNDERLAND MARINE INSURANCE COMPANY LIMITED (CANADA BRANCH)	467	188	47,260	33,136	14,124	49%	176
T.H.E. INSURANCE COMPANY	307	543	5,774	1,945	3,829	91%	494
TECHNOLOGY INSURANCE COMPANY INC.	13,920	5,739	39,278	23,275	16,003	79%	412
THE AMERICAN ROAD INSURANCE COMPANY	2,188	536	20,334	502	19,832	90%	375
THE SHIPOWNERS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATION (LUXEMBOUR	0	13	46,294	14,232	32,062	-176%	-2,046
TIG INSURANCE COMPANY ¹⁸	0	0	0	0	0	n/a	0

FINANCIAL SUMMARY	ONTARIO BUSINESS			TOTAL COMPANY			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred	Net Income/ Loss
						to earned premium	
Year ended December 31, 2015							
(in thousands)	\$	\$	\$	\$	\$	%	\$
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	16,448	11,152	136,680	69,274	67,406	58%	2,702
TRITON INSURANCE COMPANY	12,139	3,497	198,976	74,943	124,033	30%	19,899
VIRGINIA SURETY COMPANY, INC.	22,905	10,771	72,035	48,639	23,396	83%	-863
WESTPORT INSURANCE CORPORATION	41,685	21,331	619,564	521,666	97,898	28%	20,919
XL INSURANCE COMPANY SE	60,297	65,220	812,841	558,606	254,235	125%	-36,777
XL REINSURANCE AMERICA INC.	9,969	10,312	359,073	222,493	136,580	60%	3,905
XL SPECIALTY INSURANCE COMPANY	0	0	5,000	0	5,000	n/a	0
ZURICH INSURANCE COMPANY LTD	365,810	598,557	4,188,150	3,247,745	940,405	106%	-157,697
	2,272,789	1,680,134	27,267,811	17,574,631	9,693,180		1,385,235
TOTAL	23,155,864	14,372,022	163,468,546	118,317,463	45,151,083		5,014,584

[Return to top](#)

LIFE INSURANCE COMPANIES

FINANCIAL SUMMARY year ended December 31, 2015 (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)
	\$	\$	\$	\$	\$	\$
EXTRA PROVINCIAL						
ACADIA LIFE	29	10	209,942	161,516	48,426	5,913
ASSUMPTION MUTUAL LIFE INSURANCE COMPANY	28,293	11,154	1,567,250	1,450,320	116,930	8,902
AXA INSURANCE INC.	0	0	0	0	0	0
CANASSURANCE INSURANCE COMPANY ¹⁹	6,459	1,546	206,710	185,732	20,978	-121
DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	818,312	605,820	33,321,054	3,321,054	30,000,000	335,954
FIRST CANADIAN INSURANCE CORPORATION	27,054	2,672	534,636	337,904	196,732	23,827
HUMANIA ASSURANCE INC.	2,735	2,423	501,349	430,779	70,570	4,502
INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.	1,229,244	862,391	49,489,026	45,309,821	4,179,205	389,300
LA CAPITALE INSURANCE AND FINANCIAL SERVICES INC.	170,085	86,662	1,344,721	1,193,801	150,920	-27,512
LS-TRAVEL, INSURANCE COMPANY	6,853	2,330	21,672	13,424	8,248	923
NATIONAL BANK LIFE INSURANCE COMPANY	11,474	3,383	179,104	83,381	95,723	47,993
SSQ, LIFE INSURANCE COMPANY INC.	227,902	158,026	9,433,188	8,635,686	797,502	64,789
THE UNION LIFE MUTUAL ASSURANCE COMPANY (UNION LIFE)	7,931	293	2,031,721	1,807,642	224,079	18,120
TRANS GLOBAL LIFE INSURANCE COMPANY	1,099	44	7,214	2,026	5,188	-74
	2,537,470	1,736,754	98,847,587	62,933,086	35,914,501	872,516
FEDERAL						

FINANCIAL SUMMARY year ended December 31, 2015	ONTARIO BUSINESS			TOTAL COMPANY		
	Direct	Benefits and	Total Assets	Total	Excess of	Net
	Written	payments to			assets over	Income /
	Premiums	policyholders		liabilities	liabilities	(loss)
(in thousands)	\$	\$	\$	\$	\$	\$
ACE INA LIFE INSURANCE	99,465	23,484	138,161	106,922	31,239	13,352
ALLSTATE LIFE INSURANCE COMPANY OF CANADA	0	0	3,788	18	3,770	9
ASSURANT LIFE OF CANADA	126,481	52,557	1,652,625	1,544,307	108,318	11,440
BLUE CROSS LIFE INSURANCE COMPANY OF CANADA	68,451	48,293	984,588	853,498	131,090	8,103
BMO LIFE ASSURANCE COMPANY	424,447	275,492	8,015,626	7,019,049	996,577	104,944
BMO LIFE INSURANCE COMPANY	13,911	3,847	707,938	158,317	549,621	13,721
CANADIAN PREMIER LIFE INSURANCE COMPANY	87,810	16,770	226,946	143,633	83,313	16,449
CIBC LIFE INSURANCE COMPANY LIMITED	20,477	928	103,164	-99,646	202,810	8,338
CIGNA LIFE INSURANCE COMPANY OF CANADA	28,740	24,495	118,704	53,154	65,550	17,869
COMPCORP LIFE INSURANCE COMPANY	0	0	10,000	691	9,309	-62
CO-OPERATORS LIFE INSURANCE COMPANY	237,002	156,482	6,006,134	5,050,649	955,485	21,104
CUMIS LIFE INSURANCE COMPANY	63,238	26,850	1,262,701	991,644	271,057	13,641
FORESTERS LIFE INSURANCE COMPANY	77,029	77,447	1,523,238	1,346,045	177,193	19,821
GIRAFFE & FRIENDS LIFE INSURANCE COMPANY	136	0	6,795	1,727	5,068	-2,197
IVARI ²⁰	288,716	196,954	10,946,662	9,705,709	1,240,953	-55,029
LA CAPITALE FINANCIAL SECURITY INSURANCE COMPANY	26,792	15,380	527,150	398,162	128,988	11,954
LONDON LIFE INSURANCE COMPANY	1,515,393	1,028,288	85,880,837	82,189,765	3,691,072	511,736

FINANCIAL SUMMARY year ended December 31, 2015 (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)
	\$	\$	\$	\$	\$	\$
MD LIFE INSURANCE COMPANY	0	0	3,199,764	3,189,134	10,630	3,613
PRIMERICA LIFE INSURANCE COMPANY OF CANADA	141,077	56,555	3,240,839	2,885,035	355,804	35,185
RBC LIFE INSURANCE COMPANY	814,911	346,390	11,696,830	9,992,515	1,704,315	103,147
RELIABLE LIFE INSURANCE COMPANY	17,313	15,490	52,720	40,666	12,054	64
SCOTIA LIFE INSURANCE COMPANY	23,052	2,508	158,516	-59,434	217,950	28,120
SUN LIFE ASSURANCE COMPANY OF CANADA	4,330,344	3,619,981	211,704,090	195,386,174	16,317,916	1,786,622
SUN LIFE INSURANCE (CANADA) LIMITED	29,216	19,082	16,917,073	15,397,102	1,519,971	-51,358
TD LIFE INSURANCE COMPANY	57,825	16,428	158,599	99,362	59,237	3,452
THE CANADA LIFE ASSURANCE COMPANY	2,033,955	1,498,123	62,546,289	51,755,833	10,790,456	1,605,783
THE EMPIRE LIFE INSURANCE COMPANY	451,346	342,411	13,837,928	12,686,011	1,151,917	107,294
THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA	310,046	211,553	3,462,582	2,963,559	499,023	53,800
THE GREAT-WEST LIFE ASSURANCE COMPANY	2,730,924	2,165,213	53,687,613	34,204,968	19,482,645	2,698,728
THE MANUFACTURERS LIFE INSURANCE COMPANY	4,565,809	4,020,557	227,064,082	185,639,660	41,424,422	1,982,281
THE STANDARD LIFE ASSURANCE COMPANY OF CANADA ²¹	0	0	0	0	0	0
THE WAWANESA LIFE INSURANCE COMPANY	24,821	17,652	1,064,809	917,906	146,903	2,493
VSP CANADA VISION CARE INSURANCE	92	116	9,824	766	9,058	-1,026

FINANCIAL SUMMARY year ended December 31, 2015 (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)
	\$	\$	\$	\$	\$	\$
WESTERN LIFE ASSURANCE COMPANY	63,455	11,391	222,192	156,048	66,144	8,465
	18,672,274	14,290,717	727,138,807	624,718,949	102,419,858	9,081,856
BRANCH						
AETNA LIFE INSURANCE COMPANY	76	614	80,898	21,020	59,878	2,903
ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA	15	39	71,749	29,542	42,207	1,072
AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA	113,648	12,409	209,556	117,462	92,094	9,555
AMERICAN HEALTH AND LIFE INSURANCE COMPANY	3,328	887	45,077	13,894	31,183	6,658
AMERICAN INCOME LIFE INSURANCE COMPANY	33,772	6,266	297,281	162,173	135,108	43,749
AXA EQUITABLE LIFE INSURANCE COMPANY	33	40	73,519	26,237	47,282	3,333
COMBINED INSURANCE COMPANY OF AMERICA	38,954	13,749	818,846	355,597	463,249	21,830
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	2,028	883	161,714	113,652	48,062	6,912
GERBER LIFE INSURANCE COMPANY	1,606	260	44,412	29,214	15,198	161
HARTFORD LIFE INSURANCE COMPANY ²²	0	469	8,073	3,181	4,892	-903
JACKSON NATIONAL LIFE INSURANCE COMPANY	3	20	10,607	7,042	3,565	-305
LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	536	198	15,574	3,629	11,945	-26
LIFE INSURANCE COMPANY OF NORTH AMERICA	9,716	4,129	70,075	43,424	26,651	-5,991

FINANCIAL SUMMARY year ended December 31, 2015	ONTARIO BUSINESS			TOTAL COMPANY		
	Direct Written Premiums	Benefits and payments to policyholders	Total Assets	Total liabilities	Excess of assets over liabilities	Net Income / (loss)
	\$	\$	\$	\$	\$	\$
(in thousands)						
METROPOLITAN LIFE INSURANCE COMPANY ²³	0	0	108,421	75	108,346	2,025
NEW YORK LIFE INSURANCE COMPANY	34,751	5,911	488,969	133,500	355,469	47,581
PAVONIA LIFE INSURANCE COMPANY OF MICHIGAN	4,025	639	56,708	23,728	32,980	-1,530
PHOENIX LIFE INSURANCE COMPANY	0	0	2,738	427	2,311	-52
PRINCIPAL LIFE INSURANCE COMPANY	0	365	14,920	11,779	3,141	-1,625
STANDARD LIFE ASSURANCE LIMITED	23,554	25,578	6,527	0	6,527	9
STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD	0	0	48,260	3,848	44,412	94,244
UNITED AMERICAN INSURANCE COMPANY	147	160	13,722	3,651	10,071	421
	266,192	72,616	2,647,646	1,103,075	1,544,571	230,021
TOTAL	21,475,936	16,100,087	828,634,040	688,755,110	139,878,930	10,184,393

[Return to top](#)

REINSURANCE COMPANIES

FINANCIAL SUMMARY year ended December 31, 2015	ONTARIO BUSINESS			TOTAL COMPANY			
	Premiums	Net	Total	Total	Excess of	Claims	Net
	Assumed	Losses Incurred	Assets	Liabilities	assets over liabilities	to earned premium	Income/ (loss)
(in thousands)	\$	\$	\$	\$	\$	%	\$

ONTARIO

FINANCIAL SUMMARY year ended December 31, 2015 (in thousands)	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)
	\$	\$	\$	\$	\$	%	\$
FARM MUTUAL REINSURANCE PLAN INC.	110,556	53,856	783,651	418,033	365,618	158%	33,443
GLOBAL REINSURANCE COMPANY	0	0	0	0	0	n/a	0
	110,556	53,856	783,651	418,033	365,618		33,443
EXTRA PROVINCIAL							
OPTIMUM REASSURANCE INC. ²⁴	0	0	0	0	0	n/a	0
	0	0	0	0	0		0
FEDERAL							
12345 INSURANCE COMPANY ²⁵	0	-2	14,251	337	13,914	0%	-65
ARCH REINSURANCE COMPANY	6,009	338	66,442	37,526	28,916	181%	-1,842
ASPEN INSURANCE UK LIMITED	25,933	-29,207	460,284	268,526	191,758	1027%	7,710
AURIGEN REINSURANCE COMPANY	51,642	17,884	309,380	247,608	61,772	n/a	-2,440
MUNICH REINSURANCE COMPANY OF CANADA	139,005	29,349	1,301,240	1,003,383	297,857	173%	41,762
PARTNER REINSURANCE COMPANY OF THE U.S.	24,182	4,888	569,245	301,238	268,007	487%	49,231
RGA LIFE REINSURANCE	402,733	57,521	8,065,971	6,856,408	1,209,563	n/a	144,897

FINANCIAL SUMMARY year ended December 31, 2015 (in thousands)	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)
	\$	\$	\$	\$	\$	%	\$
COMPANY OF CANADA							
SCOR CANADA REINSURANCE COMPANY	38,289	39,830	570,798	402,929	167,869	261%	37,852
SUECIA REINSURANCE COMPANY	0	-240	8,559	3,187	5,372	0%	-57
THE CANADA LIFE INSURANCE COMPANY OF CANADA	700,661	401,980	13,298,283	11,976,017	1,322,266	n/a	101,066
	1,388,454	522,341	24,664,453	21,097,159	3,567,294		378,114
BRANCH							
AMERICAN AGRICULTURAL INSURANCE COMPANY	8,423	-540	91,028	28,585	62,443	585%	8,682
AXIS REINSURANCE COMPANY	7,565	7,427	324,262	259,767	64,495	184%	7,243
BRITISH INSURANCE COMPANY OF CAYMAN	45,786	25,739	439,182	191,876	247,306	n/a	19,776
CAISSE CENTRALE DE RÉASSURANCE	17,244	10,188	244,708	161,076	83,632	157%	7,326
CATALINA GENERAL INSURANCE LTD. ²⁶	3	31	16,129	5,323	10,806	2%	536
COLISEE RE.	0	0	0	0	0	n/a	0
EMPLOYERS REASSURANCE CORPORATION	77,046	57,316	820,261	-153,158	973,419	n/a	44,783

FINANCIAL SUMMARY year ended December 31, 2015 (in thousands)	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)
	\$	\$	\$	\$	\$	%	\$
EVEREST REINSURANCE COMPANY	79,538	-5,717	1,104,678	621,547	483,131	-256%	61,131
GENERAL AMERICAN LIFE INSURANCE COMPANY	108,952	70,722	2,413,428	1,053,801	1,359,627	n/a	97,967
GENERAL RE LIFE CORPORATION	505	-47	14,768	2,210	12,558	n/a	735
HANNOVER RÜCK SE	153,310	46,163	1,168,563	688,924	479,639	216%	76,368
MUNICH REINSURANCE COMPANY	4,285,168	3,102,784	6,448,695	3,055,635	3,393,060	n/a	304,061
NATIONWIDE MUTUAL INSURANCE COMPANY ²⁷	0	0	0	0	0	n/a	0
ODYSSEY REINSURANCE COMPANY	39,735	12,055	401,185	237,289	163,896	168%	7,041
PARTNER REINSURANCE COMPANY LTD.	19,991	2,772	357,053	298,247	58,806	n/a	4,936
PARTNER REINSURANCE EUROPE SE	0	0	0	0	0	n/a	0
RELIASTAR LIFE INSURANCE COMPANY	0	863	59,513	11,872	47,641	n/a	836
SCOR GLOBAL LIFE	128,397	110,178	516,835	220,183	296,652	n/a	47,048
SIRIUS AMERICA INSURANCE COMPANY	2,349	-374	92,914	25,019	67,895	2643%	9,192

FINANCIAL SUMMARY year ended December 31, 2015	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)
						%	
(in thousands)	\$	\$	\$	\$	\$	%	\$
SWISS REINSURANCE COMPANY LTD	129,601	-6,324	1,571,845	1,198,302	373,543	1487%	53,129
THE TOA REINSURANCE COMPANY OF AMERICA	13,441	6,472	251,771	186,731	65,040	161%	6,475
TRANSATLANTIC REINSURANCE COMPANY	30,892	10,745	662,521	255,925	406,596	240%	57,218
	5,147,946	3,450,453	16,999,339	8,349,154	8,650,185		814,483
TOTAL	6,646,956	4,026,650	42,447,443	29,864,346	12,583,097		1,226,040

[Return to top](#)

FRATERNAL SOCIETIES

FINANCIAL SUMMARY year ended December 31, 2015	ONTARIO BUSINESS			TOTAL COMPANY		
	Direct Written Premiums	Benefits and payments to policyholders	Total Assets	Total Liabilities	Excess of assets over liabilities	Net Income / (loss)
(in thousands)	\$	\$	\$	\$	\$	\$
ONTARIO						
GUARANTEED FUNERAL DEPOSITS OF CANADA (FRATERNAL) ²⁸	0	0	0	0	0	0
TORONTO POLICE WIDOWS AND ORPHANS FUND	1,784	2,121	103,056	94,360	8,696	26
	1,784	2,121	103,056	94,360	8,696	26
FEDERAL						

	ONTARIO BUSINESS			TOTAL COMPANY		
FINANCIAL SUMMARY						
year ended December 31, 2015	Direct Written Premiums	Benefits and payments to policyholders	Total Assets	Total Liabilities	Excess of assets over liabilities	Net Income / (loss)
(in thousands)	\$	\$	\$	\$	\$	\$
ACTRA FRATERNAL BENEFIT SOCIETY	9,430	6,105	659,774	638,781	20,993	2,264
FAITHLIFE FINANCIAL	10,392	12,439	418,762	380,574	38,188	240
SONS OF SCOTLAND BENEVOLENT ASSOCIATION	1,094	678	14,334	11,661	2,673	-474
TEACHERS LIFE INSURANCE SOCIETY (FRATERNAL)	12,134	8,434	71,534	56,282	15,252	975
THE GRAND ORANGE LODGE OF BRITISH AMERICA	1,226	1,026	27,252	22,960	4,292	-97
THE INDEPENDENT ORDER OF FORESTERS	20,093	17,030	6,185,250	3,894,503	2,290,747	124,113
THE ORDER OF ITALO- CANADIANS ²⁹	0	0	0	0	0	0
UKRAINIAN FRATERNAL SOCIETY OF CANADA	12	43	9,886	8,319	1,567	0
	54,381	45,755	7,386,792	5,013,080	2,373,712	127,021
BRANCH						
CROATIAN FRATERNAL UNION OF AMERICA	387	334	13,994	12,100	1,894	-193
KNIGHTS OF COLUMBUS	77,380	29,679	3,437,350	2,595,100	842,250	-19,319
THE ROYAL ARCANUM, SUPREME COUNCIL OF	166	462	12,083	7,784	4,299	144

	ONTARIO BUSINESS			TOTAL COMPANY		
FINANCIAL SUMMARY						
year ended December 31, 2015	Direct Written Premiums	Benefits and payments to policyholders	Total Assets	Total Liabilities	Excess of assets over liabilities	Net Income / (loss)
(in thousands)	\$	\$	\$	\$	\$	\$
UKRAINIAN NATIONAL ASSOCIATION	27	78	9,043	5,465	3,578	135
UNITED COMMERCIAL TRAVELERS OF AMERICA, ORDER OF	65	44	5,002	0	5,002	-37
	78,025	30,597	3,477,472	2,620,449	857,023	-19,270
TOTAL	134,190	78,473	10,967,320	7,727,889	3,239,431	107,777

[Return to top](#)

RECIPROCAL OR INTERINSURANCE EXCHANGES

	ONTARIO BUSINESS			TOTAL BUSINESS			
FINANCIAL SUMMARY							
year ended December 31, 2015	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
(in thousands)	\$	\$	\$	\$	\$	%	\$
CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE	11,547	11,229	154,750	85,071	69,679	108%	3,033
COMMUNITY NEWSPAPERS RECIPROCAL INSURANCE EXCHANGE	82	5	574	134	440	3%	9
HEALTHCARE INSURANCE RECIPROCAL OF CANADA	129,441	113,830	1,268,306	817,326	450,980	96%	45,881

FINANCIAL SUMMARY year ended December 31, 2015 (in thousands)	ONTARIO BUSINESS			TOTAL BUSINESS			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	\$	\$	\$	\$	\$	%	\$
MUNICIPAL ELECTRIC ASSOCIATION RECIPROCAL INSURANCE EXCHANGE	11,916	5,930	102,077	34,272	67,805	77%	6,366
ONTARIO MUNICIPAL INSURANCE EXCHANGE	23,320	19,744	220,152	189,327	30,825	79%	2,551
ONTARIO SCHOOL BOARDS' INSURANCE EXCHANGE	43,296	31,316	252,865	153,821	99,044	77%	14,388
POULTRY INSURANCE EXCHANGE RECIPROCAL OF CANADA	2,773	0	10,438	3,639	6,799	2%	2,173
	222,375	182,054	2,009,162	1,283,590	725,572		74,401

EXTRA PROVINCIAL

CANADIAN AIRPORTS RECIPROCAL INSURANCE EXCHANGE (CARIE)	263	0	6,229	2,729	3,500	3%	463
CANADIAN EGG INDUSTRY RECIPROCAL ALLIANCE	0	0	13,346	3,824	9,522	94%	-262
CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY	7,663	32,359	125,301	111,113	14,188	-2%	482
	7,926	32,359	144,876	117,666	27,210		683

BRANCH

FINANCIAL SUMMARY year ended December 31, 2015 (in thousands)	ONTARIO BUSINESS			TOTAL BUSINESS			
	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of assets over liabilities	Claims Incurred to earned premium	Net Income/ (Loss)
	\$	\$	\$	\$	\$	%	\$
LUMBERMEN'S UNDERWRITING ALLIANCE ³⁰	0	0	0	0	0	n/a	0
TOTAL	230,301	214,413	2,154,038	1,401,256	752,782		75,084

[Return to top](#)

FINANCIAL SUMMARY NOTES

1. The former name of Edge Mutual Insurance Company was Peel Maryborough Mutual Insurance Company.
2. The former name of Heartland Farm Mutual Inc. was The North Waterloo Farmers Mutual Insurance Company.
3. No financial information was reported for Markham General Insurance Company in 2015. The company was ordered into liquidation effective July 24, 2002. The company cancelled its licence in 2015.
4. The company's licence is limited to automobile risks of Toronto Transit Commission.
5. No financial information was reported for AXA Insurance Inc. in 2015. The company cancelled its licence in 2015.
6. No financial information was reported for Alta Surety Company in 2015. Company has been in liquidation since June 2002.
7. The former name of Aviva General Insurance Company was RBC General Insurance Company.
8. No financial information was reported for AXA Insurance (Canada) AXA Assurances (Canada) in 2015. The company cancelled its licence in 2015.
9. No financial information was reported for AXA Pacific Insurance Company in 2015. The company cancelled its licence in 2015.
10. No financial information was reported for Granite Insurance Company in 2015. Company has been inactive since November 1992.
11. The former name of Sonnet Insurance Company was Federation Insurance Company of Canada.
12. The company has a licence condition not to undertake or renew insurance contracts in Ontario after May 30, 1995.
13. The former name of HDI Global SE Canada was HDIGerling Industrie Versicherung AG.
14. The company has a licence condition not to undertake or renew insurance contracts in Ontario after January 9, 2006.
15. No financial information was reported for Reliance Insurance Company in 2014. Company has been in liquidation since August 2001.
16. The company was acquired by the Desjardins group in 2015.
17. The company was acquired by the Desjardins group in 2015.
18. The company has a licence condition not to undertake or renew insurance contracts in Ontario after June 20, 2007. The company cancelled its licence in 2015.
19. Company is licensed to write both life and property & casualty insurance.

- !0. The former name of ivari was Transamerica Life Canada.
- !1. No financial information was reported for The Standard Life Assurance Company of Canada in 2015. The company cancelled its licence in 2015.
- !2. The company has a licence condition to service existing policies only.
- !3. The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 9, 2006.
- !4. No financial information was received for Optimum Reassurance Inc. in 2015.
- !5. The former name of 12345 Insurance Company was The Mortgage Insurance Company of Canada.
- !6. The former name of Catalina General Insurance Ltd. was Alea (Bermuda) Ltd.
- !7. The company has a licence condition not to undertake or renew insurance contracts in Ontario after March 27, 2006.
- !8. No financial information was received for Guaranteed Funeral Deposits of Canada (Fraternal) in 2015.
- !9. No financial information was received for the Order of Italo-Canadians in 2015.
- !0. No financial information was reported for Lumbersmens' Underwriting Alliance in 2015. The company is winding its operations down.

[Return to top](#)