PACICC

Property and Casualty Insurance Compensation Corporation

Insolvency protection for home, automobile and business insurance customers

2024 Annual Report

PACICC Mission

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

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

PACICC Principles

- In the unlikely event that an insurance company becomes insolvent, policyholders should be protected from undue financial loss through prompt payment of covered claims
- Financial preparedness is fundamental to PACICC's successful management support of insurance company liquidations, requiring both adequate financial capacity and prudently managed compensation funds
- Good corporate governance, well-informed stakeholders and cost-effective delivery of member services are foundations for success
- Frequent and open consultations with members, regulators, liquidators and other stakeholders will strengthen PACICC's performance
- In-depth P&C insurance industry knowledge – based on applied research and analysis – is essential for effective monitoring of insolvency risk

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Key accomplishments in 2024

- **Coverage and Benefits Review Action Plan –** Our first order of business in 2024 was completion of the Review Action Plan. In 2023, our review examined: extent of coverage, claim limits, return of unearned premiums, hardship claims, threshold for commercial coverage eligibility and benefit limits at the provincial level. With Member and regulatory approval, our Board approved an annual inflation adjustment in benefit limits for Automobile and Personal Property coverages. In July, claims limits for Personal Property policies were increased from $500,000 to $520,000, and claims limits for Auto policies were increased from $400,000 to $415,000
- **Enhanced Resolution Capabilities (2024 Key Priority #1) –** The comprehensive industry consultations done in 2020 regarding an expanded "Resolution Toolkit" for PACICC led to a proposal that we incorporate an OSFI-chartered "Bridge Insurer." Over the course of 2024, we worked closely with OSFI on a streamlined application process. The application was submitted and is now being considered by the Minister of Finance.
- **Expanded Financial Capacity (2024 Key Priority #2) –** We renewed our $250M revolving standby line of credit (LoC) facility, with the support of all six major Canadian Banks. The LoC facility complements our existing emergency financial capacity (just over $63M in our Compensation Fund) and can be used in resolution and/or liquidation scenarios. Our expanded capacity is now adequate to address short-term emergency funding needs in scenarios involving all but the top-15 of our Member Insurers. We also secured high investment-grade credit ratings from two major rating agencies. Reviewed annually, the ratings give PACICC potential access to capital markets for debt financing. Their inexpensive annual cost is consistent with our "low-cost optionality" strategy
- **Mitigating Systemic Risk (Permanent Priority Issue) –** While we wait for some form of federal liquidity backstop mechanism to finally be put in place, we have continued to work on a series of incremental measures to mitigate systemic risk. An Amendment was made to PACICC's Memorandum of Operation regarding use of "best estimate" when determining the size of any General Assessment, to mitigate systemic risk in the case of serial Member Insurer failure. We pursued designation of PACICC as a "compensation association" under the Federal *Insurance Companies Act*, to make it easier for PACICC to share information with

regulators and to engage as a trusted counterparty in crisis scenarios. Work on this file with Finance Canada is ongoing. We also successfully partnered with BCFSA and other industry stakeholders (OSFI, CCIR, AMF, IBC and the PACICC Board) on a desktop insolvency simulation exercise to test the efficiency and effectiveness of response protocols in circumstances where the PACICC Board had no alternative but to "pull the circuit breaker" to avert systemic contagion

- We published the latest study in our ongoing *Why Insurers Fail* research series entitled, "*When it Rains…it Pours: Analyzing failure clusters and Canada's ability to respond.*" PACICC has always modelled its ability to protect policyholders from the failure of any single Member Insurer, and we manage our financial capacity to ensure that we are in a position to respond in a timely manner to the failure of an average-sized Member company. We have also modelled the potential systemic risk from a catastrophic event which causes serial failure, and have identified a "Tipping Point" beyond which our funding mechanism would be simply overwhelmed. This latest research paper broke new ground by seeking to model our capacity to respond to a "cluster" of Member Insurer insolvencies in a single year, or a brief period of years. This study also conducted a "deep dive" into the specific experience of three other countries which have recently witnessed significant failure "clusters." All of this research will assist our Board in re-evaluating our defined "Risk Appetite Limit"
- We also released the Second Edition of our *Global Failed Insurer Catalogue (GFIC)*. The new edition reveals an astonishing 568 insurers that have failed in 57 different jurisdictions, just since the year 2000. This landmark research initiative, led by PACICC Chief Economist Grant Kelly and Research Associate Judy (Zhe) Peng, provides compelling evidence regarding the continued risk of insurer failure, in developing and developed economies. Notwithstanding significant improvements in supervisory regimes overseeing insurance sectors around the world, the updated Catalogue provides clear evidence that insurer failure can occur, anywhere and anytime
- We hosted three virtual Risk Officer's Forum Meetings in 2024, and three Emerging Risks Webinars. Online registrations for all events remained at peak levels, right across Canada.

- We published four issues of our popular *Solvency Matters* newsletter in 2024. The newsletter has an extensive and growing industry distribution list, and receives extensive trade press coverage and favourable industry feedback on the topical issues profiled in each publication
- We continue to enhance PACICC's visibility through the use of social media platforms (X and LinkedIn) to engage Members and the public
- We continued our active involvement with the International Forum of Insurance Guarantee Schemes (IFIGS), which provides PACICC with direct exposure to international best practice. PACICC co-chairs the IFIGS Policy and Profile Working Group, and engaged with the International Association of Insurance Supervisors' (IAIS) public consultation on proposed changes related to recovery and resolution powers. PACICC was the subject of a special member feature in the December issue of the IFIGS newsletter

Reflecting back on my first year as Board Chair of PACICC, I can say that it was both a productive year for PACICC, and an eventful year for the industry. The summer of 2024 will long be remembered by members of Canada's P&C insurance industry. We experienced four different billion-dollar catastrophic storms in Canada in a single month, resulting in more than $8 billion in insured losses. Losses in one month alone (July) exceeded the most expensive catastrophic losses in our industry's history in any previous year. While we were concerned that the third quarter of 2024 would show erosion in the capital base of some PACICC Members, third-quarter financial results indicated that Canada's P&C insurers were able, through both good fortune and good management, to survive everything that Mother Nature could throw at Canada.

Not surprisingly, the industry's third-quarter results were significantly worse than those over the same period in 2023. Net income in the quarter was $227 million lower, and the Net Insurance Service Ratio (NISR) for Personal Property insurance was 125.5%. This was even worse than the already bad 111.5% ratio reported in 2023. The Commercial Property NISR also rose from 89.6% in the third quarter of 2023 to 102.1% in the third quarter of 2024. Fortunately, however, the rocky third quarter of 2024 followed six months of solid profitability for our industry. Taken together, 2024 appears to have been a good year for the industry. The overall return on equity of 13.4% through the third quarter remained above the industry's long-term average of 10.5%, and the year-to-date NISR sat at 90.3%. This is only slightly higher than the 90.1% recorded over the first three quarters in 2023.

> **"Losses in one month alone (July) exceeded the most expensive catastrophic losses in our industry's history in any previous year."**

The perhaps surprising, positive overall results can be attributed to our industry's prudent risk management and the very high levels of natural catastrophe reinsurance purchased by the industry. Our industry's investment portfolios also benefited from the Bank of Canada's interest rate reductions over the course of 2024. The industry's return on investment rose from 2.5% in 2023 to 5.4% in the third quarter of 2024. This resulted in a 137.9% increase in the Net Investment Result.

This rebound in investment income helped our Members to withstand the series of summer storms, without significant adverse capital impacts. As PACICC has noted in its quarterly newsletter *Solvency Matters*, the past four years have been the most profitable (adjusted for inflation) period for the industry since 1975. Despite the huge catastrophic losses incurred in Canada over the past year, Canadian P&C insurers remain profitable. That is welcome news for all stakeholders with an interest in the long-term health and stability of the P&C insurance system.

I am pleased to note that PACICC made significant progress on priority issues in 2024. Our CEO Alister Campbell and his small team continue to demonstrate a capacity to execute on almost all elements of our ambitious modernization agenda. However, our Board remains very concerned about the lack of government action on our Permanent Priority Issue.

There can be no denying the inevitable. A federal liquidity backstop mechanism is urgently needed to address existential earthquake risk. PACICC has done excellent work with its systemic risk modelling to clearly frame the issue and illustrate the "Tipping Point" beyond which our funding mechanism would be overwhelmed. The lack of government action here leaves our insurance guarantee system exposed to failure in scenarios that remain remote, but certain. For a G7 nation like Canada to have a protection gap like this is inexcusable. More proactive government leadership is needed.

"A federal liquidity backstop mechanism is urgently needed to address existential earthquake risk."

In closing, and on behalf of my Board colleagues, I want to extend sincere thanks to the Management team at PACICC for the continuing high quality of their work. They have skillfully managed a challenging workload with energy and determination. I am also grateful to all of my Board colleagues for their support of me assuming the role of Board Chair, and for their professionalism and dedication to PACICC's Mission. Their guidance and input on key issues is greatly appreciated by me personally. Our Board's active engagement on issues continues to strengthen the effective work of the Corporation.

I am confident that PACICC is well positioned for further progress in the year ahead, and look forward to working together on all of our remaining challenges.

Introduction

The past year demonstrated our industry's tremendous resilience as our Insurer Members were required to deal with four different billion-dollar-plus catastrophic events, in one month alone. While the losses adversely impacted quarterly results, they did not fundamentally impair capital. A substantial share of the insured losses was absorbed by reinsurance, which provided a sizeable contingent capital buffer to protect Members. There may have been firms, that exhausted their reinsurance coverage and had to draw down on capital. However, no firm was fatally impacted by the series of Cat events.

I am pleased to confirm that no PACICC Member Insurer experienced financial distress in 2024, and no Canadian policyholders were forced to call upon PACICC for the protections that we stand ready to provide.

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

Priority Issue – Completion of Coverage & Benefits Action Plan

Our first order of business in 2024 was the implementation of our Coverage and Benefits Review Action Plan in the first quarter. This initiative had been our Priority Issue in 2023 and we reviewed: extent of coverage, claim limits, return of unearned premiums, hardship claims, threshold for commercial coverage eligibility and benefit limits at the provincial level. While our analysis confirmed that PACICC provides Canadian policyholders with a very high level of consumer protection, it also indicated that inflation had eroded PACICC benefit limits – even in the brief three-year period since our last review in 2020.

> **"With the approval of Members and regulators, in the Spring of 2024 our Board moved to embed an annual inflation adjustment in benefit limits for Automobile and Personal Property coverages."**

With the approval of Members and regulators, in the Spring of 2024 our Board moved to embed an annual inflation adjustment in benefit limits for Automobile and Personal Property coverages. On July 1, 2024, claims limits for Personal Property policies were increased from $500,000 to $520,000, and claims limits for Auto policies were increased from $400,000 to $415,000.

2024 Key Priority #1 – Enhancing our Resolution Capabilities
Our comprehensive consultations with Members in 2020 regarding an expanded "Resolution Toolkit" for PACICC led to a proposal that we incorporate an OSFI-chartered "Bridge Insurer" *(PACICC-SIMA General Insurance Company, PGIC)*. This new tool would enhance our ability to respond to a range of distress/crisis scenarios. We worked closely with OSFI on a streamlined application process covering governance, capitalization, information sharing and operationalization.

Our application was submitted and is now being considered by the Minister of Finance. If and when approved, the Bridge Insurer initiative will enhance our resolution capabilities significantly. Our industry landscape continues to change, with a significant trend toward consolidation. This has led to an increase in the number of Member Insurers whose financial distress could trigger a PACICC General Assessment which itself, would cause financial distress for other Member Insurers. Rather than engaging in the traditional (also lengthy and very expensive) liquidation process, there are now a greater number of scenarios where resolution alternatives have become compelling.

> **"Rather than engaging in the traditional (also lengthy and very expensive) liquidation process, there are now a greater number of scenarios where resolution alternatives have become compelling."**

Once regulatory approval is secured, we will be in a position to secure licences for PGIC in all provinces and territories. The entity will remain a shell entity unless and until activated and, as such, provides "low-cost optionality" for our Board.

2024 Key Priority #2 – Expanding our Financial Capacity
A second Key Priority Issue for us in 2024 concerned expanding financial capacity. We have been actively exploring the potential for PACICC access

to capital markets for debt financing purposes, in circumstances where additional liquidity may be required beyond what is available via our General Assessment mechanism. This alternative approach to expand our financial capacity has been successfully employed in at least two jurisdictions in the United States. Both Louisiana and Florida were able to secure funding to address a large number of claims from clusters of insurer failures, caused by a series of hurricane events.

Over the course of 2024, we liaised with major rating agencies regarding a credit rating for PACICC. We have now secured two Private Monitored Ratings with a high investment grade. Maintaining these ratings (which are subject to annual review) is inexpensive and is also entirely consistent with our low-cost optionality strategy.

Permanent Priority Issue – Mitigating Systemic Risk

Our Board has established "Mitigating Systemic Risk" as a Permanent Priority Issue for PACICC, until such time as some form of federal liquidity backstop mechanism is finally put in place. In the most recent Federal Budgets, the Minister of Finance affirmed the Government's commitment to addressing this issue. Our industry is keen to implement public-private partnerships to address multiple perils, including quake. However, the timeline to arrive at a solution remains unclear. In the interim, we continued to work on a series of incremental measures to mitigate systemic risk, including:

- ***An Amendment to PACICC's Memorandum of Operation (MoO) re: General Assessment*** **–** We secured regulator approval to amend the wording of Paragraph 14(1) of PACICC's MoO, to remove the obligation to establish a "maximum exposure" and replace it with a modernized, actuarially established "best estimate." This could help to mitigate systemic risk in the case of serial Member Insurer failure

- ***Designation of PACICC as a "Compensation Association" under the Federal Insurance Companies Act*** **–** We requested formal designation from Canada's Finance Minister. This would make it easier for PACICC to share information with regulators and to engage as a trusted counterparty in crisis scenarios. Dialogue with Finance Canada on this request is ongoing

- ***Desktop Insolvency Simulation Exercises* –** In July, we successfully partnered with BCFSA and other industry stakeholders (OSFI, CCIR, AMF, IBC and the PACICC Board) on a desktop insolvency simulation exercise. The simulation examined the impact of a major earthquake and subsequent aftershock on the financial services sector in B.C., and the efficiency and effectiveness of response protocols in circumstances where the PACICC Board had no alternative but to "pull the circuit breaker" to avert systemic contagion.

Risk Management and Research

PACICC continued work on other initiatives intended to assist our industry with embedding best practices in enterprise risk management. Our Risk Officer's Forum meetings and Emerging Risks Webinars showed strong industry engagement with record attendance over the past year. Discussion topics included: Risk Identification and Risk Assessment; Natural Catastrophe Protection Gaps, Operational Resilience, Model Risk and Multiple Perils, Market Conduct, Third-Party Risk Management and the 2024 Reinsurance Environment.

In October, we released the Second Edition of our Global Failed Insurer Catalogue (GFIC). The new edition reveals an astonishing 568 insurers that have failed in 57 different jurisdictions, just since the year 2000. This landmark research initiative provides compelling evidence regarding the continued risk of insurer failure, in both developing and developed economies. Notwithstanding significant improvements in supervisory regimes overseeing insurance sectors around the world, the updated Catalogue provides clear evidence that insurer failure can occur, anywhere and anytime.

We also released the latest study in our ongoing *Why Insurers Fail* research series entitled, *"When it Rains…it Pours: Analyzing failure clusters and Canada's ability to respond."* The study examined three countries that experienced significant insurer failure "clusters." It then broke new ground by seeking to model our own capacity to respond to such a "cluster" of Member Insurer insolvencies in a single year, or a brief period of years. This research will assist our Board in re-evaluating our defined "Risk Appetite Limit" in the coming year.

Operations

We completed work on several PACICC operational priorities throughout 2024, including reviews of: external Audit services, outsourced IT support services, PACICC's Investment Policy Statement, Risk Management Report and Succession Plan. In addition, and in partnership with Deloitte, we held an IFRS 17 performance metrics training workshop for 90+ provincial regulators.

Conclusion

PACICC has made tremendous progress over the past year on issues that matter to our industry. This would not have been possible without the dedication and support of our motivated staff members, to whom I extend my personal thanks. This progress would also not have been possible without the active engagement of our Member Insurers which continue to be so supportive of our efforts. I thank them for their continuing interest in the work that we do on their behalf. Finally, this progress would not have been achieved without the strong coaching and guidance that I receive from our Board Chair Dave Oakden and the entire Board of Directors.

Our Board's vision to modernize PACICC has helped to ensure that we are increasingly well positioned to respond to changing risks in future. I have thoroughly enjoyed my work in overseeing this ambitious agenda over the past year, and look forward to continuing to deliver strong results for the industry in 2025.

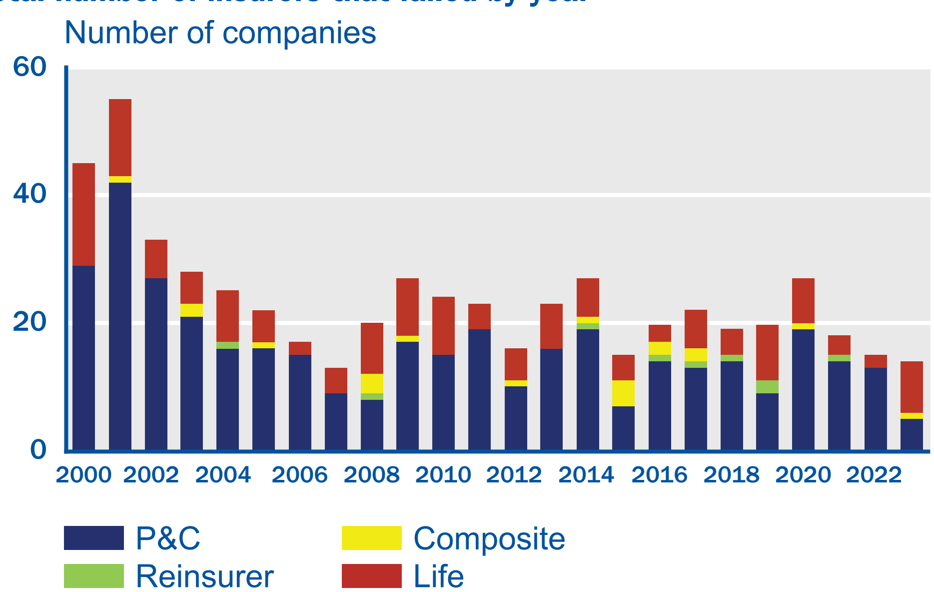
The international environment

Insurance failures are still happening across the world

Two decades have passed since a property and casualty (P&C) insurer failed in Canada – back in 2003 – and so it can be very tempting to conclude that insurer failures are a thing of the past. Unfortunately, this is not true.

PACICC's 2024 Edition of the *Global Failed Insurer Catalogue* confirms that P&C and Life insurers are failing every year, somewhere in the world. Our Catalogue identifies some 568 P&C and Life insurers that have failed just since 2000. Our research shows that, on average, 17 P&C insurers and one Composite (P&C and Life) insurer have failed annually over this period. These failures occurred in 57 different jurisdictions. Each of these jurisdictions is unique, differing in size, population, economic maturity, political oversight, rule of law and the regulatory framework governing their financial services. The large number identified worldwide suggests however, that few countries, if any, are fully immune to the risk of insurer failure. And we would like to emphasize that the international experience matches Canada's own experience with insurance company failures. It is very common to have long periods of calm between failures – often lasting years.

Total number of insurers that failed by year



Source: PACICC, based on data from MSA Research

The Canadian environment

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

1. Determining the level of solvency risk facing PACICC Member Insurers, and
2. Ensuring that PACICC is prepared to protect policyholders in future insolvencies.

1. Canadian Solvency Risk

Some 26 of the 38 countries in the OECD have experienced the failure of an insurance company since 2011. PACICC calculates that across the 38 OECD nations, it would be normal for 1.33 (P&C and Life) insurers to fail each year for every 1,000 insurance companies. This means that, on average, insurance industry stakeholders should expect that, each year, one or two insurers will fail somewhere among OECD nations.

The comparable insolvency rate for Canada over this period is 0.4 failed insurers for every 1,000 insurance companies. Insolvency risk is lower in Canada than in other OECD nations for two main reasons:

a. Consistent and stable profitability

Canada's insurance marketplace reports consistent and stable profitability over time. And, since 2020, the industry's real returns are collectively higher than any other comparable five-year period in the 40 years of PACICC's database. Since 2020, the industry's average ROE has been 14.2%. This is the highest sustained level since 1975-1979. These strong results remain true even after adjusting for the impact of inflation. The P&C industry's inflation-adjusted ROE between 2020 and 2023 (four years) is 10.7%. This is also higher than the previous high of 10.4% – which was recorded between 2005-2009.

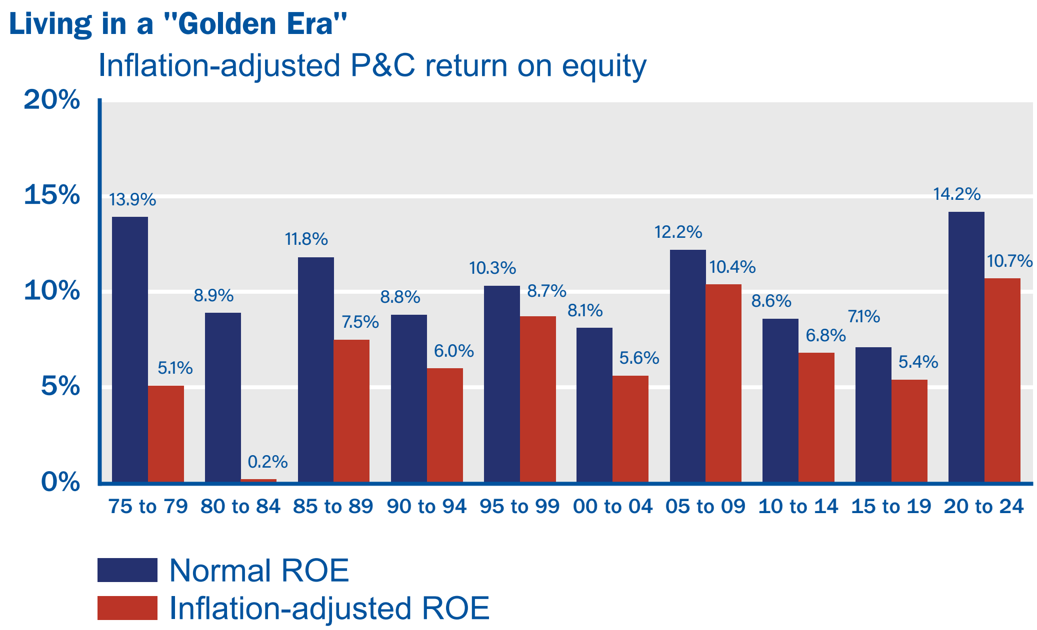
b. Strong regulatory system

Canada has a strong regulatory system that reflects modern, international best practice. Since 1995, Canada's system of solvency regulation has been strengthened by the adoption of:

- Mandatory discounting of loss reserves
- Risk-weighted solvency tests
- Annual regulatory filing to demonstrate capital sufficiency to handle probable maximum loss from earthquakes
- Peer review of actuarial reserve estimates
- Enterprise Risk Management overseen by Chief Risk Officers

- Own Risk and Solvency Assessment (ORSA) reporting that requires insurers to model the risks facing their companies.

And this list is not exhaustive.



Source: PACICC based on data from IBC and MSA Research

2. Assessing PACICC's Preparedness

PACICC will become involved if regulators lose confidence in a Member Insurer and order an involuntary wind-up. PACICC's preparedness is evidenced by:

a. Unencumbered assessment capacity

The last of the estates of PACICC Member Insurers that were put into wind-up by their regulator and required PACICC involvement to assess insurers has now been resolved. There are now no outstanding or unresolved claims, meaning that our entire assessment capacity is unencumbered. PACICC estimates that in 2025, the total assessment capacity available to protect policyholders is $1.31 Billion.

b. Strengthened short-term financing

To cover the critical short-term period between the announcement of an insolvency and the collection of an Assessment, PACICC has two available sources of liquidity. First is our Compensation Fund, which as of December 2024 had $63.3 million in invested assets that the Corporation will be able to access within 48 hours. In 2023, PACICC increased its financial capacity via a $250M standby line of credit (LOC) facility supported by a syndicate of Canada's big-six banks. With the introduction of this expanded capacity, PACICC can now rapidly access the funds required to reimburse unearned premiums in the unlikely event of a Member Insolvency…for all but the 15-largest PACICC Members. PACICC now also has the financial capacity to reimburse unearned premiums <u>and</u> pay up to six months of expected claims for 135 of PACICC's 164 Member Insurers.

c. ***Awareness of the risk of a "cluster" of failures***

Another key finding from our *Global Failed Insurers Catalogue* research was that, while it is common for jurisdictions to have long periods of calm, when insolvencies do occur, they often do so in "clusters" – which we define as three or more failures within three years. PACICC's research has identified 43 clusters that have occurred in 27 separate jurisdictions since 2000. This pattern matches the Canadian experience with insurance company failures, where some 35 P&C and Life insurers failed in Canada in three distinct clusters between 1981 and 2003.

PACICC has traditionally modelled its ability to protect policyholders from the failure of any single Member Insurer. PACICC's 2024 edition of *Why Insurers Fail* has now examined PACICC's readiness to protect policyholders from a cluster of failures. Our findings were that our capacity was:

- Adequate to handle a cluster of failures with a total required Assessment of up to $1.31 billion per year
- Able to handle a cluster of failures with a combined total required Assessment of as much as $2.25 billion in a single year. However, this level of Assessment would need to be collected over at least two years, given limits to our Assessment Mechanism, with the risk that not all policyholder obligations could be met in a timely fashion. It is also important to note that PACICC's ability to handle further failures in Year 2 would also be inhibited. We would not be in a position to manage a cluster of failures of this size in successive years
- Unable to provide the liquidity necessary to cover Year 1 cashflow obligations for a cluster of failures with a total required Assessment of between $2.25 billion and $3 billion. There would be a cash shortfall that would require PACICC to borrow funds to meet these obligations

- Inadequate to respond to any cluster of failures resulting in a total required Assessment of greater than $3 billion. Such a cluster would trigger systemic issues for Canada's P&C insurance industry.

This stress testing has highlighted the need for PACICC to more fully explore a broader range of medium- and long-term liquidity options. The first step (recently completed) was to secure ratings from two major credit rating agencies. Over the coming months, PACICC will continue to work on increasing our "low-cost optionality" to address sequential failures or clusters of Member failures.

Looking ahead

Most PACICC Member Insurers have a healthy capital base supporting their operations. While significant variations in profitability and capital strength still exist among companies, industry-wide measures show that the great majority of Canada's P&C insurers are well capitalized and more than adequately prepared to face a challenging future.

Enterprise Risk Management

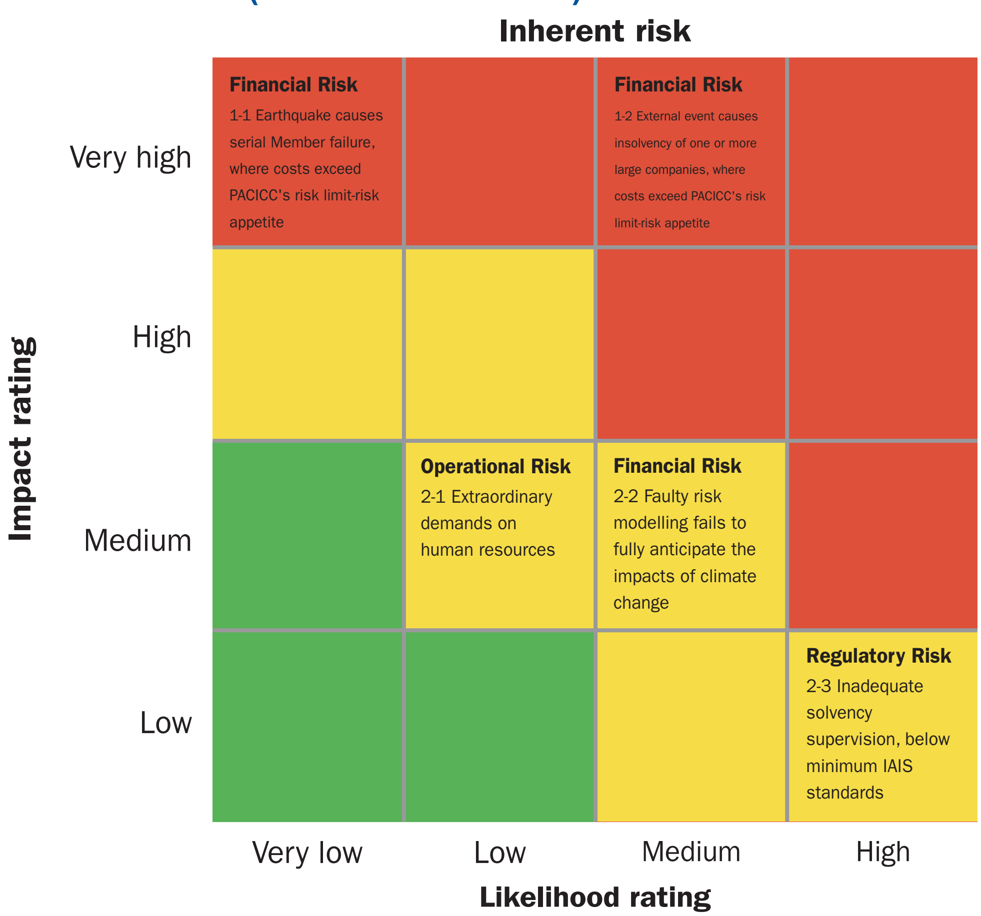
PACICC's Risk Management Report focuses narrowly on those risks that would cause the Corporation to fail to deliver on its three-part Mission:

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

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

- Section 1 (Major Risks) – 2 Major Risks
- Section 2 (Significant Risks) – 3 Significant Risks
- Section 3 (Moderate Risks) – 5 Moderate Risks

Risk Profile Grid (as at November 2024)



There are two risks which PACICC considers to be severe enough to prevent the Corporation from fulfilling its obligations to policyholders, should they materialize. One is the risk that a catastrophic earthquake (or other major disruptive event) causes a large Member Insurer to fail, or leads to a series of multiple, smaller insurer insolvencies (see Risk 1-1). The second is the risk of a major external factor (e.g. cyber attack, wildfire, flood, geopolitical risk) causing a very large insurer to fail, or leading to multiple, smaller insolvencies. The result of these risks could be that estimated insolvency costs exceed PACICC's risk limit-risk appetite (as set by the Board of Directors at twice PACICC's annual General Assessment capacity – currently $2.62 billion). This inability to fulfill obligations to policyholders in a timely manner could damage not only the reputation of PACICC, but that of the entire Canadian P&C insurance industry. It is for this reason that mitigation of these particular risks remains a top priority for PACICC.

PACICC's priority risks (risk profile)

1-1 Financial Risk

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

1-2 Financial Risk

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

2-1 Operational Risk

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

2-2 Financial Risk

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

2-3 Regulatory Risk

Supervisory practices are below minimum IAIS standards

The Government of Canada continues to consider "how to limit the system-wide risks an extreme earthquake could pose to federal P&C insurers." PACICC is partnering with the Insurance Bureau of Canada (IBC) to address this risk, specifically advocating for some form of a "backstop" liquidity facility – provided by the Federal Government – following a catastrophic earthquake.

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

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

2024 Risk Officer's Forum Members:

1. **Sonia Kundi**, Zurich Canada (Advisory Committee Chair)
2. **Sanjeev Agarwal**, AIG Insurance Company of Canada
3. **Brandon Blant**, Intact Financial Corporation
4. **Loreley Chekay**, SGI Canada
5. **Jean-Philippe Daigle**, Desjardins General Insurance Group
6. **Michele Falkins**, Heartland Farm Mutual Inc.
7. **Rahul Gumber**, Aviva Canada Inc.
8. **Tracy Mann**, Definity Financial Corporation
9. **Amir Rahmani**, Gore Mutual Insurance Company
10. **Phil Traicus**, The Wawanesa Mutual Insurance Company

Risk Officer's Forum Mandate:

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

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

2024 Event Dates and Discussion Topics

Forum Meetings:

• April 4	OSFI Update on Current P&C Insurance Industry Issues (Combined oversight functions; Natural catastrophe protection gaps; Technology and cyber risk events and operational resilience; and Managing General Agents)
	Adapting to a Rapidly Evolving Regulatory Environment
	Risk Models and Multiple Perils
• September 19	CEO Perspective on Enterprise Risk Management
	Market Conduct and the Fair Treatment of Customers
	Third-Party Risk Management and Operational Risk and Resilience
• November 28	C-Suite Perspective on Enterprise Risk Management
	The 2024 Reinsurance Environment
	Analyzing Failure Clusters and Canada's Ability to Respond

Emerging Risks Webinars:

• February 29	Risk Identification and Risk Assessment
• May 16	The Risks of Generative Artificial Intelligence
• October 24	The Risks of Per- and Polyflouroalkyl Substances (PFAS)

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Property and Casualty Insurance Compensation Corporation

Opinion

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

- the statement of financial position as at December 31, 2024
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International IFRS Accounting Standards as issued by the International Accounting

Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
March 6, 2025
Toronto, Canada

Statement of Financial Position

December 31, 2024, with comparative information for 2023
(In thousands of dollars)

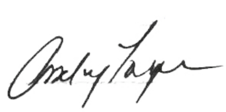
	2024	2023
Assets		
Cash (note 6)	$3,036	$2,404
Short-term investments (note 6)	6,305	6,841
Bonds (note 6)	56,713	54,262
Accrued interest	308	289
Prepaid assets and other receivables	139	55
Deferred financing costs (note 7)	177	295
Property - right-of-use asset (note 10)	187	242
Total assets	**$66,865**	**$64,388**
Liabilities and Equity		
Liabilities:		
Trade and other payables	$404	$336
Finance lease liability (note 10)	219	275
Total liabilities	623	611
Equity:		
Retained earnings	2,896	2,372
Compensation Fund	63,346	61,405
Total equity	66,242	63,777
Total liabilities and equity	**$66,865**	**$64,388**

See accompanying notes to financial statements.

On behalf of the Board:

Dave Oakden, *Board Chair*

Andy Taylor, *Director*



Statement of Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Revenue from operations:		
Members assessments	$3,754	$3,185
Interest earned on cash balances	198	156
Cost recovery for shared services	37	32
	3,989	3,373
Expenses:		
Personnel costs and Board of directors	1,412	1,251
Research and professional fees	289	147
Premises	10	4
Investment management and service charges	2	78
Standby line of credit facility (note 7)	1,197	1,049
Legal fees (note 11)	97	110
Corporate secretary and accounting services	107	107
Travel	104	69
Telephone and courier	11	11
Furniture and equipment maintenance	98	88
Communications and advertising	21	27
Interest expense - financial lease liability (note 10)	17	20
Amortization of right-of-use asset (note 10)	55	55
Insurance	40	36
Miscellaneous	5	9
	3,465	3,061
Comprehensive income – Operations	524	312
Compensation Fund:		
Net investment income (note 6)	1,941	1,513
Comprehensive income – Compensation Fund	1,941	1,513
Net income and comprehensive income	**$2,465**	**$1,825**

All net income is attributable to members.

See accompanying notes to financial statements.

Statement of Changes in Equity

Year ended December 31, 2024, with comparative information for 2023
(In thousands of dollars)

	Retained Earnings	Compensation Fund	Total
Balance, December 31, 2022	$2,060	59,892	61,952
Comprehensive income	312	1,513	1,825
Balance, December 31, 2023	2,372	61,405	63,777
Comprehensive income	524	1,941	2,465
Balance, December 31, 2024	**$ 2,896**	**$63,346**	**$66,242**

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses:		
Operations	$524	$312
Compensation Fund	1,941	1,513
Amortization of bond premium/discount/impairment	(219)	136
Net realized gain on sale of short term investment	(2)	–
Net change in unrealized depreciation (appreciation) of short term investment	4	(23)
Change in accrued interest	(19)	(62)
Change in prepaid assets other receivables	(29)	(250)
Change in trade and other payables and provisions	12	428
Cash provided by operating activities	2,212	2,054
Financing activities:		
Deferred financing costs	118	(295)
Cash used in financing activities	118	(295)
Investing activities:		
Maturity of investments	6,706	14,797
Purchase of investments	(9,264)	(16,355)
Sale of short term investment	860	–
Cash used in investing activities	(1,698)	(1,558)
Increase in cash	632	201
Cash, beginning of year	2,404	2,203
Cash, end of year	**$3,036**	**$2,404**

See accompanying notes to financial statements.

Notes to Financial statements

(Tabular amounts in thousands of dollars)
Year ended December 31, 2024

The Property and Casualty Insurance Compensation Corporation ("PACICC" or the "Corporation") was incorporated under the provisions of the *Canada Corporations Act* on February 17, 1988 and operates as a non-profit organization. The objective of PACICC is to be available to make payments to insured policyholders in the event that a Property and Casualty ("P&C") insurer that is a member becomes insolvent. PACICC works to minimize the costs of insurer insolvencies and seeks to maintain a high level of consumer confidence in Canada's P&C industry through the financial protection they provide to policyholders. The Corporation's members include all licensed property and casualty insurers (other than Farm Mutuals) and all government-owned P&C insurers (other than those writing automobile insurance only) carrying on business in a participating jurisdiction. For a full description of the protection provided, reference should be made to PACICC's By-Laws and Memorandum of Operation.

The Corporation is domiciled in Canada. The address of the Corporation's registered office is 80 Richmond Street West, Suite 607, Toronto, Ontario, M5H 2A4.

The financial statements of the Corporation for the year ended December 31, 2024 include the funds of the Corporation (see note 1(b)).

1. Basis of preparation:

(a) Statement of compliance:

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

The financial statements for the year ended December 31, 2024 have been approved for issue by the Board of Directors on March 6, 2025.

(b) Funds:

The Corporation is funded by assessments levied on its members. Assessments are recognized on an accrual basis as revenue of the appropriate restricted funds. Investment income earned by the funds is recognized in the respective fund. Investment income is received in the Liquidation Fund on the assets held within that Fund. From time to time, liquidation dividends are received into that Fund when liquidators have excess cash upon winding down of a liquidation of an insurance entity.

(c) Basis of measurement:

The basis of measurement is historical cost except for bonds which are measured at amortized cost using the effective interest rate method net of impairment and short-term investments which are measured at fair value through profit and loss ("FVTPL").

(d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. Except as otherwise indicated, all financial information presented in Canadian dollars has been rounded to the nearest thousand.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised.

(f) Liquidity format:

The Corporation presents its statement of financial position broadly in order of liquidity.

2. Material accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents are highly liquid investments composed of bank balances, overnight bank deposits and short-term investments carried at fair value.

(b) Financial instruments:

Effective January 1, 2018, the Corporation has adopted IFRS 9, Financial Instruments ("IFRS 9"), standard. IFRS 9 includes three principal classification categories for financial assets - amortized cost, fair value through other comprehensive income ("FVOCI") and FVTPL. The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

IFRS 9 includes a forward-looking expected credit loss model applicable to financial assets measured at amortized cost, FVOCI and lease receivables.

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

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

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

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

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

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

(i) Assessment of whether cash flows are solely payments of principal and interest:

For the purposes of this assessment principal is defined as the fair value of the financial assets on initial recognition. However, this principal may change over time e.g. if there are repayments of the principal.

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

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

2. Material accounting policies (continued):

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

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

(ii) Impairment:

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

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

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

The credit risk can be deemed low if:

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

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

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

(iii) 12-month expected credit losses:

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

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

(iv) Financial liabilities:

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

2. Material accounting policies (continued):

The fair values reported are based on a hierarchy that reflects the significance of the inputs making the measurements:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized in profit or loss.

(d) Deferred financing costs:

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

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

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

During 2024, the facility was renewed for another 2 years, effective April 11, 2024.

(e) Leases:

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

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

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

The Corporation has used the incremental secured borrowing rates as its method of arriving at the relevant discount rate. The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rates at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an option renewal period if the Corporation is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

2. Material accounting policies (continued):

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

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

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

(f) Income taxes:

The Corporation is registered as a non-profit organization and, accordingly, is currently exempt from income taxes, provided certain requirements of the Income Tax Act (Canada) are met.

(g) Revenue recognition:

(i) Member assessments:

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

PACICC introduced a risk-based Administrative Assessment Framework on January 1, 2020 that resulted in an Administrative Assessment for each PACICC Member that is the larger of a Base Assessment (set at $12,000, as recommended by management) or a PACICC Budget allocation, based on that Member's share of the Minimum Required Capital for all Members, as measured by MCT/BAAT. This new risk-based framework follows OSFI's risk-based assessment model. In addition, a Line of Credit Assessment is levied on a pro-rated basis among Members whose Minimum Required Capital yields an Assessment greater than the Base Assessment based on their respective Direct Written Premiums.

Assessments for members in liquidation are based on management's best estimate of the ultimate cost of the liquidation and are recorded in full in the year approved by the Board of Directors. The estimated ultimate cost of each liquidation is based upon projected future cash flows from its assets, settlement of its claims and the estimated liquidation expenses. While these estimates are updated as the liquidation progresses, it is possible that changes in future conditions surrounding the estimated assumptions could require a material change in the recognized amount. The liquidation assessment amount that is billed to member companies is the lesser of the assessment limit as set out in the By-Laws of the Corporation and management's estimate of the funding requirements of liquidation.

(ii) Liquidation dividends:

In certain instances, post liquidation, dividends are received when excess funds remain from the liquidation process. Liquidation dividends are recorded when notification of such is received from the liquidator. Refunds of previous member assessments are considered at this time. Any fund balance remaining will be refunded to members once the liquidator has been formally discharged by the court.

(iii) Interest income:

Interest income from debt securities, including bonds and debentures, is recognized on an accrual basis using the effective interest rate method.

(Tabular amounts in thousands of dollars)
Year ended December 31, 2024

3. Changes in accounting and reporting policies

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

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

4. General and designated funds:

(a) Operations Fund:

Administrative assessments are levied annually against members to cover operating expenses not associated with a particular insolvency.

(b) Compensation Fund:

In 1997, the Board of Directors approved a Compensation Fund to provide for a permanent source of immediate funds in the event of any new insolvencies in the future. Members were assessed in 1998 and the amount was received in equal annual instalments over the three-year period from 1998 to 2000. Starting January 2024, the Board of Directors approved the direct deduction of management fees for the Compensation Fund from the portfolio balance.

(c) Liquidation Fund:

Separate funds are maintained for each active member insolvency in the process of liquidation. The balance of this Fund is nil at year end.

5. Operating, Compensation and Liquidation Fund information:

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

Assets	Operations	Compensation	Total
Cash	$3,005	$31	$3,036
Investments	–	63,018	63,018
Accrued interest	11	297	308
Prepaid assets and other receivables	139	–	139
Deferred financing costs	177	–	177
Property - right-of-use asset	187	–	187
Total assets	**$3,519**	**$63,346**	**$66,865**
Liabilities and Equity			
Liabilities:			
Trade and other payables	$404	$ –	$404
Financial lease liability	219	–	219
Total liabilities	623	–	623
Equity:			
Retained Earnings	2,896	–	2,896
Compensation Fund	–	63,346	63,346
Total equity	2,896	63,346	66,242
Total liabilities and equity	**$3,519**	**$63,346**	**$66,865**

(Tabular amounts in thousands of dollars)
Year ended December 31, 2024

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

(b) Statement of financial position as at December 31, 2023:

Assets	Operations	Compensation	Total
Cash	$2,379	$25	$2,404
Investments	–	61,103	61,103
Accrued interest	12	277	289
Prepaid assets and other receivables	55	–	55
Deferred financing costs	295	–	295
Property - right-of-use asset	242	–	242
Total assets	**$2,983**	**$61,405**	**$64,388**
Liabilities and Equity			
Liabilities:			
Trade and other payables	$336	$ –	$336
Financial lease liability	275	–	275
Total liabilities	611	–	611
Equity:			
Retained Earnings	2,372	–	2,372
Compensation Fund	–	61,405	61,405
Total equity	2,372	61,405	63,777
Total liabilities and equity	**$2,983**	**$61,405**	**$64,388**

6. Financial instruments:

(a) Carrying values and fair values:

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Cash	$3,036	$3,036	$2,404	$2,404
Short-term investments	6,305	6,305	6,841	6,841
Bonds	56,787	57,442	54,262	53,688
Fund Expenses	(74)	(74)	–	–
	$66,054	**$66,709**	**$63,507**	**$62,933**

Cash and bonds are recorded at amortized cost. Short-term investments are recorded at FVT-PL. The 12-month expected credit loss recognized is $181,073 (2023 - $220,337).

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

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

(b) Short-term investments:
These investments have an aggregate carrying value of approximately $6,304,643 (2023 - $6,840,896). Short-term investments consist primarily of federal government short-term instruments with a maximum term to maturity of one year in an institutional pool of assets.

(Tabular amounts in thousands of dollars)
Year ended December 31, 2024

6. Financial instruments (continued)

(c) Bonds:

	Remaining term to maturity			2024		2023	
	Within 1 year	1 to 5 years	Over 5 years	Total carrying amount	Effective rates	Total carrying amount	Effective rates
Government	$10,429	$29,989	$ –	$40,418	0.25% - 5.75%	$37,073	0.25% - 3.60%
Corporate	3,710	12,659	–	16,369	1.39% - 5.68%	17,189	1.39% - 5.68%
	$14,139	**$42,648**	**$ –**	**$56,787**	**0.25% - 5.68%**	**$54,262**	**0.25% - 5.68%**

(d) Net investment income (Compensation Fund):

	2024	2023
Dividend income	$326	$326
Realized gain on short term investments	2	–
Unrealized (loss)/gain on short term investments	(4)	23
Interest income – bonds	1,594	1,293
Amortization on bonds	23	(127)
Total	**$1,941**	**$1,515**

7. Standby line of credit facility:

	2024		2023	
	Expensed	Deferred	Expensed	Deferred
Initial setup costs	$271	$34	$236	295
Renewal costs	–	143	–	–
Recurring costs	926	–	813	–
Total	**$1,197**	**$177**	**$1,049**	**$295**

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

During 2024, PACICC reimbursed IBC for Finance and Legal servicing fees of $107,350 (2023 - $107,350) reflected in corporate secretary and accounting services expenses.

9. Assessment capacity:

PACICC has the ability to make a maximum potential annual general assessment of members of 1.5% (2023 - 1.5%) of covered premiums written, which amounts to approximately $1.31 billion in 2024 (2023 - $1.27 billion).

(Tabular amounts in thousands of dollars)
Year ended December 31, 2024

10. Property - right-of-use asset:

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

Cost	2024	2023
January 1, 2024 - recognition of right-of-use asset	$297	$ –
Additions	–	297
Disposals	–	–
December 31, 2024	$297	$297
Accumulated amortization		
January 1, 2024 - recognition of right-of-use asset	$55	$ –
Additions	55	55
Disposals	–	–
December 31, 2024	$110	$55
Net book value		
December 31, 2023		$242
December 31, 2024		**$187**

Leases:

Amounts recognized in statement of comprehensive income:

	2024	2023
Amortization of property - right-of-use asset	$55	$55
Interest on financial liability	17	20

The weighted average incremental borrowing rate applied to lease liabilities is 6.7%. The following table presents the contractual maturities of the Corporation's undiscounted lease liabilities at December 31, 2024:

	2024	2023
One year or less	$72	$72
One to five years	174	246
Total undiscounted lease liabilities	246	318
Discounted adjustment	(27)	(43)
Lease liabilities	**$219**	**$275**

11. Legal Expenses:

Legal expenses paid during the year includes following categories:

	2024	2023
Operating	$35	$30
Projects	62	80
Legal Expenses	**$97**	**$110**

(Tabular amounts in thousands of dollars)
Year ended December 31, 2024

12. Commitments and contingencies:

(a) Legal:

In the normal course of business, the Corporation may be involved in various legal claims and other matters, the outcome of which is not presently determinable. In management's opinion, the resolution of any such matters would not have a material adverse effect on the financial condition of the Corporation.

(b) Lease:

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

13. Fair value disclosure:

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

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

	2024	2023
Level 1	$ –	$ –
Level 2	57,442	53,688
Level 3	–	–
	$57,442	**$53,688**

14. Financial risk management:

(a) Credit risk:

Generally, the Corporation's investment policy is to be as conservative as possible so as to protect its capital against undue financial and market risk while having ready access to the funds and increasing the value of the funds. The investments will be a mix of high-quality fixed income securities and cash equivalent instruments. The funds cannot be invested in equities. The policy also includes composition limits, issuer type limits, quality limits, single issuer limits, corporate sector limits and time limits.

The breakdown of the bond portfolio by the higher of the Standard and Poors' and Moody's credit ratings as at December 31 is:

	2024		2023	
Credit rating	Carrying value	Percentage of portfolio	Carrying value	Percentage of portfolio
AAA	$30,002	52.9%	$29,919	55.1%
AA	17,172	30.2%	17,574	32.4%
A	4,475	7.9%	2,033	3.7%
BAA	303	0.5%	–	–
BBB	4,835	8.5%	4,737	8.7%
Total	**$56,787**	**100%**	**$54,262**	**100%**

(Tabular amounts in thousands of dollars)
Year ended December 31, 2024

14. Financial risk management (continued):

(b) Interest rate risk:

Interest rate risk is the potential for financial loss arising from changes in interest rates. Generally, the risk exposure for the Corporation is limited to the interest and dividend investment income which will be reduced during sustained periods of lower interest rates as higher yielding fixed income securities mature and the proceeds are reinvested at lower rates.

As at December 31, 2024, management estimates that an immediate hypothetical 1% move in interest rates, with all other variables held constant would impact the market value of bonds by approximately $2,054,117 (2023 - $1,549,975).

(c) Liquidity risk:

Liquidity risk is the risk of having insufficient cash resources to meet financial commitments. Liquidity requirements for the Corporation are met primarily by two sources. Daily operational expenses are met by an annual assessment to members of the Corporation at the beginning of each year as approved by the Board of Directors.

In the event a member company becomes insolvent, and it is necessary for the Corporation to make payments to insured policy holders, the Corporation could use funds available in the Compensation Fund.

15. Remuneration:

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

	2024	2023
Salaries	$1,152	$1,042
Other benefits	113	107
	$1,265	**$1,148**

2024/25 Board

Dave Oakden
Chair
Consultant

Penny Lee
Deputy Chair
Consultant

Anne-Marie Beaudoin
Consultant

Alister Campbell
President and CEO
PACICC

Frédéric Cotnoir
Executive Vice President & Chief Legal Officer and Secretary
Intact Financial Corporation

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

Tracy Garrad
President and CEO
Aviva Canada Inc.

Lisa Guglietti
Executive Vice-President, Chief Operating Officer, P&C Manufacturing
Co-operators General Insurance Company

Timothy Hodgson
Consultant

Marc Lipman
Deputy Regional Director, Americas, President, Lloyd's Canada Inc. and Attorney-in-Fact for Lloyd's Underwriters
Lloyd's Underwriters

David MacNaughton
President
Palantir Canada

Andy Taylor
President and CEO
Gore Mutual Insurance Company

Kathleen Thomas
Chief Risk Officer
Travelers Canada

Tamara Vrooman
President and CEO
Vancouver International Airport

Silvy Wright
President and CEO
Northbridge Financial Corporation

Board Committees

Audit and Risk

Andy Taylor (Chair)
Tracy Garrad
Lisa Guglietti
Penny Lee
Kathleen Thomas
Silvy Wright

Governance and Human Resources

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

Pre-Insolvency Regulatory Liaison

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

***Retired from the PACICC Board in 2024**

Glenn Gibson (President and CEO, The GTG Group)

Heather Masterson (President and CEO, Travelers Canada)

2024/2025 Staff

Full-time staff

Alister Campbell
President and Chief Executive Officer

Ian Campbell
Vice President, Operations

Denika Hall
Manager, Operations

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

Jeff Stewart
Vice President, Finance

Contract and part-time staff

Mario Fiorino
Counsel and Corporate Secretary

Mojdeh Kiani
Controller, Finance

Zhe (Judy) Peng
Research Associate

Address
80 Richmond Street West
Suite 607
Toronto, Ontario M5H 2A4
Phone (416) 364-8677
www.pacicc.ca

Provincial regulators

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

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

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

Manitoba
J. Scott Moore
Superintendent of Financial Institutions
Financial Institutions
Regulation Branch
500 – 400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Tel: (204) 945-2542
www.mbfinancialinstitutions.ca

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

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

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

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

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

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

Northwest Territories
Tegwen Jones
Superintendent of Insurance
Department of Finance
Government of Northwest Territories
3rd Floor, YK Centre Bldg.
4822-48th Street.
P.O. Box 1320, YK-3
Yellowknife, NT X1A 2L9
Tel: (867) 767-9171
www.fin.gov.nt.ca

Yukon
Colleen Madore
Manager, Business Professions
Department of Community Services
2130 Second Avenue, 3rd Floor
P.O. Box 2703 (C-5)
Whitehorse, Yukon Y1A 2C6
Tel: (867) 667-5111
www.community.gov.yk.ca

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

Federal regulator

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

Accelerant Insurance Company of Canada	Accelerant Compagnie d’Assurance du Canada
Affiliated FM Insurance Company	Corporation d’Assurances Affiliated FM
AIG Insurance Company of Canada	Compagnie d’Assurance AIG du Canada
Alberta Motor Association Insurance Company	Alberta Motor Association Insurance Company
Allianz Global Risks U.S. Insurance Company	Compagnie d’Assurance Allianz Risques Mondiaux É.-U.
Allied World Specialty Insurance Company	Compagnie d’assurance de spécialité Allied World
Allstate Insurance Company of Canada	Allstate du Canada, Compagnie d’Assurance
Alpha, compagnie d’assurances Inc.	ALPHA, compagnie d’assurances inc. (L’)
American Agricultural Insurance Company	American Agricultural Insurance Company
American Bankers Insurance Company of Florida	American Bankers Compagnie d’Assurance Générale de la Floride
American Road Insurance Company	Compagnie d’Assurance American Road
Antigonish Farmers’ Mutual Insurance Company	Antigonish Farmers’ Mutual Insurance Company
Arch Insurance Company Ltd.	Compagnie d’assurance Arch ltée
Aspen Insurance U.K. Ltd.	Compagnie d’assurance Aspen UK
Associated Electric & Gas Insurance Services Ltd.	Services d’assurance associés électricité et gaz
Assurance Mutuelle des Fabriques de Québec	Assurance Mutuelle des Fabriques de Québec (L’)
AssurePro Insurance Company Limited	AssurePro Insurance Company Limited
Atlantic Insurance Company Ltd.	Atlantic Insurance Company Ltd.
Aviva General Insurance Company	Aviva Compagnie d’Assurance Générale
Aviva Insurance Company of Canada	Aviva, Compagnie d’Assurance du Canada
AXIS Reinsurance Company (Canadian Branch)	AXIS Compagnie de Réassurance (succursale canadienne)
BCAA Insurance Corporation	BCAA Insurance Corporation
Belair Insurance Company Inc.	Compagnie d’assurance Belair Inc. (La)
Beneva	Beneva
Berkley Insurance Company	Compagnie d’Assurance Berkley
Boiler Inspection and Insurance Company of Canada	Compagnie d’Inspection et d’Assurance Chaudières et Machinerie (La)
CAA Insurance Company (Ontario)	CAA Insurance Company (Ontario)
Canadian Farm Insurance Corporation	Canadian Farm Insurance Corporation
Canadian Northern Shield Insurance Company	Bouclier du Nord Canadien, Compagnie d’assurance (Le)
Canadian Premier General Insurance Company	Compagnie d’assurances générales Première du Canada (La
Canassurance, General Insurance Company Inc.	Canassurance, compagnie d’assurances générales inc.
Carleton-Fundy Mutual Insurance Company	Carleton-Fundy Mutual Insurance Company
Certas Direct Insurance Company	Certas direct, compagnie d’assurances
Certas Home and Auto Insurance Company	Certas, compagnie d’assurances habitation et auto

Cherokee Insurance Company	Cherokee Insurance Company
Chubb Insurance Company of Canada	Chubb du Canada Compagnie d’Assurance
Clare Mutual Insurance Company	Clare Mutual Insurance Company
Coachman Insurance Company	Coachman Insurance Company
Continental Casualty Company	Compagnie d’assurance Continental Casualty (La)
Co-operators General Insurance Company	Compagnie d’Assurance Générale Co-operators (La)
CorePointe Insurance Company	Compagnie d’Assurance CorePointe (La)
CUMIS General Insurance Company	Compagnie d’Assurance Générale CUMIS (La)
Definity Insurance Company	Definity Insurance Company
Desjardins General Insurance Inc.	Desjardins Assurances Générales Inc.
Dominion of Canada General Insurance Company (The)	Compagnie d’assurance générale Dominion du Canada
Ecclesiastical Insurance Office PLC	Société des Assurances Ecclésiastiques
Echelon Insurance	Échelon Assurance
Elite Insurance Company	Compagnie d’Assurances Élite (La)
Employers Insurance Company of Wausau	Compagnie d’Assurances des Employeurs de Wausau
Endurance Specialty Insurance Ltd.	Assurances spécialisées Endurance ltée
Esurance Insurance Company of Canada	Esurance du Canada, Compagnie d’Assurance
Europ Assistance S.A.	Europ Assistance S.A.
Everest Insurance Company of Canada	Compagnie d’Assurance Everest du Canada (La)
Factory Mutual Insurance Company	Factory Mutual Insurance Company
FCT Insurance Company Ltd.	Compagnie D’Assurances FCT Ltée
Federal Insurance Company	Compagnie d’assurances Fédérale
Federated Insurance Company of Canada	Federated, compagnie d’assurances du Canada (La)
Fenchurch General Insurance Company	Fenchurch Compagnie d’Assurance Générale
First North American Insurance Company	Nord-Américaine, Première Compagnie d’Assurance (La)
Fortress Insurance Company	Fortress Insurance Company
Four Points Insurance Company Ltd.	Four Points Insurance Company Ltd.
General Reinsurance Corporation	General Reinsurance Corporation
Germania Mutual Insurance Company	Germania Mutual Insurance Company
GMS Insurance Inc.	GMS Insurance Inc.
Gore Mutual Insurance Company	Gore Mutual Insurance Company
GPIC Insurance Company	Compagnie d’assurance GPIC
Great American Insurance Company	Compagnie d’Assurance Great American
Groupe Estrie-Richelieu, Compagnie d’assurance (Le)	Groupe Estrie-Richelieu, Compagnie d’assurance (Le)

Hartford Fire Insurance Company Ltd.	Compagnie d'Assurance Incendie Hartford (La)
HDI Global SE Canada Branch	HDI Global SE (succursale canadienne)
HDI Global Speciality SE	HDI GlobalAssurance Spécialités SE
Heartland Farm Mutual Inc.	Heartland Farm Mutual Inc.
Hudson Insurance Company	Hudson Insurance Company
Industrial-Alliance Insurance Auto and Home Inc.	Industrielle-Alliance, Assurance auto et habitation inc.
Industrial-Alliance Pacific General Insurance Corporation	Industrielle-Alliance Pacifique, Compagnie d'Assurances Générales
Insurance Company of Prince Edward Island	Insurance Company of Prince Edward Island
Insurance Corporation of British Columbia	Insurance Corporation of British Columbia
Intact Insurance Company	Intact Compagnie d'assurance
Jevco Insurance Company	Compagnie d'Assurances Jevco (La)
Jewelers Mutual Insurance Company, SI	Jewelers, Compagnie d'Assurance Mutuelle par actions
Liberty Mutual Insurance Company	Compagnie d'Assurance Liberté Mutuelle (La)
Lloyd's Underwriters	Les Souscripteurs du Lloyd's
Markel International Insurance Company) Limited (Canada Branch	Markel compagnie d'assurance internationale limitée (succursale canadienne)
MAX Insurance	MAX Insurance
Mennonite Mutual Insurance Company (Alberta) Ltd.	Mennonite Mutual Insurance Company (Alberta) Ltd.
Millennium Insurance Corporation	La Corporation d'assurance Millenium
Mitsui Sumitomo Insurance Company Ltd.	Compagnie d'Assurance Mitsui Sumitomo Limitée
Motors Insurance Corporation	Compagnie d'Assurance Motors (La)
Munich Reinsurance America Inc.	Réassurance Munich Amérique, Inc.
Mutual Fire Insurance Company of British Columbia (The)	Mutual Fire Insurance Company of British Columbia (The)
Mutuelle d'Église	Mutuelle d'Église
My Mutual Insurance Limited	My Mutual Insurance Limited
N.V. Hagelunie	N.V. Hagelunie
National Bank Life Insurance Company	Assurance-vie Banque Nationale, Compagnie d'assurance-vie
National Liability & Fire Insurance Company	National Liability & Fire Insurance Company
New Home Warranty Insurance (Canada) Corporation (The)	New Home Warranty Insurance (Canada) Corporation (The)
Nordic Insurance Company of Canada (The)	Nordique, Compagnie d'assurance du Canada (La)
Northbridge General Insurance Corporation	Société d'assurance générale Northbridge
Novex Insurance Company	Novex Compagnie d'assurance

Old Republic Insurance Company of Canada	Ancienne République, Compagnie d'Assurance du Canada (L')
Optimum Insurance Company Inc.	Optimum Société d'Assurance Inc.
Optimum West Insurance Company	Optimum West Insurance Company
PAFCO Insurance Company	PAFCO compagnie d'assurance
Peace Hills General Insurance Company	Peace Hills General Insurance Company
Pembridge Insurance Company	Pembridge, compagnie d'assurance
Personal General Insurance Inc.	Personnelle, assurances générales Inc. (La)
Personal Insurance Company (The)	Personnelle, Compagnie d'Assurances (La)
Petline Insurance Company	Compagnie d'assurance Petline
Pilot Insurance Company	Pilot Insurance Company
Portage La Prairie Mutual Insurance Company	Portage La Prairie Mutual Insurance Company (The)
Primmum Insurance Company	Primmum compagnie d'assurance
Prince Edward Island Mutual Insurance Company	Prince Edward Island Mutual Insurance Company
Pro-Demnity Insurance Company	Pro-Demnity Insurance Company
Promutuel Réassurance	Promutuel Réassurance
Protective Insurance Company	Protectrice, société d'assurance (La)
Prysm General Insurance Inc.	Prysm assurances générales inc.
Quebec Assurance Company	Compagnie d'Assurance du Québec
RBC Insurance Company of Canada	Compagnie d'assurance RBC du Canada
Red River Mutual Insurance Company	Red River Mutual Insurance Company
Riverstone International Insurance Inc.	Assurance Internationale RiverStone
Royal & SunAlliance Insurance Company of Canada	Royal & SunAlliance du Canada, société d'assurances
S & Y Insurance Company	S & Y Compagnie d'Assurance
Safety National Casualty Corporation	Safety National Casualty Corporation
Sandbox Mutual Insurance	Sandbox Mutual Insurance
SCOR UK Company Limited (Canadian Branch)	SCOR UK Company Limited (succursale canadianne)
Scottish & York Insurance Company Ltd.	Compagnie d'assurance Scottish & York Limitée
Security National Insurance Company	Sécurité Nationale Compagnie d'Assurance
Sentry Insurance, A Mutual Company	Société mutuelle d'assurance Sentry (La)
SGI Canada Insurance Services Ltd.	SGI Canada Insurance Services Ltd.
Sompo Japan Insurance Inc.	Assurances Sompo Japon Inc.
Sonnet Insurance Company	Compagnie d'assurance Sonnet
South Eastern Mutual Insurance Company	South Eastern Mutual Insurance Company
Sovereign General Insurance Company (The)	Souveraine, Compagnie d'Assurance Générale (La)
St. Paul Fire & Marine Insurance Company	Compagnie d'Assurance Saint Paul
Stanley Mutual Insurance Company	Stanley Mutual Insurance Company
Starr Insurance & Reinsurance Ltd.	Starr Insurance & Reinsurance Ltd.

Swiss Re Corporation Solutions America Insurance Corporation	Swiss Re Corporation Solutions America Insurance Corporation
TD Direct Insurance Inc.	TD assurance directe inc.
TD General Insurance Company	Compagnie d'Assurances Générales TD
TD Home and Auto Insurance Company	Compagnie d'assurance habitation et auto TD
Technology Insurance Company Inc.	Société d'assurance Technologie
Temple Insurance Company (The)	Compagnie d'assurance Temple (La)
Tokio Marine & Nichido Fire Insurance Company Ltd.	Tokio Maritime & Nichido Incendie Compagnie d'Assurances Ltée
Tokio Marine Canada Ltd.	Tokio Maritime Canada ltée
Traders General Insurance Company	Compagnie d'Assurance Traders Générale
Trafalgar Insurance Company of Canada	Compagnie d'assurance Trafalgar du Canada
Trans Global Insurance Company	Compagnie d'assurances Trans Globale
Travelers Insurance Company of Canada	Compagnie d'Assurance Travelers du Canada (La)
Trisura Guarantee Insurance Company	Compagnie d'assurance Trisura Garantie
Triton Insurance Company	Compagnie d'assurance Triton
TTC Insurance Company Limited	TTC Insurance Company Limited
Unica Insurance Inc.	Unica assurances inc.
Unifund Assurance Company	Unifund, Compagnie d'Assurance
Unique General Insurance Inc. (L')	Unique Assurances Générales Inc. (L')
United General Insurance Corporation	United General Insurance Corporation
United States Liability Insurance Company	United States Liability Insurance Company
Verassure Insurance Company	Compagnie d'assurance Verassure
Wawanesa Mutual Insurance Company (The)	Compagnie Mutuelle d'Assurance Wawanesa (La)
Westland Insurance Company Limited	Westland Insurance Company Limited
Westport Insurance Corporation	Société d'assurance Westport
Wynward Insurance Group	Wynward Insurance Group
XL Specialty Insurance Company	Compagnie d'assurance XL Spécialité
Zenith Insurance Company	Compagnie d'Assurance Zénith
Zurich Insurance Company	Zurich Compagnie d'Assurances SA