

Report On Provincially Chartered Insurers and Provincial Solvency Supervision Frameworks

By the Solvency Forum Committee

March 2013

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Summary

The main objective of this report is to get a “big picture” of all the provincial insurance companies existing in Canada.

The report also addresses the issues of the solvency framework including adherence of the companies to Assuris and the Property and Casualty Insurance Corporation (PACICC).

To fulfill its mandate, the committee developed a survey on provincially chartered insurers and the solvency regime in place in their jurisdiction.

The results of the survey are presented in the following pages. The list of question asked in the survey, as well as the list of provincially chartered insurers and other relevant data are provided in the appendix. The report presents aggregate data collected from provinces and territories. There is no evaluation or assessment of these data.

The Solvency Forum Committee

The Solvency Forum Committee was created in the fall of 2011. The Committee has given itself the following mandate:

- To canvass members on number, size and type of provincial insurance companies existing in Canada;
- Document best practices on monitoring solvency; and
- Develop tools and, if needed, deliver training for possible closure of a provincial insurance company.

The committee members are:

- Nathalie Sirois, chair, Principal Director, Supervision of insurers, Québec;
- Anatol Monid, Director, Market Conduct Ontario;
- Doug McLean, Deputy Superintendent of Financial Institutions, British Columbia;
- Jim Scalena, Superintendent, Financial Institutions Regulation Branch, Manitoba; and
- Brad Geddes, Deputy Superintent of Insurance, Alberta.

1. Results of the survey

The results are summarized as follows:

- Excluding reciprocals[1] and captives[2], there are 177 provincial chartered insurers:
- 89 P&C companies, excluding farm mutual companies. Most of them are members of PACICC. Mutual insurance associations doing business only in Québec are not members of PACICC;
- 46 farm mutual companies. 44 of them are in Ontario. Ontario farm mutuals are members of the Fire Mutual Guarantee Fund;
- 22 life companies.
- 32 reciprocals;
- 23 captive insurance companies, all in British Columbia;
- 5 fraternal companies[3];
- 3 reinsurers[4];
- 3 multi-branch companies[5], all in Québec;
- 2 funeral[6] insurance companies in Québec;
- 7 professional orders[7] insurance funds in Québec.

The total assets of these companies are $75,403,367,000, as at December 31, 2011.Their total premiums for the year ended December 31, 2011 are $14,066,382,000[8].

Excluding reciprocals, captives, fraternal companies, mutual benefit associations and funeral insurance companies, 77 % of these companies have a solvency ratio over 300 %, and 23 % have a solvency ratio between 150 % and 300 %.

[1] *Reciprocal:* Form of insurance whereby the group members, on payment of a fee, insure each other against certain risks.

[2] *Captive Insurance Company:* Insurance Company formed and controlled by a company, organization or group, which insures the goods or activities of its members.

[3] *Fraternal*: Company that provides its members and their family members whit help in case of sickness, accident or death.

[4] *Reinsurer*: Insurer that, under a reinsurance contract, shares the risks assumed by another insurer, in order to limit the risks to which it is exposed.

[5] *Multi-branch*: insurance Company that does both Life insurance and P&C insurance.

[6] *Funeral Insurance Company:* insurance company that insures funeral expenses.

[7] *Professional order:* a professional liability insurance fund set up by a professional order governed by the Professional Code.

[8] : Financial data comes from various sources including provincial annual reports on insurance and other data provided by provincial regulators. These data may be incomplete. The objective was not to have exact figures, but rather to give an order of magnitude.

7 provincial regulators use OSFI's solvency framework for examination. 3 use another solvency framework and 2 use OSFI's framework and another framework.

1.1 Categories of insurers

We identified 10 different categories of insurers:

Property and Casualty (P&C) Companies (other than farm mutuals);

Life and Health Companies;

Farm Mutuals;

Reciprocals;

Captives;

Fraternals;

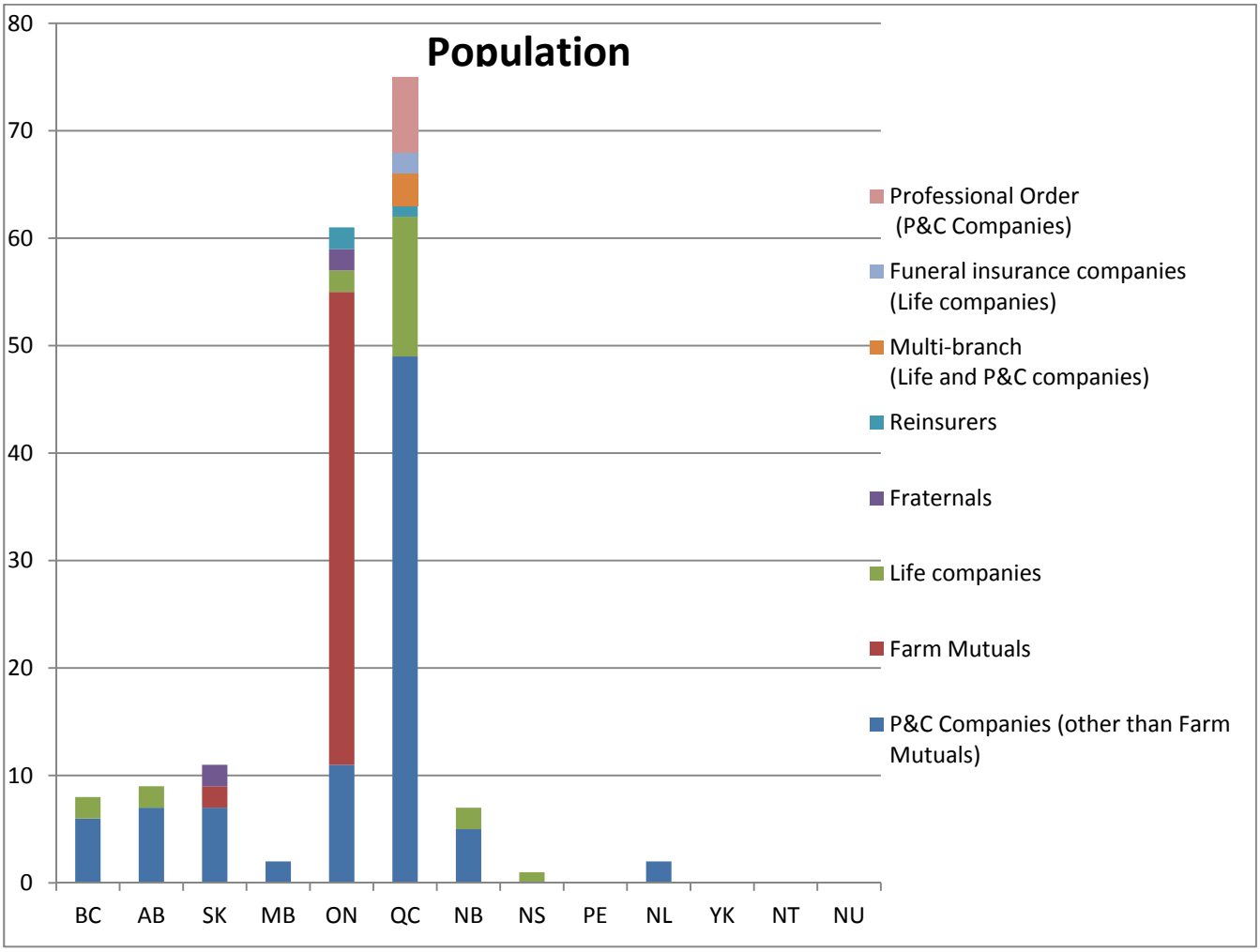
Reinsurers;

Multi-branch (Life and P&C);

Funeral Insurance Companies;

Professional Orders.

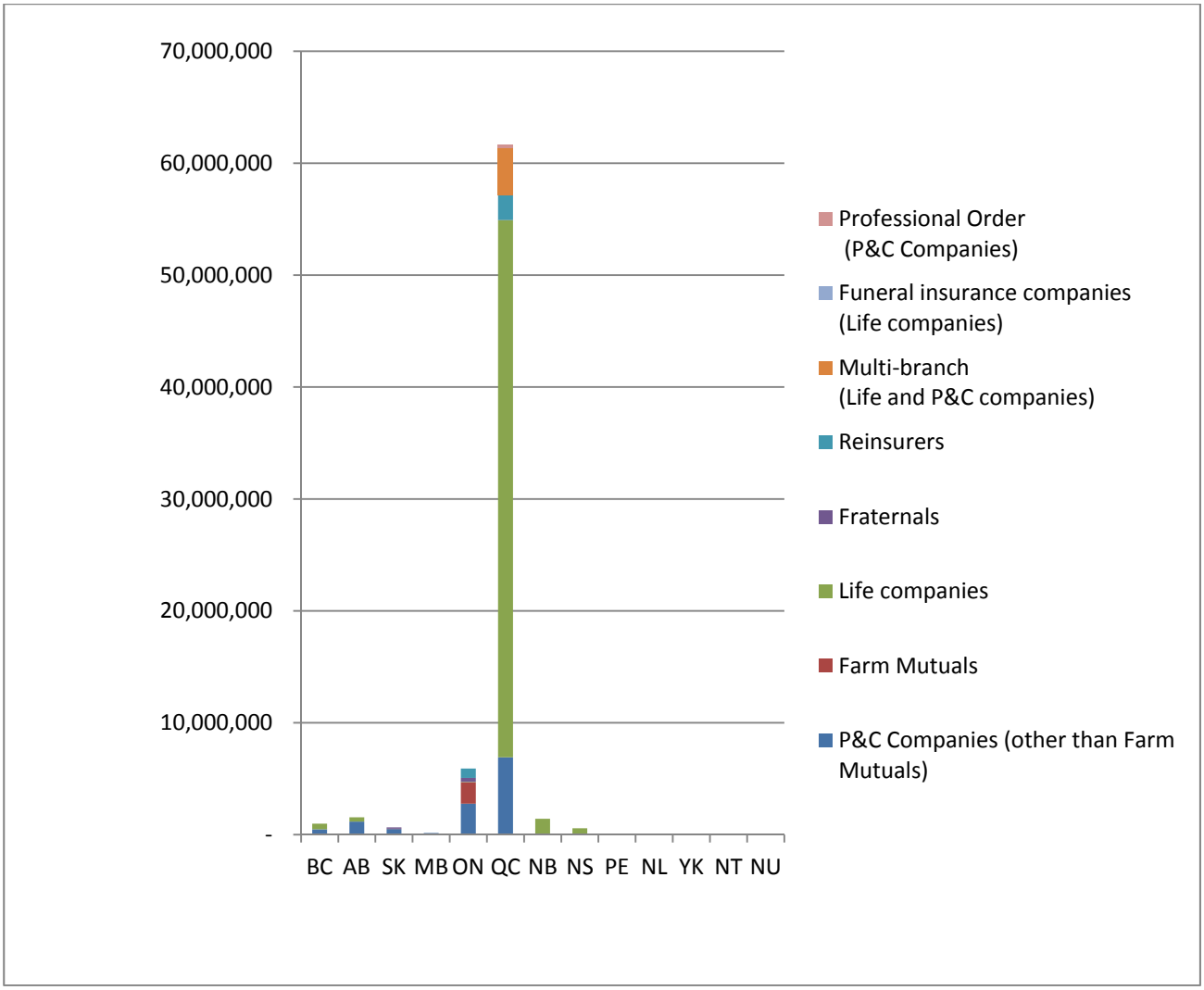
Figure 1 Number of companies by jurisdictions and by category



Excluding reciprocals and captives, there are 177 provincial chartered insurers detailed as shown in Figure 1.

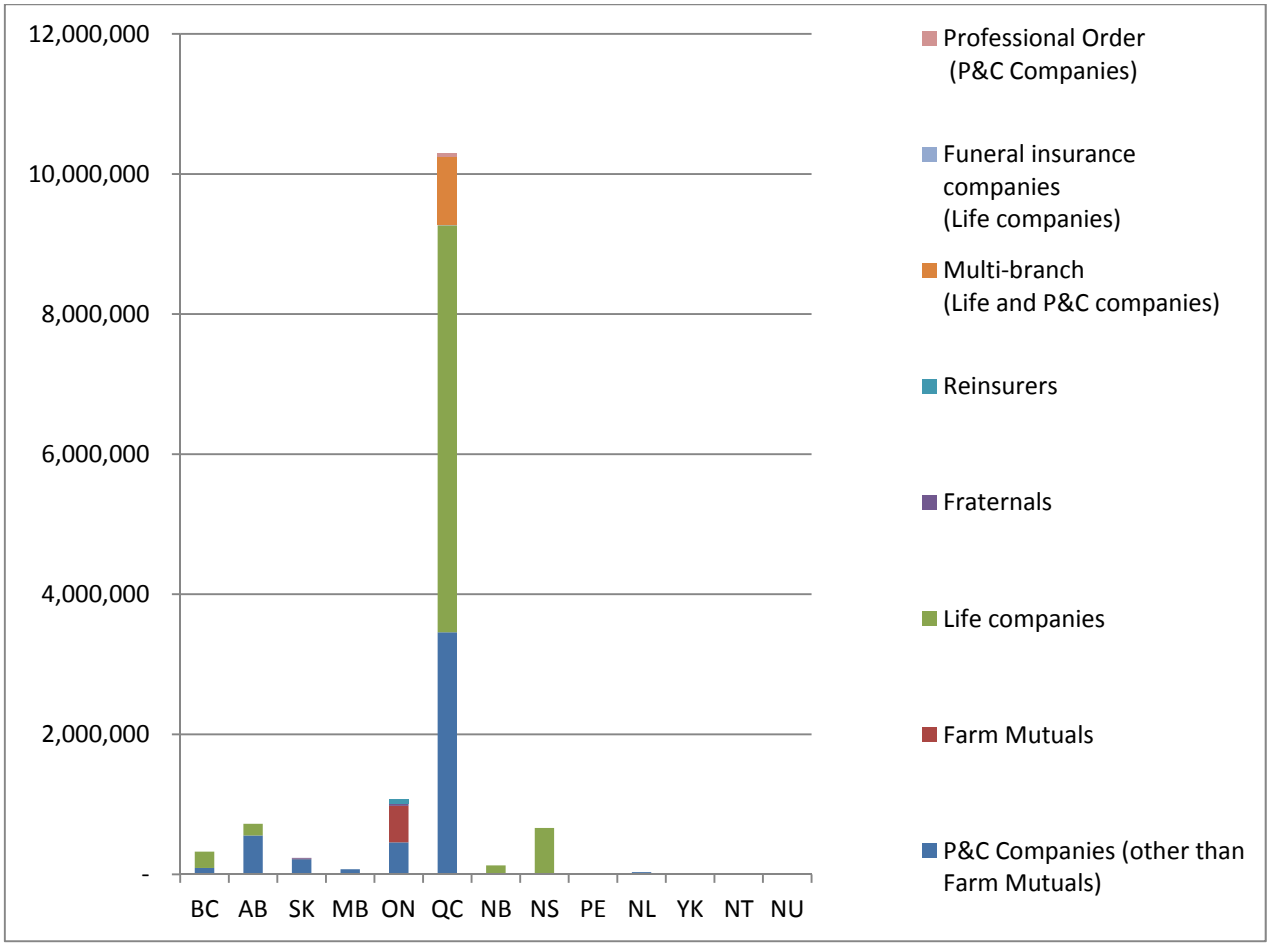
1.2 Assets, premiums and solvency ratio of provincial chartered insurance companies

Figure 2 Total assets of Provincial chartered insurance companies as of December 31, 2011 ($000), excluding reciprocals and captives



The 5 largest companies account for 65 % of the total assets of provincially chartered insurers, excluding reciprocals and captives.

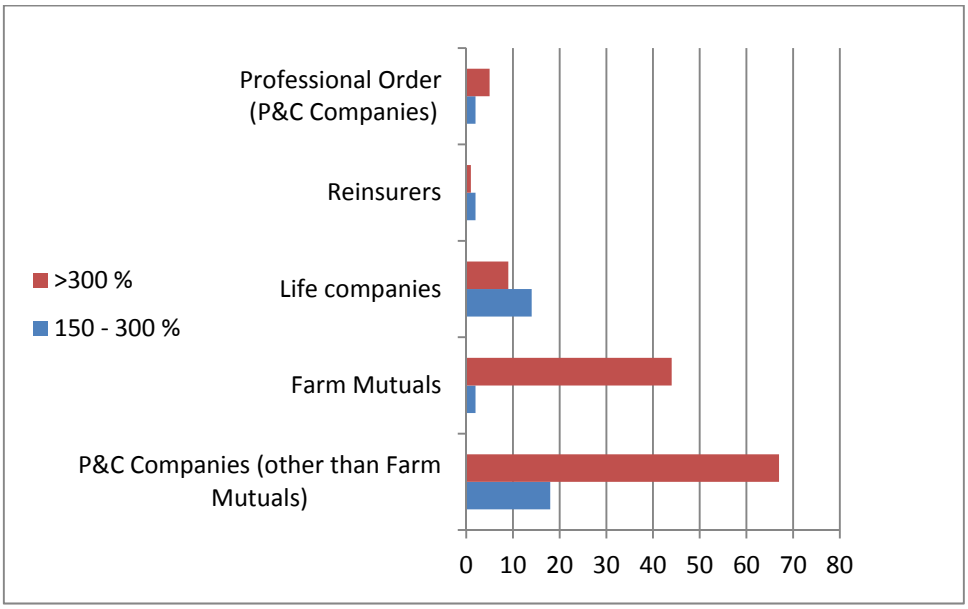
Figure 3 Total premiums of provincial insurance companies for the year ended December 31, 2011 ($000), excluding reciprocals and captives



The 5 largest companies account for 46 % of the total premiums of provincially chartered insurers, excluding reciprocals and captives.

Figure 4 Solvency ratio of provincial insurance companies

As at December 31, 2011 the solvency ratios, according to the standards applicable to their respective sector, of the different categories of provincially chartered insurers were distributed as follows:



1.3 P & C Companies (other than Farm Mutual)

As at December 31, 2011, there are a total of 89 P&C companies, excluding Farm Mutual Companies.

Jurisdiction	Nb	Total assets As at December 31, 2011 ($000)	Premiums for the year ended December 31, 2011 ($000)
BC	6	477,813	91,726
AB	7	1,166,682	555,969
SK	7	502,516	217,887
MB	2	144,177	73,216
ON	11	2,775,212	458,175
QC	49	6,919,514	3,457,200
NB	5	78,247	15,922
NL	2	85,928	31,969
Total	**89**	**12,150,089**	**4,902,064**

1.4 Farm Mutual Companies

As at December 31, 2011, there are 46 Farm Mutual Companies. 44 of them are in Ontario.

Jurisdiction	Nb	Total assets as at December 31, 2011 ($000)	Premiums for the year ended December 31, 2011 ($000)
SK	2	26,929	6,944
ON	44	1,903,153	519,073
Total	**46**	**1,930,082**	**526,017**

1.5 Life Companies

As at December 31, 2011, there are 22 Life Companies.

Jurisdiction	Nb	Total assets as at December 31, 2011 ($000)	Premiums for the year ended December 31, 2011 ($000)
BC	2	504,765	234,160
AB	2	384,430	166,208
ON	2	37,504	604
QC	13	48,001,233	5,809,519
NB	2	1,345,351	113,576
NS	1	580,571	663,399

Total	**22**	**50,853,854**	**6,987,466**

1.6 Reciprocals and Captives

As at December 31, 2011, there are 32 reciprocals. Their total assets are $2,124,481,000 as at December 31, 2011. As reciprocals are a form of insurance whereby the group members insure each other against certain risks, the group members may be in different provinces. Therefore, reciprocals may be examined by different regulators.

As at December 31, 2011, there are 23 captive insurances companies. They are all in British Columbia. Their total assets are $260,165,000 as at December 31, 2011. Their total premiums were $44,402,000 for the year ended December 31, 2011.

1.7 Fraternals

As at December 31, 2011, there are 5 fraternals.

Jurisdiction	Nb	Total assets as at December 31, 2011 ($000)	Premiums for the year ended December 31, 2011 ($000)
SK	2	129,579	12,285
ON	2	366,189	33,688
QC	1	2,721	54
Total	**5**	**498,489**	**46,027**

1.8 Reinsurers

As at December 31, 2011, there are 3 reinsurers.

Jurisdiction	Nb	Total assets as at December 31, 2011 ($000)	Premiums for the year ended December 31, 2011 ($000)
ON	2	829,680	67,606
QC	1	2,237,400	184,802
Total	**3**	**3,067,080**	**252,408**

1.9 Multi- branch, Funeral Insurance Companies and Professional Orders

As at December 31, 2011, there are 3 Multi-branch companies, all in Québec. Their total assets are $4,207,947,000 as at December 31, 2011. Their total premiums were $983,811,000 for the year ended December 31, 2011.

As at December 31, 2011, there are 2 funeral insurance companies in Québec. Their total assets are $1,154,000 as at December 31, 2011. Since they are not allowed to sell funeral insurance anymore, their total premiums were $0 for the year ended December 31, 2011.

As at December 31, 2011, there are 7 professional orders' insurance funds in Québec. Their total assets are $310,026,000 as at December 31, 2011. Their total premiums were $45,056,000 for the year ended December 31, 2011.

2. Framework

7 provincial regulators use OSFI's solvency framework for examination. 3 use another solvency framework and 2 use OSFI's framework and another framework.

The frameworks used for examination by the different provinces and territories are as follows:

- British Columbia: OSFI
- Alberta: OSFI
- Saskatchewan: other
- Manitoba: OSFI
- Ontario: OSFI and other
- Québec: other
- New Brunswick: OSFI and other
- Nova Scotia: OSFI
- Newfoundland and Labrador: OSFI
- Yukon: other
- Northwest Territories: OSFI
- Nunavut: OSFI

APPENDIX 1

LIST OF QUESTIONS ADDRESSED TO JURISDICTIONS

1. Solvency Framework
    a. Do you use OSFI Framework for conducting examinations?
    b. Do you have MOUs/information exchange protocol with another regulator? When was the last insolvency of a provincial insurer in your jurisdiction?
2. Assuris and Paccic
    a. Does your legal framework include provisions requiring insurers to be member of Assuris or PACICC? If so, the list of your PACICC and Assuris members.
3. Do you have a formal MOU / information exchange protocol with PACICC or Assuris?
4. Financial information
    a. Assets
    b. Premiums
    c. Solvency ratio

APPENDIX 2

LIST OF PROVINCIAL INSURANCE COMPANIES

AS AT DECEMBER 31, 2011

P&C COMPANIES (OTHER THAN FARM MUTUALS)

British Columbia:
BCAA Insurance Corporation
British Columbia Life & Casualty Company
Mutual Fire Insurance Company of British Columbia
Optimum West Insurance Company
Pacific Coast Fishermen's Mutual Marine Insurance Company
Westland Insurance Company Limited

Alberta:
Alberta Motor Association Insurance Company
Canadian Farm Insurance Corp.
Fortress Insurance Corp.
Mennonite Mutual Insurance Co.
Millenium Insurance Corp.
Peace Hills Insurance Co.
Trans Global Insurance Co.

Saskatchewan:
Additional Municipal Hail Ltd
AssurePro Insurance Company Limited
Co-operative Hail Insurance Company Limited
GMS Insurance Inc.
Palliser Insurance Company Ltd
Rain and Hail Insurance Corporation
SGI Canada Insurance Services Ltd

Manitoba:
Hutterian Brethren Mutual Insurance
Red River Valley Mutual Insurance

Ontario:
CAA Insurance Company (Ontario)
Coachman Insurance Company
Coronation Insurance Company, Limited (licence cancelled September 4, 2012)
Fenchurch General Insurance Company

GCAN Insurance Company (continued under federal law January 1, 2012)
Lawyers' Professional Indemnity Company
Markham General Insurance Company (in liquidation)
MAX Canada Insurance Company
Pro-Demnity Insurance Corporation
TTC Insurance Company Limited
Unica Insurance Inc. (continued under Quebec law January 1, 2012)

Québec:
Desjardins Assurances générales inc.
Groupe Ledor inc, Mutuelle d'assurance
Industrielle Alliance Pacifique, Assurances générales
Industrielle-Alliance, Assurance auto et habitation inc.
Innovassur, Assurances générales inc.
Intact assurances agricoles inc.
La Capitale Assurances générales inc.
La Compagnie d'assurance Belair inc.
La Mutuelle des municipalités du Québec
La Personnelle, Assurances générales inc.
L'Alpha, compagnie d'assurances inc.
L'Assurance mutuelle de l'Inter-Ouest
L'Assurance mutuelle des Fabriques de Montréal
L'Assurance mutuelle des Fabriques de Québec
Le Groupe Estrie-Richelieu, Compagnie d'assurance
L'Union Canadienne, compagnie d'assurances
L'Unique Assurances générales inc.
Optimum assurance agricole inc.
Optimum société d'assurance inc.
Promutuel Appalaches - St-François, Société mutuelle d'assurance générale
Promutuel Bagot, Société mutuelle d'assurance générale
Promutuel Beauce-Etchemins , Société mutuelle d'assurance générale
Promutuel Bellechasse-Lévis, Société mutuelle d'assurance générale
Promutuel Bois-Francs, Société mutuelle d'assurance générale
Promutuel Coaticook-Sherbrooke, Société mutuelle d'assurance générale
Promutuel des Riverains, Société mutuelle d'assurance générale
Promutuel Deux-Montagnes, Société mutuelle d'assurance générale
Promutuel Drummond, Société mutuelle d'assurance générale
Promutuel du Lac au Fjord, Société mutuelle d'assurance générale
Promutuel du Littoral, Société mutuelle d'assurance générale
Promutuel Gaspésie-Les Iles, Société mutuelle d'assurance générale
Promutuel Haut St-Laurent, Société mutuelle d'assurance générale

Promutuel La Vallée, Société mutuelle d'assurance générale
Promutuel l'Abitibienne, Société mutuelle d'assurance générale
Promutuel Lac St-Pierre - Les Forges, Société mutuelle d'assurance générale
Promutuel Lanaudière, Société mutuelle d'assurance générale
Promutuel Lotbinière, Société mutuelle d'assurance générale
Promutuel L'Outaouais, Société mutuelle d'assurance générale
Promutuel Montmagny - L'Islet, Société mutuelle d'assurance générale
Promutuel Monts et Rives, Société mutuelle d'assurance générale
Promutuel Portneuf - Champlain, Société mutuelle d'assurance générale
Promutuel Prairie - Valmont, Société mutuelle d'assurance générale
Promutuel Réassurance
Promutuel Rivière-du-Loup, Société mutuelle d'assurance générale
Promutuel Rouyn-Noranda - Témiscamingue, Société mutuelle d'assurance générale
Promutuel Vaudreuil - Soulanges, Société mutuelle d'assurance générale
Promutuel Verchères, Société mutuelle d'assurance générale
SSQ, Société d'assurances générales inc.

New Brunswick:
Carleton Mutual Insurance Company
Fundy Mutual Insurance Company
SouthEastern Mutual Insurance Company
Stanley Mutual Insurance Company
United General Insurance Company

Newfoundland and Labrador:
Atlantic Insurance Company Limited
Metro General Insurance Company

LIFE COMPANIES

British Columbia:
British Columbia Life & Casualty Company
PBC Health Benefits Society

Alberta:
First Canadian Insurance Corp
Trans Global Life Insurance Company

Ontario:
CT Financial Assurance Company (continued under federal law February 29, 2012)
Union of Canada Life Insurance (in liquidation, February 2, 2012)

Québec:
Association d'hospitalisation Canassurance
Axa Assurance vie inc.
La Capitale Assureur de l'adminsitration publique inc.
La Capitale Assurance et gestion du patrimoine inc.
Desjardins Sécurité financière, compagnie d'assurance vie
L'Excellence, compagnie d'assurance vie
Industrielle Alliance, Assurance et services financiers inc.
Promutuel Vie inc.
Sherbrooke Vie, Compagnie d'assurance
SSQ, Société d'assurance-vie inc.
La Survivance-voyage, compagnie d'assurance
L'Union-vie, Compagnie mutuelle d'assurance
La Survivance, compagnie mutuelle d'assurance

New Brunswick:
Acadie Vie
Assomption Compagnie Mutuelle d'Assurance-vie

Nova Scotia:
Medavie Blue Cross

FARM MUTUALS

Saskatchewan:
Germania Mutual Insurance Company
Mennonite Mutual Fire Insurance Company of Saskatchewan

Ontario:
Algoma Mutual Insurance Company
Amherst Island Mutual Insurance Company
Ayr Farmers Mutual Insurance Company
Bay of Quinte Mutual Insurance Co.
Bertie and Clinton Mutual Insurance Company
Brant Mutual Insurance Company
Caradoc Delaware Mutual Fire Insurance Company
Cayaga Mutual Insurance Company
Dufferin Mutual Insurance Company
Dumfries Mutual Insurance Company
Erie Mutual Fire Insurance Company
Farmers' Mutual Insurance Company (Lindsay)
Germania Mutual Insurance Company

Glengarry Mutual Insurance Company
Grenville Mutual Insurance Company
Grey & Bruce Mutual Insurance Company
Halwell Mutual Insurance Company
Hamilton Township Mutual Insurance Company
Hay Mutual Insurance Company
Howard Mutual Insurance Company
Howick Mutual Insurance Company
Kent & Essex Mutual Insurance Company
L&A Mutual Insurance Company
Lambton Mutual Insurance Company
Lanark Mutual Insurance Company
McKillop Mutual Insurance Company
Middlesex Mutual Insurance Company
Norfolk Mutual Insurance Company
North Blenheim Mutual Insurance Company
North Kent Mutual Fire Insurance Company
Oxford Mutual Insurance Company
Peel Maryborough Mutual Insurance Company
Peel Mutual Insurance Company
South Esthope Mutual Insurance Company
Town & Country Mutual Insurance Company
Townsend Farmers' Mutual Fire Insurance Company
Tradition Mutual Insurance Company
Trillium Mutual Insurance Company
Usborne and Hibbert Mutual Fire Insurance Company
Wabisa Mutual Insurance Company
West Elgin Mutual Insurance Company
West Wawanosh Mutual Insurance Company
Westminster Mutual Insurance Company
Yarmouth Mutual Insurance Company

CAPTIVES

British Columbia:
Abacam Risk Management Ltd
Baycrest Captive Insurance Company Ltd
BC Veterinary Captive Insurance Company
BCF Captive Insurance Company Ltd
BCHPA captive Insurance Company Ltd
BMC Financial Inc.

Canadian Blood Services Captive Inc Co. Ltd
CRNBC Captive Insurance Corp.
CUPP Services Ltd
Elgin Captive Insurance Company Inc.
GLBH Captive Insurance Company Ltd
Golden Eagle Assurance Limited
Great Pacific Financial Services Ltd
Hulbert Group Captive Insurance Inc.
Hyundai Auto Canada Captive Insurance Inc.
LSBC Captive Insurance Company Ltd
Macdon Financial Inc.
Monashee Captive Insurance Company Limited
Pengins International Corp
RCA Indemnity Corporation
Transportation Property and Casualty Insurance Inc.
West Fraser Captive Inc.
Westcoast Indemnity Company Limited

FRATERNALS

Saskatchewan:
Robin Hood Employees' Mutual Insurance Association
Saskatchewan Teachers Federation - Income Continuance Plan

Ontario:
Guaranteed Funeral Deposits of Canada
Toronto Police Widows and Orphans Fund

Québec:
Société de secours mutuels de St-Zacharie

REINSURERS

Ontario:
Farm Mutual Reinsurance Plan Inc.
Global Reinsurance Company

Québec:
Optimum Réassurance inc.

MULTI- BRANCH

Québec:
Axa Assurance inc
Assurance-vie Banque Nationale, compagnie d'assurance-vie
Canassurance Compagnie d'assurance

FUNERAL INSURANCE COMPANIES

Québec:
La Société Coopérative de frais funéraires inc.
Les Assurances funéraires Rousseau et Frère limitée

PROFESSIONAL ORDERS

Québec:
Barreau du Québec
Chambre des notaires du Québec
Ordre des architectes du Québec
Ordre des dentistes du Québec
Ordre des évaluateurs agréés du Québec
Ordre des pharmaciens du Québec
Organisme d'autoréglementation du courtage immobilier du Québec

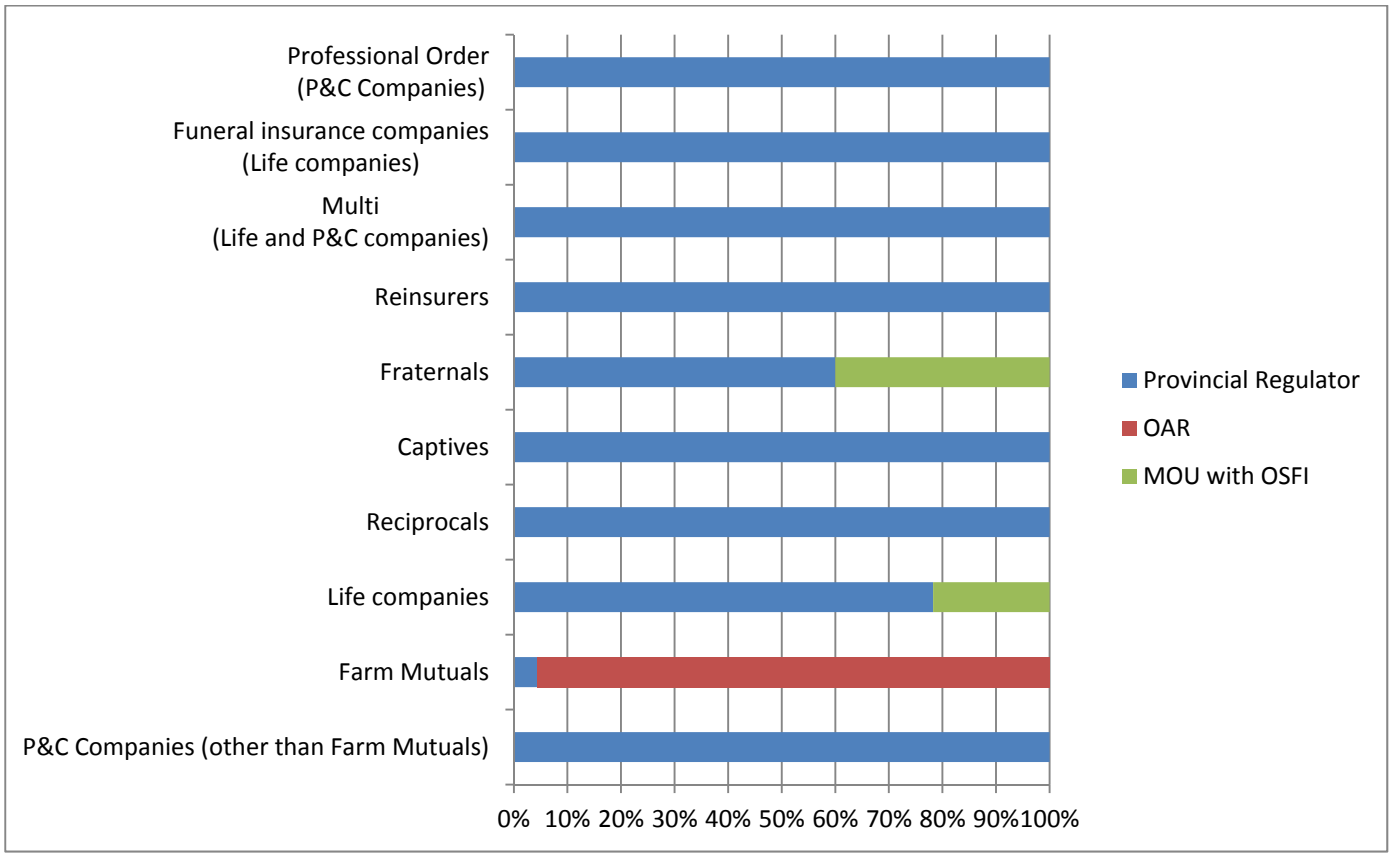
RECIPROCALS

Asset Protection Insurance Exchange	BC, SK
Canadian Airports Reciprocal Ins. Exchange	BC, AB
Canadian Lawyers Liability Assurance	BC, ON
Canadian Egg Industry Reciprocal Alliance	BC, AB
Canadian Universities Reciprocal Insurance Exchange	BC, SK, ON
Community Newspapers Reciprocal Insurance Exchange	BC, SK, ON
Energy Insurance Group	BC, AB
Healthcare Insurance Reciprocal of Canada	BC, SK, ON
Lumbermen's Underwriting Alliance	BC, SK
Municipal Insurance Association of British Columbia	BC
Poultry Ins. Exchange Reciprocal of Canada	BC, SK, ON
Jubilee Reciprocal Insurance Exchange	AB
Canadian Lawyers Insurance Association	AB, SK
Real Estate Insurance Reciprocal	AB, SK
Alberta Local Authorities Reciprocal Insurance Exchange	AB
Provincial Health Authorities of Alberta Liability and Property Ins.	AB
Alberta Municipal Insurance Exchange	AB
Alberta School Boards Insurance Exchange	AB
Genesis Reciprocal Insurance Exchange	AB
Alberta Roofing Contractors Reciprocal Insurance Exchange	AB
Fedgas Insurance Reciprocal Exchange	AB
Urban Schools Insurance Consortium	AB
SUMAssure Insurance Reciprocal	SK
Canadian Applicators Insurance Reciprocal	SK, MB
Municipal Electric Association Reciprocal Insurance Exchange	ON
Ontario Municipal Insurance Exchange	ON
Ontario School Boards' Insurance Exchange	ON
NS School Insurance Exchange	NS
NS Health Organizations Protective Association	NS
Yukon Communities Insurance Association	YK
Northern Communities Insurance Exchange	NT
Nunavut Association of Municipalities Insurance Exchange	NU

APPENDIX 3

ORGANIZATION RESPONSIBLE FOR ON-SITE REVIEWS

AS AT DECEMBER 31, 2011



New Brunswick life companies: OSFI will no longer be performing the life field visits after 2012.

Nova Scotia life companies: OSFI has indicated that they intend to discontinue this MOU service.

APPENDIX 4

EXISTENCE OF FRAMEWORK IN PLACE IN CASE OF INSOLVENCY IN THE JURISDICTION

AS AT DECEMBER 31, 2011

