Financial Services
Commission
of Ontario







FINANCIAL SERVICES COMMISSION OF ONTARIO

2016-17 ANNUAL REPORT

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Message from the Chair

For the last three years, I have had the honour of acting as the Chair of FSCO and the Financial Services Tribunal (FST). FSCO exists as an independent regulator to enforce legislation, protect public interests and support a strong financial services industry. The FST, as an independent quasi-judicial adjudicative body, exercises the powers conferred under the FSCO Act and other acts to determine all questions of fact or law that arise in any proceeding before it that challenge decisions or intended decisions of the Superintendent or the Deposit Insurance Corporation of Ontario (DICO). Both parts of the organization have faced significant challenges.

The financial services sector is rapidly evolving as globalization, technology and innovation add complexity and risk. As Chair, I have worked closely with FSCO's CEO/Superintendent and senior staff to set strategic goals, review and approve its annual statement of priorities, business plans, annual report and financial reports, and monitor the performance of FSCO and the FST to ensure the provision of high-quality services to the public in carrying out our mandate.

During my time as Chair, the four-member Commission has strengthened its oversight of operations and reporting. This oversight included a great deal of consultation and advice given to the Expert Advisory Panel charged in 2015-16 with reviewing the mandates of FSCO, the FST and DICO to modernize the regulation of financial services and pension plans in Ontario. This review led the provincial government to create the Financial Services Regulatory Authority (FSRA) in the fall of 2016, which, in time, will succeed FSCO. Until that transition is implemented, FSCO remains focused on its mandate to protect consumers and pension plan beneficiaries and enhance public confidence in the sectors we regulate. The CEO's message highlights some of FSCO's accomplishments in the last year, and I applaud those successes.

The mandate of the FST has changed radically over time, from that of a primarily pension adjudicator to one that now spends the majority of its time adjudicating compliance matters arising under the Insurance Act and Mortgage Brokerages, Lenders and Administrators Act. Hearings have more recently expanded to include matters relating to complex syndicated mortgage investments and mortgage lending practices akin to fraud. Consequently, the FST's membership continues to broaden its expertise and I have been very active in recruitment. Formal in-house training, updated forms, policies and procedures, and expanded rules have also continued to evolve to keep up with the changes to our workload. Our clear and strong decisions help the industry better understand its commitments to consumers and pension plan beneficiaries.

The continued success of this organization and its successor will depend upon rapid implementation of FSRA and the separation of the role of Chair of FSCO from that of Chair of the FST. It will not be possible without the hard work and continued commitment of the highly skilled and professional staff of FSCO and the FST members, to all of whom I extend my sincere thanks.

—Florence A. Holden

Message from the CEO

Every day, families and businesses across Ontario rely on people and companies that provide financial services to help them manage risk, protect their assets, and save for the future. The Financial Services Commission of Ontario (FSCO) regulates and oversees those entities, driven by a clear mandate – to protect consumers and enhance public confidence in the sectors we regulate.

Consumers and pension plan beneficiaries are at the centre of everything we do. We undertake licensing, market conduct oversight, and enforcement activities for nearly 91,000 individuals and entities in the eight financial services sectors – all in the name of ensuring their stability and safeguarding the public interest.

THE YEAR IN REVIEW

2016-17 was a significant year for FSCO. We facilitated product and service innovation, implemented reforms, and expanded consumer education, all during a period of disruption in the regulatory environment.

In the fall of 2016, the provincial government passed legislation to create and establish the initial parameters of the Financial Services Regulatory Authority (FSRA) – a new, independent and flexible regulator with a stronger focus on protecting consumers, investors and pension plan beneficiaries.

Implementing FSRA is a complex effort that will take time. In the meantime, FSCO remains the financial services regulator in Ontario, and we continue to focus on serving the public interest while strengthening our adaptability.

Changing technologies and consumer needs have created exciting opportunities for product and service delivery innovations in the financial services sector. As a regulator, FSCO must balance moving quickly to support innovation with taking the required time to ensure consumer interests are protected.

FSCO worked with industry and the Ontario government to facilitate insurance coverage for ridesharing vehicles, approving interim insurance policies to close existing gaps and protect drivers, passengers and vehicle owners. We also established a working group to help identify and support innovative financial technology (FinTech) companies operating in our regulated sectors. In the pension sector, we collaborated with key stakeholders to complete the transfer of a single employer pension plan to a jointly sponsored pension plan – a first in Ontario.

We continued our work to support the implementation of significant changes to auto insurance, making sure the industry and Ontario drivers were aware and understood how these reforms would affect auto insurance policies.

This year also marked FSCO's first major consumer outreach initiatives focused on building financial literacy and educating consumers about fraud prevention. In November 2016, we launched a campaign supporting Financial Literacy Month, sharing information with first-time millennial homebuyers about how best to plan, save, shop and pay for a mortgage. Our March 2017 Fraud Prevention Month campaign raised awareness among people likely to commit fraud and their victims about how to recognize, reject and report auto insurance fraud. Through these campaigns, we equipped Ontarians with information to help them make informed financial decisions and protect themselves.

Enhancing relationships, communication and coordination among financial services regulators at the national level also remained a priority for FSCO in 2016-17. Integration and information sharing are crucial to successful financial services oversight, where jurisdictional and virtual boundaries are blurring.

We led and supported major national regulatory initiatives over the year through our membership in national organizations representing regulators. Examples include the development and launch of a new Annual Statement on Market Conduct through the Canadian Council of Insurance Regulators; the launch of the Mortgage Broker Regulators' Council of Canada's new online database of disciplinary actions taken against brokers; and the development of the 2016 Agreement Respecting Multijurisdictional Pension Plans through the Canadian Association of Pension Supervisory Authorities.

Despite the uncertainty brought about by the plans to establish FSRA, FSCO staff remained focused on these and many other achievements. I am proud of what we accomplished this year, and am grateful for their continued commitment, creativity, and passion to deliver results that make a difference to Ontarians.

—Brian Mills

FSCO BY THE NUMBERS: 2016-17

90,857 REGULATED ENTITIES

12 STATUTES

1,395 COMPLAINTS

75,299 INQUIRIES

290 ENFORCEMENT ACTIONS

$524,742
IN ADMINISTRATIVE MONETARY PENALTIES IMPOSED

14.8%
DECREASE IN EXPENDITURES

1,143,009
UNIQUE VISITORS TO FSCO'S WEBSITE

About the Financial Services Commission of Ontario

WHO WE ARE

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

FSCO is committed to being a progressive and fair regulator, working to protect the interests of consumers and pension plan beneficiaries and support a strong financial services industry.

OUR MANDATE

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

OUR VISION

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

OUR STRUCTURE

The Commission: meets quarterly and provides oversight, including the review and approval of key FSCO planning, strategic and accountability documents.

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

The Financial Services Tribunal (FST): acts as an expert, independent adjudicative body. The Chair and Vice-Chairs of the FST are also the Chair and Vice-Chairs of the Commission.

OUR REGULATORY FRAMEWORK

FSCO's regulatory framework describes what we do, how we do it and why. It outlines how FSCO fulfills its legislative mandate by achieving regulatory outcomes, our core regulatory activities, and the principles we follow when conducting regulatory activities.

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

FSCO's regulatory framework summarizes what it expects from the businesses and individuals it licenses and registers, stakeholders, consumers, and pension plan members – and what they can expect from FSCO in the regulatory process.

OUR PRIORITIES

Every year, FSCO develops strategic priorities based on a larger strategic plan for the agency. They provide a snapshot of FSCO's objectives for the year, and are offered for consultation with the public and industry stakeholders. In 2016-17, FSCO focused its efforts on core activities and initiatives in eight priority areas:

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

OUR COMMISSIONERS

NAME	POSITION	TENURE*	
Florence A. Holden	Chair (Acting)	August 8, 2014	September 5, 2017
Denis Boivin	Vice-Chair (Acting)	December 1, 2014	July 22, 2020
Ian McSweeney	Vice-Chair (Acting)	March 11, 2015	May 10, 2020
Brian Mills	CEO and Superintendent of Financial Services	October 18, 2014	N/A

**In current role*

OUR EXPENDITURES

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

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

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

In 2016-17, FSCO's expenditures totaled $80.3 million, down $13.9 million or 14.8 per cent from the previous year. More information about FSCO's expenditures can be found in the financial statements and notes later in this report.

MEASURING FSCO'S PERFORMANCE

FSCO's Performance Standards measure its performance against an established set of targets, and outline strategies to improve results where targets are not met. This information is reported annually on FSCO's website.

RELEVANT STATUTES

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

WHO WE REGULATE

As of March 31, 2017:

- 319 insurance companies
- 7,022 pension plans
- 99 credit unions and caisses populaires
- 51 loan and trust corporations
- 1,205 mortgage brokerages
- 2,732 mortgage brokers
- 11,802 mortgage agents
- 180 mortgage administrators
- 4,607 accident benefit service providers
- 1,764 co-operative corporations
- 53,615 insurance agents
- 5,789 corporate insurance agencies
- 1,672 insurance adjusters

OUR LEADERSHIP

BRIAN MILLS
Chief Executive Officer and Superindendent of Financial Services

MARCO CIAVATTA
Sr. Manager & Special Advisor (A)
Office of the CEO and Superindendent of Financial Services

MICHAEL DOI
Director
Legal Services Branch

LESTER WONG
Deputy Superindendent (A)
Pension Division

ANATOL MONID
Executive Director
Licensing and Market Conduct Division

TOM GOLFETTO
Executive Director and Director of Arbitrations
Automobile Insurance Division

PETER BURSTON
Director
Regulatory Coordination Branch

CAROLYN HAMILTON
Director
Corporate Services Branch

JENNA LEBLANC
Director
Strategic Communications Branch

JOHN AVGERIS
Director (A)
Enterprise Business Solutions Branch

OUR PEOPLE

FSCO's staff all report directly or indirectly to the Superintendent of Financial Services, who is also FSCO's CEO. On March 31, 2017, FSCO had 380 full-time staff. This total does not include legal services staff, who are employees of the Ministry of the Attorney General.

Public inquiries and complaints

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

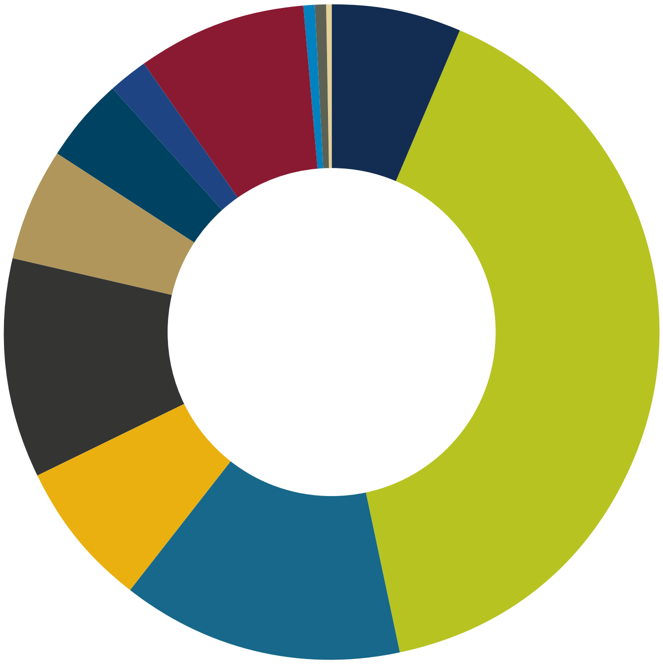
By tracking and monitoring the types of inquiries and complaints it receives, FSCO can identify practices that may be harmful to consumers and the marketplace or that may violate legislation, regulations or FSCO's rules and procedures. Tracking also helps FSCO identify issues or trends where consumer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

INQUIRIES

The number and type of inquiries to which FSCO responds each year varies widely. They are influenced by the economic environment, and changes to legislative and regulatory requirements.

FSCO's contact centre is the first connection point for consumers and stakeholders, providing general information and support in response to telephone inquiries or correspondence.

INQUIRIES TO FSCO'S CONTACT CENTRE 2016-17



INQUIRY TYPE	TOTAL	%
Locked-in Accounts	3,687	7%
Licensing	22,752	40%
Mortgage Brokering	7,691	14%
Insurance: Automobile	4,167	7%
Pensions	6,027	11%
FSCO: Other	3,120	6%
Non-FSCO	2,456	4%
Insurance: Other	995	2%
Service Providers	4,758	8%
Co-operatives	367	1%
Credit Unions/Caisses Populaires	245	0%
Loan and Trust	93	0%
TOTAL	**56,358**	

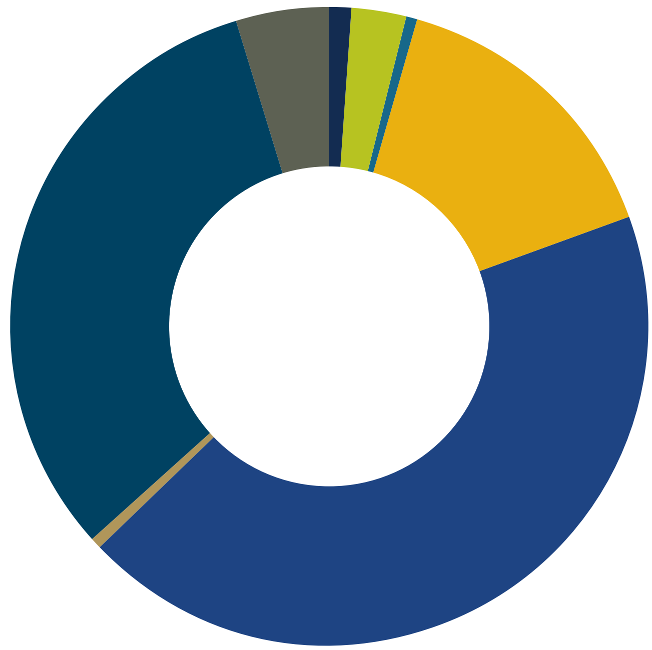
For more complex or specific issues related to licensing, market conduct or pensions, FSCO staff work directly with the applicable sectors to help consumers and stakeholders get the information they need.

LICENSING COMPLIANCE INQUIRIES 2016-17

INQUIRY TYPE	TOTAL	%*
Application Status	3,316	32%
Licensing Link IT Issue	1,829	17%
Application & Qualification Inquiries	3,122	30%
PDF Licence Request	89	1%
Annual Information Return	25	0%
Letters of Status Request	245	2%
Other	1,829	17%
TOTAL	**10,456**	

Percentages may not add to 100 due to rounding

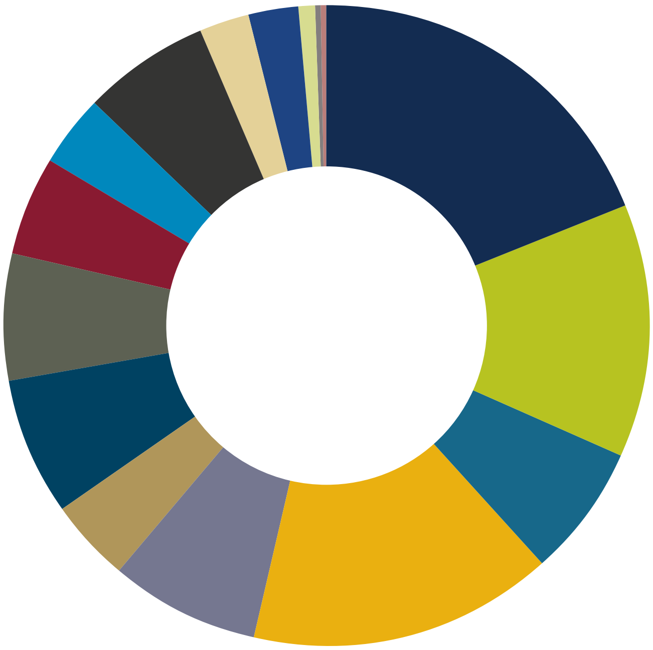
MARKET CONDUCT INQUIRIES 2016-17



INQUIRY TYPE	TOTAL	%
Co-operatives	29	1%
Credit Unions	56	3%
Insurance: Investments	17	1%
Insurance: Life and Health	325	15%
Insurance: Property and Casualty*	948	43%
Loan & Trust	9	0%
Mortgage Brokers	695	32%
Non-Jurisdictional	103	5%
TOTAL	**2,182**	

**Includes health service provider and auto insurance inquiries*

PENSION INQUIRIES 2016-17



	INQUIRY TYPE	TOTAL	%*
	Access to Information from FSCO	1,195	19%
	Pension Services Portal (PSP) Inquiry	808	13%
	Unlocking/Financial Hardship	421	7%
	Details on Filings (AIR, FS, IIS, PBGF, AVR, AIS and SIPP)	957	15%
	Marriage Breakdown (FLA)	487	8%
	Administrative Inquiries and Updates	256	4%
	Information on LIRA/LIF/LRIF	435	7%
	Interpretation (Admin/Legs/Policy)	413	7%
	Member Rights Under PBA	315	5%
	Matter Outside FSCO Jurisdiction	228	4%
	Lost or Missing Benefits	388	6%
	Pension Assessments	155	2%
	Deadline for Submissions/Filings	160	3%
	Request for Forms/Publications	61	1%
	CCAA/Bankruptcy Explanation	18	0%
	Other	6	0%
	TOTAL	**6,303**	

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

COMPLAINTS

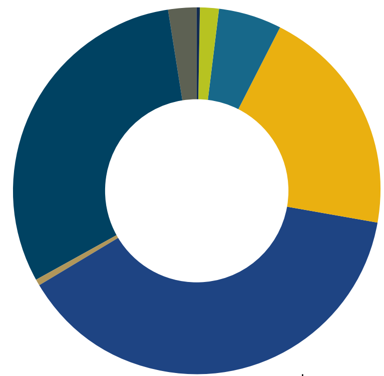
Complaints are a crucial market conduct signal for both industry and regulators. Reviewing complaints is an important component of FSCO's risk-based approach to market conduct oversight.

FSCO reviews complaints that allege non-compliance with legislation or regulations in any of the sectors it regulates. Where there is a contravention, FSCO takes appropriate enforcement action. While not all complaints result in a finding of contravention of the law, access to a review process is important to maintain public confidence in the financial services marketplace and in pension plans.

MARKET CONDUCT COMPLAINTS 2016-17

FSCO monitors the conduct of the entities it oversees to ensure they comply with the applicable laws and regulations. Market conduct complaints generally relate to concerns about the actions or behaviours of regulated entities.

MARKET CONDUCT COMPLAINTS 2016-17



COMPLAINT TYPE	TOTAL	%*
Co-operatives	4	0%
Credit Unions	23	2%
Insurance: Investments	71	5%
Insurance: Life and Health	266	20%
Insurance: Property and Casualty**	504	39%
Loan & Trust	6	0%
Mortgage Brokers	401	31%
Non-Jurisdictional	30	2%
TOTAL	**1,305**	

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

*** Includes health service provider and auto insurance complaints*

PENSION COMPLAINTS 2016-17

COMPLAINT TYPE	TOTAL	%*
Non-Compliance Plan Provisions	20	22%
Non-Compliance with Legislation/Policy	21	23%
Commuted Value/Benefit Entitlement	45	50%
Reciprocal Transfer Agreement	4	4%
TOTAL	**90**	

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

Auto insurance: reforms, innovation, and fraud prevention

Auto insurance is mandatory for Ontario's nearly 10 million drivers. FSCO regulates the auto insurance industry, ensuring consumers are treated fairly and insurance providers meet specific legislated standards related to rates, risk classifications, underwriting rules, policy changes and forms.

> We want to ensure consumers have access to a choice of competitive rates and providers for their auto insurance. That's why we work to protect them from unreasonable or unjustified rates, while also working to ensure the health of the industry.
>
> **BRUCE GREEN**, Senior Manager
> Auto Insurance Rates and Classification

ENHANCING PROTECTION, CHOICE AND AFFORDABILITY THROUGH REFORMS

In 2015, the Ontario government announced auto insurance reforms to strengthen consumer protection, improve affordability and give consumers more choice. The bulk of the reforms were effective as of June 1, 2016. FSCO played a key role in implementing the reforms, working to ensure both industry and consumers understood the changes and their responsibilities.

FSCO commissioned research in the spring of 2016 that confirmed most drivers don't pay much attention to the details in their auto insurance policies; more than half of drivers "auto renew" their policies each year, and only 10 per cent actually know the details of their policy.

To help drivers recognize the impact of these reforms and be prepared to make informed decisions, FSCO used digital, social and traditional media to raise awareness, and developed a "point of sale" mail insert highlighting important information about the reforms, using the results of the behavioural insights research. The insert was required in all policyholder renewal packages for renewals prior to June 1, 2017. FSCO's communications encouraged consumers to read about the changes, ask questions and shop around to get the best policy and price to meet their needs.

FSCO also issued 15 bulletins to inform and prepare the industry for the changes, released two Superintendent of Financial Services Guidelines, and revised 23 forms before June 1, 2016, when the changes came into effect.

PROTECTING CONSUMERS THROUGH RATE REGULATION

FSCO sets requirements for the prescriptive rules about rates and risk classification systems that insurers must follow in the Insurance Act and the Automobile Insurance Rate Stabilization Act, 2003 (AIRSA) and their accompanying regulations. Insurers must file an application with FSCO to approve any rate increase or decrease they propose.

The cost of claims has a significant impact on insurance rates charged to drivers. New vehicle technology that is more expensive to repair, increases in the cost of health services for auto accident victims, and insurance fraud all affect the premiums consumers pay.

When reviewing an application, FSCO determines whether the proposed rates are just and reasonable, based on actuarial data. It approves each company's criteria for setting rates, and evaluates the company's underwriting rules – the grounds the company uses to determine if it will sell auto insurance to a consumer.

FSCO also provides guidance through Technical Notes that include industry benchmarks to help insurers understand the assumptions FSCO considers reasonable in filings.

If a company's application does not meet statutory standards, or if the request is not supported by data or is considered excessive, the Superintendent of Financial Services may refuse to approve all or part of the application or order an amendment. This year, the Superintendent refused to approve one private passenger auto rate application and asked for amendments to reduce 18 of 107 private passenger auto rate filings (17 per cent). This resulted in lower premiums estimated at $169 million.

The average approved rate change for fiscal 2016-17 was an increase of 2.93 per cent, compared with a decrease of 3.11 per cent in 2015-16 when the majority of rate reductions related to benefit changes from auto reforms were reflected.

PRIVATE PASSENGER AUTO RATE FILINGS

Fiscal Year	Estimated average approved rate change*	Number of approved filings	Number of filings amended downwards by Superintendent through rate review/approval process	Percent of filings amended downwards by Superintendent through rate review/approval process	Estimated premium savings from Superintendent-directed amendments**
2016-17	2.93%	107	18	17%	$169,471,896
2015-16	(3.11%)	151	33	22%	$251,015,586
2014-15	(1.38%)	79	13	17%	$225,123,189
2013-14	(5.78%)	116	45	39%	$335,460,162

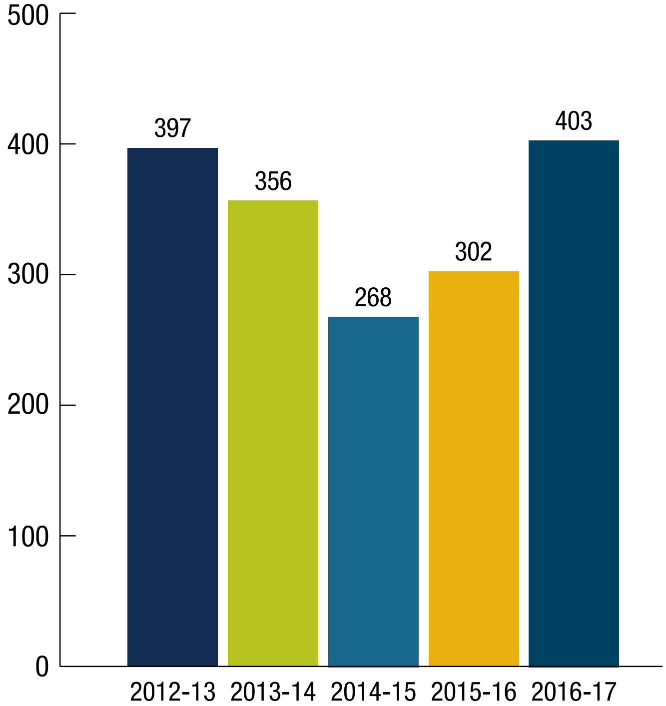
**Auto quarterly rate approvals — FSCO's website*
*** Difference between rate changes as originally filed by insurers and those finally approved by the Superintendent*

OTHER AUTOMOBILE INSURANCE FILINGS

FILING TYPE	2016-17	2015-16
Non-Private Passenger Auto Rate Filings	70	377*
Underwriting Rule Filings	112	48
Endorsement Filings	54	44
Form Filings	114	127

**Includes filings required for the 2015-16 auto insurance reforms*

AUTO INSURANCE COMPLAINTS 2012-13 TO 2016-17 AS AT MARCH 31



OPTIMIZING CARE GUIDELINES FOR COMMON TRAFFIC INJURIES

Insurance premiums paid by consumers continue to rise to keep pace with increasing costs for health services provided to auto accident victims. FSCO is developing a new Common Traffic-Related Impairment Guideline to replace the current interim Minor Injury Guideline implemented in 2010. The new guideline would introduce an evidence-based protocol to treat a broader range of injuries commonly resulting from auto accidents.

ADVISOR ON AUTO INSURANCE

On October 8, 2015, the province announced the appointment of David Marshall, former President and CEO of the Workplace Safety and Insurance Board, as an advisor to provide recommendations to the government on ways to strengthen consumer protection, improve health outcomes for those injured in collisions and make auto insurance more affordable for Ontario drivers.

FSCO supported this process by providing data and information about auto insurance regulation and sharing insights from our experience as the industry regulator, as well as administrative support, to Mr. Marshall.

Mr. Marshall's report will be delivered to the government this spring. FSCO looks forward to seeing the results of this work.

FSCO engaged a world-renowned medical and scientific team to conduct extensive research over more than two years to develop a new protocol. The resulting report, submitted to FSCO in December 2014, outlined the rigorous scientific methodologies and research protocols they used to identify common treatable injuries, listed effective treatments and outlined interventions that have not proven effective to date.

FSCO and the Ministry of Finance held comprehensive stakeholder consultation meetings in the summers of 2015 and 2016 on the report's findings and draft guidelines. FSCO submitted a draft guideline to the Ministry of Finance in early 2017, and the government will determine next steps.

ENABLING INNOVATION IN THE AUTO INSURANCE MARKETPLACE

Evolving technology and changing consumer needs influence how auto insurers provide insurance to their clients. Disruptors such as ridesharing, and innovations such as usage-based pricing, require new ways of thinking about market regulation.

FSCO has stepped in with evidence-based guidelines and regulatory policies that enable modernization while still ensuring protection for drivers and passengers.

RIDESHARING IN ONTARIO

The rise of the sharing economy, and ridesharing in particular, created a new regulatory challenge. Ridesharing services didn't fit into the existing insurance framework, where regulations, guidelines and policies were based on vehicle ownership and use by a single individual or company. Under a standard automobile owner's policy, drivers are not allowed to carry paying passengers. This meant anyone participating in a ridesharing service would not be covered by their personal auto insurance policy in the event of an accident.

> We worked directly with stakeholders to close the insurance gap related to ridesharing. We wanted to make sure drivers, passengers and vehicle owners would all be properly protected.
>
> **TOM GOLFETTO**, Executive Director, Automobile Insurance Division

According to a September 2015 City of Toronto report, passengers were taking an estimated 17,000 trips per day using the UberX platform, involving 13,000 vehicles.*

In February 2016, FSCO approved a solution proposed by an insurance company, offering policy coverage for ridesharing drivers through their personal policies for an additional fee. In 2016-17, FSCO continued working with insurance companies, ridesharing entities and government ministries to facilitate a broader solution that would offer blanket coverage for all participants in ridesharing services.

As a result of these efforts, the Superintendent of Financial Services approved interim insurance coverage for Uber (provided by

**Ground Transportation Review, Findings Report, Attachment 1, City of Toronto, September 2015, pages 30-31*

Intact Insurance) in July 2016 and for RideCo (provided by Northbridge Insurance) in December 2016. Under the policies, regardless of their personal coverage, all drivers, passengers and vehicle owners in Ontario using these ridesharing companies now have insurance coverage from the moment the ridesharing app is turned on until the moment passengers exit the vehicle.

USAGE-BASED INSURANCE PRICING

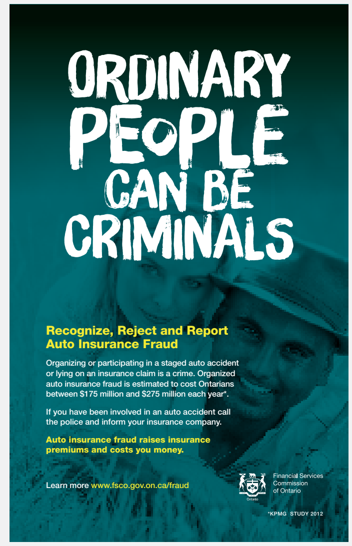
First introduced in Ontario in 2013, usage-based insurance programs (UBIPs) use technology to track a driver's usage patterns and driving behaviour. These can directly influence insurance rates and help give drivers more control over their auto insurance costs.

Now that insurers have a few years of experience offering these programs, FSCO updated its guidance on UBIPs in December 2016. This enabled insurers to offer temporary matching UBIP discounts to promote a consumer's ability to seek the lowest rate available. It also allowed insurers to use UBIP data to review a driver's rating criteria, set discounts and support efforts to fight fraud and manage claims.

FSCO approved three additional insurance companies to offer usage-based insurance programs in fiscal 2016-17. There are now 17 companies offering UBIPs in Ontario.

MOTOR VEHICLE ACCIDENT CLAIMS FUND

FSCO administers the Motor Vehicle Accident Claims Fund (MVACF) as a "payer of last resort." The MVACF provides compensation to people injured in automobile accidents when no



PREVENTING AUTO INSURANCE FRAUD

Auto insurance fraud is illegal, and contributes to the cost of premiums. To help protect consumers and prevent fraudulent behaviour in the auto insurance system, FSCO conducted one of its first consumer education campaigns for Fraud Prevention Month in March 2017.

FSCO commissioned a survey of Ontario drivers, which found that 27 per cent were unable to recognize, and therefore reject and report, auto insurance fraud. Nearly one in 10 admitted to submitting an exaggerated or false claim, and 25 per cent did not know that auto insurance fraud affects auto insurance premiums.

FSCO's campaign aimed to build awareness among people who are likely to commit fraud and their victims about how to recognize, reject and report auto insurance fraud. Through digital, social and traditional media channels and community outreach, it provided information and practical tips such as advising Ontario drivers to never sign blank insurance forms and to report all accidents and losses to their insurance company.

automobile insurance exists to cover the claim, or where an insurer's insolvency prevents response to a claim.

When applicable, MVACF makes statutory payments for accident benefits and third-party liability claims. For example, it compensates victims of accidents who have no recourse to auto insurance or accidents involving uninsured or unidentified drivers or vehicles, such as in the case of a "hit and run."

Claims payouts typically fluctuate from year to year, but have averaged approximately $23.7 million over the last five years. MVACF registered 528 claims in fiscal 2016-17, slightly below the five-year average of approximately 600 claims.

MVACF is responsible for recovering all amounts paid out of the fund from uninsured motorists to satisfy judgments assigned to the Minister of Finance. If warranted, it can garnish the identified uninsured driver's wages.

PROGRAM OUTCOMES	2016-17	2015-16
Victims claims and claims administration		
New claims	528	554
Statutory accident benefits claims paid	540	484
Payments for statutory accident benefits	$21.2 million	$21.3 million
Third party liability claims paid claims paid	89	96
Payment for third-party liability, bodily injury and property damage	$4.3 million	$4.8 million
Enforcement action against uninsured motorists		
Suspended driver's licences	210	215
Repayments processed	4,072	4,338
Debtors making payments	488	519
Collection of repayments	$1.0 million	$900,000

FSCO AND DISPUTE RESOLUTION SERVICES

Dispute resolution is an important part of Ontario's no-fault auto insurance system used when claimants and insurers disagree about entitlements or the amount of statutory accident benefits.

Following amendments made by Bill 15, the Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014, FSCO supported the transfer of its dispute resolution services activities to the Licence Appeal Tribunal of the Ministry of the Attorney General on April 1, 2016. FSCO maintained responsibility for mediation, neutral evaluation and arbitration applications received before that date, and has worked over the year to complete these activities.

FSCO completed the 12,036 remaining mediations by July 26, 2016. It also completed 10,875 arbitrations in 2016-17, and anticipates completing the remaining 3,975 arbitrations by the end of 2017-18.

FSCO continues to accept applications for appeal and variation/revocation of decisions arising out of arbitration applications filed prior to April 1, 2016. As of March 31, 2017, FSCO had 86 open appeal files.

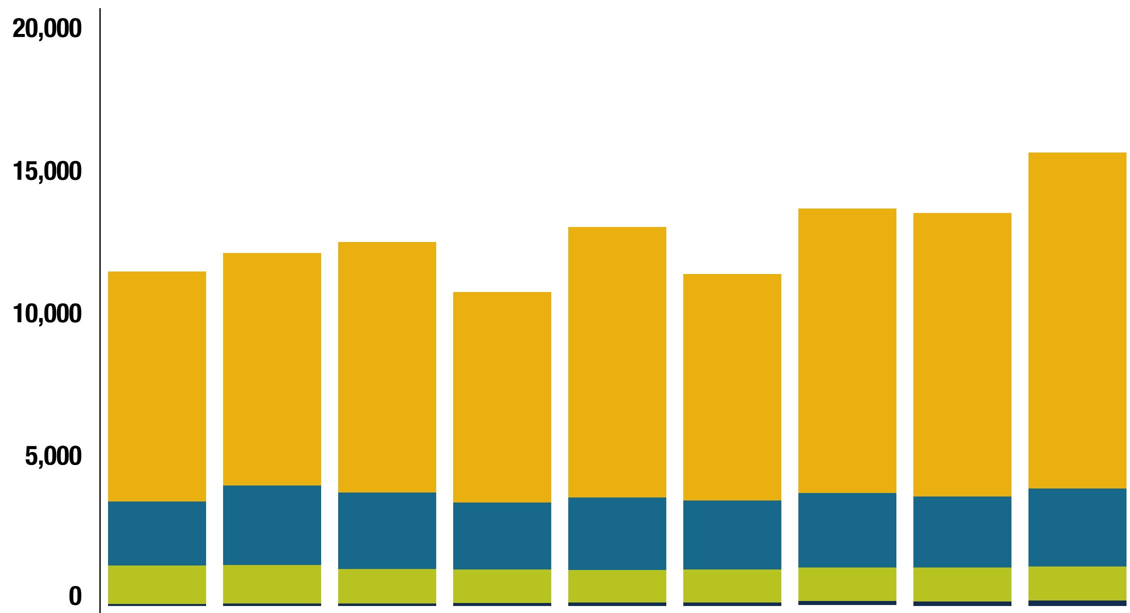
Mortgage industry: educating and protecting consumers

For most people, getting a mortgage is the largest financial decision they will make. Ontarians hold $142 billion in mortgage debt arranged through mortgage brokerages. To protect the interests of these consumers, FSCO places a high priority on ensuring the mortgage brokers, agents, brokerages and administrators it regulates comply with the law.

FSCO also works to help people understand their rights and responsibilities as mortgage consumers, as well as the role and legal responsibilities of mortgage brokers, agents and administrators.

FSCO regulates mortgage brokers, agents, brokerages and administrators licensed under the Mortgage Brokerage, Lenders and Administrators Act, 2006 – FSCO does not oversee mortgages arranged directly by financial institutions such as banks, credit unions, and loan and trust companies.

MORTGAGE AGENTS, BROKERS, BROKERAGES AND ADMINISTRATORS 2009-2017, AS AT MARCH 31



	2009	2010	2011	2012	2013	2014	2015	2016	2017
Mortgage administrators	68	83	84	92	110	113	133	154	180
Mortgage brokerages	1,351	1,353	1,204	1,178	1,145	1,172	1,185	1,199	1,205
Mortgage brokers	2,244	2,788	2,692	2,357	2,549	2,406	2,611	2,489	2,732
Mortgage agents	8,069	8,165	8,800	7,394	9,503	7,959	9,988	9,954	11,802

PROTECTING CONSUMERS IN THE SYNDICATED MORTGAGE INVESTMENT MARKET

In recent years, syndicated mortgage investments (SMIs) have grown in popularity. Over the last five years, FSCO has also seen an increase in complaints related to SMIs. While there are many legitimate SMI opportunities, FSCO considers mezzanine-type SMIs to be high-risk investments that may not be suitable for the average investor. These types of SMIs permit low minimum investment requirements, thus allowing smaller or less sophisticated investors to take part. As a result, FSCO has undertaken considerable supervisory and regulatory action to promote greater compliance by licensees to protect consumers.

Mortgage brokerages are legally required to take reasonable steps to ensure mortgage investments they recommend are suitable for the investor or lender, considering that individual's needs and circumstances. They also have to advise clients of the mortgage's material risks, disclose potential conflicts of interest, provide a summary of key indicators of the property's value, and provide supporting documentation that justifies the value of the mortgage and the ability of the borrower to repay the debt.

As the regulator of the mortgage brokering sector, FSCO uses education, communication and enforcement actions to protect investors and ensure mortgage professionals meet these responsibilities.

FSCO began regulatory enforcement actions against a number of licensed and unlicensed entities in 2016-17, and in one case, received court approval to appoint a receiver as trustee

? WHAT IS A SYNDICATED MORTGAGE?

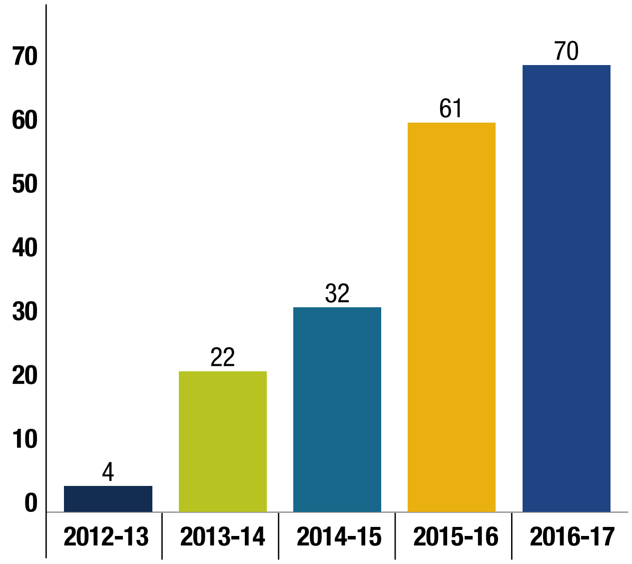
A syndicated mortgage is a mortgage loan that has more than one lender or investor who makes an investment in a mortgage. It can be as simple as two people jointly loaning a third person money secured by a mortgage on that third person's home, or as complex as a group of investors providing a subordinated mortgage as part of a major development proposal.

A higher degree of risk exists with syndicated mortgage investments (SMIs) that support future construction developments. In these cases, instead of paying for the costs of construction, investments are used to fund "soft costs" such as consultant fees, zoning permits, architecture costs, or marketing and sales expenses. This is known as mezzanine-type financing, where the SMI investor's mortgage is ranked below construction mortgages. These types of SMIs typically will not be paid back first or at all if the construction project is not completed.

to monitor real estate development projects undertaken by unlicensed entities on behalf of syndicated mortgage investors. FSCO also warned the public about unlicensed activity as issues arose.

Following on its work in 2015-16 to incorporate private lending and investor/lender disclosure into the continuing education requirements for mortgage broker and agent licence renewal requirements, FSCO posted information on its website in August 2016 for potential investors about risks and rights related to SMIs.

SYNDICATED MORTGAGE INVESTMENT (SMI) COMPLAINTS 2012-13 TO 2016-17



EXAMPLE OF AN SMI ENFORCEMENT: METROZEN CAPITAL INC.

This year, FSCO revoked the mortgage brokerage licence of Metrozen Capital Inc., following an extensive examination into the company's activities in the syndicated mortgage investment (SMI) market.

In the fall of 2015, FSCO found that approximately 100 investors who invested a total of nearly $10 million in SMIs with Metrozen were at high risk of substantial losses. FSCO found little evidence of development on the properties involved in the SMIs, but Metrozen continued to promote these investments. FSCO also found that Metrozen did not meet its requirements to ensure investments were suitable for the investors or make proper disclosures related to the investment.

Because of these breaches of the Mortgage Brokerages, Lenders and Administrators Act, 2006, FSCO issued an interim order to suspend Metrozen and its principal broker from dealing or trading in mortgages in Ontario.

FSCO revoked Metrozen's brokerage licence on March 3, 2017, following Metrozen's failed appeal to the Financial Services Tribunal.

DEVELOPING A NEW APPROACH

This year, the Ministry of Finance established a working group, composed of ministry representatives and experts from the Ontario Securities Commission and FSCO, to find ways to better protect borrowers, lenders and investors who rely on SMIs. Ontario is currently the only province in Canada where SMIs are not overseen by securities regulators.

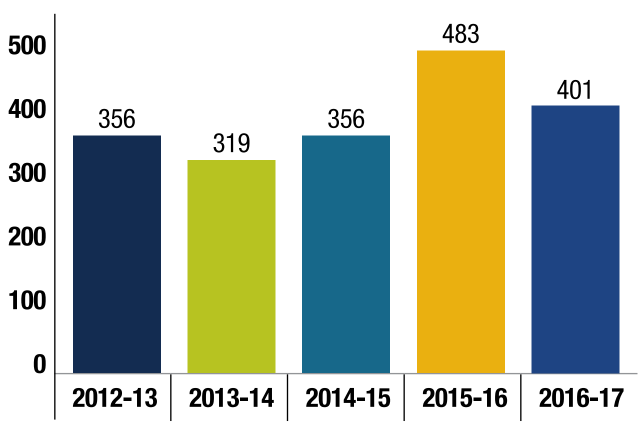
The working group will present recommendations to the government for its consideration.

MORTGAGE SECTOR STATISTICS

Complaints

Across the mortgage brokering sector, complaints decreased in 2016-17 from a year earlier. Complaints are affected by the economy, business activities in the marketplace and consumer awareness.

MORTGAGE SECTOR COMPLAINTS 2012-13 TO 2016-17



ENFORCEMENT ACTIVITY

TYPE	2016-17	2015–16
Mortgage Brokerages and Administrators		
Licence Suspensions	4	3
Licence Revocations	19	1
Compliance Orders/Cease & Desist Orders	3	4
Letters of Caution	-	1
Letters of Warning	14	22
Mortgage Brokers		
Licence Refusals	2	-
Licence Suspensions	6	2
Licence Revocations	3	2
Letters of Caution	-	7
Compliance Orders/Cease & Desist Orders	-	3
Letters of Warning	10	-
Mortgage Agents		
Licence Refusals	1	3
Licence Suspensions	8	2
Licence Revocations	2	5
Letters of Caution	1	13
Compliance Orders/Cease & Desist Orders	1	-
Letters of Warning	22	-
Administrative Monetary Penalties		
Annual Information Return		
Orders Issued	12	-
Amount Ordered	$12,000	-
Errors and Omissions Insurance		
Orders Issued	-	-
Amount Ordered	-	-
Unlicensed Activity		
Orders Issued	1	1
Amount Ordered	$15,000	$5,000
False Information to Superintendent		
Orders Issued	2	-
Amount Ordered	$3,500	-
Other Standards of Practice Violations		
Orders Issued	27	16
Amount Ordered	$123,363.64	$25,250
Disclosure		
Orders Issued	-	14
Amount Ordered	-	$18,000
Total AMP Orders Issued	**42**	**31**
Total AMP Amount Ordered	**$153,863.64**	**$48,250**

GOING SOCIAL TO HELP MILLENNIAL HOMEBUYERS

FSCO recognizes the importance of financial literacy to help consumers make informed decisions. To help Ontario consumers strengthen their financial literacy, FSCO launched its first major consumer outreach initiative in November 2016 for Financial Literacy Month.

FSCO undertook research that identified people under 35 as the group with the lowest financial literacy. In the sectors regulated by FSCO, mortgages would likely have the most significant impact on this group in both the short and long term.

To help first-time millennial homebuyers make informed financial decisions, the campaign provided information on how best to plan, save, shop and pay for a mortgage. It used popular social media and digital channels to deliver content right to their smartphones.

Pension plans: managing risk

Ontario's registered pension plans hold more than $612 billion in assets to provide for the pension benefits of more than four million beneficiaries, including retirees. To protect their rights and benefits, FSCO proactively monitors and enforces compliance with required pension legislation and regulations.

This year, FSCO continued to take important steps to enhance its holistic approach to monitoring and assessing pension plans through its risk-based regulation framework.

> Our risk-based regulation framework lays a strong foundation to enable FSCO to focus its efforts in areas that pose the highest risk to the health of Ontario's pension plans. That helps us better protect plan beneficiaries.
>
> **LESTER WONG**, Deputy Superintendent of Pensions

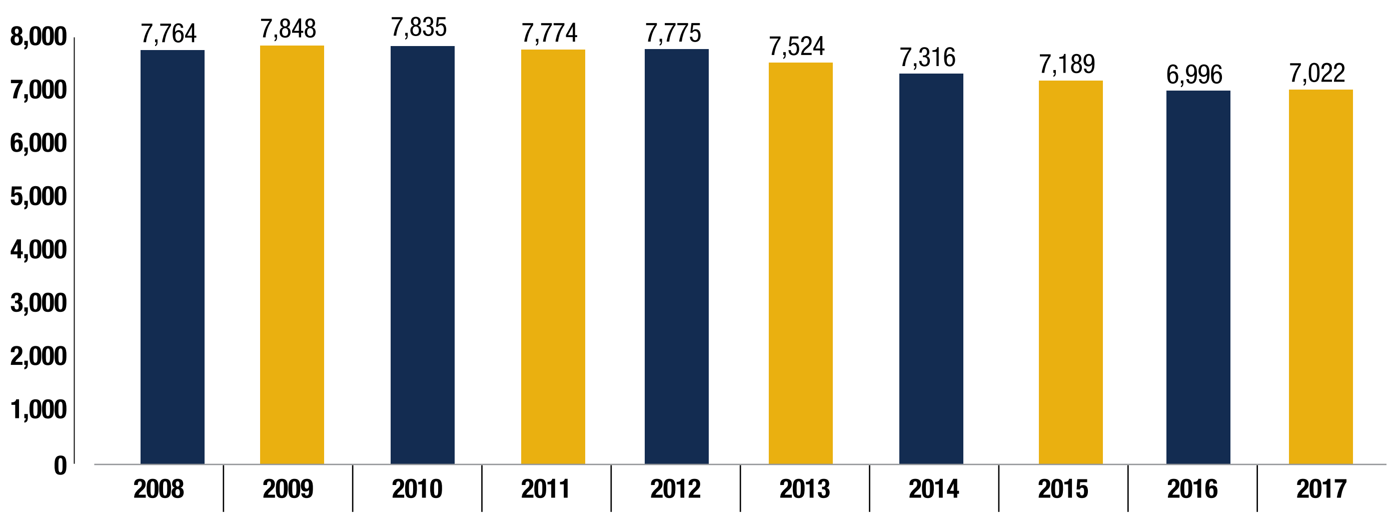
TRENDS IN THE PENSION SECTOR

Pension plans in Ontario

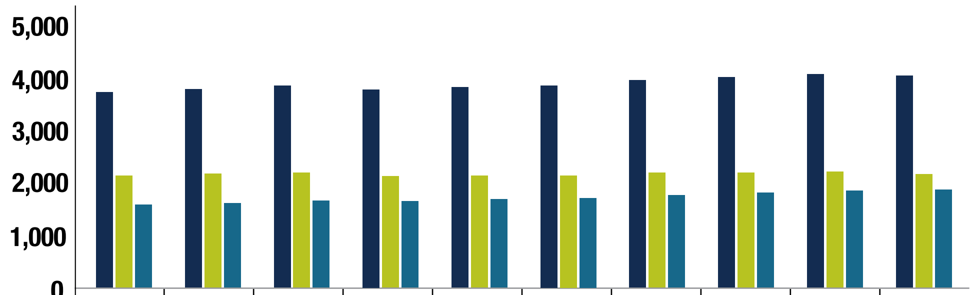
While the number of pension plans in Ontario rose slightly in 2016-17, FSCO has seen an overall downward trend over the last 10 years.

Mergers and acquisitions among entities offering pension plans, as well as plan wind-ups, contributed to this change. During this 10-year period, FSCO wound up more defined benefit (DB) plans than defined contribution (DC) plans, and registered more DC plans than DB plans.

TOTAL NUMBER OF ONTARIO PENSION PLANS 2008-2017, AS AT MARCH 31



ONTARIO PENSION PLAN MEMBERSHIP 2008-2017, AS AT MARCH 31



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total members (000s)	3,713	3,775	3,837	3,767	3,814	3,843	3,942	4,001	4,052	4,028
Active members (000s)	2,129	2,169	2,184	2,118	2,133	2,135	2,185	2,189	2,206	2,162
Retired members, deferred members and other beneficiaries (000s)	1,584	1,606	1,653	1,649	1,681	1,708	1,757	1,812	1,846	1,867

PENSION PLAN MEMBERSHIP

Despite a slight drop in pension plan membership this year, total membership rose over the last 10 years primarily due to increases in DC plans and public sector DB plans.

As a result of the creation of a new category of DB plans, called jointly sponsored pension plans (JSPPs), a few large plans were reclassified from being multi-employer plans to JSPPs between 2010 and 2011. JSPP membership rose slightly this year, following the upward trend for this type of plan. In single employer and multi-employer plans, 2016-17 saw slight membership increases, while the 10-year trend demonstrates a moderate membership drop in these types of plans.

Among DC pension plans, membership increased slightly in single employer plans this year, but fell in multi-employer plans. The drop was due to the transfer of regulatory jurisdiction for a large plan this year.

? PENSION PLAN TERMINOLOGY

Defined benefit pension plan (DB): provides a pre-set amount of pension during retirement based on a formula defined in the pension plan terms.

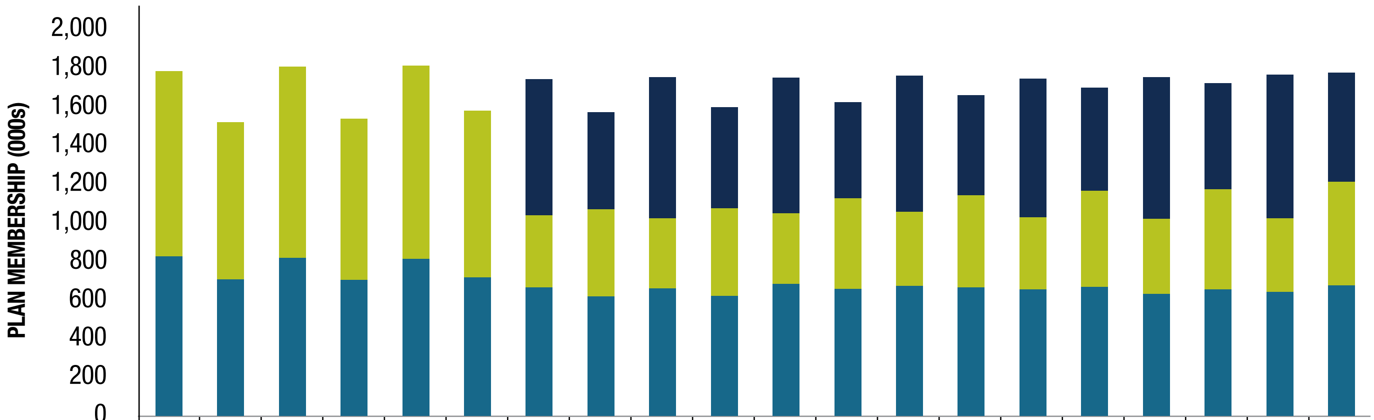
Defined contribution pension plan (DC): defines the amount of contributions, including plan member contributions, if any, and provides benefit payments based on the amount of pension that can be purchased with the accumulated contributions, plus investment returns.

Hybrid pension plans: combine defined benefit and defined contribution provisions, or provide the greater of a defined benefit or defined contribution provision.

Multi-employer pension plan: allow two or more unrelated employers to contribute to a single pension fund and recognize a member's service with all participating employers when determining benefits. These plans are usually established in industries or trades where workers change employers frequently, such as carpenters or painters, and are most commonly created through collective agreements.

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

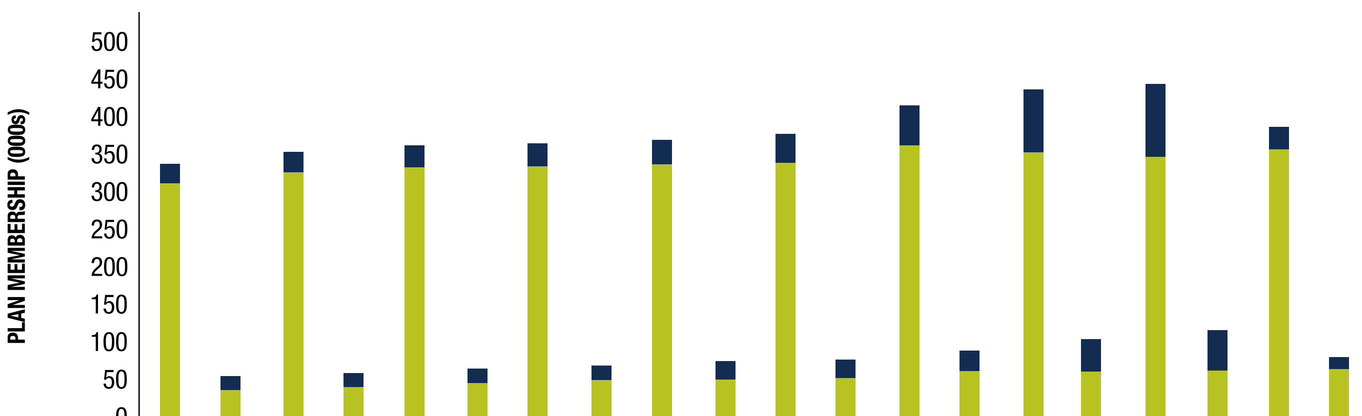
DEFINED BENEFIT (DB) PLANS — MEMBERSHIP BY PLAN TYPE 2008-2017, AS AT MARCH 31



	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017	
	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*
JSPP	0	0	0	0	0	0	706	501	732	522	701	498	706	517	718	533	734	548	745	565
MEPP	959	814	989	835	1,000	864	375	453	365	457	367	469	382	478	373	501	387	519	380	540
SEPP	827	710	821	707	816	719	667	621	661	622	684	659	676	668	656	669	635	657	644	676
TOTAL	1,786	1,524	1,810	1,542	1,816	1,583	1,748	1,575	1,758	1,601	1,752	1,626	1,764	1,663	1,747	1,703	1,756	1,724	1,769	1,781

*Inactive members include retired, deferred and other members

DEFINED CONTRIBUTION (DC) PLANS — MEMBERSHIP BY PLAN TYPE 2008-2017, AS AT MARCH 31



	2008		2009		2010		2011		2012		2013		2014		2015		2016		2017	
	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*	Active	Inactive*
MEPP	26	18	27	18	29	19	30	19	32	24	38	24	53	27	83	43	97	54	30	15
SEPP	317	42	332	46	339	51	340	55	343	56	345	58	368	67	358	66	352	68	362	70
TOTAL	343	60	359	64	368	70	370	74	375	80	383	82	421	94	442	109	449	121	392	85

*Inactive members include retired, deferred and other members

ONTARIO-REGISTERED PENSION PLAN ASSETS

The overall value of pension plan assets in Ontario-registered plans increased from last year, with the largest portion of the increase coming from jointly sponsored pension plans.

PENSION PLAN TRANSACTIONS

Under the Pension Benefits Act, the Superintendent of Financial Services makes regulatory decisions on various pension plan transactions, from initial registration to full wind-up.

FSCO registered 384 plans in fiscal 2016-17 (277 DB plans and 107 DC plans), up significantly from 61 plans the previous year. FSCO processed a backlog of registrations that resulted from a legal issue that arose in fiscal 2015-16 related to custodial agreements for individual pension plans (IPPs). FSCO also wound up 243 plans (181 DB plans and 62 DC plans), down from 361 total plan wind-ups a year earlier. Among DB plans wound up, 109 were IPPs – partially due to increased IPP compliance activity by FSCO.

FSCO processed eight surplus refunds to employers on full wind-up this year, higher than last year's one surplus refund, and approved one surplus refund on partial wind-up.

Plan merger and asset transfer application approvals fell 45 per cent to 61 in fiscal 2016-17 from 110 a year earlier. FSCO processed a large number of these applications following the implementation of new rules governing merger and asset transfer applications in January 2014.

PROACTIVE MONITORING

FSCO regularly reviews and examines pension plans across Ontario, helping them proactively manage risk to protect the financial future of their members. FSCO undertook 58 on-site pension plan examinations in 2016-17 – its largest number of examinations ever. This year, it also created a new, dedicated team to conduct "Tier 1" desk reviews – holistic pension plan risk assessments – following a successful pilot in 2015-16.

FSCO uses a Risk Indicator Tool, which uses data from pension plan filings as well as external industry information and trend data, to assess which pension plans potentially have higher risks and prioritizes them for review based on the perceived

ONTARIO-REGISTERED PENSION PLAN ASSETS

PLAN TYPE	MARKET VALUE OF ASSETS AT MARCH 31, 2017		MARKET VALUE OF ASSETS AT MARCH 31, 2016	
	$ BILLIONS	%	$ BILLIONS	%
Single-Employer Pension Plans				
Defined benefits	215.28	35.2%	206.00	35.8%
Defined contribution	18.42	3.0%	18.31	3.2%
Jointly Sponsored				
Defined benefits	345.77	56.5%	318.71	55.6%
Multi-Employer Pension Plans				
Defined benefits	30.98	5.1%	28.73	5.0%
Defined contribution	2.09	0.3%	2.31	0.4%
TOTAL*	**612.54**	**100.0%**	**574.09**	**100%**

**Totals may not add due to rounding*

level of risk. Based on this prioritization, plans are selected for Tier 1 desk reviews. Each review assesses a plan's key risk issues and recommends regulatory follow-up appropriate to the assessed risks. Follow-up actions can range from education, where risks are lower, to monitoring, proactive supervision (including on-site examinations), or even intervention as risk levels increase. The team completed 57 reviews in 2016-17.

> Tier 1 desk reviews allow us to help plans improve challenging situations before they become big issues. They also help FSCO identify trends so we can educate the industry – all in the interest of protecting plan members.
>
> **JOHN GRAHAM**, Technical Consultant, Pension Compliance and Tier 1 desk review team leader

FSCO has also strengthened its ability to collect market data on key monitoring factors such as plan solvency and investment policies. Changes to forms on the online portal serving pension plan administrators have made it easier for them to provide FSCO correct data more quickly.

FINDING SOLUTIONS TO PROTECT PLAN MEMBER INTERESTS

FSCO's extensive experience with and understanding of the pension sector puts it in a good position to help at-risk pension plans and those with structural or governance challenges. FSCO often works closely with the stakeholders of pension plans to find innovative solutions that protect the interests of plan beneficiaries.

In 2016-17, FSCO worked with key stakeholders to reach the end of a multi-year journey to the wind-up of the Nortel Networks pension plans following the company's bankruptcy. It also worked directly with stakeholders to complete the transfer of a single employer pension plan to a jointly sponsored pension plan – a first in Ontario.

PROVIDING INPUT ON PENSION POLICY

Through relationships with pension industry stakeholders, FSCO is in a unique position to provide balanced and informed input on policy and regulations that address member interests and keep the pension industry healthy.

FSCO works in partnership with the Ministry of Finance, undertaking research and analysis to provide recommendations to the Ontario government on policies in development. In fiscal 2016-17, key areas of focus included the review of the solvency funding framework, pension issues related to family law, and administration challenges with respect to plan beneficiaries who can't be located.

RESPONDING TO THE NEED FOR CHANGE

FSCO continued to make progress this year on commitments to strengthen its regulatory oversight in response to recommendations in the 2014 Annual Report of the Office of the Auditor General of Ontario (OAGO).

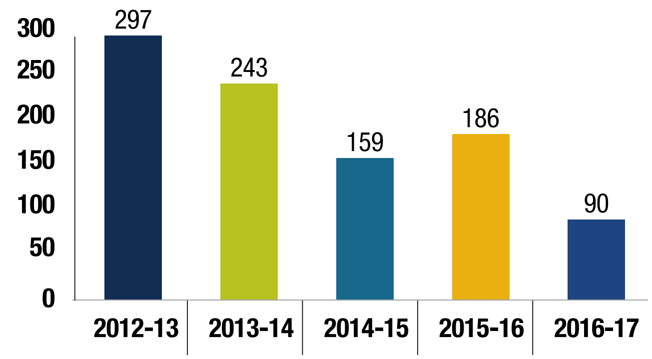
FSCO worked with the Ontario government to develop legislative and regulatory changes that allow the Superintendent of Financial Services to intervene as early as possible when a pension plan is facing challenging circumstances, to help reduce the risk of loss for pension plan beneficiaries.

> We really appreciate how FSCO applied resources and worked hard to review and ultimately approve the first transfer from a single employer pension plan to a jointly sponsored pension plan under Ontario's new and innovative transfer regulations. It was a great example of how collaboration and innovation can improve Ontario's pension landscape for the benefit of all.
>
> **DEREK DOBSON**, CEO of the Colleges of Applied Arts and Technology Pension Plan

In September 2016, the Ontario government proposed regulatory amendments allowing the Superintendent to appoint or act as the administrator of a pension plan in prescribed circumstances.

FSCO also undertook a research study to understand the key drivers affecting the funded status of Ontario's defined benefit pension plans. The review, the first of its kind in the world, looked at Ontario pension plan data from 1992 to 2014, which confirmed long-held industry assumptions that interest rates and investment returns are the most important drivers of pension plan solvency.

PENSION COMPLAINTS 2012-13 TO 2016-17



PENSION COMPLAINTS

Complaints to FSCO related to pension plan administration fell significantly from last year. This year's drop can be attributed in part to fewer instances where multiple complaints are made about the same issue. The overall downward trend in complaints over the last five years has been influenced by the 2014 transfer of financial hardship unlocking of pension plans to financial institutions, strengthened member and administrator communications, and fewer duplicate complaints by plan members.

PENSION BENEFITS GUARANTEE FUND

Established under the Pension Benefits Act, the Pension Benefits Guarantee Fund (PBGF) protects a minimum level of benefits for Ontario members and beneficiaries of most single employer defined benefit pension plans, should the plan sponsor become insolvent.

The PBGF is unique in Canada – Ontario is the only province that provides any type of financial guarantee for defined benefit pension plan members in the case of a plan sponsor's insolvency. Ontario pension plans with guaranteed benefits pay an assessment into the PBGF. The fund's total liability is limited to its assets, including any loans or grants received from the province.

PENSION BENEFITS GUARANTEE FUND CLAIMS PAID BY FSCO

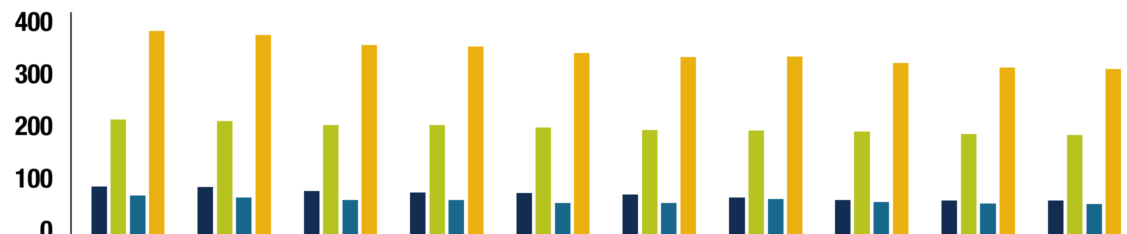
	2016-17	2015-16
Number of pension plan claims	10	17
Total amount paid	$30,522,000	$17,855,000

Insurance: enhancing oversight

People, businesses and other organizations spent $48.1 billion on insurance in 2016 to help manage risk. FSCO regulates the insurance companies and individuals who provide protection for Ontarians and their belongings.

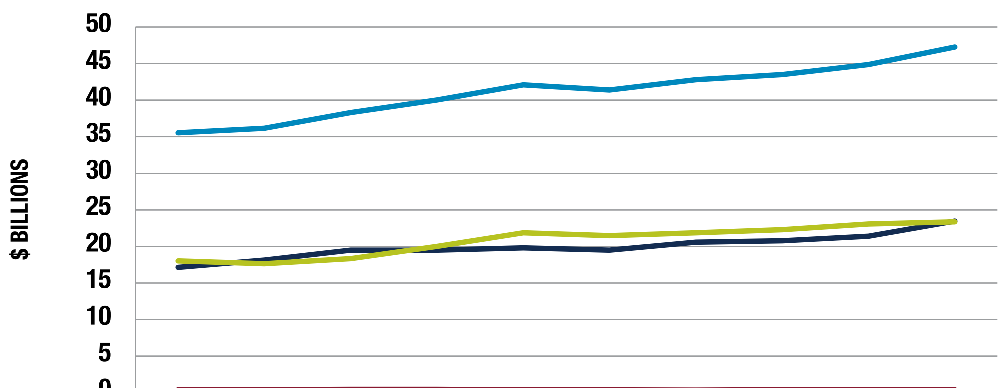
Its main focus is overseeing their conduct in the marketplace, but FSCO also regulates the solvency and financial soundness of a small number of insurers incorporated or formed under Ontario legislation.

INSURANCE COMPANIES IN ONTARIO 2008-2017, AS AT MARCH 31



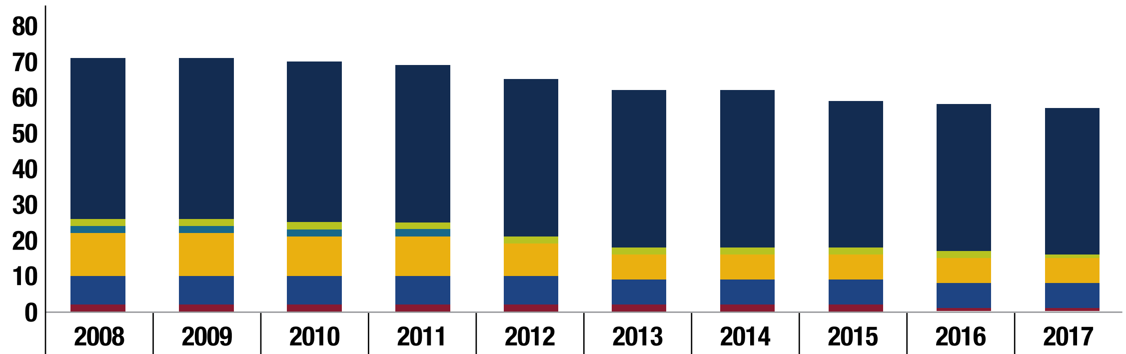
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Life	94	93	85	82	81	78	72	68	67	67
Property and casualty	222	219	212	212	207	202	201	199	194	192
Other	76	72	68	68	62	62	70	64	61	60
TOTAL	392	384	365	362	350	342	343	331	322	319

DIRECT WRITTEN INSURANCE PREMIUMS IN ONTARIO, 2007-2016



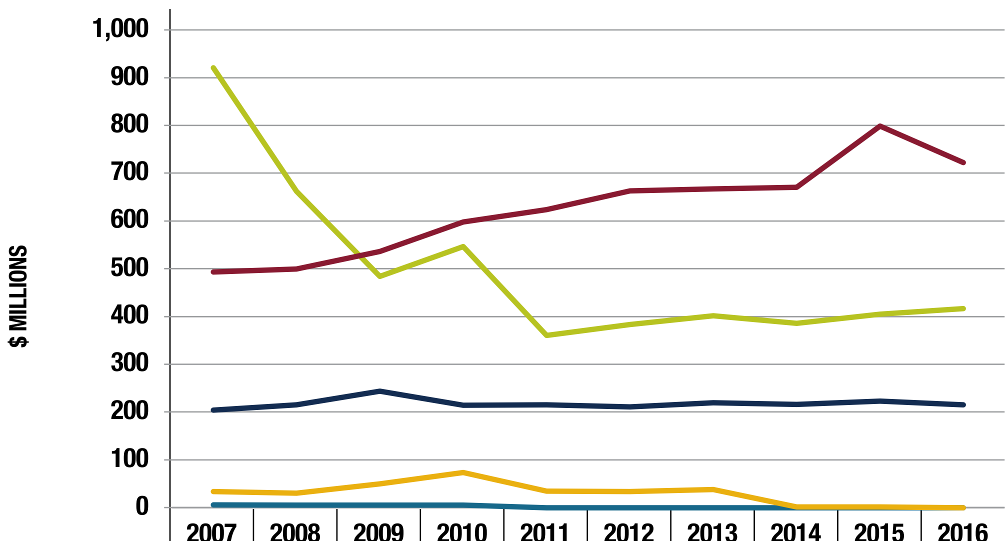
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Life	17.1	18.1	19.5	19.5	19.8	19.5	20.6	20.8	21.4	23.5
Property and casualty	18	17.6	18.3	20	21.9	21.5	21.9	22.3	23.1	23.4
Other	0.4	0.4	0.5	0.5	0.38	0.37	0.32	0.4	0.4	0.4
TOTAL	35.5	36.1	38.3	40	42.1	41.4	42.8	43.5	44.9	47.3

INSURERS INCORPORATED OR FORMED UNDER ONTARIO LAW 2008-2017 AS AT MARCH 31



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Farm mutuals	45	45	45	44	44	44	44	41	41	41
Fraternals	2	2	2	2	2	2	2	2	2	1
Life	2	2	2	2	0	0	0	0	0	0
Property and casualty	12	12	11	11	9	7	7	7	7	7
Reciprocals	8	8	8	8	8	7	7	7	7	7
Reinsurers	2	2	2	2	2	2	2	2	1	1

INSURERS INCORPORATED OR FORMED UNDER ONTARIO LAW DIRECT WRITTEN INSURANCE PREMIUMS 2007-2016



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Reciprocals	205	215	243	214	215	211	219	216	222	215
Property and casualty	920	662	485	547	361	384	402	386	406	417
Life	5	4	4	4	0	0	0	0	0	0
Fraternals	33	30	49	72	34	33	37	2	2	0
Farm mutuals	494	500	537	599	624	663	667	671	798	722

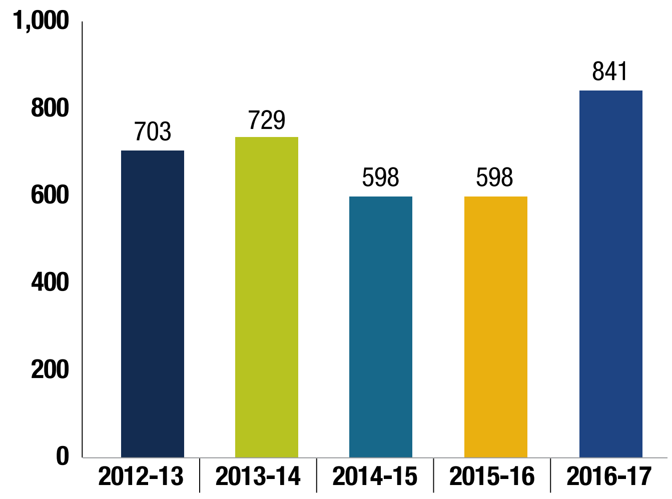
LIFE AND HEALTH INSURANCE: EXPANDING PROACTIVE SUPERVISION

FSCO oversees about 44,000 agents who sell life and health insurance products and services, supervising their conduct and how they treat consumers.

> We take a holistic approach to life and health insurance agent supervision. Compliance with the law matters – it's FSCO's key line of defence to protect the rights of consumers.
>
> **IZABEL SCOVINO**, Director
> Market Regulation Branch

Over the last few years, FSCO has made a concerted effort to expand its approach to proactive supervision in the insurance sector. Since releasing the results of a survey of life insurance agents that identified issues related to how they determined which life insurance products were suitable for their clients, FSCO has conducted 414 agent examinations, including 200 in fiscal 2016-17. It also initiated examinations of life insurance companies to assess how they meet their oversight obligations for the agents representing them.

INSURANCE COMPLAINTS 2012-13 TO 2016-17



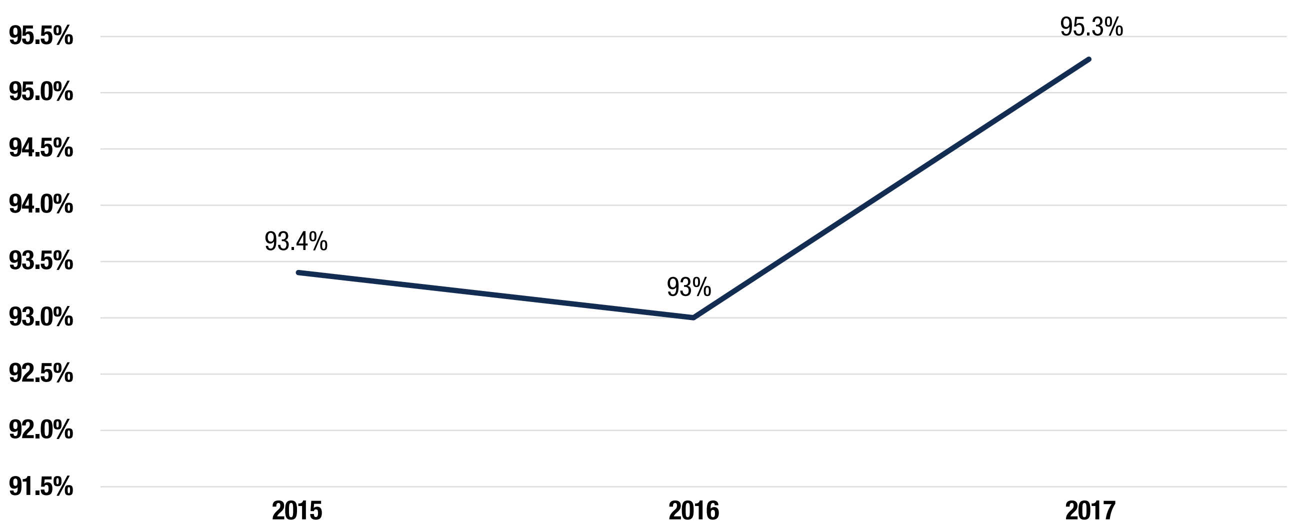
STRENGTHENING OVERSIGHT OF LIFE INSURANCE AGENTS

This year, FSCO focused on strengthening its ability to monitor life and accident and sickness insurance agent compliance. This work addressed issues identified in the 2014 Report of the Office of the Auditor General of Ontario.

In December 2016, FSCO introduced a new requirement for agents to provide the names of every insurance company they represent each time they renew their licence or update their Errors & Omissions (E&O) information. Life insurance companies can access this information, giving them another tool to meet their obligations to monitor agents acting on their behalf.

Agents can now provide the required updates through FSCO's Licensing Link online portal, and insurers can download information from the portal about individual agents conducting business on their behalf. These changes have placed more onus on insurance companies to effectively monitor the agents selling their products.

INSURANCE AGENT ERRORS AND OMISSIONS COMPLIANCE RATES 2015-2017 AS AT MARCH 31



LICENSING ACTIVITY	2016-17	2015-16
Individuals		
New Licences Issued		
Life Insurance Agents	5,852	6,444
General Insurance Agents	1,544	1,221
Accident and Sickness Insurance Agents	575	569
Insurance Adjusters	197	138
Licences Renewed		
Life Insurance Agents	20,568	14,688
General Insurance Agents	3,089	2,904
Accident and Sickness Insurance Agents	351	341
Insurance Adjusters	1,399	1,468
Corporations		
New Licences Issued		
Life and General Insurance Agencies	724	497
Corporate Insurance Adjusters	9	2
Insurance Companies	6	3
Licences Renewed		
Life and General Insurance Agencies	2,574	1,992
Corporate Insurance Adjusters	104	115

ENFORCEMENT ACTIONS	2016-17	2015-16
Insurance Agents		
Licence Refusals	12	17
Licences Revoked	8	16
Licences Suspended	4	8
Letters of Caution	3	1
Letters of Warning	18	18
Compliance Order	4	2
Administrative Monetary Penalties (AMP)		
Total AMP Orders Issued	15	54
Total AMP Amount Ordered	$47,872	$68,467
Corporate Insurance Agencies		
Administrative Monetary Penalties		
Total AMP Orders Issued	3	1
Total AMP Amount Ordered	$7,967	$2,250
Automobile Insurance Companies		
Letters of Warning	4	-
Administrative Monetary Penalties		
Total AMP Orders Issued	9	1
Total AMP Amount Ordered	$260,000	$19,000
Other Insurance Companies		
Administrative Monetary Penalties		
Total AMP Orders Issued	3	-
Total AMP Amount Ordered	$23,354	-

ENABLING FARM MUTUALS TO SUPPORT RURAL COMMUNITIES

Ontario is home to a unique mutual insurance system known as "farm mutuals" – community-based property and casualty insurers owned by their policyholders that generally offer their services in rural areas of the province.

The province's 41 farm mutuals operate as a system. They participate in the Fire Mutuals Guarantee Fund, which offers 100 per cent protection to farm mutual policy holders for unearned premiums and claims should any farm mutual become insolvent. The fund bears the cost of any farm mutual insolvency, and as such monitors the financial position of each member to help prevent insolvencies. Farm mutuals also share a common reinsurance company, known as the Farm Mutual Re, which meets all their reinsurance needs.

FSCO works closely with the three pillars of the farm mutual system in Ontario – the farm mutual industry association (Ontario Mutual Insurance Association, or OMIA), Farm Mutual Re, and the trustees of the Guarantee Fund – to ensure the health of their industry and the integrity of the farm mutual system. This allows consumers in the rural communities where these companies operate to continue to have reliable access to the insurance products they need.

In 2016, FSCO was a member of an advisory committee responsible for reviewing the agreements that form the basis of the farm mutual system in Ontario, with a view to ensuring the agreements continue to support a sustainable farm mutual system.

Health service providers: building a culture of compliance

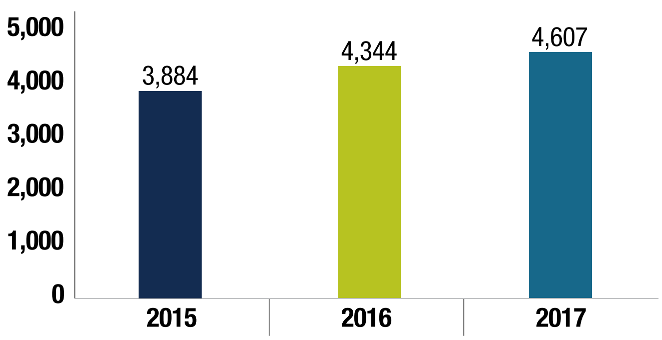
In response to increasing auto insurance claims costs due to fraudulent activity in the sector, in December 2014, FSCO began licensing service providers who bill auto insurers directly for medical and rehabilitation services they provide to injured auto accident benefit claimants, and regulating the billing practices related to those services.

FSCO recognizes that entities in newly regulated industries face a learning curve, and require time and support to understand and adopt new compliance requirements. That's why it continues to engage and educate the 4,600 licensed providers it oversees to help build awareness and ensure they understand their business and billing practice obligations under the law. In 2016-17, FSCO also increased its focus on enforcement to improve compliance. Overall compliance rates doubled to 33 per cent in 2016-17 from 15 per cent in 2015-16.

EDUCATION

FSCO continues to work with both service providers and stakeholder groups to increase awareness and understanding of service provider compliance responsibilities. It strengthened transparency and raised awareness of key compliance concerns among sector stakeholders by publishing reports based on the results of on-site examinations and Annual Information Returns. FSCO also sent several newsletters by email to all registered service providers to share information about the importance of compliance and consequences of non-compliance.

NUMBER OF HEALTH SERVICE PROVIDERS LICENSED BY FSCO 2015-2017 AS AT MARCH 31



HEALTH SERVICE PROVIDER LICENSING ACTIVITY

	2016-17	2015-16
Individuals		
New Licences Issued		
Service Providers, Sole Proprietors	168	274
Corporations		
New Licences Issued		
Service Providers, Corporations	275	339
Service Providers, Partnerships	23	22

FSCO staff are attending meetings with various health service associations to build relationships, better understand the health service sector, and ensure service providers are clear on FSCO's compliance expectations. FSCO will also soon hold its first Market Conduct Symposium for the service provider sector to share compliance expectations and information about increased enforcement activity.

COMPLIANCE

FSCO undertook 200 on-site service provider examinations in 2016-17 and introduced re-

"We recognize that patient care is paramount for health service providers. We're working with them as they get more used to their added regulatory requirements."

ESAU HABIBULLA, Senior Compliance Officer

HEALTH SERVICE PROVIDER ENFORCEMENT ACTIVITY

TYPE	2016-17	2015-16
Licence refusal	1	6
Licence revocations	45	12
Licence suspensions	17	-
Letters of warning	3	-
Administrative monetary penalties		
Orders issued	4	-
Amount ordered	$31,685	-

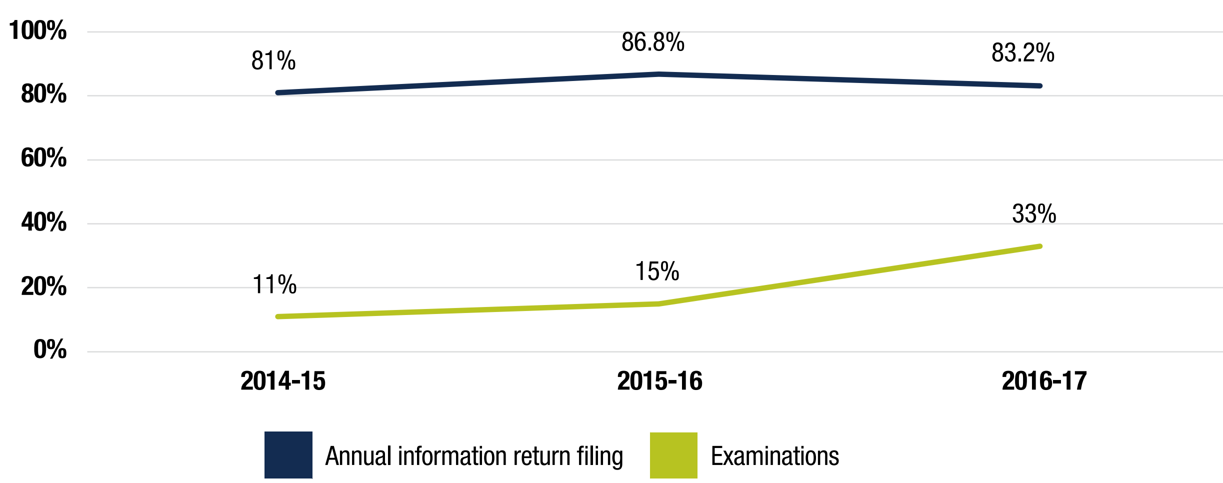
examinations after 90 calendar days for service providers with examination findings of non-compliance. This strategy has proven effective: of the 51 re-examinations conducted in 2016-17, 100 percent of service providers were in compliance by the re-examination date. In the 2016-17 on-site examinations, the most significant reason for enforcement action was due to inappropriate business or billing practices. Examples include Ontario claims forms not being signed by the regulated health care provider and/or the patient, not having written or established policies and procedures in place for billing and business practices, and not communicating business changes to FSCO in a timely manner as required by law.Going forward, FSCO will keep working to build a culture of compliance in the service provider sector, and strengthen its focus on enforcement.

COMPLAINTS

As awareness increases of service providers' obligations under the law, consumers, insurers and other organizations have used FSCO's complaint process to ensure compliance. Complaints against service providers rose significantly in 2016-17 to 45, up from 7 in 2015-16.

The majority of complaints (23) received in 2016-17 were made by insurers. The single largest cause of service provider complaints (63%) related to being billed for services that were not provided.

HEALTH SERVICE PROVIDER COMPLIANCE RATES 2014-15 TO 2016-17



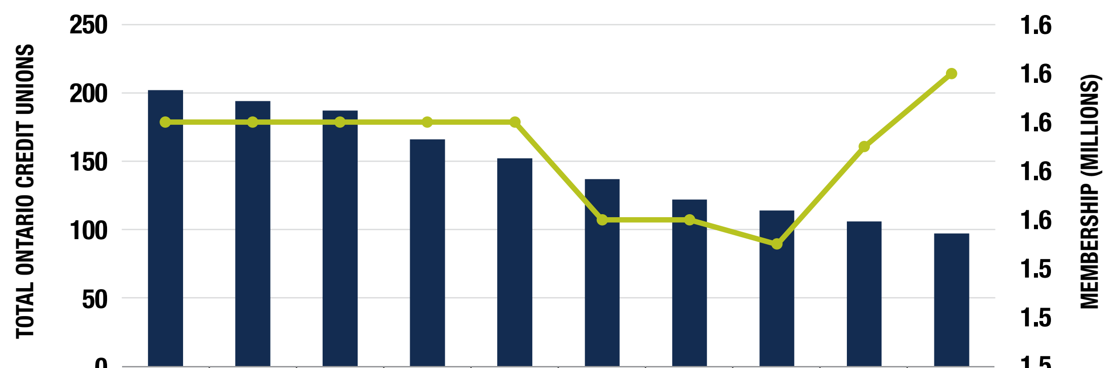
Credit unions and caisses populaires: modernizing regulation

Credit unions and caisses populaires are important in Ontario's financial services sector. They play a vital role in providing deposit-taking services and making loan arrangements for members. They are often community-focused, in some cases providing financial services in communities where no other financial service providers exist.

FSCO works with the Deposit Insurance Corporation of Ontario (DICO) to regulate the sector. FSCO is responsible for regulatory enforcement of the market conduct provisions in the Credit Unions and Caisses Populaires Act, 1994 (CUCPA), including those related to consumer protection and governance. FSCO is also responsible for incorporating credit unions and reviewing offering statements.

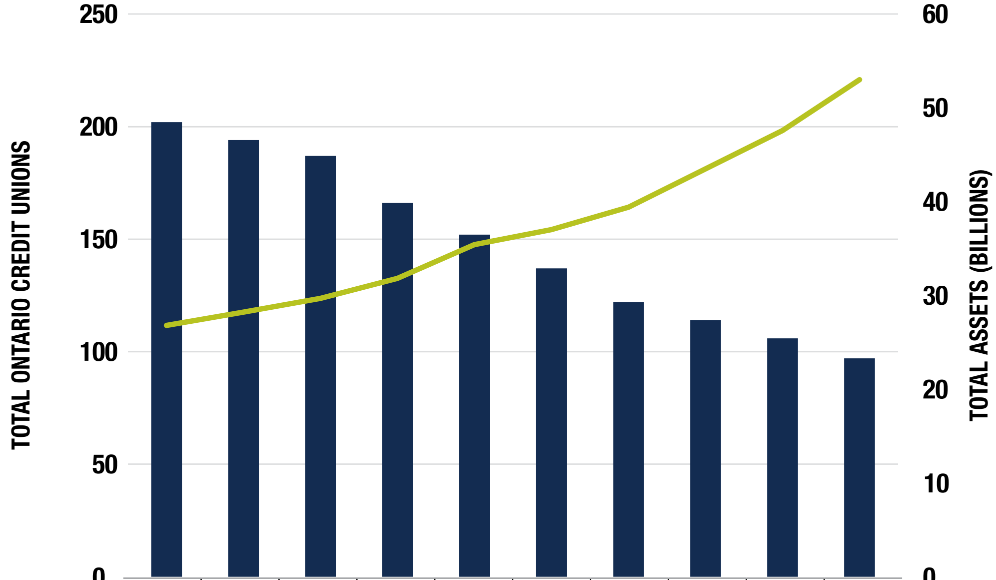
Mergers and acquisitions have led to consolidation in this sector, resulting in fewer credit unions that are, in general, larger and more complex institutions. In the last five years, the market has also changed significantly. Credit unions face continued low interest rates, changing consumer technology needs, an aging membership base, more stringent regulatory requirements following the 2008 financial crisis, and aggressive competition from other financial institutions.

ONTARIO CREDIT UNIONS AND CAISSES POPULAIRES: MEMBERSHIP 2008-2017, AS AT MARCH 31



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ontario credit unions and caisses populaires	202	194	187	166	152	137	122	114	106	97
Membership (millions)	1.6	1.6	1.6	1.6	1.6	1.56	1.56	1.55	1.59	1.62

ONTARIO CREDIT UNIONS AND CAISSES POPULAIRES AND TOTAL ASSETS 2008-2017 AS AT MARCH 31



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ontario credit unions and caisses populaires	202	194	187	166	152	137	122	114	106	97
Total assets (billions)	26.8	28.2	29.7	31.8	35.4	37.0	39.4	43.5	47.6	53.0

CREDIT UNION AND CAISSE POPULAIRE ASSETS UNDER MANAGEMENT

MEASURE	AS OF MARCH 31, 2017	AS OF MARCH 31, 2016
Institutions with assets over $50 million		
Number	67	72
Assets	$52.2 billion	$46.8 billion
Membership	1,563,385	1,531,045
Institutions with assets under $50 million		
Number	30	34
Assets	$747 million	$853 million
Membership	54,344	68,427
All institutions		
Number	97	106
Assets	$53.0 billion	$47.6 billion
Membership	1,617,729	1,599,472

The November 2015 report of the review of the CUCPA recognized the challenges facing credit unions today. It acknowledged the sector's need for a stronger regulatory framework to protect consumers and enable credit unions and caisses populaires to continue to meet the needs of their members.

FSCO provided input during the course of the review and advocated for a more robust consumer protection framework in the credit union sector, as well as increased business opportunities for credit unions.

CREDIT UNIONS VS CAISSES POPULAIRES AS OF MARCH 31, 2017

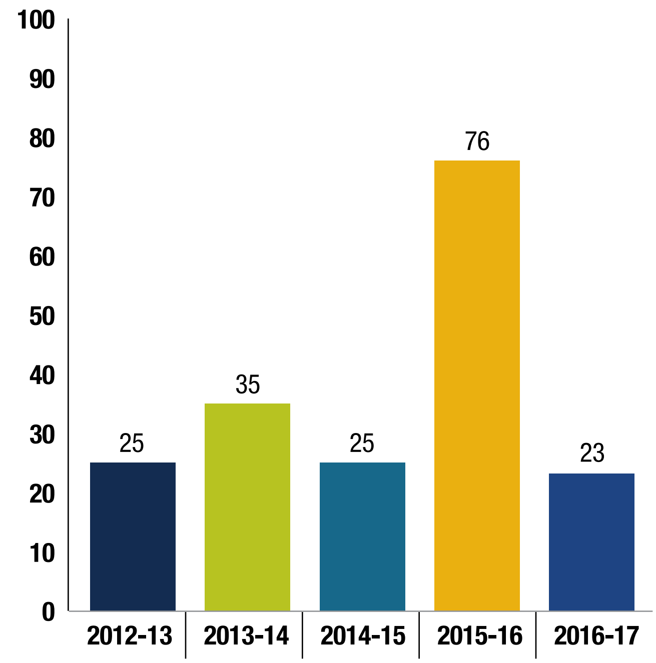
	NUMBER	ASSETS UNDER MANAGEMENT ($ BILLIONS)
Credit unions	73	$46.0
Caisses populaires	24	$7.0

FSCO and DICO continue to support the Ministry of Finance with the implementation of recommendations from the review. As a result of this collaborative work, a number of amendments to regulations under the CUCPA will come into effect on January 1, 2018. These amendments will help ensure the sector's ability to compete in the financial services marketplace and serve their members. FSCO is working with the government to implement these amendments.

CREDIT UNION AND CAISSES POPULAIRES ENFORCEMENT ACTIONS

CREDIT UNIONS/CAISSES POPULAIRES	2016-17	2015-16
Letters of caution	-	1
Letters of warning	2	42

CREDIT UNIONS AND CAISSES POPULAIRES COMPLAINTS 2012-13 TO 2016-17



Co-operatives: enhancing transparency

Co-operative corporations are a unique part of Ontario's marketplace. Run by their members and funded by either the government or members, they support the communities in which they operate. FSCO registers organizations conducting business as co-operative corporations in the province – the first step required to enable them to raise capital from members.

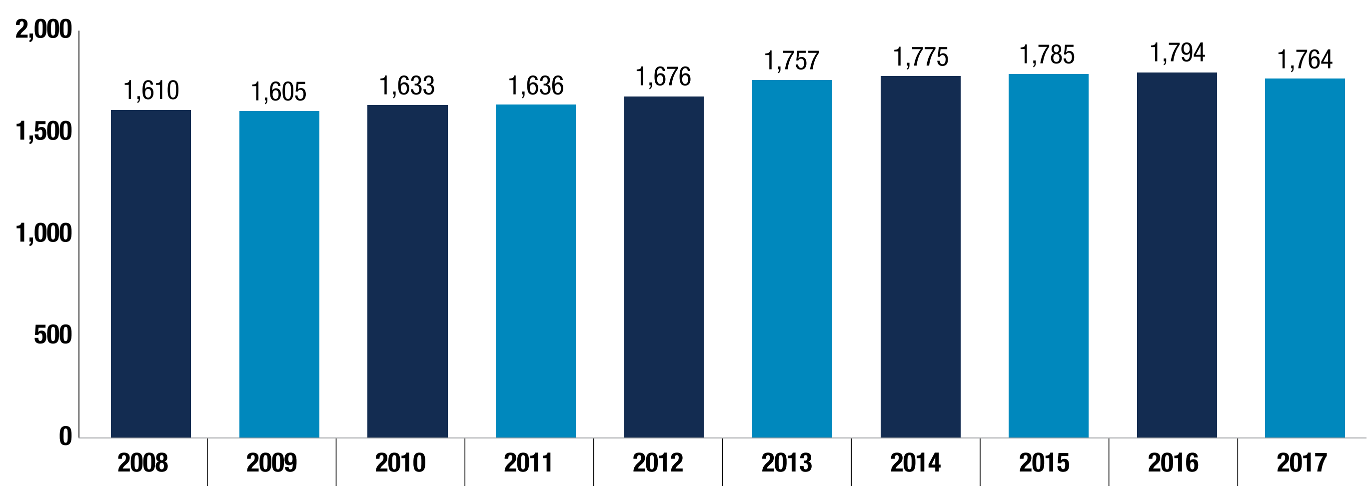
Co-operatives with more than 35 members or investors must file an offering statement with FSCO, and obtain a receipt from the Superintendent of Financial Services to be able to sell the offered securities. Any potential investor must receive a copy of the receipted offering statement before their share purchase can be completed.

To increase transparency and enhance consumer access to information, FSCO began posting basic information from all receipted co-operative offering statements on its website on July 1, 2016. These postings do not relieve co-operatives of their responsibility to make receipted offering statements available for inspection upon request. This change follows a recommendation in the 2014 Report of the Office of the Auditor General of Ontario.

CO-OPERATIVE LICENSING ACTIVITY

ACTIVITY	2016-17	2015-16
Offering statements	22	22
Amendments relating to incorporation	12	9
Dissolution/cancellations	53	15
Amalgamation	0	1

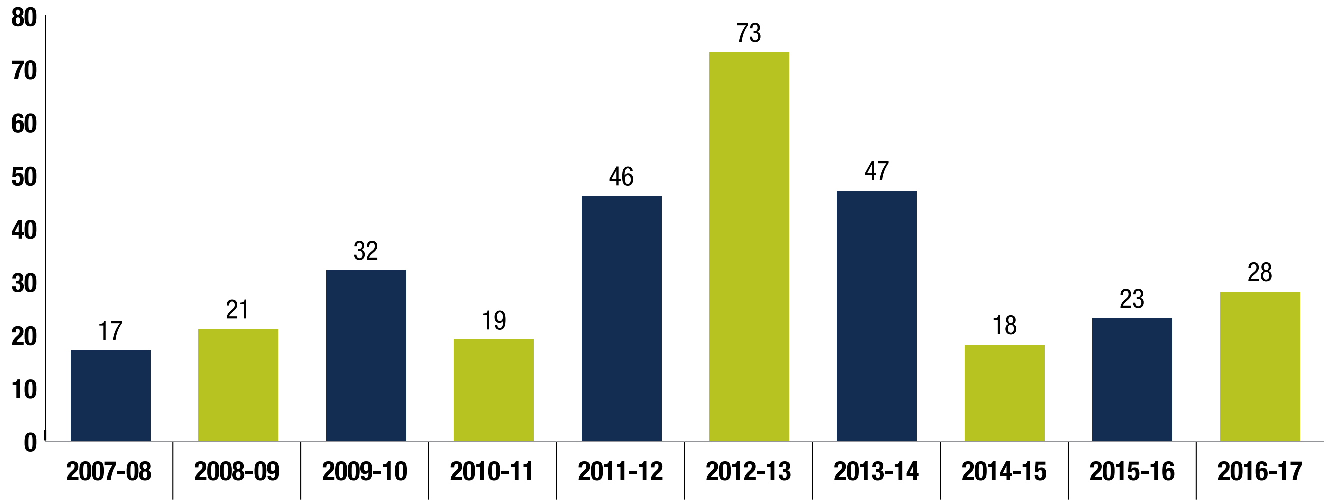
CO-OPERATIVES REGISTERED IN ONTARIO 2008-2017 AS AT MARCH 31*



*Includes both active and inactive co-operatives registered with FSCO

In 2016, FSCO also published a report on the results of its 2015 Mandatory Information Return for Co-operatives, which revealed that only 50 per cent of the co-operatives in FSCO's registry were active and in operation. FSCO has updated data in its registry as well as the status of each co-operative that completed the return.

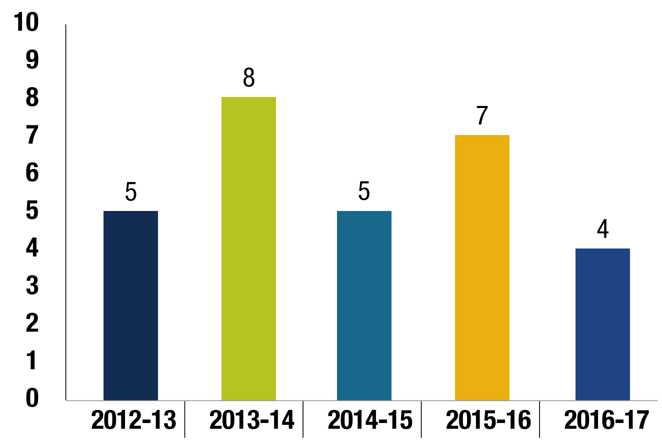
NEW ONTARIO CO-OPERATIVE INCORPORATIONS 2007-08 TO 2016-17



STREAMLINING REGULATORY RESPONSIBILITIES FOR CO-OPERATIVES

The expert advisory panel that reviewed FSCO's mandate recommended the elimination of overlapping responsibilities for the regulation and oversight of co-operative corporations. FSCO supports these recommendations, and is providing input to the Ministry of Finance as it considers how to implement them.

CO-OPERATIVE COMPLAINTS 2012-13 TO 2016-17



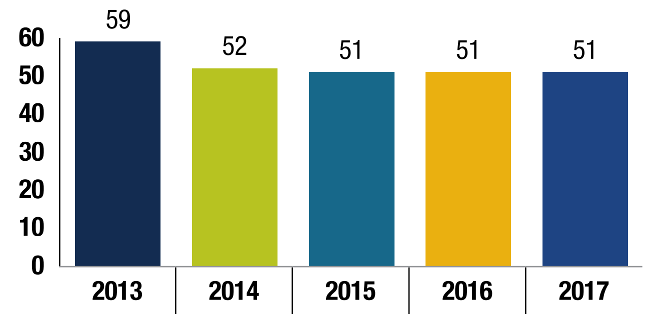
Loan and trust companies: focus on registration

Loan and trust companies operating in Ontario either serve unique or niche markets, such as providing transfer agency and share registration services, or are subsidiaries of banks supporting trust activities related to savings or accumulation accounts registered with the Canada Revenue Agency.

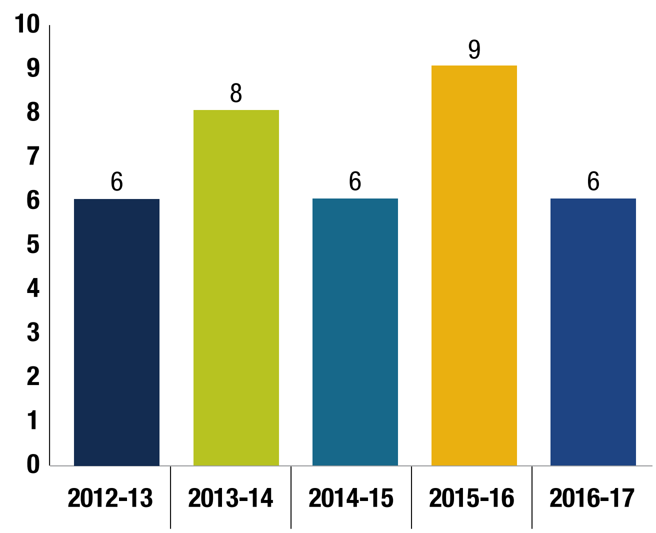
FSCO's role in the regulation of loan and trust companies is limited to registering companies operating in the province, and taking actions against unlicensed deposit-takers.

As at March 31, 2017, there were 51 federally-incorporated loan and trust companies registered to operate in Ontario, the same as a year earlier, but lower than the high of 59 in 2013. Mergers and acquisitions in the financial services sector have led to a decline in Ontario-registered loan and trust companies.

LOAN AND TRUST COMPANIES REGISTERED WITH FSCO 2013-2017, AS AT MARCH 31



LOAN AND TRUST COMPANY COMPLAINTS 2012-13 TO 2016-17



Upgrading technology to support consumers and industry

As technology evolves, organizations periodically update their systems to improve operational performance and strengthen information security. FSCO began developing a strategy in 2014 to implement common, integrated processes across the organization, supported by updated technology. The objective was to build a flexible approach that would meet the evolving needs of a modern financial services regulator while simplifying interactions with consumers and those we regulate.

FSCO developed a conceptual “blueprint” to help define what the structure, processes and operations of this future organization would look like. FSCO also developed a plan, known as the Enterprise Development Program (EDP), to update the organization’s technology to support this blueprint.

Today, FSCO relies on many different customized technology systems, making them expensive to maintain. The EDP would ultimately replace these older systems with a new, user-friendly common online platform for consumers, regulated entities and FSCO staff.

In 2016-17, FSCO began work to document its technology requirements in a new system. However, in December 2016, the government passed enabling legislation to create a new regulator, the Financial Services Regulatory Authority (FSRA). Accordingly, the Ministry of Finance decided to delay major information technology capital investment for FSCO systems until the FSRA Board is appointed. In the meantime, FSCO continues to maintain our current technology systems, ensuring we can continue protecting the interests of consumers and pension plan members.

FSCO on the national stage

In today's global environment, financial services are more interconnected, crossing jurisdictional and virtual boundaries. Canada's provincial and federal governments are committed to a modern, open and competitive Canadian economy, and work in partnership to reduce barriers to trade, investment and worker mobility. As part of those efforts, FSCO acts as a key player at many national tables, leading and supporting policy initiatives to protect consumers and pension plan beneficiaries in Ontario and increase confidence in the regulated sectors.

THE BENEFITS OF NATIONAL COORDINATION

FSCO actively promotes a coordinated national approach to regulatory issues, which contributes to positive outcomes for Ontario's consumers and the industries it regulates:

- Consumers can expect a similar level of protection across jurisdictions;
- Entities can spend more time delivering services to consumers or pension plan beneficiaries and less time managing differences in the regulatory requirements in multiple jurisdictions;
- Consumers can benefit from increased market competition, new entrants and greater innovation; and
- Regulators can better identify emerging trends and strive to adopt best practices.

Through its national memberships, FSCO has been involved in a number of initiatives in 2016-17 that help support these outcomes.

FSCO'S NATIONAL MEMBERSHIPS

FSCO sits as a member of the following national organizations:

- Canadian Council of Insurance Regulators
- Canadian Insurance Services Regulatory Organization
- Mortgage Broker Regulators' Council of Canada
- Canadian Association of Pension Supervisory Authorities
- Canadian Automobile Insurance Rate Regulators
- General Insurance Statistical Agency
- Joint Forum of Financial Market Regulators

FSCO frequently serves as Chair or Vice-Chair of these groups, representing the province. In 2016-17, FSCO's CEO was Chair of GISA, and Vice-Chair of CAPSA, CCIR and MBRCC. FSCO also provides secretariat services to CAPSA, CCIR, MBRCC and GISA, which includes policy research; governance, project and operational support; and coordinating quarterly meetings.

HARMONIZATION OF CONSUMER PROTECTION

The Canadian Insurance Services Regulatory Organization (CISRO), with participation from FSCO, implemented the Life Licence Qualification Program (LLQP), an entry-level qualification program required for new life and accident and sickness insurance agents that ensures they are qualified and have the financial literacy to provide advice to consumers, in conjunction with other members of CISRO. The LLQP harmonized several different provincial educational standards into one common standard used across Canada. FSCO has worked with stakeholders over the last year to ensure course providers were prepared for program delivery and continues to evaluate the quality of the updated LLQP examinations.

FSCO also supported the work of the Mortgage Broker Regulators' Council of Canada (MBRCC) to launch a new online database that helps consumers, mortgage brokerages and regulators see if mortgage brokers have broken the rules that govern their profession. The database creates a single, comprehensive, publicly-available resource to see disciplinary actions taken against a broker by their provincial mortgage regulator and other Canadian regulators.

STREAMLINING MULTI-JURISDICTIONAL CHALLENGES

Multi-jurisdictional pension plans are a significant source of retirement income for Canadians. As Canada's largest pension regulator, FSCO led the development of the 2016 Agreement Respecting Multi-Jurisdictional Pension Plans through its membership in the Canadian Association of Pension Supervisory Authorities (CAPSA). As a result of this work, representatives of the governments of British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan signed the 2016 agreement, which came into effect on July 1, 2016 and replaces an earlier 2011 agreement. The new agreement helps streamline the administration of pension plans with members in multiple jurisdictions, enhancing the sustainability of these plans and the retirement security they provide to plan beneficiaries.

As a member of the Canadian Council of Insurance Regulators (CCIR), FSCO supported its efforts to develop the Framework for Cooperative Market Conduct Supervision in Canada. Through this framework, provincial regulators responsible for supervising insurer market conduct work together to conduct regulatory activities. For example, regulators from different provinces can now jointly conduct investigations into the actions of an insurer and share information about those investigations. The first coordinated activities took place in fiscal 2016-17.

The introduction of cooperative supervisory activities has allowed provincial regulators to share resources, information and results. This creates efficiencies, enables stronger oversight across jurisdictions, and leads to better consumer protection in the insurance marketplace.

SUPPORTING MARKET INNOVATION, COMPETITION AND NEW ENTRANTS

FSCO works to support innovation and competition in the markets it regulates as a way to provide consumers with options that meet their needs over time. It was an early supporter of electronic proof of auto insurance, approving an interim electronic insurance card for use for ridesharing in July 2016. It is working with the

CCIR on the approval and implementation of broader use of the electronic proof of insurance card for Ontario consumers. CCIR sought public input on its recommendations and continues to consult with industry and government.

IDENTIFYING EMERGING TRENDS AND ADOPTING BEST PRACTICES

Through its partnership within national regulatory associations, FSCO is working to identify emerging trends in the sectors it regulates and to align its regulatory efforts with best practice standards.

FSCO supported the efforts of the CCIR to develop and launch a new Annual Statement on Market Conduct, which applies to both the property and casualty and life and health insurance sectors. It requires insurers to file information related to their governance, practices and policies with respect to the fair treatment of consumers. Announced in February 2017, the statement was made available to insurers across all jurisdictions in late March 2017. Insurers have until May 1, 2017 to file a return. FSCO will use this information to better understand market practices, identify emerging risks and determine where to direct regulatory resources across the province.

FSCO also took a leadership role in best practice standards development through CAPSA. It supported the revision and modernization of CAPSA's Pension Plan Governance Guideline, its most-requested guideline. The objective was to help pension plan administrators maintain effective plan governance in the current market context. FSCO examined industry and regulatory developments, reviewed established international best practices, and worked with industry experts on pension plan governance. The revised guideline and related self-assessment questionnaire were released in December 2016.

FSCO has also been working with other jurisdictions through the Canadian Automobile Insurance Rate Regulators (CARR) to identify best practices related to insurance rate filing approvals and ways to harmonize them.

Update on FSCO projects

FSCO's three-year strategic plan guides its operations. Each year FSCO's Agency Business Plan outlines the organization's strategic direction and provides details about major initiatives planned or underway to help achieve its goals.

The table below lists the status of each project or initiative listed in FSCO's 2016-2019 Agency Business Plan as at March 31, 2017. This year, a number of projects have been placed on hold pending implementation decisions related to the establishment of the Financial Services Regulatory Authority.

FSCO often begins new projects and initiatives during a strategic business cycle that may not have been part of the initial Agency Business Plan. These projects typically arise in response to emerging issues or direction from government.

PROJECT NAME	STATUS	PROJECTED FISCAL YEAR OF COMPLETION
Long-Term Disability Insurance Requirement Project	On hold	TBC
Market Regulation Branch Operational and Supervisory Framework	In progress	2017-18
Auto Insurance Cost and Rate Reduction Strategy – 2015 Auto Insurance Reform	In progress	2017-18
Transition of Dispute Resolution Services to Licence Appeal Tribunal	Complete	n/a
Minor Injury Treatment Protocol Project Implementation	In progress	2018-19
Work with Stakeholders to Reduce Auto Insurance Fraud: Auto Insurance Anti-Fraud Task Force	Complete	n/a
Accessibility for Ontarians with Disabilities Act and Ontario Public Service Directive Implementation	In progress	2021
Implement Value For Money Audit Recommendations: Licensing and Market Conduct Division	Complete	n/a
Implement Value For Money Audit Recommendations: Pension Division	In progress	2017-18
Enterprise Business Architecture Project	On hold	TBC
Enterprise Development Program (Includes Replacement of ARCTICS)	On hold	TBC
Enterprise Resource Planning Project	On hold	TBC
Information Management Project Phase II	Complete	n/a
Risk-Based Regulation: Pension Division	In progress	2017-18
Strategic Human Capital Development Program	In progress	2017-18
CAPSA Multi-Lateral Agreement Implementation	In progress	2018-19
CAPSA Pooled Registered Pension Plans Framework	Complete	n/a
CAPSA Pension Plan Governance Review	Complete	n/a
CAPSA Longevity Risk Initiative	Complete	n/a
CCIR Market Conduct Co-operative Supervisory Framework Initiative	Complete	n/a
CCIR Property Insurance Review Initiative	In progress	2017-18
CCIR Segregated Funds Review Initiative	In progress	2017-18
CCIR Travel Insurance Review Initiative	In progress	2017-18
GISA Data Management Initiative	In progress	2017-18
GISA Service Provider Management Initiative	On hold	TBC
MBRCC Licensing Course Design and Delivery Standards	In progress	2019-20
MBRCC Disciplinary Information Database for Licensed Mortgage Brokers	Complete	n/a

Report of the Financial Services Tribunal

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

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

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

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

Appointments to the FST and the Financial Services Commission of Ontario are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

The FST is committed to providing an expert, impartial hearing process that is accessible, prompt and fair. It has established its own Rules of Practice and Procedure and issued Practice Directions to guide the conduct of its hearings. The Statutory Powers Procedure Act also governs proceedings.

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

During this time, the FST updated its rules of Practice and Procedure in response to minor

FINANCIAL SERVICES TRIBUNAL MEMBERS

NAME	POSITION	TENURE*	
Florence A. Holden	Chair (Acting)	August 8, 2014	September 5, 2017
Denis W. Boivin	Vice-Chair (Acting)	December 1, 2014	July 22, 2020
Ian McSweeney	Vice-Chair (Acting)	March 11, 2015	May 10, 2020
Paul Farley	Member	January 5, 2015	March 4, 2020
Patrick William Longhurst	Member	August 9, 2009	August 7, 2017
Julie Maciura	Member	November 2, 2016	November 1, 2018
Audrey Mak	Member	November 2, 2016	November 1, 2018
Jeffrey Richardson	Member	August 12, 2008	August 9, 2019
Mohammad Faisal Siddiqi	Member	March 1, 2017	February 28, 2019
John M. Solursh	Member	August 11, 2004	August 7, 2017
Jill Wagman	Member	December 17, 2013	December 16, 2018
Bethune Whiston	Member	December 17, 2013	December 16, 2018

**In current role*

FINANCIAL SERVICES TRIBUNAL SERVICE STANDARDS

TOTAL FISCAL YEAR (04/01/16 – 03/31/17)	# OF CASES / DECISIONS	TARGET # OF CASES	# THAT MET STANDARD	# THAT DID NOT MEET STANDARD	% THAT MET STANDARD
Letter to acknowledge hearing request (Standard = 5 days in 100% of cases)	49	49	48	1	98%
Confirm PHC date (Standard = 5 days in 100% of cases)	47	42	43	4	100%
Issue decision with reasons (Standard = 90 days in 90% of cases)	19	17	19	0	100%

amendments relating to the elimination of settlement conferences. It also created and published a data inventory in accordance with Ontario's Open Data Directive to improve transparency, accountability and openness.

The FST continues to recruit new adjudicators to ensure a roster of members who have experience in its allocated areas of responsibility, especially in light of the upcoming departures of several senior adjudicators.

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

The Financial Services Tribunal activities table below summarizes the FST's activities in 2016-17.

FINANCIAL SERVICES TRIBUNAL ACTIVITIES

Activity	Pension Matters (Excluding Financial Hardship)	Pension Matters (Financial Hardship)	Mortgage Matters	Insurance Matters	Credit Union Matters	Loan & Trust Matters	Total 2016–17	Total 2015–16
Cases Pending at Beginning of Year	2	-	19	6	-	-	27	54
New Cases Received	4	-	23	22	-	-	49	54
Files Closed	4	-	29	15	-	-	48	82
Cases Pending at End of Year	2	-	13	13	-	-	28	26
Oral Hearing Days	2	-	21	3	-	-	26	22
Written Hearings	-	-	6	2	-	-	8	2
Other Activity Days – Including: Pre-Hearing Conferences, Telephone Conferences, Settlement Conferences and Motions	3	-	49	20	-	-	72	98
Total Hearing (Oral and Written) and Activity Days before FST	5	-	76	25	-	-	106	122

Notes:

1. Table does not include FST quarterly meetings, days for deliberation or decision writing. Total member days were 362.5 for the period.
2. Numbers may reflect activity in respect of files opened prior to fiscal 2016-17.
3. Written hearings may relate to financial hardship matters, motions, requests for costs or requests for a review of a decision.

FINANCIAL STATEMENTS

Financial Services Commission of Ontario

Financial Services Commission of Ontario

Chief Executive Officer and
Superintendent of Financial Services

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Ontario

October 19, 2017

Management's Responsibility for Financial Information

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

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

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

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

Brian Mills
Chief Executive Officer and
Superintendent of Financial Services

Carolyn Hamilton
Director,
Corporate Services Branch

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Financial Services Commission of Ontario as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
October 19, 2017

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

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Financial Services Commission of Ontario

Statement of Financial Position
As at March 31, 2017

	MARCH 31, 2017	MARCH 31, 2016
	($ '000)	($ '000)
ASSETS		
Current		
Cash	1	1
Accounts receivable	37	1,532
Prepaid expenses	12	23
	50	1,556
Due from the Province (Note 7b)	37,049	39,747
Capital assets, net (Note 3)	8,947	9,458
	46,046	50,761
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	16,044	14,576
	16,044	14,576
Employee future benefits obligation (Note 7a)	5,067	9,244
Deferred revenue (Note 4)	15,093	16,892
Deferred lease inducements (Note 5)	426	591
Net assets		
Invested in capital assets	8,947	9,458
Internally restricted (Note 11)	469	-
	46,046	50,761

Commitment, significant contracts and contingencies (Note 9)

See accompanying notes to financial statements

Approved by

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

Financial Services Commission of Ontario

Statement of Operations
For the year ended March 31, 2017

	MARCH 31, 2017	MARCH 31, 2016
	($ '000)	($ '000)
Revenue (Note 6)		
Assessments	63,386	76,878
Fees, licences, registrations and other	15,272	16,379
	78,658	93,257
Expenses		
Salaries and wages	32,040	37,053
Employee benefits (Note 7a)	8,826	9,510
Transportation and communication	544	614
Services	41,842	47,653
Supplies and equipment	331	419
Amortization	1,639	2,872
Bad debt expense	134	68
	85,356	98,189
Less: Recoveries (Note 8)	5,096	4,025
	80,260	94,164
Deficiency of revenue over expenses from operations	(1,602)	(907)
Contribution by the province (Note 7b)	2,071	907
Excess of revenue over expenses (Note 11)	469	-

See accompanying notes to financial statements

Financial Services Commission of Ontario

Statement of Cash Flows
For the year ended March 31, 2017

	MARCH 31, 2017	MARCH 31, 2016
	($ '000)	($ '000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess of revenue over expenses	469	-
Items not affecting cash		
Amortization of capital assets	1,639	2,872
Amortization of deferred lease inducements	(165)	(379)
Employee future benefits (Note 7a)	(4,177)	(3,846)
Bad debt expense	134	68
Changes in non-cash working capital		
Accounts receivable	1,361	1,356
Prepaid expenses	11	16
Accounts payable and accrued liabilities	1,468	6,376
Due from the Province	2,698	(8,207)
Deferred revenue	(1,799)	3,792
Deferred lease inducement	-	824
	1,639	2,872
Cash flows from capital activity		
Purchase of capital assets	(1,128)	(213)
	(1,128)	(213)
Cash flows from financing activity		
Investment in capital assets by the Province	(511)	(2,659)
	(511)	(2,659)
Net change in cash position	-	-
Cash, beginning of year	1	1
Cash, end of year	1	1

See accompanying notes to financial statements

Financial Services Commission of Ontario

Statement of Changes in Net Assets
For the year ended March 31, 2017

	INVESTED IN CAPITAL ASSETS	INTERNALLY RESTRICTED	UNRESTRICTED NET ASSETS	MARCH 31, 2017 ($'000) TOTAL	MARCH 31, 2016 ($'000) TOTAL
Balance, beginning of year	**9,458**	**-**	**-**	**9,458**	**12,117**
Excess/(deficiency) or revenues over expenses	-	469	(2,071)	(1,602)	(907)
Contribution by the Province	-	-	2,071	2,071	907
Investment in capital assets	(511)	-	-	(511)	(2,659)
Balance, end of year	**8,947**	**469**	**-**	**9,416**	**9,458**

See accompanying notes to financial statements

Financial Services Commission of Ontario

Notes to the Financial Statements
March 31, 2017

1. OPERATIONS OF THE COMMISSION

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

2.SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by the management of the Commission in accordance with Public Sector Accounting Standards for government not-for-profit organizations (PSA-GNFPO) as issued by the Public Sector Accounting Board (PSAB). The significant accounting policies used to prepare these statements are summarized below.

(a) Capital Assets

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

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

(b) Revenue Recognition

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

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

(c) Financial Instruments

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

(d) Use of Estimates

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

3. CAPITAL ASSETS

	2017			2016
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	NET BOOK VALUE
	($'000)			
Custom developed software	15,141	10,505	4,636	5,795
Custom software under development	3,304	-	3,304	3,058
Leasehold improvements	7,352	7,249	103	131
Computer hardware	3,019	2,115	904	374
Office furniture and equipment	2,209	2,209	-	100
	31,025	**22,078**	**8,947**	**9,458**

4. DEFERRED REVENUE RELATED TO LICENCES AND REGISTRATION

Deferred revenue represents payments received for fees, licences and registrations that cover more than the current fiscal year. The deferred portion is recognized as revenue when the applicable future licence year occurs. The changes in the deferred revenue balances during fiscal 2016-17 are summarized as follows:

	BALANCE, BEGINNING OF YEAR	RECEIVED DURING YEAR	RECOGNIZED DURING YEAR	BALANCE, END OF YEAR
	($'000)			
Insurance Agents	4,046	4,767	4,301	4,512
Insurance Adjusters	23	122	121	24
Mortgage Brokers	8,344	2,733	5,164	5,913
Insurance Corporations	1,046	1,363	1,159	1,250
Health Service Providers	2,679	3,907	3,487	3,099
Other	754	707	1,166	295
	16,892	**13,599**	**15,398**	**15,093**

5. DEFERRED LEASE INDUCEMENTS

In April 2008, the Commission's office accommodation lease was extended from October 31, 2008 to October 31, 2015. The lease extension included a leasehold improvement allowance in the amount of $2.005 million for renovations in the first two years and no base rent payable in the amount of $0.64 million for the first 10 months of the lease extension. The Commission has utilized the entire allowance.

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

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

	2017 ($'000)	2016 ($'000)
Balance, begining of year	**756**	**311**
Add: New Lease Inducement		824
Less: Lease Inducements Amortization	(165)	(379)
Deferred Lease Inducements	591	756
Less: current portion	(165)	(165)
Balance, end of year	**426**	**591**

6. REVENUE

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

	2017 ($'000)	2016 ($'000)
Insurance Act		
Insurer assessment	47,975	60,285
Fees, licences and other	6,273	6,958
Health Service Provider fees and licenses	3,480	3,120
Pension Benefits Act		
Pension plan assessment	14,842	15,826
Registration fees and other	114	49
Credit Unions and Caisses Populaires Act		
Credit Union assessment	485	640
Fees and other	102	185
Loan and Trust Corporations Act		
Loan and Trust assessment	84	127
Fees, licences and registrations	7	2
Mortgage Brokerages, Lenders and Adminstrators Act		
Fees, licences, registrations and other	5,282	6,052
Co-operative Corporations Act		
Fees and other	14	13
	78,658	**93,257**

7. RELATED PARTY TRANSACTIONS

(a) Employee Benefits

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

i. Pension Benefits

The Commission's full-time employees participate in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU-PF), which are defined benefit pension plans for employees of the Province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF and a joint sponsor of the OPSEU-PF, determines the Commission's annual payments to the funds. Since the Commission is not a sponsor of these funds, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Commission, as the sponsors are responsible for ensuring that the pension funds are financially viable. The Commission's annual payments of $2.65 million (2016 - $3.22 million) are included in employee benefits in the Statement of Operations.

ii. Employee Future Benefits Obligation

Employee future benefits include accrued severance entitlements, unused vacation, additional severance for those employees expected to be declared surplus, and other future compensation entitlements earned. The total costs for the year for all termination benefits amount to $1.23 million (2016 - $1.26 million) and are included in employee benefits and salaries and wages in the Statement of Operations. During the year, the accrued employee future benefits obligation was reduced by $1.35 million (2016 - $1.93 million) due to a curtailment resulting from changes under the *Public Service Act of Ontario*. Prior to the curtailment, the decrease in the obligation was $2.26 million (2016 – increase of $0.02 million). The total liability for these costs is reflected in the employee future benefits obligation, less any amounts payable within one year, which are included in accounts payable and accrued liabilities, as follows:

	2017 ($'000)	2016 ($'000)
Total liability for employee future benefits	9,046	14,301
Less: Due within one year and included in accounts payable and accrued liabilities	(4,339)	(5,057)
Employee benefits obligation	**5,067**	**9,244**

The legislative severance portion of the employee future benefits obligation was calculated based on the following assumptions: discount rate of 2.55% (2016 - 2.7%); and estimated average years to retirement of 10.4 years (2016 – 10 years). Due to the curtailment of the plan during the year no assumption of wage and salary escalation was used (2016 – 0%). These assumptions are management's best estimates.

iii. Other Non-Pension Post-Employment Benefits

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

(b) Amounts due from the Province

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

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

DEFICIT BY SECTOR	2017	2016
	($'000)	($'000)
Mortgage Brokers sector	(1,742)	(272)
Co-op sector	(329)	(318)
Health Service Providers sector	-	(233)
Financial Hardship program	-	(84)
	(2,071)	**(907)**

SURPLUS BY SECTOR	2017	2016
	($'000)	($'000)
Health Service Providers sector	469	-
	469	**-**

(c) Other administrative expenses

The Ontario Ministry of Government Services absorbs the costs of certain administrative expenses. The Ministry of Finance has charged for other administrative costs including costs related to information technology and office accommodation, and the Ministry of Attorney General has charged for legal staff provided to the Commission based on the Ministry's actual costs. Total related party expenses were $15.22 million (2016 - $17.97 million).

8. RECOVERIES

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

	2017	2016
	($'000)	($'000)
Motor Vehicle Accident Claims Fund (Related Party)	2,547	1,767
Pension Benefits Guarantee Fund (Related Party)	577	597
General Insurance Statistical Agency	808	821
Canadian Association of Pension Supervisory Authorities	288	215
Canadian Council of Insurance Regulators	542	424
Mortgage Broker Regulators' Council of Canada	334	201
	5,096	**4,025**

9. COMMITMENT, SIGNIFICANT CONTRACTS AND CONTINGENCIES

(a) Office Accommodation Lease

In July 2014, the Commission's office accommodation lease was extended from October 31, 2015 to October 31, 2020 with two further options to extend the term for five years each and the one-time right to terminate up to 40,000 square feet on October 31, 2018. As a result the Commission is committed to minimum lease payments for office space as follows if it does not exercise its termination right:

	($'000)
2017/2018	5,211
2018/2019	5,265
2019/2020	5,341
2020/2021	3,116
	18,933

(b) Dispute Resolution Services

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

In August 2012, the Commission entered into a contract with an outside service provider for mediation and arbitration services related to disputes over auto insurance accident benefits. No files were assigned under this contract after May 2014. In June 2014, another contract was signed with the service provider for arbitration services until May 2018. The expenditures for the year for these contracts amount to $23.0 million (2016 - $26.8 million) which are included in services expenses and it is anticipated that annual cost will be $3.3 million in 2017-18. These costs are charged back to the insurance companies that utilize the services.

(c) Mandate Review

On March 3, 2015, the government announced an Expert Advisory Panel ("Panel") to conduct the review of the mandates of the Financial Services Commission of Ontario (FSCO), Financial Services Tribunal and the Deposit Insurance Corporation of Ontario. The Panel conducted a public consultation on the issues being examined and issued a Final Report on March 31, 2016, recommending the establishment of a new financial services regulator in Ontario. In December 2016, the government proclaimed into force legislation that will modernize and strengthen the regulation of financial services and pensions with the creation of the Financial Services Regulatory Authority (FSRA). In June 2017, the government announced the appointment of FSRA's first board of directors, who will oversee the management of FSRA's affairs as it builds its operational and regulatory capacity. The implementation of FSRA will be overseen by the Financial Services Regulatory Modernization Secretariat (FSRMS). The government expects to introduce legislative amendments regarding FSRA's mandate and governance structure by the end of 2017. FSCO is committed to assisting FSRMS and the government with the implementation of FSRA. The impact on the Commission cannot be assessed at this time.

(d) Contingencies

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

10. FINANCIAL INSTRUMENTS

Interest rate risk:

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

Currency risk:

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

Credit risk:

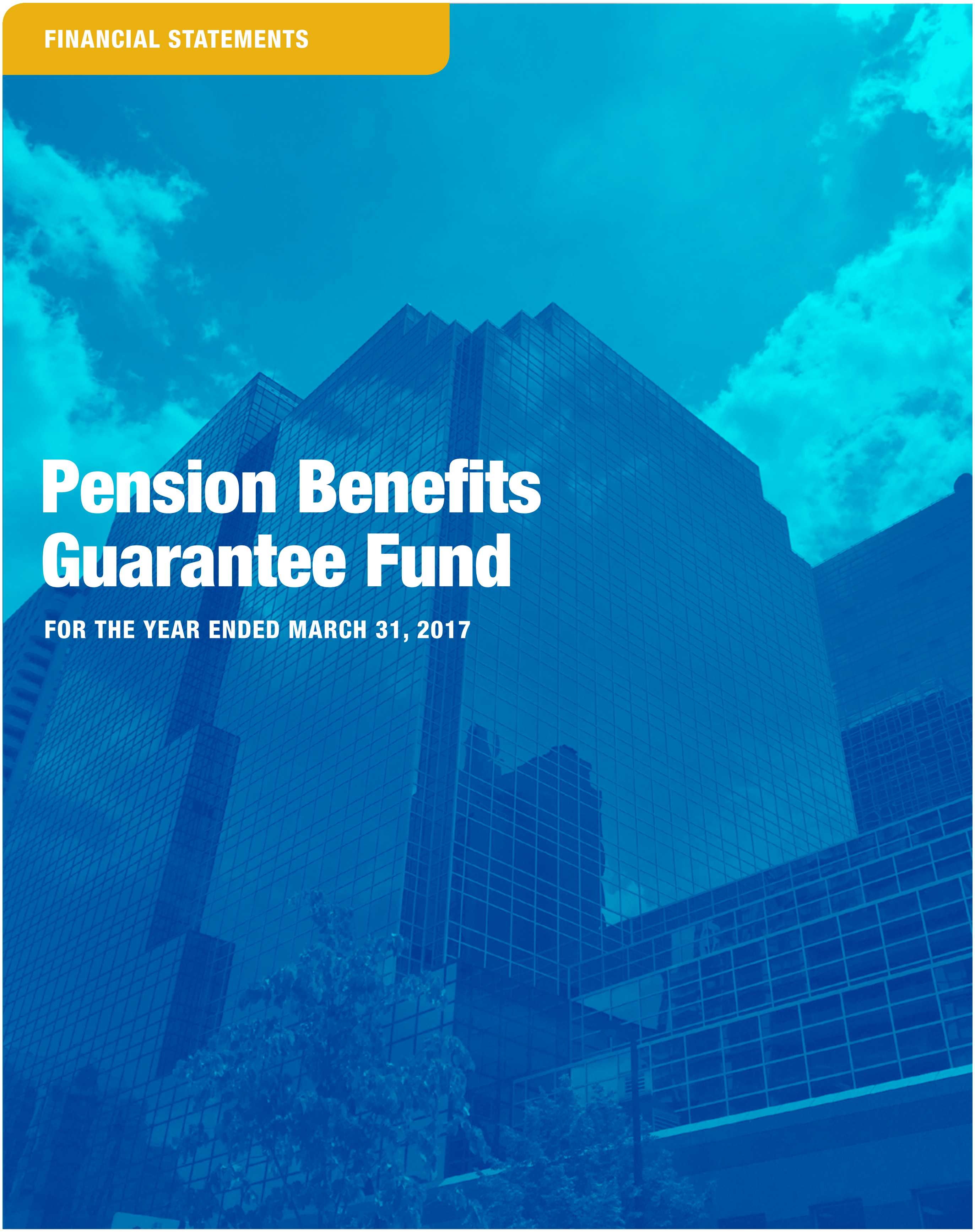
The Commission is exposed to low credit risk in its financial instruments from accounts receivable owing from industry due to high historical collection rates. Over 90% of the accounts receivables are current as they are less than 30 days old.

Liquidity risk:

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

11. INTERNALLY RESTRICTED NET ASSETS

The Commission internally restricted $0.47 million (2016- nil) surplus derived from Health service providers sector (Note 7b) to be used in the Health service providers sector in the future.



FINANCIAL STATEMENTS

Pension Benefits Guarantee Fund

FOR THE YEAR ENDED MARCH 31, 2017

Financial Services Commission of Ontario

Deputy Superintendent
Pension Division

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Ontario

June 29, 2017

Pension Benefits Guarantee Fund
Management's Responsibility for Financial Information

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

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

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

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

Lester J. Wong
Deputy Superintendent, Pensions

Kwan Lee, CPA, CA, MAcc
Chief Accountant

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Pension Benefits Guarantee Fund of the Financial Services Commission of Ontario, which comprise the statement of financial position as at March 31, 2017, and the statements of operations and fund surplus, cash flows and re-measurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission's Pension Benefits Guarantee Fund as at March 31, 2017, and the results of its operations, its cash flows and its re-measurement gains and losses for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
June 29, 2017

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

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Pension Benefits Guarantee Fund

Statement of Financial Position
As at March 31, 2017

	MARCH 31, 2017	MARCH 31, 2016
	($ '000)	($ '000)
ASSETS		
Current		
Accounts receivable	308,385	72,243
Investments (Note 4)	567,896	528,116
	876,281	600,359
LIABILITIES AND FUND SURPLUS		
Current		
Accounts payable and accrued liabilities	6,539	5,940
Current portion of loan payable to the Province (Note 5)	11,000	11,000
Claims payable	4,670	24,476
	22,209	41,416
Loan payable to the Province (Note 5)	112,674	117,216
	134,883	158,632
Fund surplus from operation	743,150	442,671
Accumulated remeasurement losses	(1,752)	(944)
Fund surplus	741,398	441,727
	876,281	**600,359**

See accompanying notes to financial statements

Approved by

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

Pension Benefits Guarantee Fund

Statement of Operations and Fund Surplus
For the year ended March 31, 2017

	2017	2016
	($ '000)	($ '000)
Revenue		
Premium revenue	70,510	70,944
Pension plan recoveries (Note 7)	245,311	16,534
Investment income (Note 4)	5,010	4,881
	320,831	92,359
Expenses		
Claims	10,717	8,491
Amortization of loan discount (Note 5)	6,458	6,676
Pension consulting services (Note 8)	2,416	5,446
Administration fee (Note 9)	577	597
Investment management fees (Note 9)	184	165
	20,352	21,375
Excess of revenue over expenses	300,479	70,984
Fund surplus, beginning of year	442,671	371,687
Fund surplus, end of year	743,150	442,671

See accompanying notes to financial statements

Pension Benefits Guarantee Fund

Statement of Cash Flows
For the year ended March 31, 2017

	MARCH 31, 2017	MARCH 31, 2016
	($ '000)	($ '000)
Net inflow (outflow) of cash related to the following activities		
Cash flows from operating activities		
Excess of revenue over expenses	300,479	70,984
Items not affecting cash		
Amortization of loan discount (Note 5)	6,458	6,676
Losses on disposal of investments	989	333
	307,926	77,993
Changes in non cash working capital		
Accounts receivable	(236,142)	(10,229)
Claims payable	(19,806)	(9,364)
Accounts payable and accrued liabilities	599	1,491
	52,577	59,891
Cash flows from investing activities		
Purchases of investments	(2,603,550)	(2,973,205)
Proceeds from sale of investments	2,561,973	2,924,437
	(41,577)	(48,768)
Cash flows from financing activities		
Loan repayments	(11,000)	(11,000)
	(11,000)	(11,000)
Change in cash position	-	123
Cash (overdraft) position, beginning of year	-	(123)
Cash position, end of year	-	-

See accompanying notes to financial statements

Pension Benefits Guarantee Fund

Statement of Re-measurement Gains and Losses
For the year ended March 31, 2017

	MARCH 31, 2017	MARCH 31, 2016
	($ '000)	($ '000)
Accumulated re-measurement gains (losses), beginning of year	(944)	143
Unrealized losses attributed to portfolio investments	(1,797)	(1,420)
Realized losses reclassified to the statement of operations	989	333
Accumulated re-measurement losses, end of year	(1,752)	(944)

See accompanying notes to financial statements

Pension Benefits Guarantee Fund

Notes to the Financial Statements
March 31, 2017

1. STATUTORY AUTHORITY

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

2. FUND OPERATIONS

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Financial Instruments

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

- Cash and investments are recorded at fair value, with changes in fair value during the period recognized in the statement of re-measurement gains and losses until realized. Fair value is determined from quoted prices for similar investments.

- Accounts receivable, account payable and accrued liabilities are valued at cost which approximate fair value given their short term maturities.

- The non-interest bearing loan payable is reflected at amortized cost using the effective interest rate method due to the concessionary nature of the loan. The initial valuation was determined by discounting future cash flows using the provincial cost of borrowing. The resulting benefit (the difference between the face value of the loan and the net present value) was accounted for as a grant in the year received and is amortized to loan discount expense over the term of the loan.

(b) Claims Payable

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

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

(c) Premium Revenue

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

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

	2017	2016
	($'000)	($'000)
Estimated revenue	64,000	61,300
Actual revenue related to current and prior years received in current year	67,810	69,144
Less: prior year's estimated revenue	(61,300)	(59,500)
	70,510	**70,944**

(d) Use of Estimates

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

4. INVESTMENTS

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

Investments consist of:

	2017 ($'000)		2016 ($'000)	
	FAIR VALUE	COST	FAIR VALUE	COST
Discounted notes	338,945	338,945	291,607	291,607
Government bonds	228,951	230,703	236,509	237,453
	567,896	**569,648**	**528,116**	**529,060**

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

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

The market value sensitivity of the Money Market Portfolio at the end of the last quarter was $0.94M for a 1.00% change in rates. The market value sensitivity of the Government Bond Laddered Portfolio at the end of the last quarter was $0.81M for a 1.00% change in rates.

Discounted notes with maturities between April 2017 and June 2017 have yields in the range of 0.513% to 0.900% (2016 – maturities between April 2016 and June 2016 had yields in the range of 0.462% to 0.830%).

The government bonds maturing between June 2017 and December 2019 have yields in the range of 1.009 to 1.433% (2016 – maturing between April 2016 and December 2018 have yields in the range of 0.884 to 1.433%).

5. LOAN PAYABLE TO THE PROVINCE

Non-interest Bearing Loan

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

The face value of this non-interest bearing loan has been discounted at an effective interest rate of 5.0368% to reflect its amortized cost outstanding as of March 31, 2017 as follows:

	2017	2016
	($'000)	($'000)
Face value	187,000	198,000
Less: Discount	(63,326)	(69,784)
Amortized cost	123,674	128,216
Classified as:		
Current position	11,000	11,000
Long term portion	112,674	117,216
Current position	123,674	128,216

The discount of $63.3M is amortized to loan discount expense over the remaining term of the loan, based on the effective interest rate method. The amortization schedule for the subsequent five fiscal years is as follows:

FISCAL YEAR	($'000)
2018	6,229
2019	5,989
2020	5,737
2021	5,471
2022	5,193

6. FINANCIAL INSTRUMENTS

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

Credit risk

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

The Fund's accounts receivable consists of premium revenue receivable of $76.3M, investment income receivable of $1.0M, the HST receivable of $0.1M and pension plan recoveries receivable of $231M.

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

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

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

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

Liquidity Risk

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

As at March 31, 2017, the Fund has an investment balance of $568M (2016 - $528M) to settle current liabilities of $22M (2016 - $41M). In addition, the Fund has the ability to meet sudden and unexpected claims by converting the investment holdings to cash without delay or significant transaction costs.

Market risk

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

7. PENSION PLAN RECOVERIES

Following the settlement of all benefits, payment of expenses and the submission of the final wind up report, any remaining funds are recovered by the Fund. During fiscal 2017, the Fund had $245.3M (2016 – $16.5M) in recoveries, of which $231M are receivable at year-end. This amount is included in accounts receivable in the statement of financial position as at March 31, 2017. Approximately $4.5M in recoveries is expected in the fiscal year 2018.

8. PENSION CONSULTING SERVICES

The Fund periodically engages the services of external experts to represent the Fund's interests in insolvency proceedings respecting employers who are unable to meet their funding obligations under the *Pension Benefits Act*. For fiscal 2017, $2.4M was paid to such external experts (2016 - $5.4M paid).

9. RELATED PARTY TRANSACTIONS

For fiscal 2017, an administration fee of $0.6M (2016 - $0.6M) was incurred and has been paid to FSCO for management salaries and benefits, accounting, information technology, legal, pension and other services. The Fund and FSCO are related parties.

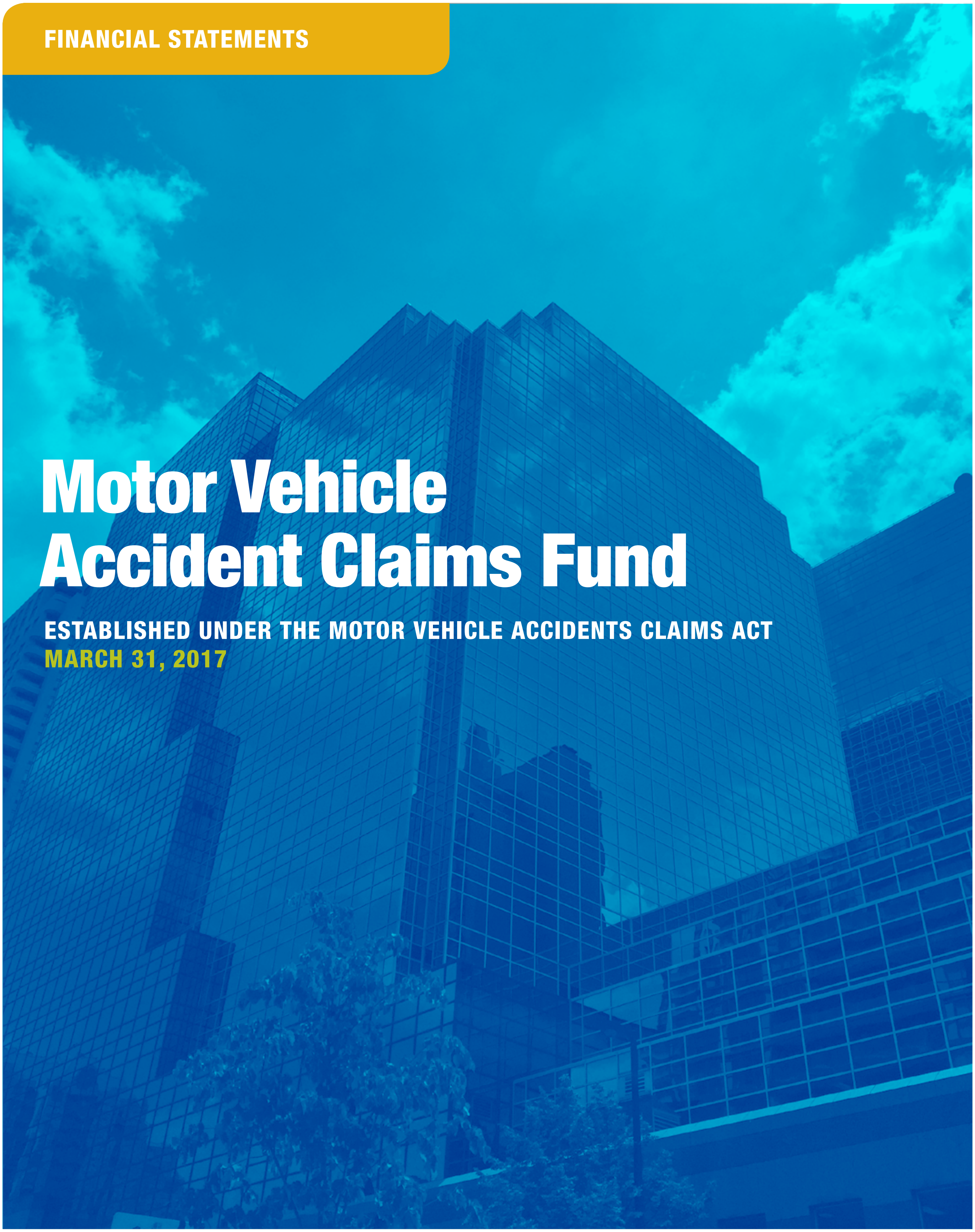
Investment Management fees consist mainly of fees paid to the Ontario Financing Authority, a related party.

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

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

10. CONTINGENT LIABILITIES

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



FINANCIAL STATEMENTS

Motor Vehicle Accident Claims Fund

ESTABLISHED UNDER THE MOTOR VEHICLE ACCIDENTS CLAIMS ACT

MARCH 31, 2017

Financial Services Commission of Ontario

Commission des services financiers de l'Ontario

Ontario

June 29, 2017

Motor Vehicle Accident Claims Fund

Management Responsibility for Financial Information

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

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

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

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

Javier Aramayo, CPA, CMA
Senior Manager
Motor Vehicle Accident Claims Fund

Kwan Lee, CPA, CA, MAcc
Chief Accountant
Financial Services Commission of Ontario

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Motor Vehicle Accident Claims Fund, which comprise the statement of financial position as at March 31, 2017, the statements of operations and MVACF deficit and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

Auditor's Responsibility

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

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

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

OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Motor Vehicle Accident Claims Fund as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Toronto, Ontario
June 29, 2017

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

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Motor Vehicle Accident Claims Fund

Statement of Financial Position
As at March 31, 2017

ASSETS	2017	2016
Current		
Funds on deposit with the Ministry of Finance	$50,369,203	$52,077,287
Accounts receivable - driver's licence fees (note 3b)	636,064	573,162
Accounts receivable - debtors (note 3c)	42,053,656	42,719,666
Less: allowance for doubtful accounts	32,232,020	32,124,897
	9,821,636	10,594,769
Total current assets	60,826,903	63,245,218
Capital assets (note 4)	553,975	553,975
Less: accumulated amortization	553,975	553,975
	-	-
Unpaid claims recoverable (note 5)	263,168	286,076
Total assets	**$61,090,071**	**$63,531,294**
LIABILITIES AND MVACF DEFICIT		
Current		
Accounts payable and accrued expenses	$1,345,332	$719,194
Unpaid claims and adjustment expenses - current (note 5)	30,563,586	29,046,151
Total current liabilities	31,908,918	29,765,345
Employee future benefits obligation (note 3g)	491,598	485,456
Deferred revenue	74,812,114	74,164,348
Unpaid claims and adjustment expenses - long term (note 5)	120,897,539	125,636,026
Total liabilities	228,110,169	230,051,175
MVACF deficit (note 3)	(167,020,098)	(166,519,881)
Total liabilities and MVACF deficit	**$61,090,071**	**$63,531,294**

Approved by

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

See accompanying notes to financial statements

Motor Vehicle Accident Claims Fund

Statement of Operations and MVACF Deficit
For the Year Ended March 31, 2017

	2017	2016
REVENUE		
Fees on issue or renewal of driver's licences	$29,986,421	$29,584,357
Prior year recoveries	1,736,929	1,455,682
Other revenue	5,997	26,842
Total revenue	31,729,347	31,066,881
EXPENSES		
Change in net unpaid claims and adjustment expenses	(3,198,144)	1,525,921
Accident benefit claims payments	21,200,572	21,283,351
Administrative expenses		
Salaries and wages	1,887,374	1,761,823
Employees' benefits	304,368	298,550
Transportation and communication	18,983	21,053
Claims (solicitors' fees, etc.)	2,855,703	2,520,550
Accident benefit claims expense	2,768,963	2,496,296
Other services	2,048,679	1,312,908
Bad debts expense	4,337,891	5,467,028
Supplies and equipment	5,175	19,851
Amortization expense	-	1,492
Total expenses	32,229,564	36,708,823
Deficit of expenses over revenue	500,217	5,641,942
MVACF deficit, beginning of year (note 3)	166,519,881	160,877,939
MVACF deficit, end of year	**$167,020,098**	**$166,519,881**

See accompanying notes to financial statements

Motor Vehicle Accident Claims Fund

Statement of Cash Flows
For the Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Cash inflows		
Fees on issue or renewal of driver's licences	$30,571,285	$30,358,448
Repayment by debtors	1,046,000	845,788
Prior year recoveries	1,736,929	1,455,682
Other revenue	5,997	26,842
	33,360,211	32,686,760
Cash outflows		
Statutory payments	(25,531,740)	(26,073,126)
Payments to employees	(2,171,487)	(2,031,240)
Administrative expenses	(7,365,068)	(6,212,321)
	(35,068,295)	(34,316,687)
Net cash used in operating activities	(1,708,084)	(1,629,927)
Funds on deposit with the Ministry of Finance, beginning of year	52,077,287	53,707,214
Funds on deposit with the Ministry of Finance, end of year	**$50,369,203**	**$52,077,287**

See accompanying notes to financial statements

Motor Vehicle Accident Claims Fund

Notes to Financial Statements

1. STATUTORY AUTHORITY

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

2. MVACF OPERATIONS

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Driver's Licence Fees and Deferred Revenue

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

b) Accounts Receivable – Driver's Licence Fees

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

c) Accounts Receivable – Debtors

MVACF maintains an accounts receivable portfolio, accumulated over the years as a result of judgments and claims assigned to the Minister of Finance. MVACF will pay damages to injured, not-at- fault victims who have no recourse to liability insurance, on behalf of defendant uninsured motorists. In accordance with the Act, these amounts are recoverable from the uninsured motorists. Expected recoverable amounts of $4.6 million (2016 - $4.8 million) increase the accounts receivable – debtors accordingly.

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

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

For March 31, 2017, a write-off of $4.3 million was submitted to the Ministry of Finance but has not yet been approved. A write-off of $4.4 million for March 31, 2016 was approved during the year, through an OIC. This write-off is recorded in the current year's financial statements and represents a reduction of the account receivable debtors and allowance for doubtful accounts. There is no impact in the current year statement of operations.

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

d) Prior Year Recoveries

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

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

Prior year recoveries are recorded in the period they are determined. In the current year, $1.7 million (2016 - $1.5 million) recoveries were recorded but related to prior year claims.

e) Unpaid Claims and Adjustment Expenses

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

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

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

Settlements occur when there is an irrevocable direction from MVACF to the life insurer to make all payments directly to the claimants. There are no rights under the non-commutable, non-assignable, non-transferable contract that would provide any current or future benefit to MVACF. MVACF remains liable to make payments only in the event that the life insurer fails and only to the extent that Assuris, the life insurance industry's insolvency compensation fund, will not cover payments due. The net risk to MVACF is any credit risk related to the life insurers. This credit risk is deemed nil at March 31, 2017 (2016 – nil) as all insurers are rated AA- or above by Standard & Poor's Rating. There exists the possibility of contingent gains based on the fact that MVACF has purchased insurance on some of the measured lives. Such amounts are described in note 6 – Contingent Gains.

f) Use of Estimates

The preparation of financial statements in accordance with Canadian PSA-GNFPO requires that MVACF's management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions may change over time as new information is obtained or subsequent developments occur. Actual results could differ from these estimates. The most significant estimates relate to the provision for unpaid claims and adjustment expenses, unpaid claims recoverable, contingent liabilities, allowance for doubtful accounts and employee future benefits.

g) Employee Future Benefits Obligation

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

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

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

h) Financial Instruments

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

4. CAPITAL ASSETS

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

In Dollars	2017		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Computer equipment	$30,153	$30,153	-
Office equipment	7,406	7,406	-
Furniture and fixtures	16,416	16,416	-
Leasehold improvements	500,000	500,000	-
	$553,975	**$553,975**	**-**

In Dollars	2016		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Computer equipment	$30,153	$30,153	-
Office equipment	7,406	7,406	-
Furniture and fixtures	16,416	16,416	-
Leasehold improvements	500,000	500,000	-
	$553,975	**$553,975**	**-**

5. UNPAID CLAIMS AND ADJUSTMENT EXPENSES

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

	2017		2016	
In thousands of dollars	GROSS	RECOVERABLE	GROSS	RECOVERABLE
ACCIDENT BENEFITS				
Statutory accident benefits	$114,954	-	$116,323	-
THIRD-PARTY LIABILITY (TPL)				
Property damage	697	4	631	4
Bodily injury	35,810	259	37,728	282
Total TPL	36,507	263	38,359	286
Totals	**$151,461**	**263**	**$154,682**	**286**

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

In thousands of dollars	2017	2016
Balance, beginning of year	$154,682	$153,534
Increase in provision for losses that occurred in prior years	535	2,727
AMOUNTS PAID DURING THE YEAR ON CLAIMS OF PRIOR YEARS		
Statutory payments	(23,690)	(24,537)
Claims expenses	(8,365)	(7,291)
AMOUNTS PAID DURING THE YEAR ON CLAIMS OF THE CURRENT YEAR		
Statutory payments	(481)	(494)
Claims expenses	(170)	(147)
Provision for losses on claims that occurred in the current year	28,950	30,890
Balance, end of year	**$151,461**	**154,682**

6. CONTINGENT GAINS AND LIABILITIES

a) Contingent Gains

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

Even though the range of probability that the claimant may die during the guarantee period is slight, MVACF nevertheless has calculated the approximate reversionary interest represented by insurance on the claimant lives as at March 31, 2017 for information purposes.

As at March 31, 2017, the amount paid out of MVACF for accident benefit claims in the form of structured settlements was approximately $68.0 million (2016 - $64.9 million) with applicable reversionary interest of approximately $51.6 million (2016 - $47.0 million).

b) Contingent Liabilities

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

7. ROLE OF THE ACTUARY AND AUDITOR

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

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

8. FINANCIAL INSTRUMENT RISK

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

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

2016

Superintendent's Report on Insurance

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Financial Services Commission of Ontario

Commission des services financiers de l'Ontario

Ontario

Chief Executive Officer and
Superintendent of Financial Services

Directeur général et
surintendant des services financiers

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The Honourable Charles Souza
Minister of Finance
7 Queen's Park Crescent
Toronto, ON M7A 1Y7

Dear Minister,

I am pleased to present the 138th annual report under section 36 of the Insurance Act for the year ended December 31, 2016. Prior to the creation of the Financial Services Commission of Ontario, this report was issued by the Superintendent of Insurance.

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

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

Yours sincerely,

Brian Mills
Chief Executive Officer and
Superintendent of Financial Services

Summary financial information

SUMMARY OF COMPANIES LICENSED BY TYPE OF BUSINESS ACTIVITY AS OF DECEMBER 31, 2016

BUSINESS TYPE	TOTAL 2015	ADDITIONS	WITHDRAWALS	TOTAL 2016	ONTARIO	EXTRA PROVINCIAL	FEDERAL
Property and Casualty Companies	202	2	10	194	47	15	132
Life Insurance Companies	67	1	2	66	0	14	52
Reinsurance Companies	33	2	2	33	1	1	31
Reciprocal Exchanges	11	0	1	10	7	3	0
Fraternal Societies	14	0	0	14	1	0	13
Totals	**327**	**5**	**15**	**317**	**56**	**33**	**228**

Notes:

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

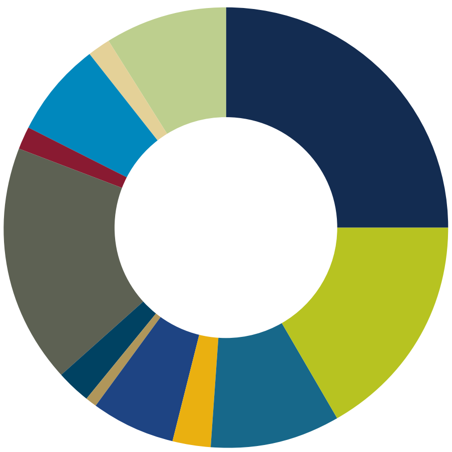
2. Branch operations are included in the Federal totals.

3. The Superintendent's Report 2016 records figures as of the end of the calendar year (December 31, 2016), based on the companies' annual filings. The Financial Services Commission of Ontario Annual Report 2016-2017 records figures as of the end of the fiscal year (March 31, 2017).

Insurer statistics

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

2016 PROPERTY AND CASUALTY INSURERS NUMBER OF COMPANIES REPRESENTING 80 PER CENT OF THE ONTARIO MARKET SHARE



COMPANY	NUMBER
Property	29
Automobile	19
Boilery and Machinery	11
Credit	3
Fidelity	7
Hail	1
Legal expense	3
Liability	20
Mortgage	2
Surety	8
Title	2
Marine	10

2016 LIFE INSURERS NUMBER OF COMPANIES REPRESENTING 80 PER CENT OF THE ONTARIO MARKET SHARE

COMPANY	NUMBER
Accident and Sickness	5
Annuity	6
Life	7

Insurance is a $48 billion business in Ontario. In 2016, of the total premium dollar volume, 50.3 per cent went to the property and casualty (including automobile) insurance industry, and 48.9 per cent went to the life insurance industry.

Premium statistics

2016 DIRECT WRITTEN PREMIUM VOLUME IN ONTARIO TOTAL $48,061 (IN MILLIONS)

COMPANY	$	%
Property and casualty insurance companies	24,194	50.3
Life insurance companies	23,496	48.9
Other	371	0.8
TOTAL	**$48,061**	

2016 PROPERTY & CASUALTY COMPANIES DIRECT WRITTEN PREMIUMS IN ONTARIO TOTAL $24,194 (IN MILLIONS)

COMPANY	$	%
Automobile	12,820	53.0
Property	6,756	27.9
Liability	2,655	11
Other	1,963	8.1
TOTAL	**$24,194**	

Property and Casualty insurers received $24.2 billion in premiums in 2016. The split among automobile, property and liability insurance remained constant compared to 2015.

2016 LIFE COMPANIES — DIRECT WRITTEN PREMIUMS IN ONTARIO TOTAL PREMIUMS WRITTEN $23,497 (MILLION)

COMPANY	$	%
Life: individual	7,160	30.5
Annuities: individual	1,202	5.1
Accident & sickness: individual	1,251	5.3
Life: group	2,434	10.4
Annuities: group	2,506	10.7
Accident & sickness: group	8,944	38.0

The broad pattern among life insurance companies likewise remained constant. Of the $23.5 billion spent on premiums, 43.3 per cent went towards the purchase of accident and sickness coverage, 40.9 per cent towards the purchase of individual and group life coverages and 15.8 per cent towards annuities

Property and casualty companies

	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	ONTARIO BUSINESS Direct Written Premiums	Direct Claims Incurred	TOTAL COMPANY Total Assets	Total Liabilities	Excess of Assets over Liabilities	t51400 (Net Claims)	Claims Incurred to Earned Premium	Net Income/ Loss
notes	Name	$	$	$	$	$	$	%	$
	ONTARIO								
	ALGOMA MUTUAL INSURANCE COMPANY	9,086	3,262	18,270	11,133	7,137	3,320	49%	522
	AMHERST ISLAND MUTUAL INSURANCE COMPANY	1,013	(790)	3,827	734	3,093	102	14%	433
	AYR FARMERS' MUTUAL INSURANCE COMPANY	27,423	15,152	88,685	37,609	51,076	14,125	57%	3,775
	BAY OF QUINTE MUTUAL INSURANCE CO.	24,604	14,163	62,617	26,630	35,987	11,483	56%	2,100
	BERTIE AND CLINTON MUTUAL INSURANCE COMPANY	13,842	7,502	71,441	27,754	43,687	5,640	48%	2,603
	BRANT MUTUAL INSURANCE COMPANY	6,513	4,240	15,598	9,519	6,079	3,298	65%	(238)
	CAA INSURANCE COMPANY	182,254	100,676	540,681	374,185	166,496	108,484	58%	20,498
	CARADOC DELAWARE MUTUAL INSURANCE COMPANY	2,213	1,497	9,823	2,768	7,055	1,013	56%	393
	CAYUGA MUTUAL INSURANCE COMPANY	9,009	4,757	31,908	15,031	16,877	5,072	69%	214
	COACHMAN INSURANCE COMPANY	69,948	42,083	252,176	175,031	77,145	40,566	69%	4,077
	DUFFERIN MUTUAL INSURANCE COMPANY	6,397	1,537	17,631	10,090	7,541	1,845	39%	569
	DUMFRIES MUTUAL INSURANCE COMPANY	14,268	7,695	61,856	25,148	36,708	7,781	65%	1,461
	EDGE MUTUAL INSURANCE COMPANY	24,334	14,441	62,034	37,512	24,522	11,912	60%	1,173
	ERIE MUTUAL FIRE INSURANCE COMPANY	6,769	3,506	27,655	9,297	18,358	2,974	54%	588
	FENCHURCH GENERAL INSURANCE COMPANY	12,362	9,745	29,267	23,528	5,739	8,877	53%	(1,063)
	GERMANIA MUTUAL INSURANCE COMPANY	19,455	12,598	50,455	28,299	22,156	11,844	71%	(526)
	GRENVILLE MUTUAL INSURANCE COMPANY	23,952	22,033	69,294	34,007	35,287	13,739	71%	(518)
	HALWELL MUTUAL INSURANCE COMPANY	20,671	11,408	60,452	29,080	31,372	10,502	62%	915
	HAMILTON TOWNSHIP MUTUAL INSURANCE COMPANY	24,922	11,307	68,945	38,837	30,108	9,786	50%	2,232
	HAY MUTUAL INSURANCE COMPANY	9,573	6,795	48,120	13,120	35,000	5,051	61%	733
	HOWARD MUTUAL INSURANCE COMPANY	11,281	6,994	51,962	18,058	33,904	5,522	57%	1,352
	HOWICK MUTUAL INSURANCE COMPANY	18,813	9,799	42,560	25,686	16,874	8,798	57%	1,125
	KENT & ESSEX MUTUAL INSURANCE COMPANY	30,152	23,036	100,127	52,765	47,362	20,118	75%	1,328

notes	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	ONTARIO BUSINESS Direct Written Premiums	Direct Claims Incurred	TOTAL COMPANY Total Assets	Total Liabilities	Excess of Assets over Liabilities	t51400 (Net Claims)	Claims Incurred to Earned Premium	Net Income/ Loss
notes	Name	$	$	$	$	$	$	%	$
	L&A MUTUAL INSURANCE COMPANY	9,500	9,060	21,952	14,160	7,792	5,114	68%	(290)
	LAMBTON MUTUAL INSURANCE COMPANY	19,712	14,240	72,616	39,078	33,538	12,372	74%	379
	LAWYERS' PROFESSIONAL INDEMNITY COMPANY	123,159	101,511	730,717	477,251	253,466	100,712	87%	8,639
	MAX CANADA INSURANCE COMPANY	4,652	2,043	30,036	21,405	8,631	5,976	65%	(433)
	MCKILLOP MUTUAL INSURANCE COMPANY	9,916	7,811	29,665	14,514	15,151	4,794	64%	652
	MIDDLESEX MUTUAL INSURANCE CO.	10,515	4,646	44,046	16,298	27,748	3,676	42%	2,729
	NORFOLK MUTUAL INSURANCE COMPANY	9,619	3,648	24,556	10,348	14,208	3,237	44%	1,066
	NORTH BLENHEIM MUTUAL INSURANCE COMPANY	9,860	6,619	32,732	12,327	20,405	5,642	70%	(174)
	NORTH KENT MUTUAL FIRE INSURANCE COMPANY	8,668	5,493	40,983	17,026	23,957	4,418	59%	777
	PEEL MUTUAL INSURANCE COMPANY	39,256	20,774	112,599	66,454	46,145	21,211	67%	812
	PRO-DEMNITY INSURANCE COMPANY	24,937	14,259	92,291	65,669	26,622	11,966	101%	(1,212)
	SOUTH EASTHOPE MUTUAL INSURANCE COMPANY	15,890	7,231	59,176	23,206	35,970	7,566	56%	2,273
	THE COMMONWELL MUTUAL INSURANCE GROUP	135,399	76,407	430,757	224,580	206,177	67,158	54%	13,340
	THE WEST WAWANOSH MUTUAL INSURANCE COMPANY	15,930	8,975	50,345	21,142	29,203	7,506	57%	1,545
	THE WESTMINSTER MUTUAL INSURANCE COMPANY	9,224	6,652	25,217	16,549	8,668	4,380	79%	(108)
	TOWN & COUNTRY MUTUAL INSURANCE COMPANY	14,633	11,035	50,988	30,125	20,863	7,739	65%	757
	TOWNSEND MUTUAL INSURANCE COMPANY	9,589	4,278	23,233	12,713	10,520	4,135	57%	721
	TRADITION MUTUAL INSURANCE COMPANY	13,706	6,943	43,848	18,408	25,440	5,836	52%	1,251
	TRILLIUM MUTUAL INSURANCE COMPANY	49,398	33,139	120,555	63,830	56,725	27,456	64%	1,307
1	TTC INSURANCE COMPANY LIMITED	0	0	177,749	177,649	100	0	n/a	0
	USBORNE AND HIBBERT MUTUAL FIRE INSURANCE COMPANY	7,412	4,575	43,266	8,486	34,780	2,881	50%	916
	WABISA MUTUAL INSURANCE COMPANY	6,718	4,999	26,116	16,933	9,183	2,406	56%	141
	WEST ELGIN MUTUAL INSURANCE COMPANY	12,602	7,965	46,834	20,557	26,277	6,703	63%	1,253
	YARMOUTH MUTUAL INSURANCE COMPANY	10,211	5,017	28,234	16,596	11,638	5,379	65%	473
		1,139,360	**700,756**	**4,143,895**	**2,431,125**	**1,712,770**	**640,115**		**80,560**
	EXTRA PROVINCIAL								
	ALBERTA MOTOR ASSOCIATION INSURANCE COMPANY	0	0	900,857	733,558	167,299	295,300	113%	(58,280)

		ONTARIO BUSINESS		TOTAL COMPANY					
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	**Direct Written Premiums**	**Direct Claims Incurred**	**Total Assets**	**Total Liabilities**	**Excess of Assets over Liabilities**	**t51400 (Net Claims)**	**Claims Incurred to Earned Premium**	**Net Income/ Loss**
notes	Name	$	$	$	$	$	$	%	$
	BELAIR INSURANCE COMPANY INC.	117,523	41,049	2,470,750	1,942,379	528,371	493,169	65%	46,242
2	CANADIAN FARM INSURANCE CORP.	0	0	0	0	0	0	n/a	0
	GMS INSURANCE INC.	10,246	5,924	24,454	12,195	12,259	16,277	58%	266
	INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION	35,161	9,427	440,402	356,666	83,736	46,312	32%	10,010
	LA MUTUELLE D'ÉGLISE DE L'INTER-OUEST	6	0	5,055	518	4,537	40	21%	(8)
	L'UNIQUE GENERAL INSURANCE INC.	136	98	390,614	299,614	91,000	117,523	64%	10,032
	MILLENNIUM INSURANCE CORPORATION	19,209	4,604	615,985	406,019	209,966	51,796	61%	25,893
	OPTIMUM INSURANCE COMPANY INC.	43,787	25,504	230,930	167,138	63,792	49,620	53%	5,698
	ORION TRAVEL INSURANCE COMPANY	41,160	18,570	72,765	44,184	28,581	31,054	50%	(792)
	RED RIVER VALLEY MUTUAL INSURANCE COMPANY	1,353	292	192,591	119,439	73,152	40,288	49%	10,048
	SGI CANADA INSURANCE SERVICES LTD.	636	43,268	524,734	378,444	146,290	130,779	70%	2,164
3	THE MUTUAL FIRE INSURANCE COMPANY OF BRITISH COLUMBIA	0	0	0	0	0	0	n/a	0
	TRANS GLOBAL INSURANCE COMPANY	2,441	26	7,106	3,006	4,100	164	3%	554
	UNICA INSURANCE INC.	119,450	81,296	377,417	251,071	126,346	76,939	65%	9,566
		391,108	**230,058**	**6,253,660**	**4,714,231**	**1,539,429**	**1,349,261**		**61,393**
	FEDERAL								
	AIG INSURANCE COMPANY OF CANADA	430,675	324,725	4,084,252	3,270,513	813,739	308,546	80%	66,910
	ALLSTATE INSURANCE COMPANY OF CANADA	817,360	781,385	3,621,651	2,803,933	817,718	1,031,308	74%	87,819
4	ALTA SURETY COMPANY		0	0	0	0	0	n/a	0
	ARCH INSURANCE CANADA LTD.	34,573	16,345	408,021	306,213	101,808	980	14%	821
	ASCENTUS INSURANCE LTD.	3	(54)	5,551	1,753	3,798	(7)	-18%	29
	ATRADIUS CRÉDITO Y CAUCION, S.A. DE SEGUROS Y REASEGUROS	0	0	36,036	20,288	15,748	0	n/a	(36)
	AVIVA GENERAL INSURANCE COMPANY	802,754	503,575	1,830,150	1,517,156	312,994	658,199	68%	46,367
	AVIVA INSURANCE COMPANY OF CANADA	1,684,240	1,003,192	7,055,143	5,969,028	1,086,115	1,504,627	62%	137,769
	AXA INSURANCE COMPANY	0	0	7,168	15	7,153	0	n/a	45
	CANADA GUARANTY MORTGAGE INSURANCE COMPANY	145,765	1,056	1,829,779	865,863	963,916	20,497	13%	97,923
	CANADIAN NORTHERN SHIELD INSURANCE COMPANY	72	98	347,523	239,842	107,681	93,991	47%	15,098
	CERTAS DIRECT INSURANCE COMPANY	344,459	261,345	1,370,498	1,189,840	180,658	232,674	67%	21,121
	CERTAS HOME AND AUTO INSURANCE COMPANY	1,638,306	761,572	7,841,049	6,406,036	1,435,013	31,871	6%	107,209

		ONTARIO BUSINESS		TOTAL COMPANY					
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	**Direct Written Premiums**	**Direct Claims Incurred**	**Total Assets**	**Total Liabilities**	**Excess of Assets over Liabilities**	**t51400 (Net Claims)**	**Claims Incurred to Earned Premium**	**Net Income/ Loss**
notes	Name	$	$	$	$	$	$	%	$
	CHUBB INSURANCE COMPANY OF CANADA	487,037	375,292	4,247,993	3,130,584	1,117,409	326,110	77%	9,094
	CO-OPERATORS GENERAL INSURANCE COMPANY	934,894	706,328	5,948,776	4,369,894	1,578,882	1,628,894	68%	145,286
	COSECO INSURANCE COMPANY	184,836	83,979	1,052,585	897,722	154,863	162,889	68%	24,597
	CUMIS GENERAL INSURANCE COMPANY	143,670	60,453	417,656	327,031	90,625	71,200	56%	9,359
	DAS LEGAL PROTECTION INSURANCE COMPANY LIMITED	12,036	5,818	72,470	57,545	14,925	11,492	71%	(4,509)
	ECHELON INSURANCE	87,604	55,062	444,313	351,470	92,843	100,131	66%	686
	ECONOMICAL MUTUAL INSURANCE COMPANY	953,635	754,200	5,494,143	3,691,061	1,803,082	1,392,677	71%	(20,274)
	ELITE INSURANCE COMPANY	92,523	40,063	829,784	710,556	119,228	179,151	62%	14,811
	ESURANCE INSURANCE COMPANY OF CANADA	0	0	24,769	1,338	23,431	0	n/a	(385)
	EVEREST INSURANCE COMPANY OF CANADA	39,162	20,103	263,149	211,449	51,700	14,210	89%	(2,289)
	FCT INSURANCE COMPANY LTD.	106,187	30,269	291,306	198,238	93,068	42,736	27%	20,968
	FEDERATED INSURANCE COMPANY OF CANADA	91,207	56,812	528,562	386,730	141,832	133,716	66%	(52)
	FIRST NORTH AMERICAN INSURANCE COMPANY	7,154	1,039	12,199	4,496	7,703	1,014	14%	1,271
	GENWORTH FINANCIAL MORTGAGE INSURANCE COMPANY CANADA	343,158	10,275	6,431,300	2,565,318	3,865,982	139,023	22%	440,860
	GORE MUTUAL INSURANCE COMPANY	323,171	177,149	1,005,771	686,998	318,773	223,610	60%	29,818
	HEARTLAND FARM MUTUAL INC.	116,688	73,338	267,640	171,717	95,923	58,679	58%	1,788
	INTACT INSURANCE COMPANY	2,433,249	1,484,297	16,940,804	13,122,687	3,818,117	3,205,598	65%	275,875
5	INTERNATIONAL INSURANCE COMPANY OF HANNOVER SE	0	0	0	0	0	0	n/a	0
	JEVCO INSURANCE COMPANY	69,764	27,688	1,352,354	1,130,973	221,381	246,584	65%	26,841
	LEGACY GENERAL INSURANCE COMPANY	4,361	492	12,243	3,358	8,885	1,624	21%	2,534
	MIC INSURANCE COMPANY CANADA	0	0	40,275	40	40,235	(13)	n/a	364
	NORTHBRIDGE COMMERCIAL INSURANCE CORPORATION	78,285	60,093	615,475	441,162	174,313	114,692	82%	(13,005)
	NORTHBRIDGE GENERAL INSURANCE CORPORATION	245,287	122,684	3,746,058	2,593,096	1,152,962	448,119	52%	104,344
	NORTHBRIDGE PERSONAL INSURANCE CORPORATION	106,036	28,348	776,042	470,825	305,217	41,546	25%	55,607
	NOVEX INSURANCE COMPANY	194,808	102,957	1,456,611	1,226,171	230,440	246,585	65%	21,075
	OLD REPUBLIC INSURANCE COMPANY OF CANADA	103,585	77,322	330,760	260,175	70,585	81,657	67%	1,018
	OMEGA GENERAL INSURANCE COMPANY	16,677	9,868	37,781	27,174	10,607	156	58%	143
	PAFCO INSURANCE COMPANY	59,494	52,553	297,837	219,413	78,424	68,497	72%	5,453
	PEMBRIDGE INSURANCE COMPANY	186,697	120,041	668,660	501,542	167,118	171,834	71%	11,224
	PERTH INSURANCE COMPANY	104,256	64,744	475,005	388,407	86,598	55,851	71%	63

		ONTARIO BUSINESS		TOTAL COMPANY					
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	**Direct Written Premiums**	**Direct Claims Incurred**	**Total Assets**	**Total Liabilities**	**Excess of Assets over Liabilities**	**t51400 (Net Claims)**	**Claims Incurred to Earned Premium**	**Net Income/ Loss**
notes	Name	$	$	$	$	$	$	%	$
6	PETLINE INSURANCE COMPANY	22,540	15,042	26,079	11,512	14,567	33,578	62%	2,627
	PILOT INSURANCE COMPANY	390	(18,146)	364,414	311,518	52,896	82,460	62%	6,664
	PRIMMUM INSURANCE COMPANY	245,017	162,723	2,641,413	2,316,202	325,211	430,400	75%	4,172
	QUEBEC ASSURANCE COMPANY	0	0	123,174	93,723	29,451	32,090	71%	(940)
	RBC INSURANCE COMPANY OF CANADA	49,251	15,015	144,218	48,858	95,360	52,803	49%	8,013
	ROYAL & SUN ALLIANCE INSURANCE COMPANY OF CANADA	567,682	414,336	4,637,926	3,775,697	862,229	877,144	71%	(23,783)
	S&Y INSURANCE COMPANY	2,368	(295)	204,282	183,727	20,555	31,799	62%	2,592
7	SAFETY NATIONAL CASUALTY CORPORATION	0	0	0	0	0	0	n/a	0
	SCOTIA GENERAL INSURANCE COMPANY	0	0	7,090	67	7,023	0	n/a	(48)
	SCOTTISH & YORK INSURANCE CO. LIMITED	158,517	95,079	651,574	568,166	83,408	129,104	62%	10,642
	SECURITY NATIONAL INSURANCE COMPANY	1,094,324	1,194,707	8,778,507	7,275,971	1,502,536	2,212,700	75%	20,640
	SONNET INSURANCE COMPANY	9,470	2,562	411,223	261,905	149,318	100,953	71%	(262)
	TD DIRECT INSURANCE INC.	0	0	16,532	5	16,527	0	n/a	223
	TD GENERAL INSURANCE COMPANY	363,387	175,450	1,196,389	1,039,469	156,920	251,555	76%	(3,659)
	TD HOME AND AUTO INSURANCE COMPANY	9,316	1,995	1,408,298	1,145,634	262,664	61,541	54%	31,907
	TEMPLE INSURANCE COMPANY	70,725	45,235	947,888	754,480	193,408	83,915	65%	6,743
	THE BOILER INSPECTION AND INSURANCE COMPANY OF CANADA	14,700	7,457	233,720	145,286	88,434	40,216	35%	16,290
	THE DOMINION OF CANADA GENERAL INSURANCE COMPANY	858,636	524,434	3,406,729	2,513,094	893,635	739,047	65%	15,504
	THE GUARANTEE COMPANY OF NORTH AMERICA	256,158	158,659	1,529,955	940,176	589,779	181,487	52%	71,517
	THE MISSISQUOI INSURANCE COMPANY	157	31	554,894	403,259	151,635	96,546	71%	(332)
	THE NORDIC INSURANCE COMPANY OF CANADA	535,034	399,144	2,085,170	1,841,867	243,303	246,584	65%	24,363
	THE PERSONAL INSURANCE COMPANY	581,652	383,277	2,736,919	2,292,601	444,318	553,415	71%	54,660
	THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY	38,058	18,628	452,112	307,858	144,254	109,672	62%	15,817
	THE SOVEREIGN GENERAL INSURANCE COMPANY	96,770	59,581	1,391,321	1,176,125	215,196	228,047	68%	30,773
	THE WAWANESA MUTUAL INSURANCE COMPANY	612,635	422,613	7,976,996	4,740,259	3,236,737	2,157,294	81%	50,296
	TRADERS GENERAL INSURANCE COMPANY	275,942	132,237	1,267,496	1,074,282	193,214	258,419	62%	21,194
	TRAFALGAR INSURANCE COMPANY OF CANADA	203	(15,306)	1,063,743	834,528	229,215	246,584	65%	28,284
	TRAVELERS INSURANCE COMPANY OF CANADA	83,750	19,171	908,104	508,815	399,289	69,898	38%	27,380
	TRISURA GUARANTEE INSURANCE COMPANY	50,785	17,117	259,602	191,678	67,924	22,396	31%	5,493

		ONTARIO BUSINESS		TOTAL COMPANY					
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets over Liabilities	t51400 (Net Claims)	Claims Incurred to Earned Premium	Net Income/ Loss
notes	Name	$	$	$	$	$	$	%	$
	UNIFUND ASSURANCE COMPANY	438,158	229,352	2,190,268	1,717,333	472,935	536,579	60%	116,286
	WATERLOO INSURANCE COMPANY	164,575	110,585	548,565	460,377	88,188	57,072	71%	(58)
	WESTERN ASSURANCE COMPANY	146,462	109,258	910,138	780,468	129,670	160,453	71%	(6,134)
	WESTERN SURETY COMPANY	4,531	459	64,462	37,638	26,824	180	1%	2,955
	WYNWARD INSURANCE GROUP	23,089	12,435	214,414	149,670	64,744	40,466	55%	3,043
	ZENITH INSURANCE COMPANY	55,206	8,783	236,173	134,633	101,540	14,858	28%	21,691
		20,253,156	**12,956,124**	**132,108,930**	**98,774,531**	**33,334,399**	**23,190,203**		**2,308,193**
	BRANCH								
	AFFILIATED FM INSURANCE COMPANY	36,527	5,663	330,022	124,235	205,787	39,462	45%	29,537
	ALLIANZ GLOBAL RISKS US INSURANCE COMPANY	128,138	67,335	1,325,260	1,008,220	317,040	196,139	87%	(29,635)
	ALLIED WORLD SPECIALTY INSURANCE COMPANY	7,980	5,112	72,282	47,132	25,150	3,072	79%	(4,161)
	AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA	176,627	54,600	523,916	337,889	186,027	81,448	59%	7,223
	ASSOCIATED ELECTRIC & GAS INSURANCE SERVICES LIMITED	0	0	243,429	152,192	91,237	(3,267)	-19%	7,188
	AXA ART INSURANCE CORPORATION	1,868	366	8,711	3,239	5,472	220	20%	137
	BERKLEY INSURANCE COMPANY	43,401	2,365	295,808	183,165	112,643	26,820	41%	11,605
	CHEROKEE INSURANCE COMPANY	3,543	2,313	24,024	11,802	12,222	1,558	59%	982
	CHICAGO TITLE INSURANCE COMPANY	20,887	1,106	70,168	29,949	40,219	1,224	4%	8,722
	COMPAGNIE FRANCAISE D'ASSURANCE POUR LE COMMERCE EXTERIEUR	9,208	5,269	75,391	41,313	34,078	17,771	61%	(3,184)
	CONTINENTAL CASUALTY COMPANY	98,686	59,805	1,248,049	680,795	567,254	117,395	47%	56,725
	COREPOINTE INSURANCE COMPANY	19	(363)	13,008	1,782	11,226	(65)	-382%	465
	ECCLESIASTICAL INSURANCE OFFICE PUBLIC LIMITED COMPANY	29,903	17,378	208,519	141,910	66,609	39,760	66%	(1,756)
	ELECTRIC INSURANCE COMPANY	6,974	(216)	89,151	19,522	69,629	(118)	-4%	2,568
	EMPLOYERS INSURANCE COMPANY OF WAUSAU	0	(5)	35,461	2,425	33,036	(21)	n/a	404
	EULER HERMES NORTH AMERICA INSURANCE COMPANY	24,465	45,740	110,443	62,573	47,870	4,120	29%	5,711
	FACTORY MUTUAL INSURANCE COMPANY	87,389	72,629	1,160,023	456,746	703,277	132,594	57%	52,757
	FEDERAL INSURANCE COMPANY	625	320	156,143	75,812	80,331	3,673	24%	7,102
	FIRST AMERICAN TITLE INSURANCE COMPANY	164	(255)	68,792	17,906	50,886	476	30%	(1,000)
	GENERAL REINSURANCE CORPORATION	18,356	0	395,029	195,162	199,867	8,604	16%	27,862
	GREAT AMERICAN INSURANCE COMPANY	18,108	5,463	192,863	94,923	97,940	19,023	44%	6,482
	HARTFORD FIRE INSURANCE COMPANY	5,357	35,617	195,774	69,687	126,087	30,442	194%	(10,435)

notes	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	ONTARIO BUSINESS		TOTAL COMPANY					
		Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets over Liabilities	t51400 (Net Claims)	Claims Incurred to Earned Premium	Net Income/ Loss
notes	Name	$	$	$	$	$	$	%	$
	HDI GLOBAL SE CANADA	16,421	10,030	188,491	139,743	48,748	408	12%	2,941
	IRONSHORE INSURANCE LTD.	7,399	3,496	100,640	54,493	46,147	3,241	54%	1,757
	JEWELERS MUTUAL INSURANCE COMPANY	4,802	1,046	20,807	6,758	14,049	2,376	37%	2,033
	LIBERTY MUTUAL INSURANCE COMPANY	89,254	25,410	1,702,799	895,738	807,061	155,246	62%	34,253
	LLOYD'S UNDERWRITERS	801,071	672,033	10,823,115	7,864,405	2,958,710	2,753,035	89%	(497,798)
	MITSUI SUMITOMO INSURANCE COMPANY, LIMITED	12,637	7,708	117,470	68,826	48,644	25,059	124%	(7,084)
	MOTORS INSURANCE CORPORATION	70,615	28,733	466,938	297,165	169,773	18,820	41%	23,934
	MUNICH REINSURANCE AMERICA, INC.	3,946	(1,018)	201,633	67,336	134,297	(627)	-7%	8,866
	NATIONAL LIABILITY & FIRE INSURANCE COMPANY	21,587	5,763	406,117	140,930	265,187	8,592	38%	2,783
	PROTECTIVE INSURANCE COMPANY	1,571	1,359	25,420	14,050	11,370	2,168	144%	(689)
8	RELIANCE INSURANCE COMPANY	0	0	0	0	0	0	n/a	0
	SCOR UK COMPANY LIMITED	672	189	23,878	15,975	7,903	397	222%	459
	SENTRY INSURANCE A MUTUAL COMPANY	831	348	42,437	6,409	36,028	191	13%	963
	SOMPO JAPAN NIPPONKOA INSURANCE INC.	4,287	1,823	95,835	10,673	85,162	1,903	29%	2,669
	ST. PAUL FIRE AND MARINE INSURANCE COMPANY	40,558	32,729	849,779	495,621	354,158	71,559	78%	3,037
	STARR INSURANCE & REINSURANCE LIMITED	14,307	7,742	122,402	103,915	18,487	1,256	87%	2,122
9	STATE FARM FIRE AND CASUALTY COMPANY	0	0	0	0	0	0	n/a	0
10	STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY	0	0	0	0	0	0	n/a	0
	STEWART TITLE GUARANTY COMPANY	96,814	28,590	246,786	121,558	125,228	35,479	30%	23,900
	SUNDERLAND MARINE INSURANCE COMPANY LIMITED (CANADA BRANCH)	477	66	43,767	29,424	14,343	2,828	54%	(981)
	T.H.E. INSURANCE COMPANY	415	(22)	5,726	1,972	3,754	324	57%	(118)
	TECHNOLOGY INSURANCE COMPANY INC.	10,149	8,535	45,484	28,125	17,359	3,011	67%	1,477
	THE AMERICAN ROAD INSURANCE COMPANY	3,194	1,004	18,126	512	17,614	11,865	106%	(2,117)
11	THE SHIPOWNERS' MUTUAL PROTECTION AND INDEMNITY ASSOCIATION (LUXEMBOURG)	0	57	31,025	7,832	23,193	(1,053)	17550%	1,901
	TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	17,864	9,512	139,748	74,068	65,680	29,685	86%	(4,599)
	TRITON INSURANCE COMPANY	15,463	5,009	173,974	79,671	94,303	19,511	43%	8,418
	VIRGINIA SURETY COMPANY, INC.	2,999	13,467	77,240	53,419	23,821	12,951	93%	834
	WESTPORT INSURANCE CORPORATION	48,054	22,348	631,825	561,842	69,983	17,427	59%	2,741
12	XL INSURANCE COMPANY SE	0	0	0	0	0	0	n/a	0

		ONTARIO BUSINESS		TOTAL COMPANY					
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	Direct Written Premiums	Direct Claims Incurred	Total Assets	Total Liabilities	Excess of Assets over Liabilities	t51400 (Net Claims)	Claims Incurred to Earned Premium	Net Income/ Loss
notes	Name	$	$	$	$	$	$	%	$
	XL REINSURANCE AMERICA INC.	11,453	6,560	424,456	260,762	163,694	67,185	124%	(20,312)
	XL SPECIALTY INSURANCE COMPANY	68,716	36,557	978,778	601,891	376,887	79,509	91%	(10,568)
	ZURICH INSURANCE COMPANY LTD	326,233	254,655	4,130,618	3,132,375	998,243	519,211	90%	(37,910)
		2,410,014	**1,563,971**	**28,977,580**	**18,893,867**	**10,083,713**	**4,561,887**		**(281,789)**
	TOTAL	**24,193,638**	**15,450,909**	**171,484,065**	**124,813,754**	**46,670,311**	**29,741,466**		**2,168,357**

Life insurance companies

		ONTARIO BUSINESS		TOTAL COMPANY			
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	Direct Written Premiums	Benefits and Payments to Policyholders	Total Assets	Total Liabilities	Excess of Assets over Liabilities	Net Income / Loss
notes	Name	$	$	$	$	$	$
	EXTRA PROVINCIAL						
	ACADIA LIFE	26	8	215,350	161,263	54,087	5,505
	ASSUMPTION MUTUAL LIFE INSURANCE COMPANY	34,262	19,117	1,645,512	1,523,704	121,808	7,780
	CANASSURANCE INSURANCE COMPANY	4,620	1,804	186,282	165,512	20,770	27
	DESJARDINS FINANCIAL SECURITY LIFE ASSURANCE COMPANY	849,279	625,395	36,707,938	33,684,979	3,022,959	379,217
	EXCELLENCE LIFE INSURANCE COMPANY, THE	6,795	947	246,374	197,070	49,304	7,046
	FIRST CANADIAN INSURANCE CORPORATION	24,330	2,872	563,905	341,425	222,480	16,651
	HUMANIA ASSURANCE INC.	3,822	190	534,906	460,450	74,456	4,628
	INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.	1,379,893	919,636	57,049,687	52,285,316	4,764,371	553,715
	LA CAPITALE INSURANCE AND FINANCIAL SERVICES INC.	199,655	99,490	1,652,436	1,457,160	195,276	15,298
	LS-TRAVEL INSURANCE COMPANY	7,382	2,598	22,043	13,632	8,411	931
	NATIONAL BANK LIFE INSURANCE COMPANY	11,567	2,869	216,956	86,499	130,457	50,099
	SSQ, LIFE INSURANCE COMPANY INC.	244,656	178,303	11,373,856	10,582,132	791,724	77,591
	TRANS GLOBAL LIFE INSURANCE COMPANY	1,095	37	7,165	1,623	5,542	520
	UNION LIFE MUTUAL ASSURANCE COMPANY, THE	7,853	2,186	2,104,773	1,866,507	238,266	13,608
		2,775,235	**1,855,452**	**112,527,183**	**102,827,272**	**9,699,911**	**1,132,616**
	FEDERAL						
	ALLSTATE LIFE INSURANCE COMPANY OF CANADA	0	0	3,751	17	3,734	(1)
	ASSURANT LIFE OF CANADA	133,803	61,062	1,785,040	1,662,489	122,551	14,233
	BLUE CROSS LIFE INSURANCE COMPANY OF CANADA	61,900	49,086	1,073,695	931,146	142,549	6,814

	ONTARIO BUSINESS		TOTAL COMPANY			
FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	**Direct Written Premiums**	**Benefits and Payments to Policyholders**	**Total Assets**	**Total Liabilities**	**Excess of Assets over Liabilities**	**Net Income / Loss**
notes Name	$	$	$	$	$	$
BMO LIFE ASSURANCE COMPANY	455,262	305,146	8,910,285	7,932,123	978,162	81,785
BMO LIFE INSURANCE COMPANY	22,381	3,789	8,943,684	8,029,915	913,769	92,816
CANADIAN PREMIER LIFE INSURANCE COMPANY	84,366	16,853	215,102	140,114	74,988	11,307
CHUBB LIFE INSURANCE COMPANY OF CANADA	109,911	31,626	142,891	103,809	39,082	8,336
CIBC LIFE INSURANCE COMPANY LIMITED	19,861	5,520	122,036	(91,188)	213,224	10,178
CIGNA LIFE INSURANCE COMPANY OF CANADA	33,675	27,237	125,686	41,967	83,719	18,847
COMPCORP LIFE INSURANCE COMPANY	0	0	10,000	755	9,245	(64)
CO-OPERATORS LIFE INSURANCE COMPANY	250,376	157,296	7,699,581	6,546,181	1,153,400	33,613
CUMIS LIFE INSURANCE COMPANY	60,707	24,580	1,292,922	1,021,811	271,111	14,451
FORESTERS LIFE INSURANCE COMPANY	80,087	70,894	1,569,353	1,356,433	212,920	13,603
IVARI	304,644	180,101	12,421,137	10,988,857	1,432,280	36,335
LA CAPITALE FINANCIAL SECURITY INSURANCE COMPANY	27,618	18,996	519,445	386,384	133,061	6,762
LONDON LIFE INSURANCE COMPANY	1,545,219	979,876	93,447,882	89,635,568	3,812,314	500,474
MD LIFE INSURANCE COMPANY	0	0	3,287,459	3,276,259	11,200	2,628
PRIMERICA LIFE INSURANCE COMPANY OF CANADA	146,191	68,421	3,586,245	3,196,181	390,064	63,911
RBC LIFE INSURANCE COMPANY	789,137	369,725	13,052,648	11,187,527	1,865,121	144,810
RELIABLE LIFE INSURANCE COMPANY	7,711	7,784	37,823	25,739	12,084	30
SCOTIA LIFE INSURANCE COMPANY	23,617	3,213	180,439	7,152	173,287	26,140
SUN LIFE ASSURANCE COMPANY OF CANADA	4,902,423	3,677,958	255,895,922	239,206,433	16,689,489	1,703,218
SUN LIFE INSURANCE (CANADA) LIMITED	33,495	21,692	19,395,141	17,694,867	1,700,274	181,637
TD LIFE INSURANCE COMPANY	58,597	20,585	206,493	143,524	62,969	3,664
THE CANADA LIFE ASSURANCE COMPANY	2,394,852	1,485,824	196,991,212	186,208,648	10,782,564	1,563,247
THE EMPIRE LIFE INSURANCE COMPANY	478,077	334,371	15,357,870	13,907,812	1,450,058	158,745
THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA	346,656	204,064	3,700,091	3,122,839	577,252	79,959
THE GREAT-WEST LIFE ASSURANCE COMPANY	2,967,713	2,262,679	318,163,601	296,997,218	21,166,383	2,679,021
THE MANUFACTURERS LIFE INSURANCE COMPANY	5,018,540	4,149,779	730,095,778	682,346,471	47,749,307	3,597,340
THE WAWANESA LIFE INSURANCE COMPANY	26,358	18,922	1,147,586	995,365	152,221	1,893
VSP CANADA VISION CARE INSURANCE	93	108	9,517	640	8,877	(181)
WESTERN LIFE ASSURANCE COMPANY	77,694	16,987	242,804	167,513	75,291	9,759
	20,460,964	**14,574,174**	**1,699,633,119**	**1,587,170,569**	**112,462,550**	**11,065,310**
BRANCH						
AETNA LIFE INSURANCE COMPANY	91	442	82,326	17,973	64,353	5,708
ALLIANZ LIFE INSURANCE COMPANY OF NORTH AMERICA	16	35	69,869	28,777	41,092	(442)
AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA	112,086	13,440	209,632	111,304	98,328	6,301
AMERICAN HEALTH AND LIFE INSURANCE COMPANY	4,016	798	35,403	11,433	23,970	3,406
AMERICAN INCOME LIFE INSURANCE COMPANY	36,124	7,757	351,951	111,900	240,051	65,208
AXA EQUITABLE LIFE INSURANCE COMPANY	33	61	74,680	19,579	55,101	7,563

notes	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	ONTARIO BUSINESS Direct Written Premiums	Benefits and Payments to Policyholders	TOTAL COMPANY Total Assets	Total Liabilities	Excess of Assets over Liabilities	Net Income / Loss
notes	Name	$	$	$	$	$	$
	COMBINED INSURANCE COMPANY OF AMERICA	41,079	17,419	840,982	299,619	541,363	84,914
	CONNECTICUT GENERAL LIFE INSURANCE COMPANY	3,048	338	162,314	111,431	50,883	(409)
	GERBER LIFE INSURANCE COMPANY	1,592	420	46,838	30,674	16,164	1,323
	HARTFORD LIFE INSURANCE COMPANY	0	0	7,147	2,115	5,032	260
	JACKSON NATIONAL LIFE INSURANCE COMPANY	3	31	10,594	6,841	3,753	135
	LIBERTY LIFE ASSURANCE COMPANY OF BOSTON	436	442	15,418	4,000	11,418	(361)
	LIFE INSURANCE COMPANY OF NORTH AMERICA	22,898	9,182	93,453	74,701	18,752	(22,304)
	METROPOLITAN LIFE INSURANCE COMPANY	0	0	108,705	1,141	107,564	651
	NEW YORK LIFE INSURANCE COMPANY	35,539	9,825	504,191	146,286	357,905	2,558
	PAVONIA LIFE INSURANCE COMPANY OF MICHIGAN	2,991	1,847	57,734	23,549	34,185	1,229
13	PHOENIX LIFE INSURANCE COMPANY	0	0	0	0	0	0
14	PRINCIPAL LIFE INSURANCE COMPANY	0	0	0	0	0	0
15	STATE FARM INTERNATIONAL LIFE INSURANCE COMPANY LTD	0	0	0	0	0	0
	UNITED AMERICAN INSURANCE COMPANY	21	111	13,970	3,635	10,335	266
		259,973	62,148	2,685,207	1,004,958	1,680,249	156,006
	TOTAL	23,496,172	16,491,774	1,814,845,509	1,691,002,799	123,842,710	12,353,932

Reinsurance companies

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

notes	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	ONTARIO BUSINESS Premiums Assumed	Net Losses Incurred	TOTAL COMPANY Total Assets	Total Liabilities	Excess of Assets Over Liabilities	Claims Incurred to Earned Premium	Net Income/ Loss
notes	Name	$	$	$	$	$	%	$
	ONTARIO							
	FARM MUTUAL REINSURANCE PLAN INC.	120,831	72,070	805,154	412,559	392,595	79%	27,000
		120,831	**72,070**	**805,154**	**412,559**	**392,595**		**27,000**
	EXTRA PROVINCIAL							
	OPTIMUM REASSURANCE INC.	52,446	13,372	2,356,908	2,262,011	94,897	n/a	12,122
		52,446	**13,372**	**2,356,908**	**2,262,011**	**94,897**		**12,122**
	FEDERAL							
	ARCH REINSURANCE COMPANY	6,513	0	86,595	57,669	28,926	69%	(387)
	ASPEN INSURANCE UK LIMITED	14,727	(4,219)	371,181	227,696	143,485	-2%	11,262
	MUNICH REINSURANCE COMPANY OF CANADA	66,672	13,566	1,407,074	1,125,135	281,939	59%	50,104

		ONTARIO BUSINESS		TOTAL COMPANY				
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	**Premiums Assumed**	**Net Losses Incurred**	**Total Assets**	**Total Liabilities**	**Excess of Assets Over Liabilities**	**Claims Incurred to Earned Premium**	**Net Income/ Loss**
notes	Name	$	$	$	$	$	%	$
	PACIFIC LIFE RE LIMITED	0	0	36,847	128	36,719	n/a	(281)
	PARTNER REINSURANCE COMPANY OF THE U.S.	27,253	20,767	578,189	370,117	208,072	84%	(10,469)
16	PARTNERRE LIFE REINSURANCE COMPANY OF CANADA	57,195	18,437	306,352	251,318	55,034	n/a	(3,852)
	RGA LIFE REINSURANCE COMPANY OF CANADA	448,613	92,861	8,289,242	7,059,389	1,229,853	n/a	18,647
	SCOR CANADA REINSURANCE COMPANY	56,682	(5,895)	607,141	451,588	155,553	50%	24,321
	SUECIA REINSURANCE COMPANY	(4)	(192)	7,783	2,952	4,831	4800%	(541)
	THE CANADA LIFE INSURANCE COMPANY OF CANADA	857,490	400,999	13,231,935	12,185,528	1,046,407	n/a	67,607
		1,535,141	**536,324**	**24,922,339**	**21,731,520**	**3,190,819**		**156,411**
	BRANCH							
	AMERICAN AGRICULTURAL INSURANCE COMPANY	8,754	13,796	157,528	57,615	99,913	243%	(21,530)
	AXIS REINSURANCE COMPANY	9,631	10,902	378,367	301,659	76,708	74%	(1,267)
	BRITISH INSURANCE COMPANY OF CAYMAN	43,208	28,625	459,449	198,837	260,612	n/a	(35)
	CAISSE CENTRALE DE RÉASSURANCE	0	0	8,312	4,332	3,980	n/a	(186)
	CATALINA GENERAL INSURANCE LTD.	0	51	15,925	5,243	10,682	3750%	45
	CCR RE	15,578	5,654	264,785	167,377	97,408	49%	8,806
	EMPLOYERS REASSURANCE CORPORATION	68,309	56,934	744,848	(294,620)	1,039,468	n/a	172,073
	EVEREST REINSURANCE COMPANY	89,216	(5,323)	1,238,189	741,135	497,054	51%	19,445
	GENERAL AMERICAN LIFE INSURANCE COMPANY	109,719	81,923	2,460,301	1,006,922	1,453,379	n/a	116,702
	GENERAL RE LIFE CORPORATION	558	98	16,013	2,601	13,412	n/a	754
	HANNOVER RÜCK SE	194,451	(103,008)	1,604,638	989,136	615,502	68%	55,229
	MUNICH REINSURANCE COMPANY	3,398,011	2,376,485	6,684,481	2,915,939	3,768,542	n/a	869,605
	NATIONWIDE MUTUAL INSURANCE COMPANY	0	0	6,207	693	5,514	n/a	(110)
	ODYSSEY REINSURANCE COMPANY	54,913	36,205	498,029	286,504	211,525	90%	(8,658)
	PARTNER REINSURANCE COMPANY LTD.	11,733	2,953	369,888	312,504	57,384	n/a	(784)
	RELIASTAR LIFE INSURANCE COMPANY	0	0	58,030	10,617	47,413	n/a	(250)
	SCOR GLOBAL LIFE	131,008	113,058	522,768	195,661	327,107	n/a	28,703
	SIRIUS AMERICA INSURANCE COMPANY	2,765	1,190	111,217	47,144	64,073	158%	(7,913)
	SWISS REINSURANCE COMPANY LTD	147,018	12,046	1,904,448	1,526,907	377,541	74%	3,825
	THE TOA REINSURANCE COMPANY OF AMERICA	12,336	9,033	267,339	199,454	67,885	80%	2,036
	TRANSATLANTIC REINSURANCE COMPANY	30,383	14,711	678,430	310,325	368,105	130%	(31,187)
		4,327,591	**2,655,333**	**18,449,192**	**8,985,985**	**9,463,207**		**1,205,303**
	TOTAL	**6,036,009**	**3,277,099**	**46,533,593**	**33,392,075**	**13,141,518**		**1,400,836**

Fraternal societies

		ONTARIO BUSINESS		TOTAL COMPANY			
	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	**Direct Written Premiums**	**Benefits and payments to policyholders**	**Total Assets**	**Total Liabilities**	**Excess of Assets Over Liabilities**	**Net Income / Loss**
notes	Name	$	$	$	$	$	$
	ONTARIO						
	GUARANTEED FUNERAL DEPOSITS OF CANADA (FRATERNAL)	0	0	329,815	327,535	2,280	(179)
	FEDERAL						
	ACTRA FRATERNAL BENEFIT SOCIETY	10,255	7,767	713,709	690,599	23,110	545
	FAITHLIFE FINANCIAL	11,972	10,242	419,881	380,758	39,123	776
	SONS OF SCOTLAND BENEVOLENT ASSOCIATION	1,015	682	14,078	12,125	1,953	(744)
	TEACHERS LIFE INSURANCE SOCIETY (FRATERNAL)	12,500	7,152	72,493	56,091	16,402	900
	THE GRAND ORANGE LODGE OF BRITISH AMERICA	1,229	937	27,434	22,473	4,961	317
	THE INDEPENDENT ORDER OF FORESTERS	22,017	14,317	13,444,931	11,326,163	2,118,768	(75,332)
	TORONTO POLICE WIDOWS AND ORPHANS FUND	1,862	2,832	102,705	94,642	8,063	(1,427)
17	UKRAINIAN FRATERNAL SOCIETY OF CANADA	0	0	0	0	0	0
		60,850	**43,929**	**14,795,231**	**12,582,851**	**2,212,380**	**(74,965)**
	BRANCH						
	CROATIAN FRATERNAL UNION OF AMERICA	367	270	14,145	11,691	2,454	320
	KNIGHTS OF COLUMBUS	87,763	30,498	3,602,404	2,724,225	878,179	32,568
	THE ROYAL ARCANUM, SUPREME COUNCIL OF	131	228	12,276	8,622	3,654	(761)
	UKRAINIAN NATIONAL ASSOCIATION	23	97	9,181	5,294	3,887	109
	UNITED COMMERCIAL TRAVELERS OF AMERICA, ORDER OF	66	0	4,804	3,063	1,741	(50)
		88,350	**31,093**	**3,642,810**	**2,752,895**	**889,915**	**32,186**
	TOTAL	**149,200**	**75,022**	**18,767,856**	**15,663,281**	**3,104,575**	**(42,958)**

Reciprocal or interinsurance exchanges

notes	FINANCIAL SUMMARY Year ended December 31, 2016 (in thousands)	ONTARIO BUSINESS Direct Written Premiums	ONTARIO BUSINESS Direct Claims Incurred	TOTAL COMPANY Total Assets	TOTAL COMPANY Total Liabilities	TOTAL COMPANY Excess of Assets Over Liabilities	TOTAL COMPANY Claims Incurred to Earned Premium	TOTAL COMPANY Net Income/ Loss
notes	Name	$	$	$	$	$	%	$
	ONTARIO							
	CANADIAN UNIVERSITIES RECIPROCAL INSURANCE EXCHANGE	11,784	5,989	163,463	78,555	84,908	31%	16,583
	COMMUNITY NEWSPAPERS RECIPROCAL INSURANCE EXCHANGE	80	8	614	138	476	5%	5
	HEALTHCARE INSURANCE RECIPROCAL OF CANADA	132,583	124,023	1,347,656	854,275	493,381	85%	61,591
	MUNICIPAL ELECTRIC ASSOCIATION RECIPROCAL INSURANCE EXCHANGE	12,978	12,388	106,787	36,773	70,014	109%	3,971
	ONTARIO MUNICIPAL INSURANCE EXCHANGE	11,950	23,261	216,343	192,855	23,488	170%	(7,337)
	ONTARIO SCHOOL BOARDS' INSURANCE EXCHANGE	42,837	29,302	255,605	138,317	117,288	52%	29,076
	POULTRY INSURANCE EXCHANGE RECIPROCAL OF CANADA	2,871	0	13,043	3,999	9,044	8%	2,244
		215,083	**194,971**	**2,103,511**	**1,304,912**	**798,599**		**106,133**
	EXTRA PROVINCIAL							
	CANADIAN AIRPORTS RECIPROCAL INSURANCE EXCHANGE (CARIE)	289	3	7,258	3,455	3,803	34%	233
18	CANADIAN EGG INDUSTRY RECIPROCAL ALLIANCE	0	0	0	0	0	n/a	0
	CANADIAN LAWYERS LIABILITY ASSURANCE SOCIETY	6,561	938	124,118	109,666	14,452	-7%	330
		6,850	**941**	**131,376**	**113,121**	**18,255**		**563**
	TOTAL	**221,933**	**195,912**	**2,234,887**	**1,418,033**	**816,854**		**106,696**

Financial summary notes

1. The company's licence is limited to automobile risks of Toronto Transit Commission.
2. No financial information was received from Canadian Farm Insurance Corporation in 2016.
3. No financial information was received from The Mutual Fire Insurance Company of British Columbia in 2016.
4. Licence is subject to the condition that the company shall not undertake or renew contracts of insurance, except the company shall be permitted to issue lien bonds in connection with existing policies in order to satisfy existing claims under these policies.
5. No financial information was reported for International Insurance Company of Hannover SE in 2016.
6. The former name of Petline Insurance Company was Western Financial Insurance Company.
7. No financial information was reported for Safety National Casualty Corporation in 2016.
8. Condition in licence that Reliance Insurance Company shall not undertake or renew insurance contracts in Ontario from August 2001.
9. No financial information was reported for State Farm Fire and Casualty Company in 2016. The company has terminated insurance businesses in Canada.
10. No financial information was reported for State Farm Mutual Automobile Insurance Company. The company has terminated insurance businesses in Canada.
11. The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)'s licence is limited to the servicing of existing policies.
12. No financial information was reported for XL Insurance Company SE in 2016. The company has ceased operations in Canada.
13. No financial information was reported for Phoenix Life Insurance Company in 2016.
14. No financial information was reported for Principal Life Insurance Company in 2016.
15. No financial information was reported for State Farm International Life Insurance Company Ltd. in 2016.
16. The former name of PartnerRe Life Reinsurance Company Of Canada was Aurigen Reinsurance Company.
17. No financial information was reported for Ukrainian Fraternal Society Of Canada in 2016.
18. No financial information was reported for Canadian Egg Industry Reciprocal Alliance in 2016.

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