The General Insurance OmbudService was incorporated on May 31, 2002 as a federal not-for-profit corporation funded by its members—property and casualty insurers and reinsurers. Although funded by its members, great care has been taken to ensure the independence of the General Insurance OmbudService.

The Board

The seven-member Board of Directors includes a majority of five independent members that are not affiliated with the P&C insurance industry. The other two directors represent the insurance industry. The independent members of the Board meet stringent conflict of interest guidelines to ensure the public that they operate independently from the P&C insurance industry. They are chosen to reflect a diversity of experience, interests, backgrounds, and geographic representation. They are individuals known and respected on a national and regional basis.

The GIO has established two Committees of the Board, the Standards Committee and Budget & Audit Committee. Each Committee is comprised of at least three members the majority of whom are Independent Directors of the Board. The Committees assist the Board on matters related to standards and best practices, development and compliance, and supervision in the management of the financial and business affairs of the Corporation.

Independent Directors:

- Lea Algar, CIP *** Chair of the Board
  Independent Director, Ontario Region
  Consumer and Regulatory Affairs Consultant
  Thornhill, Ontario

- Susan Yurkovich
  Chair, Standards Committee
  Independent Director, British Columbia & Yukon
  Management Consultant
  Vancouver, British Columbia

- Roger Smith, Ph.D.
  Chair, Budget & Audit Committee
  Independent Director, Prairies, Northwest Territories and Nunavut
  Professor Emeritus & former Vice President (Research), University of Alberta
  Edmonton, Alberta

- Pierre Meyland*
  Independent Director, Quebec Region
  Financial Affairs Consultant
  St. Lambert, Quebec

- Terence Donahoe, LL.B., D.Ed. (Hon.), D.C.L. (Hon.)**
  Independent Director, Atlantic Region
  Vice President, Positive Impact
  Halifax, Nova Scotia

Industry Directors:

- George D. Anderson, CM, MA, LL.D**
  Professor of Leadership
  St. Francis Xavier University
  Antigonish, Nova Scotia

- Diane Strashok*
  President & CEO
  Peace Hills General Insurance Company
  Edmonton, Alberta

Endnotes

***Ms. Algar is Chair of the Nominating Committee. She is also an ex-officio member of the Standards and Budget & Audit Committees.

** Member of Standards Committee

* Member of Budget & Audit Committee
I am pleased to present the second Annual Report of the General Insurance OmbudService. GIO is part of a larger network, the Centre for Financial Services OmbudNetwork (CFSON) that also comprises the Canadian Life and Health Insurance OmbudService, and the Ombudsman for Banking Services and Investment. The CFSON offers a single window for consumers to access the three OmbudServices and it is the protocol and standards setting organization. GIO’s dispute resolution protocol and standards for complaint handling comply with those of the CFSON.

Last year we identified that going forward our top priority would be to build on the core values that make our dispute resolution process work so well. We started with the most important – reaching out to make people more aware and knowledgeable about our role, responsibilities and mission. To do this, we’ve undertaken an enhanced public relations program and are already seeing benefits from our efforts.

We have improved the visibility of our website which has resulted in an increase in the number of visitors, with the added benefit that many consumers are now accessing our regional services by completing a complaint form on-line. Becoming a well-known service takes time and we will continue these activities.

We are pleased to be working closely with the provinces. Alberta has developed new legislation relating to automobile insurance. Although GIO operates in Alberta, it does not currently deal with complaints/disputes about pricing. However, the make-up of Alberta’s new rating system is such that mediation could be used to resolve disputes about premium charges. GIO representatives met with officials of the Alberta government to discuss how GIO might be able to extend its services in that province to provide the dispute resolution services contemplated in the proposed legislation. These discussions have been positive and are ongoing. We expect that consumers in Alberta will soon be able to rely on GIO’s services within the provincial automobile insurance regulatory environment.

In Quebec, representatives from the CFSON and the three OmbudServices are presently working with l’Autorité des marchés financiers, the new regulator of the financial sector, to determine the role of the CFSON and the OmbudServices within Quebec’s regulatory framework. L’Autorité’s role includes receiving complaints and offering dispute resolution services. We are optimistic that we will be able to continue to assist general insurance consumers through our dispute resolution service.

Our member companies have once again demonstrated their commitment to high standards of consumer service. The total number of complaints was lower than the previous year.

Of the over 2,000 calls to which our Consumer Service Officers responded during the year, many were from customers looking for more information or confirmation of facts relating to their inquiry. Only 54 developed into GIO cases and of these only 32 applied for mediation.

Our process is working. For this we thank our members for doing their part and our consumer service officers who are doing a tremendous job.

I would like to thank my fellow board members for their hard work and dedication and extend special thanks to the Chairs of the Standards Committee and the Budget and Audit Committee.

Going forward… As always, consumers are our priority. We will continue our work on raising public awareness of GIO, its role, responsibilities and commitment. We are mindful of the important responsibility entrusted in us and we are committed to working with all our stakeholders - consumers, member companies and governments to enhance industry best practices relating to service standards and consumer complaint handling procedures. Our dedication to providing the most effective and efficient service possible to consumers and to our members has been further strengthened over this past year. We are now poised to reach out further upon the foundation of the success we have built to date.
GIO supports the industry first approach. Our member companies have the opportunity and responsibility to try to resolve their customers’ complaints first. Each company has appointed a complaints officer and has a complaints process in place.

The policyholder must first try to settle their complaint by working with the company’s internal complaint procedures. This involves clarifying the issues and all of the pertinent facts in dispute. At the end of the initial complaint process, the insurance company issues a final letter of position explaining how it proposes to resolve the complaint. If the complainant is not satisfied with the proposed settlement, the consumer can access GIO’s process.

The two steps to the GIO’s complaint handling process are consumer assistance and dispute resolution.

**Consumer assistance**
GIO offers its service through five regional offices (Atlantic Provinces, Quebec, Ontario, the Prairies, and British Columbia). At each office, consumers can speak with a knowledgeable Consumer Service Officer (CSO) who will help the consumer by discussing the complaint, providing information or contacting the company on the consumer’s behalf. If the consumer has not completed the company process, the CSO will guide them to the complaint liaison officer at their company. If the dispute cannot be resolved by the CSO, the consumer can apply for dispute resolution under the GIO process.

**Dispute resolution process**
GIO’s process starts when the consumer contacts the GIO with details of the dispute. If the dispute falls within GIO’s mandate for mediation, the consumer is asked to sign a Consumer Complaint Registration Form for Mediation Service, or submit a written mediation request.

The CSO assists the consumer in selecting a professional mediator provided by the ADR Institute of Canada Inc., or, in Quebec, by the Barreau du Québec. Once all the necessary documents are received, this neutral mediator facilitates a free 90-minute mediation session between the consumer and a representative from the insurance company.

While there is no charge to the consumer for a 90-minute mediation session, the...
CONSUMER ASSISTANCE AND DISPUTE RESOLUTION CONTINUED

The consumer is required to cover his/her expenses and those of their representative(s) to attend the mediation.

The mediator is obliged to complete the mediation and submit a report to the consumer, the insurance company, and GIO’s Corporate Secretary within 30 days of receiving the mandate to mediate.

At the end of the mediation session, if the dispute remains unresolved with both parties unable to reach a mutual agreement for settlement, the mediator prepares a report with recommendations that are not binding on either party.

Under special circumstances, a process review may be conducted to ensure that GIO’s operating standards of fairness, impartiality, objectivity, and confidentiality have been respected in the mediation session, and/or when unusual circumstances may have affected the mediation process.

Consumers do not surrender their legal rights by participating in GIO’s mediation process. Consumers can pursue other dispute resolution options ranging from arbitration to litigation if they are dissatisfied with the outcome of GIO’s mediation process.

However, to respect the confidentiality of the mediation process and to engender an open cooperative spirit, the consumer, the insurance company representative, and the mediator, are obliged to sign a Mediation Agreement wherein the parties agree that the discussions among the parties will not be used in subsequent legal or regulatory proceedings.

The ADR Institute of Canada conducts this process review.

The Process

GIO’s dispute resolution process is independent and impartial. Professional mediators from the ADR Institute of Canada and in Quebec, the Barreau du Quebec conduct the mediation sessions. The mediator acts as a facilitator to help the policyholder and the insurance provider resolve their dispute.

Where mediation is unsuccessful, the mediator prepares a report that is non-binding on either party.

There is no appeal to the Board on the outcome of mediation. However, in exceptional circumstances, a process review may be conducted to ensure that GIO’s operating standards of fairness, impartiality, objectivity, and confidentiality have been respected in the mediation session, and/or when unusual circumstances may have affected mediation.

The ADR Institute of Canada conducts this process review.
The Members

Membership in GIO is available to all federally regulated property and casualty (P&C) insurers, including re-insurers and companies in run-off, licensed in Canada to carry on the business of general insurance; and Lloyd’s which has been admitted pursuant to the by-laws of GIO.

This structure was created to guarantee an appropriate degree of separation and independence from non-voting members who are of the insurance industry.

At fiscal year end 2003/04, GIO had 135 member companies, as follows:

- ACE INA Insurance
- AlliedFM Insurance Company
- AIG – American Home Assurance Company
- AIG – Commerce & Industry Insurance Company of Canada
- AIG – Transatlantic Reinsurance Company
- AIA Europe Ltd.
- Alteo – Alteo Insurance Company of Canada
- Allianz Canada – Tabitha Insurance Company of Canada
- Allstate Insurance Company
- Allstate Insurance Company of Canada
- Allstate – Embargo Insurance Company of Canada
- American Fire Insurance Company
- American General Insurance Company Ltd.
- Aminco Insurance Company of Canada
- Aviva – Reliance Insurance Company
- Aminco – KoolFenderm Insurance Company & N
- Aviva – Kippenberg Insurance Company Limited
- Aviva – Prudential Insurance Company Limited
- Aviva – Scotia & York Insurance Co. Limited
- Aviva – S & Y Insurance Company
- Aviva – Federated General Insurance Company
- AIG – Anglo Canada General Insurance Company
- AIA – Assurance Inc.
- AIA – Corporate Solutions Assurance
- AIA – Pacific Insurance Company
- AIA – RRE
- Boiler Inspection and Insurance Company of Canada
- British Aviation Insurance Company
- Canadian Direct Insurance Corporation
- Casualty Insurance Company Limited
- D.W. Williams & Associates Ltd.
- Continental Insurance Company
- Cordia Direct Insurance Company
- Chub Insurance Company of Canada
- Chub Insurance – Federal Insurance Company
- Chub Insurance – Mitsui Sumitomo
- Insurance Company Limited
- Citadel General Assurance Company
- Citadel – L’Unique compagnie d’assurance
- Commercial & Health Insurance Company
- Co-operators – COOCECO Insurance Company
- Co-operators – General Insurance Company
- Co-operators – Sovereign General Insurance Company
- Collage Reinsurance Company – D.W. Williams & Associates Ltd.
- Continental Casualty Company
- Dominion of Canada General Insurance Company
- Eagle Star Insurance Company Limited
- Ecclesiastical Insurance Company of England
- Ecclesiastical Insurance – Ecclesiastical Mutual Insurance Company of Canada
- Ecclesiastical Insurance – La compagnie d’assurance Mosquito
- Ecclesiastical Insurance – Perth Insurance Company
- Ecclesiastical Insurance – Waterloo Insurance Company
- Employers Reinsurance Corporation
- Equitable General Insurance Company
- Equitable American Credit Indemnity
- Factory Mutual Insurance Company
- Federal Reinsurance Company of Canada
- Fortis Reinsurance Company
- Goodman’s Insurance and Guarantee Company
- Great American Insurance Company
- Great American Insurance Company of New York
- Guarantee Co. of North America
- Hannover Rückversicherungs AG – D.W. Williams & Associates Ltd.
- Hartford Fire Insurance Company
- HMS Insurance Company of Canada
- IG – Revert Insurance Company of Canada
- IG – The Harlem Insurance Company of Canada
- J.J. Knott Insurance Company
- LaMarche
- Legacy General Insurance Company
- Liberty Insurance Company of Canada
- Liberty Mutual Fire Insurance Company
- Liberty Mutual Insurance Company
- Lloyd’s
- Lombard Canada – Lombard General
- Lombard Canada – Lombard Insurance Company
- Lombard Canada – Zürich Insurance Company
- London and London General Insurance Company
- London Underwriting Association
- Metro General Insurance Corporation
- M&M Mutual Insurance Company
- Mergers Insurance Corporation
- Münch – Temple Insurance Company
- Munich Reinsurance Company of Canada
- Munich Reinsurance Company
- Nadiq’s Liability & Fire Insurance Company
- NOMC Insurance Company – D.W. Williams & Associates Ltd.
- Northland Reinsurance Group NV
- NRG Victory Reinsurance Limited
- Odyssey America Reinsurance Corporation (Canadian Branch)
- Oh-Pacific Insurance Company of Canada
- Partner Re SA
- Peace Hills General Insurance Company
- Personal Insurance Company of Canada
- Progressive Casualty Insurance Company
- Protective Insurance Company
- Providence Washington Insurance Company
- Protector Life Insurance Company – D.W. Williams & Associates Ltd.
- Rogers & Sun Alliance
- Rogers & Sun Alliance – Quebec Assurance Company
- Rogers & Sun Alliance – American Insurance
- Rogers & Sun Alliance – American Assurance
- Rogers & Sun Alliance – Western Assurance
- SCOR Reinsurance Company
- Securitie’s Insurance Company of Hartford
- Security Fire Insurance Inc.
- St. Paul Fire and Marine Insurance Company Inc.
- St. Paul Guarantee Insurance Company
- State Farm Mutual Casualty Insurance Company
- Stewart Title Guarantee Company
- Swiss Re – Canadian General Branch
- Swiss Re – Swiss Canadian Branch
- Swiss Re – North American Specialty Insurance Company – Canadian Branch
- Swiss Re – Swiss Reinsurance Company of Canada
- TAL Insurance Company
- TD Marine Marine Inc. – Primatex Insurance Company
- TD Marine Marine Inc. – Security National
- Insurance Company
- TD Marine Marine Inc. – TD Direct Insurance
- TD Marine Marine Inc. – TD General Insurance
- TD Marine Reinsurance Company of America
- Texas Reinsurance Company of America (The)
- Travelers Casualty and Specialty Company of Canada
- Traveller’s Indemnity Company
- United States Fidelity & Guaranty Company
- United Mutual Insurance Company
- United Mutual Life Insurance Company
- Universal Mutual Insurance Company
- UB Insurance Company Limited
- Zurich Insurance Company
- Zurich Insurance Company – Alpha Insurance Company Ltd.
WHO CAN USE GIO AND WHEN?

Any home, car or business insurance policyholder who has a concern, problem or dispute with a GIO member company can use the service. The types of consumer complaints that GIO generally deals with include claims related matters, procedures, delays, unsatisfactory settlement amounts, denial of claim and interpretation of policy coverage.

Some matters are beyond the scope of GIO mediation. These include:
- The cost of insurance and rates;
- The terms and conditions of the insurance policy purchased by the consumer;
- Dispute settlement procedures as required by law or designated regulatory authorities;
- Matters that have been, or are, before the courts.

GIO’s experienced Customer Service Officers will review a matter to determine if the company acted appropriately, verify those situations that GIO’s dispute resolution services do not apply and discuss other options available to the consumer.

GIO’s services provide consumers with an alternative solution to the courts. The primary objective is to resolve disputes easily, efficiently, and equitably. It is our hope that this process will also increase the confidence and satisfaction of insurance consumers by empowering them to participate in the dispute resolution process with their insurance company. Finding a mutually agreeable solution in a confidential, non-confrontational, and cost-effective manner is a benefit to all participants.

communicating GIO’s services – getting our message across

GIO’s major objective is to educate the public on its role as a national, bilingual, integrated, consumer assistance service for customers of member companies providing home, car or business insurance. Several initiatives in 2003-2004 have contributed to this objective and include:
- Expanded bilingual consumer-focused web site (www.gio-scad.org) with an online complaint form and access to a Communications Centre for media materials. The GIO web site currently receives nearly 600 viewers in an average month, and is growing as programs are designed to enhance its functionality.
- Development of news releases and other materials, that share information on GIO’s services.
- Distribution of these materials to both GIO stakeholders and nationally targeted, consumer-focused media.
- Media interviews with newspapers, consumer magazines and industry trade publications about GIO’s role and services.
- Development of a Customer Satisfaction Survey for consumers to provide feedback on GIO and its delivery of dispute resolution services.

As GIO moves forward with its public education campaign and communications initiatives, we will broaden our efforts to reach out to consumers and consumer groups to explain our role and services. We will continue to develop plain-language information for consumers. We will also develop materials to support the continuing training requirements of our members.
Statistical Summary for 2003-2004

Consumer service officers across Canada handled 2,255 calls from May 1, 2003 to April 30, 2004 resulting in 54 GIO cases.

- 14 were settled at the company level prior to mediation
- 32 went forward to mediation (28 completed; 4 pending or underway)
- 8 files were closed at the consumer’s request

Regional Case Activity Report May 1, 2003 – April 30, 2004

<table>
<thead>
<tr>
<th>BC</th>
<th>Prairies</th>
<th>Ontario</th>
<th>Quebec</th>
<th>Atlantic</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>81</td>
<td>89</td>
<td>1623</td>
<td>150</td>
<td>112</td>
<td>2255</td>
</tr>
</tbody>
</table>

2003-2004 Activity Results

Of the 28 mediations held during the year – 23 were successful; 1 was partially successful; 2 negotiations between parties were continuing; 2 were not successful and non-binding recommendations issued. The majority of consumer complaints that proceeded to mediation were related to claims and fell within the following general insurance categories.

- **Personal Auto:**
  - 6 Quantum (amount/value of loss)
  - 3 Coverage (exclusions/limitations of policy)
  - 2 Theft (replacement value of loss)
  - 2 Repairs (quality and cost of repair)
  - 1 Taxes
  - 1 Policy Cancellation (notice)

- **Personal Property:**
  - 10 Quantum (amount/value of loss)
  - 1 Theft (replacement value of loss)

- **Surety:**
  - 1 Real Estate

- **Commercial Auto:**
  - 1 Coverage (exclusions/limitations of policy)
Conclusion

GIO is poised to build on the strong foundation established during the first years of operation.

We are committed to ensuring our dispute resolution process services are carried out in a most efficient and cost effective manner; in keeping with responsible and sound management practices.

The GIO Board will continue to seek feedback from consumers, GIO member companies and stakeholder groups, to assess and improve our organization’s performance in the coming year.

In addition, GIO will continue to work with the CFSON and the industry-level dispute resolution organizations – the Canadian Life and Health Insurance OmbudService (CLHIO) and the Ombudsman for Banking Services and Investments (OBSI), to communicate our common mission and commitment to enhance industry complaint handling processes.

Finally, the Board will continue to monitor developments in provinces where proposed legislative reforms would impact the property and casualty insurance industry or the handling of consumer complaints.

We remain confident that the strong model of government-industry cooperation in complaint resolution, as envisioned by industry and government regulators, will continue to serve consumers in resolving complaints and facilitating information sharing.

Where is the General Insurance OmbudService?

General Insurance OmbudService has offices all across Canada. For help with problems with your insurance company, call General Insurance OmbudService at:

**British Columbia and Yukon**

toll free: 1.877.772.3777
or: 604.684.3635

**Prairies, Northwest Territories & Nunavut**
toll free: 1.888.421.4212
or: 780.421.8181

**Ontario**
toll free: 1.877.225.0446
or: 416.644.4968

**Quebec**
toll free: 1.800.361.5131
or: 514.288.6015

**Atlantic Provinces**
toll free: 1.800.565.7189
or: 902.429.2710

~ www.gio-scad.org ~

General Insurance OmbudService

Service de conciliation en assurance de dommages
AUDITORS’ REPORT

To the Members of the General Insurance Ombudservice

We have audited the statement of financial position of the General Insurance Ombudservice as at April 30, 2004 and the statement of operations and changes in general fund balance for the year then ended. These financial statements are the responsibility of the General Insurance Ombudservice management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the General Insurance Ombudservice as at April 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Toronto, Canada
May 14, 2004
### GENERAL INSURANCE OMBUDSERVICE

**Statement of Financial Position**

April 30, 2004, with comparative figures for 2003

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$435,243</td>
<td>$332,472</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>73,943</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>3,745</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$438,988</td>
<td>$409,096</td>
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<tr>
<td><strong>Liabilities and General Fund Balance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Insurance Bureau of Canada (note 2)</td>
<td>$241,800</td>
<td>$219,370</td>
</tr>
<tr>
<td>Accrued Expenses</td>
<td>57,141</td>
<td>62,450</td>
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<tr>
<td><strong>Total</strong></td>
<td>$298,941</td>
<td>$281,820</td>
</tr>
<tr>
<td><strong>General Fund Balance</strong></td>
<td>140,047</td>
<td>127,276</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excess of revenue over expenses</strong></td>
<td>$12,771</td>
<td>$127,276</td>
</tr>
<tr>
<td><strong>General fund balance, beginning of period</strong></td>
<td>127,276</td>
<td>-</td>
</tr>
<tr>
<td><strong>General fund balance, end of period</strong></td>
<td>$140,047</td>
<td>$127,276</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

On behalf of the Board:

[Signatures]

### GENERAL INSURANCE OMBUDSERVICE

**Statement of Operations and Changes in General Fund Balance**

Year ended April 30, 2004, with comparative figures for the period from date of incorporation on May 31, 2002 to April 30, 2003

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member Assessments</td>
<td>$1,092,537</td>
<td>$1,096,230</td>
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<tr>
<td>Interest</td>
<td>13,886</td>
<td>2,682</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,096,423</td>
<td>$1,098,912</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centre for the Financial Services OmbudsNetwork (note 4)</td>
<td>$502,570</td>
<td>$83,941</td>
</tr>
<tr>
<td>Regional Consumer Centre</td>
<td>221,800</td>
<td>128,835</td>
</tr>
<tr>
<td>Professional Services</td>
<td>113,064</td>
<td>89,935</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>109,058</td>
<td>98,374</td>
</tr>
<tr>
<td>Office and Administration</td>
<td>69,824</td>
<td>25,855</td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>42,128</td>
<td>-</td>
</tr>
<tr>
<td>Public Affairs</td>
<td>17,865</td>
<td>75,000</td>
</tr>
<tr>
<td>Information Technology</td>
<td>17,343</td>
<td>-</td>
</tr>
<tr>
<td>Start-up Costs (note 3)</td>
<td>-</td>
<td>389,696</td>
</tr>
<tr>
<td>Corporate Secretariat Services</td>
<td>-</td>
<td>80,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,093,652</td>
<td>$971,836</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses</strong></td>
<td>12,771</td>
<td>127,276</td>
</tr>
<tr>
<td><strong>General fund balance, beginning of period</strong></td>
<td>127,276</td>
<td>-</td>
</tr>
<tr>
<td><strong>General fund balance, end of period</strong></td>
<td>$140,047</td>
<td>$127,276</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
The General Insurance OmbudsService ("GIO") is a not-for-profit association incorporated under Part II of the Canada Corporations Act. GIO was established to provide a bilingual, integrated, consumer assistance service for general insurance consumers with concerns or complaints relating to general insurers and reinsurers that are members of GIO. GIO was incorporated and began operations on May 31, 2002.

1. Significant accounting policies:
   (a) Basis of presentation:
   These financial statements follow the restricted fund method of accounting, whereby the activities of the general fund and restricted fund are separately disclosed. The general fund reports unrestricted resources. GIO does not have any restricted funds at the present time.

   The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

   A statement of cash flows is not presented, as it would not provide any additional meaningful information.

   (b) Revenue recognition:
   GIO derives its revenue primarily through assessment fees. Fees are recognized as revenue in the membership year to which they relate.

2. Due to Insurance Bureau of Canada:
   During 2004, certain operating costs totaling $241,800 (2003 - $359,835) were incurred by the Insurance Bureau of Canada on behalf of GIO, and these costs have been charged to GIO at cost.

3. Start-up costs:
   Certain costs incurred during the initial organization of GIO were classified as start-up costs in 2003 and were comprised of the following:

   Centre for the Financial Services OmbudsNetwork $ 289,679
   Public Affairs 58,000
   Travel 13,091
   Printing 10,937
   Board of Directors 7,693
   Translation 4,136
   Meeting and training 2,032
   Office administration 1,605

   $ 389,696

4. Related party transactions:
   The Centre for the Financial Services OmbudsNetwork ("CFSON") provides Canadian financial services consumers with a single point of access to independent and impartial complaint resolution services in the banking, life and health insurance, general insurance, securities and mutual funds industries. GIO is the general insurance ombudsService under the CFSON umbrella.

   During 2004, GIO was allocated $502,570 (2003 - $373,679) in costs by CFSON. In 2003, $289,679 of these costs were allocated to start-up costs (note 3).

5. Commitments:
   GIO is committed to payments under an agreement for the provision of support, infrastructure and lease costs through July 31, 2005 in the amount of $73,500. Annual payments are $58,800 in 2005 and $14,700 in 2006.