Working towards solutions

2002/2003 annual report
A message from the Chair

It is with great pride that I present the first Annual Report of General Insurance OmbudService.

The last 18 months have been a time of significant change for federally regulated financial institutions, including property and casualty (P&C) insurers—the private companies that insure homes, cars and businesses across Canada. During this time, the federal government passed sweeping new legislation, Bill C-8, An Act to establish the Financial Consumer Agency of Canada, that will have a dramatic impact on every financial services industry, including measures related to consumer protection. As a result, all federally regulated financial service providers were required to establish a procedure for dealing with complaints and be a member of an independent organization that deals with complaints not resolved to the satisfaction of the consumer within the company complaint handling process. A committee made up of industry and federal and provincial regulators looked at ways to develop a national, cross-sectoral dispute resolution mechanism. A new model, representing a significant achievement in the area of consumer protection in Canada's financial services sector, emerged.

The outcome for federally regulated P&C insurers was the General Insurance OmbudService (GIO), an independent organization that responds to consumer complaints remaining unresolved at the end of the company complaint process.

GIO is part of a larger network, the Centre for Financial Services OmbudsNetwork (CFSON). Created by Insurance Bureau of Canada, the Canadian Bankers Association, the Investment Dealers Association and the Canadian Life & Health Insurance Association, the CFSON is a protocol and standards-setting organization. GIO's dispute resolution protocol and standards for complaint handling comply with those of the CFSON.

The beginning of any endeavor is filled with excitement, the promise of change and the accompanying trepidation. I am very pleased to report that GIO's start-up activities have been on time, on budget and without surprises.

GIO's dispute resolution process reflects the industry's long-standing commitment to high standards of consumer service. With the help of professional mediators from the Alternative Dispute Resolution (ADR) Institute of Canada, and in Quebec, from the Barreau du Quebec, insurance companies and consumers work toward solutions that are in the best interest of both parties in a fair, independent and impartial environment. GIO operates through regional offices in Vancouver, Edmonton, Toronto, Montreal and Halifax, providing greater accessibility and consistency of service on a national basis.

Understandably, our first year has been a time of growth and development. Our consumer services officers have done a tremendous job adapting to a new process while maintaining their professionalism and sensitivity to consumer concerns and anxieties.

The process is working. It is simple, timely and, most of all, fair.

Our consumer services officers across the country handled more than 5,000 calls between our start-up on July 1, 2002 and the end of our fiscal year on April 30, 2003. Of those calls, 43 emerged as GIO cases. It is important to note that not all of those 5,000 callers had complaints. In fact, most were simply making inquiries, which were readily answered by our consumer services officers.

With the support of a dedicated inaugural board and an industry committed to more than fulfilling its responsibilities, GIO, I believe, has met the challenges while maintaining the consumer as the primary focus.

I am deeply grateful to my fellow board members. Much has been accomplished since GIO's July 1, 2002 launch. The result is a thoughtful plan and a solid program that responds well in addressing the consumer complaint process and serving both the consumer and the industry.

Going forward, our top priority is to build on the core values that have made GIO's process work so well. It is crucial that we ensure that people are aware of our role, responsibilities and mission. For, this is the balance—with the objectives of fairness and impartiality, confidentiality, objectivity and independence—which is the foundation of this organization.

Lea Algar
Chair, General Insurance OmbudService
Our Value Statement

We are committed to standards of excellence that reflect our core principles and values in best industry consumer-complaint handling practices, which include:

- being accessible to insurance consumers across the country;
- providing timely service based on fairness, impartiality, objectivity and respect;
- maintaining our independence from member insurance companies;
- communicating with consumers about our services;
- upholding the highest standards of accuracy and consistency of information; and
- respecting the privacy of consumers.

Above all, we are committed to doing all that we can to foster the development of industry best practices on service standards and consumer-complaint handling. As a result, we will increase consumer and member company confidence in GIO’s mediation process.

Consumer Assistance and Dispute Resolution

There are two steps to GIO’s complaint handling process – consumer assistance and dispute resolution. GIO handles consumer inquiries regarding the complaint resolution process and related matters concerning dispute resolution. Dispute resolution is the final stage of a two-tiered, formalized process where the consumer must have first attempted to resolve the complaint with the company’s complaint liaison officer before proceeding to mediation.

Consumer assistance

Many consumers contacting our regional offices simply want to speak with someone knowledgeable and impartial to determine whether they have a complaint they should pursue. GIO’s consumer services officers direct consumers back to the appropriate person within their insurance company if the provider has not already reviewed a consumer’s complaint. Most concerns or complaints can be addressed within the company concerned.

If a consumer is dissatisfied with the resolution proposed or explanations provided by his/her insurance company, GIO’s consumer services officer puts the consumer in contact with the insurance company’s complaint liaison officer. At this stage, GIO’s role is still one of consumer assistance; the primary responsibility for complaint resolution remains at the company level with the company complaint liaison officer.
The consumer then follows the company’s formal complaint handling process. This often involves a clarification of the issues in dispute and the facts of the case. At the end of the process, the company complaint liaison officer issues a final letter of position explaining how the insurance company proposes to resolve the complaint. If the consumer is not satisfied with the proposed settlement, he or she may request mediation. One of GIO’s consumer services officers will assist the consumer with the application process.

Dispute resolution process

GIO’s mediation process begins when the consumer contacts GIO with details of the dispute and is asked to sign a Consumer Complaint Registration Form for Mediation Service or submit a written request for mediation.

The GIO consumer services officer assists the consumer in the selection of a mediator to be provided by the ADR Institute of Canada Inc., or, in Québec, by the Barreau du Québec. Once all the necessary documents have been received, the mediator facilitates a 90-minute mediation session between the consumer and a representative from the insurance company.

The insurance provider covers the fees for the mediator during the 90-minute session. The consumer covers his/her own expenses and those of his/her representative(s) to attend the mediation.

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

If, at the end of the session, the dispute remains unresolved because the parties could not reach a mutual agreement for settlement, the mediator prepares a report with recommendations that are not binding on either party. GIO, through its regular reports, makes public an insurer’s non-compliance with the mediator’s recommendations.

In exceptional circumstances, a review may be conducted when GIO’s operating standards of fairness, impartiality, objectivity and confidentiality have not been respected in the mediation session, and/or unusual circumstances have affected the mediation process.

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

However, to respect the confidentiality of the mediation and/or review processes, consumers, along with mediators and insurance providers, are asked to sign a Mediation Agreement to ensure that discussions that have occurred among the parties may not be used in subsequent legal or regulatory proceedings.

GIO handles consumer inquiries regarding the complaint resolution process and related matters concerning dispute resolution.
Who can use GIO and when?

Any home, car or business insurance consumer who has a complaint or dispute with a member company of GIO may use the service. GIO deals with consumer complaints and disputes relating to claims (e.g., procedures, delays, unsatisfactory settlement amounts, denials of claims) and/or interpretation of policy coverage.

Some matters are beyond the scope of GIO, such as:
- the cost of insurance;
- 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 currently, before the courts.

GIO provides consumers with the opportunity to resolve problems faster by offering them, through mediation, an alternative solution to the courts. The primary objective is to increase the confidence and satisfaction of insurance consumers by empowering them to participate in the dispute resolution process along with their insurance provider. This helps the parties reach a mutually agreeable solution to the dispute in a confidential, non-confrontational, and cost-effective manner.

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![Diagram showing a flowchart for resolving consumer complaints through GIO and CFSON. The process includes steps such as consumer has a concern, consumer referred to company complaint liaison officer, consumer not satisfied, 90 minute mediation session with report, session is unsuccessful, process review under special circumstances, session is successful, file closed, consumer referred to GIO, and file closed report to GIO board.]
Independence of General Insurance OmbudService

General Insurance OmbudService was incorporated on May 31, 2002 as a federal not-for-profit corporation. Although the organization is funded by member insurance companies, 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 directors who are not affiliated with the P&C insurance industry. The other two directors are insurance executives.

The five independent directors act as the nominating committee by putting forward names for independent directors.

They also review and recommend to the board the budget as well as procedures to ensure compliance with the established consumer complaint standards. Independent directors retire on a staggered basis to ensure continuity. The rotation begins at the conclusion of GIO's second year of operations.

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 individuals who are known and respected on a national and or regional basis, and who reflect the greatest diversity of experience, interests, backgrounds, and geographic representation.

Board of Directors

INDEPENDENT DIRECTORS

Lea Algar, CIP *
Chair of the Board & Nominating Committee
Independent Director, Ontario Region
Consumer and Regulatory Affairs Consultant

Susan Yurkovich
Chair, Standards Committee
Independent Director, British Columbia & Yukon
Vice-President, Corporate Affairs
Canfor Corporation

Roger Smith, Ph.D.
Chair, Budget/Audit Committee
Independent Director, Prairies, Northwest Territories and Nunavut
Professor Emeritus of Economics and Business Economics
University of Alberta

Pierre Meyland***
Independent Director, Quebec Region
Financial Affairs Consultant

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

INDUSTRY DIRECTORS

George Anderson, C.M., L.L.D.**
Director
Insurance Bureau of Canada

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

* Ms. Algar is ex-officio member of the Standards and Budget/Audit Committees.
** Member of Standards Committee
*** Member of Budget/Audit Committee
Member companies

GIO has two categories of members: voting and non-voting. Board members, made up of independent and industry directors are voting. Non-voting members include: insurers; reinsurers; 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 has been created to ensure an appropriate degree of separation and independence from the non-voting members who are of the insurance industry.

ACE INA Insurance
Affiliated FM Insurance Company
Alea Europe Ltd.
Allianz Canada – Allianz Insurance Company of Canada
Allianz Canada – Trafalgar Insurance Company of Canada
Allstate – Allstate Insurance Company
Allstate – Allstate Insurance Company of Canada
Allstate – Pembroke Insurance Company
American International Companies – American Home Assurance Company
American International Companies – Commerce & Industry Insurance Company of Canada
American International Companies – New Hampshire Insurance Company
American International Companies – Transatlantic Reinsurance Company
American Re-Insurance Company
American Road Insurance Company
Aviation and General Insurance Company Ltd.
Aviva Canada Inc. – Elite Insurance Company
Aviva Canada Inc. – NewRotterdam Insurance Company N.V.
Aviva Canada Inc. – Nipponkoa Insurance Company, Limited
Aviva Canada Inc. – Scottish & York Insurance Co. Limited
Aviva Canada Inc. – Traders General Insurance Company
Aviva Canada Insurance Company of Canada
AXA – Anglo Canada General Insurance Company
AXA – Accura Inc.
AXA – Corporate Solutions (Reinsurance)
AXA – Corporate Solutions Assurance
AXA – Insurance (Canada)
AXA – Pacific Insurance Company
Boiler Inspection and Insurance Company of Canada
British Aviation Insurance Company
Canadian Premier Life Insurance Company – Legacy
General Insurance Company
Centennial Insurance Company
Certs Direct Insurance Company
Chubb Insurance – Federal Insurance Company
Chubb Insurance – Mitsui Sumitomo Insurance Company Limited
Chubb Insurance Company of Canada
Citadel – L’Unique compagnie d’assurance
Citadel General Assurance Company
Co-operators – COSECO Insurance Company
Co-operators – Echelon General Insurance
Co-operators – General Insurance Company
Co-operators – Sovereign General Insurance Company
Combined Specialty Insurance Company
Continental Casualty Company
D.M. Williams & Associates Ltd. – American Agricultural Insurance Company
D.M. Williams & Associates Ltd. – Cologne Reinsurance Company
D.M. Williams & Associates Ltd. – Employers Insurance Company of Wausau
D.M. Williams & Associates Ltd. – GE Reinsurance Corporation
D.M. Williams & Associates Ltd. – Hannover Rückversicherungs AG
D.M. Williams & Associates Ltd. – NW Reinsurance Corporation Limited
D.M. Williams & Associates Ltd. – ReliaStar Life Insurance Company
D.M. Williams & Associates Ltd. – Skandia Insurance Company Limited
Dominion of Canada General Insurance Company
Eagle Star Insurance Company Limited
Economical Insurance – Economical Mutual Insurance Company
Economical Insurance – Federation Insurance Company of Canada
Economical Insurance – La compagnie d’assurance Missisquoi
Economical Insurance – Langdon Insurance Company
Economical Insurance – Perth Insurance Company
Economical Insurance – Waterloo Insurance Company
Employers Reinsurance Corporation
Equitable General Insurance Company
Euler American Credit Indemnity
Factory Mutual Insurance Company
Federated Insurance Company of Canada
Folksam Reinsurance Company
GE Frankona Rückversicherungs Aktiengesellschaft
General Cologne Re
Gold Circle Insurance Company
Grain Insurance and Guarantee Company
Great American Insurance Company
Great American Insurance Company of New York
Guarantee Company of North America
Hardford Fire Insurance Company
HSBC Canadian Direct Insurance Incorporated
ING – Insurance Company of Canada
ING – Novex Insurance Company of Canada
ING – The Nordic Insurance Company of Canada
ING – Western Union Insurance Company
Jeveco Insurance Company – La compagnie d’assurance Jeveco
Kemper Canada Insurance Companies/Lumbermens Mutual Casualty Company
Le Mans Ré
Liberty Insurance Company of Canada
Liberty Mutual Fire Insurance Company
Liberty Mutual Insurance Company
Lloyd’s Insurance Company
Lombard Canada – Lombard General Insurance Company of Canada
Lombard Canada – Lombard Insurance Company
Lombard Canada – The Tolto Marine & Fire Insurance Company Ltd.
Lombard Canada – Zenith Insurance Company
London and Midland General Insurance Company
Mennonite Mutual Fire Insurance Company
Metro General Insurance Corporation Ltd.
Millenium Insurance Corporation
Motors Insurance Corporation
Munich – Temple Insurance Company
Munich Reinsurance Company of Canada
Munich Reinsurance Company, Canada Branch (non-life)
Odyssey America Reinsurance Corporation
(Canadian Branch)
Old Republic Insurance Company of Canada
Partner Re SA
Peace Hills General Insurance Company
Personal Insurance Company of Canada – La Personelle Compagnie d’assurance du Canada
Progressive Casualty Insurance Company
Protective Insurance Company
Providence Washington Insurance Company
Royal & Sun Alliance – Quebec Assurance Company
Royal & SunAlliance – Ascentus Insurance Ltd.
Royal & SunAlliance – Western Assurance
Royal & SunAlliance Canada
SCOR Canada Reinsurance Company
Security Insurance Company of Hartford
Sampo Japan Insurance Inc. – formerly Yasuda Fire and Marine
St. Paul Fire and Marine Insurance Company Inc.
St. Paul Guarantee Insurance Company (old London Guarantee Insurance Company)
State Farm Mutual Automobile Insurance Company
Swiss Re – Canadian General Branch
Swiss Re – Italia Canadian Branch
Swiss Re – North American Specialty Insurance Company – Canadian Branch
Swiss Re – Swiss Reinsurance Company of Canada
T.H.E. Insurance Company
TD Melloch Monnex Inc. – Primmum Insurance Company
TD Melloch Monnex Inc. – Security National Insurance Company
TD Melloch Monnex Inc. – TD Direct Insurance Inc.
TD Melloch Monnex Inc. – TD General Insurance Company
The Toa Reinsurance Company of America
TIG Insurance Company
Travelers Casualty and Surety Company of Canada
Travelers Indemnity Company
United States Fidelity & Guaranty Company
Utica Mutual Insurance Company
Wawanesa Mutual Insurance Company
Zurich Insurance Company
Zurich Insurance Company – Alpina Insurance Company Limited
**The Process**

GIO’s independence with respect to the process devised to address unresolved complaints is further guaranteed through the professional mediators provided by the ADR Institute of Canada and, in Québec, by the Barreau du Québec. In mediation sessions, the mediator acts as a facilitator to help the insurance consumer and the insurance provider – who are both central to the mediation process – resolve their dispute through consensus. In cases where mediation is unsuccessful, the mediator prepares a report that is non-binding on either party. There is no appeal to the board regarding the outcome of the mediation process. In exceptional circumstances, a process review may be conducted when GIO’s standards of fairness, impartiality, objectivity and confidentiality have not been respected in the mediation session, and/or unusual circumstances have affected the mediation process. The ADR Institute of Canada will conduct the process review.

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**Communicating with consumers**

A key objective of GIO is to inform the public of its role as a bilingual, integrated, consumer assistance service for consumers who have a retail relationship with insurance providers of home, car or business insurance that are members of the Corporation.

An important first step in that direction was the development of GIO’s consumer brochure and a consumer-focused interactive website, www.gio-scad.org. Our website is our most visible face to the public; in an average month, the site has nearly 600 visitors.

In this first year, GIO has benefited from a variety of activities that have provided significant opportunities to disseminate information about the organization. These activities have ranged from public-speaking engagements to news releases sharing developments on GIO’s work and consumer-focused publications introducing GIO.

A significant component of GIO’s communications activities was the attention given to training the staff of GIO member companies as well as mediators and consumer services officers. Prior to GIO’s July 1, 2002 launch, training sessions were held for member company representatives, mediators and consumer services officers across Canada. Throughout the year, additional tutorials were held for insurance providers who joined GIO. GIO also partnered with the Ontario Chapter of the Insurance Institute of Canada to provide a dispute resolution seminar for insurance professionals.

As we move forward with GIO’s communications initiatives, we will broaden our efforts to reach out to consumers and consumer groups to explain the role of GIO. Further, we will continue to focus on the development of useful information tools for consumers and to make plain-language materials readily available for their use. We are also committed to working with our stakeholders – member companies, government and elected officials – to strengthen and enhance industry best practices relating to service standards and consumer complaint handling procedures. Finally, new partnerships will be identified and presentation tools will be developed to support our members’ continuing training requirements.
Statistical Summary for 2002-2003

Consumer services officers across Canada handled 5,717 calls from July 1, 2002 to April 30, 2003.

Forty-three GIO cases emerged from those 5,717 calls, of which:

- 17 were settled at the company level
- 23 were referred to mediation, of which:
  - 13 were successful
  - 1, following mediation, continues to be addressed by the insurance company
  - 9 are pending
- 3 files were closed at the consumer’s request

A table illustrating the regional breakdown of call activity on the basis of aggregate data for completed and ongoing GIO cases is provided below.

<table>
<thead>
<tr>
<th>GIO Activity Report – July 1, 2002 to April 30, 2003</th>
<th>Atlantic</th>
<th>Québec</th>
<th>Prairies</th>
<th>BC</th>
<th>Ontario</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total calls</td>
<td>26</td>
<td>65</td>
<td>33</td>
<td>12</td>
<td>5,581</td>
<td>5,717</td>
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<tr>
<td>GIO Case History</td>
<td></td>
<td></td>
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<tr>
<td>Cases Settled at Company Level</td>
<td>0</td>
<td>9</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>17</td>
</tr>
<tr>
<td>Mediation Cases Completed</td>
<td>0</td>
<td>11</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>Mediation Cases Underway</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mediation Cases Pending</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Files Closed at Customer’s Request</td>
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<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Total cases</td>
<td>0</td>
<td>25</td>
<td>2</td>
<td>10</td>
<td>6</td>
<td>43</td>
</tr>
</tbody>
</table>


In 2002-2003, more than half of the premiums paid by consumers to private general insurers provided coverage for automobiles. The next largest category was property insurance for homeowners, tenants and commercial enterprises. This was followed by liability insurance (product liability, directors’ liability, etc.). Other types of insurance include boiler and machinery insurance, marine and aircraft insurance, surety and fidelity, and other, more specialized lines.

Automobile insurance for private passenger and commercial vehicles is mandatory throughout Canada. This insurance provides financial protection to policyholders held liable for injury or loss sustained by others arising from the operations of their vehicles.

Government insurers in Manitoba, Saskatchewan and British Columbia administer basic auto insurance and compete with private insurers for optional and excess coverage. In Quebec, bodily injury is covered by a public plan administered by the Société de l’assurance automobile du Québec (SAAQ), while collision damage is covered by private insurers.

GIO, in its operations, reflects those regional differences.

Quebec region handled 13 cases relating to vehicle cash settlement issues, 10 cases relating to personal property, and 2 cases dealing with commercial property claims.

The Prairies region (Manitoba, Saskatchewan, Alberta, Northwest Territories and Nunavut) handled two cases in Alberta relating to bodily injury claims. GIO’s caseload for British Columbia and Yukon focused on personal property issues.

In 2002-2003, two distinct yet parallel events contributed to generate the volume of consumer calls in Ontario region. The first involved increases in auto insurance premiums and the second related to GIO’s new responsibilities when the Financial Services Commission of Ontario (FSCO) delegated its complaint resolution function to GIO on December 1, 2002.

GIO’s caseload in Ontario dealt with complaints on auto insurance rates and disputes on claims related matters, excluding disputes on accident benefits under the auto policy. FSCO continues to handle those disputes because of the requirements of the Ontario Insurance Act.
Conclusion

GIO is well positioned to continue building on the strong foundation that was established during its first year of operation. Its value to members and their consumers is a key ingredient of its continued success. The GIO Board will seek feedback from consumers, GIO member companies and stakeholder groups to assess and enhance the organization’s performance in the coming year.

GIO will also continue working within the CFSON and the industry-level dispute resolution mechanisms – the Canadian Life and Health Insurance OmbudsService (CLHIO) and the Ombudsman for Banking Services and Investments (OBSI) – to coordinate efforts in communicating our common mission and further enhance industry best practices in consumer complaint handling procedures.

Finally, the board will also keep a watching brief on emerging developments in the regions to ensure that GIO can keep pace with and adapt to change. The Québec situation is currently in a state of flux with the adoption of Bill 107, An Act respecting l’Agence nationale d’encadrement du secteur financier. A transition team is currently studying the establishment of a single regulatory body to govern the financial service institutions in Québec. Whatever the outcome, we remain confident that the strong model of government-industry cooperation in complaint resolution – as envisioned – will remain intact to facilitate information sharing and industry best practices in the interest of consumers and our members across Canada.
Where is General Insurance OmbudService?

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

**British Columbia and Yukon**
(604) 684-3635;
toll-free: 1-877-772-3777
(British Columbia only)

**Prairies, Northwest Territories & Nunavut**
(780) 423-2212;
toll-free: 1-800-377-6378
(Prairies, Northwest Territories & Nunavut only)

**Ontario**
(416) 362-9528;
toll-free: 1-800-387-2880
(Ontario only)

**Québec**
(514) 288-6015;
toll-free: 1-800-361-5131
(Québec only)

**Atlantic provinces**
(902) 429-2730;
toll-free: 1-800-565-7189
(Atlantic provinces only)

For more information about General Insurance OmbudService, visit: www.gio-scad.org