2012 - 2013 Annual Report
TABLE OF CONTENTS
P.01 MISSION & COMMITMENT
P.02 CHAIR’S REPORT
P.03 EXECUTIVE DIRECTOR’S MESSAGE
P.04 CASE STUDY 1
P.05 CALLS ANALYSIS
P.06 CASE STUDY 2
P.07 CALLS ANALYSIS CONTINUED
P.08 CASE STUDY 3
P.09 TESTIMONIALS
P.10 CASE STUDY 4
P.11 BOARD OF DIRECTORS
P.12 LIST OF MEMBERS
FINANCIALS

ABOUT US
The General Insurance OmbudService (GIO) is an independent organization, created in 2002, with the sole purpose of helping Canadian consumers resolve disputes or concerns with their home, auto or business insurers. Our goal is to use our extensive experience and industry-related insight to work towards a fair resolution between individuals and their insurance providers.

Any home, auto or business insurance consumer in Canada who has a concern or dispute with one of GIO’s member insurance companies can initiate the process by contacting us with the details of his or her complaint. GIO’s services are available free of charge, in both English and French. The majority of issues GIO deals with concern claims, interpretation of policy coverage, policy processing and handling.

OUR VISION
The General Insurance OmbudService will be recognized as the destination of choice for complaint resolution for the General Insurance Industry, its Customers, and Governments, by being a Centre of Excellence.

HOW TO REACH US
GIO can be accessed right across Canada. For help with problems with your insurance company, call General Insurance OmbudService on its national toll free number at 1.877.225.0446 or visit www.giocanada.org

Head Office
10 Milner Business Court, Suite 701 • Toronto, Ontario M1B 3C6
Tel. 416.299.6931 • Fax 416.299.4261

Front cover illustration: Tumbling Blocks, original acrylic on canvas by Lea (Algar) Lauren.
OUR MISSION
The General Insurance OmbudService mission is to provide consumers of car, home and business insurance in Canada with a cost-free, independent and impartial process to resolve their complaints. **To achieve our mission, we are committed to:**

- Making insurance consumers aware of the service we provide;
- Applying best practices and standards in addressing complaints;
- Providing access for consumers by toll-free telephone, mail, e-mail, internet and facsimile;
- Maintaining a knowledgeable and courteous consumer service staff;
- Ensuring that all cases are treated in a confidential, balanced and fair manner.

OUR COMMITMENT TO CONSUMERS
The General Insurance OmbudService treats all consumers with fairness, impartiality and integrity. We cultivate an environment characterized by the highest ethical standards and consistently adhere to the following principles:

ACCESSIBILITY
Providing convenient ease of contact for consumers to express and pursue their concerns. Consumers wishing to access our services may contact GIO in a variety of ways, including our national toll-free telephone number 1.877.225.0446, mail, electronic mail, facsimile and through our web site, www.giocanada.org. Our Consumer Service Officers will assist consumers in either English or French.

TIMELINESS
Responding promptly to consumer inquiries and complaints. In the case of fax or e-mail messages, we strive to get back to the consumer within one business day. In most cases, our telephones are answered directly. When that is not possible, we will respond to messages within one business day. For all situations, GIO will strive to keep the consumer informed at all times of the status of their concern.

COURTESY
Always treating consumers with respect, civility and politeness.

CONSISTENCY
Treating similar cases in a similar fashion. We learn from each experience and use that knowledge to refine and enhance the perspective we can bring to recurring issues.

ACCURACY
Always providing consumers with information that is accurate and correct. If we don’t fully understand any aspect of the issue, we will ask the appropriate party for clarification.

FAIRNESS & IMPARTIALITY
Approaching every interaction with integrity and objectivity, dealing with each case on the basis of due diligence and factual information.

CLARITY
Using simple, easy-to-understand language in all our communications, delivered in the consumer’s choice of English or French.

KNOWLEDGE
Demonstrating an understanding of the product and providing accurate information and guidance on the complaint resolution process.

PRIVACY/CONFIDENTIALITY
Ensuring that personal/proprietary information is kept absolutely private and confidential. Our employees are bound by rigorous confidentiality standards and agreements as defined in our privacy policy.

INDEPENDENCE & OBJECTIVITY
Ensuring that GIO is independent and separate from government and industry, with its own Board of Directors, whose members represent a range of professional backgrounds, the majority coming from outside the insurance industry.
It is an honour and pleasure to present the Annual Report of the General Insurance OmbudService (GIO) for its eleventh year of operation ending April 30, 2013.

When GIO was established in 2002 as an independent, impartial organization to provide a cost-free dispute resolution service for consumers with unresolved complaints about car, home and business insurance, ombudservices were a relatively new concept. Since that time, such services are available in an ever growing number of countries. The International Network of Financial Ombudsmen (INFO) is a centre for information about new developments and trends. At its annual conference, participants hear from outstanding speakers, share ideas in workshops and leave with a strengthened commitment to best practices in their organizations. GIO is a proud member of INFO. We have led sessions at INFO’s conferences and we have actively engaged with other member organizations in finding better ways to further improve the services we provide to consumers.

GIO operates in accordance with the guidelines established in 2007 through our work with the Dispute Resolution Committee (DRC) of the Joint Forum of Financial Market Regulators.

One of the guidelines requires an independent review every three years to evaluate whether the ombudservice is meeting its objective and is serving the public interest. Our first review was conducted in 2009 by Lawrie Savage and Associates, a firm that operates internationally providing advice to governments on modernization of insurance regulation and development of systems for consumer complaints.

GIO invited the same firm to conduct our second review, which was completed in early 2013. The reviewer once again found that GIO is achieving its public interest purpose and is providing a high quality ombudservice that is maintaining high standards of corporate governance and operating independently of the industry. (The report and response to recommendations can be seen at our website: www.giocanada.org).

We work continually at raising public awareness of our services. During the past year, our management and staff, through participation in numerous consumer conferences, broker conferences and insurance events, had an opportunity to speak with people in many parts of Canada. GIO’s website and on-line complaint service continue to attract new visitors.

Governments, both federal and provincial, are important stakeholders. We meet periodically with officials of both to keep them informed of our activities. We also hold meetings of our Board of Directors in various cities as an additional way to share information with regulators and other stakeholders.

GIO’s success depends on many people. GIO has a distinguished Board of Directors that is thoughtful, diligent, committed to good corporate governance and to its strategic vision to further GIO’s goal of excellence in resolving general insurance complaints. I thank the Board for their great contribution to GIO’s success, with special thanks to committee chairs and our general counsel.

On behalf of the Board of Directors, I thank GIO’s Executive Director, Brian Maltman, and his highly skilled team, as well as our member companies for working together effectively to resolve consumer complaints.

GIO is committed to fairness and impartiality to consumers and our member companies. We will continue to strive for excellence in resolving property and casualty consumer complaints and we welcome any comments you may have to share with us.
I am delighted to once again present my annual message as Executive Director of GIO. As I look back over the last year I realize that GIO is in the centre of a circle of relationships that are key to our success. These include our relationships with consumers, with our member companies, regulators and our colleagues in the growing international community of financial services ombudsmen.

Consumers: Our success with consumers is documented in the Testimonials and Case Study examples shown in this report, and in Consumer Satisfaction Surveys which continue to show over 90% overall satisfaction. This does not just arise from what we do but how we do it. We are in the business of putting people at ease, giving them back a sense of control over a part of their lives that can be confusing and stressful. Our expertise and the services we offer are essential tools to be sure. But our focus is very much on the person, not just the problem, and that has shown us the path to excellence. GIO’s Consumer Service Officers are artists at this.

Member companies: Our cooperative working relationship with the Complaint Liaison Officers (CLOs) of our member companies, is vital. Together we explore the middle ground of fairness that exists in the confines of an insurance policy. The CLOs work as hard as we do to find every possible avenue to a positive resolution. They balance the consumer’s position with the rules and limitations of their own company; we balance our mandate to remain impartial with empathy for the consumer. All of this is done in a non-binding framework. Our sincere appreciation goes to our CLO partners, who continue to find both fairness and excellence in this unique work.

Regulators and elected officials: Insurance regulators and governments across Canada have entrusted GIO with what is essentially a public mandate. Midway into last year we took on thirteen new members in Alberta and British Columbia thanks to the governments of those provinces formalizing GIO’s mandate in legislation. We look forward to developing our collaborative relationship with the Canadian Council of Insurance Regulators in stewarding fair treatment of consumers that rivals that of any country where financial services are found. Canada is a leader in this regard.

International Network of Financial Ombudsmen (INFO): GIO is a member of this organization. It is currently engaged in the development of Fundamental Principles for complaint handling in financial services. This is an exciting venture given the variety of government oversight in the 33 countries that are home to INFO’s members. It is encouraging to see that among the Fundamental Principles are Fairness, Independence, Impartiality, Accessibility, Timeliness, Transparency - the signposts that already guide GIO.

At the end of the year we received the report on the second Independent Review of GIO’s governance and operations. It contains some suggestions for further improvement (as it should). It also contained this statement, which I confess had me singing and dancing in the office:

Furthermore our discussions with industry members confirm that they see this as adding strength to the system because GIO personnel provide an independent and
CASE STUDY 1

WHO INSURES THE CONDO?
A CONDOMINIUM UNIT OWNER FACES CONFUSION OVER WHICH INSURER WILL COVER A LOSS TO HER UNIT.

CASE
The consumer suffered water damage in her condominium unit. Kitchen cabinets, personal items and wall-to-wall carpets were damaged. Her personal contents insurer took care of her personal items and the kitchen cabinets. They also had their contractor replace the original carpeting.

The carpet installation was poorly done and needed further work. At this point her insurance company advised her that the condominium corporation and its insurer were responsible for the carpet installation because it was an original installation and not an upgraded item. The consumer did not understand why she had to deal with two insurance companies.

RESOLUTION
The GIO Consumer Service Officer clarified which property is the responsibility of the owner (and the owner’s insurance company) and which is the responsibility of the condominium corporation (and the corporation’s insurance company). The corporation is responsible for insuring common areas and property owned by it such as furniture, equipment and original installations in condominium units. This does not include any upgrades or replacements done by individual owners. Unit owners may be responsible for insuring personal items, appliances they have bought, items stored in lockers, and improvements like replacement carpets or kitchen cabinets.

The consumer used this information to clarify her claims against each insurer. She approached a representative of the condominium corporation to assist her in pursuing the claim for replacement of the original carpeting.

“THE CONSUMER DID NOT UNDERSTAND WHY SHE HAD TO DEAL WITH TWO INSURANCE COMPANIES”
CASE STUDY 2

IS A CAR ALWAYS MOVING WHEN THERE IS AN ACCIDENT?

A POLICY HOLDER WAS FRANTIC BECAUSE SHE FELT THAT SHE WAS BEING HELD RESPONSIBLE FOR AN INCIDENT THAT WAS NOT HER FAULT.

HER INSURANCE COMPANY HAD ADVISED HER THAT SHE WOULD BE RATED FOR AN INCIDENT IN WHICH IT APPEARED THAT THE CONSUMER HAD HIT A PEDESTRIAN. THE CONSUMER ADAMANTLY STATED THAT SHE DID NOT HIT THE PEDESTRIAN. THE CONSUMER’S INSURANCE WAS NOT BEING RENEWED. SHE WAS VERY UNHAPPY BECAUSE THE PRICE OF ALTERNATE INSURANCE WAS UNAFFORDABLE.

CASE

The consumer was in a 2011 car accident involving a pedestrian. The consumer believed that her vehicle was not in motion. The pedestrian alleged that she drove over his toe.

The consumer contacted the insurer’s Consumer Liaison Officer (CLO) in 2012 to ask for a re-examination of the events. The insurer had maintained the chargeability of the 2011 accident due to an eye witness provided by the pedestrian.

The consumer felt that she had been treated unfairly. She learned about the GIO from the “Final Position Letter” issued by her insurer. The consumer contacted GIO and spoke to a Senior Consumer Service Officer. After reviewing the case the SCSO worked with the CLO to determine if the chargeability of the accident could be changed. The consumer welcomed the collaboration between GIO and her insurer because this was a fresh review of her situation.

RESOLUTION

The SCSO found out that the determination of fault for the consumer’s 2011 incident had been reduced from 100% to 50% to 10%. This was done by the company because of the consumer’s earlier efforts to convince them of what happened. The SCSO also alerted the CLO of the new rating rule which states that a driver cannot be rated for an incident in which she has been found to be 25% or less at fault (in Ontario).

The insurer contacted the consumer to advise that she would not be rated for the 2011 incident and her policy would be renewed.

“THE CONSUMER FELT THAT SHE HAD BEEN TREATED UNFAIRLY”
CALLS ANALYSIS (CONT’D)

CALLS BY PROVINCE OF ORIGIN (2012-2013)

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<th>Province</th>
<th>Calls</th>
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HOW DID CONSUMERS FIND GIO? (2012-2013)

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<td>OTHER</td>
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<td>IBC</td>
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<td>INSURANCE BROKER</td>
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<td>REGULATOR/SUPT. OF INSURANCE</td>
<td>73</td>
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<tr>
<td>PHONE BOOK</td>
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<td>TRADE ASSOCIATIONS (CAMIC, CBA, CL, HA)</td>
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<tr>
<td>INSURANCE ADJUSTER</td>
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<td>FINANCIAL SERVICES ASSOCIATIONS (CL, HO, OISS)</td>
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<td>BROCHURE</td>
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<td>FISON</td>
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CALLS THAT BECAME CASES

5 YEAR TREND

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<td>2009/2010</td>
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2012-2013

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<td>RESOLVED BY THE COMPANY</td>
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<tr>
<td>SENIOR ADJUDICATION</td>
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</table>

NOTES ON ESCALATION

There were three mediations held this year, none of which generated an agreement between the consumer and the company, although in two of those cases negotiations continued after the mediation. One case proceeded to Senior Adjudication with a Non-Binding Recommendation. These four escalated cases account 0.12% of the 3,466 total calls for the year.

WEB SITE ACTIVITY

GIO’s web sites recorded 87,508 individual visits this year: 64,770 to the English site and 22,738 to the French site. Of these, 64% were new as opposed to repeat visits.

We continue to offer web site links to our member companies, regulators and other organizations. Reciprocating referrals account for 35% of our traffic.

For next year our web site will be redesigned to accommodate changes in search ranking criteria introduced by leading search engines. This will help to keep GIO easy for consumers to find.

We continue to maintain a controlled presence on Facebook in both English and French. These pages are used to post insurance related articles of interest to consumers. We encourage all of our readers to search for us and “Like” our Facebook page. This helps to extend our public awareness.
CASE STUDY 3

SIDE WITH ME
A CONSUMER WAS NOT HAPPY WITH HOW HIS CLAIM WAS BEING SETTLED BY HIS INSURER AFTER PARTIAL WIND DAMAGE TO HIS ROOF AND SIDING.

CASE
A consumer experienced wind damage to his roof and one side of his home. His insurance company repaired the damage to the roof, and said that they would only pay for the siding to the damaged side of his home. They advised that the policy responds to direct damage caused by wind storm. The consumer wanted to have the siding replaced to all sides of his house.

RESOLUTION
GIO’s Consumer Service Officer confirmed that the insurance policy only covered the siding that was damaged. If the consumer wanted the siding on the other three sides replaced at the same time, he would have to pay for that himself. She also explained that in these circumstances the consumer could negotiate a cash settlement with his insurance company and then use that money toward the cost of having the siding replaced for the whole house. This was an alternative to having the insurance company replace only one side.

The consumer chose this option and accepted a cash settlement. He then replaced the siding with a different colour.

“HIS INSURANCE COMPANY... SAID THAT THEY WOULD ONLY PAY FOR THE SIDING TO THE DAMAGED SIDE OF HIS HOME”
I am truly amazed by the professionalism and respect shown by your consumer service officer. The information is so helpful and so much appreciated. I would not change any of the services your office provides.

Your consumer service officer took time to listen and appreciate the catastrophic circumstances we are dealing with.

I would like to highly commend the advice and information that I received from your CSO. She was so patient and helpful and her guidance has been a tremendous asset to me.

My conversation with your senior CSO was excellent. He provided the information required with accuracy, courtesy and a flair that was quite refreshing.

Within hours of sending a query over the Internet, I received a call from GIO. Your CSO offered knowledgeable information and provided a number of ways to resolve my insurance issue. I feel I am now in a position to resolve my problem in a fair and equitable manner. We consumers appreciate this service.

Thank you ever so much for your quick and professional response.

Thanks for being a company that delivers what it promises, promptly and efficiently. Your consumer service officer was a super lady, very understanding and knowledgeable in her field. Bravo.

When I contacted GIO my circumstances were quite serious and harrowing. Your senior consumer service officer handled my concerns with understanding and even humour. As a result of his help, my issues were clearly resolved.

So many thoughts are going through my mind right now. Thank you for your awesome help.

Your consumer service officer quickly put me at ease with his professionalism, his knowledge of the insurance industry and his expert guidance. Now with my new-found knowledge about GIO I will be able to pass on to others the great service that GIO provides to Canadians.
EXCLUDED DRIVER = EXCLUDED CLAIM
THE CONSUMER’S HUSBAND WAS INVOLVED IN AN ACCIDENT AND THE VEHICLE WAS WRITTEN OFF. THE INSURER DENIED THE CLAIM BECAUSE HER HUSBAND WAS AN EXCLUDED DRIVER ON THE POLICY.

CASE
The consumer had signed an excluded driver endorsement taking her husband off her policy. The endorsement was signed by her and not her husband. She questioned the validity of the endorsement and believed the claim should be paid.

RESOLUTION
GIO’s Consumer Service Officer contacted the insurer to provide clarification of their practices when issuing an Excluded Driver Endorsement, and particularly whether they required the signature of the driver who was being excluded from the policy.

The insurer advised that the consumer specifically requested the endorsement to reduce her premium. The consumer was provided with a Certificate of Automobile Insurance, including reference to the excluded driver. The insurer advised that even though the endorsement was incorrectly signed it did not invalidate it. The insurer further advised that it was not even a requirement that the excluded driver endorsement be signed for it to be valid and provided case law to support this position.

Although the consumer was disappointed with the outcome she appreciated the assistance and clarification provided by GIO.

Note: An Excluded Driver Endorsement can become effective soon after instructions are given to the insurance company to issue it. Consumers should be careful to consider whether an excluded driver will ever be in a position to be driving the car from which they have been excluded.

“SHE QUESTIONED THE VALIDITY OF THE ENDORSEMENT AND BELIEVED THE CLAIM SHOULD BE PAID”
FINANCIAL SERVICES
OMBUDSNETWORK (FSON)

GIO is a member of the Financial Services OmbudsNetwork. Members of the FSON co-operate and co-ordinate to provide Canadian financial consumers with high quality, efficient and effective dispute resolution services that are accessible, independent and impartial, also to co-ordinate discussions with government regulatory and industry-related communities in the context of improving services. The other members include:

Ombudsman for Banking Services and Investments (OBSI)
(Banking Services and Investments)
Tel: 1-888-451-4519
Fax: 1-888-422-2865
E-mail: ombudsman@obsi.ca
Website: www.obsi.ca

OmbudService for Life & Health Insurance (OLHI)
(Life and Health Insurance)
Tel: 416-777-9002
Toll-free: 1-888-295-8112
Fax: 416-777-9750
Email: info@olhi.ca
Website: www.olhi.ca

THE SEVEN-MEMBER BOARD OF DIRECTORS IS COMPRISED OF FIVE INDEPENDENT MEMBERS AND TWO INDUSTRY DIRECTORS.

The independent members of the Board meet stringent conflict of interest guidelines to ensure that the public can be confident 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.

GIO has established three Standing Committees of the Board: the Governance & Standards Committee, Budget & Audit Committee and Human Resources 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, BA, CIP *
Chair of the Board
Independent Director, Ontario Region
Retired Ontario Insurance Ombudsman
Thornhill, Ontario

The Honourable Doane Hallett, LL.B., D.Ed. (Hon.), D.C.L. (Hon.)
Chair, Governance & Standards Committee
Member, Human Resources Committee
Independent Director, Atlantic Region
Retired Justice of the Nova Scotia Court of Appeal
Halifax, Nova Scotia

The Honourable Anne-Marie Trahan, Q.C.
Member, Budget & Audit Committee
Independent Director, Québec Region
Retired Justice of the Superior Court of Quebec

Roger Palmer, Ph.D.
Vice Chair of the Board
Chair, Budget & Audit Committee
Member, Human Resources Committee
Independent Director, Prairies, Northwest Territories and Nunavut
Director, Public Policy & Management, School of Business, University of Alberta
Edmonton, Alberta

Marguerite Vogel, BA, MA (CMNS), LL.B.
Chair, Human Resources Committee
Member, Governance & Standards Committee
Independent Director, British Columbia & Yukon
Past President, BCSPCA
Past President, Animal Welfare Foundation Canada
Duncan, British Columbia

Industry Directors:
Stanley Griffin, MA, CIP
Member, Standards Committee
Former President and CEO
Insurance Bureau of Canada
Toronto, Ontario

Wayne Ross, BA, CIP
Member, Human Resources Committee
Vice President, National Property Claims
Aviva Canada
Toronto, Ontario

Executive Director:
Brian Maltman, BA, LL.B.
General Insurance OmbudsService

General Counsel:
Jacques J.M. Shore L.L.L., L.L.B.
Partner, Gowling Lafleur Henderson LLP

* Ms. Algar is Chair of the Nominating Committee, Ms. Algar is a de facto member of the Governance & Standards, Budget & Audit, and Human Resources Committees.
LIST OF MEMBERS

Membership in GIO is available to all federally regulated property and casualty (P&C) insurers, including companies that no longer sell insurance, but continue to have policy liabilities, to comply with the obligations of the Insurance Companies Act. Also, all insurance companies doing business in Alberta and British Columbia are required to be members of GIO. Some other provincially regulated insurance companies have joined GIO on a voluntary basis to offer consumers the same level of service as their federal counterparts.

GIO has two categories of members – voting and non-voting. Board members, made up of independent and industry directors, are voting members. Non-voting members include: insurers; companies discontinuing business, 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 in the insurance industry. As of printing, GIO had 161 member companies, as follows:

ACE INA Insurance
Affiliated FM Insurance Company
AIG Insurance Company of Canada
Alberta Motor Association Insurance Company (AB & BC Only)
Allianz Global Risks US Insurance Company
Allstate Insurance Company
Allstate Insurance Company of Canada
American Bankers Insurance Company of Florida
American Road Insurance Company- Canadian Branch
Arch Insurance Company
Ascentus Insurance Ltd.
Aspen Insurance UK Limited
Associated Electric & Gas Insurance Services Limited (AEGIS)
Atradius Credit Insurance N.V. (AB & BC Only)
Aviva Insurance Company of Canada
AXA Art Insurance Corporation
AXA Assurances Inc. (Intact Financial Corporation)
AXA General Insurance (Intact Financial Corporation)
AXA Insurance (Canada) (Intact Financial Corporation)
AXA Pacific Insurance Company (Intact Financial Corporation)
AXIS Reinsurance Company- Canadian Branch
BCAA Insurance Company (BC only)
Belair Insurance Company Inc.
Berkley Insurance Company
Boiler Inspection & Insurance Company of Canada (The)
CAA Insurance Company (Ontario) (Ontario & Atlantic Provinces)
Canada Guaranty Mortgage Insurance Company
Canadian Direct Insurance Incorporated
Canadian Farm Insurance Corp.
Canadian Northern Shield Insurance
Capitale General Insurance (Québec) Inc. (AB & BC Only)
Cerus Direct Insurance Company
Certs Home and Auto Insurance Company
Cherokee Insurance Company
Chicago Title Insurance Company
Chubb Insurance Company of Canada
Co-Operators General Insurance Company
Compagnie Française d’Assurance pour le Commerce Extérieur-Canada Branch
Continental Casualty Company
CorePointe Insurance Company c/o GAS Accounting for Insurance
Cosco Insurance Company c/o HIB Group Insurance Management Ltd.
Curtis General Insurance
Darwin National Assurance Company - Canadian Branch
DAS Legal Protection Insurance Company Ltd.
Dominion of Canada General Insurance Company (The)
Eclesiastical Insurance Office p/s
Echelon General Insurance Company
Economical Mutual Insurance Company
Electric Insurance Company c/o Cassels Brock & Blackwell LLP
Elite Insurance Company
Empire Indemnity and Casualty Company of Wausau
Equitable General Insurance Company
Euler Hermes North America Insurance Company
Everest Insurance Company of Canada
Factory Mutual Insurance Company
FCT Insurance Company Ltd.
Federal Insurance Company
Federated Insurance Company of Canada
Federation Insurance Company of Canada
Fenchurch General Insurance Company
Fidelity National Title Insurance Company c/o McLean & Kerr
First American Title Insurance Company
First North American Insurance Co.
Fortress Insurance Company (AB & BC Only)
General Reinsurance Corporation
Genworth Financial Mortgage Insurance Company of Canada
Gore Mutual Insurance Company (AB & BC Only)
Great American Insurance Company
Grouplink SA
Guarantee Company of North America (The)
Harford Fire Insurance Company
HSL-Getting Industrie Versicherung AG
Intact Insurance Company
International Insurance Company of Hannover Limited
Jecavo Insurance Company (Intact Financial Corporation)
Jewett Mutual Insurance Company
Lawyers’ Professional Indemnity Company (AB & BC Only)
Legacy General Insurance Company
Liberty Mutual Insurance Company
Lloyd’s
Lumbersmen’s Underwriting Alliance
Mennonite Mutual Insurance Co. (Alberta) Ltd. (Alberta Only)
Metro General Insurance Corporation Ltd.
Millennium Insurance Corporation
Mississauga Insurance Company
Mitsui Sumitomo Insurance Company
Motors Insurance Corporation
Mutual Fire Insurance Co. (The) (AB & BC Only)
National Liability & Fire Insurance Company
Nipponkoa Insurance Company Limited
Nordic Insurance Company of Canada (The)
Northern General Mutual Insurance Company (Alberta only)
Northbridge Commerical Insurance Corporation
Northbridge General Insurance Corporation
Northbridge Indemnity Insurance Corporation
Northbridge Personal Insurance Corporation
Novex Insurance Company
Old Republic Insurance Company of Canada
Omega General Insurance Company
Optimum West Insurance Company (AB & BC Only)
Orion Travel Insurance Company
Pacifi Insurance Company
Palisier Insurance Company Limited (Alberta Only)
Peace Hills General Insurance Company
Premiance Insurance Company
Personal Insurance Company of Canada (The)
Perth Insurance Company
Pilot Insurance Company
Portage la Prairie Mutual Insurance Company (AB & BC Only)
Prinimum Insurance Company
Progressive Casualty Insurance Company
Protective Insurance Company
Quebec Assurance Company
RBC General Insurance Company
RBC Insurance Company of Canada
Royal & Sun Alliance Canada
Safety National Casualty Corporation c/o Cassels Brock & Blackwell, LLP
Saskatchewan Mutual Insurance Company (Alberta only)
Scotia General Insurance Company
Scotlloyd & York Insurance Company Ltd.
Security Insurance Company of Hartford
Security National Insurance Company
Sentry Insurance a Mutual Company c/o Cassels Brock & Blackwell LLP
SGI Canada Insurance Services Ltd. (AB & BC Only)
Shippers Mutual Protection & Indemnity Association (Luxembourg)
(Canada Branch)
Sompko Japan Insurance Inc.
Sovereign General Insurance Company
State Farm Fire and Casualty Company
State Farm Mutual Automobile Insurance Company
Stewart Title Guaranty Company
St Paul Fire & Marine Insurance Company
SAG Insurance Company
TD Direct Insurance Inc.
TD General Insurance Company
TD Home and Auto Insurance Company
Temple Insurance Company
TGS Insurance Company
Tokio Marine & Nichido Fire Insurance Co. Ltd
Traders General Insurance Company
Trans Global Insurance Company (AB & BC Only)
Travelers Insurance Company of Canada
Truargia Guaranty Insurance Company
Triton Insurance Company – Canadian Branch
T.H.E. Insurance Company
Unica Insurance
Unifund Assurance Company
Unique General Insurance Inc. (CA) (AB & BC Only)
Utica Mutual Insurance Company
Virginia Surety Company Inc c/o D.M. Williams & Assoc. Ltd.
Waterloo Insurance Company
Wawanisio Mutual Insurance Company
Western Assurance Company
Western Financial Insurance Company
Western Surety Company
Westland Insurance Company Limited (BC Only)
Westport Insurance Corporation (Mrg ERC)
Wynward Insurance Group
XL Insurance Company Limited
Zenith Insurance Company
Zurich Insurance Company Ltd (Canadian Branch)
INDEPENDENT AUDITORS’ REPORT

To the Members of the General Insurance OmbudService

We have audited the accompanying financial statements of General Insurance OmbudService, which comprise the statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, the statements of operations and changes in general fund balance and cash flows for the years ended April 30, 2013 and April 30, 2012, and notes, comprising 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 accounting standards for not-for-profit organizations, 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.

Auditors’ Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, we consider 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.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of General Insurance OmbudService as at April 30, 2013, April 30, 2012 and May 1, 2011, and its results of operations and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

June 4, 2013
Toronto, Canada
## Statements of Financial Position

April 30, 2013, April 30, 2012 and May 1, 2011

<table>
<thead>
<tr>
<th></th>
<th>April 30, 2013</th>
<th>April 30, 2012</th>
<th>May 1, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$1,147,154</td>
<td>$1,111,850</td>
<td>$987,734</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>64,694</td>
<td>64,376</td>
<td>64,375</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,211,848</td>
<td>$1,176,226</td>
<td>$1,052,109</td>
</tr>
</tbody>
</table>

| **Liabilities and General Fund Balance** |               |               |            |
| **Current liabilities:** |               |               |            |
| Accrued expenses and other payables   | $74,510       | $88,496       | $68,768    |
| General fund balance                 | 1,137,338     | 1,087,730     | 983,341    |
| Commitments (note 5)                 |               |               |            |
| **Total**                            | $1,211,848    | $1,176,226    | $1,052,109 |

See accompanying notes to financial statements.

## Statement of Cash Flows

Years ended April 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash provided by (used in) operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>$49,608</td>
<td>$104,389</td>
</tr>
<tr>
<td>Change in non-cash operating working capital:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(318)</td>
<td>(1)</td>
</tr>
<tr>
<td>Accrued expenses and other payables</td>
<td>(13,986)</td>
<td>19,728</td>
</tr>
<tr>
<td>Increase in cash</td>
<td>35,304</td>
<td>124,116</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>1,111,850</td>
<td>987,734</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>$1,147,154</td>
<td>$1,111,850</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
Statements of Operations and Changes in General Fund Balance

Years ended April 30, 2013 and 2012

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member assessments</td>
<td>$1,489,493</td>
<td>$1,403,302</td>
</tr>
<tr>
<td>(note 3)</td>
<td>15,576</td>
<td>13,714</td>
</tr>
<tr>
<td><strong>Total Revenue:</strong></td>
<td>1,505,069</td>
<td>1,417,016</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>689,966</td>
<td>660,081</td>
</tr>
<tr>
<td>(note 2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office and administration</td>
<td>162,455</td>
<td>180,261</td>
</tr>
<tr>
<td>Professional services</td>
<td>255,598</td>
<td>186,865</td>
</tr>
<tr>
<td>(notes 2 and 4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Directors</td>
<td>204,785</td>
<td>150,606</td>
</tr>
<tr>
<td>Information technology</td>
<td>91,974</td>
<td>81,081</td>
</tr>
<tr>
<td>Public affairs</td>
<td>50,522</td>
<td>53,537</td>
</tr>
<tr>
<td>Financial Services OmbudsNetwork</td>
<td>161</td>
<td>196</td>
</tr>
<tr>
<td><strong>Total Expenses:</strong></td>
<td>1,455,461</td>
<td>1,312,627</td>
</tr>
<tr>
<td><strong>Excess of revenue</strong></td>
<td>49,608</td>
<td>104,389</td>
</tr>
<tr>
<td>over expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>General fund balance, beginning of year</strong></td>
<td>1,087,730</td>
<td>983,341</td>
</tr>
<tr>
<td><strong>General fund balance, end of year</strong></td>
<td>$1,137,338</td>
<td>$1,087,730</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.

Notes to Financial Statements

Years ended April 30, 2013 and 2012

The General Insurance OmbudService ("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 that are members of GIO. GIO was incorporated and began operations on May 31, 2002.

On May 1, 2012, GIO adopted Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of The Canadian Institute of Chartered Accountants’ Handbook. These are the first financial statements prepared in accordance with ASNPO.

In accordance with the transitional provisions in ASNPO, GIO has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is May 1, 2011 and all comparative information provided has been presented by applying ASNPO.

There were no adjustments to general fund balance as at May 1, 2011 or adjustments to excess of revenue over expenses for the year ended April 30, 2012 as a result of the transition to ASNPO.
1. Significant accounting policies:
The accompanying financial statements have been prepared by management in accordance with ASNPO. The most significant accounting policies are described below:

(a) Basis of presentation and use of estimates:
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 year. Actual results could differ from those estimates.

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

(c) Financial instruments:
The carrying amounts of all financial assets and liabilities approximate their fair values due to the short-term maturity of these financial instruments.

(d) Income taxes:
GIO is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) continue to be met. As a result, no provision for income taxes is required in these financial statements.

2. Due to Insurance Bureau of Canada:
During 2013, certain operating costs totalling $54,305 (2012 - $51,627) were incurred by the Insurance Bureau of Canada on behalf of GIO, and these costs have been charged to GIO at cost.

3. Member assessments:
During 2013, the Board of Directors approved a member assessment fee discount of 10% (2012 - 10%), which resulted in a discount of $165,763 (2012 - $155,922) on member assessments for the year ended April 30, 2013. In addition to this discount, new member assessments have been prorated for the year and reduced by $2,370 (2012 - nil). This reduced total assessment revenue from gross assessments for the year ended April 30, 2013 of $1,657,626 (2012 - $1,559,224) to net assessment revenue amount of $1,489,493 (2012 - $1,403,302).

4. Professional services:
Professional services expenses for the year ended April 30, 2013 amounted to $255,598 (2012 - $186,865) and comprised legal fees, audit fees, accounting fees, consultants, professional membership fees, publication fees and convention costs.

5. Commitments:
GIO is committed to lease costs through September 30, 2016 as follows:

<table>
<thead>
<tr>
<th>Year ending April 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$30,046</td>
</tr>
<tr>
<td>2015</td>
<td>30,776</td>
</tr>
<tr>
<td>2016</td>
<td>20,841</td>
</tr>
<tr>
<td></td>
<td>$81,663</td>
</tr>
</tbody>
</table>