



## General Insurance Statistical Agency

### Directors' Report

The Directors of the General Insurance Statistical Agency (GISA) are responsible for preparing an Annual Report, in accordance with the governing by-law.

#### **NATURE OF BUSINESS**

GISA was incorporated in June 2005 and appointed, effective April 1, 2006, as the statistical agent for insurance regulators in the participating member jurisdictions - Alberta, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Ontario, Prince Edward Island, Yukon and Nunavut.

GISA is governed by a Board of Directors comprised of eight Member Directors, three Industry Directors and two Public Directors.

GISA was created to improve the governance and oversight, as well as the reliability and objectivity of insurance statistical data.

Detailed information on GISA's business and objectives, governance structure, Board and Committee responsibilities, Bulletins and Publications can be found on GISA's website at [www.gisa-asag.ca](http://www.gisa-asag.ca).

#### **YEAR UNDER REVIEW**

The GISA Board of Directors, in its capacity as the governing body overseeing the business and affairs of the Agency, undertook the following principal activities over the fiscal year April 1, 2009 to March 31, 2010.

#### ***Appointment of Board Committees***

At its meeting on December 17, 2009, the Board of Directors made the following appointments:

- Officers of the Corporation
- Executive Committee
- Statistical Plan Committee

### ***Technology Renewal Plan***

GISA continued to monitor the progress of the 5 year Technology Renewal Plan (TRP). In 2009, Year 4 of the Technology Renewal Plan, the focus remained on Phase II – ASP Exhibit and Analytical Environment. This Phase began in April 2008 and is scheduled for completion by October 2010.

In June 2010, the GISA Board approved IBC's proposal for the Final Phase of the TRP to upgrade all of the remaining GISA-related systems from the legacy environment. TRP Final Phase, a multi-year project will commence in June 2010 and is scheduled to be completed in September 2012. The total cost to GISA is approximately \$4.184M. However, the Board provided approval for only the 2010-11 costs of \$988,812 with a stipulation for annual cost reviews. The need for any related industry assessment required for this additional cost will be determined at the Fall 2010 meeting when the Board receives the fiscal year reconciliation.

### ***Data Rationalization***

The Data Rationalization project began in April 2008 and a Project Team was formed comprised of regulator and industry representatives as well as appropriate statistical service provider staff.

The work plan was approved by the Board on March 25, 2009 and communicated to the industry representatives. It stipulates the establishment of Joint Regulators/Industry Working Groups to propose alternatives and conduct cost-benefit analysis in two priority areas – Automobile Statistical Plan (ASP) Changes and Profit/Expense Information.

### ***Review of Deficiency Fees System***

To address the annual rise in deficiency fees and nature of fee-appeal escalations, the Finance & Audit Committee commissioned a review of the current Deficiency Fees System.

A detailed timeline and phased approach has been developed to align the review with changes from the Technology Renewal Plan as well as an opportunity for internal testing and a pilot through the Industry Advisory Committee.

A final report detailing the new deficiency fees model is anticipated in March 2011.

### ***GISA Budget & Industry Assessments***

The Board reviewed and approved GISA's budget of \$12.174M for the period April 1, 2010 to March 31, 2011 comprised of GISA's allocation of the Information Technology renewal project for the Automobile Statistical Plan, IBC's operating costs for all

mandatory statistical plans, Strategic Initiatives undertaken in accordance with the GISA Strategic Plan, and a budget for the GISA Secretariat that supports the work of GISA, including its Board of Directors and Committees.

The budget approved for the period April 1, 2010 to March 31, 2011 is presented below against the 2009-10 budget and actuals for comparison:

	<b>2009-10 Budget</b>	<b>2009-10 Actuals</b>	<b>2010-11 Budget</b>
IBC Annual Operational	\$ 9,395,804	\$ 8,958,625	\$ 9,272,479
IBC Technology Renewal Plan	3,937,118	3,170,497	2, 236,295
GISA Strategic Initiatives	100,000	-	100,000
GISA Secretariat Operational	<u>515,896</u>	<u>482,444</u>	<u>565,096</u>
Total	\$13,948,818	\$12,611,566	<b><u>\$ 12,173,870</u></b>

Interim quarterly assessments to the industry of \$3.043M were approved subject to the fiscal year audit and cashflow reconciliation available at the Fall 2010 meeting.

## **GOVERNANCE**

### ***GISA Consulting Actuary***

To optimize the integrity of mandated data, the Board authorized the procurement of consulting actuarial services for GISA through a Request for Proposal (RFP).

Based on a thorough procurement process, Ernst & Young has been retained effective April 2010.

### ***Statistical Plan Service Provider Performance Criteria***

Detailed and comprehensive performance criteria to evaluate the statistical plan service provider has been developed that will measure performance. The evaluation will be undertaken annually as good governance practice.

### ***Statistical Plan Committee (SPC) Performance Review***

A self-assessment survey based on current best practices was developed for the SPC. The annual survey will assess collective effectiveness of the Committee in the performance of its responsibilities. This annual assessment will be undertaken every summer. Results reported at the Fall meetings will be included in the following annual report.

### ***Executive Committee – Terms of Reference, Performance Review and Competency Inventory***

A self-assessment survey has been developed to review collective performance of the Committee. This annual assessment will be undertaken every summer. Results reported at the Fall meetings will be included in the next annual report.

### ***Remuneration Policy***

Further to a comparative analysis and in keeping with the Board's decision to exercise prudence and fiscal restraint, the Board agreed that the annual remuneration rates for GISA's Public Directors remain at the current level of \$4,000 per annum until March 31, 2011.

The Remuneration and Reimbursement Policy for expenses, honorariums and per diems incurred by GISA's external directors adopted by the Board is posted on GISA's website.

### ***Board of Directors Self-Assessment Survey***

The Board reviewed results from the survey which showed a high level of satisfaction in the areas of Board leadership and governance and organizational operations and culture.

The self-evaluation showed a strong understanding and knowledge of the organization and commitment to making a positive contribution to GISA. It was felt that the diversity of members on the Board brings great strength and contributes to effective functioning.

The Chair received a good to excellent rating and the Competency Matrix and Inventory showed a good level of knowledge, skills and experience in all areas.

An action plan was developed for recommendations made relating to an interactive new Member orientation and Member Education as required. In response to the survey results, the membership of the Executive Committee was expanded to include an Industry Director.

### ***GISA Strategic Plan 2010-2013***

GISA reviewed progress made in implementing its first strategic plan for the period April 1, 2007 to March 31, 2010. The Report to the Board on the implementation of the strategic plan is posted on GISA's website.

Based on Board feedback obtained through a comprehensive questionnaire, a new Strategic Plan for the period April 1, 2010 to March 31, 2013 was developed. The new plan builds on GISA's successes to-date and addresses challenges facing GISA over the next three years. The new plan has been posted on GISA's website.

## **BOARD OF DIRECTORS**

The GISA Board is comprised of 13 members and consists of regulators, industry representatives and public representatives. During the year, GISA's Board met formally four times, twice in person and twice by Conference Call, to address matters referred to it for decision and to receive progress reports on GISA's strategic initiatives and matters related to the operation of GISA. Day-to-day operations are carried out by the GISA Management and staff at the Secretariat.

The Annual Meeting of the Board of Directors of GISA will be held on September 22, 2010.

## **AUDITORS**

The Finance & Audit Committee reviewed the changes in financial reporting standards for non-profit organizations and their applicability with GISA Accountants and Auditors.

Audited financial statements and Audit Findings Report, for the fiscal year ending March 31, 2010, will be presented to the Board by PricewaterhouseCoopers, LLP. In accordance with the governing By-Law, upon approval by the Board, the audited financial statements and report will be presented to the Members of the Corporation at their Annual Meeting also scheduled for September 22, 2010.

Upon acceptance by the Members, the approved audited financial statements will be posted on the GISA website.

By order of the Board,

**Rosemin Jiwa-Jutha**  
Corporate Secretary – Treasurer

*September 22, 2010*