



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, and Yukon

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.

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, 2007 to March 31, 2008.

Appointments

At the meeting of the Board of Directors, convened on September 26, 2007 in Regina, Saskatchewan, Public and Industry Directors of the Board were appointed to replace members whose terms of appointment had ended. Through the year, the Board has facilitated Committee appointments, in accordance with the respective Terms of Reference, for outgoing members.

Technology Renewal Plan

In accordance with the Governance Framework, GISA continued to monitor the progress of the Technology Renewal Plan (TRP). In this regard, the Finance & Audit Committee has approved a Policy for the consideration and authorization of Change Requests that are expected to result in actual fiscal year expenditures in excess of the established budget.

In 2007, the focus was on readiness to launch Phase I – Automobile Statistical Plan (ASP) Data Collection System including the new mandated ASP data elements - effective January 2008. Phase I, a major milestone of the TRP, was delivered on time and within budget. Since launching Phase I in January, insurers have filed more than 19.9 million Premium records and 4.8 million Claim / Reserve records. This is 1.9 % more than the same period last year.

Work on Phase II of the Technology Renewal Plan commenced in April 2008 and is expected to continue for the next two years. Phase I provided new data collection and correction systems; Phase II will provide new data analysis and exhibit production systems. Each Phase represents approximately 50% of the total effort.

GISA Budget & Industry Assessments

The Board reviewed and approved GISA’s budget of \$14.192M for the period April 1, 2008 to March 31, 2009 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, 2008 to March 31, 2009 is:

	2008-09
IBC Annual Operational	\$ 9,420,263
IBC Technology Renewal Plan	4,008,889
GISA Strategic Initiatives	193,000
GISA Secretariat Operational	<u>569,569</u>
Total	<u>\$14,191,721</u>

GOVERNANCE

Applicability of GST to GISA

On January 25, 2008, CRA issued a ruling on the GST status of GISA. As a result of this ruling, GISA is not required to apply GST to its industry assessments. However, GISA is required to pay GST on services that it procures from its service providers which it can claim as input tax credits resulting in an offsetting refund of the GST paid.

The impact of the CRA Ruling, the payment of GST and the offsetting refund, results in a net zero cash effect on GISA. As required by the ruling, GISA has submitted required filings on a retroactive basis to April 1, 2006.

Policy on Access to Information and Protection of Privacy

Although not subject to privacy legislation that applies to governments, GISA has voluntarily chosen to adopt privacy and disclosure provisions consistent with its participating jurisdictions because of its commitment to being a transparent, open and accountable organization.

The Policy follows the principles behind Ontario's Freedom of Information and Protection of Privacy Act (FIPPA) as the province constitutes 80% of the data gathered by GISA and GISA's Secretariat is based at the Financial Services Commission of Ontario.

The adopted Policy on Access to Information and Protection of Privacy is posted on GISA's website.

Remuneration Policy

Further to a comparative analysis, the remuneration rate for GISA's Public Directors was increased from \$3000 to \$4000 per annum effective October 2007. The current Board adopted Remuneration and Reimbursement Policy for expenses, honorariums and per diems incurred by GISA's external directors is posted on GISA's website.

Investment of GISA Assets

The Board approved the Policy for Investment of GISA's Assets to allow the investment of cash balances in GISA's account, in excess of immediate needs, in one or more of the following instruments based on the availability of funds, investment vehicle and optimal rate of return:

- Government of Canada and Canadian provinces treasury bills with maturities of less than 60 days.
- One Year Cashable Guaranteed Investment Certificates issued by Scotiabank with maturities greater than 30 days and review every 30 days to assure the bank's continued high rating on the investment and to ensure the highest investment return.
- GISA Chequing bank account with Scotiabank.

Service Provider Procurements

Further to a Board approved procurement selection process, the Request for Proposals for professional audit services for GISA was conducted. Submissions were requested from five qualified and experienced firms recognized as the top auditing companies in Canada. A three stage evaluation process was used consisting of mandatory requirements and a rating of the written proposals by a panel followed by a formal presentation.

The results of the procurement process were discussed with and endorsed by the Finance & Audit Committee. In accordance with the governing by-law, the Members of the Corporation appointed PricewaterhouseCoopers as Auditor of GISA and approved their professional audit fees.

2007-2010 Strategic Plan & Strategic Initiatives Implementation Plan

In June 2007, the Board approved the Strategic Initiatives Implementation Plan outlining the implementation of the four strategic initiatives. The following is an update on the strategic initiatives defined in GISA's 2007-2010 Strategic Plan and implemented in accordance with Board approvals.

GISA Governance

The Governance Review Report outlined the results of the governance review exercise and made recommendations to enhance mechanisms for the oversight and operation of GISA, including oversight of data collection, analysis and reporting. The recommendations relate to the following areas:

A. *GISA's Organizational Structure*

- *Committee Structure*
- *Terms of Reference*
- *Roles and Responsibilities*

B. *GISA's Legal Framework*

- *By-Law*
- *GISA-IBC Agreement*

C. *Governance Best Practices*

Data Collection, Analysis and Reporting

This Strategic Initiative has three components: 1. Data Quality Processes 2. Actuarial Resources and 3. Technology.

1. Data Quality Processes:

The objective of this component is to ensure insurers, IBC and GISA have appropriate procedures, processes, and tools in place to ensure data quality.

Data Quality Review

The Data Quality Review authorized by the Board was undertaken by GISA's IT Consultant and Ontario Ministry of Finance (MoF) Internal Audit to provide assurance of the quality of data collected from insurers, processed by the service provider, and provided to GISA in various exhibits and reports.

The Data Quality Review Report made 33 recommendations. Some of the recommendations are being addressed through current Strategic Initiatives and Technology Renewal Plan (TRP). Others will be undertaken through separate initiatives.

Insurer's Questionnaire

The questionnaire on ASP reporting has been designed to examine insurer procedures for timely and accurate ASP data submission and was approved by the Board for distribution. The insurer questionnaire and related documents, together with a French version, were posted on GISA's website for on-line completion.

2 & 3. Actuarial Resources & Technology

The Board considered the action plan for the Actuarial Resources component and agreed to defer the Technology component pending the completion of the TRP.

Data Rationalization

The objective of this initiative is to “rationalize” data captured and reported through the approved statistical plans of the eight jurisdictions currently participating in GISA.

In the context of this project, data rationalization means (1) capturing insurance data that enables regulators and superintendents (i.e. regulators) to carryout their legislated functions, (2) by extension, ensuring data that is not essential to the regulator, is not captured, and (3) ensuring the collection and reporting of data referenced under (1) above is coordinated, efficient and harmonized, as much as possible.

Further to a competitive procurement process and a thorough discussion of the project plan to achieve the objective of this initiative, the Board authorized GISA management to enter into a Service Agreement with Oliver Wyman to complete the Data Rationalization Project.

Stakeholder Relations and Communications

The Board approved the direction expressed in GISA’s multi-year Communication Plan, whose objectives and activities are informed by GISA’s Strategic Plan. The Plan has a low-key approach and focuses on the core activities of GISA.

Committee Self-Assessment Survey

As required by its Terms of Reference, the Finance & Audit Committee conducted a review of its Terms of Reference and undertook a self-assessment survey tailored to the Committee’s mandate, objectives and functions. As a result of this exercise, the Terms of Reference were amended to include an auditor independence policy and a ‘whistle blower’ process. Process recommendations from the self-assessment have been discussed with the Board and implemented.

Board of Directors

The GISA Board is comprised of up to 13 members and consists of regulators, industry representatives and public representatives. During the year, GISA’s Board met formally four times, once in person and three times 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 23, 2008.

AUDITORS

Recommendations made in the 2006-07 fiscal year Auditors Report have been implemented.

The audited financial statements and Audit Findings Report, for the fiscal year ending March 31, 2008, 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 scheduled for September 23, 2008 subsequent to the Annual Meeting of the Board of Directors.

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

By order of the Board,

Rosemin Jiwa-Jutha
Corporate Secretary - Treasurer

September 5, 2008